

Wholesale Water Contract with City of Portland

October 9th, 2023 | City Council Meeting



Introduction

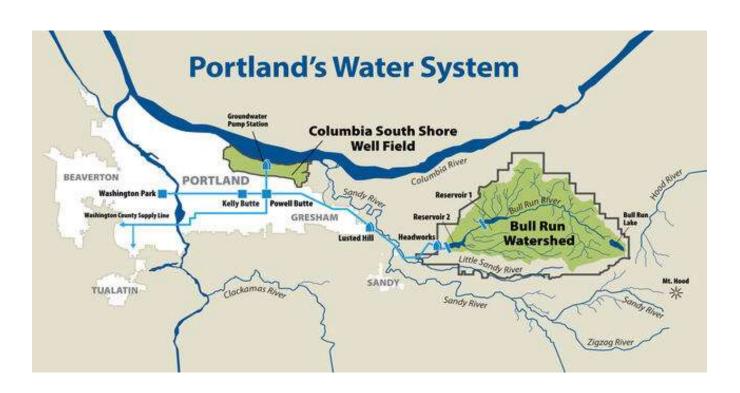
- Brief Background
- Contract Timeline how did we get here?
- Approach to a New Contract, Guiding Principles
- Key Outcomes and Components
- Questions and Feedback





Background – Water in Tualatin

- Tualatin has purchased water from Portland since 1979
- Flows from Bull Run nearly 60 miles to Tualatin
- Water purchase cost budgeted at \$3,328,000 for FY 23/24





How Did We Get Here?

- 2006: current contract with Portland is executed
- 2015: Tualatin City Council decides to pursue new contract with Portland
- 2016: three large wholesalers notify non-renewal
- 2020: wholesale group hires FCS, rate consultant, to guide new contract development
- 2020-present: contract development and negotiation in process
- 2026: current contract set to expire

New Contract - Guiding Principles

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



Tualatin's Approach

- Active participation from the start collaboration and partnership
- What are Tualatin's desired outcomes?
- Technical expertise acquired:
 - Josh Soper Beery, Elsner and Hammond
 - Harold Smith Raftelis
 - Jeff Fuchs Consor Engineering



Desired Outcomes and Key Components

- Paying for the Water we Use
 - Elimination of guaranteed minimum purchase quantity (GMPQ)
- Fairness, Non-Gaming
 - Interruptible water provision eliminated
- Stable, Predictable Rates
 - Cost pool consolidation
 - Washington County Supply Line



Desired Outcomes and Key Components

- Exit of Three Large Wholesalers
 - Costs don't go away because they're leaving
 - Surplus Capacity
- Continued Partnership, Regional Water Provision
 - Diversification of source is not penalized
 - Coordinated approach to emergencies
 - Resale of water permitted
 - Working Water Manager's Group (WWMG)



Next Steps

- A few outstanding items being worked through at a staff level between Tualatin and Portland
- Legal review and negotiation in early phases
- Return to Council for ultimate review and recommendation once 'final' draft is achieved
- Goal of approval in 2024



Feedback and Questions



