

## Lake Oswego Tigard Water Partnership



In August 2008, the cities of Lake Oswego and Tigard formally endorsed a partnership agreement for sharing drinking water resources and costs. Lake Oswego's water supply facilities were undersized, aging and seismically weak. Tigard has long sought ownership in a secure, dependable water source and both cities wanted to keep water rates affordable for their residents. By sharing the cost of planning, designing and constructing a new supply system, each city secures its long term water supply needs at a cost neither could afford alone.

The project creates a reliable water system that delivers high-quality drinking water from the Clackamas River to the communities of Lake Oswego and Tigard. The new water supply system replaces aging, vulnerable, at-capacity infrastructure with a cutting-edge system designed to the highest seismic resiliency standards. The new system also enhances emergency water supply reliability regionally by providing access to Lake Oswego's and Tigard's combined storage as well as other supply sources.

Lake Oswego customers benefit by sharing water system improvement costs with Tigard, saving millions of dollars. Tigard customers also benefit by obtaining access to a high-quality water source and ownership in a state-of-the-art, seismically safe water supply system.

### **Cost / Funding**

The current (2016) estimate is \$254 million. Cost estimates for large multi-million dollar infrastructure projects can fluctuate widely as design engineers move from concept to detailed engineering plans, and through construction. As more is known about a project's elements, the more precise cost estimates become.

For example, when the Lake Oswego Tigard Water Partnership was at about 60% design, there was a fairly high degree of confidence in the costs associated with 60% of the project while another 40% of the cost is an estimation based on experience. Costs only become final when contractors are hired and construction begins. And even then we know surprises can arise. This is why every construction project has working "contingencies" built into their estimates.

The bottom line is that the true final cost of a large project is never known until the last worker leaves the job site and the final bill is paid.

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Published on City of Lake Oswego Oregon Official Website (<http://www.ci.oswego.or.us>)

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Funding sources for the Partnership project include bonds issued by Lake Oswego and Tigard to be repaid over the years by customers' monthly water charges and SDCs (systems development charges). SDCs enable new connections to the system to pay for their respective share of capacity into the expanded system. Cities typically sell bonds to fund large capital projects. Both Lake Oswego and Tigard have increased water rates to repay the principal and interest on bonds, and to operate and maintain the joint water supply system.

### More Information

To learn more, visit the Partnership website at [www.lotigardwater.org](http://www.lotigardwater.org).

### Web Links

[Lake Oswego Tigard Water Partnership Website](http://www.lotigardwater.org)

**Source URL (retrieved on 09/23/2017 - 11:27am):**

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