

AMENDMENT 1
to
REGIONAL WATER SALES AGREEMENT (20 YEAR) No. 30002666
between
CITY OF PORTLAND AND CITY OF SANDY

The CITY OF SANDY, hereinafter called "Purchaser," and the CITY OF PORTLAND, a municipal corporation of the State of Oregon, hereinafter called "City" entered into a Water Sales Agreement ("Agreement") in 2009. By mutual agreement of the parties, that Agreement is hereby amended as follows:

1. Delete Section 1- Nature of Service in its entirety and replace with the revised Section 1- Nature of Service, as follows:

SECTION 1 – NATURE OF SERVICE

- A. Subject to terms and conditions contained herein, City agrees to furnish and sell, and Purchaser agrees to purchase a regular supply of water from the Bull Run watershed on an annual basis for the life of this Agreement. The City further agrees to furnish and sell an interruptible supply of water to be made available for purchase at the City's discretion subject to terms of this agreement. For purposes of this agreement and subject to its other terms, the City shall be obligated to provide Sandy a regular supply of Bull Run water whenever the City is delivering water from the Bull Run watershed to other City customers, including retail customers.
- B. Water is to be delivered to the purchaser at the place or places, at such pressure or pressures, and at such flow rate or flow rates as are set forth on Exhibit 1. Provided that the City is not obligated to meet Purchaser's demands for water during any period of time that Purchaser operates its system not in compliance with operational rules established pursuant to Section 4.D.1 of this agreement.
- C. The quality of the water delivered from the Bull Run is not guaranteed to meet either state or federal drinking water standards. The City shall, however, treat the water prior to delivery in the same manner and to the same extent as it treats the water prior to leaving the Bull Run Watershed to serve its other customers. Current Operating Practice provides disinfection at Headworks upstream of the City of Sandy diversion point. The City will provide information for calculation of CT at the diversion point. Sandy shall have sole responsibility for ensuring that water served to their customers meets state and federal drinking water standards.
- D. Purchaser's supply of water shall be reduced or terminated only in accordance with the terms of this agreement.
- E. Purchase recognizes and agrees that no liability for damages shall attach to the City on account of any failure of supply or changes in pressure, flow rate, or water quality due to circumstances beyond the reasonable control of the City acting in accordance with standards of care common and usual in the municipal water supply industry. Examples of such circumstances include, but are not limited to, natural events such as earthquakes, landslides, turbidity and floods, human-caused events such as terrorism, malevolent acts, contamination

of the water supply, equipment failure events such as failure of the Bull Run treatment systems, and acts of war.

- F. The parties agree and acknowledge that the City of Portland is the owner and operator of the water supply, storage, transmission, and treatment system, and all facilities and infrastructure associated with the storage, treatment, transmission, and distribution systems used in its utility operations. The purchase of water or any other commodity or services under this agreement shall not constitute purchase of ownership rights to water or any portion of the water system owned and operated by the City, except as may be specified herein or may be established by separate agreement. Nothing in this agreement shall preclude the parties from entering separate agreements involving joint ownership or joint operation of system elements.
- G. Sandy may request at any time that this Agreement be amended to enable Sandy to use ground water in exchange for Sandy's commitment to participate in financing infrastructure improvements necessary to accomplish that result, such as increased capacity at the First and Kane Pump Station, either through payment of rates or separate financing agreements under Section 16 of this Agreement. The Commissioner-in-Charge of the Water Bureau may grant or decline such request and if the request is granted, the Commissioner-in-Charge is authorized, subject to approval as to form by the City Attorney, to amend this Agreement and to enter into financing agreements under Section 16, under such terms and conditions as he deems advisable.

2. Delete Section 5(F)(1)(a), Page 14, of the agreement in its entirety and replace with the following:

(a) Reduction or Shift of Guaranteed Purchase Quantity

Purchaser's guaranteed purchase quantity (and, as appropriate, its guaranteed purchase annual payment) shall be altered, at Purchaser's request, for any year in which the Purchaser acts on a request by the City to reduce or curtail demand below its established guaranteed purchase quantity for more than five consecutive days, including but not limited to reduction or curtailment requests resulting from City cessation of service of Bull Run water to its other customers. Any request must be made in writing to the City within 30 days after the Purchaser is no longer reducing or curtailing demand upon the City's request. At Purchaser's option, the quantity of water it did not purchase during a reduction or curtailment period of more than 5 consecutive days shall either: (a) be excluded from that year's guaranteed purchase quantity or (b) be shifted to another time of the year when curtailment is not in effect. Provided, however, that the Administrator need not honor a request to shift quantities to other times if he or she determines that to do so would threaten the reliability of the water system.

3. Delete Section 5(F)(2)(d), Page 16, of the agreement in its entirety and replace with the following:

(d) Purchaser shall not have the option to reduce its guaranteed purchase obligation under this Subsection if the City's failure to supply Purchaser's guaranteed purchase was because of or coincident with a cessation of service of Bull Run water to its other customers or was caused by Acts of God, malevolent acts, contamination of the water supply, turbidity or events beyond the City's control if the consequences of any such circumstance or event could not have been avoided through the exercise of the standards of care common and usual in the municipal water supply industry.

4. Delete Exhibit 3, Fixed Assets spreadsheet of the agreement in its entirety and replace with the revised Exhibit 3, attached to this amendment as Attachment 1.
5. Delete Exhibit 4, Functional Assets Group and CustChar8 of the agreement in its entirety and replace with the revised Exhibit 4, attached to this amendment as Attachment 2.
6. All other terms and conditions of this agreement shall remain unchanged and in full force and effect.

This amendment to the Regional Water Sales Agreement (20 years) may be signed in two (2) or more counterparts, each of which shall be deemed an original, and which, when taken together, shall constitute one and the same amendment to the Agreement.

PURCHASER SIGNATURES

By: William King Date: 4/16/12

Name: William King

Title: MAYOR

Attest:

By: Karen E. Watt Date: 4-17-12
Purchaser's Recorder

Approved as to Form:

By: Don P. D. Date: 4-18-12
Purchaser's Attorney

CITY OF PORTLAND SIGNATURES:

Approved:

By: _____
Commissioner-in-Charge
Portland Water Bureau

Date: _____

Approved as to Form: **APPROVED AS TO FORM**

By: James H. Van Dyke
Office of City Attorney **CITY ATTORNEY**

Date: 5/1/12

**Attachment 1, Amendment 1
Regional Water Sales Agreement (20 Year) No. 30002666**

Exhibit 3

Sandy Agreement June 2011

Fixed Assets in Cost Pools	Rate Base Value	Annual Depreciation
Arlington Heights	178,554	12,934
Arnold	1,230,234	48,928
Burlingame 643	1,582,586	76,362
Burlingame Regulated	57,397	5,907
Calvary	364,670	12,810
Council Crest	148,651	14,275
Groundwater and Powell Butte	44,213,979	2,746,910
Indirect	3,094,592	416,483
Joint	114,474,102	3,662,195
Mt. Tabor 411	22,457,355	396,877
Parkrose 261	737,627	26,946
Pipe	210,742,312	5,608,134
Portland Heights	158,732	8,593
Portland Retail	161,833,254	5,812,933
Sam Jackson PS	125,012	8,842
Washington Park 229	584,371	31,804
Washington Park 299	1,390,256	94,396
Washington Park Common	5,729,265	235,665
Washington Park PS	334,307	43,043
Wholesale meters	239,872	8,263
Grand Total	569,677,129	19,272,300

Attachment 2, Amendment 1 of Regional Water Sales Agreement (20 Year) No. 30002666**Exhibit 4 (Revised June 2011)****Functional asset groups include the following general categories (see also Cost Pool Table below):**

- Source of Supply
- Groundwater and Powell Butte
- Terminal Storage and Conduits
- Treatment (Joint and Groundwater)
- Treatment Chemicals and Power (Joint and Groundwater)
- Burlingame 643 Pumping and Storage / Power
- Arnold Pumping and Storage / Power
- Arlington Heights Pumping and Storage / Power
- Tabor 411 Storage
- Parkrose 261 Storage
- Portland Heights Pumping and Storage / Power
- Washington Park 229 Storage, Pumping, and Treatment / Power & Chemicals
- Council Crest Pumping and Storage / Power
- Calvary Pumping and Storage / Power
- Burlingame Regulated Pumping and Storage / Power
- Washington Park 299 Pumping and Storage / Power
- Joint Equivalent Meters
- Washington County Supply Line – Portland Only
- Retail Direct and Indirect
- Indirect Storage / Pipe
- Indirect

Attachment 2, Amendment 1 of Regional Water Sales Agreement (20 Year) No. 30002666; Exhibit 4 –

continued

City of Portland – Wholesale Rate Model
 CustChar 8 – Percentage of Customer’s Demand Through Cost Pools (Sandy added)
 Revised June 2011

Customer	Arlington Heights	Arnold	Burlingame 643	Burlingame Regulated	Calvary	Council Crest	Joint	Groundwater & Powell Butte
Service Area 1 Water Cos.							100%	100%
City of Sandy							100%	
City of Gresham							100%	100%
Lusted Water District							100%	100%
Pleasant Home Water District							100%	100%
Rockwood Water PUD							100%	100%
Palatine Hill Water District							100%	100%
Burlington Water District							100%	100%
Lake Grove Water District		100%	100%				100%	100%
City of Tigard			100%				100%	100%
Valley View	21%				21%	79%	100%	100%
West Slope Water District	100%						100%	100%
TVWD	2%		2%				100%	100%
Raleigh Water District			2%	2%			100%	100%
City of Tualatin			2%				100%	100%
City of Portland	29%	29%	7%	29%	29%	29%	100%	100%

Customer	Mt. Tabor 411	Parkrose 261	Portland Heights	Portland Retail	Sam Jackson PS	Washington Park 229	Washington Park 299	Washington Park PS	WCSL
Service Area 1 Water Cos.									
City of Sandy									
City of Gresham		4%							
Lusted Water District									
Pleasant Home Water District									
Rockwood Water PUD	2%								
Palatine Hill Water District	100%					3%	100%		
Burlington Water District	100%					4%	100%		
Lake Grove Water District	100%						2%		
City of Tigard	100%						2%		
Valley View	100%		79%		73%		100%	27%	
West Slope Water District	100%						100%	100%	
TVWD	2%						2%	2%	99%
Raleigh Water District	2%								100%
City of Tualatin	2%								100%
City of Portland	97%	3%	29%	49%	29%	29%	21%	29%	2%