

**CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS**  
**Acting as the Governing Body of Clackamas Water Environment Services**

**Policy Session Worksheet**

**Presentation Date:** December 16, 2025      **Approx. Start Time:** 3:30PM      **Approx. Length:** 30 minutes

**Presentation Title:** WES Long-Range Financial Plan

**Department:** Water Environment Services (WES)

**Presenters:** Greg Geist, Director & Erin Blue, Finance Manager

**WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?**

None, informational briefing only on WES' long-range financial planning in preparation for the upcoming budget cycle.

**EXECUTIVE SUMMARY:**

WES' Long-Range Financial Plan ("Plan") provides a comprehensive 10-year view of the utility's financial position through projections of all operating, capital, and debt service requirements and the resulting rates needed to fund sewer and surface water enterprises. This forecast is a foundational planning tool that informs development of the annual budget, identifies long-term funding requirements, and ensures continued alignment with strategic objectives, and adopted financial policies.

The Plan is built on five core objectives:

1. Provide all necessary services to protect public health and water quality
2. Ensure sufficient capacity to support economic development
3. Provide services in the most cost-effective manner for ratepayers
4. Honor foundational commitments regarding Legacy Debt payments
5. Achieve the WES Advisory Committee directive of charging by service received, not geographic location

To achieve these objectives, the Plan incorporates several strategies, including: maintaining consistent, predictable annual rate increases of no more than 5%; managing annual operating cost increases; prioritizing the use of reserves for capital financing; and leveraging system development charge revenues for eligible debt repayment. Together, these strategies ensure WES can fund necessary infrastructure improvements, reinvest in aging facilities, maintain adequate reserves, and meet all current and future debt obligations while mitigating unexpected rate increases.

Forecasted results demonstrate that WES is in a strong financial position, and projected to meet or exceed all key financial targets over the 10-year planning period.

Overall, the Plan demonstrates that WES is well-positioned to meet future challenges while maintaining financial viability and our commitment to predictable, affordable rates for the communities we serve.

**FINANCIAL IMPLICATIONS (current year and ongoing):**

Is this item in your current budget?    ☒ YES      ☐ NO

What is the cost?

WES' long-range financial planning has been incorporated into WES' annual budget since fiscal year 2022-23. There is no specific cost associated with the Plan. Rather, it represents a set of objectives, strategies, and assumptions that ensure WES maintains long-term financial sustainability and rate affordability.

What is the funding source? N/A

### **STRATEGIC PLAN ALIGNMENT:**

- How does this item align with your Department's Strategic Business Plan goals?  
WES' Long-Range Financial Plan aligns with several goals in WES' Strategic Business Plan, including:
  - 1) Demonstrate fiscal responsibility through financial transparency.
  - 2) Ensure present and future funding needs are met in the most cost-effective manner.
  - 3) Maintain a fair and equitable rate structure that fully recovers revenue requirement and promotes affordability.
- How does this item align with the County's Performance Clackamas goals?  
This work aligns with the County's goal of public trust in good government by ensuring transparency in WES' financial planning.

### **LEGAL/POLICY REQUIREMENTS:**

Long-range financial planning is a government and utility finance best practice and supports compliance with the legal requirements of WES' debt management policy and related debt covenants.

### **PUBLIC/GOVERNMENTAL PARTICIPATION:**

The financial strategies that form the basis of WES' Long-Range Financial Plan was developed in 2022 with input from WES' Advisory Committee, including representatives from WES' city partners. The Plan is updated in concert with WES' budget and Capital Improvement Plan, with ongoing input received from the Advisory Committee throughout the fiscal year.

### **OPTIONS:**

N/A, informational only.

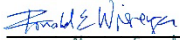

### **RECOMMENDATION:**

N/A, informational only.

### **ATTACHMENTS:**

#A: Presentation Slides

### **SUBMITTED BY:**

Division Director/Head Approval   
Department Director/Head Approval   
County Administrator Approval \_\_\_\_\_

For information on this issue or copies of attachments, please contact Chris Koontz @ 503-679-4034
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DECEMBER 16, 2025 | POLICY SESSION





# In the news: Sewer and water bills go up for residents

Estimated increases on bills could be **10-14%** a year for the next eight years.



City of Sandy

Sewer and stormwater utility rates would increase by **25% and 35%**.



City of Wilsonville

This proposed **\$10 per month increase** will be just the first increase of several over the next four years.



City of Estacada

Portland approves **biggest water, sewer rate increase** in more than a decade.



City of Portland

Oak Lodge Water customers get **26.5%** rate increase starting July 1.



Oak Lodge Water Services

# Long-Term Financial Plan

## 5-key objectives



1

Provide all necessary services to protect public health and water quality



2

Ensure sufficient capacity to support economic development



3

Provide services in the most cost-effective manner for ratepayers



4

Honor foundational commitments regarding Legacy Debt payments



5

Achieve WESAC directive of charging by service received, not geographic location



# Planning Variables

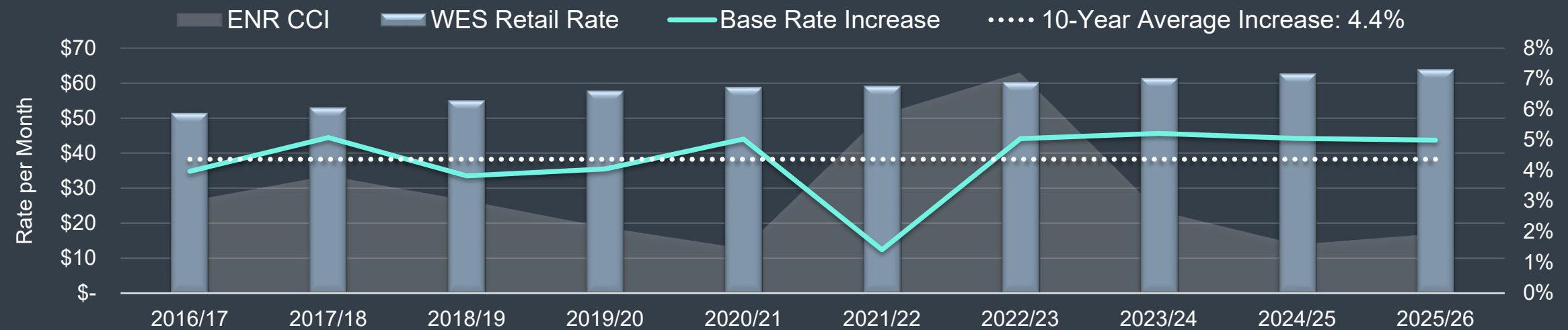
Expense / Revenue Variable		Annual Indexing Assumptions	Basis
Operating Expenses	WES Labor	6.0% for FYs 27-28 5.0% for FYs 29-36	Trend Analysis Economic Conditions Operating Plans
	Utilities	5.0%	
	Chemicals and Supplies	4.5% for FYs 27-28 4.0% for FYs 29-36	
	Other Materials & Services	3.0%	
	County Allocated Costs	4.0%	County General Fund Forecast
Capital Projects		3.0%	10-Year Rolling Average ENR CCI
Interest Earnings		3.0% for FY 27 ; 2.0% for FY 28 1.0% for FYs 29-36	Trend Analysis; Economic Conditions

Other Planning Variables	Assumptions	Basis
Financing for future borrowings	3.5% interest rate & 30-year term	Economic Conditions
Population growth (annual)	0.98% in sanitary sewer service area 1.20% in surface water service area	2022 Population Forecast
Frictional Vacancy Rate	5%	Trend Analysis; Economic Conditions

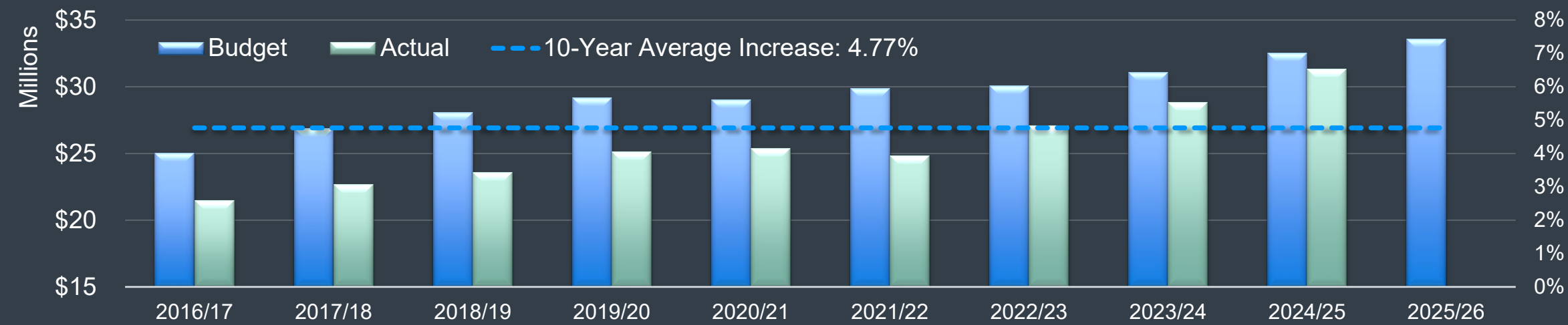


# Financial Trends

Rate History, 10-Year Trend

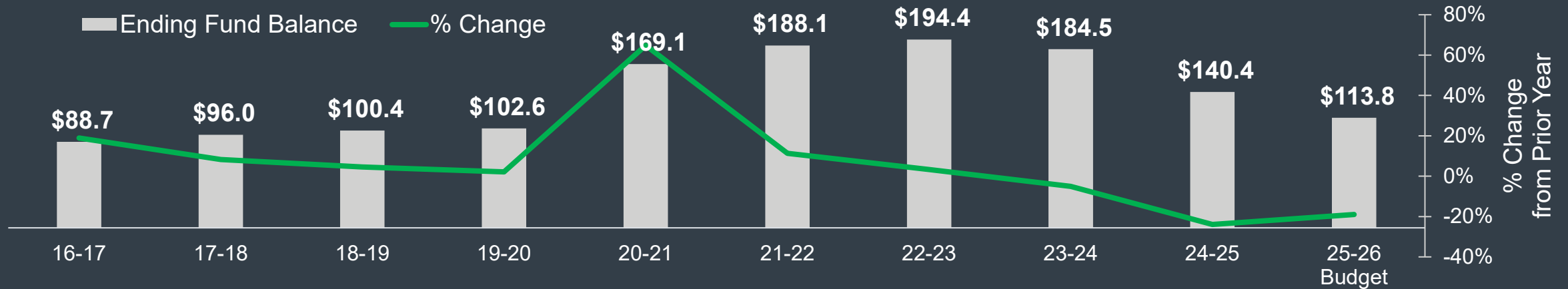


Operating Expenses – Budget and Actuals, 10-Year Trend

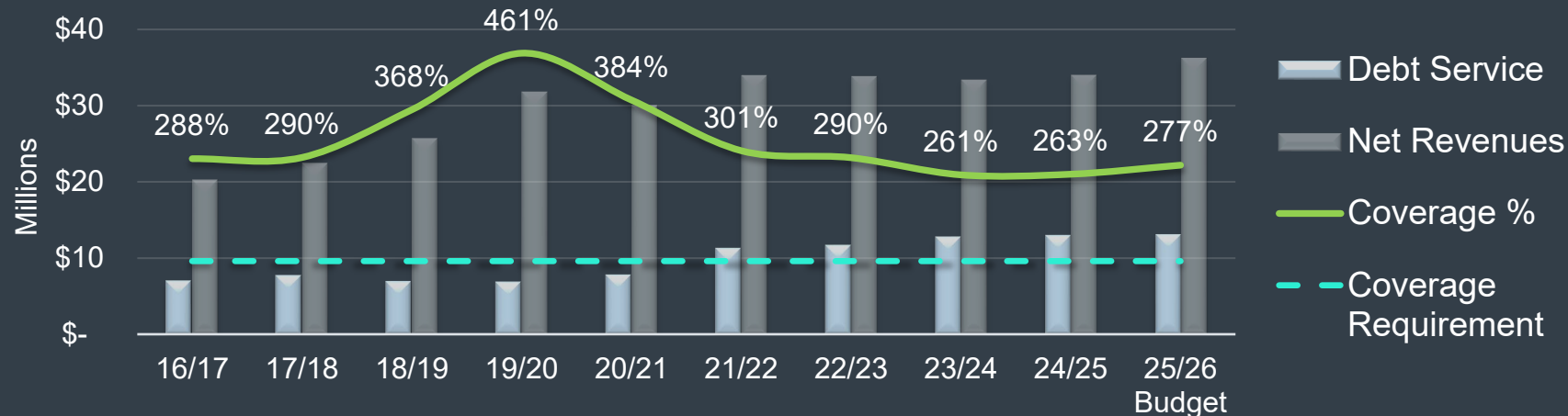


# Financial Trends

## Aggregate Ending Fund Balance (Millions) and Percentage Change by FY



## Bond Debt Service Coverage



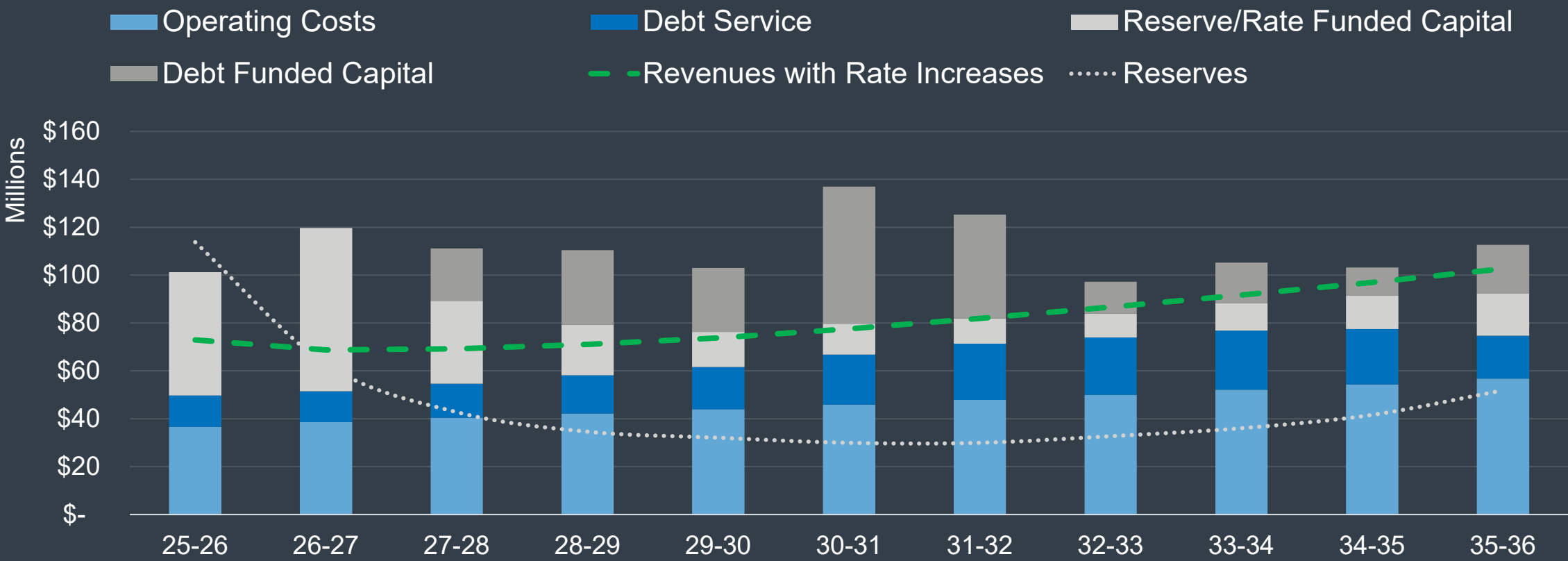
**Objective:** Manage WES' resources to maintain a strong and sustainable financial position.

**Target:** AAA Credit Rating

WES Credit Rating  
**AAA**

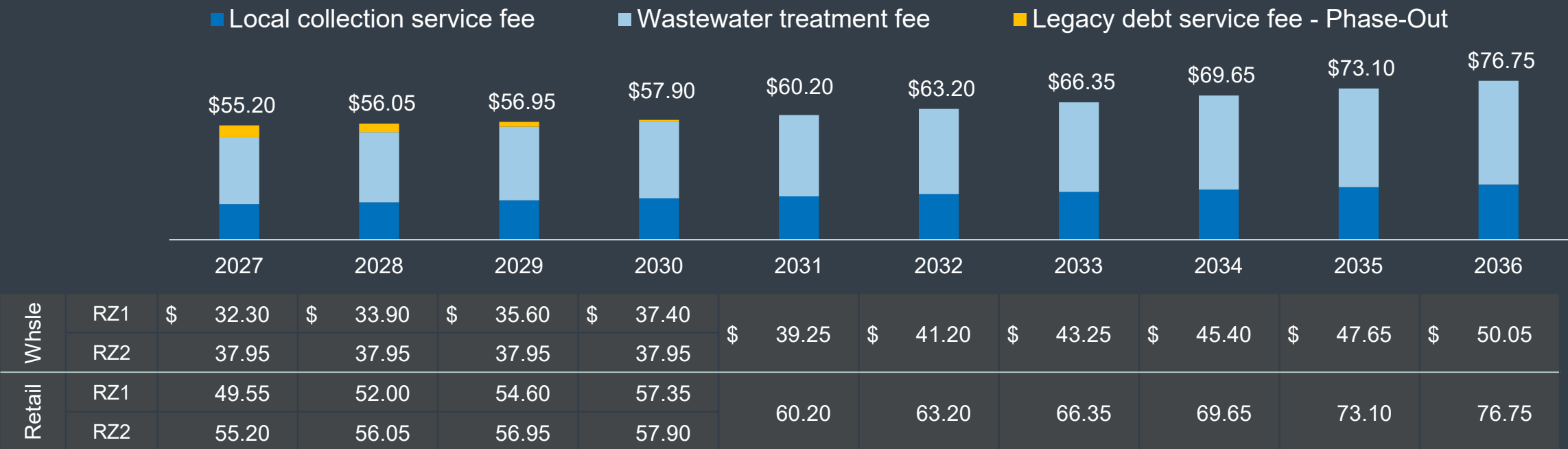


# Financial Forecast



Long-Range Financial Plan Metric	Target	Projected Performance
Operating Fund Balance Reserve Levels	≥ 60 days	65 – 135 days
Debt Service Coverage – All	≥ 140%	159% - 250%
Annual Monthly Rate Increases	≤ 5%	≤ 5%

# Forecasted Monthly Sewer Charges



# Forecasted Monthly Surface Water Charges

