

# Clean Water Services – Rate Projections & Forecasting

Kathy Leader, Chief Financial Officer

Joseph Gall, Chief Utility Relations Officer

Rick Shanley, Interim CEO/General Manager

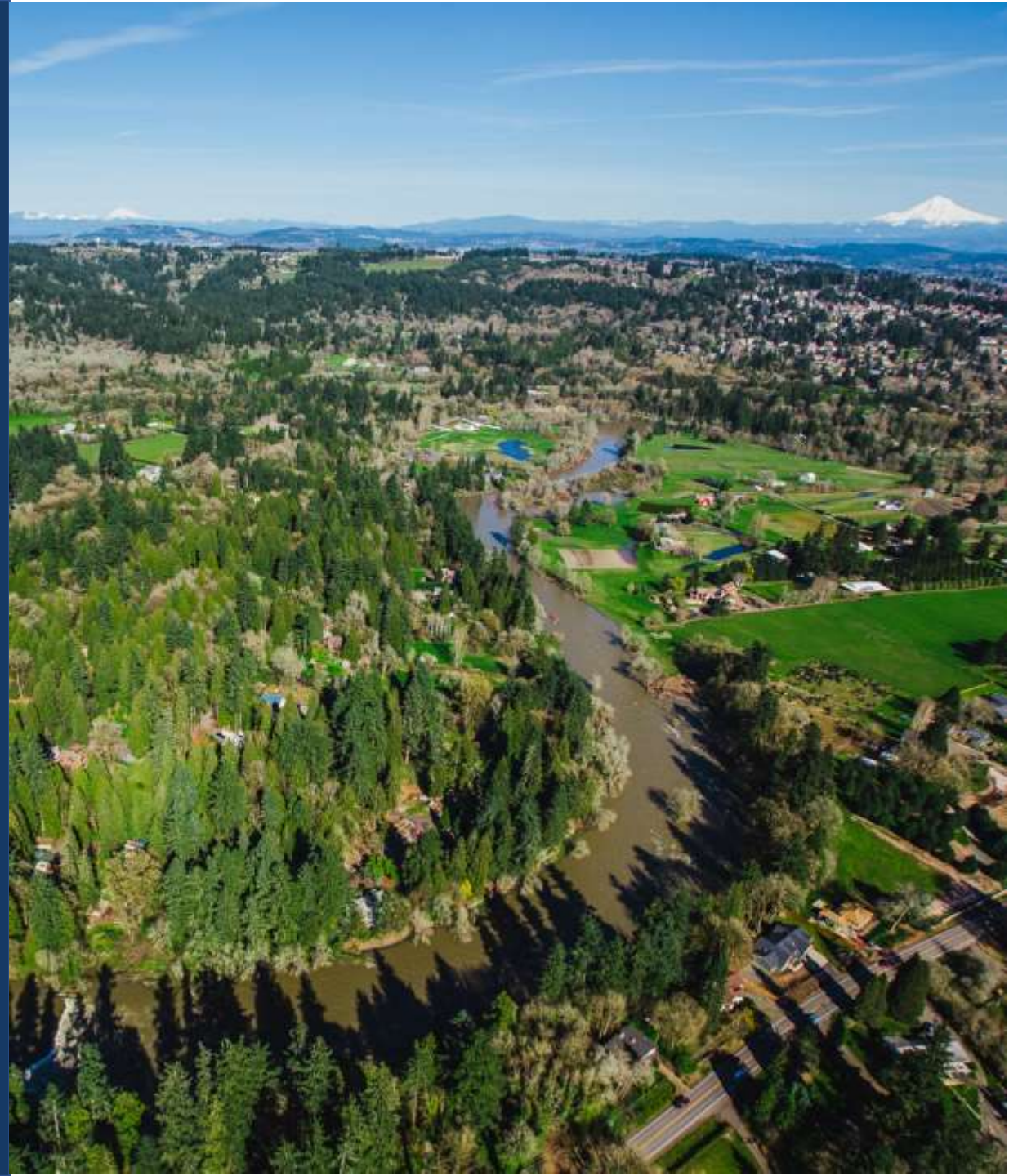
City of Tualatin

April 13, 2026



# Overview

- Historical Rate Increases
- Cost of Services Study and Cost Allocation Process
- Regional and Local Services
- 10-Year Rate Forecast



# History of Modest and Predictable Rate Increases

- 10-year annual rate increase averaged less than 4% due to prudent, long-term financial planning.
- New cost allocation methodology for rate development and reserve policy goes to the CWS Board on April 14, 2026.



**10-YEAR UTILITY RATE HISTORY** – Average sanitary sewer and SWM monthly rates for single family residential customers who are billed directly by CWS. Rates for customers in the seven cities that receive only regional services which set their own city rates for local services, are not reflected.

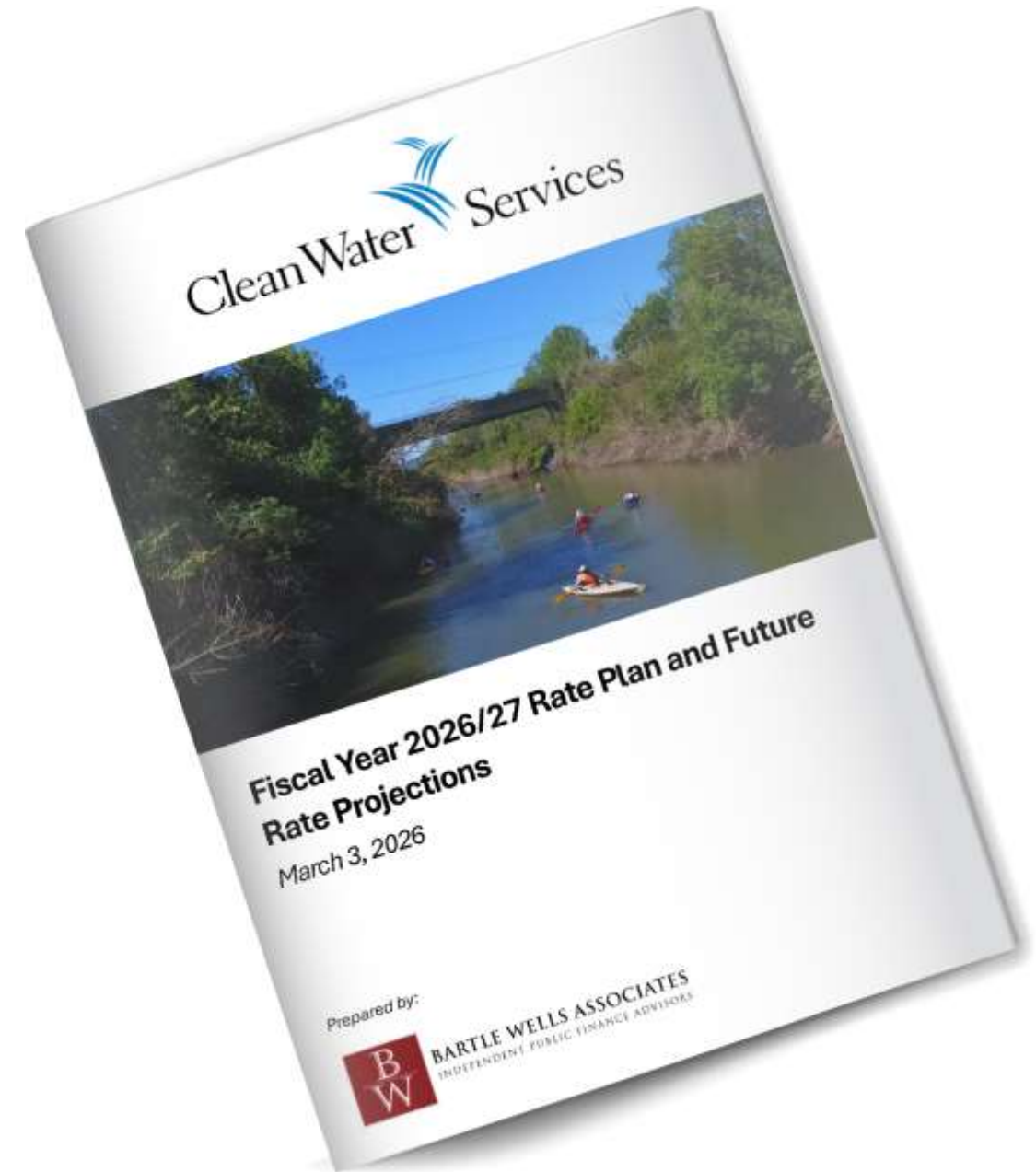
# Cost of Services Study

- Request of CWS Board and Member Cities
- Internal study initiated in 2021
- Comprehensive review of cost allocation methodology was completed
  - Previous update was in 2008
- Full update completed by consultant Bartle Wells Associates in February 2026
- Revealed that Local rates charged do not fully cover Local program costs for both Sanitary Sewer and SWM services
- Provides the cost basis for long-term financial planning and rate updates

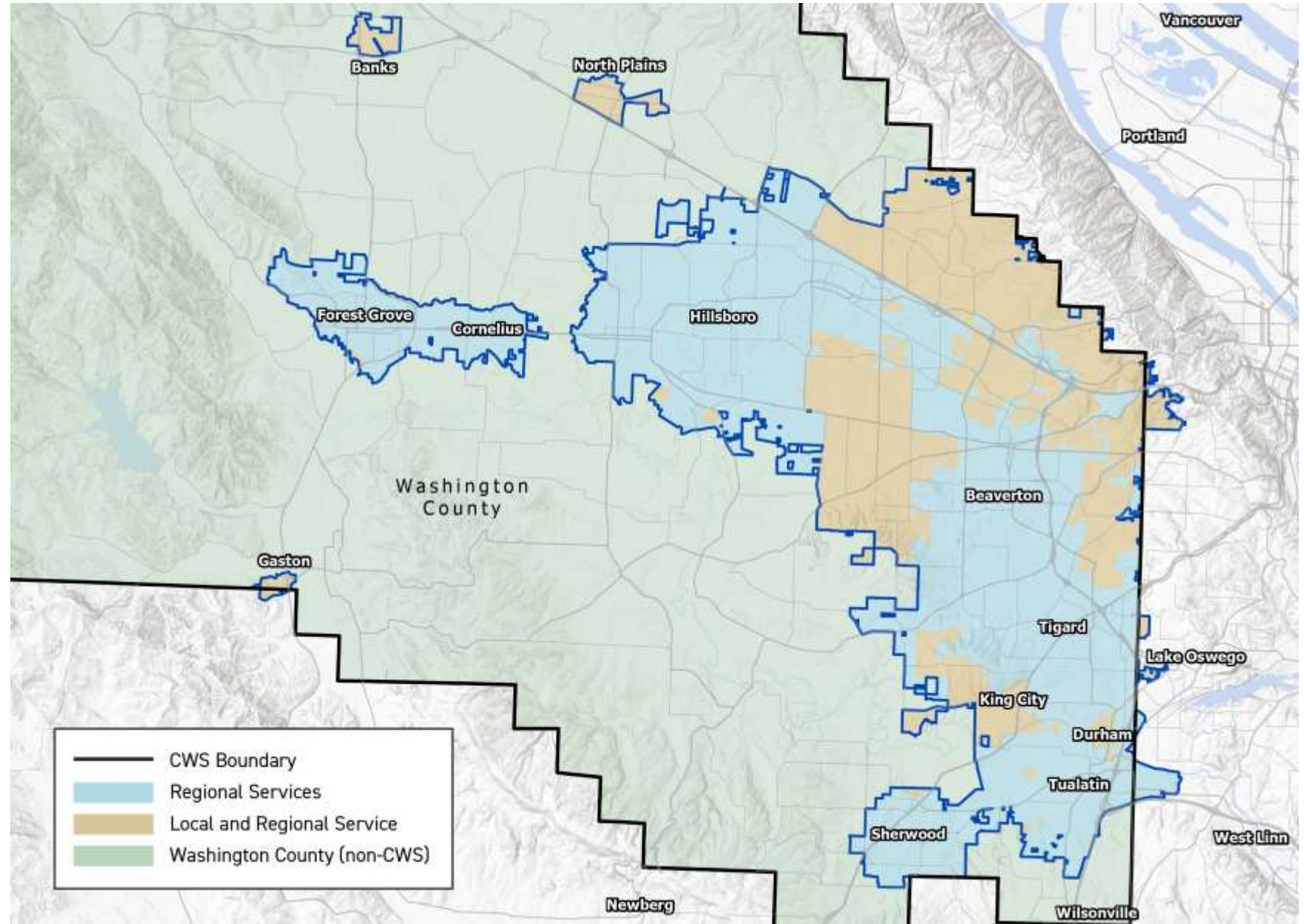
# Cost of Services Study

## Three main objectives:

1. Review and update how costs are allocated to Sanitary Sewer vs. SWM and Regional vs. Local
2. Prepare 10-year financial plans that will:
  - Fund operation & maintenance, debt service, and capital needs
  - Correct local service area funding deficits
  - Ensures CWS maintains sufficient reserve funds for the future
3. Calculate updated rates and evaluate impacts on customer bills



# Rate Increases Vary Across Service Area



# Regional Services

1. **Regional services** provided to all customers in service area
  - a. Constructing, operating, maintaining treatment plants, sewage pump stations, pressure lines
  - b. Designing, building, maintaining sewer lines 24 inches and larger
  - c. Compliance reporting, oversight for National Pollutant Discharge Elimination System (NPDES) permit, including municipal separate storm sewer system (MS4)
  - d. Maintaining minimum stream flows
  - e. Service area restoration and enhancing stream corridors



# Local Services

1. **Local services** support operating and maintaining local collection system, and 24-hour response
  - a. Designing, building, maintaining, repairing sewer lines 21 inches and smaller
    - ❖ Cleaning, inspecting sewer pipes
  - b. Designing, building, maintaining, repairing local stormwater facilities
    - ❖ Sweeping streets
    - ❖ Maintaining water quality facilities
    - ❖ Cleaning catch basins, water quality manholes



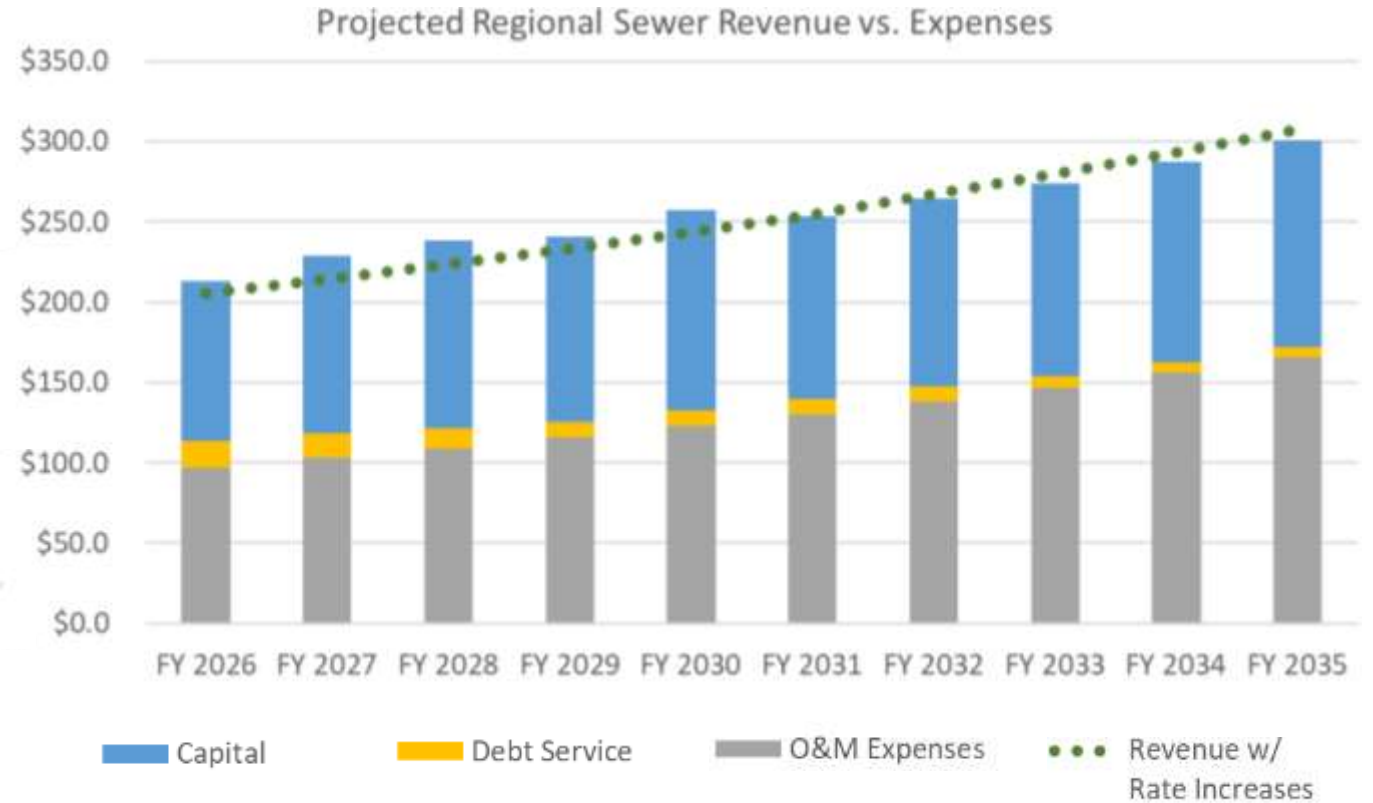
# Monthly Regional CWS Bill – Five-Year Projections

- Total bill is for Regional Services for sanitary sewer and surface water management for an average residential user.
- FY27 rate is \$1.97 higher per month compared to current fiscal year (4% increase).
- Projections based upon cost of operations — capital, operating, debt, etc.



# Regional Sewer Funding

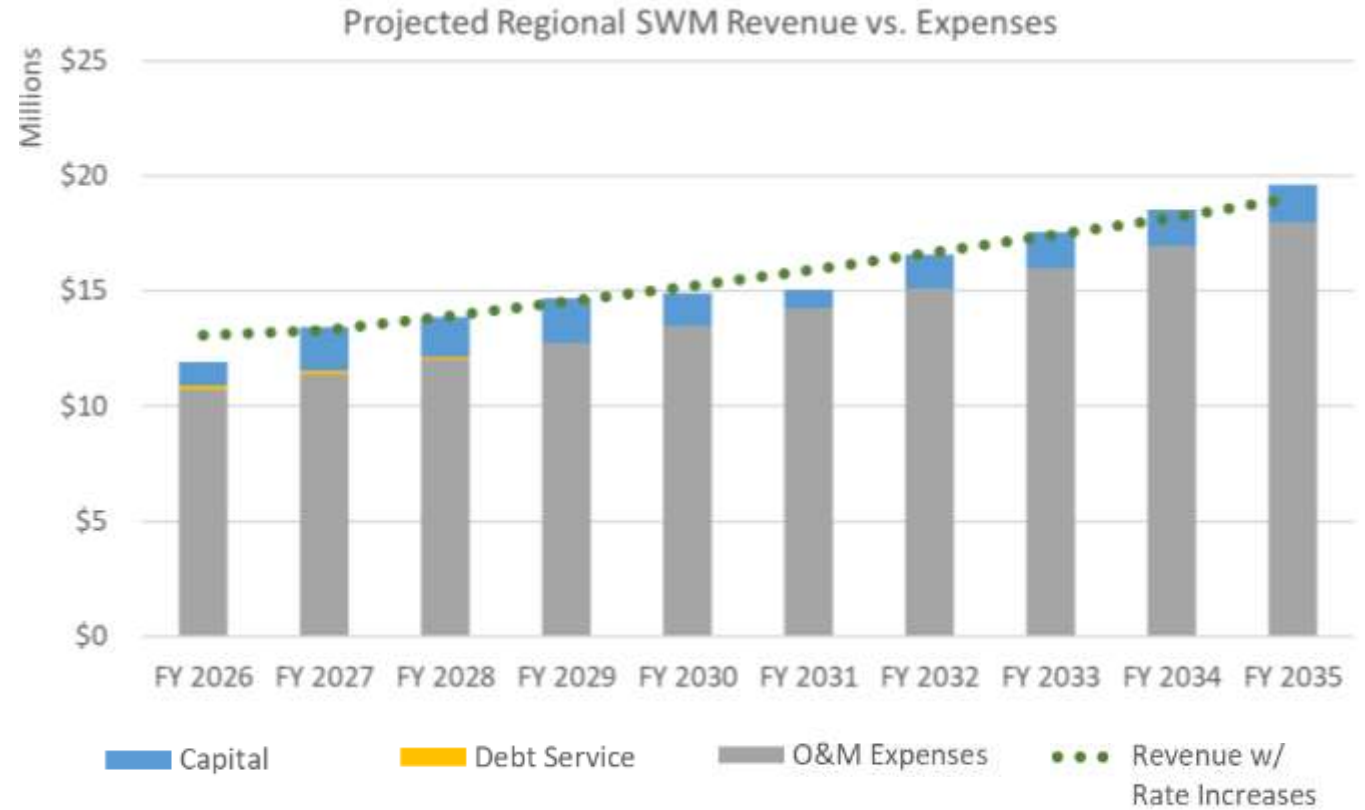
- With proposed Regional rate increase for next 10 years of 4%, rates are projected to run a slight deficit through FY30 and begin to cover costs in all years beginning in FY31.



Proposed Rate Increase	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Regional Sewer	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Dollar Amount	\$1.86	\$1.91	\$2.04	\$2.09	\$2.14	\$2.26	\$2.35	\$2.45	\$2.55

# Regional Surface Water Funding

- Proposed Regional rate increase for next 10 years are 4% to cover costs in all years.



Proposed Rate Increase	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Regional SWM	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Dollar Amount	\$0.11	\$0.12	\$0.12	\$0.13	\$0.13	\$0.14	\$0.14	\$0.15	\$0.15

# Sanitary Sewer Capital Improvement Program

- Upgrades, repairs, and replacements needed to maintain safe and reliable operation.
- Current year, plus next five years of capital spending is over \$754 million — 90% Regional/10% Local.



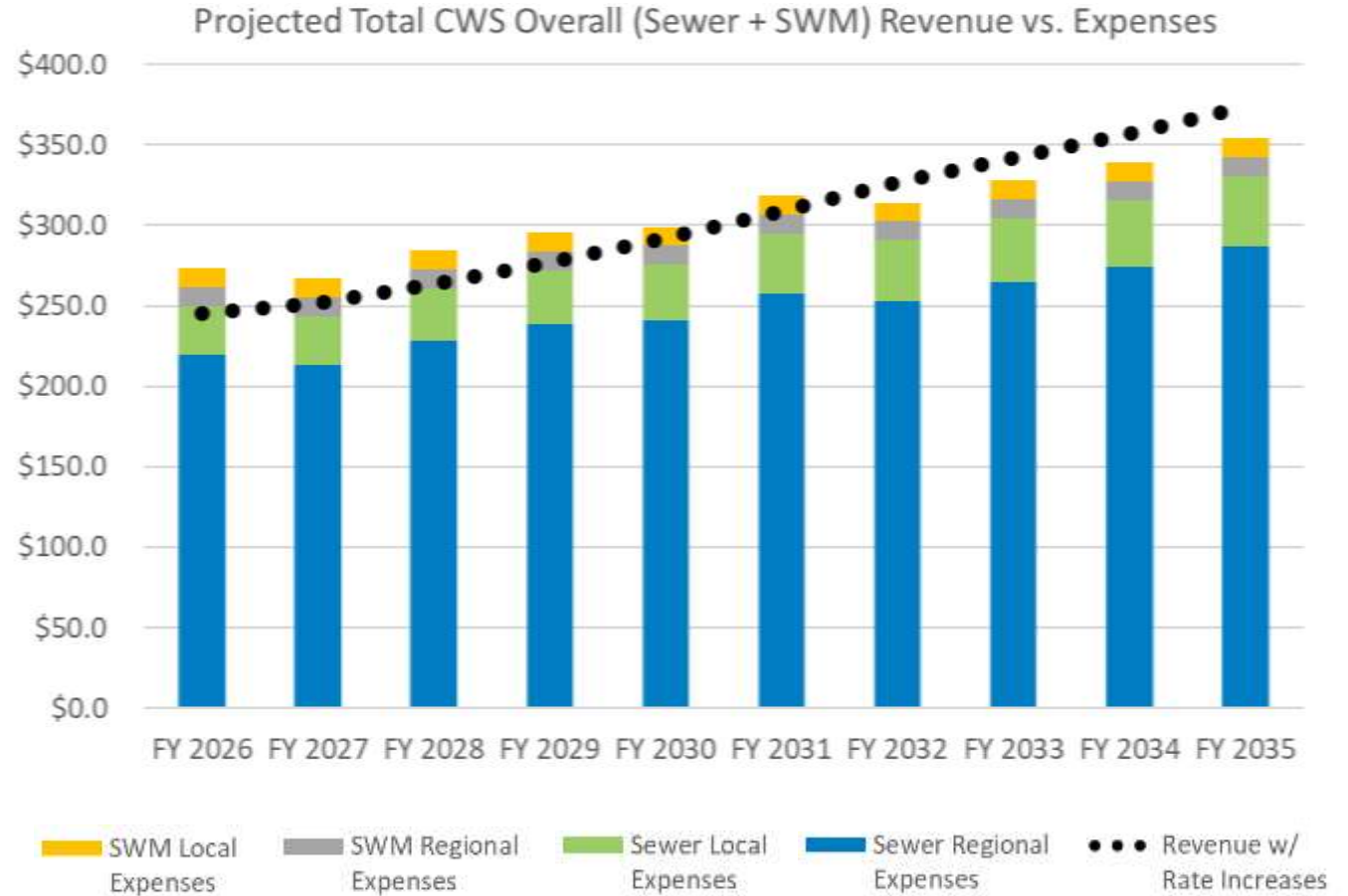
# Surface Water Management Capital Improvement Program

- Upgrades, repairs, and replacements needed to maintain safe and reliable operations.
- Current year, plus next five-year capital spending is over \$11.7 million - 76% Regional/24% Local.



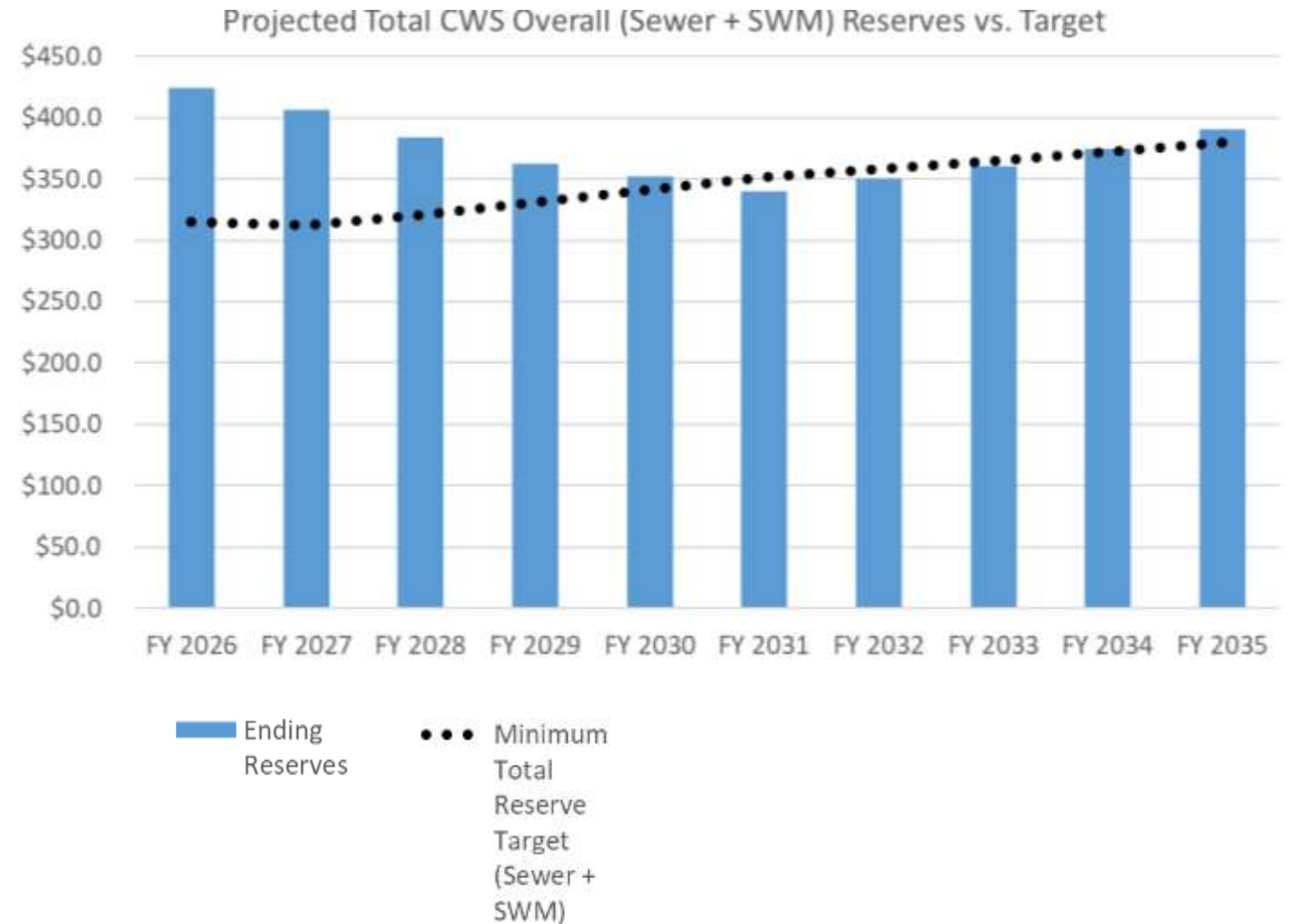
# Ten-Year Financial Forecast

- Projected expenses total over \$273 million and revenues are approximately \$246 million in FY26.
- CWS will run a small deficit overall through FY31 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 FY32.



# Ten-Year Financial Forecast - Reserve Fund Targets

- Reserves will cover deficit through 2031 and begin to replenish reserves starting in 2032.



# Implementation - Next Steps

- April 14, 2026 – Board adoption of Cost Allocation Methodology and Reserves Policy
- April 20, 2026 - CWS Proposed FY27 Budget available for public review
- May 8, 2026 - CWS Budget Committee reviews the proposed budget and amends or approves it
- June 9, 2026 - CWS Board holds public budget hearing to consider revisions and adoption of FY27 Budget
- July 1, 2026 - Adopted budget and FY27 rates go into effect

# Facility Tours

See ratepayer investment and state-of-the-art water treatment science in action with a free behind-the-scenes tour of the [Durham Water Resource Recovery Facility](#) in Tigard — which is where Tualatin's wastewater goes.

## Public Durham Tours – [Reserve Your Spot](#)

- Saturday, May 16, 10 – 11:30 am
- Friday, June 12, 2:00 – 3:30 pm
- Wednesday, July 8, 10 – 11:30 am

Learn more at [cleanwaterservices.org/tours](https://cleanwaterservices.org/tours) >



Questions?

