



City of Oregon City

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Staff Report

File Number: 17-178

Agenda Date: 3/15/2017

Status: Consent Agenda

To: City Commission

Agenda #: 8b.

From: Finance Director Wyatt Parno

File Type: Contract

SUBJECT:

Memorandum of Understanding with Clackamas River Water Regarding Joint User Accounts

RECOMMENDED ACTION (Motion):

Authorize the City Manager to negotiate final Memorandum of Understanding between Oregon City and Clackamas River Water.

BACKGROUND:

Oregon City has been working with Clackamas River Water (CRW) to document service boundaries. CRW is a special district that provides water to unincorporated parts of Clackamas County, often along the borders of Oregon City. In November of 2016, the City Commission approved an agreement with CRW for a Joint Engineering Study of CRW boundary adjustments within City limits and an analysis of future developable lands.

Related to the study, the City completed a comprehensive audit of CRW agreements for joint water connections. There are three main areas where City infrastructure is used by CRW to provide water service to its customers. One of the areas had a sixteen-year-old agreement whereby CRW was to pay the City for transmission of water, but payments had not been made. The City and CRW recently negotiated back payment for the area, which is expected to amount to approximately \$364,000. In addition, there was agreement to jointly fund a cost of service study on each of the three areas to ensure fair cost recovery.

The CRW General Manager reported the agreement to the Board at their January 30th meeting. The Board requested a Memorandum of Understanding (MOU) to document the agreement. A draft form of the MOU is attached. If the MOU is approved by the City Commission, the City will proceed with recovery of back revenues from CRW, move forward with the rate analyses (at a cost to the City of approximately \$12,000), and clarify terms for the three service areas.

BUDGET IMPACT:

Amount: \$364,000 in revenue to the Water Fund

FY(s): 2016-17

Funding Source: Wholesale water rates