PORTLAND WATER BUREAU
FROM FOREST TO FAUCET

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RE: Filtration Project Independent Financial Oversight Panel Summary

Executive Summary

The Bull Run Filtration Project (the filtration facility and the associated pipelines) remain the City's most complex capital investment; forming a once-in-a-generation mega project. Given its $2.56 billion scale and long-term impact on our community, we recognize that a project of this magnitude requires multiple layers of accountability to protect our ratepayers and our future.

This memo outlines a comprehensive framework that builds on our internal measures and introduces an Independent Financial Oversight Panel (Panel) to strengthen financial controls, risk management, and public transparency as the project advances. By bridging the gap between community representation and professional peer review, we are ensuring that the City's largest infrastructure investment is managed with the highest level of fiscal integrity.

Scope and 1-Year Work Plan

The proposed Panel could include review of project financial controls, cost and risk management, project delivery practices, and opportunities to identify project delivery costs moving forward. In particular:

- The Panel may be directed to review existing documents –such as project scope, contracts, and pricing – but it will not be involved in negotiation or re-negotiation of existing contracts. The Panel's review will independently assess fiscal oversight and respond to questions from City Council regarding the project's costs and expenditures.
- The major milestone—delivering water—must be completed by September 2029. Accordingly, the proposed one-year work plan will focus on an independent assessment designed to address both general fiscal oversight and any questions from the City and City Council. Assessments will include a review of construction change-management processes and project monthly updates to ensure the Portland Water Bureau (PWB) manages unknowns and risks proactively and with data-driven precision rather than reactive budget increases.
- At the end of the first year, the Director of Public Utilities will assess the work plan, gather feedback from City and Council Members, and adjust Panel membership as needed to reflect any changes in scope, direction, or project phase.

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Essential Attributes of an Effective Panel

- Due to the project's complexity and tight regulatory timeline, the Panel must balance two priorities: (1) providing expert technical reviews of project cost control and accounting, and (2) maintaining agility and responsiveness. PWB recommends appointing five volunteer members with expertise in public works or utility finance, construction management, and public-sector capital project delivery. Selection for the Panel will also actively seek professionals from other public agencies and utilities.
- PWB recommends knowledgeable peer volunteers without financial interests in PWB or the City who can bridge the gap between community representation and professional auditing.
- PWB acknowledges the important role of the Portland Utility Board (PUB) in utility budget review from a community ratepayer perspective. PWB recommends transferring one or two PUB members from the Project Delivery Advisory Team (PDAT) to the Panel when PDAT concludes in October 2026.
- Conflict of Interest: To ensure unbiased oversight, Panel members will disclose all relevant financial interests. Members are prohibited from having current contractual relationships with the City or any contractors associated with the project.

Timeframe and Frequency of Engagement

Recruitment of qualified Panel members will occur later this summer, with a target start date of late fall. Below is an estimated timeline:

- July–August 2026: Finalize recruitment criteria and launch recruitment.
- September 2026: Continue recruitment to ensure the Panel has deep technical and financial expertise.
- Late September 2026: Panel appointment and commencement of the financial cost review.
- October 2026: Transition 1–2 PUB members from the concluding Project Delivery Advisory Team (PDAT) to the Panel; finalize Panel appointments.
- November 2026: Project background briefings from PWB, including contracting and fiscal management strategies to date.
- Initial 6 months: Monthly meetings to review monthly reports and engage in active discussion.

Next Step

- PWB proposes working with the Deputy City Administrator of Public Works and the City Administrator on the recruitment plan.

Resource Plan

- Utility Staff Support: Dedicated teams will manage all information gathering, logistics, and calendar coordination to ensure the Panel has the data and administrative foundation needed for a seamless review.
- City Subject Matter Experts: Controller, Debt Manager, Accounting Division Lead/Analyst to assist in answering technical questions on budget structure, accounting standards, internal controls, and regulatory compliance.
- Executive Facilitation: The Director of Public Utilities will facilitate Panel sessions.

Findings and Reporting

- Integrated Accountability: All findings and formal reports from the Panel will be delivered directly to the Director of Public Utilities, the Deputy City Administrator of Public Works, the City Administrator, and Council members.

Outreach Plan

- April 7, 2026: Present the Panel concept to PUB, seeking feedback and recruiting PUB members.
- Ideal Panel Composition (Director of Public Utilities will conduct an initial screening of candidates and provide City Council with an update on progress and the slate of nominees before fully onboarding the panel members.)
    - Utility or academic experts: regional utility leaders who oversee large capital projects.
    - Financial or legal professionals (with construction contract expertise), or construction professionals.
    - Engineering professional

Summary

- Establish a 5-7 member Panel.
    - Include 1–2 members from PUB and members with relevant experience.
- Begin the Panel's work by reviewing monthly reports and the financial controls in place for construction, and by addressing specific questions from City leadership and Council.
- Finalize a one-year work plan that includes monthly meetings for the first six months to ensure robust onboarding and initial review.

Appendix: Summary of Current Measures and Next Steps

Existing project oversight and accountability

- PWB procured the services of an independent value engineering firm to identify and implement concepts resulting in more than $200 million in cost savings before construction began in June 2024.
- A Project Delivery Advisory Team (PDAT) includes industry experts and PUB members who are actively evaluating the project risks, staffing, communications, and operational readiness and providing recommendations to strengthen project delivery. PDAT's first report was shared at the February 2026 Portland Utility Board meeting.
- An independent claims analysis team reviews construction expenditures, evaluates cost impacts, advises on potential disputes, and ensures contract compliance.
- Annual Bull Run Treatment Projects Annual Report to Council, beginning in 2018.
- Expanded public transparency through regular project status updates, including cost and schedule, beginning March 2026.
- Enhanced executive oversight and internal reporting on project status, including budget and schedule, beginning March 2026.