

## **MEMORANDUM OF UNDERSTANDING**

This MEMORANDUM is made and entered into by and between Clackamas River Water, a domestic water supply district created pursuant to ORS Chapter 264 ("CRW") and the City of Oregon City, an Oregon municipal corporation ("City").

### **RECITALS**

WHEREAS, the City and CRW operate municipal water systems and are engaged in the supply of water service for domestic purposes to the residents in their respective jurisdictions; and

WHEREAS, The City and CRW share a common boundary and other service areas within their respective jurisdictions; and

WHEREAS, the City and CRW entered into a Cooperative Intergovernmental Agreement ("Joint User Agreement") in February 2000 that governs the joint development and operation of waterlines within certain common areas referred to as the "South End Road" area; and

WHEREAS, the City and CRW are parties to other agreements and this MOU is not intended to address any agreement between the parties other than the Joint User Agreement; and

WHEREAS, a "Joint User Account" is defined herein as a CRW customer that receives water through either the City's water facilities or joint CRW/City water facilities prior to being measured through a master meter; and

WHEREAS, the Joint User Agreement was used as the basis for calculating the cost of water for all Joint User Accounts created since it was entered in 2000; and

WHEREAS, water use by Joint User Accounts is recorded by CRW as part of the consumption of CRW domestic water; and

WHEREAS, the rate that CRW agreed to pay the City for use of its system in order to serve Joint User Accounts includes a wholesale rate portion equal to what the City pays South Fork Water Board ("SFWB"), and a wheeling rate portion (together referred to as the "Volume Rate"); and

WHEREAS, the Joint User Agreement outlined a process for reviewing and updating the applicable wheeling rate portion of the Volume Rate; and

WHEREAS, the City and CRW desire to reconcile non-payment for past Joint User Account deliveries during the period May 2008 through December 31, 2016, and to review and update the wheeling rate for future deliveries; and

WHEREAS, the City and CRW acknowledge that they have the authority to execute this Memorandum of Understanding; and

WHEREAS, the City and CRW represent that the persons signing this memorandum are duly authorized to bind the City and CRW to the terms of the agreement.

NOW, THEREFORE, IT IS AGREED by and between the parties hereto as follows:

1. The City will accept payment for the outstanding Joint User Accounts at the actual rate the City paid to SFWB, adjusted annually for the years 2008 through 2016, plus \$.4031 per hundred cubic feet (CCF). This payment, totaling **\$364,095.55**, shall reconcile and fully satisfy CRW's obligations with respect to the outstanding Joint User Accounts for the period May 2008 through December 31, 2016. A chart detailing this payment is attached as **Exhibit 1**.
2. Beginning January 1, 2017, the Volume Rate for the Joint User Accounts shall be calculated using the actual cost of water paid by the City to SFWB, plus the wheeling rate of \$.8932 per CCF, until such time as the wheeling rate has been reviewed and updated as set forth below.
3. As soon as practicable, the City and CRW will jointly contract with FCS Group to review and update the wheeling rates set forth in Sections 7(a) and 7(b) of the Joint User Agreement, with the expenses of the review and update shared equally between the City and CRW as provided in Section 7(c) of the Joint User Agreement. The new rates will be determined and effective no later than June 30, 2017.
4. Upon adoption of the adjusted wheeling rates identified in the FCS Group rate study, the Volume Rate shall be adjusted to account for the updated wheeling rates in the next regularly scheduled payment from CRW to the City. Consistent with other water service agreements between the two agencies, the rate shall be adjusted annually to account for inflation in an amount not to exceed 3 percent per year. The City and CRW shall each have the right to request a review and update of the wheeling rates every fifth year as set forth in Section 7(c) of the Joint User Agreement.
5. Except as expressly provided in this Memorandum, all other terms of the Joint User Agreement shall remain in full force and effect.

IT IS SO AGREED:

FOR CLACKAMAS RIVER WATER:

FOR OREGON CITY:

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Date: \_\_\_\_\_

Date: \_\_\_\_\_

# EXHIBIT 1

Oregon City Water Usage - accounts before Master meters

Wholesale Rate

FY	Volume	Rate	Total
2009	45,188	0.62	\$ 28,016.56
2010	38,478	0.651	\$ 25,049.18
2011	36,004	0.716	\$ 25,778.86
2012	34,905	0.7446	\$ 25,990.26
2013	37,581	0.7669	\$ 28,820.87
2014	34,477	0.7899	\$ 27,233.38
2015	36,822	0.8333	\$ 30,683.77
2016	38,815	0.8666	\$ 33,637.08
YTD 2017*	22,246	0.8666	\$ 19,278.38
			\$ 244,488.35

Wheeling @ \$.4031

Combined water plus wheeling

FY	Volume	Rate	Total	
2009	45,188	1.0231	\$ 46,231.84	
2010	38,478	1.0541	\$ 40,559.66	
2011	36,004	1.1191	\$ 40,292.08	
2012	34,905	1.1477	\$ 40,060.47	
2013	37,581	1.17	\$ 43,969.77	
2014	34,477	1.193	\$ 41,131.06	
2015	36,822	1.2364	\$ 45,526.72	
2016	38,815	1.2697	\$ 49,283.41	
YTD 2017*	22,246	1.2697	\$ 28,245.75	Paid 1/31/17
* This is through 12/31/16			\$ 375,300.75	
Over payment from				
5/28/08			\$ (11,205.20)	
			<u>\$ 364,095.55</u>	