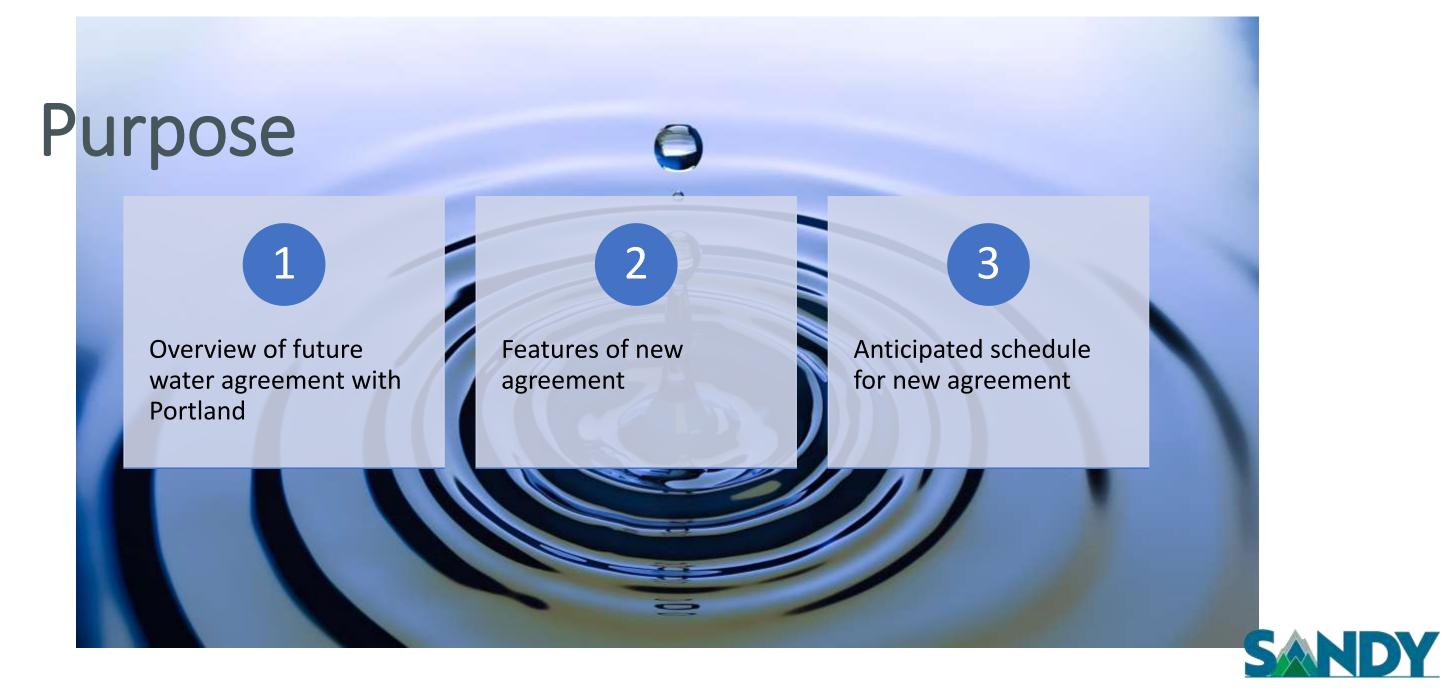
City of Sandy Public Works Council Work Session

Portland Wholesale Water Agreement

Jenny Coker and Jeff Fuchs July 6, 2023









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





Used Four Step Process to develop new Agreement

- Established "Guiding Principles" for good agreement
- Evaluate current agreement re: Guiding Principles
- Develop rate model to address concerns
- Develop terms and conditions for new Agreement

← 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 - volitile | Two cost pools – East and West – smoother rate changes |
| Rate per CCF = \$1.403 (2027) | Rate per CCF = \$1.777 (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 |





Next Steps and Schedule

term.

2023 - July through September June 2023 October November Legal review of final draft agreement Final agreement Review Schedule Elected Officials and Review comments Model Review Execute on draft agreement To dos: Communications Plan Boards buy-in Portland and Sandy to work on interim arrangement before filtration plant is completed. Portland and TVWD/Rockwood/Gresham to discuss backup service and other arrangements related to termination of current agreement (wheeling, etc). Portland and Lusted to discuss agreement









THANK YOU



