Bull Run TREATMENT PROJECTS | Filtration

PORTLAND WATER BUREAU
FROM FOREST TO FAUCET

Amanda Fritz, Commissioner
Michael Stuhr, P.E., Administrator

1120 SW 5th Avenue, Suite 405
Portland, Oregon 97204-1926
Information: 503-823-7404
portlandorjyyy

Report to Council

Date: June 25, 2020

To: Mayor Ted Wheeler
Commissioner Amanda Fritz
Commissioner Chloe Eudaly
Commissioner Jo Ann Hardesty
Dory Robinson, Co-chair, Portland Utility Board
Heidi Bullock, Co-chair Portland Utility Board
Bob Jenks, Executive Director Portland Citizen's Utility Board

From: Michael Stuhr, P.E., Portland Water Bureau Administrator

Subject: Bull Run Filtration Project Annual Report

This Annual Report is to inform City Council of progress over the past fiscal year on the Bull Run Filtration Project. The report highlights significant activities and progress, including moving from initial planning to the design phase of the new filtration facility.

Our Water: Safe & Abundant for Generations to Come

The Bull Run Filtration Project will provide consistent, high-quality drinking water that meets today's water quality standards, helps address future risks and regulations, and improves resilience to help keep our water safe and abundant for generations to come. The project is required to meet federal and state drinking water laws and must be completed by September 30, 2027, according to our compliance agreement with the Oregon Health Authority (OHA).

In fiscal year 2019-20, the Portland Water Bureau took significant steps to advance from planning to design of the new filtration facility. This annual report highlights key project accomplishments and planned activities to achieve this important long-term investment in our water system.

For Our Health: *using proven treatment methods to deliver clean, safe drinking water to customers.*

Completed the *Interim Pilot Study Report* and *Draft Filtration Facility Overview*, two key steps in identifying the best-suited treatment alternatives to provide consistent, high-quality water.

For Our Economy: *creating jobs, building water infrastructure vital to local businesses, industry, and residents.*

Submitted our application for a Water Infrastructure Finance and Innovation Act (WIFIA) loan, which offers a unique opportunity to benefit ratepayers and create economic stimulus.

For Our Future: *enhancing our water system's resilience, reducing future risks, and better protecting customers.*

Received guidance from City Council Resolution 37460 on initial project decisions that will enhance water system resilience for future risks such as earthquakes and post-fire turbidity.

2 years of planning complete, design underway to comply with federal regulations

1,300+ project e-news readers

8 Site Advisory Group meetings

WIFIA financing estimated to save **$350M** in borrowing costs

Estimated creation of **7,500** direct construction jobs

$200M in job and professional opportunities for people of color and women

28% of construction jobs will go to people of color and women

A Year of Accomplishments FY19-20

In 2019, we completed significant planning work leading up to City Council Resolution 37460, which established priority values, expectations, and recommendations for the filtration design. In 2020, we moved from planning to design of the filtration facility and applied for federal financing from the WIFIA program to support these needed long-term investments. The following pages highlight some of the key project accomplishments over the past fiscal year.

- Began evaluating treatment options using the pilot facilities installed at Headworks in summer 2019. The data gathered through the pilot will help inform design of the full-scale filtration facility.

July 2019: As part of ongoing community engagement efforts, hosted a BBQ&A at Dodge Park for more than 100 community members to meet the project team, ask questions, and learn more about the project.

- Completed engineering analysis and field investigations to inform ongoing planning efforts and development of the project definition report. This included engaging a Geotechnical Technical Advisory Committee to provide expertise related to seismic considerations.

September 2019: Used planning work completed in 2019 to identify treatment alternatives and develop a range of project options and comparative costs--from minimum compliance to full implementation--that were presented to Council for input.

A Year of Accomplishments FY19-20 cont.

- Began preparing application materials after receiving notification that the Bull Run Treatment Program was one of 38 projects nationwide invited to apply for WIFIA financing.

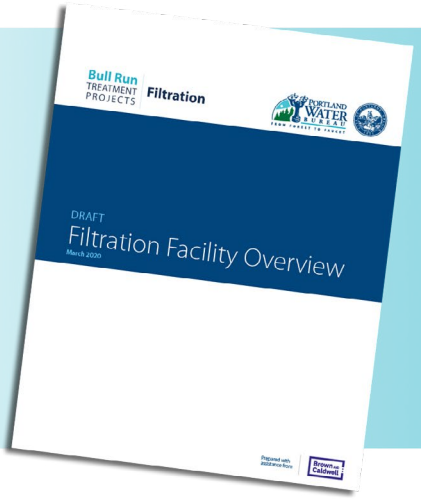
October 2019: Began working with the Site Advisory Group to build towards a Good Neighbor Agreement. The first two meetings in October focused on launching the Site Advisory Group process to get input and feedback on the filtration facility.

November 2019: City Council approved Resolution 37460 that provided a set of priority values and expectations that will guide project design and implementation. The recommended project option was based on feedback from the community, Public Utility Board, and City Council. Council also authorized the contract with Stantec to provide design services for the new filtration facility.

The Site Advisory Group is working with the project team to build toward a Good Neighbor Agreement. Through monthly meetings, Site Advisors are providing an important independent community perspective on the facility design, construction, and operations. Site Advisory Group members include adjacent property owners of the future filtration facility site as well as local representatives from a range of interests and organizations.

A Year of Accomplishments FY19-20 cont.

March 2020: Published the *Draft Filtration Facility Overview*. The report details planning and engineering analysis completed in 2019 to guide design of the filtration facility and to identify the best treatment options for Bull Run water.



April 2020: Submitted application for a WIFIA loan that will lock in significant savings for ratepayers. City Council authorized issuance of revenue bonds to take advantage of this unique opportunity for federal financing.

April 2020: Submitted design documents to OHA to meet the regulatory milestone for the Improved Corrosion Control Treatment Project. Improved corrosion control will also be a component of the new filtration facility and will continue to reduce the risk of lead exposure from household plumbing

April 2020: Submitted the *Interim Pilot Study Report* to OHA documenting results from initial evaluations of treatment options best-suited for Bull Run water.

- Assembling the remaining firms that will collaborate on project delivery, including the pipeline designer and the filtration facility construction manager/general contractor (CM/GC).

WIFIA PROGRAM

The WIFIA program is a unique federal financing opportunity that will benefit ratepayers and create local jobs while helping to make these important investments in the future of our water system. If our loan application is successful, WIFIA financing will allow us to fund this generational investment with exceptional terms.

- ☑ Very low interest rates are fixed and locked in for the life of the loan
- ☑ Saves ratepayers about $350M of debt service over the loan term
- ☑ Flexible repayment schedules mean loan payments can begin after customers are getting facility benefits

Project Performance

This past fiscal year marked the transition from initial planning to the project design phase. In FY19-20, the total budget was $13,473,000. Estimated end of fiscal year spending is $13,078,000.

The team continues to keep delivery on track while working remotely and following other state and federal guidelines to protect public health during the pandemic.

Key upcoming dates in the compliance schedule include:

- November 30, 2020: Submit pilot results and preliminary planning to OHA
- October 31, 2022: Submit final construction plans and construction schedule
- September 30, 2027: Water being served meets all surface water and *Cryptosporidium* treatment requirements

More than 30 minority-owned, women-owned, service-disabled veteran-owned, and emerging small businesses are delivering an estimated $25M in professional services as subconsultants on the program management and filtration facility design contracts. Many of these firms are local, small businesses with staff and offices that are part of our local economy. The project also includes a Disadvantaged, Minority, Women-owned, Emerging Small Businesses Development Program designed to support delivery excellence and long-term growth and capacity of participating firms.

Looking ahead to FY20-21

The next fiscal year includes a number of planned activities that will help us make significant progress toward completing the design phase of the project. Key project activities are highlighted below.

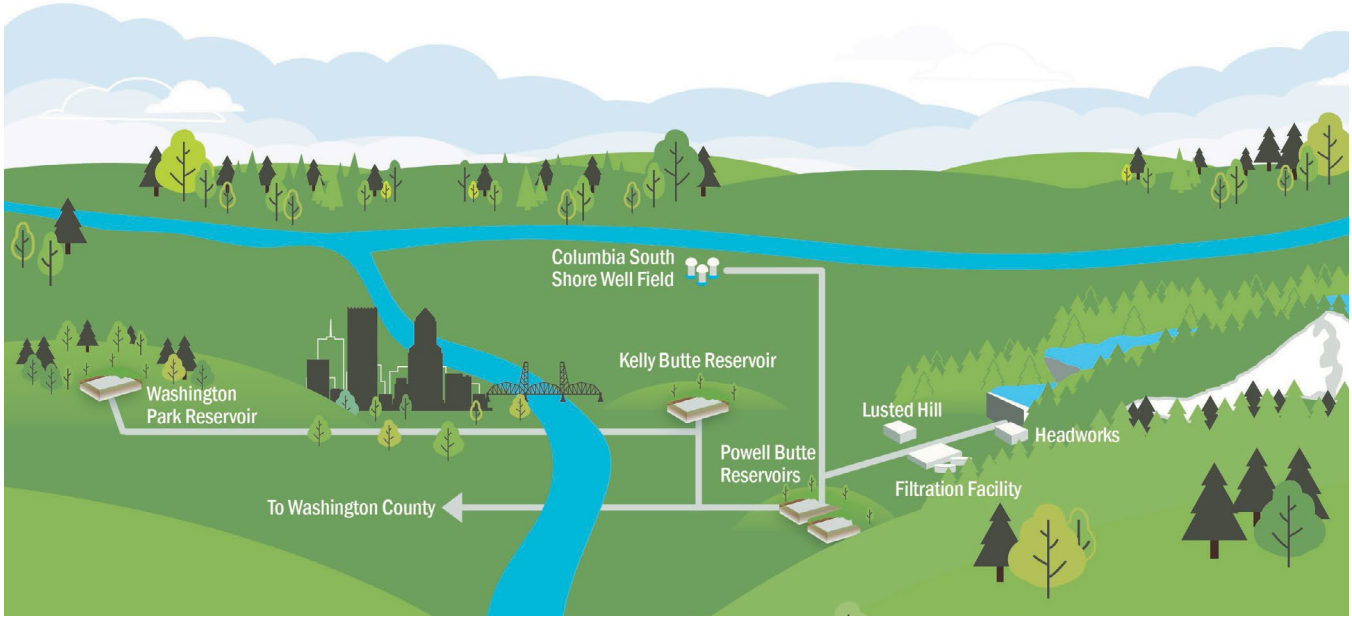
- Continue advancing the filtration facility design and complete the Basis of Design Report.
- Work to finalize WIFIA loan materials and secure federal financing that will benefit ratepayers with exceptional terms.
- Complete the pilot study and submit results to OHA to meet regulatory milestone.
- Continue work with the Site Advisory Group to build toward a Good Neighbor Agreement.
- Select and contract the filtration facility CM/GC.
- Begin preliminary design for new pipelines.
- Begin the procurement process to select a CM/GC contractor for the new pipelines.

Upcoming City Council Actions:

- Pipeline Design Services
- Pipeline Alternative Procurement

When complete, the filtration facility will remove the microorganism *Cryptosporidium* and provide additional benefits to the Bull Run water supply, producing clean and safe water for the nearly one million people who depend on it now and for future generations.

Learn more: **portlandoregon.gov/bullrunprojects**



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