



# 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

