

Meeting Summary

Meeting 16: Site Advisory Group—Budget and Rate Considerations, and Good Neighbor Language

Location:	Teleconference	Date:	March 11, 2021
		Time:	6–7:30 p.m.
Speakers:	Bonita Oswald, Communications Lead David Peters, Program Director	Cecelia Huynh, Finance Director Dan Speicher, Facilitator	

Agenda

Meeting Purpose: Share information about the project budget and rate considerations and seek feedback on draft Good Neighbor language.

1. Welcome

- a. Communications Lead Bonita Oswald welcomed participants and introduced the agenda and speakers.
- b. Program Director David Peters provided a brief project update noting the recent Water Infrastructure Finance and Innovation Act (WIFIA) loan award announcement, recent Portland City Council approval of a property purchase to improve facility site access, and ongoing construction and field investigation activities for the Bull Run Filtration and Improved Corrosion Control Treatment projects.

- i. Questions included:

What will you do with the structures on the property the Water Bureau recently purchased?

We're still evaluating requirements for access improvements and haven't yet determined how existing structures may be impacted. We've heard from facility site neighbors that access is a key issue. This property purchase provides options to establish access from SE Dodge Park Boulevard north of the site and may help significantly reduce impacts to businesses and neighbors on SE Carpenter Lane.

Will the corrosion control facilities be used after the filtration facility is operating?

We'll continue to have corrosion control as part of the treatment process, but the treatment will occur at the filtration facility once that's in operation beginning September 2027. We're upgrading treatment at Lusted Hill to make Bull Run water less corrosive to lead that can be found in some home and building plumbing. These upgrades will comply with the federal Lead and Copper Rule and need to be in place by April 2022 to meet a compliance deadline with Oregon Health Authority.



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How will you move forward if you uncover issues during the drilling work along the pipe routes?

We anticipate using the findings from the drilling work to inform *how* we design the pipes within the selected alignments. The drilling work we’re completing will provide a more complete understanding of soil, seismic, and other subsurface features and support development of design standards. This work augments previous geotechnical investigations we completed to help determine preferred pipe routes.

When will the Water Bureau submit for land use? Why is the City investing in design before receiving land use approval from the County?

The primary land use process will be Multnomah County’s Type III Conditional Use Review process for the filtration facility site. We anticipate submitting for land use approval near 60 percent design of the filtration facility, which is expected in spring 2022. The design work that is underway is an important step to identify what specific facilities will be built. The design information is needed as part of the application to the County.

2. Project Budget and Rate Considerations

- a. Finance Director Cecelia Huynh described the Water Bureau’s commitments to maintaining water rate affordability and provided an overview of the estimated project impacts to the water bill and the benefits of the WIFIA loan. David described steps the project team is taking to manage costs as the facility design is refined and the accuracy of estimates improves.
 - i. Site Advisors were invited to ask questions about water rates and project costs. Discussion included interest in the differences between wholesale and residential rates, how the WIFIA loan is calculated and paid back, and what bill impact projections look like long-term.
 - ii. Questions included:

What is the WIFIA loan amount? What costs are included in the loan?

The total WIFIA loan amount for the filtration facility, pipelines, and improved corrosion control is \$726.6 million. The loan covers direct project costs, indirect costs, inflation, bond reserves, and interest costs – plus a project contingency. For additional detail: [Project Financing and Rate Affordability](#).

What would the project impact to the water rates be without the WIFIA loan?

Without WIFIA, we were projecting gradual water rate increases from the Bull Run Treatment Projects to \$18.34 more per month in 2028 for typical residential customers. Now that we’ve been awarded a WIFIA loan, that amount is reduced to \$12.85 more per month in 2028 for typical residential customers.

What volume of water is the typical residential customer rate based on?

The ‘typical residential customer’ category reflects the average water use of five hundred cubic feet per month for Portland residential customers.



What is the income threshold for the extreme low-income customer category?

The City of Portland’s expanded financial assistance program includes a bill discount for income-qualifying customers. Households earning up to 60 percent of median family income are eligible for a Tier 1 discount. Households earning up to 30 percent of median family income are eligible for a Tier 2 discount. For additional detail: [Financial Assistance Application](#).

Can Pleasant Home Water District’s customers expect similar rate increases?

The Water Bureau’s residential customer rates are calculated separately from wholesale customer rates. The rates for Pleasant Home Water District customers will be determined by the District.

Have you accounted for the departure of City of Gresham as a wholesale customer?

We value all of our wholesale customers. Collectively, they contribute about 10 percent of water sales revenue. Our current financial planning accounts for the departure of City of Gresham, Rockwood Water People’s Utility District, and Tualatin Valley Water District.

Will there be a jump in rates or more increases after 2028 when WIFIA loan payments begin?

With the benefit of WIFIA financing we’re able to smooth rate increases over time to help maintain rate affordability. The projected bill impacts are preliminary estimates only and include conservative assumptions such as project contingency to reflect the current early phase of design. We’ll update these projections as we get more refined estimates. For additional detail: [Project Financing and Rate Affordability](#).

What are the projected operating costs for the filtration facility?

Based on preliminary planning for the filtration facility and pipelines, annualized operating costs are estimated at \$13.5 million per year. This is a planning estimate only; this estimate is approximately \$11.5 million greater than current operating costs. As design of the new facilities progresses, and we know more about what will be built, the accuracy of estimates will continue to improve. The planning work is described in the [Project Definition Report](#) (March 2020).

3. Good Neighbor Language

- a. Dan Speicher provided a brief reminder of the goal and timeline for the Good Neighbor Agreement and previewed draft language for the facility construction and operations, noting the sample language will be shared through an online survey for community feedback.
 - i. Site Advisors were invited to ask questions about the path forward for the agreement. Input included interest in modifying the stormwater management language and more opportunity for discussion amongst the Site Advisors about the Good Neighbor language.
 - ii. Questions included:

What obligation does the Water Bureau have to uphold the Good Neighbor Agreement?

The agreement is our good faith effort and commitment to design the filtration facility to be compatible with its surroundings and to continue to be a good neighbor during construction and



operation. We're planning to discuss the Good Neighbor Agreement in more detail at the April 8, 2021, meeting.

4. Site Advisor Discussion

- a. Bonita facilitated discussion and questions from Site Advisors and other community members.
 - i. Questions included:

Who did you select as the contractor for the filtration facility?

We selected MWH-Kiewit as the construction manager/general contractor for the filtration facility. Members of the MWH-Kiewit team shared information about facility construction in the [Feb. 11, 2021, Site Advisory Group meeting](#).

Is there a standard right-of-way width for the pipelines?

On the raw water side, we have existing easements that are generally 100 feet wide. On the finished water side, most of the work will be done in public rights-of-way and those widths vary.

Will the pipelines go under or next to the roads? Do you expect to stay within the right of way?

We're still evaluating details of the pipeline locations within the selected alignments. There may be some locations where we'll need a temporary construction easement to provide space for equipment or traffic flow while the pipe is being installed. These details will be determined during the design process.

5. Adjourn

- a. Bonita noted the next Site Advisory Group meeting will be held on Thursday April 8, 2021, and will focus on the Good Neighbor Agreement language. Prior to the meeting, the draft operations and construction language will be shared with Site Advisors and the broader community to gather feedback.
- b. David thanked participants and adjourned the meeting.



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