



Wholesale Water Contract with the City of Portland

March 25th, 2024 | City Council Meeting



Introduction

- **Brief Background and refresh from October 9th presentation**
- **What has happened since?**
- **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-January 2024:** contract development and negotiation
- **March 2024: Council authorization for contract execution**
- **2026:** current contract set to expire



What's Happened Since October?

- **Strategized and Prioritized with Technical Experts**
- **Legal Consultation**
 - *Arbitration language*
 - *Clarifying intent, specificity of language*
 - *Working Water Manager's Group*
 - *Sole discretion language*
- **Full legal review**
- **Negotiation meetings, communication with Portland**



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



Key Contract Outcomes

- **High Quality, Reliable, Long Term Water Supply**
 - Bull Run source secured
 - 30-year term
- **Stable and Predictable Rates**
 - Paying only for the water we use
 - Interruptible water provision eliminated

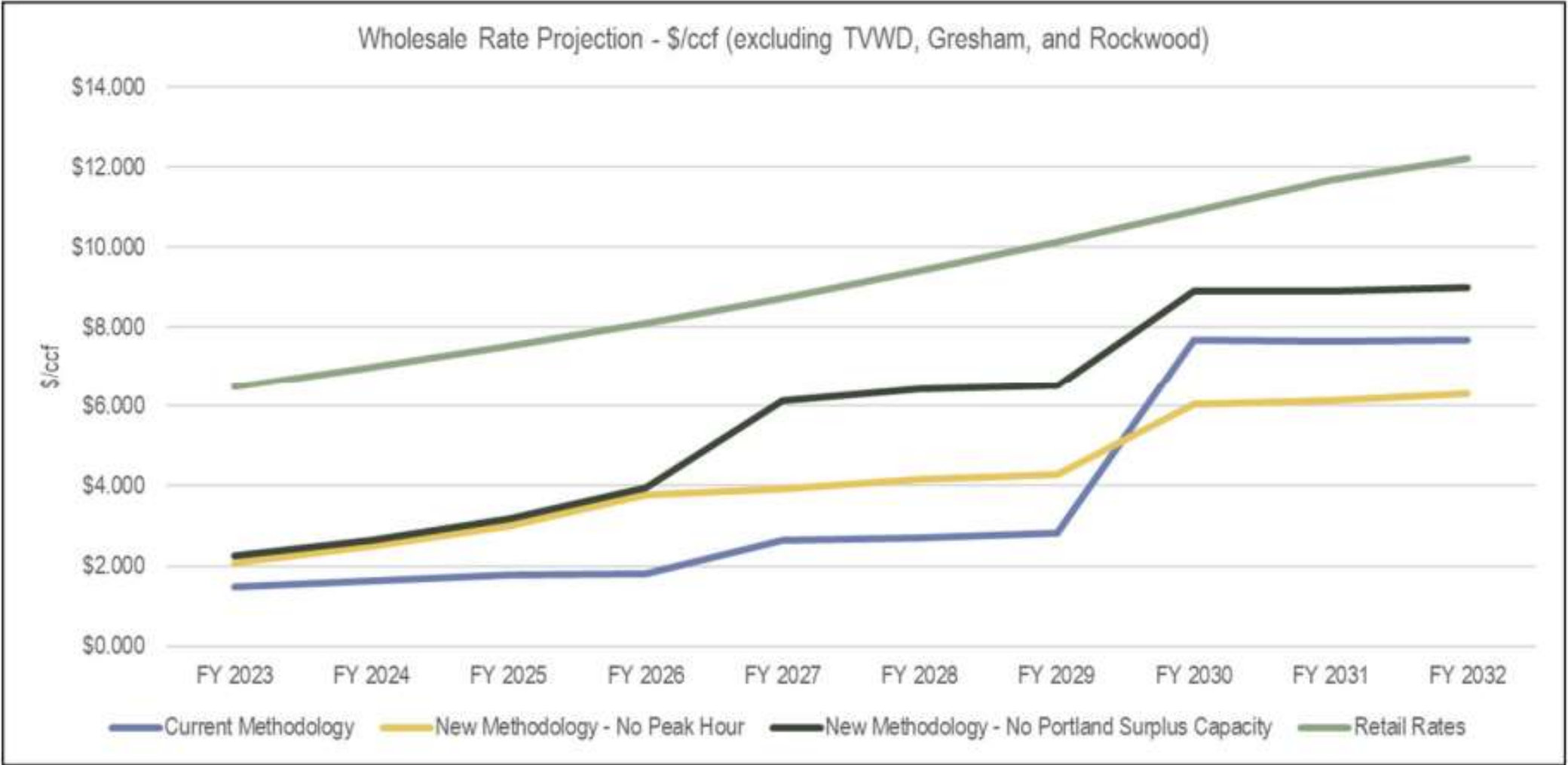


Key Contract Outcomes

- **Balanced Partnership, Regional Water Provision**
 - Working Water Manager's Group (WWMG)
 - Conflict Resolution
 - Diversification of source
 - Emergency coordination
- **Rooted in Fairness**
 - Washington County Supply Line
 - Cost pool consolidation
 - Surplus Capacity



Financial Impacts



Financial Impacts

Yes, Rates are Increasing

- **Tualatin projects**
 - Increasing demands
 - Aging infrastructure
 - Resiliency
- **Portland wholesale contract**
 - Large capital projects
 - Surplus capacity



Water Master Plan accounted for costs within the proposed Portland contract

Next Steps

- **Signatures Obtained**
 - Contract term starts July 1, 2026
- **In the meantime...**
 - Operational analysis of Tualatin's system
 - Review ancillary agreements



Feedback and Questions

