

FINANCIAL IMPACT STATEMENT For Council Action Items

INITIATOR'S SUMMARY OF COUNCIL ACTION (Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Yone Akagi	2. Telephone No. 503-823-764	3. Bureau/Office/Dept. Water Bureau / Operations
4a. To be filed (date) December 9, 2010	4b. Calendar (Check One) Regular Consent 4/5ths <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	5. Date Submitted to FPD Budget Analyst: December 9, 2010

1) **Legislation Title:** *Authorize a Sole Source Contract with Camp Dresser and McKee, Inc. to Support Development of LT2 Variance Request (Ordinance)

2) **Purpose of the Proposed Legislation:** The purpose of this ordinance is to enter into a sole source contract with Camp Dresser and McKee, Inc. to perform technical analysis, strategy refinement and provide support and assistance with the LT2 variance request.

As part of the City of Portland Water Bureau (PWB) compliance approach to the Long Term 2 Enhanced Surface Water Treatment Rule (LT2) dealing with microbial contamination, the PWB is pursuing a variance from the source water treatment requirements. Throughout 2010, the PWB has been implementing a sampling plan and study to support a variance request. The PWB must now assemble the collected evidence to prepare a variance request.

The PWB is requesting to enter into a sole source contract with Camp Dresser and McKee, Inc. who has experience working with water utilities to create compliance strategies with drinking water regulations. PWB is requesting to have Camp Dresser and McKee, Inc. support developing and writing a variance request and associated supporting documentation. Camp Dresser and McKee, Inc. is uniquely qualified for this project because of the past experience and key role of Camp Dresser and McKee, Inc.'s Philippe Daniel in working with the Massachusetts Water Resources Authority (MWRA) on its successful lawsuit against the Environmental Protection Agency regarding the agency's attempt to require filtration for a public utility. Significantly, Camp Dresser and McKee, Inc. has no financial interest in the outcome of the variance request since it is not a party to any of the City's current contracts related to LT2 compliance.

3) **Revenue:**

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated, please identify the source.

No.

4) **Expense:**

What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years.) (If the action is related to a grant or contract, please include the local contribution or match required.)

The not-to-exceed value of this contract is \$600,000. Funding will be made available in the Winter Bump and will be requested in FY 2011-12 Budget.

Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created, please include whether they will be part-time, full-time, limited-term or permanent positions. If the position is limited-term, please indicate the end of the term.)

No.

6) Will positions be created or eliminated in future years as a result of this legislation?

No.

COMPLETE THE FOLLOWING SECTION ONLY IF AN AMENDMENT TO THE BUDGET IS PROPOSED.

7) **Change in Appropriations:** (If the accompanying ordinance amends the budget, please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new cost element needs to be created. Use additional space if needed.)

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Amount
David G. Shaff, Administrator						

APPROPRIATION UNIT HEAD (Typed name and signature)



Randy Leonard, Commissioner
David G. Shaff, Administrator
1120 SW 5th Avenue, Room 600
Portland, Oregon 97204-1926
Information: 503-823-7404
www.portlandonline.com/water

184327



An Equal Opportunity Employer

DATE: November 19, 2010
TO: Commissioner Randy Leonard
FROM: David G. Shaff, Administrator
RE: *Authorize a Sole Source Contract with Camp Dresser and McKee, Inc. to Support Development of LT2 Variance Request (Ordinance)

1. **INTENDED THURSDAY FILING DATE:** December 9, 2010
2. **REQUESTED COUNCIL AGENDA DATE:** December 15, 2010
3. **CONTACT NAME AND NUMBER:** Yone Akagi, (503) 823-7648
4. **PLACE ON:** ☐ CONSENT ☒ REGULAR
5. **BUDGET IMPACT STATEMENT ATTACHED:** ☒ Y ☐ N ☐ N/A
6. **THREE (3) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY ATTACHED:** ☐ Yes ☒ No ☐ N/A

7. BACKGROUND/ANALYSIS:

The City of Portland is seeking a variance to the treatment requirements of the Environmental Protection Agency's (EPA) Long Term 2 Surface Water Enhanced Treatment Rule (LT2). Since December 2009, the Portland Water Bureau (PWB) has been collecting data in support of the variance request. The collected data must now be analyzed and a basis for supporting the variance request developed based upon the collected data. This information will be assembled into a written variance request.

PWB is proposing to enter into a sole source contract with Camp Dresser and McKee, Inc. (CDM) to provide the Bureau with expertise and support in developing and writing a variance request and associated supporting documentation. CDM has experience working with water utilities to create compliance strategies with drinking water regulations and is uniquely qualified for this project. Philippe Daniel, CDM's proposed principal contact with the PWB on this project, played a key role as a consultant to the Massachusetts Water Resources Authority (MWRA) in its successful lawsuit against the EPA regarding the agency's attempt to require filtration for a public utility.

CDM has no financial interest in the outcome of the variance request since it is not a party to any of the City's current contracts related to LT2 compliance.

The Bureau is proposing the following scope of work for CDM:

- **Task 1: Technical Analysis.** Representative activities include:
 - Assess existing information for completeness. Develop plan for addressing high priority data gaps.
 - Support the PWB in determining appropriate risk assessment approaches, quality of data inputs and development of model.
 - Conduct sensitivity analysis for various plausible watershed hydrological and biological scenarios.
 - Perform statistical analysis of occurrence data collected by PWB.
 - Identify potential threats to current watershed condition that could increase microbial risk. Identify approaches to mitigate major threats. Develop plan for how integrity of Bull Run water quality will be maintained.
 - Comparison of key parameters of Bull Run watershed to other major watersheds.
 - Analyze risks associated with filtered systems as benchmark (i.e., limitations of bin classification, turbidity post-filter backwash, etc.).
 - Benchmarking/standard of care for characterizing risk evaluation against other industries (e.g., beverage, food, etc.).
 - Evaluate 2010 with respect to precipitation, temperature and other relevant factors for placing the monitoring results in historical context.
 - Review PWB work products, as requested.
- **Task 2: Refinement of Argument.** Representative activities include:
 - Initial development of argument "strawman" highlighting key features of the Bull Run watershed (i.e., topography, vegetation, ownership, access), deliberation with public health officials and principal findings of the monitoring program.
 - Weekly meetings with LT2 team from December 2010 through April 2011.
 - Interviews with various water industry leaders (utilities, professional associations, academics, regulators, etc.) for feedback on argument strengths and weaknesses.
 - Review of Federal Court case of EPA/DOJ vs. MWRA on treatment requirements for arguments and counter-arguments on watershed characteristics, pathogen fate and transport, monitoring program design, *Cryptosporidium* results and risk assessment. This will include expert reports, rebuttals, exhibits and court testimony.
 - Determination of EPA actions and research supporting risk-based argument central to LT2 variance. Obtain feedback from water utility staff and researchers most familiar with EPA policy development.
 - Conduct three (3) structured debate sessions (1/2 day each) amongst PWB staff (point-counterpoint) to highlight weaknesses in arguments and means of strengthening request.
 - Organize and facilitate three (3) expert workshops (8 hours, split across an afternoon and a morning): identify experts in areas of particular importance to the variance request, develop agenda, conduct workshops, obtain consensus statements and elicit inputs to be used for completing the variance request.
- **Task 3: Variance Request Report Assistance**
 - Assist the PWB with creating the outlines for the variance request and supporting documentation.
 - Writing specific chapters for document as assigned.
 - Obtaining expert review and addressing/incorporating comments.

8. FINANCIAL IMPACT:

The not-to-exceed value of this contract is \$600,000. Funding will be made available in the Winter BuMP and will be requested in FY 2011-12 Budget.

9. RECOMMENDATION/ACTION REQUESTED:

Authorize a sole source contract with Camp Dresser and McKee, Inc. to perform technical analysis, strategy refinement and provide support and assistance with the LT2 variance request application.

Funds are available _____

Chris Wanner, Director of Operations

David G. Shaff, Administrator