

City of Sandy

Portland Wholesale Water Agreement

Jenny Coker and Jeff Fuchs

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Purpose

1

Overview of future water agreement with Portland

2

Features of new agreement

3

Recommendation



Overview of Current Agreement

- Currently 19 wholesale customers (three with new water sources are leaving)
- Expires for Sandy in Sept 30, 2027*
- Expires for most others in June 2026
- 2020 - larger wholesale customers began working with Portland to revise the agreement (Tualatin, TVWD, Gresham, Rockwood, West Slope)
 - *Bilateral compliance date for treatment of cryptosporidium supersedes contract end date of May 2028





Overview of Current Agreement

Current Agreement had terms and conditions that most wholesale customers and Portland wanted to change

- Guaranteed minimum purchase
- Complicated terms and conditions
- Interruptible water
- Penalties for exceeding peak season and peak 3-day demands





New Wholesale Water Agreement Process

1. Establish “Guiding Principles”
2. Evaluate current agreement re: Guiding Principles
3. Develop rate model to address concerns
4. Develop terms and conditions for new Agreement
5. Final Negotiations and Legal Review
6. Adoption ← **we are here**





Guiding Principles

- Simple
- Predictable
- Sustainable
- Avoids Gaming
- Fair
- Promotes Mutual Trust
- Not Predetermined
- Flexible
- Aligns Risks
- Cost-of-Service Based
- Promotes Reliability
- Promotes Sustainable Natural Resources





Current Agreement vs New Agreement

Current Agreement	New Agreement
Guaranteed Minimum Purchase	Pay for what you use
19 cost pools to cover O&M cost	Four cost pools – East and West – smoother rate changes
Rate per CCF = \$1.38 (2027)	Rate per CCF = \$1.12 (2027)
Agreement seemed to favor Portland	Treats Portland as an equal in the agreement
Complicated to administer on all sides	Simpler terms
Challenging to predict seasonal water demands	Easier approach for determining rates
Groundwater was not available to Sandy	Able to access groundwater during emergencies
Shorter duration felt less stable	Longer duration and more predictable





Staff Recommends new Agreement

Benefits to Sandy

- Savings of 23% to sign on early FY27
- No minimum purchase
- Cost Pool Consolidation –pay for what we use
- Fair
- Access to groundwater
- Better terms and conditions for dispute resolution





Q&A

