



*Where Life is Sweet*

Mayor and Members of the City Council  
**STAFF REPORT**  
For the Meeting of August 28, 2023

**Title/Subject**

Resolution 2287- Temporary water and wastewater service agreement with Amazon Data Services, Inc. (ADS).

**Summary and Background**

This agreement outlines the rights and responsibilities of the City and ADS with regard to two components of utility services provided to ADS data center campuses along Feedville Road within Hermiston City Limits. Specifically, it provides for the temporary provision of potable water for cooling, and it provides for the permanent acceptance of a minor component of the operations discharge water.

Potable Water/Cooling Water- It is very important to recognize the temporary nature of the potable water agreement. This agreement calls for the City to provide ADS with potable water in volumes up to 1,400 Gallons Per Minute only through January, 2025. After that time, ADS will permanently receive all of its cooling water via the Port of Umatilla's water rights through the Regional Water System. There are numerous inter-related reasons why this has been structured this way, but the simplest explanation is that ADS needs some cooling water by September, 2023, there is unused capacity available through the City which can meet that timeline, but long-term it is best for all involved to have the permanent supply come from the Port's non-potable water right. Therefore, this agreement has no permanent impact on the City of Hermiston's available water rights from the Columbia River.

This arrangement is a significant 'win-win' for ADS as well as the City's water utility customers. In order to meet ADS' September, 2023 deadline, they are paying to extend a new City-owned potable water main approximately 1.5 miles, which will be used to serve them through January, 2025. After that time, this new section will be abandoned by ADS, and made available for general City use, which completes a major new connection between the Regional Water System and the City of Hermiston's water systems to enhance operational efficiency and redundancy.

Discharge/Sewer Water- This agreement also calls for the acceptance of a minor component of the operation's discharge water. It is important to recognize that this agreement does not allow for discharge of the facility's cooling water. The cooling water will be disposed of by a separate system which is not tied to the City's sanitary sewer system, and therefore will never impact the sewer treatment plant. The cooling water will be addressed by a separate

agreement in the future. This agreement only outlines acceptance of typical sewage for things like toilet flushing associated with employee usage, as well as the facility's "backwash water."

The backwash water will be generated as a result of flushing-out the facility's water treatment filters periodically, and is capped by this agreement at 28,000 gallons per day.

### **Tie-In to Council Goals**

Focus Area: Attract Industry & Jobs

### **Fiscal Information**

Despite the large potential numbers (1,400 Gallons Per Minute), it is important to understand that this will have a negligible fiscal impact on the utility funds.

First off, on the water supply side of things, it is only limited to, at most, 1.5 years at this point. Additionally, based on the speed to construction, the developments are not going to be fully built-out before the end of 1.5 years. Finally, the water demand from these developments is highly seasonal, so there may only be one building (out of four) operational by summer, 2024. Outside of that, the facility will pull very little of the theoretical maximum of 1,400 gallons per minute.

However, it is important to note that this agreement requires that the customer pay the same general rate for all water consumption as any other customer within the City. The only exception to that being that, due to the physical delivery of water, since it will be sourced from the Regional Water System, on the unlikely chance that the cost of the City Water Utility to purchase potable water from the RWS rises above the price that the City charges to its retail customers, then ADS will pay an amount equal to the cost of the City purchasing the water from the RWS.

On the wastewater side of things, although the agreement will cover permanent service, the fiscal impact will also be relatively minor. This agreement requires that the facility pay the same industrial rate as established for all customers within the City, and as such, it will actually have a meter installed for metering its discharge, and its consumption charge will therefore be updated monthly. At full build-out, it is anticipated that both campuses addressed by this agreement are likely to pay a combined amount of ~\$2,800 per month in the peak summer months, with a total annual amount paid to the City of approximately \$20,000 to \$30,000. This rate structure for industrial users, which requires metering and testing, ensures that the user pays for the amount of system capacity which they use, which, for comparison purposes, is equivalent to the addition of a 150 home subdivision.

### **Alternatives and Recommendation**

#### **Alternatives**

1. Approve the resolution.
2. Reject the resolution.
3. Amend the resolution.

#### **Recommended Action/Motion**

Approve the resolution.

**Submitted By:**

Mark Morgan