



FY 2026-27 Budget Presentation

Budget Committee

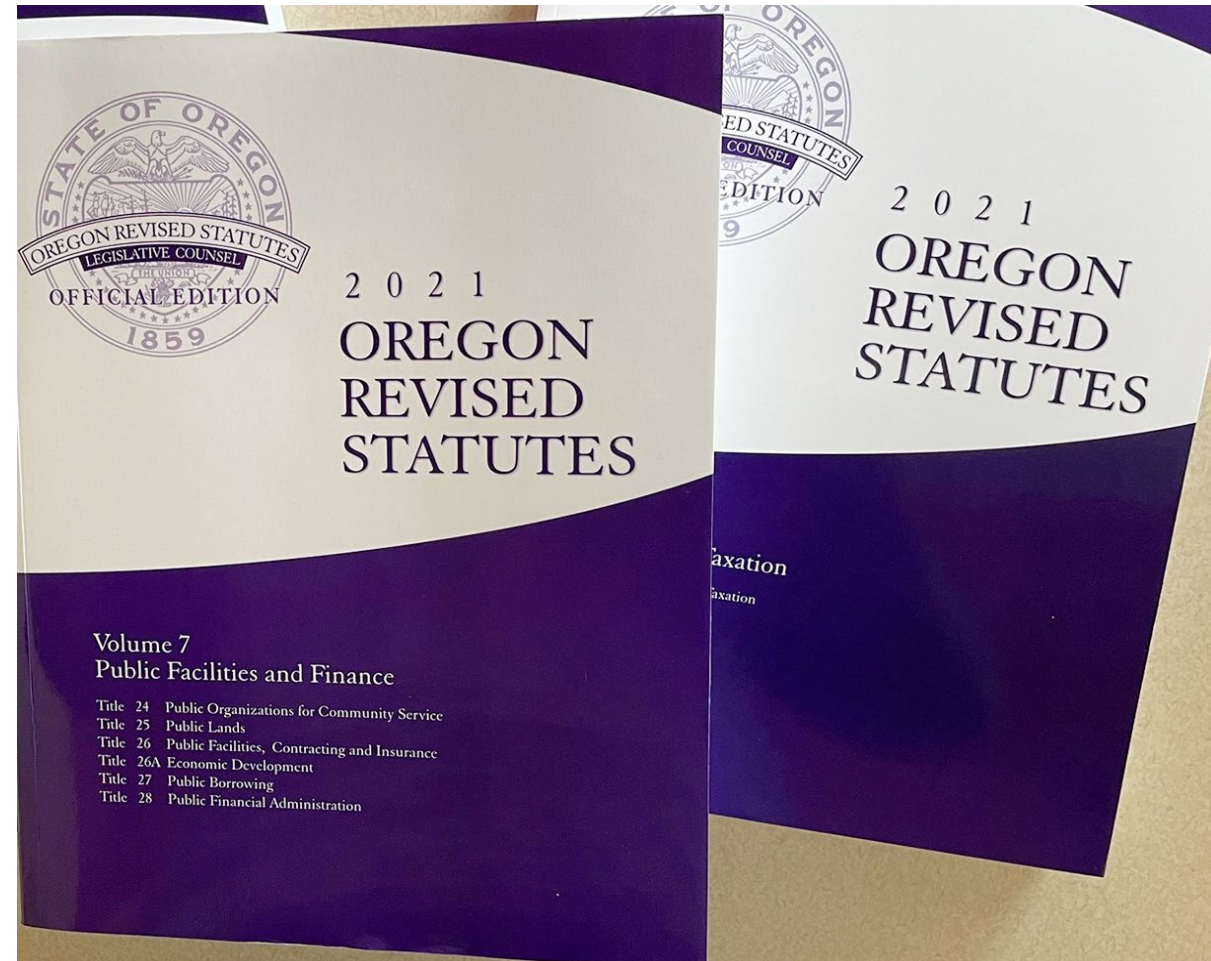
May 8, 2026



Election of Presiding Officer (Chair)

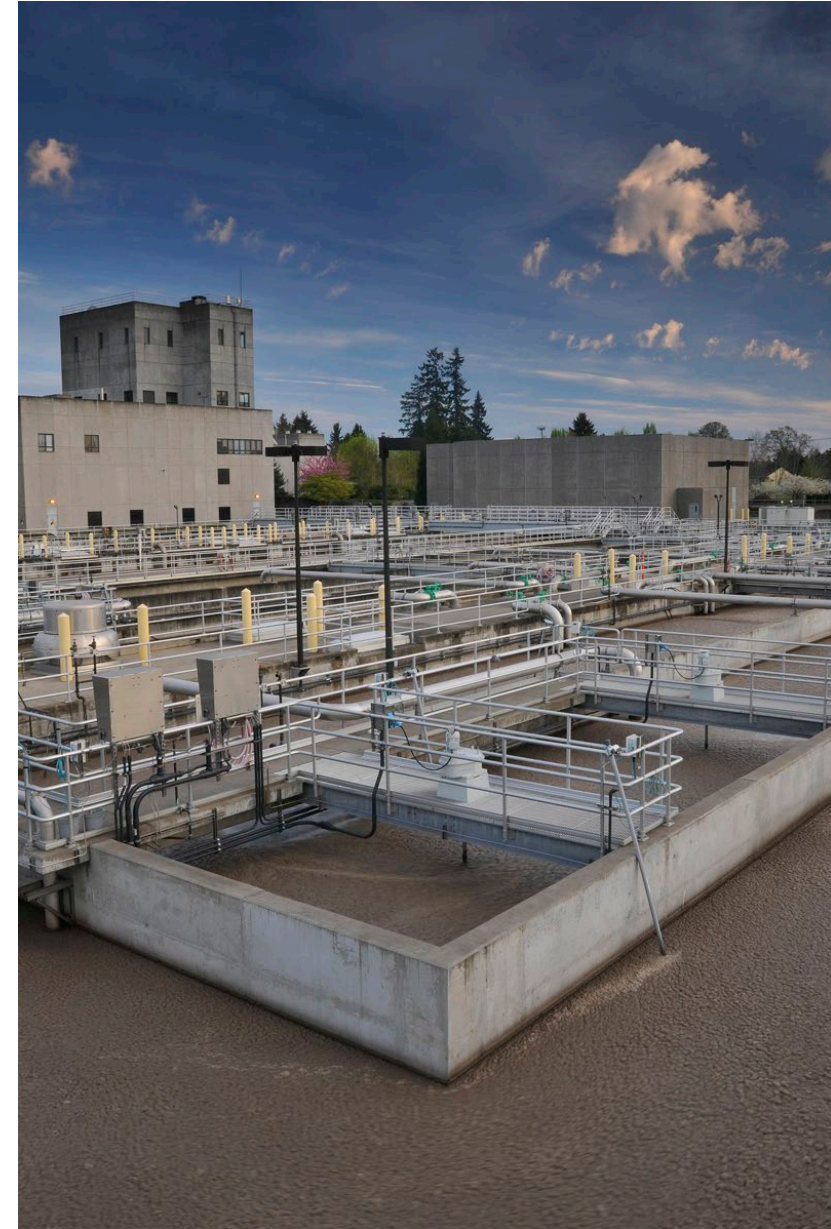


Clean Water Services
prepared its budget in
accordance with
Oregon Budget Law
ORS 294.305 - 294.565



Budget Message: Overview

- Proactive policy development laying foundation for budget, financial management, and rates
- Increased communication with partner cities and ratepayers
- Greater oversight and prioritizing efficiency, cost control, and value for ratepayers
- Focus on fiscal discipline that demonstrates careful management of financial resources
- Reasonable revenues based on cost of doing business and revised reserve policy



Budget Message: Financial Policies

- Policy development driving transparency, accountability and ongoing oversight
 - Developed first Cost of Service Study since 2008
 - Rate development study
 - Board adopted policies on cost allocation methodology and reserves
 - Regular reporting of expenditures per Resolution and Order 25-5
 - Planned billing study and review of potential customer assistance programs

Budget Message: Partnership and Communication

- Intentional collaboration with co-implementor cities
 - State of Our Partnership presentations
 - Rate development presentations
 - Community Connection e-newsletter
- External communication to ratepayers
 - Bill inserts
 - Press releases
 - Website updates, including sample bills and blog posts
 - Social media posts
 - Clean Water Connection e-newsletter

Budget Message: Adaptive Planning

- Maintain a stable financial foundation by:
 - Planning for infrastructure needs and sequencing capital investments
 - Prioritizing efficiency and cost control measures as part of continual improvement
- Maintain capability to respond to residential, commercial, and industrial economic development in the region

Budget Message: Fiscal Discipline

- Focus on fiscal discipline that demonstrates careful management of financial resources with a drive to reduce and manage expenditures
- Prioritize efficiency, cost control, and value for the ratepayer by:
 - Optimizing operations and transparently showing what CWS does to accomplish this
 - Providing strong department and program oversight of budget and expenditures

Budget Message: Managing Expenditures

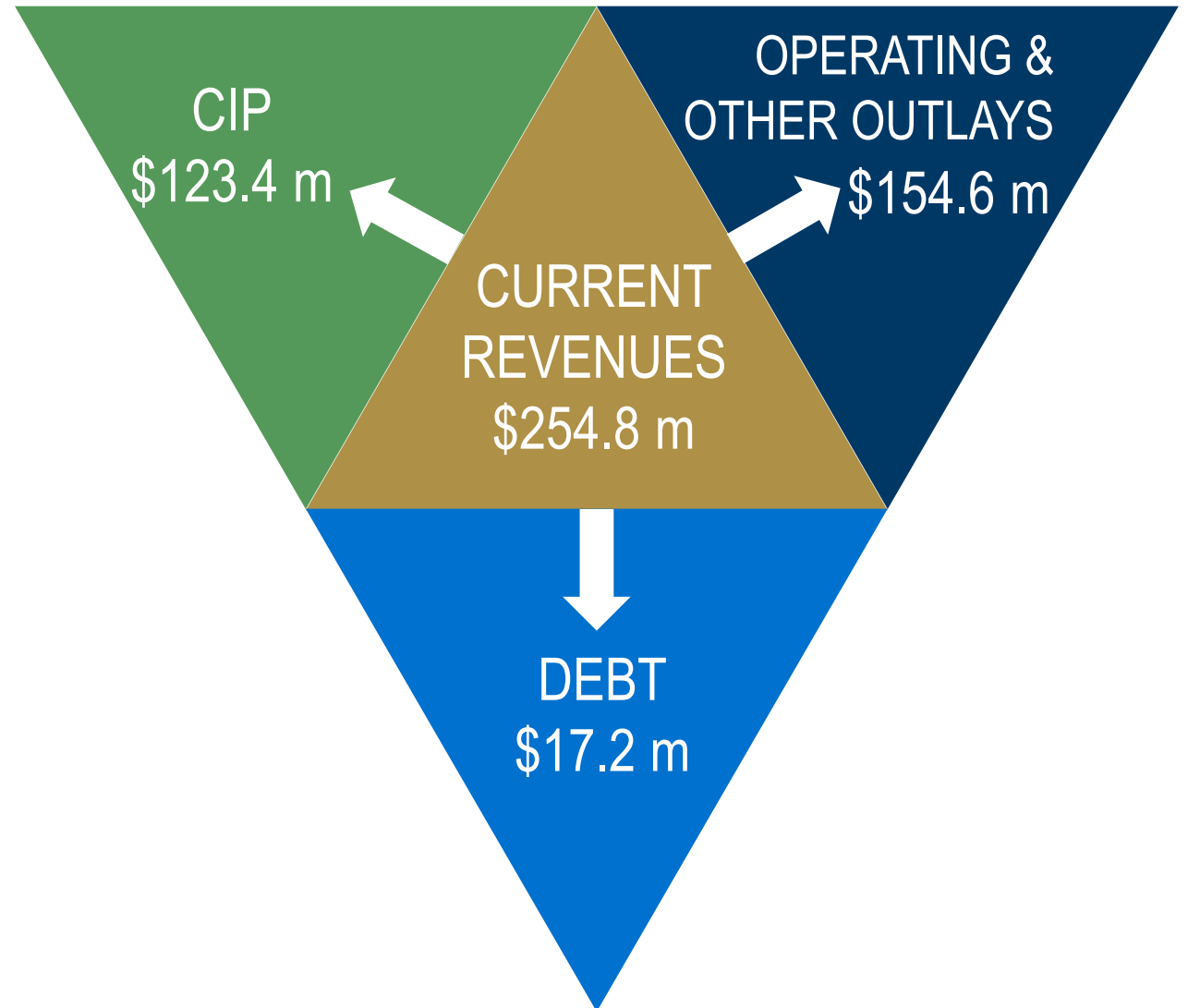
- Intentional management of all expenditures to ensure fiscal discipline through the lens of our customers and partners
- Closely manage expenditures impacted by inflationary costs
 - Chemical usage and cost increases
 - Electric and water utility rate increases
 - Material and construction cost increases
 - Personnel costs

Budget Message: Revenue

- Completed a cost-of-service study
 - Ensure that rates are fair and proportional to the services customers receive
 - Ensure CWS can recover the costs of providing service
 - Ensure CWS can support long-term operational and financial stability
- Reevaluated reasonable reserves; Board adopted new policy
- Developed rates to support this work and what is outlined in this budget

Financial Assumptions FY 2026-27

- Expenditures = \$295.2 million
- Revenue = \$254.8 million
- Budget reflects spending \$40.4 million in reserves
- Based on historic spending, CWS anticipates spending \$17.8 million of reserves in FY 2026-27

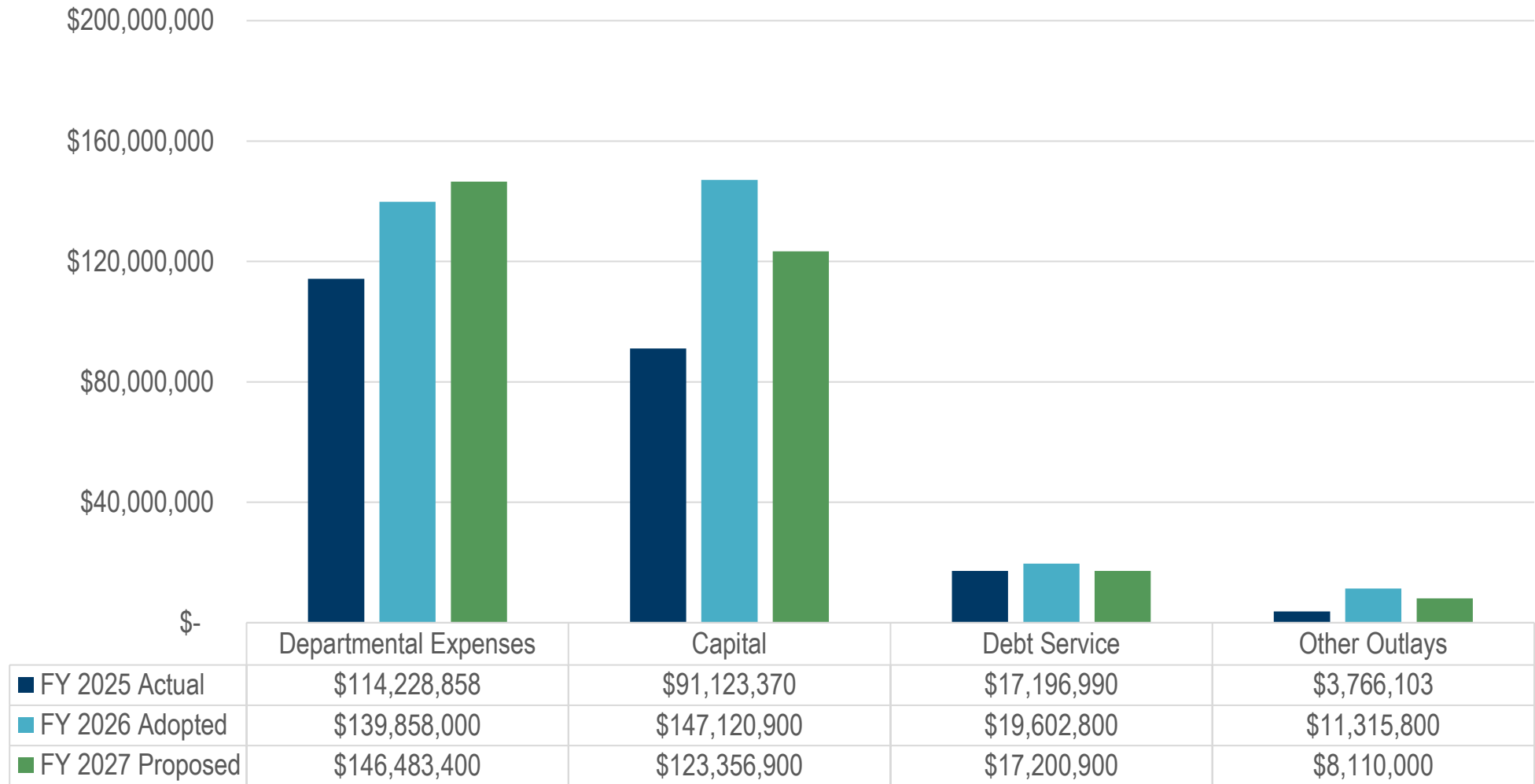


Reduced Proposed Expenditures by \$22.7 Million (7.2%)

- As compared to FY 2025-26 Adopted Budget
 - \$23.8 million decrease in Capital Improvement Program (CIP) budget
 - \$6.6 million increase in operating budget
 - \$2.4 million decrease in debt service
 - \$3.2 million decrease in other fund outlays
- **TOTAL**
 - **\$295.2 million proposed in FY 2026-27**
 - **\$317.9 million in FY 2025-26**



Expenditure Trends



Operating Budget

\$146,483,400
proposed in
Fiscal Year 2026-27



Personnel Services: \$93.5 million

- 4.4% increase (\$3.9 million) over FY 2025-26
 - 5.0% increase (\$2.9 million) in wages
 - ❖ Cost of living adjustment
 - ❖ Performance-based pay
 - 3.6% increase (\$1.1 million) in other personnel expenses
 - ❖ Medical insurance
 - ❖ PERS
- Cost control measures
 - No additional full-time equivalent (FTE) positions requested
 - Three vacant positions from Strategy program unfunded in FY 2026-27
 - Reviewed and redesignated existing vacancies

Materials and Services: \$53 million

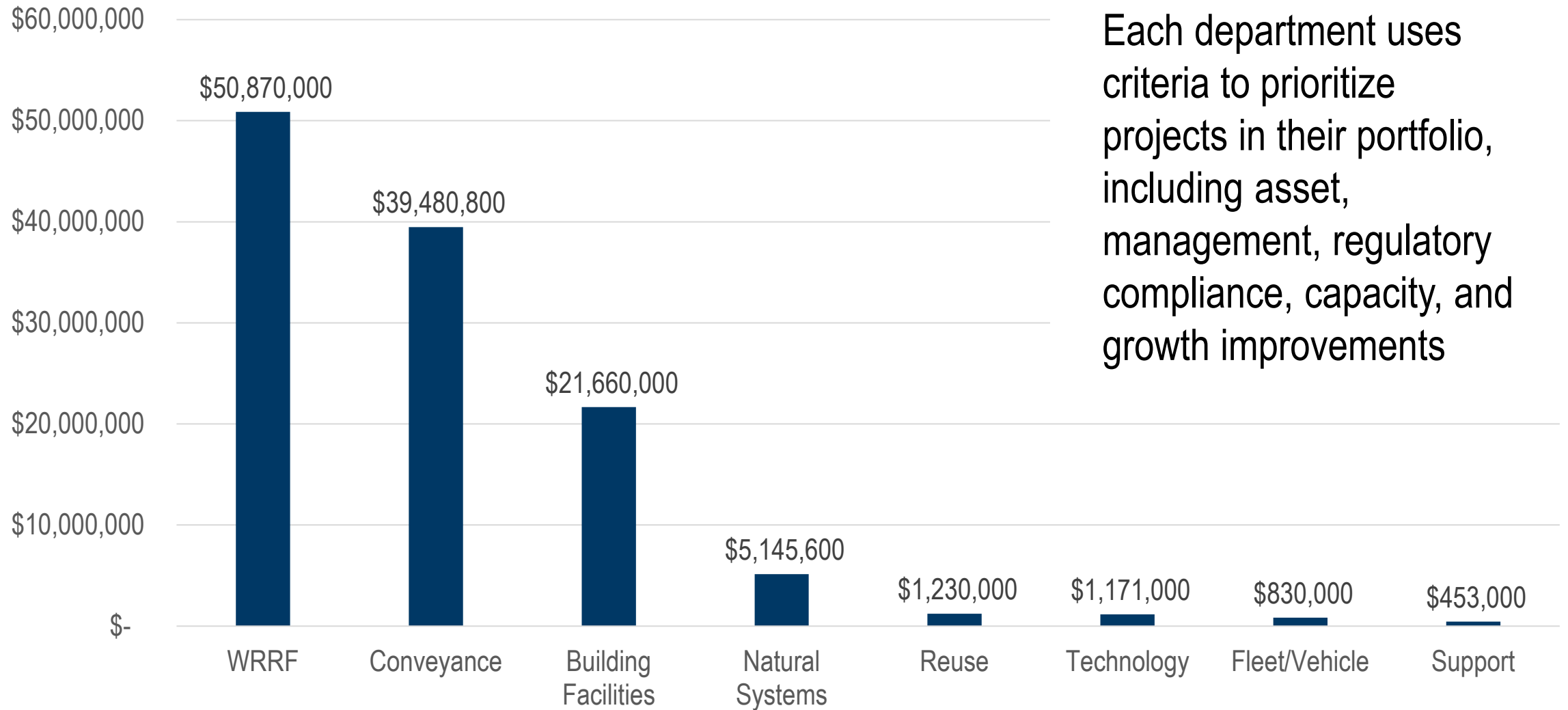
- 5.4% increase (\$2.7 million) over FY 2025-26
 - \$695,000 increase in operating supplies and repair and maintenance supplies
 - \$568,000 increase in landscape services
 - \$301,500 increase in software licenses
 - \$300,000 one-time expense in professional services to move Laboratory
- Cost control measure
 - Proposed budget for materials and services is \$1.4 million less than initially requested

Capital Improvements Program

\$123,356,900
proposed in
Fiscal Year 2026-27



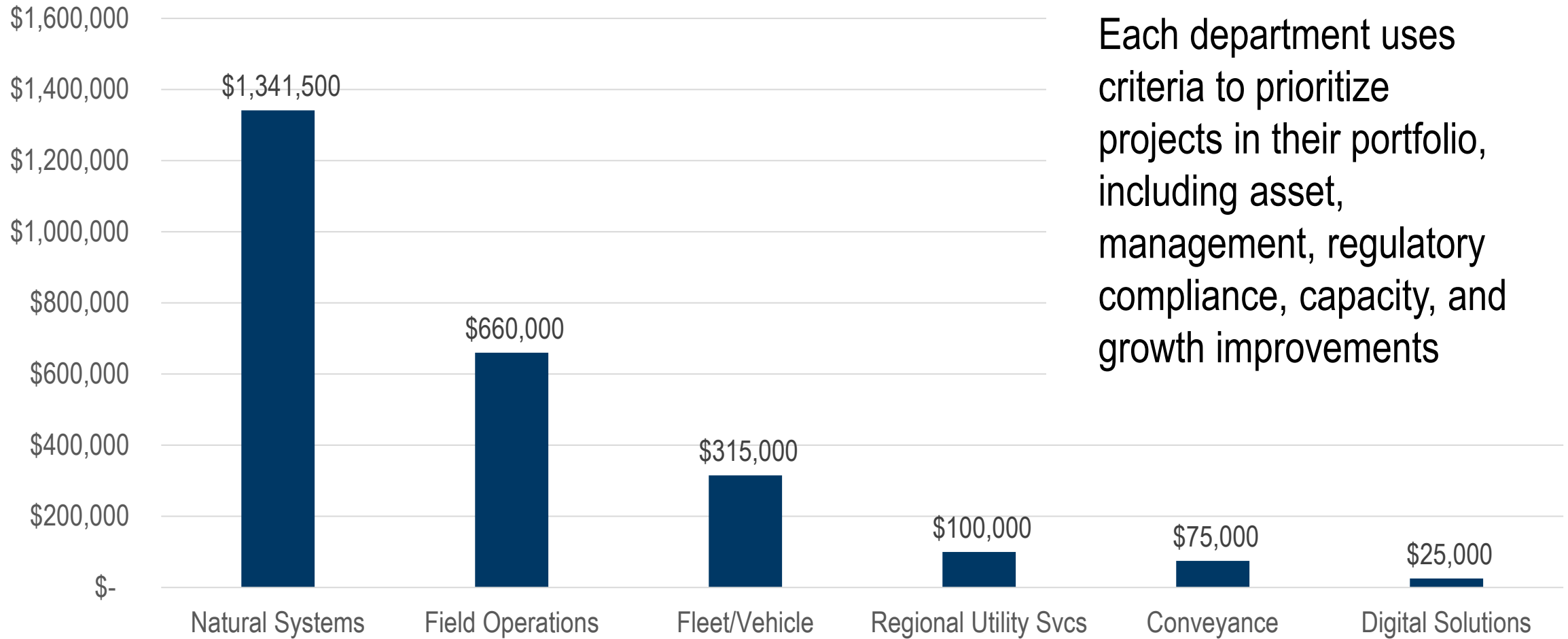
Sanitary Capital Investments: \$120.8 Million in FY27



Each department uses criteria to prioritize projects in their portfolio, including asset, management, regulatory compliance, capacity, and growth improvements



Surface Water Capital Investments: \$2.5 Million in FY27

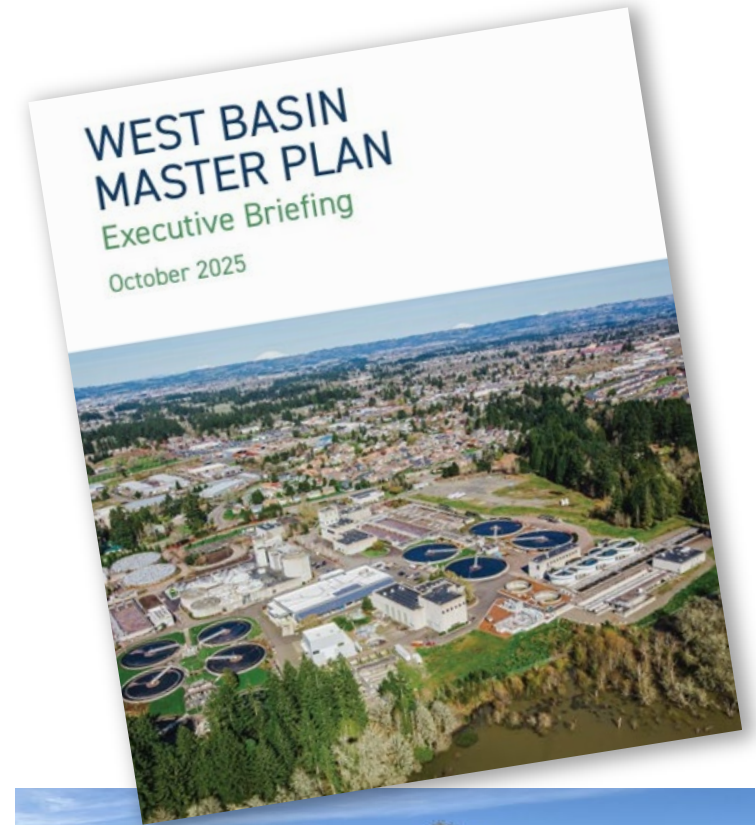


Each department uses criteria to prioritize projects in their portfolio, including asset, management, regulatory compliance, capacity, and growth improvements

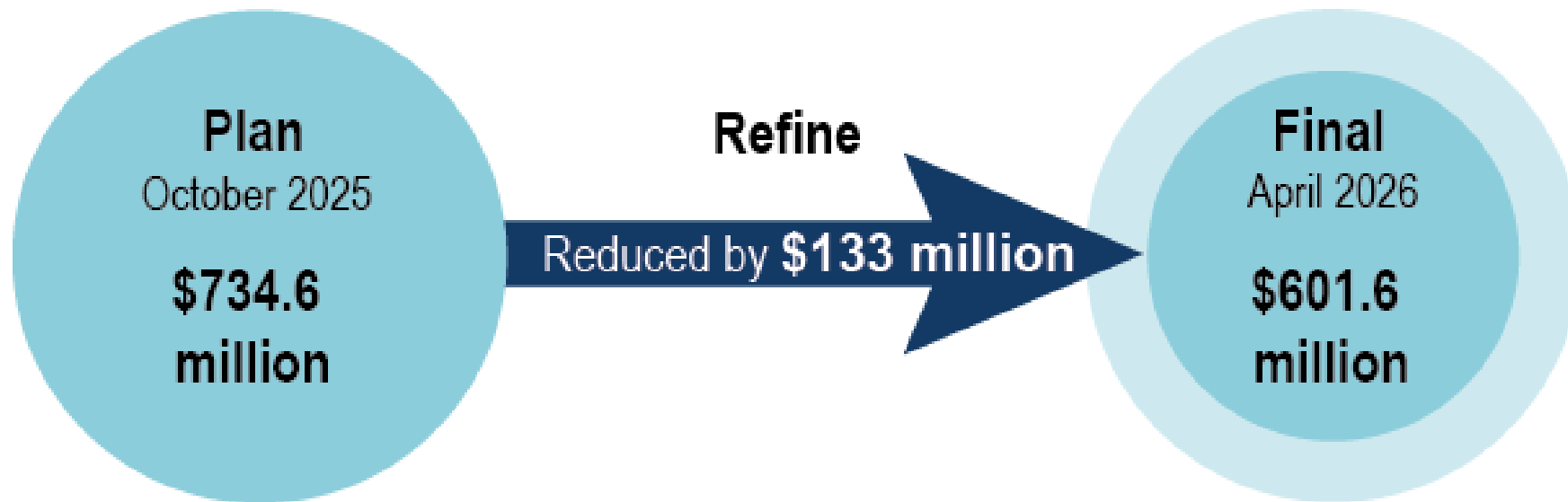


Capital Planning Overview

- Project identification
 - Facility plans and master plans
 - Infrastructure and asset condition
 - Regulatory requirements
- Prioritization
 - Department-led evaluation of project drivers
 - Sequence work with updated modelling and trigger points
 - Development, population growth, and flow conditions
- Resource availability
 - Align staff capacity, delivery timelines, and operational readiness
- Financial targets
 - Align projects to meet financial target over five-year planning horizon

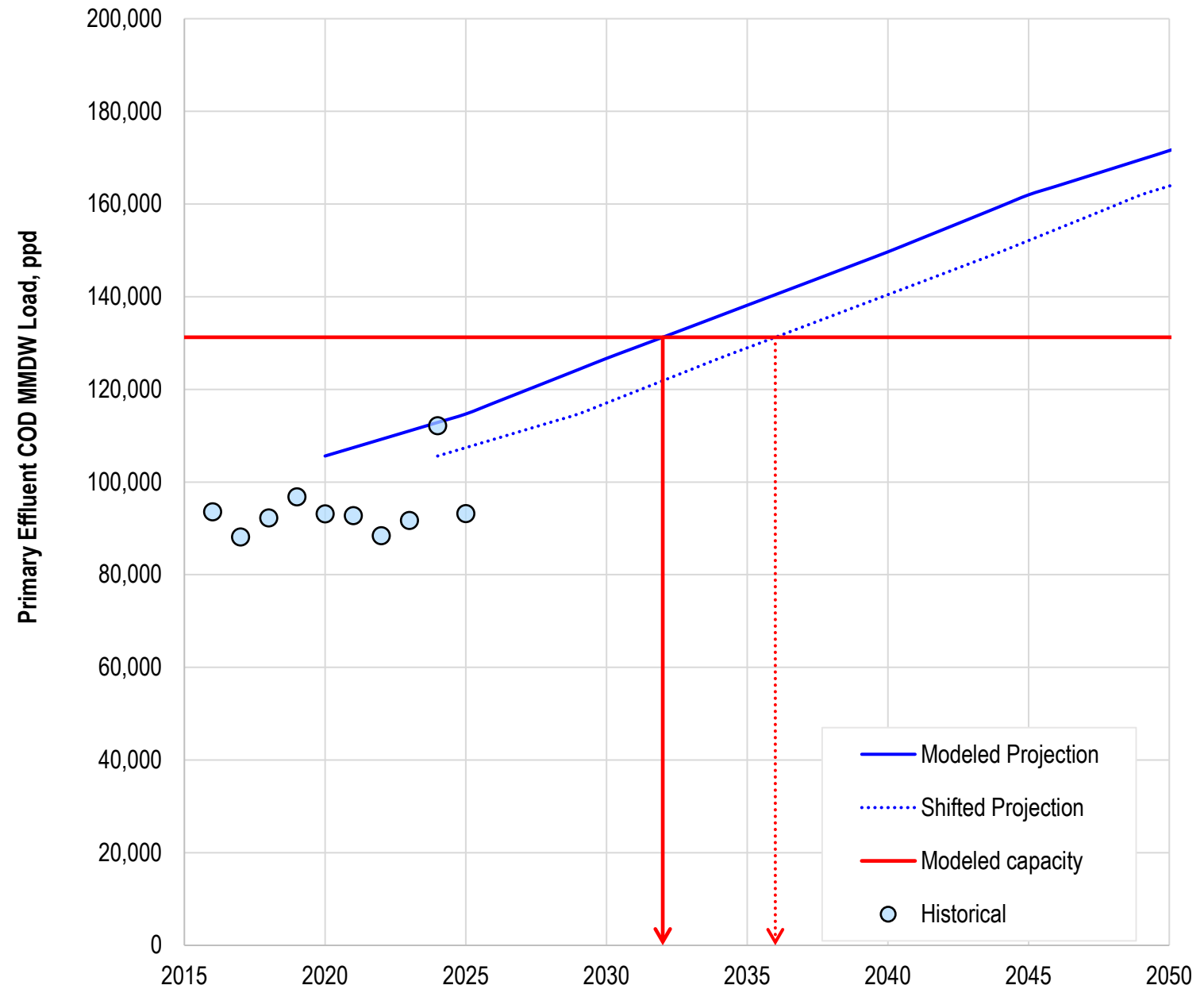


Cost Control Measures Reduced 5-Year CIP by \$133 Million

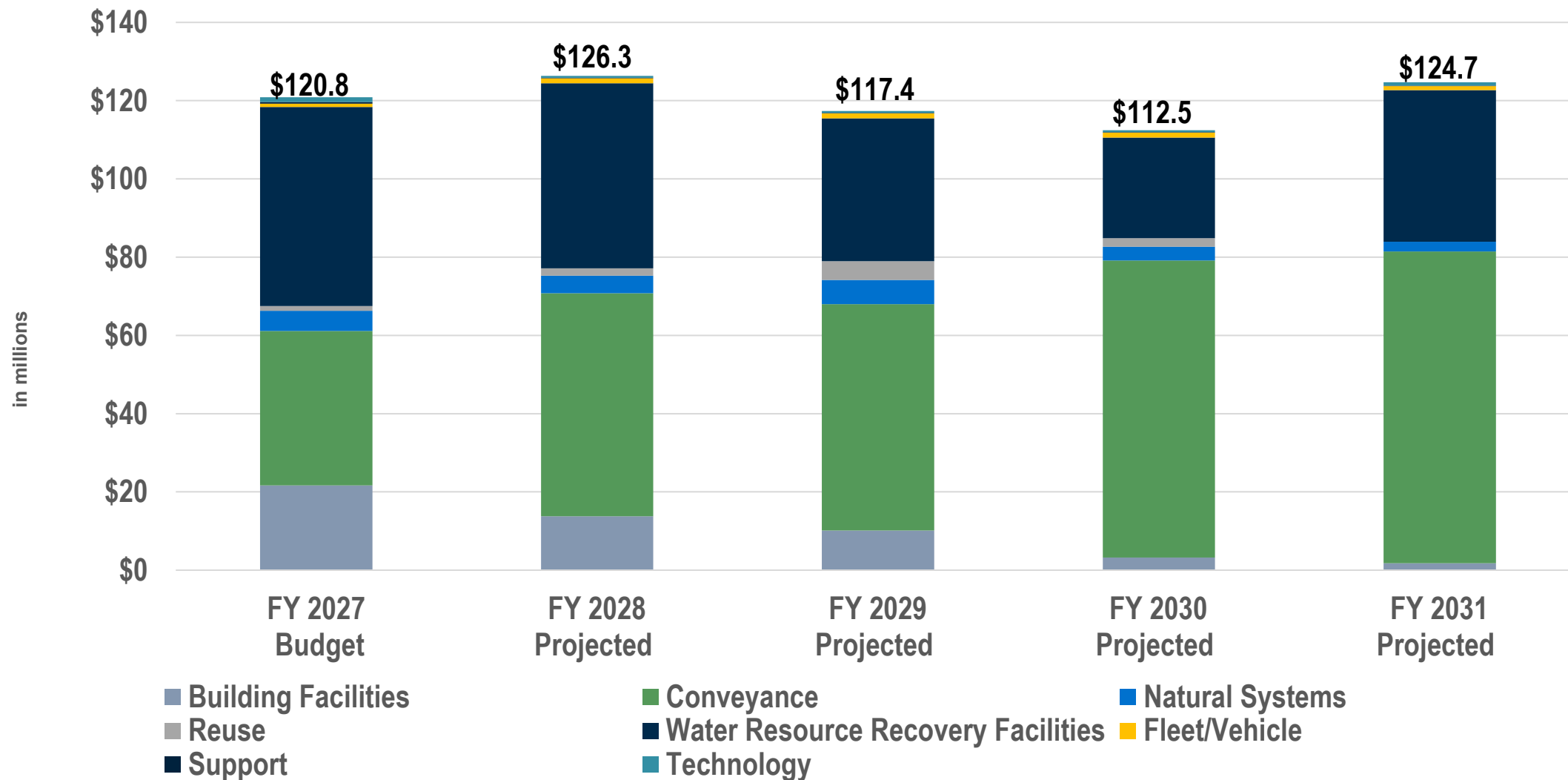


Living Facility Plans

- Phased capital delivery calibrated to process, asset condition, regulatory drivers, growth, and balanced funding
- Projected growth vs. actual data



Sanitary 5-Year CIP Breakdown



Notable Sanitary CIP Projects

- Durham WRRF: new digester
 - Expand digestion capacity by constructing a new anaerobic digester, increasing digestion volume from 2.6 million gallons to 3.9 million gallons
- Rock Creek WRRF: biogas utilization
 - Construct a CWS-owned digester biogas treatment system to create renewable natural gas system for pipeline injection
- Conveyance: Metzger/Fanno interceptor
 - Replace Metzger trunk line, built in 1966, with 6,600 linear feet of sewer upsized to 36-42 inches to meet current and future capacity needs

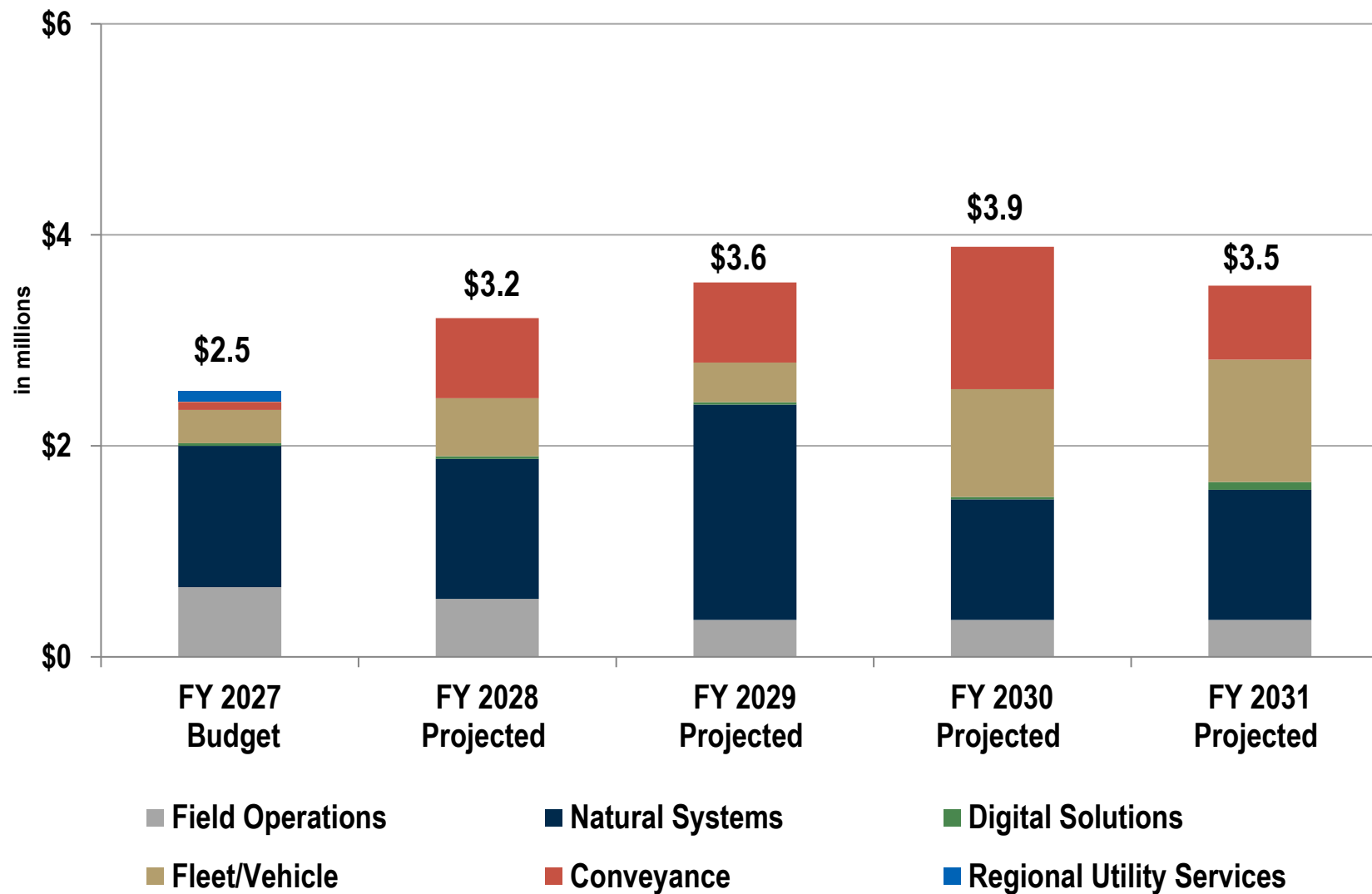


Notable Sanitary CIP Projects

- Rosedale pump station and conveyance
 - Design and construct pump station with capacity of 2.5 million gallons per day, force main, and gravity trunk to serve South Hillsboro
- Building facilities improvement projects
 - Tenant improvements at CWS Central
 - Remodeling for CWS Laboratory
 - Construction of Springer Street facility for Field Operations construction and pump station crews



Surface Water Management 5-Year CIP Planning



Notable Surface Water CIP Projects

- Vegetated corridor enhancement
 - When aligned with organization goals, projects, and programs, CWS provides vegetation management on behalf of developers to meet requirements for vegetated corridor regulated areas
 - Developer fees pay for the work
- Storm sewer renewal and replacement
 - Multiple replacement and renewal projects of existing storm conveyance system assets
- SWM heavy vehicle replacement
 - Buy new midsize wheel loader and a mini excavator for Utility Operations crews



FY 2026-27 Budget Public Comments



Break

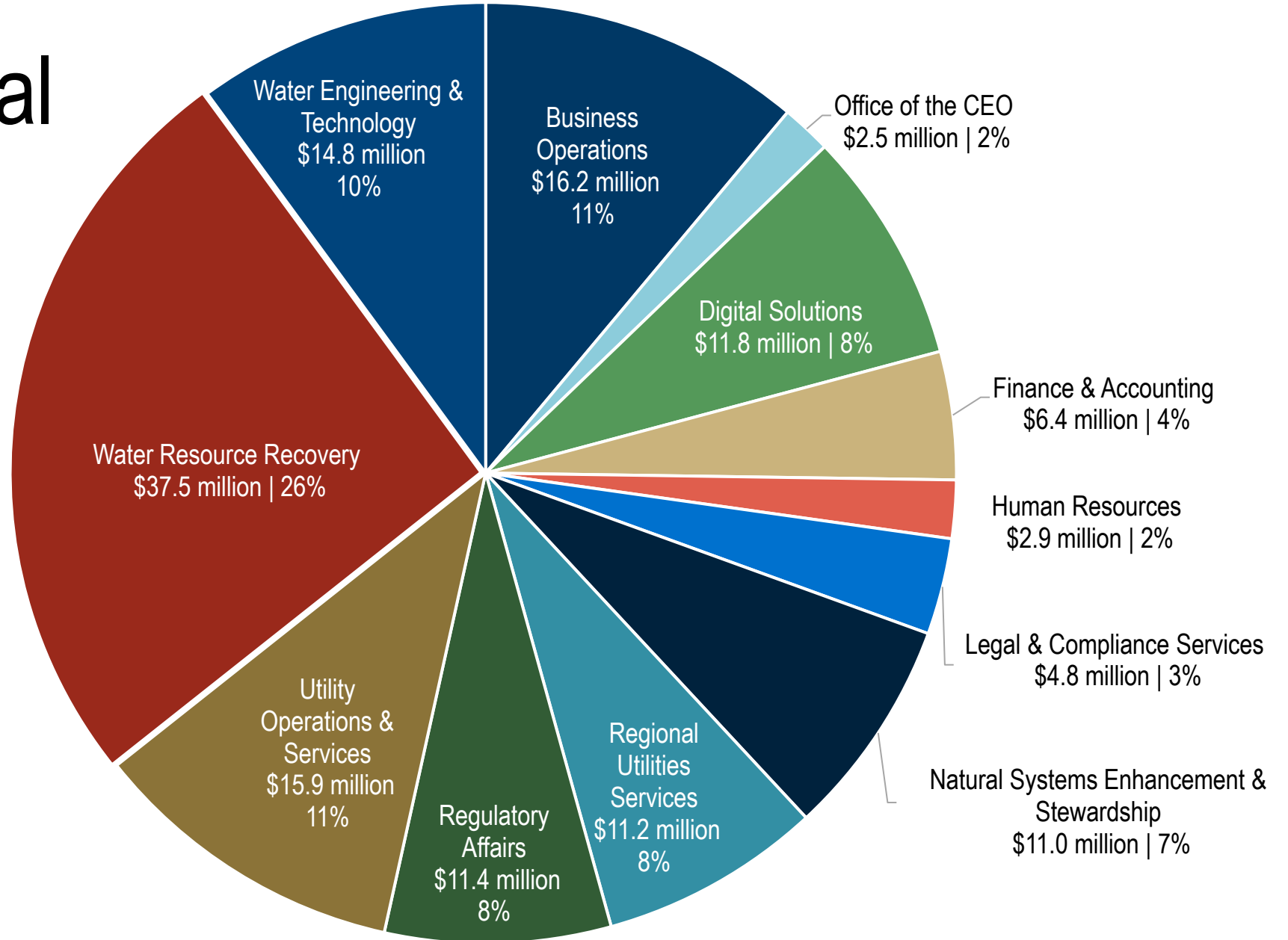
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Departmental Operating Budget

\$146,483,400
proposed in
Fiscal Year 2026-27



Water Engineering & Technology

- Programs
 - Construction & Engineering Technical Services, Conveyance Engineering, Reuse, Research & Innovation, Treatment Plant Services Engineering, Administration
- Initiatives
 - Update construction contracting documents
 - Data management planning
 - Process models as “living tools” to support capital planning and operations support
 - Conveyance system small-scale repair project design for in-house work
 - Biosolids stockpile allowing for early valley application
- FTE: 72

Water Engineering & Technology Budget

Departmental Expenditure Summary	FY 2024 Actual	FY 2025 Actual	FY 2026 Adopted	FY 2027 Proposed Budget	Change from FY 2025-26
Personnel Services	\$ 0	\$ 3,274,160	\$ 11,463,200	\$ 10,790,700	-6%
Materials & Services	\$ 0	\$ 575,614	\$ 3,697,800	\$ 3,962,000	7%
Total Department Budget	\$ 0	\$ 3,849,774	\$ 15,161,000	\$ 14,752,700	-3%
Full-Time Equivalent (FTE)	0.00	54.00	80.00	72.00	

WET Budget Drivers

- Personnel services decreased \$672,500, or -6%
 - 8 FTE transferred out of department to new Infrastructure Asset Management program in Water Resource Recovery Operations & Services department (WRRD)
 - Reallocated capital planning functions to other programs and departments
- Materials and services increased \$264,200, or 7%
 - Biosolids program: Fuel costs and land application
 - Reuse program: Landscaping services
 - ❖ Natural Treatment System
 - ❖ Reuse water irrigation



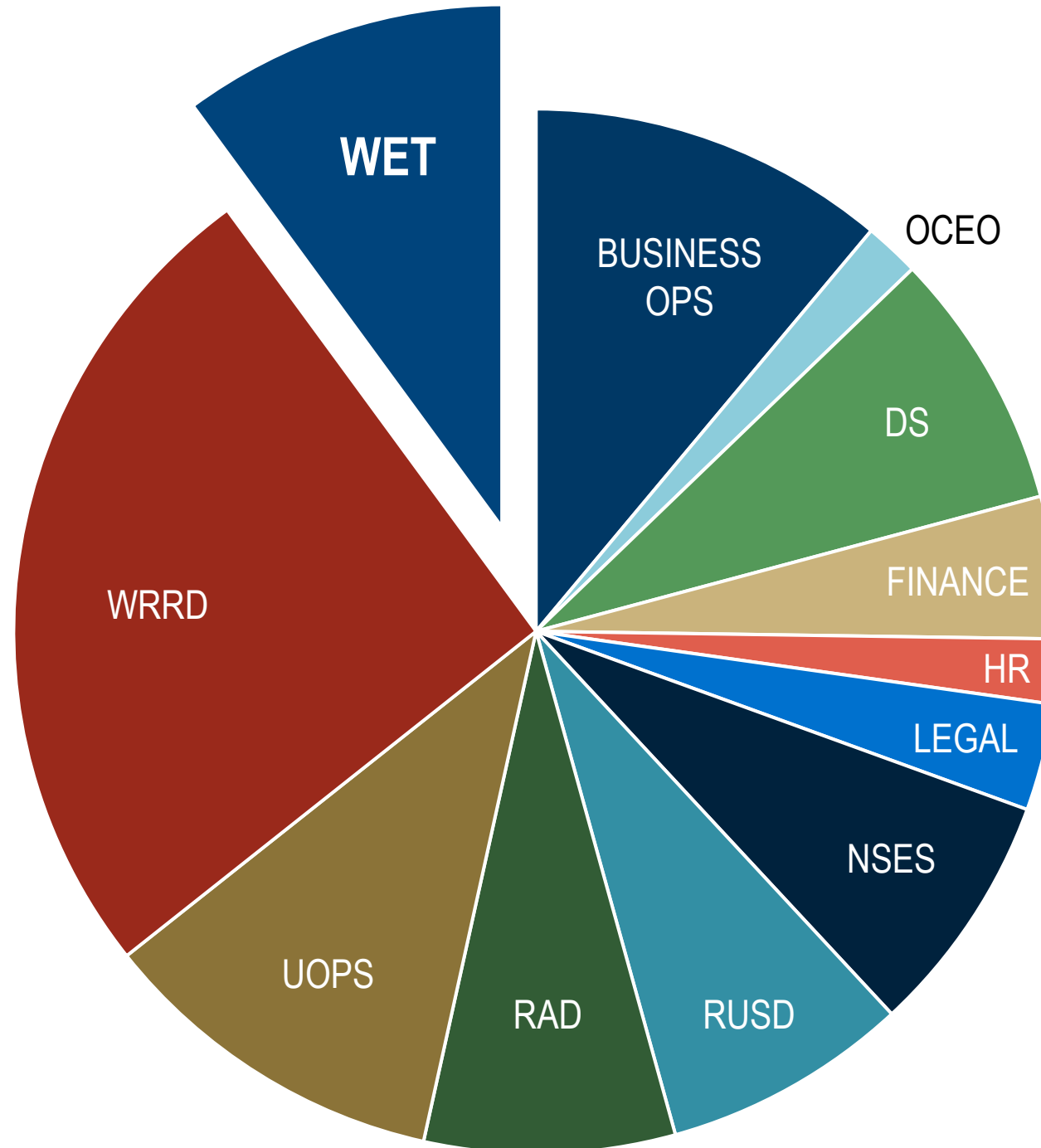
Creating Value for Ratepayers

- Biosolids land application storage sites to reduce hauling distances
- Evaluating CREW Carbon for chemical savings partnership with operations
- Evaluating and adjusting project delivery timelines to match growth and development needs



Water Engineering & Technology

- **\$14.8 million** proposed budget in FY 2026-27
- **10%** of CWS departmental operating budget



Utility Operations & Services

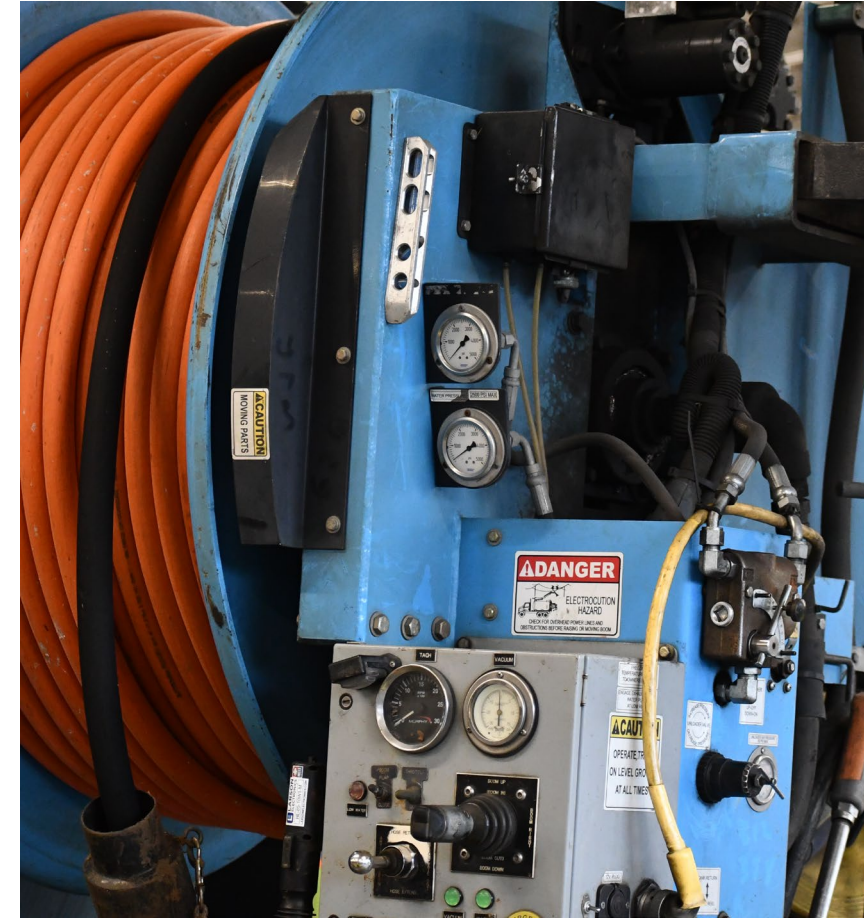
- Programs
 - Administration (support and fleet), Field Operations - Construction, Field Operations - Maintenance
- Initiatives
 - Perform maintenance tasks at optimum time to improve asset management
 - Focus on repair and replacement
- FTE: 80

Utility Operations & Services Budget

Departmental Expenditure Summary	FY 2024 Actual	FY 2025 Actual	FY 2026 Adopted	FY 2027 Proposed Budget	Change from FY 2025-26
Personnel Services	\$ 11,433,607	\$ 10,835,699	\$ 12,511,200	\$ 13,121,300	5%
Materials & Services	\$ 3,025,813	\$ 2,767,496	\$ 2,758,000	\$ 2,812,800	2%
Total Department Budget	\$ 14,459,420	\$ 13,603,195	\$ 15,269,200	\$ 15,934,100	4%
Full-Time Equivalent (FTE)	95.00	80.00	80.00	80.00	

Utility Operations & Services Budget Drivers

- Personnel services increased \$610,100, or 5%
 - Standard increases in wages, other personnel expenses
 - No new FTE
- Materials and services increased \$54,800, or 2%
 - Contracted services, repair and maintenance supplies, fuel, and fleet repairs



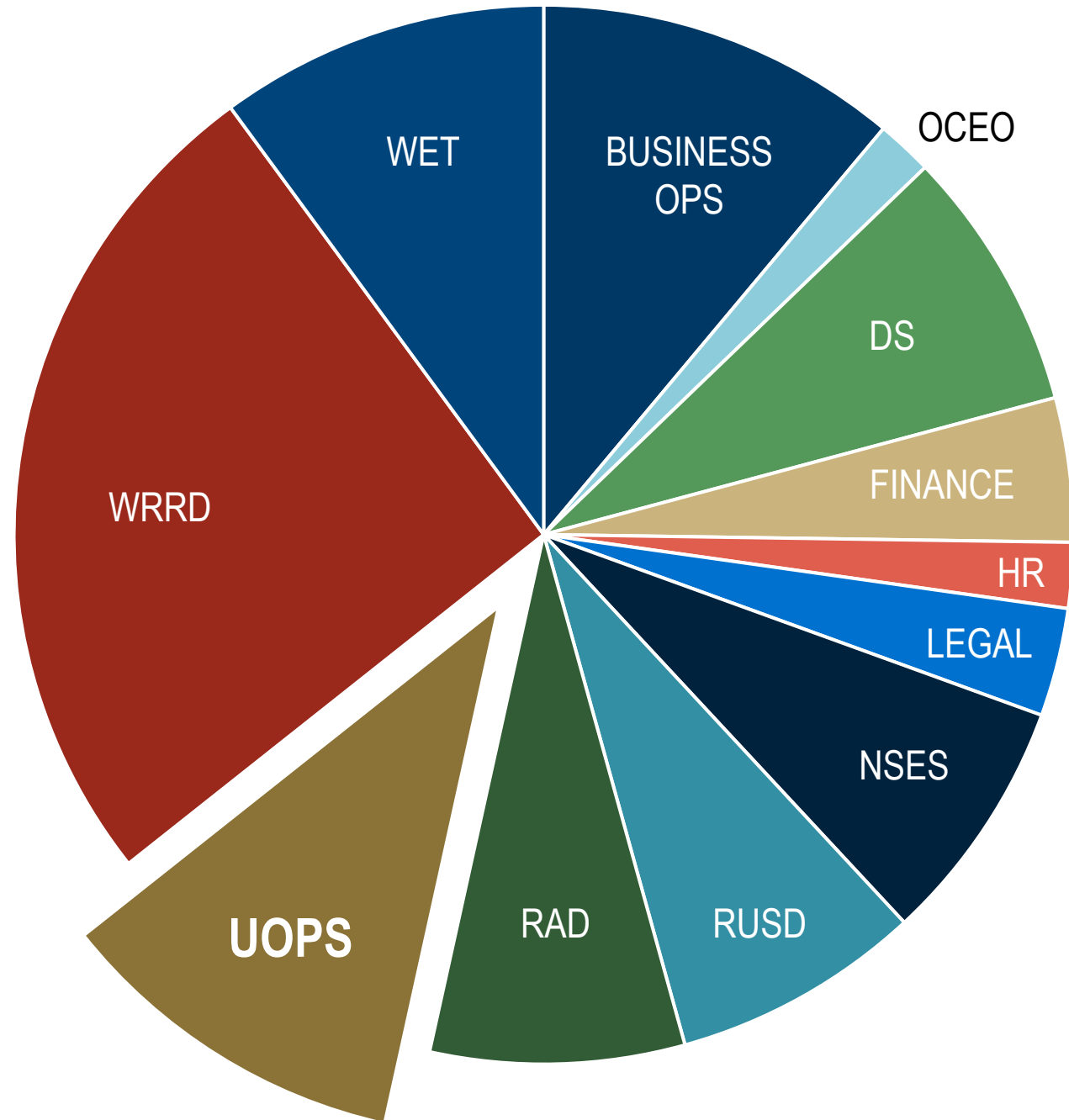
Creating Value for Ratepayers

- Received Oregon DEQ 2025 diesel emissions mitigation grant of over \$320,000
 - Funds will go toward replacing one heavy-duty diesel truck, one medium-duty diesel truck, and one non-road loader with cleaner diesel equivalent vehicles



Utility Operations & Services

- **\$15.9 million** proposed budget in FY 2026-27
- **11%** of CWS departmental operating budget



Water Resource Recovery Operations & Services

- Programs
 - Durham, Rock Creek, Forest Grove, Hillsboro, Pump Stations, Infrastructure Asset Management, Administration
- Initiatives
 - Adding primary clarifiers at Forest Grove
 - Beginning construction of a new anaerobic digester at Durham
 - Renewable natural gas project at Rock Creek
 - Establishing new program: Infrastructure Asset Management
- FTE: 107

Water Resource Recovery Budget

Departmental Expenditure Summary	FY 2024 Actual	FY 2025 Actual	FY 2026 Adopted	FY 2027 Proposed Budget	Change from FY 2025-26
Personnel Services	\$ 14,470,719	\$ 15,804,303	\$ 18,403,900	\$ 21,356,800	16%
Materials & Services	\$ 17,681,428	\$ 19,084,795	\$ 15,056,300	\$ 16,136,200	7%
Total Department Budget	\$ 32,152,147	\$ 34,889,098	\$ 33,460,200	\$ 37,493,000	12%
Full-Time Equivalent (FTE)	119.00	103.00	99.00	107.00	

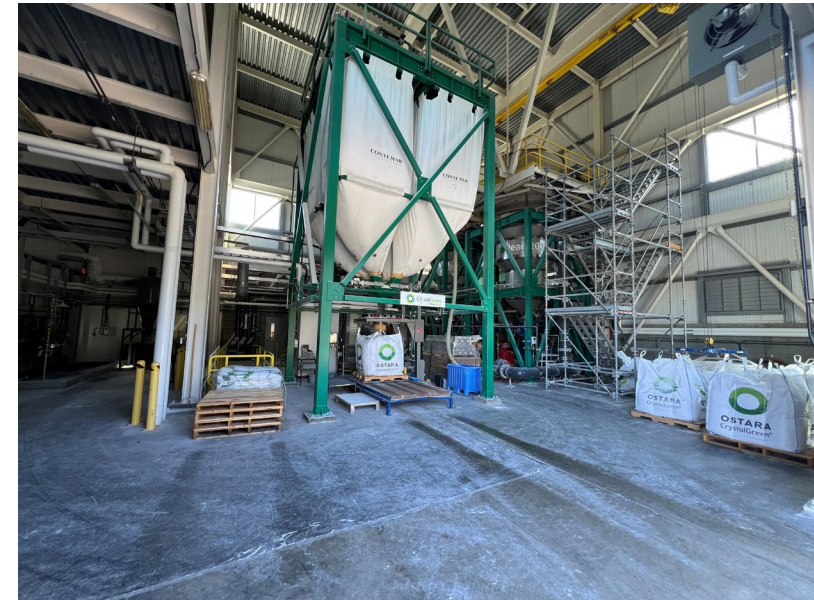
Water Resource Recovery Budget Drivers

- Personnel services increased \$2.9 million or 16%
 - 8 FTE transferred into new Infrastructure Asset Management program
 - 15 midyear redesignations for career advancement
 - Standard increases in wages, other personnel expenses
- Materials and services increased \$1.08 million, or 7%
 - Added new Infrastructure Asset Management program
 - Travel and training budget for two Operations Challenge teams moved into WRRD
 - Chemical and electricity increases
 - Price increases for parts and operating supplies



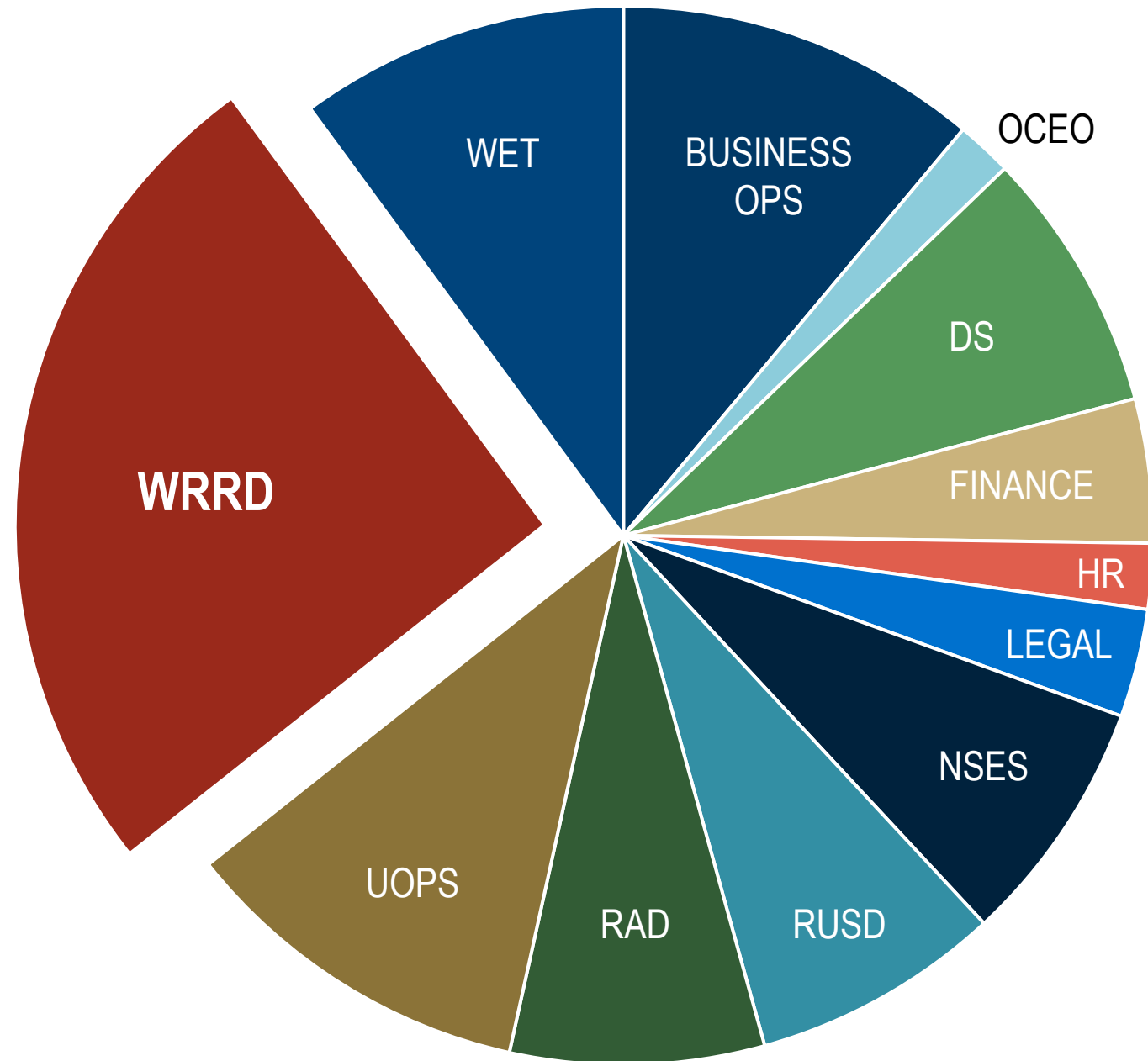
Creating Value for Ratepayers

- Use of in-house labor for repair and replacement projects
- Projects for process improvements
 - **Ongoing innovation**
 - ❖ CREW Carbon pilot project to replace lime addition
 - ❖ Collaboration between departments
 - **Energy efficiency incentives**
 - ❖ Reduced annual electrical costs by \$95,500
 - ❖ Received project incentives of \$329,000 in past two years
 - **Improved offloading for fats, oils, and grease resulted in \$93,000 in annual parts savings**



Water Resource Recovery Operations & Services

- **\$37.5 million** proposed budget in FY 2026-27
- **26%** of CWS departmental operating budget



Natural Systems Enhancement & Stewardship

- Programs
 - Landscape Strategies, Project Delivery, Stewardship, Administration
- Initiatives
 - Healthy Streams Plan 2.0
 - Shift from planning to implementing risk management for emerald ash borer
 - Continue to refine and improve monitoring protocols and long-term stewardship strategies for growing portfolio of natural assets
- FTE: 27

Natural Systems Enhancement & Stewardship Budget

Departmental Expenditure Summary	FY 2024 Actual	FY 2025 Actual	FY 2026 Adopted	FY 2027 Proposed Budget	Change from FY 2025-26
Personnel Services	\$ 3,570,520	\$ 4,145,596	\$ 5,269,200	\$ 5,551,700	5%
Materials & Services	\$ 2,654,597	\$ 4,052,772	\$ 5,232,700	\$ 5,493,400	5%
Total Department Budget	\$ 6,225,117	\$ 8,198,368	\$ 10,501,900	\$ 11,045,100	5%
Full-Time Equivalent (FTE)	30.00	28.00	27.00	27.00	

NSES Budget Drivers

- Personnel services increased \$282,500, or 5%
 - 1 FTE added midyear FY 2025-26
 - Standard increases in wages, other personnel expenses
- Materials and services increased \$260,700 or 5%
 - Contracted services
 - ❖ Moved some professional services budget to contracted services
 - ❖ Emerald ash borer beetle risk mitigation
 - Shifted 283 acres from Capital Improvement Projects to operating budget
 - ❖ Revegetation and management stewardship services
 - ❖ Revegetation stewardship services



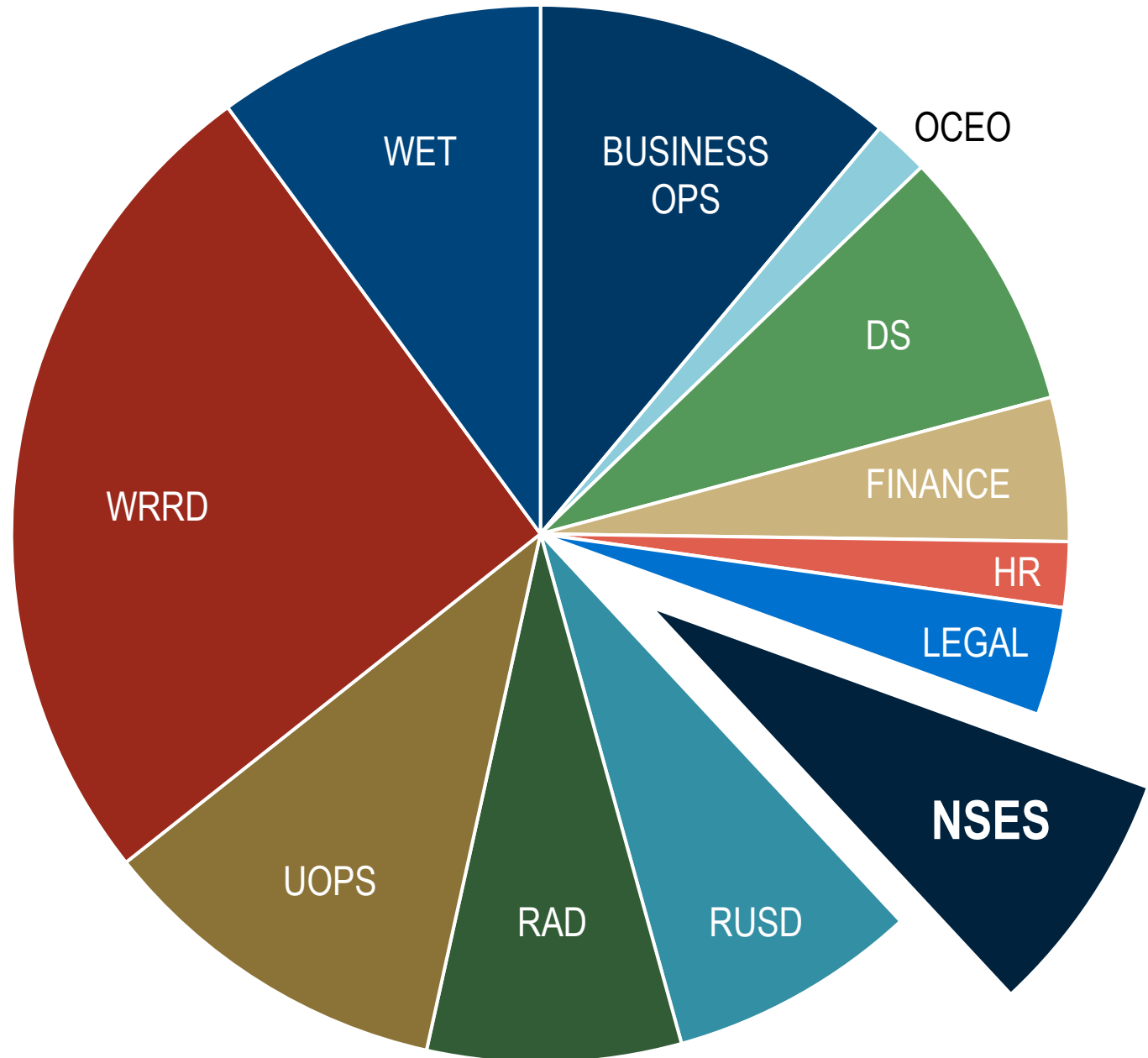
Creating Value for Ratepayers

- Leveraged funding
 - \$110,000 in rural landowner incentives paid by Tualatin Soil and Water Conservation District
- Partner cost sharing
 - \$143,000 (3.5%) of materials and services budget eligible for reimbursement by partners
- Target \$920 per acre for stewardship phase
 - Land in revegetation and management stewardship services portfolio: \$913 per acre
 - Land in revegetation stewardship services portfolio: \$876 per acre



Natural Systems Enhancement & Stewardship

- **\$11 million** proposed budget in FY 2026-27
- **7%** of CWS departmental operating budget



Lunch Break

FY 2026-27
Budget
Presentation

May 8, 2026



Office of the Chief Executive Officer

- Programs
 - District Administration, Emergency Management, Government Affairs
- Initiatives
 - Emergency management training on Incident Command System
 - Maturing and growing grants strategy
- FTE: 10

Office of the CEO Budget

Departmental Expenditure Summary	FY 2024 Actual	FY 2025 Actual	FY 2026 Adopted	FY 2027 Proposed Budget	Change from FY 2025-26
Personnel Services	\$ 6,028,245	\$ 5,272,765	\$ 1,938,500	\$ 1,978,700	2%
Materials & Services	1,777,460	1,091,467	390,700	525,700	35%
Total Department Budget	\$ 7,805,705	\$ 6,364,232	\$ 2,329,200	\$ 2,504,400	8%
Full-Time Equivalent (FTE)	39.00	25.00	7.00	10.00	

Office of the CEO Budget Drivers

- Personnel services increased \$40,200, or 2%
 - 3 FTE transferred in from Strategy Development & Enterprise Performance Management program in Business Operations; unfunded for FY 2026-27
 - Standard increases in wages, other personnel expenses
- Materials and services increased \$135,000, or 35%
 - \$124,300 for Board services
 - Proposed travel and training budget
 - ❖ \$94,300 or 18% of materials and services budget
 - ❖ Includes federal advocacy and \$24,000 for Board travel
 - ❖ Includes emergency management training for up to 50 staff members

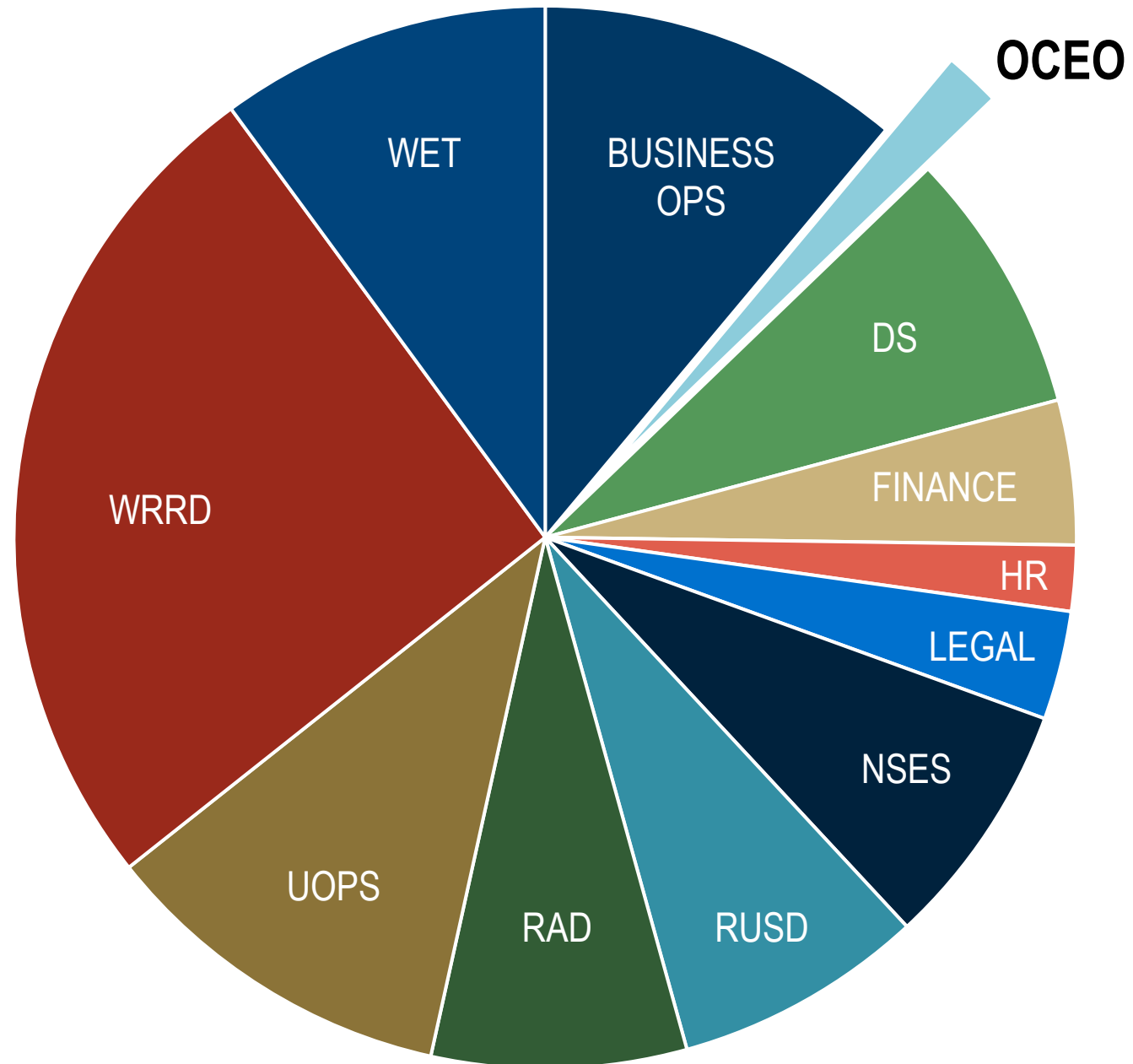
Creating Value for Ratepayers

- Established grants focus area at CWS
- Secured approximately \$1.33 million in grant funding
 - \$370,000 in competitive grants
 - \$960,000 in congressionally directed spending
- Additional \$1.41 million in grant applications pending award decisions



Office of the Chief Executive Officer

- **\$2.5 million** proposed budget in FY 2026-27
- **2%** of CWS departmental operating budget



Business Operations

- Programs
 - Administrative Services, Culture & Development, Facilities Maintenance, Risk & Insurance Management, Safety
- Initiatives
 - Staff relocations from ABC to Central and CWS Lab facilities
- FTE: 38

Business Operations Budget

Departmental Expenditure Summary	FY 2024 Actual	FY 2025 Actual	FY 2026 Adopted	FY 2027 Proposed Budget	Change from FY 2025-26
Personnel Services	\$ 2,905,086	\$ 5,278,446	\$ 8,111,700	\$ 6,948,800	-14%
Materials & Services	4,310,714	4,241,155	9,607,000	9,290,900	-3%
Total Department Budget	\$ 7,215,800	\$ 9,519,601	\$ 17,718,700	\$ 16,239,700	-8%
Full-Time Equivalent (FTE)	21.00	38.00	44.00	38.00	

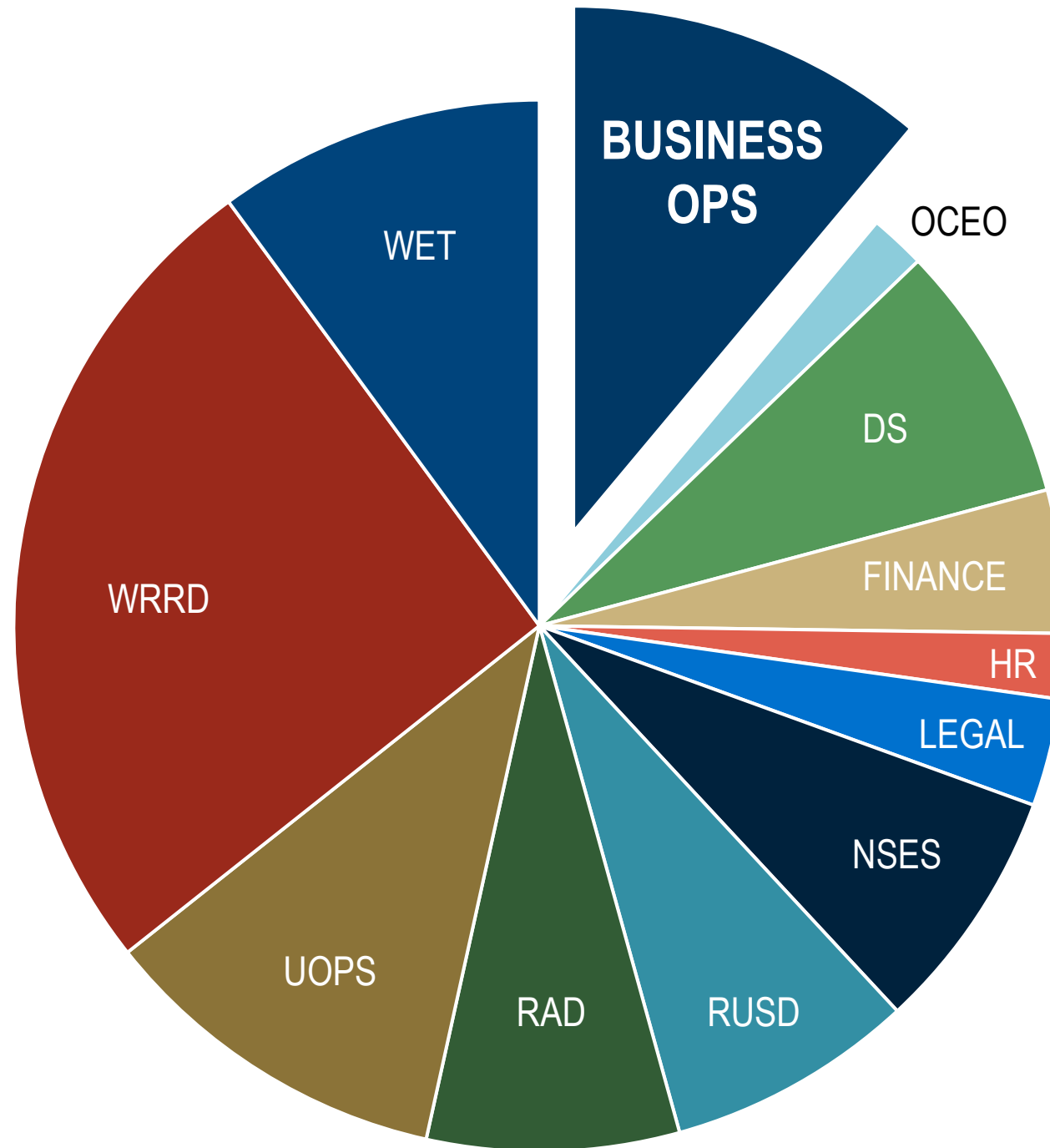
Business Operations Budget Drivers

- Personnel services decreased \$1.16 million, or -14%
 - Reallocated Strategy Development & Enterprise Performance functions to other departments
 - 7 FTE transferred out of department
 - 1 FTE transferred into department from WRRD Administration
 - Net reduction of 6 FTE
- Materials and services decreased \$316,100, or -3%
 - Reduced contracted services with Strategy Development & Enterprise Performance work moving to other departments



Business Operations

- **\$16.2 million** proposed budget in FY 2026-27
- **11%** of CWS departmental operating budget



Regional Utility Services

- Programs
 - Planning & Development Services, Communications & Community Engagement, Administration
- Initiatives
 - Design & Construction Standards update
 - Operating intergovernmental agreement updates
 - New accessible website
- FTE: 43

Regional Utility Services Budget

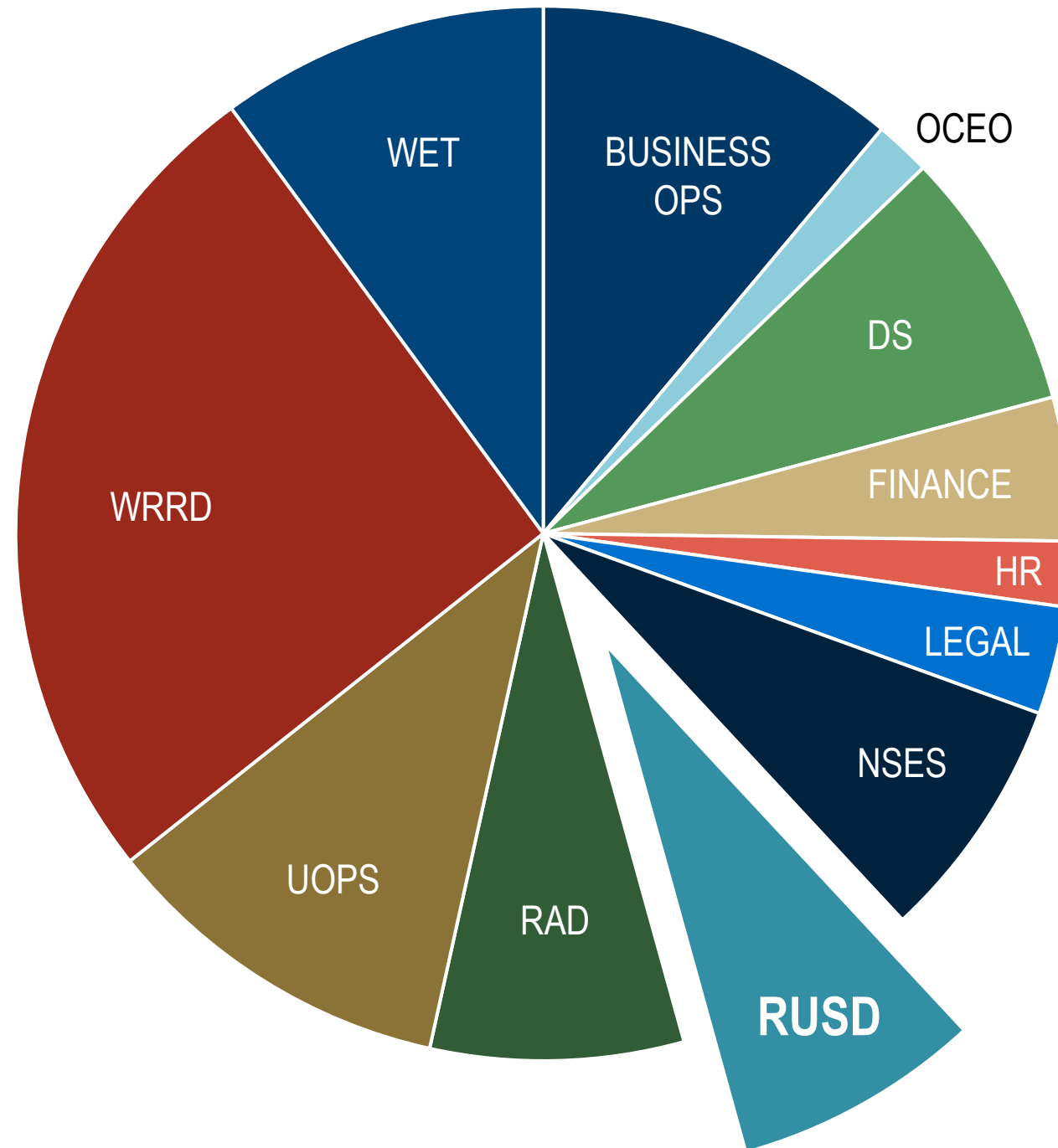
Departmental Expenditure Summary	FY 2024 Actual	FY 2025 Actual	FY 2026 Adopted	FY 2027 Proposed Budget	Change from FY 2025-26
Personnel Services	\$ 4,719,813	\$ 4,795,885	\$ 8,421,900	\$ 8,765,800	4%
Materials & Services	\$ 1,249,361	\$ 977,149	\$ 2,315,800	\$ 2,396,100	3%
Total Department Budget	\$ 5,969,174	\$ 5,773,034	\$ 10,737,700	\$ 11,161,900	4%
Full-Time Equivalent (FTE)	35.00	34.00	44.00	43.00	

Regional Utility Services Budget Drivers

- Personnel Services increased \$343,900, or 4%
 - Standard increases in wages, other personnel expenses
 - 1 FTE transferred to WRRD
- Materials and Services increased \$80,300, or 3%
 - Reimbursable grant in partnership with the Tualatin River Watershed Council to fund the Watershed Navigator program
 - Contracted services
 - ❖ Design & Construction Standards
 - ❖ Agreements with community-based organizations for engagement and stewardship

Regional Utility Services

- **\$11.2 million** proposed budget in FY 2026-27
- **8%** of CWS departmental operating budget



Human Resources

- Programs
 - Human Resources
- Initiatives
 - Implement collective bargaining agreement
 - Review employment laws and policies and update as needed
 - Review total compensation, pay equity, employee well-being, recognition, retention and engagement
- FTE: 10

Human Resources Budget

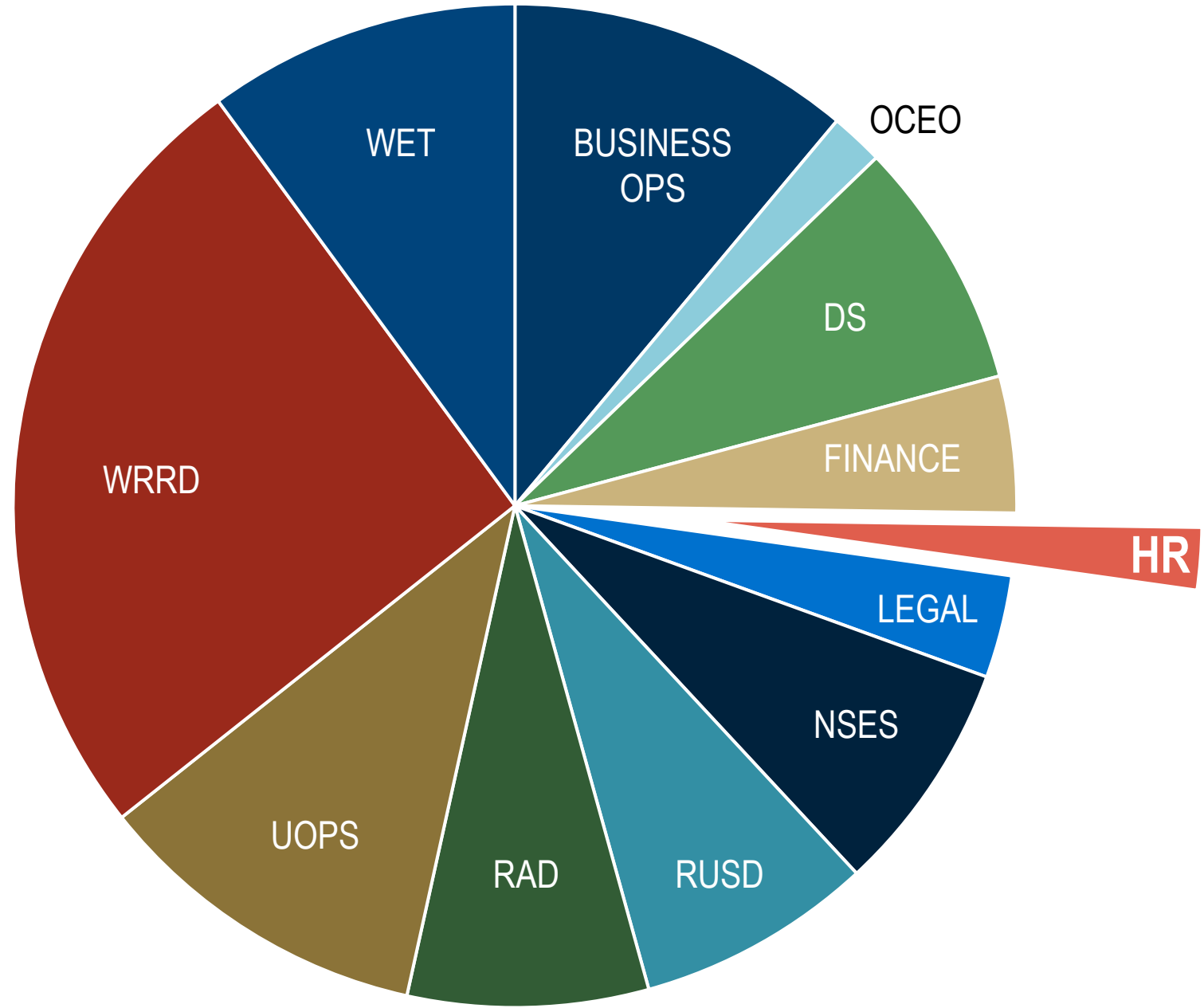
Departmental Expenditure Summary	FY 2024 Actual	FY 2025 Actual	FY 2026 Adopted	FY 2027 Proposed Budget	Change from FY 2025-26
Personnel Services	\$ 1,656,382	\$ 1,954,401	\$ 2,219,700	\$ 2,286,800	3%
Materials & Services	552,255	223,691	661,800	646,600	-2%
Total Department Budget	\$ 2,208,637	\$ 2,178,092	\$ 2,881,500	\$ 2,933,400	2%
Full-Time Equivalent (FTE)	10.00	10.00	10.00	10.00	

Human Resources Budget Drivers

- Personnel costs increased \$67,100, or 3%
 - Standard increase in wages, other personnel expenses
 - No new FTE
- Materials and services decreased \$15,200 or -2%
 - Flexible spending expenses transitioned to new bank
 - Union bargaining: project work and legal services
 - Removed TriMet subsidy

Human Resources

- **\$2.9 million** proposed budget in FY 2026-27
- **2%** of CWS departmental operating budget



Digital Solutions

- Programs
 - Geographic Information Services, IT Business Applications, IT Client Services, IT Infrastructure
- Initiatives
 - Replace phone system
 - Data Management Master Plan
 - Migrate website
- FTE: 29

Digital Solutions Budget

Departmental Expenditure Summary	FY 2024 Actual	FY 2025 Actual	FY 2026 Adopted	FY 2027 Proposed Budget	Change from FY 2025-26
Personnel Services	\$ 3,022,502	\$ 3,742,584	\$ 5,898,100	\$ 6,417,100	9%
Materials & Services	3,402,505	3,828,013	5,157,100	5,351,800	4%
Total Department Budget	\$ 6,425,007	\$ 7,570,597	\$ 11,055,200	\$ 11,768,900	6%
Full-Time Equivalent (FTE)	20.00	23.00	28.00	29.00	

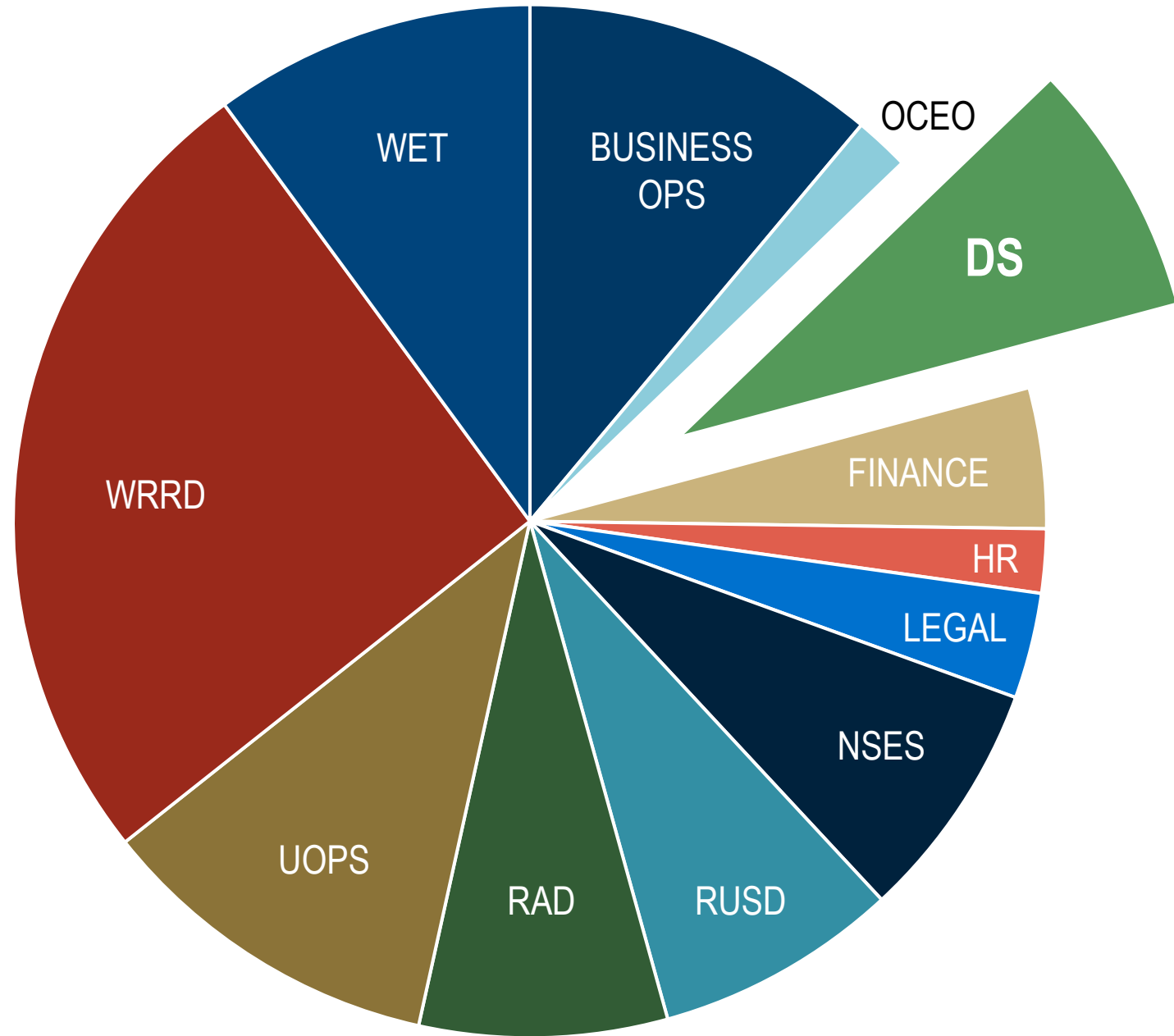
Digital Solutions Budget Drivers

- Personnel Services increased \$519,000, or 9%
 - 1 FTE transferred into department from Strategy Development & Enterprise Performance Management program in Business Operations
 - Standard increases in wages, other personnel expenses
- Materials and services increased \$194,700, or 4%
 - Software licenses increased \$283,500
 - Professional services decreased \$81,000



Digital Solutions

- **\$11.8 million** proposed budget in FY 2026-27
- **8%** of CWS departmental operating budget



Legal & Compliance Services

- Programs
 - Legal Services, Internal Compliance & Cybersecurity, Procurement
- Initiatives
 - Contract management system
- FTE: 20

Legal & Compliance Services Budget

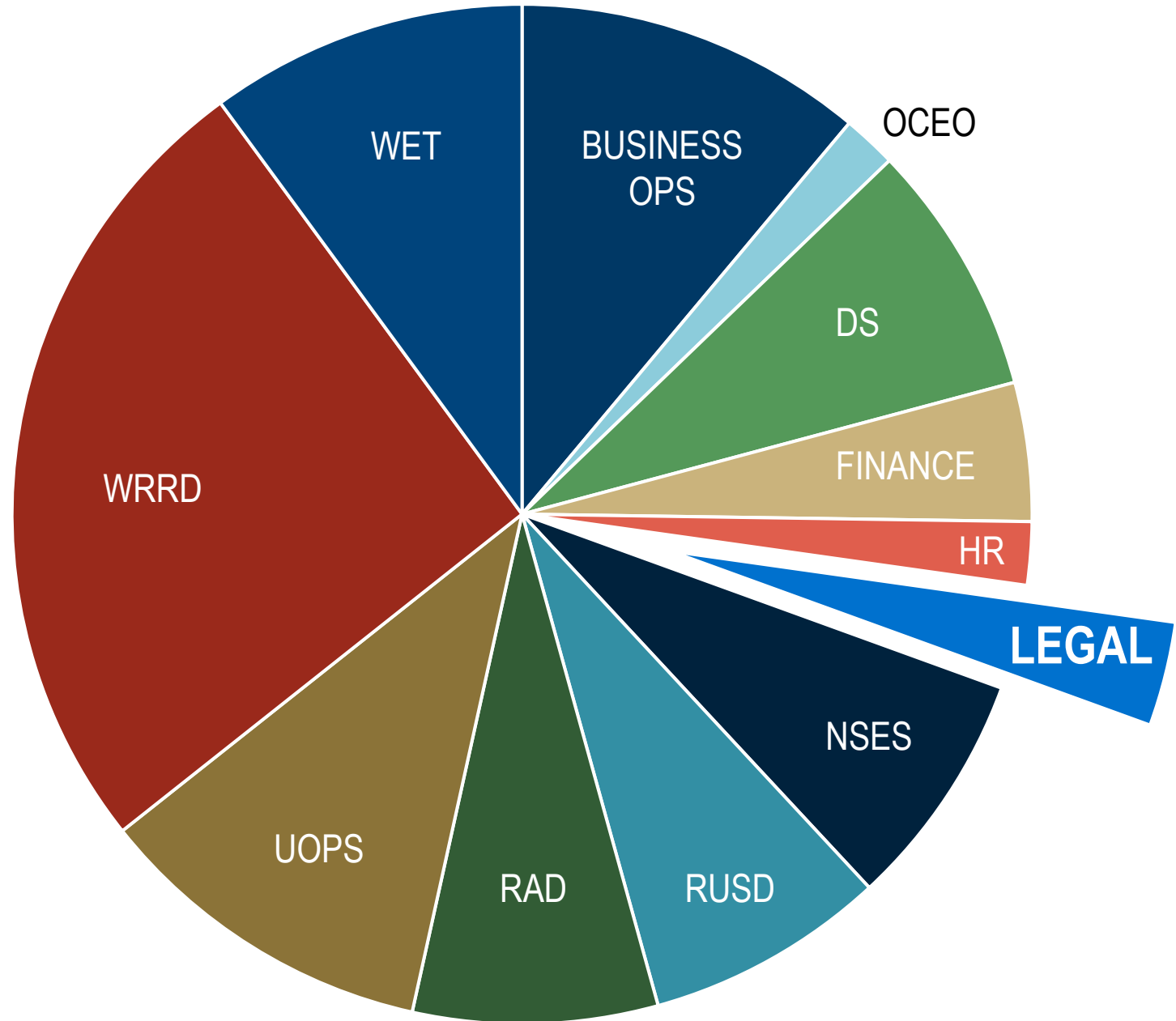
Departmental Expenditure Summary	FY 2024 Actual	FY 2025 Actual	FY 2026 Adopted	FY 2027 Proposed Budget	Change from FY 2025-26
Personnel Services	\$ 121,620	\$ 653,909	\$ 3,965,300	\$ 4,281,000	8%
Materials & Services	149,014	356,671	598,300	564,400	-6%
Total Department Budget	\$ 270,633	\$1,010,580	\$ 4,563,600	\$4,845,400	6%
Full-Time Equivalent (FTE)	3.00	4.00	19.00	20.00	

Legal & Compliance Services Budget Drivers

- Personnel services increased \$315,700 or 8%
 - 1 FTE transferred into department from Strategy Development & Enterprise Performance Management program in Business Operations
 - Standard increases in wages, other personnel expenses
- Materials and services decreased \$33,900, or -6%
 - Reduced professional and contracted services

Legal & Compliance Services

- **\$4.8 million** proposed budget in FY 2026-27
- **3%** of CWS departmental operating budget



Regulatory Affairs

- Programs
 - Compliance Services, Environmental Services, Laboratory Services
- Initiatives
 - Collaborate with DEQ on watershed-based National Pollutant Discharge Elimination System permit renewal
 - Coordinate source investigation and control efforts to protect the conveyance system and WRRFs from industrial discharge impacts
 - Ensure continuity of compliance operations during lab move
- FTE: 43

Regulatory Affairs Budget

Departmental Expenditure Summary	FY 2024 Actual	FY 2025 Actual	FY 2026 Adopted	FY 2027 Proposed Budget	Change from FY 2025-26
Personnel Services	\$ 5,282,032	\$ 5,854,325	\$ 7,950,500	\$ 8,119,300	2%
Materials & Services	2,206,295	2,303,124	2,506,400	3,244,400	29%
Total Department Budget	\$ 7,488,327	\$ 8,157,449	\$ 10,456,900	\$ 11,363,700	9%
Full-Time Equivalent (FTE)	45.00	44.00	43.00	43.00	

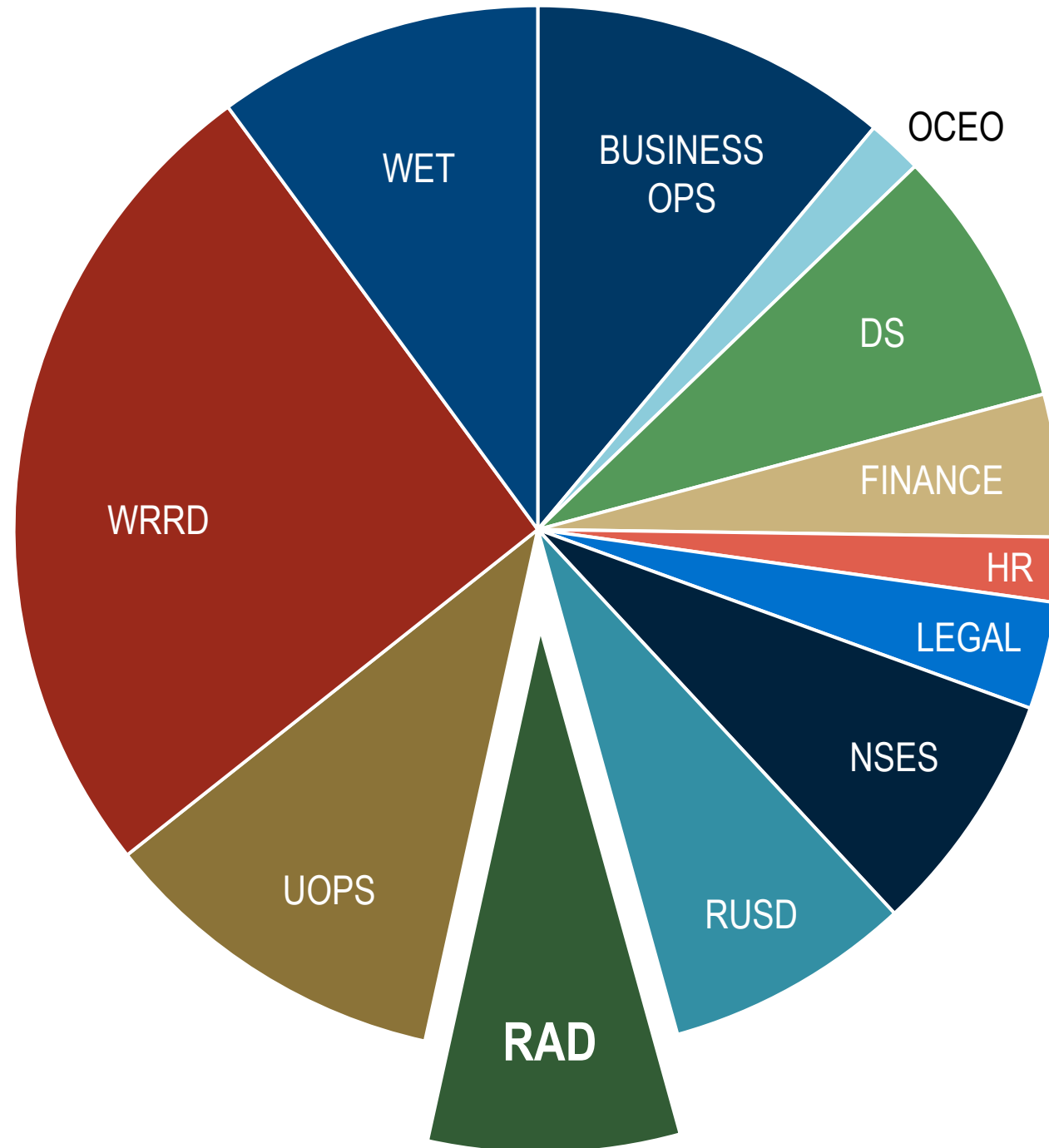
Regulatory Affairs Budget Drivers

- Personnel services increased \$168,800 or 2%
 - No new FTE
 - Reduced budget for temporary positions
 - Standard increases in wages, other personnel expenses
- Materials and services increased \$738,000 or 29%
 - Increase in professional services in Laboratory Services
 - ❖ One-time costs associated with moving to new lab
 - Increase in permits, licenses, and fees in Compliance Services
 - ❖ Fees for water quality and air quality permits increasing by 4% and 20%, respectively



Regulatory Affairs

- **\$11.4 million** proposed budget in FY 2026-27
- **8%** of CWS departmental operating budget



Finance & Accounting

- Programs
 - Finance & Accounting
- Initiatives
 - Launch System Development Charge methodology update
 - Complete utility billing feasibility study
 - Implement capital budget software
- FTE: 21

Finance & Accounting Budget

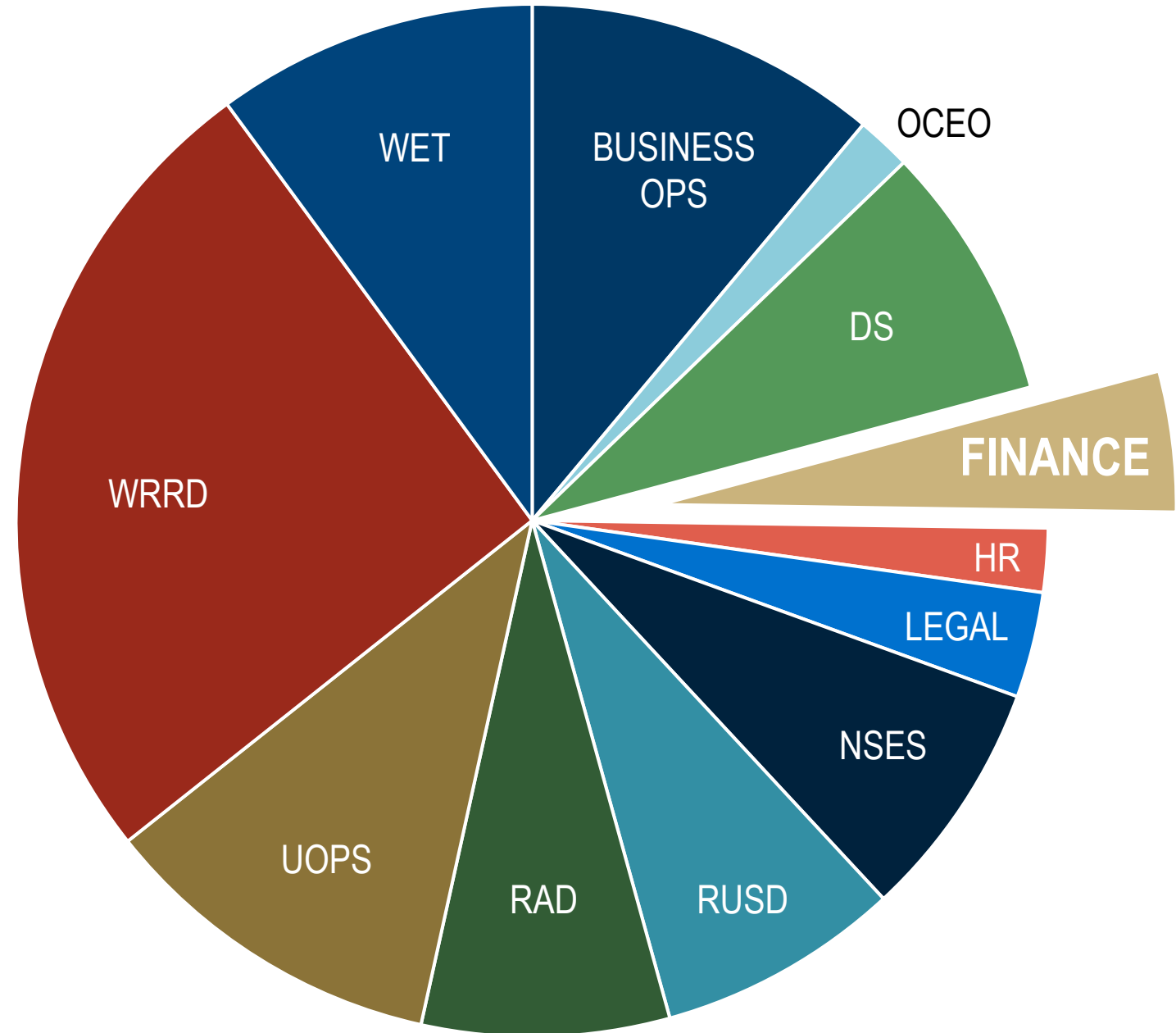
Departmental Expenditure Summary	FY 2024 Actual	FY 2025 Actual	FY 2026 Adopted	FY 2027 Proposed Budget	Change from FY 2026-27
Personnel Services	\$ 1,994,090	\$ 2,582,696	\$ 3,403,400	\$ 3,872,000	14%
Materials & Services	2,006,653	2,288,100	2,319,500	2,569,100	11%
Total Department Budget	\$ 4,000,743	\$ 4,870,795	\$ 5,722,900	\$ 6,441,100	13%
Full-Time Equivalent (FTE)	16.00	18.00	19.00	21.00	

Finance & Accounting Budget Drivers

- Personnel services increased by \$468,600, or 14%
 - 1 FTE transferred into department from Strategy Development & Enterprise Performance Management program in Business Operations
 - 1 FTE transferred into department from Administrative Services in Business Operations and reclassified to a Utility Billing Representative
 - Standard increases in wages, other personnel expenses
- Materials and services increased by \$249,600, or 11%
 - Joint billing services with Tualatin Valley Water District and consulting services for utility billing feasibility study

Finance & Accounting

- **\$6.4 million** proposed budget in FY 2026-27
- **4%** of CWS departmental operating budget



Break

FY 2026-27
Budget
Presentation

May 8, 2026

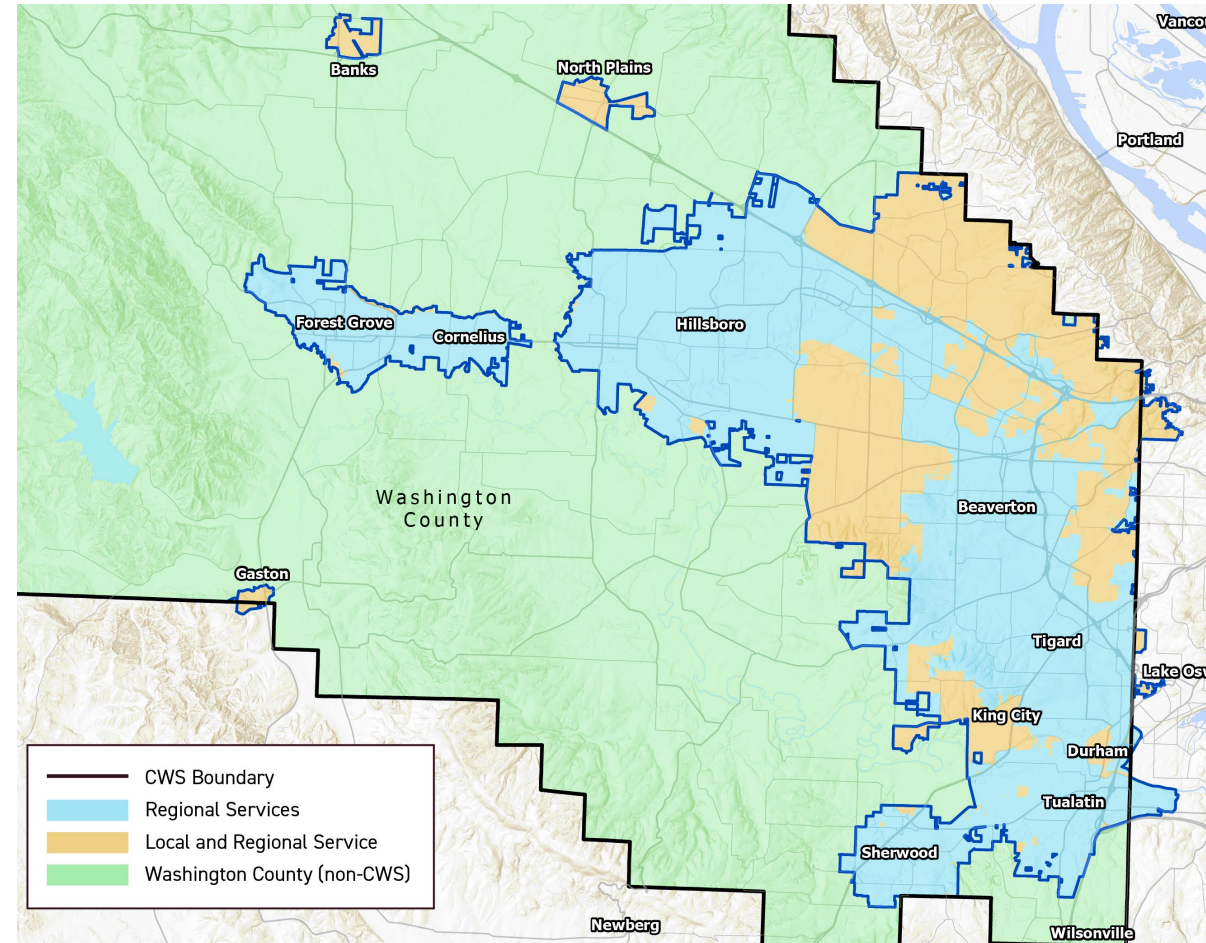


Financials



Who Receives Services from CWS

- Regional only services
 - Beaverton, Cornelius, Forest Grove, Hillsboro, Sherwood, Tigard, Tualatin
- Regional services and local services
 - Urban unincorporated areas of Washington County and cities of Banks, Durham, Gaston, King City, North Plains
- Industrial services
 - All industrial customers in service area. Agreed-upon charges, right-of-way fees go to some cities



Regional Services

Clean Water Services provides **Regional services** to all customers in its service area

- Constructing, operating, maintaining treatment plants, sewage pump stations, pressure lines
- Designing, building, maintaining sewer lines 24 inches and larger
- Compliance reporting, oversight for National Pollutant Discharge Elimination System (NPDES) permit, including municipal separate storm sewer system (MS4)
- Maintaining minimum stream flows
- Service area restoration and enhancing stream corridors



Local Services

Clean Water Services provides **Local services** to customers it bills directly in urban unincorporated Washington County and the cities of Banks, Durham, Gaston, King City, and North Plains. Local services support operating and maintaining local collection system and 24-hour response

- Designing, building, maintaining, repairing sewer lines 21 inches and smaller
 - ❖ Cleaning, inspecting sewer pipes
- Designing, building, maintaining, repairing local stormwater facilities
 - ❖ Sweeping streets
 - ❖ Maintaining water quality facilities
 - ❖ Cleaning catch basins, water quality manholes

Cost of Services Study

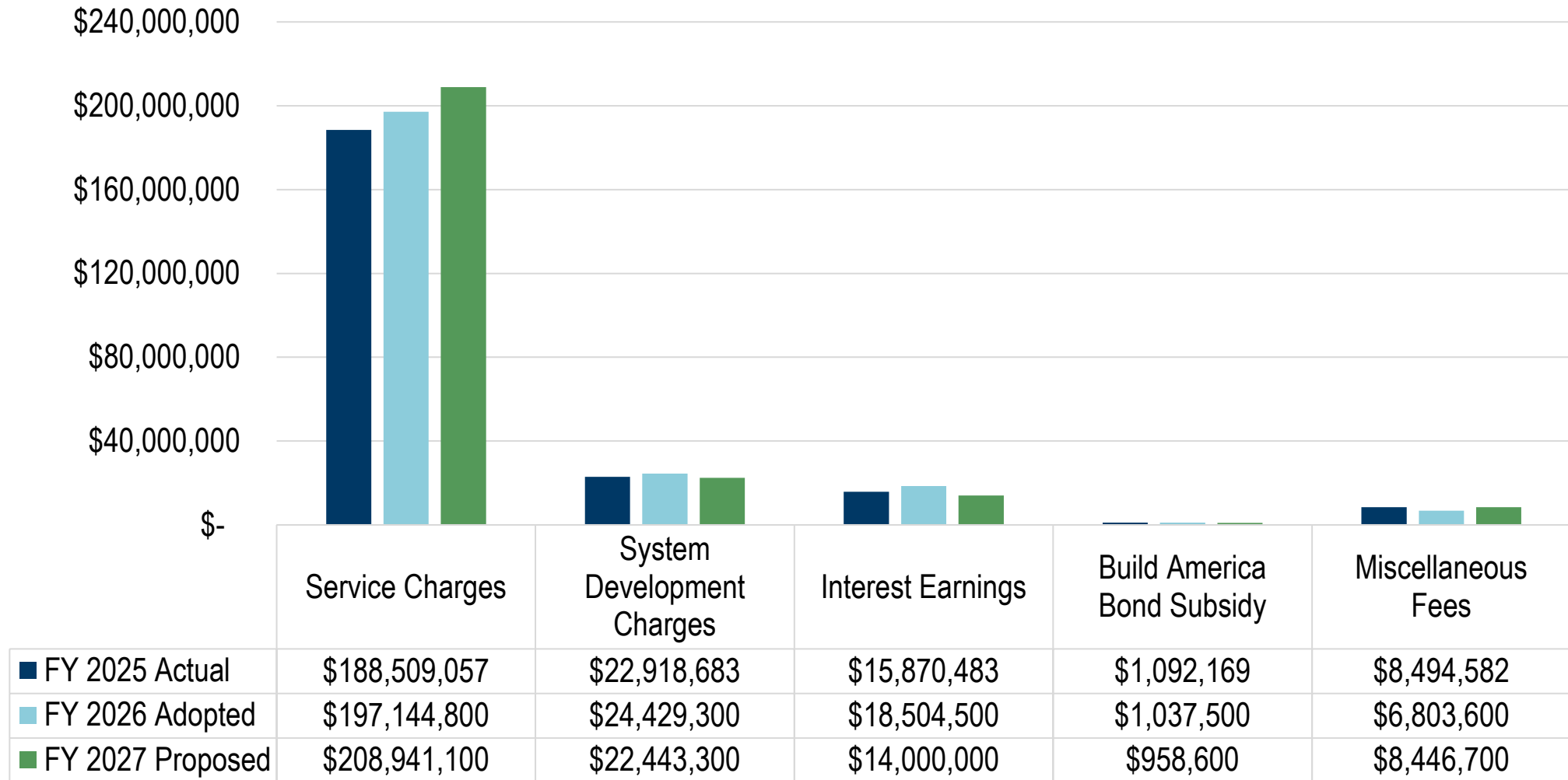
Main objectives

1. Review and update how costs are allocated to sanitary sewer vs. surface water management and Regional vs. Local
2. Prepare 10-year financial plans that will:
 - Fund operation and maintenance, debt service, and capital needs
 - Correct local service area funding deficits
 - Ensure Clean Water Services maintains sufficient reserve funds for the future
3. Calculate updated rates and evaluate impacts on customer bills

Board adopted cost of services allocation methodology and Budget Contingency & Reserve policy on April 14



Revenue Trends



FY 2026-27 Service Revenue

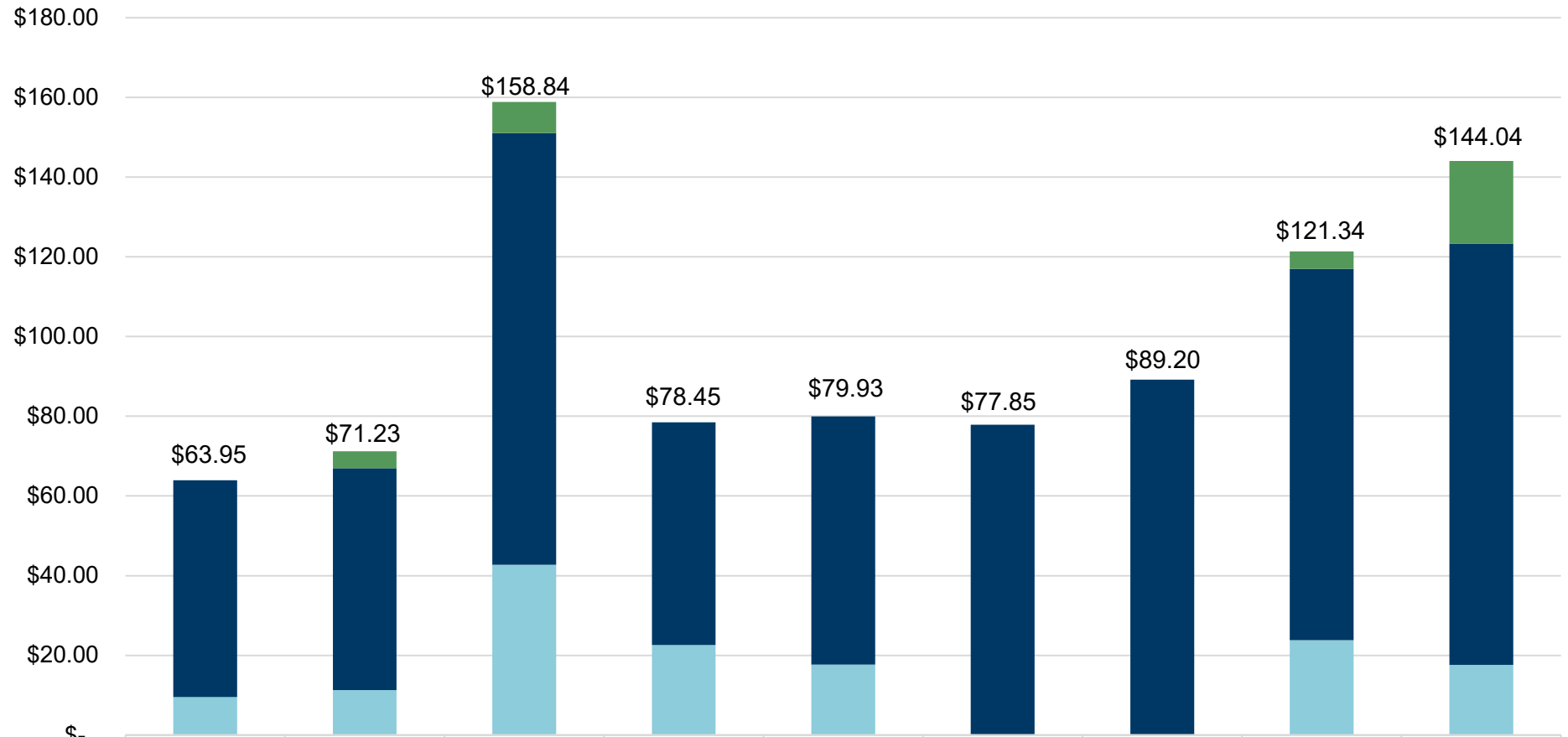
- Budget is based on a proposed 6.4% combined rate increase for customers billed by CWS
 - Average household billed by CWS will pay \$4.28 more per month
 - ❖ \$1.97 for regional services
 - ❖ \$2.31 for local services
- Budget is based on a proposed 4% increase to regional sanitary sewer rate and regional surface water management rate
 - Average household will pay \$1.97 more per month for regional services
- All rates subject to public hearing on June 9, 2026



Rates Remain Competitive with Other Utilities

(at 800 cubic feet per month usage)

- Green bars represent projected rate increases for FY 2026-27
- Information is not available for all utilities



	Clackamas WES	Clean Water Services FY27: 6.4%	Portland BES FY27: 5.15%	Salem	Vancouver Inside City Limits	McMinnville	Vancouver Outside City	Lake Oswego FY27: 3.7%	Wilsonville 1/1/27: 17%
FY27 Projected Increase	\$-	\$4.28	\$7.78	\$-	\$-	\$-	\$-	\$4.32	\$20.79
FY26 Sanitary	\$54.40	\$55.65	\$108.32	\$55.83	\$62.24	\$77.85	\$89.20	\$93.22	\$105.60
FY26 SWM	\$9.55	\$11.30	\$42.74	\$22.62	\$17.69	\$-	\$-	\$23.80	\$17.65



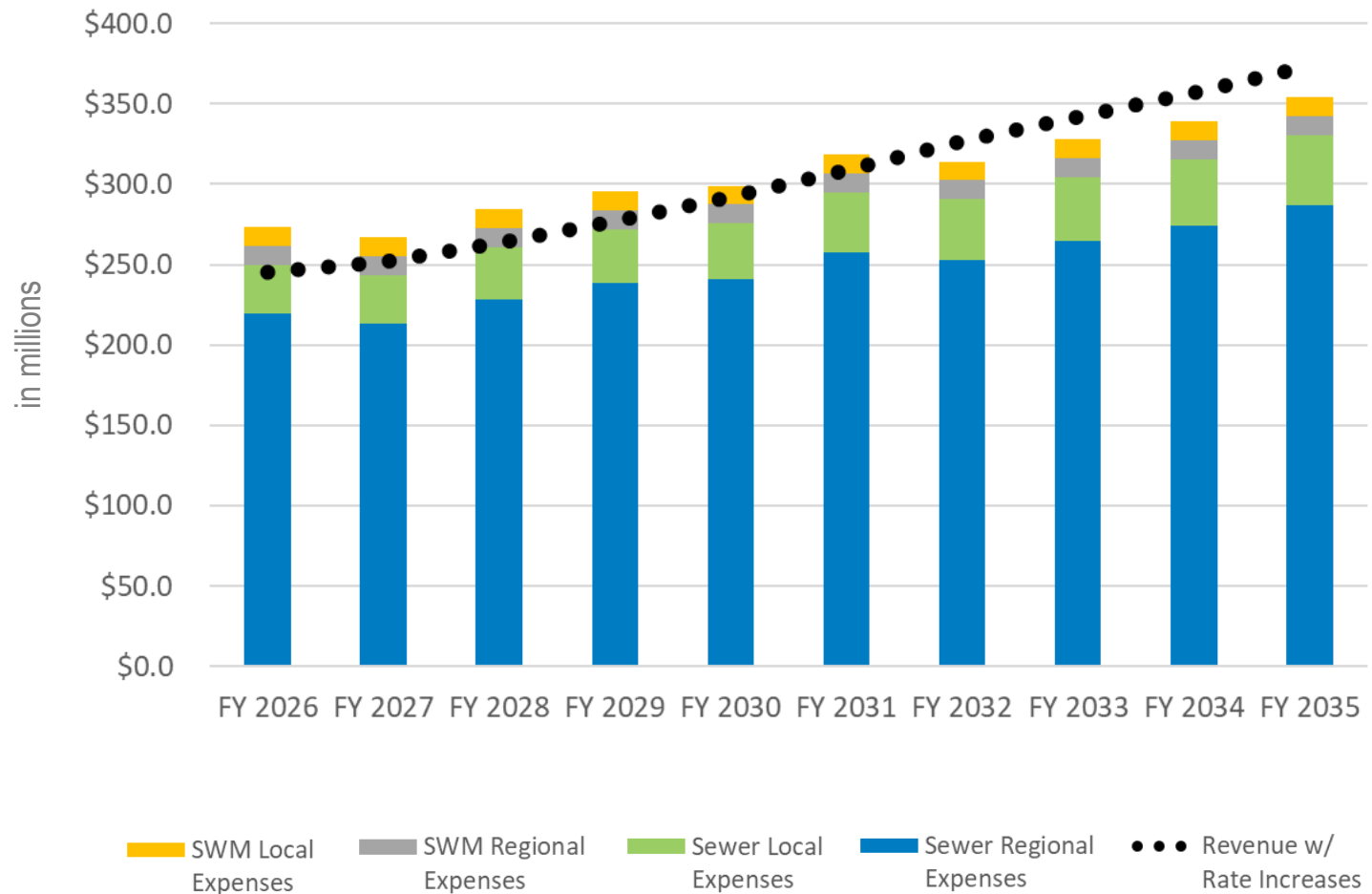
FY 2026-27 System Development Charge Revenue

- Budget is based on a proposed 2.7% rate increase
 - [Subject to public hearing on June 9, 2026](#)
- Sanitary System Development Charge (SDC) increase of \$193 for a total of \$7,332 per Equivalent Dwelling Unit
- SWM SDC increase of \$19 for a total of \$710 per Equivalent Service Unit



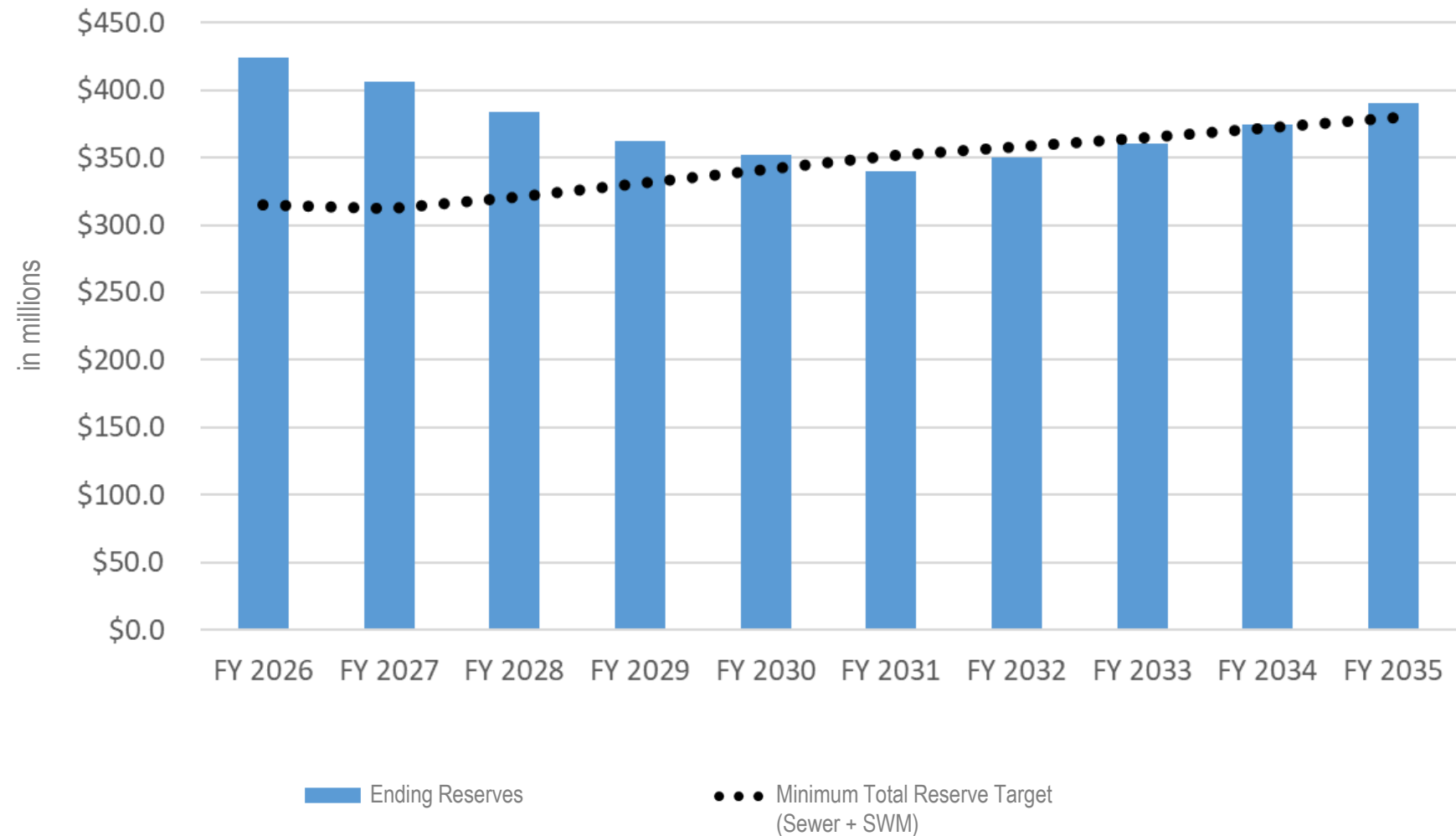
10-Year Financial Forecast: Revenue vs Expenses

- Projected expenses total over \$273 million and revenues are approximately \$246 million in FY 2025-26
- CWS will run a small deficit overall through FY 2030-31 mainly due to Local program
- Reserve funds will be used to cover the deficit
- If forecasted rate increases are implemented, revenues would exceed projected expenses and reserve funds will be replenished beginning in FY 2031-32



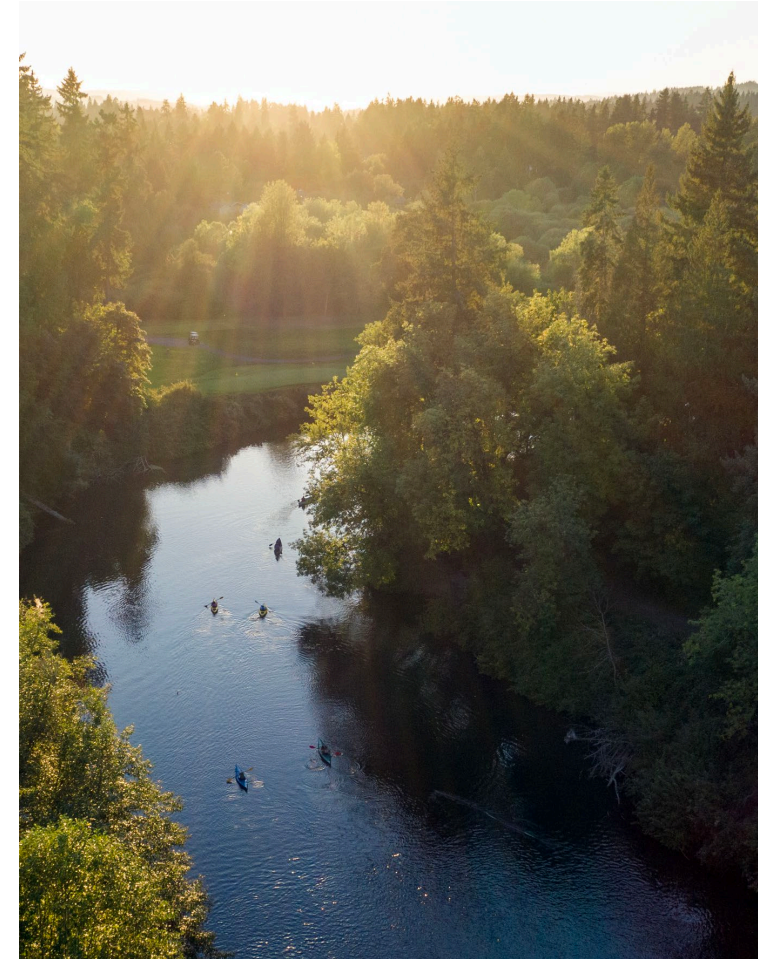
10-Year Financial Forecast: Reserve Fund Targets

- Projected total overall reserves (sewer + SWM) vs. target
- Reserves will cover deficit through 2031 and begin to replenish reserves starting in 2032



Budget Contingency and Reserve Policy

- Board adopted Resolution and Order 26-10 on April 14, 2026
- Policy provides guidance on appropriate annual budget contingency and target level of reserves
- Adequate reserves provide reliable service to customers, finance long-term capital projects, and fund emergencies
- Evaluate benchmarks annually and communicate to the Board
 - Debt ratio: Maintain ratio below 30%
 - Credit rating: Maintain AAA and Aa1 ratings
 - Number of days cash: Maintain between 700 and 900 days
 - Debt service coverage: Exceed minimum ratio of 2.25



FY 2026-27 Budget Public Comments



Financial Summary

Total of All Funds
Fiscal Year 2026-27
Proposed Budget

FINANCIAL SUMMARY - RESOURCES

Proposed Budget

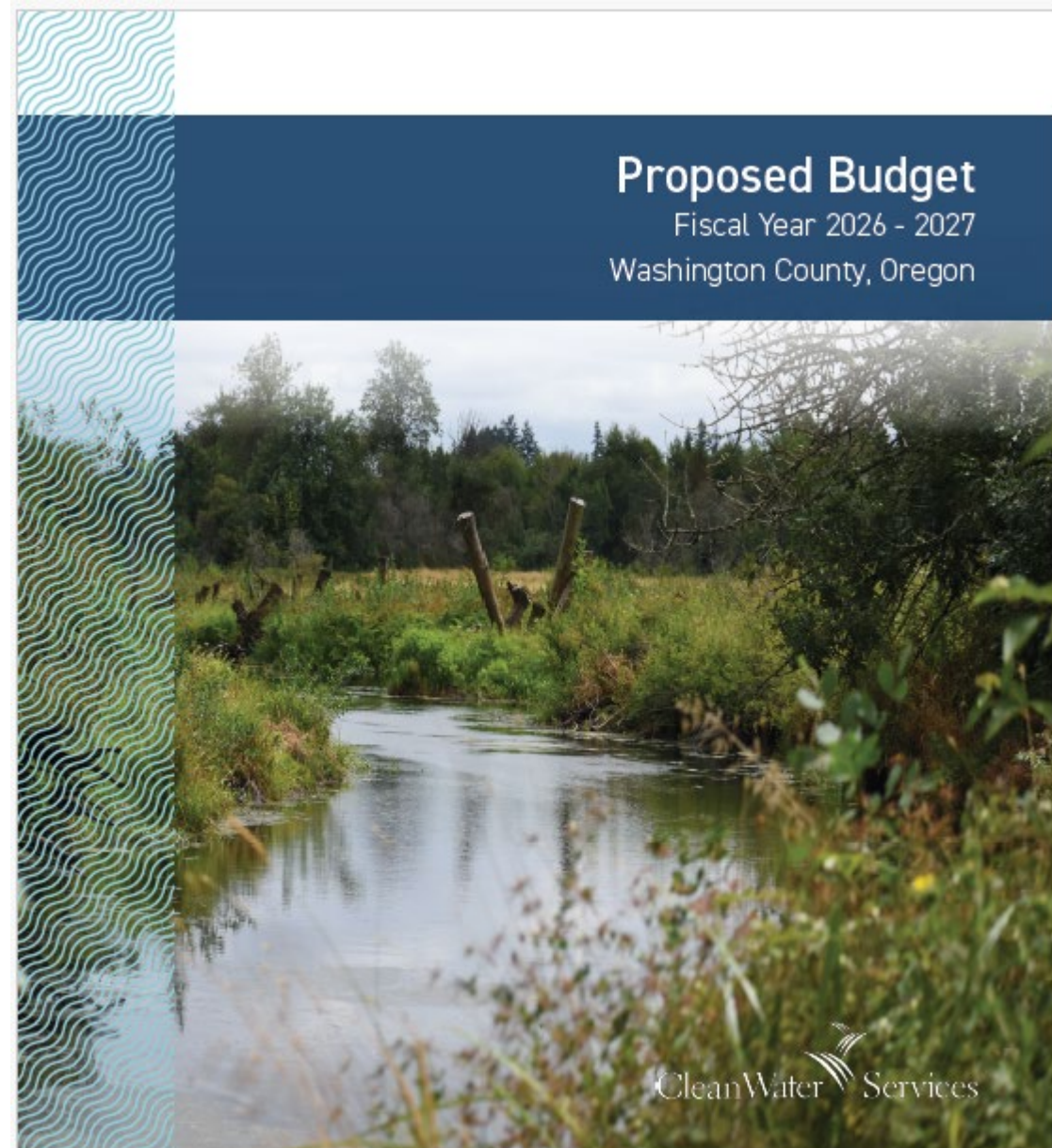
Beginning Fund Balance/Net Working Capital	420,490,000
Fees, Licenses, Permits, Fines, Assessments & Other Service Charges	234,483,200
Federal, State and All Other Grants, Gifts, Allocations & Donations	414,900
Interfund Transfers / Internal Service Reimbursements	158,381,300
All Other Resources Except Current Year Property Taxes	19,891,600
Total Resources	833,661,000

FINANCIAL SUMMARY - REQUIREMENTS

Office of the Chief Executive Officer	2,504,400
Business Operations	16,239,700
Digital Solutions	11,768,900
Finance & Accounting	6,441,100
Human Resources	2,933,400
Legal & Compliance Services	4,845,400
Natural Systems Enhancement & Stewardship	11,045,100
Regional Utility Services	11,161,900
Regulatory Affairs	11,363,700
Utility Operations & Services	15,934,100
Water Engineering & Technology	14,752,700
Water Resource Recovery Operations & Services	37,493,000
Capital Outlay	123,356,900
Debt Service	17,200,900
Other Fund Outlays	8,110,000
Interfund Transfers	158,381,300
Contingencies	61,225,000
Unappropriated Ending Balance and Reserved for Future Expenditure	318,903,500
Total Requirements	833,661,000
Approval Request	833,661,000
Including Unappropriated EFB of	318,903,500
Requirements of	514,757,500

Motion to Continue Budget Committee Review of FY 2026-27 Budget

- Motion to approve the proposed Fiscal Year 2026-27 budget in the amount of \$833,661,000 as presented in the FY 2026-27 Proposed Budget document and recommend it for adoption by the Board of Directors



Thank You

FY 2026-27
Budget Presentation

May 8, 2026



TUALATIN RIVER 1959



TUALATIN RIVER TODAY

