

CLACKAMAS RIVER WATER  
BOARD OF COMMISSIONERS  
WORK SESSION & EXECUTIVE SESSION  
May 23, 2022 at 6:00pm



**THIS MEETING WILL HAVE REMOTE ACCESS VIA ZOOM\***

**AGENDA**

**16770 SE 82<sup>nd</sup> Drive, Clackamas, OR 97015**

Anyone who wishes to attend the meeting remotely may do so by internet at <https://us02web.zoom.us/j/85397863112> or by calling the following number [12532158782](tel:12532158782) and join meeting 85397863112 #. Passcode: 747393

**Work Session @ 6:00pm**

Call to Order, Roll Call

1. **Retail Rates Discussion-** *Jason Kirkpatrick, Chief Financial Officer*
2. **Update on Clackamas Regional Water Supply Commission (CRWSC) and North Clackamas County Water Commission (NCCWC) Water Supply Agreement-** *Todd Heidgerken, General Manager*
3. **Commissioner Communications-** *CRW Board of Commissioners*
4. **General Manager Update-** *Todd Heidgerken, General Manager*

**Public Comment**

***Adjourn Work Session***

Work Session Reminders:

- a. Work Session – audio only
- b. No decisions will be made by the CRW Board
- c. Staff may get direction or a sense of the board on key issues
- d. Members of the public are allowed to attend but not participate (*public comment provided at the end of the session*)

**Public Comment:** If there is a member of the public that wishes to address the Board are encouraged to submit a request through email to [kholtzgang@crwater.com](mailto:kholtzgang@crwater.com) no later than 4pm the day of the meeting.

Members of the public are welcome to speak for a maximum of three minutes, citizens must state their name, address, if they are a customer or not for the record.

The meeting location is accessible to persons with disabilities. A request for accommodations for persons with disabilities should be made at least 48 hours before the meeting to Adora Campbell (503) 722-9226.

# CLACKAMAS RIVER WATER

## BOARD WORK SESSION

---

May 23, 2022

**SUBJECT** Retail Rates Discussion

**PRINCIPAL STAFF PERSON** Jason Kirkpatrick, Chief Financial Officer

**DOCUMENTS ATTACHED** None

### Agenda Summary

**BACKGROUND** In March 2014, the Board of Commissioners approved an eight-year rate plan, and the eighth year of the rate increase was implemented in May 2021.

The District continues to have capital needs that cannot be met entirely from rates, so additional borrowing will need to occur to meet those needs and future rate increases are needed to address inflationary impacts on operating costs.

During the eight years of scheduled rate increases the District has completed the Water System Master Plan, the Water Treatment Plant Facilities Plan and a six-year capital plan. These plans identify priorities and specific projects that will likely result in the need for selling revenue bonds within the next five years. Rate increases are needed to support these goals of maintaining, improving, and adding to our infrastructure.

Previous discussions with the Board have suggested five percent increases going forward. Given the current inflationary environment, staff has updated the assumptions and how they impact future rate increases to support the District's goals. Staff is working with rate consultant, FCS Group, on the model for retail rates.

During the work session, staff will provide an overview of the factors that influence the retail rates, and the anticipated annual rate increases for the next two-year period. Staff is seeking direction from the Board on the proposed rates, confirmation of the implementation timeline, and effective duration of the rate plan.



*Clackamas River Water*

# Water Rate Cost Drivers

## Board Work Session

Jason Kirkpatrick, CFO

May 23, 2022



# Previous Rate Discussions

# Previous Rate Discussions

---

- October 26, 2020
  - Future rates were discussed as part of presentation on Capital Planning
  - As part of capital planning, it was forecasted that \$40 million in additional debt would need to be issued
  - It was presented that at a minimum a 5.0% per year rate increase would be needed to cover payments on the additional debt and meet debt coverage ratios
  - Estimated monthly impact to average customers ranged from \$1.54 to 2.89 for the year of 2021-2024, respectively

# Previous Rate Discussions

---

- February 22, 2021
  - Future rates were discussed as part of presentation on Capital Planning Strategy
  - As part of capital planning, it was determined that reserves would be used to complete the 6-year capital plan and that beyond the 6-year plan, borrowing would finance larger capital improvements
  - It was suggested that 5% per year rate increase starting in 2022 would be needed to meet debt coverage ratios and reserve policy

# Previous Rate Discussions

---

- January 24, 2022
  - Future rates were discussed as part of presentation on Rate Hearing Proposal
  - Noted that previous discussions have suggested a 5.0% annual increase would meet District needs.
  - Rate increases are needed to accomplish capital improvements as planned.
  - Suggested a two-year plan with new rates going into effect in November

# As Previously Presented - Revenue Impact of 5.0% annual rate increases

---

Forecasted Revenue (in thousands) \*

	FY 2022	FY 2023	FY 2024	FY 2025
Current Budget	\$ 12,739	\$ 12,830	N/A	N/A
New Forecast with Rate Increase in November	\$ 12,739	\$ 13,164	\$ 13,603	\$ 14,056

Bi-Monthly Average Customer Bill Increase (\$) (16 CCF)	\$5.18	\$5.44
---	--------	--------

\* Assumes consumption remains consistent with prior years.

\* Based on current billed accounts.



# Revenue Impact of 6.0% annual rate increases

---

Forecasted Revenue (in thousands) \*

	FY 2022	FY 2023	FY 2024	FY 2025
Current Budget	\$ 12,739	\$ 12,830	N/A	N/A
New Forcast with 6.0% Rate Increase in November	\$ 12,739	\$ 13,343	\$ 14,331	\$ 15,191

Bi-Monthly Average Customer Bill Increase (\$) (16 CCF)	\$ 6.22	\$ 6.59
---	---------	---------

\* Assumes consumption remains consistent with prior years.

\* Based on current billed accounts.

# Cost Drivers

Recent changes to projections

# Water Rate Cost Drivers

---

- General Cost Inflation
  - Prior model used 2.25% as the inflation factor
  - Current inflation factor used is 8.5%, based on discussions with FCS, 8.5%, 6.0%, 4.0%, used to for general cost inflation in the future
- Construction Cost Inflation
  - Prior model used 3.50%
  - Current inflation factor used on model is 8.0% for two years and then trends back down to 4.0%

# Water Rate Cost Drivers

---

- Labor Cost Inflation
  - Prior model used 2.25% inflation factor
  - Current inflation factor at 4.0%, based on discussions with FCS, 4.0%, 4.0%, 4.0%, used to for labor cost inflation in the future
- Benefit Cost Inflation
  - Prior model used 5.0%, 18.0%, 10.0%
  - Current inflation factor used on model is 5.0%, 7.5% trending to 10.0% as a conservative baseline

# Water Rate Cost Drivers

---

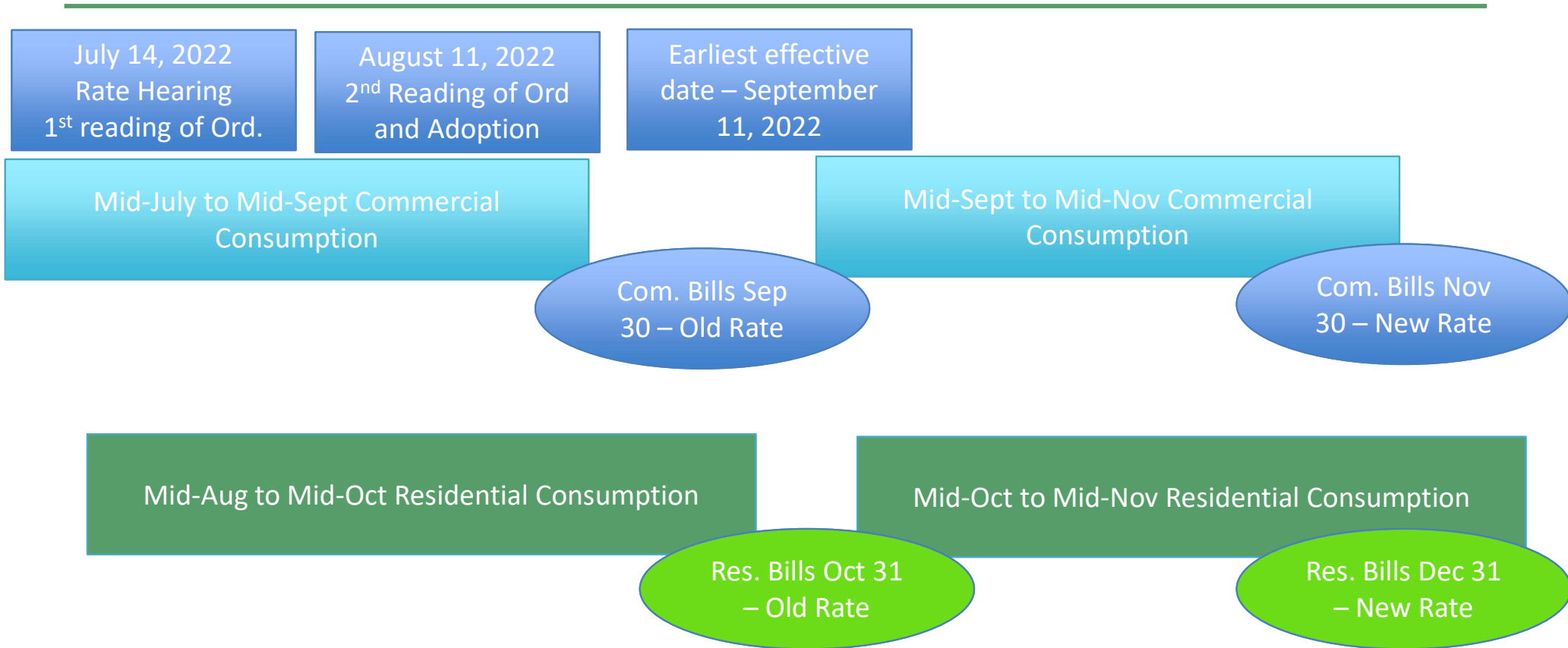
- Debt
  - Timing and amount of debt issuance
- Capital projects
  - Timing and amount of projects
- Timing of new rate implementation
  - Prior model assumed full fiscal year of rate
  - By instituting a Fall rate implementation, we must reduce the impact of the new rate on revenues as it will only cover 2/3 of the year

# Impacts on Capital Projects

---

- Costs are becoming difficult to estimate
- Supply chain issues are making lead times uncertain, causing delays
- Future interest rates are uncertain
- Timing of debt issuance and projects will have an impact on rates

# Rate Increase Effective November Billing Cycle



Questions



# CLACKAMAS RIVER WATER

## BOARD WORK SESSION

---

May 23, 2022

<b>SUBJECT</b>	<b>Update on Clackamas Regional Water Supply Commission (CRWSC) and North Clackamas County Water Commission (NCCWC) Water Supply Agreement</b>
<b>PRINCIPAL STAFF PERSON</b>	Todd Heidgerken, General Manager
<b>DOCUMENTS ATTACHED</b>	Exhibit A – Draft NCCWC/CRW Water Supply Agreement Exhibit B – Draft Intergovernmental Water Supply Agreement for Water Supplied by OLWS to CRW Customers. Exhibit C – Section 12.3 of the CRWSC Agreement regarding Dissolution Exhibit D – Draft agreement to Dissolve the CRWSC Exhibit E – Draft agreement for Administrative Services between CRW and Sunrise Water Authority (SWA)

### Agenda Summary

#### BACKGROUND

During the May 12 CRW Board Meeting, staff provided an overview of the various activities associated with the establishment of a new water supply agreement between the NCCWC and CRW. The Board was also briefed on the status of steps that will need to be taken to dissolve the CRWSC. As part of that presentation, the Board received the following documents which are included once again as exhibits to this agenda item.

- Draft NCCWC/CRW Water Supply Agreement
- Draft Intergovernmental Water Supply Agreement for Water Supplied by OLWS to CRW Customers.
- Section 12.3 of the CRWSC Agreement regarding Dissolution
- Draft agreement to Dissolve the CRWSC

A new item included for the work session is a draft of an administrative services agreement between SWA and CRW (Exhibit E). This agreement is to allow for certain staffing services to continue after the dissolution of the CRWSC. Staff will also be reviewing information with the Board regarding the proposed wholesale water rate and how the rate was developed.

The Board will have an opportunity to ask questions or provide any direction to staff regarding any of the agreements or actions. The Board will be asked to act on the various agreements and a rate resolution during the June meeting.

**EXHIBIT A**

**WATER SUPPLY AGREEMENT**

This agreement is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2022, between the Clackamas River Water District (hereinafter “CRW”), an ORS Chapter 264 Domestic Water Supply District, and the North Clackamas County Water Commission, (hereinafter “NCCWC”), a municipal organization formed under ORS 190 Intergovernmental Agreement, or collectively hereinafter referred to as the “Parties.”

WHEREAS, the NCCWC currently purchases wholesale drinking water from CRW under an existing agreement dated March 8, 2001; and

WHEREAS, the existing water supply agreement is set to terminate June 30, 2022; and

WHEREAS, the NCCWC desires to renew a long-term supply agreement with CRW wherein allowing for greater flexibility and adaptability in meeting present and future demands, as well as emergency supply; and

WHEREAS, the NCCWC intends to expand its future purchases of wholesale water from CRW based on availability and the strategic interests of both Parties.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Contract Period

- A. This Agreement shall remain in effect until December 1, 2042, commencing with the execution of this Agreement, unless so approved otherwise by mutual written consent of the Parties.
- B. The NCCWC agrees to notify CRW in writing of its desire to extend the term of this Agreement, but not later than two (2) years prior to the termination of this Agreement.

2. Available Capacity

- A. CRW intends to provide up to 10 million gallons per day (mgd) of available treated water capacity to the NCCWC. In no event shall CRW be required to deliver water beyond that which is technically feasible through existing infrastructure, or which otherwise would create hardship to CRW.
- B. The Parties shall mutually determine desired points of delivery and related transmission (flow rate) capacities for both regular and emergency service. The Parties may amend these points of delivery and capacities through mutual agreement among the Parties’ General Managers or through the approved Planning Document, set forth under Section 3.B below.
- C. In no event shall either Party be required to construct added pumping or transmission capacity to meet (or create) said desired points of delivery or flow rate capacities, unless

so mutually approved in writing by both Parties. Any future construction of jointly owned assets shall be arranged under separate agreement among the Parties.

3. Use of Available Capacity

- A. The NCCWC will purchase a minimum of 125 million cubic feet of water each year. The annual period for such purchase shall begin every year on July 1 and extend to the following date of June 30.
- B. The Parties agree to make use of the available capacity defined under Section 2 above under a cooperative Planning Document. This Planning Document shall be based on a five (5) year forecast of demand and ten (10) year forecast of capital improvements. The Planning Document shall, among other items, identify:
  - i. Approved points of deliveries and peak flow capacities
  - ii. Peak and annual day demands and points of delivery
  - iii. Peak seasonal period (30 day) demand and points of delivery
  - iv. Updated schedule of mutually approved capital improvements

The demands created under this forecast, however, are not a strict obligation to purchase or deliver said amounts by either Party, other than the minimum amount stated in Section 3.A. The actual available capacity at any given time may be subject to existing limits on labor resources, infrastructure limits, or other factors outside the direct control of either Party.

Until the Parties mutually agree on a Planning Document as described in this Section 3.B, CRW will continue to supply water to NCCWC at existing points of delivery in amounts and at times, including peaking, consistently with the Parties' course of dealing in the twelve months preceding commencement of this Agreement.

The Planning Document and any amendments thereto must be approved in writing by the Parties' respective general managers; provided, however, that in the event the approval of any part of the Planning Document by a Party's governing body is required by law or by a Party's governance documents, a resolution of the Party's governing body will be required to provide that Party's approval.

- C. All use of available capacity shall be properly metered at each approved point of delivery through equipment supplied by the NCCWC, including (but not limited to): meter, valve(s), required backflow assembly and any other equipment so mutually approved by the Parties. The NCCWC shall, in turn, have each meter periodically tested and calibrated by a qualified, independent party for flow accuracy. The NCCWC shall also have each backflow assembly tested annually by an approved tester. The NCCWC shall provide copies of those test results to CRW upon completion.
- D. CRW shall in turn maintain all pipes, pumps, valves and other devices to allow for deliveries from its plant and reservoirs to meet the agreed flow capacities at each of the approved points of delivery.

#### 4. Rates and Charges

- A. The methodology used to establish the Wholesale Water Rate under this agreement shall generally follow and be consistent with the standards of practice prescribed under the MI Manual of the American Water Works Association (AWWA), except as otherwise mutually agreed by the Parties.
- B. Rates shall include, but not be limited to, payments for reasonable operation and maintenance expense, depreciation, administrative and general expenses, in-lieu taxes and other costs associated with CRW's financing and operation of its system. The Parties agree that, at a minimum, the rates paid by the NCCWC and all other consideration paid by the NCCWC pursuant to other agreements related to this Agreement will fully cover CRW's cost of providing water to the NCCWC.
- C. Rates may be adjusted each year on July 1 based on the change in the All Urban Consumers Consumer Price Index (CPI-U) West Class B/C or based on an update of the cost of service model prescribed in 4.A above, except as otherwise mutually agreed by the Parties.

#### 5. Billing and Payment

- A. Meters shall be read periodically by representatives of NCCWC at times fixed by mutual agreement of the Parties. CRW may elect to confirm such readings at any time.
- B. CRW shall compute and render bills and statements to the NCCWC by the 5<sup>th</sup> day of each month. CRW shall invoice the NCCWC each month for water usage in the preceding month. NCCWC will in turn make payment on or before the 25<sup>th</sup> day of the month. A late fee of 1.5 percent per month may be assessed for any unpaid balance.
- C. If the meters at any time fail to accurately measure the water passage through said meters and it is impracticable to determine actual average daily consumption with reasonable certainty, the charge for water used during the time said meters are out of order shall be based upon the average daily consumption as shown by said meters when in proper operating condition during a comparable period of service.

#### 6. Water Exchange

- A. CRW may on occasion request water be delivered by the NCCWC to various locations to meet operational or emergency supply needs. Such deliveries may be deducted, by equivalent volume, from the metered deliveries to the NCCWC. Such "water exchange," however, shall not affect the amount of water credited towards the annual minimum purchase required by the NCCWC.
- B. However, no party shall be required to exchange water if it would not be technically feasible, require additional infrastructure not approved by separate agreement, or create hardship to the party being requested to do so.

7. [INTENTIONALLY LEFT BLANK]

8. Emergency Operations and Curtailment

- A. In the event of an emergency (e.g. power outage, loss of infrastructure, etc.), the Parties agree to work in cooperation to best meet the demands of each Party and may temporarily suspend the terms of this Agreement to meet the operational needs of each Party and those of any third-party requesting assistance, provided the combined needs of each Party is not compromised through such third-party assistance. The Parties further agree that during the emergency each Party shall attempt to record any exchange of water or related service and work to resolve mutual consideration or compensation as prescribed in 6 above, absent the actual exchange of money, unless so agreed by the Parties.
- B. In the event of a curtailment or other shortage of water supply, CRW and NCCWC shall share the shortage proportionately so long as NCCWC concurrently adopts and enforces the same customer water use restrictions adopted by CRW in response to the shortage.

9. Notices

All notices related to this Agreement shall be sent to the respective General Manager of each agency and shall be delivered in the form of e-mail or pre-paid mail sent to the appropriate address(es) below:

Clackamas River Water  
Attn: General Manager  
PO Box 2439  
Clackamas, OR 97015-2439

North Clackamas County Water Commission  
Attn: General Manager  
14496 SE River Road  
Milwaukie, OR 97267

10. Severability

In the event any provisions of this Agreement shall be held to be impossible, invalid or unenforceable, the remaining provisions shall be valid and binding upon the parties hereto. One or more waivers by either party of any provision, term, condition or covenant, shall not be construed by the other party as a waiver of subsequent breach of the same by the other party. Both parties have fully participated in negotiating and writing this Agreement; therefore, it shall not be construed against the party preparing it, but shall be construed as if both parties have prepared it.

11. Acts of God, Emergencies, etc.

Performance or delay in performance of the obligations stated in this Agreement shall be reasonably excused when performance or timely performance is impossible or impracticable because of the occurrence of unforeseeable events such as emergency, catastrophe, disaster, labor disputes, or acts of God.

12. Disputes and Attorney's Fees

- A. If a dispute arises between the parties regarding breach of this Agreement or interpretation of any term of this Agreement, the parties shall first attempt to resolve the

dispute by negotiation, followed by mediation (if negotiation fails to resolve the dispute), and pursuant to the following steps:

- (i) Step One: The general manager or other person designated by the governing bodies will negotiate on behalf of the entities they represent. The nature of the dispute shall be reduced to writing and shall be presented to each manager who shall then meet and attempt to resolve the issue. If the dispute is resolved at this step, there shall be a written determination of such resolution, signed by each party's manager and ratified by each governing body, which shall be binding upon the parties.
- (ii) Step Two: If the dispute cannot be resolved within ten days under Step One, the parties shall submit the matter to non-binding mediation. The parties shall attempt to agree on a mediator. If they cannot agree, the parties shall request the presiding judge of Clackamas County Circuit Court to appoint a mediator. The dispute shall then be heard by the mediator. The mediator's fees shall be shared equally by the parties. If the issue is resolved at this step, there shall be a written determination of such resolution, signed by each party's manager and ratified by each governing body, which shall be binding upon the parties.
- (iii) Step Three: Disputes that are not resolved after exhausting Steps One and Two or within ninety (90) days, whichever comes earlier, shall be submitted to mutually agreeable arbitration or be resolved by proceedings in Clackamas County Circuit Court. If arbitration, suit or action is commenced, each party shall pay its own legal fees.

### 13. Full Agreement

This document is the entire, final and complete agreement of the parties pertaining to CRW's provision of surplus water to the NCCWC and supersedes and replaces all prior or existing written and oral agreements between the Parties or their representatives.

By signing this Agreement, the Parties agree to be bound by its terms and conditions for the entire period of its stated term.

CLACKAMAS RIVER WATER:

NORTH CLACKAMAS COUNTY WATER  
COMMISSION:

By: \_\_\_\_\_  
Sherry French, President

By: \_\_\_\_\_  
Kevin Williams, Chairman

## EXHIBIT B

### INTERGOVERNMENTAL WATER SUPPLY AGREEMENT FOR WATER SUPPLIED BY OLWS TO CRW CUSTOMERS

This agreement is entered into effective July 1, 2022, between the Clackamas River Water District (“CRW”), an ORS Chapter 264 Domestic Water Supply District, and the Oak Lodge Water Services (OLWS), a Joint Domestic Water and Sanitary District organized under ORS Chapters 198, 264, and 450 (collectively the “Parties”).

WHEREAS, The North Clackamas County Water Commission (“NCCWC”) currently purchases wholesale drinking water from CRW under an agreement dated March 8, 2001 (the “2001 NCCWC Agreement”), which includes terms regarding the provision of water by NCCWC to CRW for use by CRW customers; and

WHEREAS, the 2001 NCCWC Agreement is set to terminate June 30, 2022, and will be replaced by a Water Supply Agreement between NCCWC and CRW (the “2022 NCCWC Agreement”); and

WHEREAS, OLWS is a member of the NCCWC and its water system is used to provide water to some CRW customers; and

WHEREAS, OLWS and CRW wish to enter into an agreement for OLWS’s provision of water to CRW for use by CRW customers following termination of the 2001 NCCWC Agreement.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Water Supply. OLWS agrees to provide water for domestic service to specific areas inside CRW’s jurisdiction as mutually agreed by OLWS and CRW. CRW will compensate OLWS for water provided by OLWS to CRW customers using the formula set out in Section 5, below. These customers are served by CRW through CRW mains which in turn are connected to OLWS mains. For the purposes of this agreement, these shall be referred to as “CRW customers served by OLWS.”
2. Connections. Water main extensions connected to OLWS’s system within CRW shall be maintained by CRW.
3. Meters. Meters for CRW customers served by OLWS mains shall be installed, maintained and read by CRW. These meter readings will be the basis for compensation to OLWS as noted in Section 5. OLWS may check services for leakage or any other purpose.
5. Compensation. OLWS compensation for water provided to CRW customers served by OLWS shall be determined as follows:



- A. The total volume of water used by CRW customers served by OLWS, as determined by meter readings in CRW's normal billing process, will be calculated.
  - B. The sum of the consumption by CRW customers served by OLWS will be multiplied by a factor of 1.40 (the "Adjusted Consumption").
  - C. CRW will pay OLWS an amount calculated by multiplying the Adjusted Consumption by the rate charged to NCCWC by CRW for water under the 2022 NCCWC Agreement, payable every other month.
6. Termination. This Agreement shall remain in effect until December 31, 2042, unless otherwise terminated by mutual agreement of the Parties.
7. Notices. All notices related to this Agreement shall be sent to the respective General Manager of each agency and shall be delivered in the form of e-mail or pre-paid mail sent to the appropriate address(es) below:

Clackamas River Water	Oak Lodge Water Services
Attn: General Manager	Attn: General Manager
PO Box 2439	14496 SE River Road
Clackamas, OR 97015-2439	Milwaukie, OR 97267

8. Severability. In the event any provisions of this Agreement shall be held to be impossible, invalid or unenforceable, the remaining provisions shall be valid and binding upon the parties hereto. One or more waivers by either party of any provision, term, condition or covenant, shall not be construed by the other party as a waiver of subsequent breach of the same by the other party. Both parties have fully participated in negotiating and writing this Agreement; therefore, it shall not be construed against the party preparing it, but shall be construed as if both parties have prepared it.
9. Acts of God, Emergencies, etc. Performance or delay in performance of the obligations stated in this Agreement shall be reasonably excused when performance or timely performance is impossible or impracticable because of the occurrence of unforeseeable events such as emergency, catastrophe, disaster, labor disputes, or acts of God.
10. Disputes and Attorney's Fees. If a dispute arises between the parties regarding breach of this Agreement or interpretation of any term of this Agreement, the parties shall first attempt to resolve the dispute by negotiation, followed by mediation (if negotiation fails to resolve the dispute), and pursuant to the following steps:
- A. Step One: The general manager or other person designated by the governing bodies will negotiate on behalf of the entities they represent. The nature of the dispute shall be reduced to writing and shall be presented to each manager who shall then meet and attempt to resolve the issue. If the dispute is resolved at this step, there shall be a written determination of such resolution, signed by each

party's manager and ratified by each governing body, which shall be binding upon the parties.

B. Step Two: If the dispute cannot be resolved within ten days under Step One, the parties shall submit the matter to non-binding mediation. The parties shall attempt to agree on a mediator. If they cannot agree, the parties shall request the presiding judge of Clackamas County Circuit Court to appoint a mediator. The dispute shall then be heard by the mediator. The mediator's fees shall be shared equally by the parties. If the issue is resolved at this step, there shall be a written determination of such resolution, signed by each party's manager and ratified by each governing body, which shall be binding upon the parties.

C. Step Three: Disputes that are not resolved after exhausting Steps One and Two or within ninety (90) days, whichever comes earlier, shall be submitted to mutually agreeable arbitration or be resolved by proceedings in Clackamas County Circuit Court. If arbitration, suit or action is commenced, each party shall pay its own legal fees.

11. Full Agreement. This document is the entire, final and complete agreement of the parties pertaining to OLWS's provision of water to CRW and supersedes and replaces all prior or existing written and oral agreements between the Parties or their representatives.

By signing this Agreement, the Parties agree to be bound by its terms and conditions for the entire period of its stated term.

CLACKAMAS RIVER WATER:

OAK LODGE WATER SERVICES:

By: \_\_\_\_\_  
Sherry French, President

By: \_\_\_\_\_  
Susan Keil, President

ARTICLE 12

WITHDRAWAL, TERMINATION OF MEMBERSHIP, SALE OF ASSETS  
AND DISSOLUTION

**12.3 Dissolution of the Commission.** The Commission may be dissolved by the unanimous vote of its Participating Members. Upon dissolution, the Participating Members shall develop a plan to wind down and dissolve the business affairs of the Commission. Unless modified by the plan, the dissolution shall be effective only after all debts and obligations are paid or provision for payment is made. Each Participating Member shall assume a share of the debts and obligations of the Commission in proportion to the ratio (expressed as a percentage) that Participating Member has contributed to the total cost of the asset or assigned as part of the original ownership of the asset, unless established under prior formal agreement.

The dissolution plan shall provide that all assets contributed by each Participating Member shall be transferred to the Participating Member contributing the asset. The Participating Members or applicable Participating Member shall execute those documents necessary to vest ownership of the proper assets in the associated Participating Member or the proportionate ownership of the System components, where applicable, in each Participating Member and execute a post dissolution management agreement. Nothing herein shall prevent a Participating Member from accepting cash or other consideration in lieu of continued proportionate ownership in the System. The cost of dissolution shall be treated as an operation and maintenance expense.

EXHIBIT D

AGREEMENT TO DISSOLVE INTERGOVERNMENTAL AGENCY

BY AND BETWEEN  
CLACKAMAS RIVER WATER  
AND  
SUNRISE WATER AUTHORITY

## AGREEMENT TO DISSOLVE INTERGOVERNMENTAL AGENCY

This AGREEMENT TO DISSOLVE INTERGOVERNMENTAL AGENCY (“Agreement”), subject to the conditions stated herein, is entered into by and between Clackamas River Water, a domestic water supply district organized under ORS Chapter 264 and special district subject to ORS Chapter 198 (“CRW”), and Sunrise Water Authority, a water authority organized under ORS Chapter 450 and special district subject to ORS Chapter 198 (“SWA”), and collectively referred to as the “Parties.”

### RECITALS

WHEREAS, SWA owns and operates a municipal water supply system that includes, but is not limited to, the distribution of potable water to retail customers from various sources including wholesale purchases from CRW and other entities for such purpose; and

WHEREAS, CRW similarly owns and operates a municipal water supply system that includes, but is not limited to, the distribution of potable water to retail and wholesale customers from its own treatment plant; and

WHEREAS, pursuant to ORS Chapter 190, CRW and SWA entered into a Cooperative Intergovernmental Agreement, effective November 20, 2013 (“IGA”); and

WHEREAS, the IGA created the Clackamas Regional Water Supply Commission (the “Commission”); and

WHEREAS, the Commission has no debt, employees, or obligations or liabilities under any contract with any third party or otherwise; and

WHEREAS, the Parties desire to terminate the IGA and to dissolve the Commission and distribute any assets pursuant to Section 12.3 of the IGA.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties agree as follows:

1. **Dissolution of the Commission.** Pursuant to Section 12.3 of the IGA, the Commission is dissolved effective as of the date the Board of Directors of each of the Parties executes this Agreement (“Effective Date”). Except to the extent necessary to dissolve the Commission, the Parties will not conduct any business or incur any obligations on behalf of the Commission as of the Effective Date.
2. **Termination of the IGA.** The IGA is terminated as of the Effective Date.
3. **Distribution of Assets.** The Commission’s assets are listed in Exhibit A and are distributed as follows:

- a. **Equipment.** SWA/CRW transfers any interest it has in the equipment listed in Exhibit A to CRW/SWA. In consideration for SWA/CRW's transfer of its interest in the equipment, CRW/SWA agrees to pay SWA/CRW \$XXX.
  - b. **SCADA License.** SWA hereby assigns and transfers any interest it has in the SCADA license to CRW. In consideration for SWA's assignment and transfer of its interest in the SCADA license, CRW agrees to pay SWA \$XXX.
4. **Execution of Water Supply Agreement.** No later than June 30, 2022, CRW will execute a water supply agreement, substantially in the form of Exhibit B, with the North Clackamas County Water Commission. The Parties will use commercially reasonable efforts to mutually determine a final form of agreement and will each coordinate with the North Clackamas County Water Commission for that purpose.
  5. **Assumption of Outstanding Debt or Other Liabilities.** The Parties have conducted a diligent review of the Commission's accounts and agree that the Commission has no outstanding indebtedness or liabilities. Accordingly, neither Party assumes any indebtedness or liabilities of the Commission.
  6. **Release.** The Parties release and discharge each other, each of their respective assigns and successors and each of their directors, officers, employees, and agents from all claims, liabilities, obligations, costs, and expenses arising out of or in connection with (a) the operation of the Commission and (b) the breach of any representation, warranty, or covenant in the IGA. All Commission assets distributed to the Parties pursuant to this Agreement are transferred as-is, with all faults, and without any representation or warranty by the transferring Party.
  7. **Further Cooperation.** The Parties shall take all necessary and reasonable steps required to give effect to this Agreement, including, but not limited to, executing and documents and providing any notices to third parties. The Parties shall each be responsible for their own costs required to implement this Agreement and to wind up the Commission.
  8. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which are deemed an original, but all of which together constitute one and the same instrument. This Agreement may be executed by electronic signature.

IN WITNESS WHEREOF the Parties have dated and signed this Agreement.

SUNRISE WATER AUTHORITY

CLACKAMAS RIVER WATER

By \_\_\_\_\_

By \_\_\_\_\_

CHRIS HAWES,  
SWA Board Chair

SHERRY FRENCH,  
CRW Board President

Date \_\_\_\_\_

Date \_\_\_\_\_

**EXHIBIT E**

INTERGOVERNMENTAL AGREEMENT FOR ADMINISTRATIVE SERVICES

BY AND BETWEEN  
CLACKAMAS RIVER WATER  
AND  
SUNRISE WATER AUTHORITY



## INTERGOVERNMENTAL AGREEMENT FOR ADMINISTRATIVE SERVICES

This INTERGOVERNMENTAL AGREEMENT FOR ADMINISTRATIVE SERVICES (“Agreement”), subject to the conditions stated herein, is entered into by and between Clackamas River Water, a domestic water supply district organized under ORS Chapter 264 and special district subject to ORS Chapter 198 (“CRW”), and Sunrise Water Authority, a water authority organized under ORS Chapter 450 and special district subject to ORS Chapter 198 (“SWA”), and collectively referred to as the “Parties.”

### RECITALS

WHEREAS, SWA owns and operates a municipal water supply system that includes, but is not limited to, the distribution of potable water to retail customers from various sources; and

WHEREAS, CRW similarly owns and operates a municipal water supply system that includes, but is not limited to, the distribution of potable water to retail and wholesale customers; and

WHEREAS, pursuant to ORS Chapter 190, CRW and SWA entered into a Cooperative Intergovernmental Agreement, effective November 20, 2013 (the “CRWSC IGA”), creating the Clackamas Regional Water Supply Commission (the “CRWSC”); and

WHEREAS, CRW provided certain administrative services to SWA through the CRWSC and pursuant to the CRWSC IGA; and

WHEREAS, the Parties terminated the CRWSC IGA and dissolved the CRWSC effective [REDACTED], 2022; and

WHEREAS, SWA wishes to continue receiving certain administrative services from CRW and CRW wishes to continue providing certain administrative services to SWA on agreed-upon terms; and

WHEREAS, this Agreement is entered into pursuant to ORS 190.010, which confers authority on local governments to enter into agreements for the performance of any and all functions and activities that a party to the agreements, its officers or agencies have authority to perform.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties agree as follows.

### AGREEMENT

- 1. CRW Services to SWA.** CRW through its agents and employees, will perform such administrative services as SWA may request from time to time, so long as CRW is able and willing to provide the services. Administrative services may include, without limitation, payroll, information technology, procurement, and Supervisory Control and Data Acquisition (“SCADA”) services. The scope of a services provided by CRW to SWA will be set out in



one or more memorandums of understanding (“MOU”) executed by the respective general managers of CRW and SWA.

2. **Consideration for Services.** Unless otherwise agreed to in an MOU with respect to the services provided under that MOU, SWA will compensate CRW for services rendered on a time and materials basis. Compensation for the time of CRW employees will be based on an hourly rate determined by the full employment cost of the employee to CRW, including without limitation salary, payroll taxes, insurance, and other employee benefits, and an overhead rate as established in the CRW Fees and Charges document adopted by the CRW Board of Commissioners. Compensation for materials, equipment, and other out-of-pocket expenses of CRW will be based on the actual cost of goods, third-party services, or other items of value purchased to provide services to SWA. In the event CRW purchases or has purchased goods or services that will be shared with SWA, SWA will be responsible for its proportionate share of the expense for such goods or services.
3. **Term and Termination.** This Agreement and all MOUs issued pursuant to this Agreement will terminate on June 22, 2027, unless terminated earlier pursuant to this paragraph. Either of the Parties may terminate this Agreement or any MOU issued pursuant to this Agreement with sixty (60) days’ written notice.
4. **Responsibilities of CRW.** Except for its obligation to indemnify SWA, CRW does not assume any responsibility under this agreement other than to render the services called for in good faith. CRW will not be deemed to be in violation of this Agreement if CRW is prevented from performing its obligations for any reason beyond its reasonable control.
5. **Indemnification.** (a) Subject to the limits of the Oregon Constitution and the Oregon Tort Claims Act or successor statute, SWA agrees to indemnify, save harmless and defend CRW, its officers, elected officials, agents and employees from and against all costs, losses, damages, claims or actions and all expenses incidental to the investigation and defense thereof (including legal and other professional fees) arising out of or based upon damages or injuries to person or property caused by the negligent or willful acts of SWA or its officers, elected officials, owners, employees, agents or its subcontractors or anyone over which SWA has a right to control.  
  
(b) Subject to the limits of the Oregon Constitution and the Oregon Tort Claims Act or successor statute, CRW agrees to indemnify, save harmless and defend SWA, its officers, elected officials, agents and employees from and against all costs, losses, damages, claims or actions and all expenses incidental to the investigation and defense thereof (including legal and other professional fees) arising out of or based upon damages or injuries to persons or property caused by the negligent or willful acts of CRW or its officers, elected officials, owners, employees, agents, or its subcontractors or anyone over which CRW has a right to control.
6. **Independent Contractor.** CRW shall be deemed an independent contractor for purposes of this Agreement. No representative, agent, employee or contractor of one Party shall be deemed to be a representative, agent, employee or contractor of the other Party for any

purpose, except to the extent specifically provided herein. Nothing herein is intended, nor shall it be construed, to create between the Parties any relationship of principal and agent, partnership, joint venture or any similar relationship, and each Party hereby specifically disclaims any such relationship.

- 7. **Third Party Beneficiary.** Neither Party intends that this Agreement benefit, or create any right or cause of action in, or on behalf of, any person or entity other than the Parties.
- 8. **No Assignment.** No Party shall have the right to assign its interest in this Agreement (or any portion thereof) without the prior written consent of the other Party, which consent may be withheld for any reason.
- 9. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which are deemed an original, but all of which together constitute one and the same instrument. This Agreement may be executed by electronic signature.

IN WITNESS WHEREOF the Parties have dated and signed this Agreement.

SUNRISE WATER AUTHORITY

CLACKAMAS RIVER WATER

By \_\_\_\_\_

By \_\_\_\_\_

CHRIS HAWES,  
SWA Board Chair

SHERRY FRENCH,  
CRW Board President

Date \_\_\_\_\_

Date \_\_\_\_\_

**CLACKAMAS RIVER WATER**

**BOARD WORK SESSION**

---

**May 23, 2022**

**SUBJECT** Commissioner Communications

**PRINCIPAL STAFF PERSON** CRW Board of Commissioners

**DOCUMENTS ATTACHED**

**Agenda Summary**

**BACKGROUND** Time is being set aside during the work session to provide an opportunity for Commissioners to:

- Identify topics for consideration at future works sessions or board meetings;
- Discuss future agenda items.

# CLACKAMAS RIVER WATER

## BOARD WORK SESSION

---

May 23, 2022

<b>SUBJECT</b>	General Manager Update
<b>PRINCIPAL STAFF PERSON</b>	Todd Heidgerken, General Manager
<b>DOCUMENTS ATTACHED</b>	None

### Agenda Summary

**BACKGROUND** Time has been set aside to briefly update and inform the Board on topics since the May Board Meeting.