

AGREEMENT

148988

THIS AGREEMENT is entered into by and between HAZELWOOD WATER DISTRICT, herein called "Purchaser", and the CITY OF PORTLAND, a municipal corporation of the State of Oregon, herein called "City".

The parties recite:

A. Purchaser is a municipal corporation of the State of Oregon, and is authorized by its charter or by state law, or both, to operate a municipal water system.

B. City is a municipal corporation of the State of Oregon, and is authorized by Chapter XI of the Charter of the City of Portland to maintain water works for the furnishing of water to the city, its property, its inhabitants, and the places and people along or in the vicinity of the pipes, conduits or aqueducts constructed or used for that purpose. The Council of the City is further authorized to enter into contracts for the supply of water by the City, and to sell surplus water to persons, public and private, outside the city, on terms and conditions the Council finds appropriate.

C. City is further authorized by Section 2-105(a)4 of its Charter to enter into agreements, without limitation as to term, as the Council finds appropriate for cooperation, consolidation and maintenance of services with any other public corporation or unit of government.

D. ORS. 190.003 to 190.110 authorizes units of local government to enter into intergovernmental agreements for the performance of their duties or for the exercise of powers conferred upon them.

E. City has determined that it is in the best interest of its rate-payers for the City to enter into contracts for the sale of water. Benefits are derived for Portland water consumers by spreading the fixed overhead of the system over a wider rate base.

F. Parties agree that execution of a long-term agreement for the sale of water from City will provide greater likelihood of water supply at less cost and of a higher quality than would otherwise be possible.

G. The service and commodity provided by City are a special contract service and are not provided by City as a common utility service.

NATURE OF THE SERVICE

City agrees to furnish and sell, and Purchaser agrees to purchase, a firm supply of potable surplus water on an annual basis for the life of this agreement. Purchaser recognizes and agrees that it is the duty of the City to furnish water at a normal volume and pressure to the City and its inhabitants before selling water to Purchaser. Historically, however, water sources available to City have been sufficient to meet the City's needs, and to provide surplus water for sale to Purchaser and others.

City agrees to exercise reasonable diligence and foresight to repair, replace and maintain its collections and distribution system so as to provide a normal volume and pressure flow of water at the point of the Purchaser's connection during the life of this agreement. City also agrees that Purchaser's supply of surplus water shall be reduced or terminated only in the event that the water supply to City residents would otherwise be inadequate. Purchaser further recognizes and agrees that no liability for damages shall attach to City hereunder on account of any failure to accurately anticipate availability of water supply, or because of an actual failure of supply due to inadequate run-off or occurrence beyond the reasonable control of the City.

Purchaser agrees to sell no water to any other distributing agency without the prior written approval of the Manager of the City Bureau of Water Works. Such sales shall be subject to such conditions as the Manager of the City Bureau of Water Works may impose. In the event Purchaser makes such sales without such approval, the City may make corresponding reductions in the amount of water supplied to Purchaser or may impose rate penalties as deemed appropriate by the Manager of the City Bureau of Water Works and the Commissioner-in-Charge.

SECTION 2

WATER REGULATIONS

Purchaser hereby agrees to abide by and be bound by the terms and provisions of Chapter 21.28 of the Code of the City of Portland, Oregon, as it presently exists or may hereafter be amended by the Council of the City of Portland, during the life of this agreement, to the extent to which such terms and provisions do not conflict with any material provisions of this agreement.

SECTION 3

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PRICING

City agrees that rates and charges shall be based on:

- A. Determination of revenue requirements using the utility enterprise method of accounting which includes return on invested capital to the City and depreciation where:
 1. Invested capital is defined as the original cost value of all capital assets including construction work in progress, less accumulated depreciation expense and contributions, plus operating contingencies and inventories;
 2. The rate of return to be applied to the invested capital is derived from a five-year average risk-free rate computed from treasury notes plus a risk factor computed from the average yield of traded water companies and the risk-free rate, as described in Exhibit A;
 3. The annual depreciation expense is calculated by multiplying an amortization rate reflecting the remaining useful life of each asset times the replacement value of the asset;
 4. Operation, maintenance and general administrative expenses are as presented in the annual budget of the City Bureau of Water Works; and
- B. Allocation of revenue requirements among all water users based on all costs of providing water service as defined in A. above, computed in accordance with accepted practices regarding cost of service allocation, where revenue requirements are allocated among customers and customer classes proportional to their use of the system.

COMMUNICATION BETWEEN THE CITY AND PURCHASER

In order to ensure that all water purchasers are notified in a timely manner of proposed changes in rates, charges and rate design and provided an opportunity to evaluate such proposals and be heard before the City Council, the City agrees that the following steps shall be taken annually:

- A. In early February, the City Bureau of Water Works shall invite Purchaser to attend a presentation of its budget request and financial plans for the following fiscal year.
- B. In early April, the City Bureau of Water Works shall advise the Purchaser in writing of significant changes in the proposed City budget having a potential impact on the purchasers.
- C. In the middle of May, the City Bureau of Water Works shall forward to the Purchaser a copy of the rate ordinance filed with the City Attorney, accompanied by a letter giving the dates on which the City Council is scheduled to consider rates. The hearing dates shall also be published in one or more local newspapers of general circulation.
- D. Above steps may be changed by mutual agreement with a memorandum of understanding.

PAYMENT

Purchaser agrees to pay monthly to City for all City water supplied by City to Purchaser at the rates and charges which may be established by the City Council from time to time pursuant to Section 3. Statements for water used by Purchaser shall be computed and rendered monthly to Purchaser by City. Should any meter fail to measure accurately the water passing through said meter, the charge for water used during the time the meter is out of service shall be based on the estimated volume of water supplied as the City may determine by usage averages and statistics for prior periods. Payment shall be made by Purchaser to City on or before the thirtieth day after issuance of the statement.

CONNECTIONS AND METERING

Purchaser agrees to provide on its main, at a point near the connection with the City's main, a water meter or meters of type and pattern approved by the City Bureau of Water Works which will at all times measure the water supplied by City to Purchaser. City shall maintain the meter or meters in proper working condition at Purchaser's expense. City agrees to notify Purchaser prior to repairing the meter.

City agrees to the continuance of the connections (or a new connection) between City's water system and Purchaser's system located as follows:

(Size and location of meters)

MINIMUM PURCHASE

A. In consideration of the agreement of the City to provide a firm supply of surplus water, Purchaser agrees to maintain its level of purchases for the term of this agreement so as not to diminish the ratio of City water used to the total water used by Purchaser. The ratio shall be re-calculated annually and shall be the average level of purchases during the five (5) fiscal years next preceding the year of calculation, divided by the average level of total water use by Purchaser during that period.

If in any fiscal year, the Purchaser increases its percentages of water usage from sources other than City, so that the percentage of City water purchased is less than the guaranteed purchase ratio, Purchaser shall pay to City the sum which compensates City for the reduction in usage of City water.

For example, if Purchaser agreed to purchase 70 percent of its water from City but during the fiscal year purchased only 65 percent of its water from City, under this section, Purchaser shall pay to City at existing rates an additional amount, equal to 5 percent of its total water usage.

Payment shall be made annually by Purchaser to City on or before July 1 of the succeeding fiscal year.

B. The calculation of Purchaser's guaranteed purchase ratio shall not include water used by Purchaser in the following circumstances:

1. Purchaser shall be allowed to use alternate water sources in case of emergency such as major fire or drought conditions, and as otherwise mutually agreed upon.
2. If any of the curtailments specified in Section 9 of this contract are invoked, purchaser shall be allowed to use alternate water sources during the time curtailments are in effect.

C. If Purchaser's service area is changed through annexation or withdrawal, Purchaser's guaranteed purchase ratio shall be adjusted where appropriate.

D. City shall, as soon as reasonably possible, inform the Water Manager's Advisory Board, for purposes of their review, of all such exceptions allowed under B. and C. above.

SECTION 8

GROWTH

A. To recover costs for accelerating capacity expansion facilities, City shall assess Purchaser annually after June 30, 1981, a growth impact charge if the Purchaser's growth rate exceeds the average growth rate. Growth impact charge, Purchaser's growth rate and average growth rate are used as defined in Exhibit B. Payment shall be made annually by Purchaser to City on or before July 1 of the succeeding fiscal year.

B. Purchasers contracting to buy water from the City for the first time after December 31, 1979, or Purchasers presently purchasing water from City and not renewing any existing purchase contract within 60 days following the fifth anniversary of the execution of such existing contract, will be assessed a sum commensurate with the costs of accelerating capacity expansion facilities resulting from Purchaser's demands at time of contract execution.

C. All charges and interest pursuant to this Section shall be reserved by the City exclusively for expansion of the total system capacity.

D. No growth impact charges shall be made for increased water usage by Purchaser caused by annexation or transfer of service areas previously receiving City water, except to the extent that growth impact charges otherwise would be chargeable to such annexed or transferred areas for growth in those areas.

WATER CURTAILMENT

In times of shortage, water use will be curtailed to the extent permitted by law and in the following order:

- A. Restriction of uses which can be accomplished without serious injury to person or property, and prohibition of non-essential uses.
- B. Prohibition of irrigation except for commercial greenhouses.
- C. Prohibition of every use except for domestic use and for essential commercial enterprises and industry.
- D. Prohibition of all use outside the City except domestic uses.
- E. Prohibition of all use inside the City except domestic uses.

The curtailment contemplated by Items A., B., and C. above will be applied uniformly to all users.

SECTION 10

PURCHASER SUPPLIED WATER TO CITY RESIDENTS

To the extent permitted by law, Purchaser agrees to provide water supply to City residents in areas adjacent to Purchaser's water mains, said water to be metered by City. The total volume of such metered water, plus 12 percent, will be credited to Purchaser by City, this percentage subject to alteration by mutual agreement between Purchaser and City Bureau of Water Works. Such water will not be included in the calculation of total water purchases per establishment of the guaranteed purchase ratio under Section 7.

SECTION 11

FINANCING PURCHASER SPECIFIC CAPITAL

Financing of assets for benefit to specific Purchaser(s) shall be such Purchaser(s) responsibility, except to the extent the assets benefit the City. However, the City may bond such facilities if any or all such Purchaser(s) guarantee payment of the portion of annual debt service not related to the benefit to the City for the duration of such City bonds.

SECTION 12

INFORMATION TO BE FURNISHED BY PURCHASER

A. On or before July 31 of each year, Purchaser agrees to furnish to the Manager of the City Bureau of Water Works a legal description or map of the Purchaser's service area, at a scale no smaller than 1000 feet to the inch showing the boundaries of the area supplied or to be supplied by its distribution system and, in addition, a map or maps showing all existing mains and those proposed to be installed within the next 12 months, the location, capacity, and overflow elevation of all storage tanks and reservoirs, as well as connections to other sources of water supply, whether such supply is owned by the Purchaser or obtained from others.

B. Purchaser shall furnish to the Manager of the City Bureau of Water Works within ten (10) days after the end of each month a statement showing the number of cubic feet of water sold by each source.

C. Purchaser shall report, on or before July 31 of each year, the origin, capacity, usage and quality of each alternate source of water supply.

D. Purchaser shall also furnish on or before July 31 and January 31 of each year, a detailed list of the total number of new water service connections and locations segregated into the categories of single-family dwellings, duplexes, dwellings of three or more units, commercial, industrial, and private fire line services and the size of the meter for each service installed during the previous six (6) months as of June 30 and December 31.

E. Purchaser further agrees to furnish, not later than July 31 of each year, a statement listing both the total active and inactive services supplied directly and indirectly by Purchaser through other distributors as of June 30.

SECTION 13

ROLE OF THE WATER MANAGER'S ADVISORY BOARD

A Water Manager's Advisory Board shall be established and will continue during the term of the contract. Purchaser is eligible for participation in the Water Manager's Advisory Board. This group shall meet regularly to communicate with and make recommendations to the City Bureau of Water Works and the Commissioner-in-Charge thereof regarding matters relating to City's sale of water pursuant to the terms of this contract, including but not limited to review of those portions of the annual budget and capital improvement program that affect outside City Purchasers. This group shall be governed by By-laws which are attached hereto and are marked as Exhibit C.

SECTION 14

LENGTH OF CONTRACT

This contract shall become effective _____, shall be in full force and effect for a period of 25 years from and after its date of execution, and will supercede all other agreements presently in effect.

This contract shall be automatically renewed for an additional 25-year term unless either party gives written notice to the other that such party elects not to renew the contract. The required written notice must be delivered to the other party not less than three years prior to the date of expiration of the original term.

SECTION 15

SUPPLEMENTAL AGREEMENTS

It is acknowledged by the parties that there may be circumstances which require supplemental agreements between City and Purchaser. To the extent that any such supplemental agreements are not inconsistent with the terms of this contract, then City and Purchaser may enter into such agreements to implement the provisions of this contract.

IN WITNESS WHEREOF, Purchaser has, pursuant to official action of its governing body on the 13th day of December, 1979, duly authorizing the same, caused its proper officers to execute this instrument on its behalf and its corporate seal to be affixed hereto, and City, pursuant to Ordinance No. 130672, Title 21, Water Regulations, of the Code of the City of Portland, Oregon, has caused this instrument to be signed by its Mayor and Commissioner-in-Charge of the Bureau of Water Works, all of which is in triplicate.

HAZELWOOD WATER DISTRICT

Purchaser

(Corporate Seal)

By *Burt M. Bailey*
Chairman
(Title)

Attest *George Skarnicki*
Superintendent
(Title)

CITY OF PORTLAND

By _____
Mayor

By *Frank Danne*
Commissioner-in-Charge of
the Bureau of Water Works

Approved as to form:
APPROVED AS TO FORM

Christopher P. A. Rep
CITY ATTORNEY

Date _____

EXHIBIT A: CALCULATION OF A RATE OF RETURN

CALCULATION OF A DEBT-EQUITY RATIO

- 1) Debt Balance, outstanding at year end, is the sum of outstanding bonded debt at the beginning of the year and new debt issued during the current year, less any redemptions of outstanding debt during the current year.
- 2) Equity Balance, at year end, is the sum of equity at the beginning of the year and principal payment on debt in the current year and investment in assets from current revenues, less any contributions of assets.
- 3) Total Value is the sum of the debt balance and the equity balance.
- 4) Debt Ratio is the debt balance divided by the total value; Equity Ratio is the equity balance divided by the total value.

CALCULATION OF A RATE OF RETURN ON EQUITY

- 1) Market Rate is the sum of yield and five-year average increase in earnings of traded water companies, as listed in "Public Utilities Fortnightly", or other comparable industry publication. Note: Any observations beyond two standard deviations of the mean are excluded as extreme cases.
- 2) Risk Free Rate is the average annual yield of U.S. Treasury Bonds (maturing in the same month) for the forthcoming five-year period, as reported in the "Wall Street Journal" or other industry publication.
- 3) Risk Factor is the market rate less the risk free rate, their difference divided by the variance of the market rate.
- 4) Rate of Return on Equity is the risk free rate plus the risk factor.

CALCULATION OF A RATE OF RETURN ON DEBT

- 1) Rate of Return on Debt is the embedded cost of debt as measured by the (weighted) interest rates of all outstanding debt issues. The computation of the embedded cost of debt is provided by the Municipal Debt Advisory Service within the Oregon Treasurer's office.

CALCULATION OF A COMPOSITE RATE OF RETURN

- 1) Weighted return on equity is the equity ratio multiplied by the rate of return on equity.
- 2) Weighted return on debt is the debt ratio multiplied by the rate of return on debt.
- 3) Composite rate of return, applied to the rate base, is the sum of the weighted return on equity and the weighted return on debt.

EXAMPLE FOR EXPLANATORY PURPOSES:

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(1979-80 Fiscal Year)

<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>SOURCE</u>
1. Debt Balance	\$ 39,679,000	Table 4, Technical Report.
2. Equity Balance	71,907,000	Table 3, Technical Report.
3. Total Value	111,586,000	Debt balance plus equity balance.
4. Debt Ratio	.356	Debt balance divided by total value.
5. Equity Ratio	.644	Equity balance divided by total value.
6. Market Rate	.126*	"Financial Data on Water Stocks" <u>Public Utilities Fortnightly</u> , January 18, 1979, p. 42.
7. Risk Free Rate	.097**	"Treasury Issues, Bonds, Notes & Bills, Friday, December 29, 1978." <u>Wall Street Journal</u> , January 2, 1979.
8. Risk Factor	.006	Market rate minus risk free rate divided by 5.157 (variance of the market rate).
9. Rate of Return on Equity	.103	Risk free rate plus risk factor.
10. Rate of Return on Debt	.052	Computed from interest rates on outstanding debt found in Bureau Statistical and Technical Report <u>July 1, 1977-June 30, 1978</u> , and estimated interest rates on proposed bond issues through 1979-80.
11. Weighted return on equity	.066	Equity ratio multiplied by rate of return on equity.
12. Weighted return on debt	.019	Debt ratio multiplied by rate of return on debt.
13. Composite rate of return	.085	Weighted return on equity plus weighted return on debt.

* Average of sum of yield and 1972-77 Avg. Incr. in Sh. Earnings has been re-computed with Elizabethtown Water and San Jose Water excluded as extreme cases.

** Average yield of bonds maturing in December, 1979, December, 1980, December, 1981, December, 1982 and November, 1983.

EXHIBIT B:

CALCULATION OF THE GROWTH IMPACT CHARGE

CALCULATION OF COMPOSITE GROWTH RATE

- 1) Purchaser's share of demand = purchaser's demand, based on water billed for in the previous fiscal year (n) / outside city purchaser's demand in the year n.
- 2) Purchaser's growth rate = (purchaser's demand in year n - purchaser's demand in year n-4) / 4 x purchaser's demand in year n-4.*
- 3) Outside city purchasers' share of system capacity = capacity of the system - city's projected demand in the year (c) in which the capacity of the system is projected to be reached.
- 4) Average growth rate = (outside city purchasers' share of the system capacity - outside city purchasers' demand for year n) / (c - n) x outside city purchasers' demand in year n.
- 5) Composite growth rate = purchaser's growth rate x purchaser's share of demand + average growth rate x (1 - purchaser's share of demand).

CALCULATION OF IMPACT

- 6) Annualized cost of new facility = estimated cost of new facility in year n+1 dollars / estimated useful life of the facility.
- 7) Impact = annualized cost of the new facility x (1 - average growth rate / composite growth rate).

CALCULATION OF COMPOSITE UNIT COST

- 8) Average unit cost = estimated user charge requirements, based on cost of service allocation, for outside city purchasers for year n+2 / outside city purchasers' demand for year n x (1 + composite growth rate).
- 9) Added requirements = estimated unit variable cost, associated with purchaser's increased consumption x purchaser's demand in year n (purchaser's growth rate - average growth rate).
- 10) Composite unit cost = (estimated user charge requirements for outside city purchasers for year n+2 + added requirements) / outside city purchasers' demand in year n x (1 + composite growth rate).

* Except that for 1981-82 fiscal year:

Purchaser's growth rate = (purchaser's demand in year n - purchaser's demand in year n-2) / 2 x purchaser's demand in year n-2; and,

for 1982-83 fiscal year:

Purchaser's growth rate = (purchaser's demand in year n - purchaser's demand in year n-3) / 3 x purchaser's demand in year n-3.

CALCULATION OF BENEFIT

- 11) Service area factor = estimated actual commodity rate for purchaser's service area for year n+2 / average unit cost.
- 12) Unit benefit = service area factor x (average unit cost - composite unit cost).
- 13) Benefit = unit benefit x (outside city purchaser's demand for year n - purchaser's demand in year n) x (1 + average growth rate).

CALCULATION OF GROWTH IMPACT CHARGE

- 14) Growth impact charge = impact - benefit.

Example for explanatory purposes:
XYZ Water District for 1978-79 Fiscal Year

Basic Data:

<u>Description</u>	<u>Amount</u>	<u>Source</u>
1) Year n	1978	Prior fiscal year
2) Purchaser's demand in year n	4,195,028 Ccf	Bureau Statistical and Technical Report July 1, 1977-June 30, 1978
3) Outside city purchasers' demand in year n	14,752,477 Ccf	Bureau Statistical and Technical Report '77-78
4) Purchaser's demand in year n-4	3,290,099 Ccf	Bureau Statistical and Technical Report '73-74
5) Capacity of system	73,185,403 Ccf (150 mgd)	Bureau Engineer's estimate
6) Year c	2020	Bureau Engineer's estimate
7) City's projected demand in year c	44,432,270 Ccf	Bureau Engineer's estimate
8) Estimated cost of new facility in year n+1 dollars	\$19,200,000	Bureau Engineer's estimate
9) Estimated useful life of facility	100 years	Bureau Engineer's estimate
10) Estimated users charge requirements for outside city purchasers for year n+2	\$6,003,000	Computed from Bureau Financial Forecast and cost of service allocation

<u>Description</u>	<u>Amount</u>	<u>Source</u>
11) Estimated unit variable cost	\$.072/Ccf	Computed from commodity costs in cost of service allocation
12) Estimated actual commodity rate for purchaser's service area for year n+2	\$.48	Computed from Bureau Financial Forecast, cost of service allocation and demand projections based on average growth rate

Computations:

- 1) Purchaser's share of demand = $\frac{4,195,028}{14,752,477} = .2844$
- 2) Purchaser's growth rate = $\frac{4,195,028 - 3,290,099}{4 (3,290,099)} = .0688$
- 3) Outside city purchasers' share of system capacity
= $73,185,403 - 44,432,270 = 28,753,133$ Ccf
- 4) Average growth rate = $\frac{28,753,133 - 14,752,477}{42 (14,752,477)} = .0226$
- 5) Composite growth rate = $(.0688) (.2844) + (.0226) (1 - .2844) = .0357$
- 6) Annualized cost of new facility = $\frac{19,200,000}{100} = \$192,000$
- 7) Impact = $192,000 (1 - \frac{.0226}{.0357}) = \$70,454$
- 8) Average unit cost = $\frac{6,003,000}{14,752,477 (1 + .0226)} = .39792$
- 9) Added requirements = $.072 (4,195,028) (.0688 - .0226) = \$14,000$
- 10) Composite unit cost = $\frac{6,003,000 + 14,000}{14,752,477 (1 + .0357)} = .39380$
- 11) Service area factor = $\frac{.48}{.39792} = 1.206$
- 12) Unit benefit = $1.206 (.39792 - .39380) = .00497$
- 13) Benefit = $.00497 (14,752,477 - 4,195,028) (1 + .0226) = \$53,656$
- 14) Growth Impact Charge = $70,454 - 53,656 = \$16,798$

EXHIBIT C: BY-LAWS OF THE WATER MANAGER'S ADVISORY BOARD

PURPOSE: The Advisory Board will communicate with and make recommendations to the City Bureau of Water Works and the Commissioner-in-Charge thereof regarding any matter relating to City's sale of water to outside the City purchasers.

MEETINGS: The Chairman of the Advisory Board shall cause the Board to meet regularly and at least monthly.

OFFICERS: Members of the Advisory Board shall elect annually a chairman and vice-chairman who will preside over the meetings.

MEMBERSHIP: (1) The Advisory Board shall be composed of seven (7) members, each having one equal vote. (2) Each member shall be an executive in charge of water for the purchaser represented. (3) The representation will be as follows: Two members from the City Bureau of Water Works; one member from the largest purchaser in Service Area III; one member from the largest purchaser in Service Areas I, II and IV; one member to be elected from the purchasers in Service Area III; one member to be elected from the purchasers in Service Area I; one member to be elected from the purchasers in Service Areas II and IV. None of the elected members can be from purchasers already represented by virtue of their being the largest in Service Area III or Service Areas I, II and IV. The Service Areas are described in the attached Exhibit C(1).

TERM OF OFFICE FOR MEMBERS: Elected members of the Advisory Board shall serve for a term of two years. Elected members shall not serve two consecutive terms. Members who do not attend three consecutive Advisory Board meetings may lose their membership and the chairman shall appoint a replacement in accord with the distribution of representation outlined in the membership section.

QUORUM: A quorum of the Advisory Board shall be deemed to be a majority of the members (4).

VOTES ON RULES AND RECOMMENDATIONS: A majority of the members (4) voting for a proposal shall constitute the passage of a recommendation.

REPORTS: Any actions of the Advisory Board taken by majority vote shall be reported to all outside City purchasers.

AGENDA: The agenda for the Advisory Board meeting shall be set by the Chairman or Vice-Chairman. Any member may submit agenda items to the Chairman.

STAFF: The Advisory Board at the request of the Chairman shall be provided secretarial staff by the City Bureau of Water Works. The expense shall be incorporated in the general overhead of the Bureau.

EXPENSES: Minor operating expenses of the Advisory Board shall be provided by the City Bureau of Water Works. The expense shall be incorporated in the general overhead of the Bureau.

AMENDMENT OF BY-LAWS: The By-laws of the Advisory Board may be amended by five members, except for the provisions relating to membership representation which shall require unanimous consent of all seven members.

EXHIBIT C(1): WATER PURCHASERS BY SERVICE AREA

Service Area I - Direct Conduit

Gilbert Water District	GNR Corporation
Green Valley Water Company	City of Gresham
Hazelwood Water District	Hideaway Hills Water Company
Lorna Water Company	Lusted Water District
Pleasant Home Water District	Powell Valley Road Water District
Rockwood Water District	Skyview Acres Water Company
West Side Water Company	

Service Area II - Gravity Transmission

Palatine Hill Water District	Rose City Water District
Stanley Water District	Wichita Water District

Service Area III - Pumped Transmission

City of Beaverton	Capitol Highway Water District
Metzger Water District	Raleigh Water District
Sylvan Water District	Tigard Water District
Valley View Water District	West Slope Water District
Wolf Creek Highway Water District	City of Tualatin

Service Area IV - Gravity Distribution

Barber Water Corporation	Bedford Park Mutual Water Company
Burlington Water District	Community Water Company
Darlington Water District	East 72nd Street Water Company
Parkrose Water District	

HAZELWOOD WATER DISTRICT
1017 N. E. 117th Avenue

Regular Meeting

September 13, 1979

The meeting was called to order at 7:06 P.M. by Chairman Bailey.

Commissioners present were Commissioners Bailey, Cleys, Osborn and White. Commissioner Carlson was absent. Also present were Bob Fuller of Ch2M; Harold Fisher, Superintendent of Rockwood Water District; Duane Lee, Engineer; Superintendent George Phoenix; Mark McCune; Betty Bergstrom, new Bookkeeper for Hazelwood Water District; and Clara Repp.


1. Commissioner Osborn made motion to approve the minutes of the August 9, 1979 Board meeting as written. Seconded by Commissioner White.
Motion passed. Yeas - 4. Nays - 0.
2. The Treasurer's Report was given by Mark McCune. Commissioner Osborn made motion to approve Treasurer's Report as given and to approve payment of all checks written from all funds for August and September of 1979. Seconded by Commissioner Cleys.
Motion passed. Yeas - 4. Nays - 0.
3. The Board discussed installing Master Meters at Mall 205 and the Menlo Park Shopping Center so that all water used would be metered. Duane Lee reported his intention to make an analysis of the hydraulics of the system within Mall 205 and to research the system in Menlo Park where the water line goes in on Glisan and comes out on 122nd Ave. After further data or information is obtained, another report will be made to the Board.
4. Duane Lee gave a report on the progress being made concerning the painting of the storage tanks of the District. The technical specifications are almost ready. Cold tar coatings will be put on the inside of the tanks this winter. The outside painting will be done next spring excepting for some of the worst spots so that no further damage will be done during the winter.
5. During the discussion concerning Well #3 Duane Lee mentioned some possible methods for blending the well water with Bull Run water. Further data on this will be forthcoming.

6. After discussion by the Board members and the Superintendent concerning the City of Portland Water Bureau Contract, Commissioner Osborn made motion that Hazelwood Water District sign the Contract offered. Seconded by Commissioner Cleys.
Motion passed. Yeas - 3. Nays 1.

Commissioner Bailey asked the Superintendent to draft a letter to the Portland Water Bureau and give it to the Board to sign. It should state the District's need to know about any new rate increase before May of 1980 so that the District can include this data in its budget.

7. Mr. Phoenix gave a report on the District's Meter Program. He told the Board that on any new installations that require a larger meter, he is specifying as District policy a compound meter with a backflow device. A compound meter measures more accurately both high and low flows. Commissioner Osborn made motion that the Board support the Superintendent by requiring the above policy to become effective. Seconded by Commissioner White.
Motion passed. Yeas - 4. Nays - 0.

8. While giving the Superintendent's Report, Mr. Phoenix suggested that the District not continue its membership in the Metropolitan Utility Coordinating Council. Commissioner White made motion that the District drop its membership in this organization. Seconded by Commissioner Cleys.
Motion passed. Yeas - 4. Nays - 0.
9. After a discussion of the District's insurance coverage, Commissioner White made motion to accept the contract offered by Stewart & Tuno. Seconded by Commissioner Osborn.
Motion passed. Yeas - 4. Nays - 0.
10. The Superintendent announced that the District's service contract with Roberts Inc. on the L-8000 Computer will expire in December of this year. He will get a quote for service from Burroughs as it is planned to change to them if possible.
11. Mr. Phoenix told the Board that there has been an offer on the District's 1961 Ford, and he was directed to accept the offer to buy.
12. Bob Fuller of CH2M was present to answer any questions on the I-205 Freeway Contract.
13. Commissioner Bailey will not be able to attend the October Board meeting and asked Commissioner Osborn to take his place as Chairman at that time.
14. There being no further business, the meeting was adjourned at 8:35 P.M.


Burt Bailey, Chairman


Frank Cleys, Secretary

ORDINANCE No. 148988

An Ordinance authorizing the acceptance and execution of a contract between the City of Portland, Bureau of Water Works, and the Hazelwood Water District for the sale of a firm supply of surplus water for a twenty-five year period, and declaring an emergency.

The City of Portland ordains:

Section 1. The Council finds:

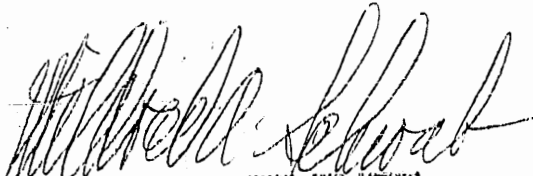
1. Resolution No. 32479 approved on August 2, 1979 by the City Council, authorized the Water Bureau to seek twenty-five year contracts with existing and potential purchasers of Bull Run water.
2. The Commissioner-in-Charge of the Bureau of Water Works was authorized to sign and send copies of the contract, subject to changes in language but not substance, to each of the existing and potential purchasers of Bull Run water for their approval and execution.
3. As a result of a meeting between the Portland City Attorney and attorneys representing major users of the Bull Run system, revisions in language but not substance were incorporated in the contract.
4. The Board of the Hazelwood Water District approved and executed on December 13, 1979 said contract from the City of Portland, marked Exhibit A, attached to the original only.

NOW, THEREFORE, the Council directs:

- a. The Mayor is hereby authorized to accept and execute the contract with Hazelwood Water District for the sale of a firm supply of surplus water for a twenty-five year period.
- b. The contract effective date shall be the date the ordinance is approved by Council.

Section 2. The Council declares that an emergency exists in order to commence with planning to preserve the public health and safety of the City of Portland and its water purchasers; therefore, this ordinance shall be in force and effect from and after its passage by the Council.

Passed by the Council, JAN 2 1980


PRESIDENT OF THE COUNCIL AND ACTING
Mayor of the City of Portland

Commissioner Ivancie
C. Geobel/lo
December 19, 1979

Attest:


Auditor of the City of Portland

Calendar No. 31

ORDINANCE No. 148988

Title

An Ordinance authorizing the acceptance and execution of a contract between the City of Portland, Bureau of Water Works, and the Hazelwood Water District for the sale of a firm supply of surplus water for a twenty-five year period, and declaring an emergency.

THE COMMISSIONERS VOTED AS FOLLOWS:		
	Yeas	Nays
Ivancie	1	
Jordan	1	
Lindberg	1	
Schwab	1	
McCready		1

FOUR-FIFTHS CALENDAR	
Ivancie	
Jordan	
Lindberg	
Schwab	
McCready	

INTRODUCED BY
Commissioner Ivancie

NOTED BY THE COMMISSIONER
Affairs
Finance and Administration
Safety
Utilities <i>FJI/mcc</i>
Works

BUREAU APPROVAL
Bureau:
Water Works
Prepared By: <i>Liz Osmond</i> Date: <i>12/19/79</i>
Budget Impact Review:
<input checked="" type="checkbox"/> Completed <input type="checkbox"/> Not required
Bureau Head <i>Carl Goebel</i>
Carl Goebel, Administrator

NOTED BY
City Attorney
City Auditor
City Engineer <i>[Signature]</i>

Filed DEC 24 1979

GEORGE YERKOVICH
Auditor of the CITY OF PORTLAND

George Yerkovich
Deputy