

Summary of general issue by category	General Obligation Bonds		Revenue Bonds	
	Pros	Cons	Pros	Cons
Voter approval required?	Yes, all GO Bonds require voter approval because tax rates increase to pay debt service		In this case, yes as well because the debt service will require an increase in water rates greater than 5%	
Who pays	Property owners inside City limits		Water users who receive and use City water	
Who does not pay	Tax-exempt entities such as the Schools and City		Properties served by a well, vacant properties where water is shut off, and some tenants where landlord pays utilities	
Support work for tax increase versus rate increase	Less complex as Assessed Values are fairly predictable in Oregon making tax rate increase easily determined		More complex as varies projection scenerios are analyzed determining preferred laddering of bond sizes and smoothing of rate increases	
Repayment risk during down economic times	Market values have declined, but in Oregon, taxes are a function of a lower Assessed Values. Two years ago, overall City AV to RMV ratio was 58%, now it is 78%. Tax rates would automatically increase if AV ever declined below RMV ensuring a no default position		The number of vacant properties is increasing, but it is still a relatively low number in total. Estimated at about 1/3 of the 300 or so homes for sale are vacant. Water shut-off lists are increasing and collection activitiy is also up.	
Most equitable	Generally less equitable as property owners pay as a function of their property's Assessed Value versus water use		Generally considered more equitable as who pays is tied most directly to who uses	
Introduction of future water rate conservation structure	No direct effect on taxes		Future rate conservation structure could work so well that decreased overall water revenues could cause bond covenants not to be met. This could then require rate increases >5% which, in West Linn, requires a vote. This will be disclosed to potential bond buyers which will dilute the numbers interested and likely cost more in terms of interest rate offered and require other <u>financial protections</u>	
Bond sale costs	Fairly set and routine - estimated at \$50K to \$80K		More variable as it is a function of rate analysis work by independent consultant - estimated higher at \$80K to \$120K	

 = slight advantage

Summary of general issue by category	General Obligation Bonds		Revenue Bonds	
	Pros	Cons	Pros	Cons
Interest rate	Lowest interest rate possible as all City assets are collateral. Double A (Aa2/AA) cities such as West Linn could receive as low as 3.5 to 4% in today's bond markets		Higher interest rate is needed to sell (est. +0.5% to +0.75% more) as only Water Fund's assets are collateral (this could be mitigated some if voters also approve the pledge of the General Fund, but adds some complexity to explain and market)	
Transparency of official statement	The prospectus used to market the sale of GO Bonds is generally less complicated to prepare and contains general City information		The prospectus used to market the sale of Rev Bonds is more complicated focusing on the Water Fund financial condition and rate projections	
20-year rate reset	Automatic - after 20yr GO Bonds are paid off, tax rate increase is automatically reset back to zero for this bond issue		Action required - after 20yr Rev Bonds are paid off, future UAB/Council action is required to decrease rates at that time	
Debt to Equity	As of the last audit, June 30, 2010, the City's debt-to-equity ratio is 7.3% on \$263 million of equity. With say \$10 million of new debt, this ratio would increase to 11%.		As of the last audit, June 30, 2010, the Water Fund's debt-to-equity ratio is 8.7% on \$17 million of equity. With say \$10 million of new debt, this ratio would increase to 68%.	

**PROPERTY TAX
INCREASE
INFORMATION**

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www.moody's.com

January 17, 2012

Mr. Richard Seals
City of West Linn
22500 Salamo Road
West Linn, OR 97068

Dear Mr. Seals:

We wish to inform you that on January 6, 2012, Moody's Investors Service assigned a rating of **Aa2** to WEST LINN (CITY OF) OR, General Obligation Bonds, Series 2012.

In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure of current financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's Rating Desk. In accordance with our usual policy, assigned ratings are subject to revision or withdrawal by Moody's at any time, without notice, in the sole discretion of Moody's. For the most current rating, please visit www.moody's.com.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, Dan Steed at 415-274-1716.

Sincerely,



Kenneth B. Kurtz
Senior Vice President

KBK: DS/cm

cc: Mr. Javier Fernandez
Two Centerpoint Drive Suite 400
Lake Oswego, OR 97035

Subject: Jan 2012 Police Station Bonds Sell at 2.25%

Police station bonds sell at low rate

Residents will pay less over the course of the bonds

BY LORI HALL

The West Linn Tidings, Jan 19, 2012



As outlined above, the new police station will be built on land between Les Schwab and Tualatin Valley Fire & Rescue Station 59.

With a good rating and strong competition, the city of West Linn recently secured funding for the new police station through the sale of bonds.

On Jan. 12, the city completed the sale of \$8.5 million in general obligation bonds, which was approved by voters last November.

The bonds will finance the acquisition, construction and completion of a new police station at Eighth Avenue and 13th Street.

Last fall, the estimated cost gpt the typical home in West Linn to borrow funds for the station was \$46 per year, based on an interest rate of 3.93 percent. However, because of the high number of bidders (nine) and a low interest rate market, the actual cost of borrowing will be 2.25 percent, according to Richard Seals, chief financial officer for the city.

Seals said that this is the best interest rate the city has ever achieved for a bond sale.

The favorable interest rate results in an approximate \$2 million reduction in interest payments on the debt over the life of the loan.

The estimated cost per house has dropped from \$46 a year to \$40 a year for a home assessed at \$285,000.

Beginning with the November property tax bills, the bonded debt tax rate will increase by an estimated 16 cents per thousand of assessed value for 20 years.

According to the city, the attractive interest rate is because of the city's Aa2 and AA credit ratings from Moody and Standard & Poor's, respectively.

The city sells bonds on both the open and competitive bond markets. Large brokerage firms typically buy bonds, which they — in turn — offer to sell to their customers.

“This is great news for our taxpayers and is a testament to the city’s sound financial policies. At the end of the day, it’s our taxpayers that reap the rewards of the city’s sound fiscal management and transparent financial practices,” West Linn Mayor John Kovash said.

The city currently has \$15 million in outstanding bond issues, most of which are at their 10-year mark, halfway through their 20-year life.

An official statement with further details about the bond sale and its tax implications can be found on the city’s finance webpage at <http://westlinnoregon.gov/finance>.

The newly formed police station steering committee met today, Jan. 19, to start the police station construction process.

The new police station will measure approximately 23,500 square feet and will be built to meet projected needs through 2042. The current police force includes 31 sworn officers and five support staff member and is expected to grow with the city’s population.

Tracy Anderson

Senior Account Executive

503.546.7897 *direct*

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OFFICIAL STATEMENT dated January 12, 2012

**NEW ISSUE
BOOK-ENTRY**

**Standard & Poor's Rating: "AA" (See "Ratings" herein)
Moody's Rating: "Aa2" (See "Ratings" herein)**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code of 1986. In the further opinion of Bond Counsel, Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such Interest on the Bonds is included in adjusted current earnings when calculating federal corporate alternative minimum taxable income. In the further opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, Interest on the Bonds is exempt from personal income taxation imposed by the State of Oregon. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The City has designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code. See "TAX MATTERS" herein.

**\$8,500,000
CITY OF WEST LINN
CLACKAMAS COUNTY, OREGON
GENERAL OBLIGATION BONDS, SERIES 2012**

DATED: Date of Delivery

Due: As shown on inside cover

The City of West Linn, Clackamas County, Oregon (the "City") provides this Official Statement in connection with the issuance of its General Obligation Bonds, Series 2012 (the "Bonds"). The Bonds mature on June 1 in each of the years through 2031 and on December 1, 2031 and in the amounts set forth on the inside cover and will bear interest semiannually on June 1 and December 1 of each year, commencing December 1, 2012, from the Date of Delivery to the dates of maturity at the rates per annum as shown on the inside cover.

The Bonds are general obligations of the City. The full faith and credit and taxing powers of the City are pledged to the successive owners of each of the Bonds (the "Bondowners") for the punctual payment of such obligations, when due. The City covenants with the Bondowners to levy annually a direct ad valorem tax upon all of the taxable property within the City without limitation as to rate or amount, and outside of the limitations of sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, and any other funds available to pay interest accruing and the principal maturing on the Bonds promptly when and as they become due. The Bonds do not constitute debt or indebtedness of Clackamas County, the State of Oregon, or any other municipal corporation or political subdivision thereof other than the City.

The Bonds will be issued as fully registered bonds under a book-entry system, initially registered to Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases of Bonds will be made in the principal amount of \$5,000, or integral multiples thereof within a single maturity. The purchasers will not receive certificates representing their interest in the Bonds, as long as the Bonds are in book-entry form. Principal of and interest on the Bonds will be payable through the principal corporate trust offices of the registrar and paying agent of the City, currently U.S. Bank National Association (the "Paying Agent"). For so long as the Bonds are held by DTC in book-entry form, principal and interest payments will be made as described herein. See "The Bonds - Book-Entry System."

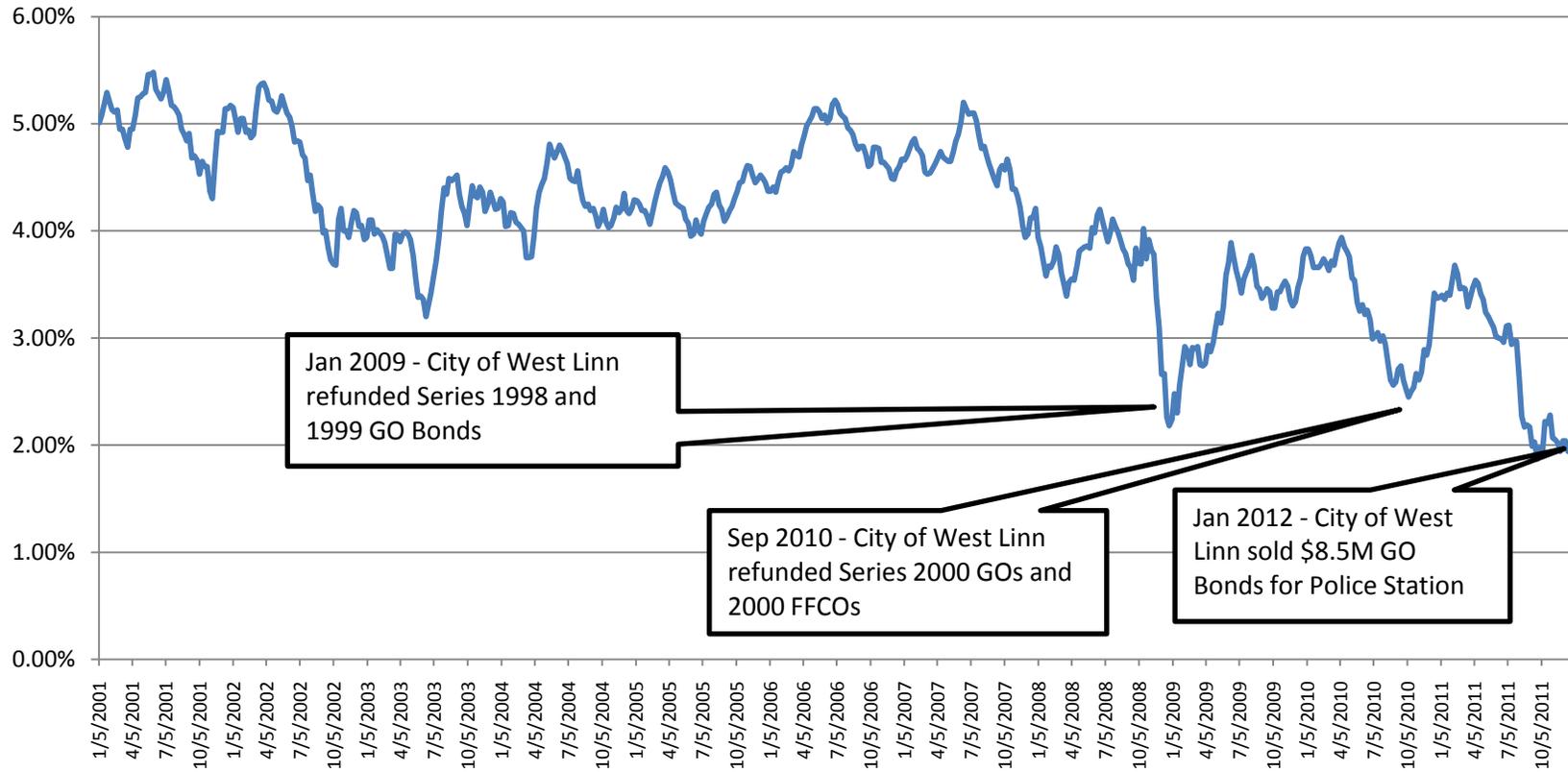
The Bonds are subject to optional redemption prior to their stated maturities as described herein. The City has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

The Bonds are being issued to finance construction of a new police station and to pay costs of issuance of the Bonds. (See "Description of the Bonds - Use of Proceeds," "Security" and "Authorization for Issuance" herein.)

The Bonds are offered for sale to the original purchaser subject to the opinion as to legality of the Bonds, and tax-exemption of the Bonds by Bond Counsel, which opinion will be delivered with the Bonds. The Bonds, in book-entry form, are expected to be available for delivery through the facilities of DTC for delivery by Fast Automated Securities Transfer on or about January 25, 2012 (the "Date of Delivery").

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to making an informed investment decision.

History of Bond Yields

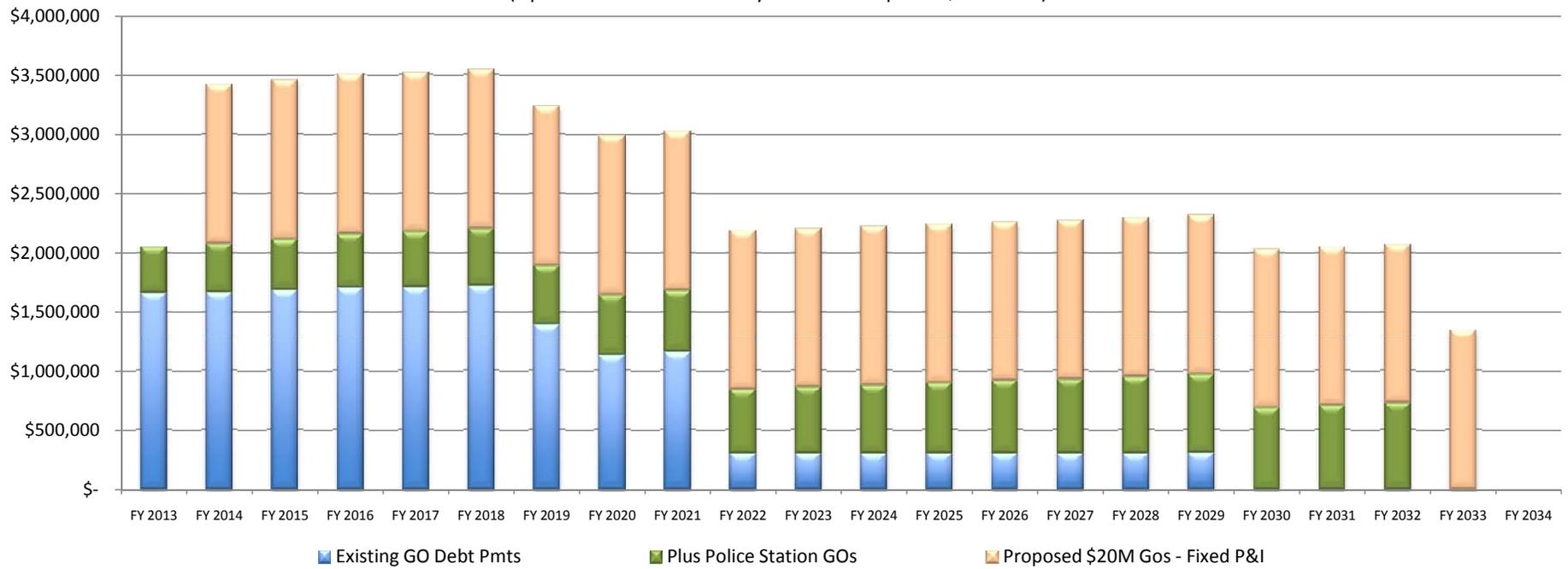


CITY OF WEST LINN, OREGON

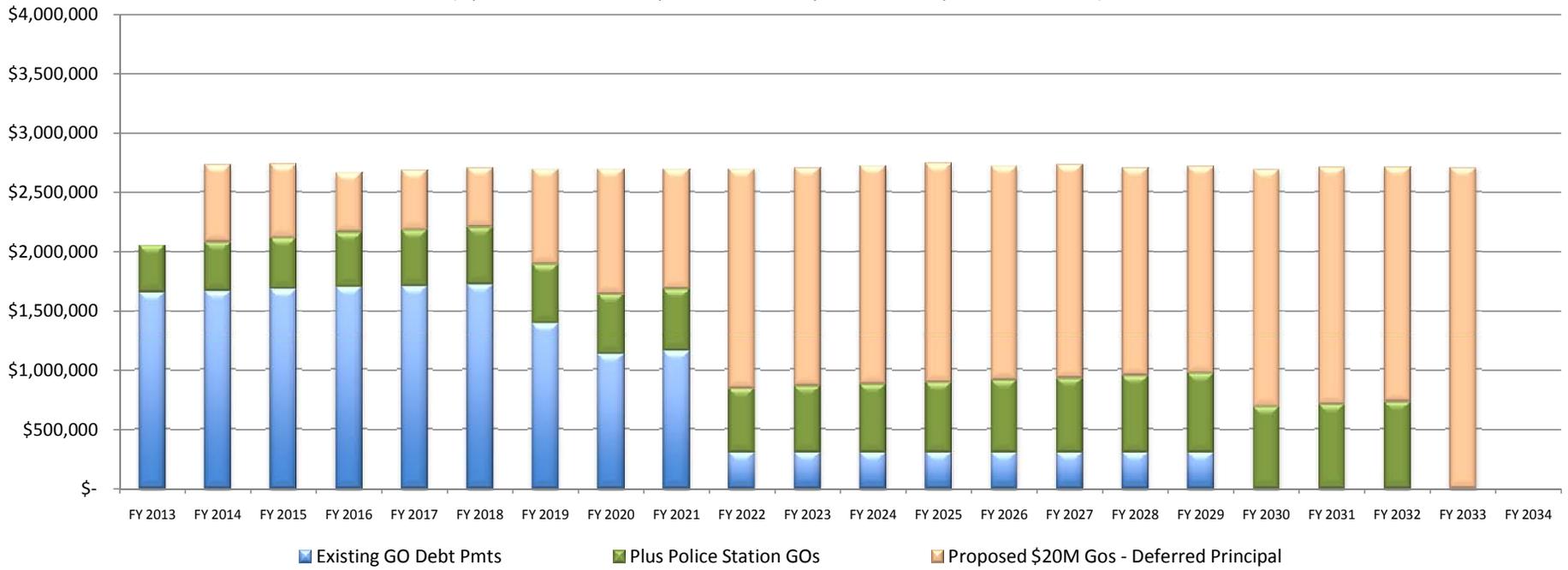
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS

Fiscal year	General Obligation Bonds			Full Faith and Credit Obligations Bonds		Revenue Bonds	Total Principal
	Series 2009-A Refunded Parks Jan. 21, 2009	Series 2010-A Refunded Library Sep. 2, 2010	Series 2012 Police Station Jan. 25, 2012	Series 2009-B Str/Police/Parks Jan. 21, 2009	Series 2010-B Refunded City Hall Sep. 2, 2010	Water Series 2000 Oct. 1, 2000	
2012	\$ 490,000	\$ 200,000	\$ -	\$ 155,000	\$ 220,000	\$ 85,000	\$ 1,150,000
2013	505,000	220,000	135,000	160,000	225,000	90,000	1,335,000
2014	515,000	240,000	220,000	165,000	230,000	95,000	1,465,000
2015	535,000	250,000	245,000	170,000	240,000	105,000	1,545,000
2016	555,000	275,000	275,000	175,000	245,000	110,000	1,635,000
2017	570,000	290,000	295,000	180,000	255,000	115,000	1,705,000
2018	590,000	310,000	310,000	185,000	265,000	125,000	1,785,000
2019	280,000	330,000	335,000	190,000	275,000	130,000	1,540,000
2020	-	355,000	355,000	200,000	285,000	140,000	1,335,000
2021	-	385,000	375,000	210,000	295,000	150,000	1,415,000
2022	-	-	400,000	215,000	-	-	615,000
2023	-	-	425,000	225,000	-	-	650,000
2024	-	-	450,000	235,000	-	-	685,000
2025	-	-	475,000	245,000	-	-	720,000
2026	-	-	505,000	255,000	-	-	760,000
2027	-	-	530,000	265,000	-	-	795,000
2028	-	-	565,000	275,000	-	-	840,000
2029	-	-	595,000	290,000	-	-	885,000
2030	-	-	630,000	-	-	-	630,000
2031	-	-	665,000	-	-	-	665,000
2032	-	-	715,000	-	-	-	715,000
	<u>\$ 4,040,000</u>	<u>\$ 2,855,000</u>	<u>\$ 8,500,000</u>	<u>\$ 3,795,000</u>	<u>\$ 2,535,000</u>	<u>\$ 1,145,000</u>	<u>\$ 22,870,000</u>

Future Principal & Interest Payments on GO Debt (Option 1 - Fixed 20 Year Payments on Proposed \$20M GOs)



Scaling Future Principal & Interest Payments on GO Debt (Option 2 - Defer Principal on 20 Year Payments on Proposed \$20M GOs)



Sample Debt Schedule

Pledged amount: \$ 20,000,000
 Interest rate: 3.00% [Approx. rate for General Obligation Bonds]
 Term (years): 20

Year	Fiscal year	Beginning balance	Principal	Interest	Total payment	Ending balance
1	2014	\$ 20,000,000	\$ 744,314	\$ 600,000	\$ 1,344,314	\$ 19,255,686
2	2015	19,255,686	766,644	577,671	1,344,314	18,489,042
3	2016	18,489,042	789,643	554,671	1,344,314	17,699,399
4	2017	17,699,399	813,332	530,982	1,344,314	16,886,067
5	2018	16,886,067	837,732	506,582	1,344,314	16,048,335
6	2019	16,048,335	862,864	481,450	1,344,314	15,185,471
7	2020	15,185,471	888,750	455,564	1,344,314	14,296,721
8	2021	14,296,721	915,413	428,902	1,344,314	13,381,308
9	2022	13,381,308	942,875	401,439	1,344,314	12,438,434
10	2023	12,438,434	971,161	373,153	1,344,314	11,467,272
11	2024	11,467,272	1,000,296	344,018	1,344,314	10,466,976
12	2025	10,466,976	1,030,305	314,009	1,344,314	9,436,672
13	2026	9,436,672	1,061,214	283,100	1,344,314	8,375,458
14	2027	8,375,458	1,093,050	251,264	1,344,314	7,282,407
15	2028	7,282,407	1,125,842	218,472	1,344,314	6,156,565
16	2029	6,156,565	1,159,617	184,697	1,344,314	4,996,948
17	2030	4,996,948	1,194,406	149,908	1,344,314	3,802,542
18	2031	3,802,542	1,230,238	114,076	1,344,314	2,572,304
19	2032	2,572,304	1,267,145	77,169	1,344,314	1,305,159
20	2033	1,305,159	1,305,159	39,155	1,344,314	(0)
			<u>\$ 20,000,000</u>	<u>\$ 6,886,283</u>	<u>\$ 26,886,283</u>	

City of West Linn - Finance Department

Estimating Tax Effect to Homeowners on Various Bond Sizes (using level debt-service methodology)

Bond Information			Tax levy needed to cover annual debt service payments on bond issue			Assessed Value			Tax Rate and Annual Amount		
Size of bond issue	Rate of interest (est.)	Term of bonds (yrs)	Annual debt service (est.)	Tax collection rate	Annual amount to levy	Actual Assessed Value FY 2010-11	Estimated annual % increase	Estimated Assessed Value FY 2012-13	Increase in tax rate needed to raise levy	Amount of Assessed Value	Additional taxes per year
For the home with an average Assessed Value of \$285,000:											
5,000,000	3%	20	336,079	95%	353,800	2,836,413,365	3%	3,007,000,000	0.1177	285,000	33.54
10,000,000	3%	20	672,157	95%	707,500	2,836,413,365	3%	3,007,000,000	0.2353	285,000	67.06
15,000,000	3%	20	1,008,236	95%	1,061,300	2,836,413,365	3%	3,007,000,000	0.3529	285,000	100.58
20,000,000	3%	20	1,344,314	95%	1,415,100	2,836,413,365	3%	3,007,000,000	0.4706	285,000	134.12
25,000,000	3%	20	1,680,393	95%	1,768,800	2,836,413,365	3%	3,007,000,000	0.5882	285,000	167.64
30,000,000	3%	20	2,016,471	95%	2,122,600	2,836,413,365	3%	3,007,000,000	0.7059	285,000	201.18

Analysis of Compression for both the City of West Linn and the WLWSD

				City of West Linn		Measure 5					Amount (over) under M5 maximum [compression]
Fiscal year	Assessed Value (AV)	Real Market Value (RMV)	% of AV to RMV	Permanent tax rate	Local option levy rate	M5 rate cap	M5 maximum [cap x RMV]	General Government tax rate	Assessed amt in Gen Gov [rate x AV]	Compression? Y or N	
2002	\$ 1,818,901,983	\$ 2,298,004,436	79 %	2.1200	1.1666	10.0000	22,980,044	6.0321	10,971,799	N	12,008,246
2003	1,946,972,928 7.0%	2,485,047,559 8.1%	78	2.1200	1.7200	10.0000	24,850,476	6.5947	12,839,702	N	12,010,773
2004	2,074,290,770 6.5%	2,649,685,014 6.6%	78	2.1200	1.7200	10.0000	26,496,850	6.5876	13,664,598	N	12,832,252
2005	2,173,835,372 4.8%	2,893,044,240 9.2%	75	2.1200	0.5050	10.0000	28,930,442	7.1492	15,541,184	N	13,389,259
2006	2,266,911,704 4.3%	3,184,053,186 10.1%	71	2.1200	0.4844	10.0000	31,840,532	7.1587	16,228,141	N	15,612,391
2007	2,369,462,477 4.5%	3,804,091,192 19.5%	62	2.1200	0.7555	10.0000	38,040,912	7.3770	17,479,525	N	20,561,387
2008	2,516,737,956 6.2%	4,464,348,037 17.4%	56	2.1200		10.0000	44,643,480	6.8880	17,335,291	N	27,308,189
2009	2,655,549,376 5.5%	4,507,161,484 1.0%	59	2.1200		10.0000	45,071,615	6.8978	18,317,448	N	26,754,166
2010	2,768,702,173 4.3%	3,960,668,206 -12.1%	70	2.1200		10.0000	39,606,682	7.3914	20,464,585	N	19,142,097
2011	2,865,044,468 3.5%	3,650,547,820 -7.8%	78	2.1200		10.0000	36,505,478	7.3810	21,146,893	N	15,358,585
2012	2,965,918,688 3.5%	3,487,305,552 -4.5%	85	2.1200		10.0000	34,873,056	7.3662	21,847,550	N	13,025,505

				WLWSD		Measure 5					WLWSD Local Option Levy			
Fiscal year	Assessed Value (AV)	Real Market Value (RMV)	% of AV to RMV	Permanent tax rate	Local option levy rate	M5 rate cap	M5 maximum [cap x RMV]	Education tax rate	Assessed amt in Education [rate x AV]	Compression? Y or N	Amount (over) under M5 maximum [compression]	LOL Amt Before Compression	Loss due to Compression	LOL Amt After Compression
2002	\$ 1,818,901,983	\$ 2,298,004,436	79 %	4.8684	1.5000	5.0000	11,490,022	7.2953	13,269,436	Y	(1,779,413)	2,728,353	(1,779,413)	948,940
2003	1,946,972,928 7.0%	2,485,047,559 8.1%	78	4.8684	1.5000	5.0000	12,425,238	7.2674	14,149,431	Y	(1,724,193)	2,920,459	(1,724,193)	1,196,266 26.1%
2004	2,074,290,770 6.5%	2,649,685,014 6.6%	78	4.8684	1.5000	5.0000	13,248,425	7.2680	15,075,945	Y	(1,827,520)	3,111,436	(1,827,520)	1,283,916 7.3%
2005	2,173,835,372 4.8%	2,893,044,240 9.2%	75	4.8684	1.5000	5.0000	14,465,221	7.2683	15,800,088	Y	(1,334,866)	3,260,753	(1,334,866)	1,925,887 50.0%
2006	2,266,911,704 4.3%	3,184,053,186 10.1%	71	4.8684	1.5000	5.0000	15,920,266	7.2685	16,477,048	Y	(556,782)	3,400,368	(556,782)	2,843,586 47.7%
2007	2,369,462,477 4.5%	3,804,091,192 19.5%	62	4.8684	1.5000	5.0000	19,020,456	7.2789	17,247,080	N	1,773,376	3,554,194	0	3,554,194 25.0%
2008	2,516,737,956 6.2%	4,464,348,037 17.4%	56	4.8684	1.5000	5.0000	22,321,740	7.2780	18,316,819	N	4,004,921	3,775,107	0	3,775,107 6.2%
2009	2,655,549,376 5.5%	4,507,161,484 1.0%	59	4.8684	1.5000	5.0000	22,535,807	7.2758	19,321,246	N	3,214,561	3,983,324	0	3,983,324 5.5%
2010	2,768,702,173 4.3%	3,960,668,206 -12.1%	70	4.8684	1.5000	5.0000	19,803,341	7.2754	20,143,416	Y	(340,075)	4,153,053	(340,075)	3,812,979 -4.3%
2011	2,865,044,468 3.5%	3,650,547,820 -7.8%	78	4.8684	1.5000	5.0000	18,252,739	7.2752	20,843,772	Y	(2,591,032)	4,297,567	(2,591,032)	1,706,534 -55.2%
2012	2,965,918,688 3.5%	3,487,305,552 -4.5%	85	4.8684	1.5000	5.0000	17,436,528	7.2767	21,582,101	Y	(4,145,573)	4,448,878	(4,145,573)	303,305 -82.2%

	AV	MS RMV LIMITATION	COMPRESSION CALCULATION
MS CATEGORY	M47/50 AV = \$2,936,417,657		
Tax Code: 003-002			
ED	COM COLL CLACK 0.5459		$7.2767 \times 2.936 (AV) = 21.37M$
	ESD CLACKAMAS 0.3624		
	SCH WLINN/WLS 4.8684		
	SCH WLINN/WLS LOC OPT 2010 1.5000		
	Total Education 7.2767	5 x RMV	$5 \times 3.454 (RMV) = 17.27M$
	CITY WEST LINN 2.1200		COMPRESSION 4.10
	COUNTY CLACKAMAS C 2.4041		
	COUNTY EXTENSION & 4-H 0.0492		
	COUNTY LIBRARY 0.3909		
	COUNTY PUBLIC SFTY LOC OPT 2006 0.2480		
	COUNTY SOIL CONS 0.0443		
	FD64 TVF&R 1.5252		
	FD64 TVF&R LOC OPT 2010 0.2500		
	PORT OF PTLD 0.0691		
	ROAD DIST 2 WL 0.0000		
	SRV 2 METRO - OREGON ZOO 0.0945		$7.3662 \times 2.936 (AV) = 21.63M$
	UR COUNTY SP 0.1025		
	URBAN RENEWAL COUNTY 0.0369		
	VECTOR CONTROL 0.0065		
	VECTOR CONTROL LOC OPT 2010 0.0250		
	Total General Government 7.3662	10 x RMV	$10 \times 3.454 (RMV) = 34.45M$
	CITY WEST LINN BOND 0.2980		NO COMPRESSION 0
	COM COLL CLACK BOND 0.1361		
	FD64 TVF&R BOND 2006 0.1550		
	SCH WLINN/WLS BOND 0.7741		
	SCH WLINN/WLS BOND 2002 2.2216		
	SRV 2 METRO BOND 0.1282		
	SRV 2 METRO BOND 2006 0.0877		
	SRV 4 TRICITY BOND 0.0000		
	TRANS TRIMET BOND 0.0571		
	Total Excluded from Limitations 3.8578	NONE	
	Total Rate 18.5007		

WEST LINN AV = 2,936 BILLION (85% OF RMV)
 & & RMV = 3,454 BILLION

MS RATES OF 5 FOR ED & 10 FOR GEN GOV
 APPLY TO RMV, NOT AV

COMPRESSION DISCUSSION

**WATER RATE
INCREASE
INFORMATION**

Memorandum

Date: April 5, 2012

To: Utility Advisory Board

From: Richard Seals, Chief Financial Officer

Subject: Updated 20-Year Utility Rate Forecasts

Purpose

To provide updated 20-Year Utility Financial Forecasts and rate increase options for the Water, Sewer, and Surface Water Management utilities.

Background

Here is an overall summary of recent events surrounding utility rates:

- Nov 2008 – Council adopts 2008 Water Master Plan completed by Murray Smith & Associates
- Apr 2009 – Utility Advisory Board issues rate increase recommendation statement to Council
- Jul 2009 – Water Rate Study is completed by Pioneer Consulting Group
- Jan 2010 – Water SDC rates are updated pursuant to FSC Group report
- Jul 2010 – Council places Measure 3-364 on ballot for voters
- Nov 2010 – Voters do not approve Measure 3-364 (4,113 yes to 7,691 no)
- Mar 2012 – Utility Advisory Board presents new recommendation to Council
- Apr 2012 – Water System Improvement Task Force is created to assist with community education and citizen involvement, to later report back to Council with recommendations.

Challenges to Overcome

Some of the challenges to overcome include:

History of Community Interest surrounding Utility Rates

1986 – Voters do not authorize the issuance of \$1.6 million in GO bonds for water improvements

1987 – Water System Improvement Task Force is formed and makes recommendations to Council

1987 – Citizens for Effective City Planning oppose proposed rate increase and referendum is passed

1994 – Utility Advisory Board is established to make rate increase recommendations to Council

1995 – Voters repeal 1994 proposed water rate increase

2010 – Voters do not pass water rate increase Measure 3-364

South Fork Water Board (SFWB)

Although West Linn is a 50% owner in SFWB along with Oregon City, SFWB's financial pressures are passed through for both cities' Water Funds to absorb. This comes in the form of SFWB wholesale water rate increases in excess of West Linn's 5% voter limitation (38.5% in 1993; 68.3% in 1994; 10% in 2010) and in the form of debt bail-out (Oregon City \$2.4 million loan to SFWB in 2010 to pay off SFWB bonds as SFWB was not meeting their 125% of annual debt service bond covenant). As SFWB's projections for necessary long-term capital improvements continue into the future, both cities should continue to expect wholesale water rate increases in excess of 5%. How best does the City of West Linn continue to absorb these increases while maintaining a maximum 5% annual rate increase to its citizens?

Water Master Plans

Five Water Master Plans have been completed and/or updated over the last three decades (1982, 1987, 1999, 2004, and 2008) all listing necessary water infrastructure projects. The last plan, in 2008, recommended \$33 million (\$21 million existing infrastructure and \$12 million SDC related) in necessary water projects.

Water Fund Financials

The City's Water Fund generates approximately \$3 million in water revenue per year to cover \$1 million in wholesale water cost and \$1.5 million in annual operating costs, before any routine capital needs. Some community members feel that water rate increases are not necessary and that there should be sufficient funds available to fund \$21 million in infrastructure improvements, where in reality, total water revenues have been flat over the last several years even with 5% annual increases. These revenues are not sufficient to also fund the needed system capital improvements.

Existing Water Rate Structure

The existing water rate structure, adopted by Council in 1994, includes 7 units of water in the base fee amount charged monthly to City residences. Accordingly, community members using less than 7 units of water per month pay the same as their neighbors using 7 units of water. This poses two challenges: First, as the median water usage in the City is 7 units, 50 percent of residents are affected by this inequity. How best to propose a new rate structure that voters will approve which addresses this inequity while still achieving the overall targeted revenue? The second challenge is how to best project the rate level in a conservation-based rate structure, anticipating a certain level of water consumption, while still achieving the overall targeted revenue?

5 Percent Voter-Approval Requirement

As there are a multitude of possible rate structure combinations, most elected Councils are authorized to make the difficult decisions of adopting rate increases sufficient to fund the necessary capital projects. However in West Linn, voters passed a Charter amendment requiring any increase over 5 percent requires a vote. Over time, this Charter amendment has resulted in the lowest utility bills in the region, but has also resulted in necessary infrastructure improvements going unfunded. This Charter amendment does provide the voters of West Linn more control over water rate increases, but presents financially unsustainable challenges to adequately fund an aging water system.

Updated 20-Year Utility Forecasts

There are a multitude of possible combinations in forecasting future utility rates over a 20-year period. Attached to this memo are five pages of spreadsheet forecasts summarized below:

- Page 1 of 5 – History of % increases, monthly rates, and average utility bill amounts
- Page 2 of 5 – Water Fund 20-Year Forecast with no bond issues and 5% annual increases
- Page 3 of 5 – Water Fund 20-Year Forecast with new bond issues and one 25% increase
- Page 4 of 5 – Water Fund 20-Year Forecast with new bond issues and multiple rate increase
- Page 5 of 5 – Environmental Fund (Sewer and Surface) showing 3 years of no increases

Summary

The Water Fund is designed to be a self-sustaining enterprise operation. However, many challenges exist and there is a history of community interest regarding utility rates. The forecasts provided in this report show that a 25 percent water rate increase in FY 2014 (along with no increases for sewer and surface) should be sufficient to fund a minimal level of debt service for water system improvement projects.

Attachments

City of West Linn
History of Utility Rate Increases and Average Utility Bill

	History of Utility Rate Increases and Average Utility Bill						Five Year Utility Rate Forecast				
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	effective July 1, 2006	effective July 1, 2007	effective July 1, 2008	effective July 1, 2009	effective July 1, 2010	effective July 1, 2011	effective July 1, 2012	effective July 1, 2013	effective July 1, 2014	effective July 1, 2015	effective July 1, 2016
PERCENTAGES											
Water	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	25.00%	5.00%	5.00%	5.00%
Sanitary Sewer - West Linn	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%				5.00%
Sanitary Sewer - TriCity	3.00%	3.00%	3.00%	3.00%	2.95%	8.10%	5.00%	5.00%	5.00%	5.00%	5.00%
Surface Water Management	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%				5.00%
Parks Maintenance	5.00%	5.00%	5.00%	10.20%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Street Maintenance	5.00%	5.00%	5.00%	15.40%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Overall weighted increase		4.45%	36.27%	6.22%	4.61%	5.65%	5.00%	8.95%	3.70%	3.73%	4.99%
MONTHLY RATES											
Water - base fee per month	\$ 12.56	\$ 13.19	\$ 13.85	\$ 14.54	\$ 15.27	\$ 16.03	\$ 16.83	\$ 21.04	\$ 22.09	\$ 23.19	\$ 24.35
Water - per CCF used	\$ 1.44	\$ 1.51	\$ 1.59	\$ 1.67	\$ 1.75	\$ 1.84	\$ 1.93	\$ 2.41	\$ 2.53	\$ 2.66	\$ 2.79
Sanitary Sewer - West Linn	\$ 11.00	\$ 11.55	\$ 12.13	\$ 12.74	\$ 13.38	\$ 14.05	\$ 14.75	\$ 14.75	\$ 14.75	\$ 14.75	\$ 15.49
Sanitary Sewer - TriCity	\$ 10.98	\$ 11.31	\$ 11.65	\$ 12.00	\$ 12.35	\$ 13.35	\$ 14.02	\$ 14.72	\$ 15.46	\$ 16.23	\$ 17.04
Surface Water Management	\$ 3.76	\$ 3.94	\$ 4.14	\$ 4.35	\$ 4.57	\$ 4.82	\$ 5.06	\$ 5.06	\$ 5.06	\$ 5.06	\$ 5.31
Parks Maintenance			\$ 8.80	\$ 9.70	\$ 10.19	\$ 10.70	\$ 11.24	\$ 11.80	\$ 12.39	\$ 13.01	\$ 13.66
Street Maintenance			\$ 4.40	\$ 5.08	\$ 5.34	\$ 5.61	\$ 5.89	\$ 6.18	\$ 6.49	\$ 6.81	\$ 7.15
AVERAGE UTILITY BILL (8 ccfs)											
Water - base fee per month	\$ 12.56	\$ 13.19	\$ 13.85	\$ 14.54	\$ 15.27	\$ 16.03	\$ 16.83	\$ 21.04	\$ 22.09	\$ 23.19	\$ 24.35
Water - per CCF used	1.44	1.51	1.59	1.67	1.75	1.84	1.93	2.41	2.53	2.66	2.79
Sub-total - water	14.00	14.70	15.44	16.21	17.02	17.87	18.76	23.45	24.62	25.85	27.14
Sanitary Sewer - West Linn	11.00	11.55	12.13	12.74	13.38	14.05	14.75	14.75	14.75	14.75	15.49
Sanitary Sewer - TriCity	10.98	11.31	11.65	12.00	12.35	13.35	14.02	14.72	15.46	16.23	17.04
Sub-total - sanitary sewer	21.98	22.86	23.78	24.74	25.73	27.40	28.77	29.47	30.21	30.98	32.53
Surface Water Management	3.76	3.94	4.14	4.35	4.57	4.82	5.06	5.06	5.06	5.06	5.31
Parks Maintenance			8.80	9.70	10.19	10.70	11.24	11.80	12.39	13.01	13.66
Street Maintenance			4.40	5.08	5.34	5.61	5.89	6.18	6.49	6.81	7.15
Total monthly Utility Bill (avg)	\$ 39.74	\$ 41.51	\$ 56.56	\$ 60.08	\$ 62.85	\$ 66.40	\$ 69.72	\$ 75.96	\$ 78.77	\$ 81.71	\$ 85.79
Overall increase		4.45%	36.27%	6.22%	4.61%	5.65%	5.00%	8.95%	3.70%	3.73%	4.99%

City of West Linn
Water Fund
(amounts in thousands)

Water Fund
(amounts in thousands)

	ACTUALS					PROJECTED																					
	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	
Resources																											
Beginning fund balance	\$655	\$906	\$820	\$620	\$468	\$695	\$845	\$1,039	\$928	\$862	\$849	\$893	\$748	\$666	\$651	\$860	\$1,144	\$908	\$756	\$694	\$727	\$860	\$900	\$1,053	\$1,324	\$1,721	
Water charges - base	2,780	2,449	2,807	2,763	2,773	2,902	3,047	3,200	3,361	3,530	3,707	3,893	4,089	4,294	4,510	4,736	4,974	5,224	5,486	5,761	6,050	6,353	6,672	7,007	7,358	7,728	0.02%
Water charges - rate increases	146	129	148	145	129	145	152	160	168	176	185	195	204	215	225	237	249	261	274	288	302	318	334	350	368	386	5.00%
Interest	20	25	85	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.00%
Miscellaneous	(269)	35	57	61	99	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	2.00%
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Debt proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers from other funds	80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total revenues	2,757	2,638	3,097	2,970	3,001	3,087	3,240	3,402	3,572	3,750	3,937	4,135	4,342	4,560	4,788	5,028	5,280	5,544	5,821	6,112	6,417	6,738	7,075	7,428	7,799	8,189	
Total Resources	\$3,412	\$3,544	\$3,917	\$3,590	\$3,469	\$3,782	\$4,085	\$4,441	\$4,500	\$4,612	\$4,786	\$5,028	\$5,090	\$5,226	\$5,439	\$5,888	\$6,424	\$6,452	\$6,577	\$6,806	\$7,144	\$7,598	\$7,975	\$8,481	\$9,123	\$9,910	
Requirements																											
Personal services	\$580	\$596	\$510	\$580	\$522	\$530	\$542	\$564	\$587	\$610	\$634	\$659	\$685	\$712	\$740	\$770	\$801	\$833	\$866	\$901	\$937	\$974	\$1,013	\$1,054	\$1,096	\$1,140	4.00%
Materials & services	1,206	1,234	1,249	1,313	1,298	1,400	1,470	1,544	1,621	1,702	1,787	1,876	1,970	2,069	2,172	2,281	2,395	2,515	2,641	2,773	2,912	3,058	3,211	3,372	3,541	3,718	5.00%
Debt service - existing	150	151	153	153	149	150	150	150	154	153	152	152	152	paid off	Scheduled												
Debt service - new issues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Scheduled
Transfers to other funds	561	617	1,027	686	743	657	684	705	726	748	770	793	817	842	867	893	920	948	976	1,005	1,035	1,066	1,098	1,131	1,165	1,200	3.00%
Capital outlay																											
Scheduled & emergencies	9	126	358	390	62	200	200	200	200	200	200	400	400	400	400	400	600	600	600	600	600	600	600	600	600	600	Estimated
Annual maintenance	-	-	-	-	-	-	-	175	175	175	175	200	200	200	200	200	400	400	400	400	400	500	500	500	500	500	Estimated
Deferred maintenance	-	-	-	-	-	-	-	175	175	175	175	200	200	200	200	200	400	400	400	400	400	500	500	500	500	500	Estimated
Total expenditures	2,506	2,724	3,297	3,122	2,774	2,937	3,046	3,513	3,638	3,763	3,893	4,280	4,424	4,575	4,579	4,744	5,516	5,696	5,883	6,079	6,284	6,698	6,922	7,157	7,402	7,658	
Ending Fund Balance																											
Policy requirement (15%)	117	124	113	133	122	139	151	165	180	196	212	228	245	417	437	458	479	502	526	551	577	605	634	664	696	729	
Reserve for debt service (inc.	151	151	151	151	151	151	151	151	151	151	151	152	153	-	-	-	-	-	-	-	-	-	-	-	-	-	
Over (under) Policy	638	545	356	184	422	555	737	612	531	502	530	368	268	234	423	686	429	254	168	176	283	295	419	660	1,025	1,523	
Total ending fund balance	906	820	620	468	695	845	1,039	928	862	849	893	748	666	651	860	1,144	908	756	694	727	860	900	1,053	1,324	1,721	2,252	
Total Requirements	\$3,412	\$3,544	\$3,917	\$3,590	\$3,469	\$3,782	\$4,085	\$4,441	\$4,500	\$4,612	\$4,786	\$5,028	\$5,090	\$5,226	\$5,439	\$5,888	\$6,424	\$6,452	\$6,577	\$6,806	\$7,144	\$7,598	\$7,975	\$8,481	\$9,123	\$9,910	
Utility Rate Information:																											
% water rate increases	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	
Water portion of average bill	\$ 14	\$ 15	\$ 15	\$ 16	\$ 17	\$ 18	\$ 19	\$ 20	\$ 21	\$ 22	\$ 23	\$ 24	\$ 25	\$ 26	\$ 28	\$ 29	\$ 31	\$ 32	\$ 34	\$ 35	\$ 37	\$ 39	\$ 41	\$ 43	\$ 45	\$ 47	
Total average utility bill	\$ 40	\$ 42	\$ 57	\$ 60	\$ 63	\$ 66	\$ 69	\$ 73	\$ 77	\$ 80	\$ 84	\$ 89	\$ 93	\$ 98	\$ 103	\$ 108	\$ 113	\$ 119	\$ 125	\$ 131	\$ 138	\$ 144	\$ 152	\$ 159	\$ 167	\$ 176	
Bond Covenant Information:																											
Coverage Ratio (130% min)	417%	160%	202%	256%	285%	333%	363%	393%	414%	451%	491%	531%	572%	616%	-	-	-	-	-	-	-	-	-	-	-	-	
Reserves (Max Annual DS)	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 152	\$ 153	-	-	-	-	-	-	-	-	-	-	-	-	-	

City of West Linn
Water Fund
(amounts in thousands)

Water Fund
(amounts in thousands)

	ACTUALS					PROJECTED																					
	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	
Resources																											
Beginning fund balance	\$655	\$906	\$820	\$620	\$468	\$695	\$845	\$1,039	\$5,968	\$974	\$1,067	\$1,253	\$1,287	\$1,123	\$1,067	\$1,278	\$1,609	\$1,467	\$1,159	\$993	\$977	\$1,119	\$1,229	\$1,216	\$1,389	\$1,759	
Water charges - base	2,780	2,449	2,807	2,763	2,773	\$2,902	3,047	3,200	4,001	4,202	4,413	4,635	4,868	5,112	5,369	5,638	5,921	6,218	6,530	6,857	7,201	7,563	7,943	8,342	8,761	9,201	0.02%
Water charges - rate increases	146	129	148	145	129	145	152	800	200	210	221	232	243	256	268	282	296	311	326	343	360	378	397	417	438	460	5.00%
Interest	20	25	85	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.00%
Miscellaneous	(269)	35	57	61	99	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	2.00%
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Debt proceeds	-	-	-	-	-	-	-	10,000	-	-	-	-	5,000	-	-	-	-	5,000	-	-	-	-	5,000	-	-	-	
Transfers from other funds	80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total revenues	2,757	2,638	3,097	2,970	3,001	3,087	3,240	14,042	4,244	4,456	4,679	4,914	10,160	5,419	5,690	5,975	6,274	11,588	6,917	7,263	7,626	8,008	13,409	8,830	9,272	9,736	
Total Resources	\$3,412	\$3,544	\$3,917	\$3,590	\$3,469	\$3,782	\$4,085	\$15,081	\$10,212	\$5,430	\$5,746	\$6,167	\$11,447	\$6,542	\$6,757	\$7,253	\$7,883	\$13,055	\$8,076	\$8,256	\$8,603	\$9,127	\$14,638	\$10,046	\$10,661	\$11,495	
Requirements																											
Personal services	\$580	\$596	\$510	\$580	\$522	\$530	\$542	\$564	\$587	\$610	\$634	\$659	\$685	\$712	\$740	\$770	\$801	\$833	\$866	\$901	\$937	\$974	\$1,013	\$1,054	\$1,096	\$1,140	4.00%
Materials & services	1,206	1,234	1,249	1,313	1,298	1,400	1,470	1,544	1,621	1,702	1,787	1,876	1,970	2,069	2,172	2,281	2,395	2,515	2,641	2,773	2,912	3,058	3,211	3,372	3,541	3,718	5.00%
Debt service - existing	150	151	153	153	149	150	150	150	154	153	152	152	152	paid off	paid off	paid off	paid off	paid off	paid off	paid off	paid off	paid off	Scheduled				
Debt service - FY14 Rev Bonds	-	-	-	-	-	-	-	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	Scheduled
Debt service - others	-	-	-	-	-	-	-	-	-	-	-	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	Scheduled
Transfers to other funds	561	617	1,027	686	743	657	684	705	726	748	770	793	817	842	867	893	920	948	976	1,005	1,035	1,066	1,098	1,131	1,165	1,200	3.00%
Capital outlay																											
Scheduled & emergencies	9	126	358	390	62	200	200	200	200	200	400	400	400	400	400	400	600	600	600	600	600	600	600	600	600	600	Estimated
Bond projects	-	-	-	-	-	-	-	5,000	5,000	-	-	-	5,000	-	-	-	-	5,000	-	-	-	-	5,000	-	-	-	Estimated
Annual maintenance	-	-	-	-	-	-	-	175	175	175	175	200	200	200	200	200	400	400	400	400	400	500	500	500	500	500	Estimated
Deferred maintenance	-	-	-	-	-	-	-	175	175	175	175	200	200	200	200	200	400	400	400	400	400	400	500	500	500	500	Estimated
Total expenditures	2,506	2,724	3,297	3,122	2,774	2,937	3,046	9,113	9,238	4,363	4,493	4,880	10,324	5,475	5,479	5,644	6,416	11,896	7,083	7,279	7,484	7,898	13,422	8,657	8,902	9,158	
Ending Fund Balance																											
Policy requirement (15%)	117	124	113	133	122	139	152	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reserve for debt service (inc.	151	151	151	151	151	151	150	750	754	753	752	752	1,052	1,052	900	900	900	1,200	1,200	1,200	1,200	1,200	1,500	1,500	1,500	1,500	
Over (under) Policy	638	545	356	184	422	555	737	5,218	220	314	501	535	71	15	378	709	567	(41)	(207)	(223)	(81)	29	(284)	(111)	259	837	
Total ending fund balance	906	820	620	468	695	845	1,039	5,968	974	1,067	1,253	1,287	1,123	1,067	1,278	1,609	1,467	1,159	993	977	1,119	1,229	1,216	1,389	1,759	2,337	
Total Requirements	\$3,412	\$3,544	\$3,917	\$3,590	\$3,469	\$3,782	\$4,085	\$15,081	\$10,212	\$5,430	\$5,746	\$6,167	\$11,447	\$6,542	\$6,757	\$7,253	\$7,883	\$13,055	\$8,076	\$8,256	\$8,603	\$9,127	\$14,638	\$10,046	\$10,661	\$11,495	
Utility Rate Information:																											
% water rate increases	5%	5%	5%	5%	5%	5%	5%	25%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	
Water portion of average bill	\$ 14	\$ 15	\$ 15	\$ 16	\$ 17	\$ 18	\$ 19	\$ 23	\$ 25	\$ 26	\$ 27	\$ 28	\$ 30	\$ 31	\$ 33	\$ 35	\$ 36	\$ 38	\$ 40	\$ 42	\$ 44	\$ 46	\$ 49	\$ 51	\$ 54	\$ 56	
Total average utility bill	\$ 40	\$ 42	\$ 57	\$ 60	\$ 63	\$ 66	\$ 69	\$ 87	\$ 91	\$ 96	\$ 101	\$ 106	\$ 111	\$ 116	\$ 122	\$ 128	\$ 135	\$ 141	\$ 148	\$ 156	\$ 164	\$ 172	\$ 180	\$ 190	\$ 199	\$ 209	
Bond Covenant Information:																											
Coverage Ratio (130% min)	417%	160%	202%	256%	285%	333%	363%	1497%	174%	185%	198%	211%	636%	171%	212%	226%	240%	608%	203%	215%	229%	243%	539%	218%	231%	245%	
Reserves (Max Annual DS)	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 150	\$ 750	\$ 754	\$ 753	\$ 752	\$ 752	\$ 1,052	\$ 1,052	\$ 900	\$ 900	\$ 900	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	

City of West Linn
Water Fund
(amounts in thousands)

Water Fund
(amounts in thousands)

	ACTUALS					PROJECTED																					
	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	
Resources																											
Beginning fund balance	\$655	\$906	\$820	\$620	\$468	\$695	\$845	\$1,039	\$5,872	\$777	\$764	\$838	\$754	\$941	\$980	\$1,018	\$894	\$1,094	\$1,145	\$1,356	\$1,374	\$1,190	\$1,319	\$1,326	\$1,520	\$1,473	
Water charges - base	2,780	2,449	2,807	2,763	2,773	\$2,902	3,047	3,200	3,905	4,101	4,307	4,523	4,750	5,463	5,464	5,465	5,466	6,560	6,889	7,234	7,235	7,236	7,962	8,362	8,782	8,784	0.02%
Water charges - rate increases	146	129	148	145	129	145	152	704	195	205	215	226	712	-	-	-	1,093	328	344	-	-	724	398	418	-	-	5.00%
Interest	20	25	85	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.00%
Miscellaneous	(269)	35	57	61	99	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	2.00%
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Debt proceeds	-	-	-	-	-	-	-	10,000	-	-	-	-	5,000	-	-	-	-	5,000	-	-	-	-	5,000	-	-	-	
Transfers from other funds	80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total revenues	2,757	2,638	3,097	2,970	3,001	3,087	3,240	13,946	4,143	4,350	4,567	4,796	10,511	5,514	5,517	5,520	6,616	11,947	7,294	7,297	7,300	8,027	13,429	8,851	8,855	8,859	
Total Resources	\$3,412	\$3,544	\$3,917	\$3,590	\$3,469	\$3,782	\$4,085	\$14,985	\$10,015	\$5,127	\$5,331	\$5,634	\$11,265	\$6,455	\$6,497	\$6,538	\$7,510	\$13,041	\$8,439	\$8,653	\$8,674	\$9,217	\$14,748	\$10,177	\$10,375	\$10,332	
Requirements																											
Personal services	\$580	\$596	\$510	\$580	\$522	\$530	\$542	\$564	\$587	\$610	\$634	\$659	\$685	\$712	\$740	\$770	\$801	\$833	\$866	\$901	\$937	\$974	\$1,013	\$1,054	\$1,096	\$1,140	4.00%
Materials & services	1,206	1,234	1,249	1,313	1,298	1,400	1,470	1,544	1,621	1,702	1,787	1,876	1,970	2,069	2,172	2,281	2,395	2,515	2,641	2,773	2,912	3,058	3,211	3,372	3,541	3,718	5.00%
Debt service - existing	150	151	153	153	149	150	150	150	154	153	152	152	152	paid off	paid off	paid off	paid off	paid off	paid off	paid off	paid off	paid off	Scheduled				
Debt service - FY14 Rev Bonds	-	-	-	-	-	-	-	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	Scheduled
Debt service - others	-	-	-	-	-	-	-	-	-	-	-	300	300	300	300	300	300	600	600	600	600	600	900	900	900	900	Scheduled
Transfers to other funds	561	617	1,027	686	743	657	684	705	726	748	770	793	817	842	867	893	920	948	976	1,005	1,035	1,066	1,098	1,131	1,165	1,200	3.00%
Capital outlay																											
Scheduled & emergencies	9	126	358	390	62	200	200	200	200	200	400	400	400	400	400	400	600	600	600	600	600	600	600	600	600	600	Estimated
Bond projects	-	-	-	-	-	-	-	5,000	5,000	-	-	-	5,000	-	-	-	-	5,000	-	-	-	-	5,000	-	-	-	Estimated
Annual maintenance	-	-	-	-	-	-	-	175	175	175	175	200	200	200	200	200	400	400	400	400	400	500	500	500	500	500	Estimated
Deferred maintenance	-	-	-	-	-	-	-	175	175	175	175	200	200	200	200	200	400	400	400	400	400	500	500	500	500	500	Estimated
Total expenditures	2,506	2,724	3,297	3,122	2,774	2,937	3,046	9,113	9,238	4,363	4,493	4,880	10,324	5,475	5,479	5,644	6,416	11,896	7,083	7,279	7,484	7,898	13,422	8,657	8,902	9,158	
Ending Fund Balance																											
Policy requirement (15%)	117	124	113	133	122	139	152	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reserve for debt service (inc.	151	151	151	151	151	151	150	750	754	753	752	1,052	1,052	900	900	900	1,200	1,200	1,200	1,200	1,200	1,500	1,500	1,500	1,500		
Over (under) Policy	638	545	356	184	422	555	737	5,122	23	11	86	2	(111)	(72)	118	(6)	194	(55)	156	174	(10)	119	(174)	20	(27)	(326)	
Total ending fund balance	906	820	620	468	695	845	1,039	5,872	777	764	838	754	941	980	1,018	894	1,094	1,145	1,356	1,374	1,190	1,319	1,326	1,520	1,473	1,174	
Total Requirements	\$3,412	\$3,544	\$3,917	\$3,590	\$3,469	\$3,782	\$4,085	\$14,985	\$10,015	\$5,127	\$5,331	\$5,634	\$11,265	\$6,455	\$6,497	\$6,538	\$7,510	\$13,041	\$8,439	\$8,653	\$8,674	\$9,217	\$14,748	\$10,177	\$10,375	\$10,332	
Utility Rate Information:																											
% water rate increases	5%	5%	5%	5%	5%	5%	5%	22%	5%	5%	5%	5%	15%				20%	5%	5%			10%	5%	5%			
Water portion of average bill	\$ 14	\$ 15	\$ 15	\$ 16	\$ 17	\$ 18	\$ 19	\$ 23	\$ 24	\$ 25	\$ 26	\$ 28	\$ 32	\$ 32	\$ 32	\$ 32	\$ 38	\$ 40	\$ 42	\$ 42	\$ 42	\$ 47	\$ 49	\$ 51	\$ 51	\$ 51	
Total average utility bill	\$ 40	\$ 42	\$ 57	\$ 60	\$ 63	\$ 66	\$ 69	\$ 85	\$ 89	\$ 93	\$ 98	\$ 103	\$ 118	\$ 118	\$ 118	\$ 118	\$ 142	\$ 149	\$ 157	\$ 157	\$ 157	\$ 172	\$ 181	\$ 190	\$ 190	\$ 190	
Bond Covenant Information:																											
Coverage Ratio (130% min)	417%	160%	202%	256%	285%	333%	363%	1484%	160%	171%	183%	195%	669%	180%	193%	175%	278%	638%	234%	218%	201%	244%	540%	220%	204%	187%	
Reserves (Max Annual DS)	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 150	\$ 750	\$ 754	\$ 753	\$ 752	\$ 752	\$ 1,052	\$ 1,052	\$ 900	\$ 900	\$ 900	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500		

City of West Linn
Environmental Services Fund
(amounts in thousands)

Environmental Services Fund
(amounts in thousands)

	ACTUALS					PROJECTED																						
	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32		
Resources																												
Beginning fund balance	\$1,719	\$2,061	\$2,009	\$2,376	\$2,765	\$3,054	\$3,084	\$3,256	\$2,585	\$2,443	\$2,228	\$2,067	\$1,962	\$1,667	\$1,436	\$1,274	\$1,185	\$1,175	\$1,248	\$1,410	\$1,667	\$1,223	\$885	\$659	\$553	\$574		
Sewer charges - base	1,549	1,341	1,686	1,551	1,625	1,714	1,800	1,890	1,890	1,890	1,890	1,985	2,084	2,188	2,297	2,412	2,534	2,662	2,796	2,937	3,085	3,240	3,403	3,574	3,754	3,943	0.02%	
Sewer charges - rate increases	81	71	89	82	89	86	90	-	-	-	95	99	104	109	115	121	127	133	140	147	154	162	170	179	188	197	5.00%	
Surface water - base	533	485	534	563	599	627	658	691	691	691	691	726	762	800	840	882	926	972	1,021	1,072	1,126	1,182	1,241	1,303	1,368	1,436	0.02%	
Surface water - rate increases	28	26	28	30	28	31	33	-	-	-	35	36	38	40	42	44	46	49	51	54	56	59	62	65	68	72	5.00%	
Interest	90	84	104	6	3	90	84	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3.00%	
Miscellaneous	35	65	67	80	105	77	79	81	83	85	87	89	91	93	95	97	99	101	103	105	107	109	111	113	115	117	2.00%	
Intergovernmental	-	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Licenses and permits	36	26	48	56	54	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	2.00%	
Debt proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Transfers from other funds	106	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total revenues	2,458	2,104	2,556	2,368	2,503	2,589	2,715	2,718	2,721	2,724	2,857	2,996	3,142	3,295	3,456	3,625	3,803	3,990	4,186	4,392	4,607	4,833	5,070	5,319	5,580	5,854		
Total Resources	\$4,177	\$4,165	\$4,565	\$4,744	\$5,268	\$5,643	\$5,799	\$5,974	\$5,306	\$5,167	\$5,085	\$5,063	\$5,104	\$4,962	\$4,892	\$4,899	\$4,988	\$5,165	\$5,434	\$5,802	\$6,274	\$6,056	\$5,955	\$5,978	\$6,133	\$6,428		
Requirements																												
Personal services	\$796	\$718	\$638	\$463	\$476	\$515	\$537	\$558	\$580	\$603	\$627	\$652	\$678	\$705	\$733	\$762	\$792	\$824	\$857	\$891	\$927	\$964	\$1,003	\$1,043	\$1,085	\$1,128	4.00%	
Materials & services	266	315	343	248	229	299	314	330	347	364	382	401	421	442	464	487	511	537	564	592	622	653	686	720	756	794	5.00%	
Debt service	-	-	-	-	-	-	-	-	-	-	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15	Scheduled	
Transfers to other funds	775	1,019	932	1,051	1,119	1,070	1,117	1,151	1,186	1,222	1,259	1,297	1,336	1,376	1,417	1,460	1,504	1,549	1,595	1,643	1,692	1,743	1,795	1,849	1,904	1,961	3.00%	
Capital outlay																												
Scheduled & emergencies	279	104	276	217	390	500	400	1,000	400	400	400	600	600	600	600	600	600	600	600	600	1,000	1,000	1,000	1,000	1,000	1,000	3.00%	
Annual maintenance	-	-	-	-	-	175	175	175	175	175	175	175	200	200	200	200	200	200	200	200	200	400	400	400	400	400	400	Estimated
Deferred maintenance	-	-	-	-	-	-	-	175	175	175	175	175	200	200	200	200	200	200	200	200	400	400	400	400	400	400	400	Estimated
Total expenditures	2,116	2,156	2,189	1,979	2,214	2,559	2,543	3,389	2,863	2,939	3,018	3,101	3,437	3,526	3,618	3,714	3,813	3,917	4,024	4,135	5,051	5,171	5,296	5,425	5,559	5,698		
Ending Fund Balance																												
Policy requirement (15%)	159	155	147	107	106	122	128	133	139	145	151	158	165	172	180	187	195	204	213	222	232	243	253	264	276	288		
Over (under) Policy	1,902	1,854	2,229	2,658	2,948	2,962	3,128	2,452	2,304	2,083	1,916	1,804	1,502	1,264	1,094	998	980	1,044	1,197	1,445	991	642	406	289	298	442		
Total ending fund balance	2,061	2,009	2,376	2,765	3,054	3,084	3,256	2,585	2,443	2,228	2,067	1,962	1,667	1,436	1,274	1,185	1,175	1,248	1,410	1,667	1,223	885	659	553	574	730		
Total Requirements	\$4,177	\$4,165	\$4,565	\$4,744	\$5,268	\$5,643	\$5,799	\$5,974	\$5,306	\$5,167	\$5,085	\$5,063	\$5,104	\$4,962	\$4,892	\$4,899	\$4,988	\$5,165	\$5,434	\$5,802	\$6,274	\$6,056	\$5,955	\$5,978	\$6,133	\$6,428		
Utility Rate Information:																												
% sewer rate increases	5%	5%	5%	5%	5%	5%	5%			5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%		
Sewer portion of average bill	\$ 22	\$ 23	\$ 24	\$ 25	\$ 26	\$ 27	\$ 28	\$ 28	\$ 28	\$ 29	\$ 31	\$ 32	\$ 34	\$ 36	\$ 37	\$ 39	\$ 41	\$ 43	\$ 46	\$ 48	\$ 50	\$ 53	\$ 55	\$ 58	\$ 61	5%		
% surface rate increases	5%	5%	5%	5%	5%	5%	5%			5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%		
Surface portion of average bill	\$ 4	\$ 4	\$ 4	\$ 4	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 6	\$ 6	\$ 6	\$ 6	\$ 7	\$ 7	\$ 7	\$ 8	\$ 8	\$ 9	\$ 9	\$ 10	\$ 10	\$ 10	\$ 11	5%		
Total average utility bill	\$ 40	\$ 42	\$ 57	\$ 60	\$ 63	\$ 66	\$ 69	\$ 87	\$ 91	\$ 96	\$ 101	\$ 106	\$ 111	\$ 116	\$ 122	\$ 128	\$ 135	\$ 141	\$ 148	\$ 156	\$ 164	\$ 172	\$ 180	\$ 190	\$ 199	\$ 209		

City of West Linn
Water Fund
(amounts in thousands)

Water Fund
(amounts in thousands)

	ACTUALS					PROJECTED																					
	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	
Resources																											
Beginning fund balance	\$655	\$906	\$820	\$620	\$468	\$695	\$845	\$1,039	\$1,083	\$1,196	\$1,388	\$1,664	\$1,803	\$1,941	\$2,075	\$2,357	\$2,630	\$2,492	\$2,340	\$2,172	\$1,984	\$1,890	\$1,796	\$1,808	\$1,931	\$2,172	
Water charges - base	2,780	2,449	2,807	2,763	2,773	2,902	3,047	3,200	3,841	4,034	4,237	4,450	4,673	4,814	4,959	5,109	5,263	5,422	5,586	5,755	5,929	6,226	6,538	6,866	7,210	7,572	0.02%
Water charges - rate increases	146	129	148	145	129	145	129	640	192	202	212	222	140	144	149	153	158	163	168	173	296	311	327	343	360	379	5.00%
Interest	20	25	85	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.00%
Miscellaneous	(269)	35	57	61	99	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	2.00%
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from other funds	80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	2,757	2,638	3,097	2,970	3,001	3,087	3,240	3,882	4,076	4,280	4,494	4,719	4,862	5,009	5,161	5,317	5,478	5,644	5,815	5,991	6,290	6,604	6,934	7,280	7,643	8,026	
Total Resources	\$3,412	\$3,544	\$3,917	\$3,590	\$3,469	\$3,782	\$4,085	\$4,921	\$5,159	\$5,476	\$5,882	\$6,383	\$6,665	\$6,950	\$7,236	\$7,674	\$8,108	\$8,136	\$8,155	\$8,163	\$8,274	\$8,494	\$8,730	\$9,088	\$9,574	\$10,198	
Requirements																											
Personal services	\$580	\$596	\$510	\$580	\$522	\$530	\$542	\$564	\$587	\$610	\$634	\$659	\$685	\$712	\$740	\$770	\$801	\$833	\$866	\$901	\$937	\$974	\$1,013	\$1,054	\$1,096	\$1,140	4.00%
Materials & services	1,206	1,234	1,249	1,313	1,298	1,400	1,470	1,544	1,621	1,702	1,787	1,876	1,970	2,069	2,172	2,281	2,395	2,515	2,641	2,773	2,912	3,058	3,211	3,372	3,541	3,718	5.00%
Debt service - existing	150	151	153	153	149	150	150	150	154	153	152	152	152	152	paid off	Scheduled											
Debt service - new issues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Scheduled
Transfers to other funds	561	617	1,027	686	743	657	684	705	726	748	770	793	817	842	867	893	920	948	976	1,005	1,035	1,066	1,098	1,131	1,165	1,200	3.00%
Capital outlay																											
Scheduled & emergencies	9	126	358	390	62	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	Estimated
Annual maintenance	-	-	-	-	-	-	-	175	175	175	175	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	Estimated
Water Line Replacement	-	-	-	-	-	-	-	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	Estimated
Total expenditures	2,506	2,724	3,297	3,122	2,774	2,937	3,046	3,838	3,963	4,088	4,218	4,580	4,724	4,875	4,879	5,044	5,616	5,796	5,983	6,179	6,384	6,698	6,922	7,157	7,402	7,658	
Ending Fund Balance																											
Policy requirement (15%)	117	124	113	133	122	139	151	165	180	196	212	228	245	417	437	458	479	502	526	551	577	605	634	664	696	729	
Reserve for debt service (inc.)	151	151	151	151	151	151	151	151	151	151	151	152	153	-	-	-	-	-	-	-	-	-	-	-	-	-	
Over (under) Policy	638	545	356	184	422	555	737	767	865	1,041	1,301	1,423	1,543	1,658	1,920	2,172	2,013	1,838	1,646	1,433	1,313	1,191	1,174	1,267	1,476	1,811	
Total ending fund balance	906	820	620	468	695	845	1,039	1,083	1,196	1,388	1,664	1,803	1,941	2,075	2,357	2,630	2,492	2,340	2,172	1,984	1,890	1,796	1,808	1,931	2,172	2,540	
Total Requirements	\$3,412	\$3,544	\$3,917	\$3,590	\$3,469	\$3,782	\$4,085	\$4,921	\$5,159	\$5,476	\$5,882	\$6,383	\$6,665	\$6,950	\$7,236	\$7,674	\$8,108	\$8,136	\$8,155	\$8,163	\$8,274	\$8,494	\$8,730	\$9,088	\$9,574	\$10,198	
Utility Rate Information:																											
% water rate increases	5%	5%	5%	5%	5%	5%	5%	20%	5%	5%	5%	5%	5%	3%	3%	3%	3%	3%	3%	3%	5%	5%	5%	5%	5%	5%	
Water portion of average bill	\$ 14	\$ 15	\$ 15	\$ 16	\$ 17	\$ 18	\$ 19	\$ 22	\$ 24	\$ 25	\$ 26	\$ 27	\$ 28	\$ 29	\$ 30	\$ 31	\$ 32	\$ 33	\$ 34	\$ 35	\$ 36	\$ 38	\$ 40	\$ 42	\$ 44	\$ 46	
Total average utility bill	\$ 40	\$ 42	\$ 57	\$ 60	\$ 63	\$ 66	\$ 69	\$ 83	\$ 88	\$ 92	\$ 96	\$ 101	\$ 104	\$ 107	\$ 111	\$ 114	\$ 117	\$ 121	\$ 125	\$ 128	\$ 135	\$ 141	\$ 149	\$ 156	\$ 164	\$ 172	
Bond Covenant Information:																											
Coverage Ratio (130% min)	417%	160%	202%	256%	285%	333%	363%	713%	742%	797%	857%	915%	914%	912%	-	-	-	-	-	-	-	-	-	-	-	-	
Reserves (Max Annual DS)	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 151	\$ 152	\$ 153	-	-	-	-	-	-	-	-	-	-	-	-	-	