

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

Policy Session Worksheet

Presentation Date: June 10, 2026

Approx. Start Time: 10:00 AM

Approx. Length: 30 minutes

Presentation Title: Water Environment Services Rules & Regulations Updates

Department: Water Environment Services (WES)

Presenters: Greg Geist, Director & Ron Wierenga, Assistant Director

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Board approval of proposed administrative, technical and fiscal policy updates to WES Rules and Regulations.

EXECUTIVE SUMMARY:

WES is an intergovernmental partnership formed by Clackamas County Service District No. 1 (CCSD#1), the Surface Water Management Agency of Clackamas County (SWMACC) and Tri-City Service District (TCSD). The formation of WES as an intergovernmental entity offers several benefits that include the clarification of WES's authority, modernizing standards, creating administrative efficiencies, and the opportunity to consider several key fiscal and technical policy changes.

WES is following a best practice to review and update its Rules every few years. WES's Rules and Regulations were completely overhauled in 2023 to align with the formation of WES as an intergovernmental agency. Since that time WES staff have administered the Rules and in doing so have identified changes to enhance clarity and implementation, align regulations with current procedures, and to streamline implementation. While the vast majority of the proposed changes are administrative in nature, such as addressing grammar and consistency of terms, errors, and formatting, there are a few proposed policy changes that staff will present to the Board for concurrence.

Key Policy Proposals:

- Reimbursement Districts
 - Section 1.1 – Definition of 'Specially Benefitting Property'
 - Clarifies that a specially benefiting property for inclusion in a reimbursement district and subject to a reimbursement charge shall be located outside of the applicant's common plan of development, abut qualifying infrastructure, and able to connect directly to qualifying infrastructure.
 - Section 5.11.1.D.e – District Review
 - Establishes a 3% interest rate to be applied to the proposed reimbursement charge over 10 years based on a long-term average of the Engineering News-Record (ENR) Construction Cost Index, a widely used benchmark for tracking the baseline costs of labor and materials in the U.S. construction industry.
 - Section 5.11.2.D – Apportionment of Reimbursement Charges
 - Adds a new section granting authority and procedures to apportion established reimbursement charges for properties that divide or connect existing stand-alone structures outside of a development project.
- Rates, Charges, and Billings
 - Section 5.13.4 – Deduct Water Meters
 - Establishes authority and procedures to adjust water-usage-based billing using sub-metering data that represents the flow of wastewater that is diverted the public sanitary system.
 - Section 5.15 – Income Qualified Discount

- Grants authority to provide a discount on the monthly user fees to surface water services in addition to sanitary sewer services.
- Establishes categorical eligibility for a discount based on participation in one or more public or partner assistance programs, as approved by the District.
- Directs the amount of the discount to be set by Board-adopted resolution and included in the District's fee table.

Once the draft Rules and Regulations are prepared, staff will coordinate a review with County Counsel and initiate a public review of the proposed changes. A public hearing to adopt the Rules by ordinance will follow, likely in August or September 2026.

FINANCIAL IMPLICATIONS (current year and ongoing):

There are no financial impacts to WES for adopting the Rules & Regulations. The proposed policies in the draft Rules & Regulations may have varying impacts to District customers, applicants, and residents. Potential impacts will be discussed with the Board for each key policy proposal during the policy session.

Is this item in your current budget? YES NO

What is the cost? N/A What is the funding source? N/A

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department's Strategic Business Plan goals?
This aligns with WES' strategic plan goal to ensure critical policies, procedures, and records are routinely updated, accessible, and safely stored.
- How does this item align with the County's Performance Clackamas goals?
This aligns with the County's goal for safe, secure, and livable communities by promoting affordability of wastewater and surface water services.

LEGAL/POLICY REQUIREMENTS:

County Counsel will review the draft Rule changes. The Board will be asked to hold a public hearing to consider the adoption of the proposed Rules & Regulations by ordinance in accordance with required administrative processes.

PUBLIC/GOVERNMENTAL PARTICIPATION:

The draft Rules and Regulations will be made available to the public and key stakeholders for a comment period. A public hearing to adopt the Rules by ordinance will be publicly noticed and scheduled.

OPTIONS:

1. Approve the policy updates as presented for adoption at a future public hearing.
2. Direct staff to revise specific portions of the proposed policies in the final draft Rules & Regulations.
3. Take no action at this time.

RECOMMENDATION:

Option #1: Approve the policy updates as presented for adoption at a future public hearing.

ATTACHMENTS:

A: Current Policies for Reference

SUBMITTED BY:

Division Director/Head Approval Frederic E. Wisner
 Department Director/Head Approval Henry S. Hunt
 County Administrator Approval _____



WES Rules and Regulations Update: Key Policy Proposals

- Reimbursement Districts
 - Section 1.1 - Definition of 'Specially Benefitting Property'
 - Clarifies that a specially benefiting property for inclusion in a reimbursement district and subject to a reimbursement charge shall be located outside of the applicant's common plan of development, abut qualifying infrastructure, and able to connect directly to qualifying infrastructure.

Specially Benefitting Properties. For the purpose of establishing a Reimbursement District, Specially Benefitting Properties are parcels that:

- A. Are located outside the Developing Party's common plan of development; and
- B. Directly abut to a Public Right-of-Way or WES easement that contains a Qualified Project; and
- C. Can obtain a direct benefit of service(s) by making a direct connection to a Qualified Project via a service connection without being required to extend the public sanitary and/or stormwater system(s).

Properties that require an extension of the public conveyance system(s) beyond the Qualified Project in order to receive service(s) are not Specially Benefitting Properties and shall not be included in a Reimbursement District or subject to a reimbursement charge.

- Section 5.11.1.D.e – District Review
 - Establishes a 3% interest rate to be applied to the proposed reimbursement charge over 10 years based on a long-term average of the Engineering News-Record (ENR) Construction Cost Index, a widely used benchmark for tracking the baseline costs of labor and materials in the U.S. construction industry.

District Review

The District shall review the application to establish a Reimbursement District and determine the applicability of the proposed reimbursement charge(s) as applied to each of the Specially Benefitted Properties. The District will prepare a report and recommendation to the Board on whether a Reimbursement District should be established.

The recommendation shall address the following factors:

- a. Whether the applicant has paid for some or all the costs of a Qualified Project, which includes improvements for which the applicant desires to be reimbursed.
 - b. List properties or parcels that are Specially Benefited by the Qualified Project for which Reimbursement District and reimbursement charge(s) is sought to be established.
 - c. That portion of the cost of the Qualified Project within the area of the proposed Reimbursement District that is appropriate for reimbursement by the owners of Specially Benefitted properties.
 - d. A methodology for spreading the cost among Specially Benefitted Properties for apportioning the cost of the Qualified Project among properties within the proposed Reimbursement District and the proposed reimbursement charge for each parcel of property.
 - e. A three percent (3%) interest rate will be applied to the proposed reimbursement charge over the following ten (10) years, which represents construction cost inflation.
 - f. The District's recommendation to the Board to establish the Reimbursement District and reimbursement charge.
- o Section 5.11.2.D – Apportionment of Reimbursement Charges
 - Adds a new section granting authority and procedures to apportion established reimbursement charges for properties that divide or connect existing stand-alone structures outside of a development project.

D. Apportionment of Reimbursement Charges.

Reimbursement charges may be apportioned when requested by an owner, mortgagee, or lien holder of property that was partitioned or divided subsequent to the establishment of the Reimbursement District.

An application to apportion a reimbursement charge must be made under and upon the following terms and conditions:

- a. Written apportionment application shall be made to the District.
- b. The written application shall be accompanied by any fees established by the Board to defray the costs of investigation, preparing documents, and calculating an equitable division of the reimbursement charge. Such fees shall not be refundable if the application is disapproved or if the applicant withdraws the application.
- c. If the District determines the reimbursement charge may be apportioned and divided without prejudice to the overall security of the original reimbursement charge, then an equitable division of the reimbursement charge shall be made based upon the original methodology for spreading the cost among Specially Benefitted Properties. Such apportionment shall describe the entire parcel and the amount of the reimbursement charge to be apportioned to each parcel(s).

- d. After the apportionment application is received, fees paid, and investigation made, the District shall determine whether or not to approve the application.
 - e. If the application is approved by the District and the fees provided herein are paid, the District shall apportion the reimbursement charge among the applicable parcels and appropriate entries shall be made therein apportioning the total reimbursement charge.
- Rates, Charges, and Billings
 - Section 5.13.4 Deduct Water Meters
 - Establishes authority and procedures to adjust water-usage-based billing using sub-metering data that represents the flow of wastewater that is diverted the public sanitary system.

5.13.4 Deduct Water Meters

Owners of nonresidential properties may install a separate public water meter for water not discharged to the public sanitary system to exclude the water usage from billing for sanitary sewer purposes. Owners of nonresidential properties may also install or establish separate physical or virtual deduct meters, subject to approval by the District, that measures representative flow of water that is diverted from discharge to the public sanitary system. This second option is referred to as the Deduct Meter Program below.

- A. Criteria for initial approval. Enrollment in the District's Deduct Meter Program requires Owners to:
 - a. Submit a complete application, on a form provided by the District, along with any applicable fees. The amount of the fee shall be set by resolution and included in the District's Fee Table.
 - b. Install and have inspected by District staff all deduct meters, whether physical or virtual, which Owners propose to use to submit flow data to the District.
 - c. Submit calibration documentation, if applicable, of deduct meters Owners propose to use to submit flow data to the District which include, at a minimum, the calibration range and error percentage throughout that range.
- B. Meter Installation and Maintenance. Owners are responsible for purchase and installation of meters. Plumbing permits may be required for installation. Owners must ensure meter accuracy, including meter calibration and maintenance, and maintain meter access for District personnel.
- C. Criteria for Ongoing Enrollment.
 - a. Annual Calibration Documentation: By December 31 of each year, Owners enrolled in the District's Deduct Meter Program shall submit calibration documentation for each deduct meter, including the calibration range and error percentage across that range. Exemptions from the calibration documentation requirement may be granted on a case-by-case basis.

- b. Biannual Flow Data Reporting: Owners shall submit flow data reports every six (6) months, by July 31 for January through June, and by January 31 for July through December. Reports must identify each deduct meter, reporting period start and end dates, and the total volume and units of measure for each deduct meter.
- D. Process Changes. Owners making process or site changes that affect meter data or calculations must notify the District within thirty (30) days of the process or site change.
- E. Deduct Meter Billing. Upon enrollment, the initial billing deduction will be based on the first three (3) full months of deduct meter data. Owners may apply to join the program at any time during the year. The initial deduction will be applied to the next bill issued after three (3) full months of data have been submitted and reviewed by District staff. No partial month credits will be extended. This initial deduction will remain in effect until the District conducts its annual nonresidential account service quantity update. At this update, the total deduct meter readings for the previous calendar year (or a pro-rated total for accounts enrolled partway through the year) will determine the annual deduct credit. This credit will adjust the calendar-year water consumption totals that determine nonresidential account service quantities effective each July 1.
- F. Non-Retroactive Credits. The deduct credit applies only to future bills and cannot be applied retroactively to any prior billing periods.
- G. Tenant Changes. Per Section 5.15, account holders must be property Owners. If an Owner rents the property to a tenant, any tenant participation in the Deduct Meter Program requires the Owner's approval. The Owner must submit the application on behalf of the tenant and manage all aspects of the program for the tenant. Owners must also notify the District of any tenant changes. Property Owners are responsible for ensuring tenant compliance with all program requirements to maintain the account's eligibility for deduct credits.
- H. Program Fees. Deduct Meter Program fees, including application, inspection, and ongoing participation fees, will be established by the Board through a resolution and included in the District's Fee Table. All applicable fees must be paid by the Owner as a condition of enrollment and continued participation in the program.
- I. Violations. Participation in the Deduct Meter Program requires compliance with all program conditions. Violations of these conditions will result in disenrollment from the Deduct Meter Program and billing for any previously credited amounts. Violations include, but are not limited to:
 - a. Failure to maintain and calibrate meters, including submitting documentation;
 - b. Failure to provide flow data reports to the District;
 - c. Falsification of reports;
 - d. Failure to pay program fees;
 - e. Discharge to the public sanitary sewer of flows certified as being diverted;
 - f. Failure to provide access to meters for inspectors; and

- g. Inaccurately stating the representative nature of a meter flow report.
- o Section 5.15 - Income Qualified Discount
 - Grants authority to provide a discount on the monthly user fees to surface water services in addition to sanitary sewer services.
 - Establishes categorical eligibility for a discount based on participation in one or more public or partner assistance programs, as approved by the District.
 - Directs the amount of the discount to be set by Board-adopted resolution and included in the Districts fee table.

5.15 Income-Qualified Bill Discount

The District may provide a discount on the monthly user charges for sanitary sewer and surface water service provided to the principal residence of a residential customer who meets eligibility requirements established by the District.

Eligibility requirements may include, but are not limited to:

- A. Household income below qualifying limits, based on sixty percent (60%) of the most recently published Oregon State Median Income (SMI) estimates developed by the United States Census Bureau or successor statistic; and/or
- B. Categorical eligibility based on participation in one or more public or partner assistance programs, as approved by the District.

The qualifying income limits shall be incrementally based on household size and may be updated periodically. The amount of the discount shall be set by resolution and included in the District's Fee Table.

In order to be eligible for the discount, the qualified person must be a residential customer of the District. The District may require an application, documentation, or other verification of eligibility, and may enroll customers automatically when eligibility can be verified through program participation or other reliable means.