

Oregon Citizens' Utility Board

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May 17, 2018

To: Mayor Ted Wheeler and
Commissioners Chloe Eudaly, Nick Fish, Amanda Fritz, and Dan Saltzman
Gabriel Solmer and Michael Stuhr, Portland Water Bureau (PWB)

Cc: Portland Utility Board (PUB)

From: Janice Thompson, Oregon Citizens' Utility Board (CUB)

Re: PWB FYI 2018-29 budget and future considerations

Important Improvements in Final PWB FY 2018-19 Budget

Cayenta Billing Staff Moved from Revenue Bureau to PWB

Since 2015, CUB has advocated for moving Cayenta billing staff housed in the Revenue Bureau to the PWB. Optimal management of the billing system by PWB as well as the Bureau's ability to respond to data requests has been inappropriately hindered due to the Revenue Bureau placement of these Cayenta billing staff. For example, this dynamic was identified as a concern in the Auditor's *Utility Payment Assistance* report on the low-income programs operated by PWB. CUB appreciates this long overdue action and applauds the efforts of the many players who worked to make this PWB improvement.

Full Funding of Low-Income Assistance Expansion Program

The PWB runs a low-low income assistance program for customers of water services as well as the sewer and stormwater management services provided by the Bureau of Environmental Services (BES). The PWB's requested budget included an impressively broad range of expansion opportunities in its low-income assistance program.

There seemed to be strong Council support for low-income program expansion at the February work session devoted to this PWB proposal. CUB also indicated support for full implementation of low-income program expansion at the March budget work session; a position that was well received by the Council member participants at that meeting.

It was surprising, then, that resources for full implementation of the low-income assistance expansion were not included in the Mayor's proposed budget. Therefore, CUB was pleased to see the Mayoral actions outlined in the May 16 budget document to ensure full implementation of the low-income assistance expansion program.

An Important Element in PWB Requested Budget

CIP Project Re-Evaluation

CUB supported PWB's removal of several CIP projects that had been included in last year's five-year CIP plan: Headworks area generator improvements and chlorine scrubber replacement, Sandy River Outfall improvements, and Vivian Groundwater improvements. CUB recognizes, however,

that these projects may well be needed in the future. Given the budget impacts of filtration treatment, though, it is important to reconsider previous capital project priorities as was proactively done by PWB.

CUB continues to urge caution about how Sandy River Station facilities planning could be affected by treatment plant related decisions. We also appreciated discussions with PWB about possible timing adjustments in transmission mains seismic improvements and the annual replacement schedule for distribution mains and ended up concurring with PWB decisions on these topics. Overall, we are pleased to see PWB's willingness to re-evaluate CIP priorities. This willingness is prudent at any time, but is especially warranted given filtration treatment budget pressures.

Concerns Regarding PWB FY 2018-19 Budget

Rate Increase and Filtration Treatment

The PWB rate increase for a typical single-family household is 8.7 percent, which is 2 percent higher than the 6.7 percent rate of increase that was projected for FY 2018-19 in last year's financial projections. The major reason for this difference is the new water treatment required by losing the *Cryptosporidium* treatment waiver and the Council's selection of filtration last August to ensure continued compliance with Oregon Health Authority requirements. It is important to note that PWB projects 7.4 percent rate increases for FYs 2019-23, the last four years in its five year financial plan.

Last summer's Council decision was made with full recognition that rates would increase, but filtration was deemed to be the more comprehensive treatment option. As CUB testified, the UV treatment option was least cost but not least risk with significantly more system resiliency offered by filtration treatment. The Council did not request that the PWB make up for filtration treatment costs by cutting other spending, presumably since they understood that to do so would significantly hinder meeting PWB service goals. This was prudently recognized by Commissioner Fish in his budget guidance letter requesting a combined utility rate increase below 5 percent. Since the BES rate increase is 2.35 percent, the combined increase for a typical family is 4.46 percent for water, stormwater management, and sewer services in FY 2018-19.

While it isn't appropriate to think that filtration treatment costs can be solely addressed with other PWB cuts, CUB appreciates the PWB's willingness to re-evaluate CIP projects (as noted above) especially given filtration treatment budget pressures, and we'll continue to engage in those discussions with PWB.

Uni-Directional Flushing

The Mayor's budget adds 3 FTE for uni-directional flushing, which is 2 fewer positions than in both PWB's requested budget and CBO recommendations with which CUB concurred. Added flushing capacity was sought, but denied, in PWB's 2017-18 budget so the Mayor's budget is a partial improvement. Even at the staffing levels requested by PWB, however, temporary personnel were likely to have been needed to flush the entire system before implementation of corrosion control improvements.

Due to the lower staffing level allowed in the Mayor's budget, it seems likely that even more temporary personnel may be required and if this occurs the Council shouldn't be surprised since this

pre-corrosion-control-implementation flushing is quite prudent. CUB anticipates support for increased use of temporary staff given the system benefits of uni-directional flushing.

A final note is that increased use of temporary personnel does not preclude the possibility of PWB requesting permanent FTEs to ensure adequate uni-directional flushing capacity. CUB would evaluate such a request at this possible future date, but mentions it now so the Council is also aware that flushing capacity, which has been unfunded or underfunded in FY 2017-18 and FY 2018-19, may well come before you again in PWB's FY 2019-20 budget request.

Communications

Neither the Mayor's budget nor the CBO review supported the PWB request for a technical writer. In CUB's "phase 1" memo we had concerns about this position that were adequately addressed by PWB. We then supported this decision package in our "phase 2" memo presented at the March Council work session, however, we also noted the challenges of getting approval for this writer position even though PWB gets frequent suggestions to increase its communications capacity. Therefore, this omission in the Mayor's budget isn't a surprise, but the Council needs to recognize the mixed signal this mayoral budget omission sends to PWB regarding the importance of communications. It should also be recognized that the PWB seems likely to fill this need through a reallocation process, which seemed to be an implicit suggestion from CBO. This is a valid approach, but it does mean that other needs may not be adequately addressed.

Decorative Fountains

At the Council work session, CUB provided our rationale and historical background for not supporting the CBO recommendation for PWB dollars to be used for decorative fountains. The Mayor's budget requires use of PWB ratepayer dollars and we think it is appropriate that this is only a one year allocation.

Beyond FY 2018-19

Continued Review of CIP spending

As noted above, CUB supported PWB's removal of several CIP projects that had been included in last year's five-year and appreciated discussions with PWB about possible timing adjustments in several ongoing CIP efforts. CUB appreciates PWB's continued consultation with us regarding re-evaluation of CIP priorities. CUB will continue our focus on evaluating new CIP proposals since it is early in project development that input on project need and scope is most effective. This has always been a CUB priority, but it is all the more important given filtration treatment budget pressures.

Monitoring of Filtration Planning

The first annual report on filtration treatment planning to oversight entities is due in June. CUB appreciates discussions with PWB thus far regarding this topic and will diligently review the upcoming report. Of particular interest is determining the optimal size of the treatment plant, but CUB will be assessing all aspects of the planning process.

Moore-Love, Karla

From: Dee White <deewhite1@mindspring.com>
Sent: Thursday, May 17, 2018 12:58 PM
To: Council Clerk – Testimony
Subject: Testimony Agenday item 490 water rate increase hearing
Attachments: Testimony Dee White Agenda Item 490 water bureau rate hearing May 17 2018.pdf;
Testimony Dee White water bureau budget meeting David Douglas HS April 3 2018.pdf;
Testimony Dee White attached Tribune article Underground River - Pipeline to Bring
Water to the Westside.pdf

Hi Karla,

Testimony is attached for today's water rate increase hearing.

Thanks,
Dee White

May 17, 2018

490 TIME CERTAIN: 2:00 PM – Authorize the rates and charges for water and water-related services during the FY beginning July 1, 2018 to June 30, 2019 and fix an effective date (Ordinance introduced by Mayor Wheeler) 45 minutes requested for items 490 and 491

My name is Dee White. Over the past 20 years, the core mission of the Water Bureau has changed from being a public water provider with public health, safety and affordability as its top priority to a construction and engineering outfit bent on dismantling and destroying by neglect our sustainable water system and all the while ruining our pristine water. Your irresponsible budgeting has resulted in unsustainable levels of unnecessary debt for highly contested capital improvement projects such as the Washington Park demolition and now, a long-coveted filtration plant. Coveted by unethical city bureaucrats and multinational engineering firms, that is. Filtration will provide no health benefit for the Portland community whatsoever. It will cripple us with debt.

The policy and budgeting of the Water Bureau has resulted in a silent public health crisis in Portland that has nothing to do with the non-issue of cryptosporidium and a \$500 million dollar filtration plant and everything to do with the neurotoxin lead that causes irreversible brain and heart damage - all due to toxic and corroded pipes, insufficient treatment and a poorly maintained distribution system. Portland has the highest level of lead of any large utility in the US. We have exceeded the EPA limit twice in the past 18 months.

The first priority of the water bureau budget should be getting the lead out starting with an aggressive flushing and maintenance program. Despite having a year and a half to follow the EPA's and OHA's 2016 directive to immediately reduce the lead in our water, lead at the tap remains at dangerous levels throughout the city. Zero officials in the city, county or state governments seem to be too worried, much less acknowledge this local crisis despite it making headlines in the national press yet sadly and curiously, not in our local press. At the April 18th council meeting, the water commissioner proclaimed that we have no lead problem in our water. Earlier, the commissioner said that flushing the

water line was all pregnant women and women with babies needed to do to protect themselves from lead exposure. Official statements such as this are complete BS and I might add, evil.

Next topic. We do not need a new \$53 million pipe running under the Willamette River. The Washington County Supply Line was recently inspected, is in good condition and more than meets all demand for the West side. Are the other five water pipes under the Willamette even being used? Will someone at the water bureau answer to this?

Tualatin Valley Water District, overwhelmingly our largest wholesale customer is building their own water supply including a “pipe to bring water to the West Side”*. In fact, should the need arise, like an earthquake, Portland could buy water from this new water project because of interconnections that are in the project plans! Plans to spend \$53 million of ratepayer money for this pipe is just plain stupid, just like gearing up for a \$500 million filtration plant.

Ratepayers simply cannot continue to support y’all’s hare-brained schemes that continue to pile up in the heap of past and future fails concocted by the Water Bureau and applauded by the Office of Management and Finance. An 8.9% increase is unquestionably dishonest, unethical and unfair for the community of Portland.

*From November 2, 2017 *Portland Tribune* article attached “Underground River: Pipe to Bring Water to the Westside”

My name is Dee White. I will be commenting on the Water Bureau budget. Over the course of the past 20 years, the core mission of the Water Bureau has changed from being a public water provider with public health, safety and affordability as its top priority to a construction and engineering outfit bent on destroying by neglect and outright demolition, our sustainable water system and our pristine water. This shameful policy has resulted in dangerous levels of lead, unacceptable levels of unnecessary debt and a growing distrust from the ratepayers.

I watched the water bureau's budget work session last Thursday and again on Friday. Thank you to citizen budget advisors Ms Otero-Serrano and Mr Dozono for your thoughtful and direct questions.

Ms. Otero-Serrano, who is from Puerto Rico commented to the Water Bureau: "The disaster was not the hurricane. The disaster was in our water infrastructure. How long will it take the water bureau to become resilient to the inevitable earthquake?"

The water bureau replied: 40 – 50 years! They say the bugaboos are the pipes. They say the conduits are very old and in need of replacement. They say they are *planning* on starting the budgeting process for this pipe and conduit in the next few years!

I say this is wrong. I say your priorities are wrong and show no sense of urgency, responsibility or accountability for the real problems that we have with our water and our water system today.

The 20 plus years of industry-driven policy and budgeting of the Water Bureau has resulted in a public health crisis in Portland that has nothing to do with cryptosporidium and a filtration plant and everything to do with the neurotoxin lead, filthy, corroded pipes and a poorly maintained distribution system ill-equipped to handle a seismic emergency.

The first priority of the water bureau should be getting the lead out. We have the highest lead of any large water utility in the US. Despite having a year and a half to follow the EPA's and OHA's 2016 directive to immediately reduce the lead in

our water, it remains at dangerous levels throughout the city. And zero officials in the city, county or state governments seem to be too worried about it, given their bizarre silence.

I am going to repeat what I just said:

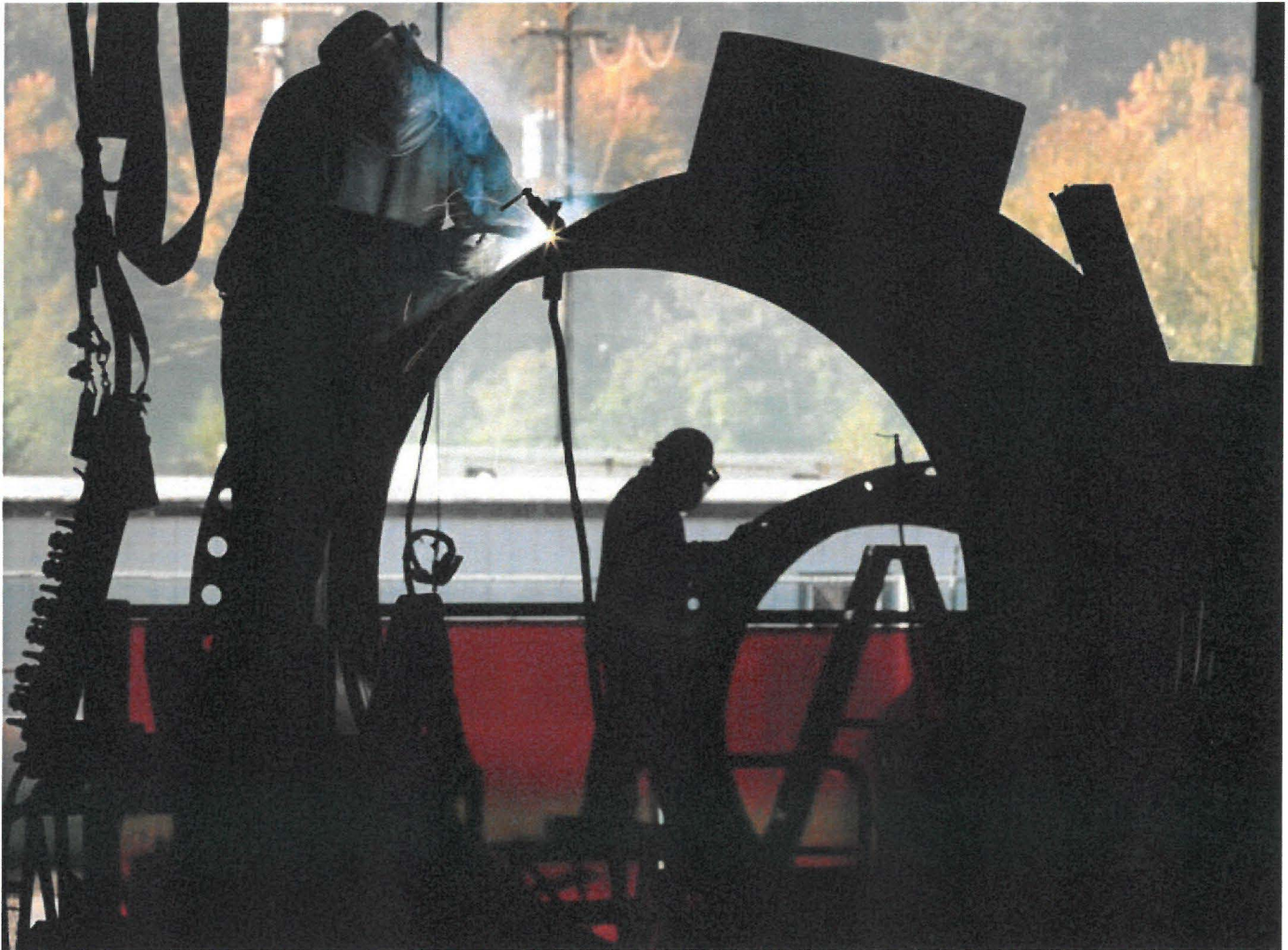
The industry-driven policy and budgeting of the Water Bureau has resulted in a public health crisis in Portland that has nothing to do with the non-issue cryptosporidium and a \$500 million dollar filtration plant and everything to do with the neurotoxin lead, filthy corroded pipes and a poorly maintained distribution system ill-equipped to handle a seismic emergency.

Underground river: Pipeline to bring water to westside

Jim Redden and John William Howard
Thursday, November 02, 2017

[4 Comments](#)

North Portland company supplies large pipes for \$1.2 billion Willamette Water Supply Program that us underway in Washington County



[PORTLAND TRIBUNE: JAIME VALDEZ - A Northwest Pipe Company worker \(foreground\) welds a flange for a manhole cover to a pipe for the Willamette Water Supply Program project underway in Washington County.](#)

Westside suburbs are mounting a \$1.2 billion project to take drinking water from the Willamette River, with a Portland company playing a major supporting role.

Northwest Pipe Co. has so far provided all of the pipe for the Willamette Water Supply Program, one of the largest public infrastructure projects ever undertaken in the region.

When it is completed, the project will draw water from the Willamette River in Wilsonville and provide it to communities in Washington County through more than 30 miles of pipe, a water treatment system, two reservoirs and numerous pumping stations.

Northwest Pipe, located in the Burgard Industrial Park in far North Portland, has won all three contracts awarded for the pipe so far. It is on track to produce 19,500 feet of pipe for the first three stages of the project. The sections ranges from 48 to 66 inches in diameter, and from 48 to 60 feet long.



[PORTLAND TRIBUNE: JAIME VALDEZ - A large forklift carries a pipe from one Northwest Pipe Company building to another, to be finished before being trucked to a project site. The 2X4s in the pipe prevent it from flexing too much.](#)

World War II-era buildings

On a sunny late-October morning, plant manager George Ackley walked through the five huge metal-frame buildings where the pipe is being manufactured. Four were originally constructed to help build the Liberty Ships at the Portland Shipyards during World War II. Each is as long as several football fields and multiple stories high.

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"It's amazing to think what it must have been like out here at the height of wartime production," said Ackley, who has been with the company for over 44 years.

During the tour, Ackley explained how huge slabs of rolled steel purchased by the company are twisted into the shape of large pipes on two massive machines, then welded at their seams to retain their shape.

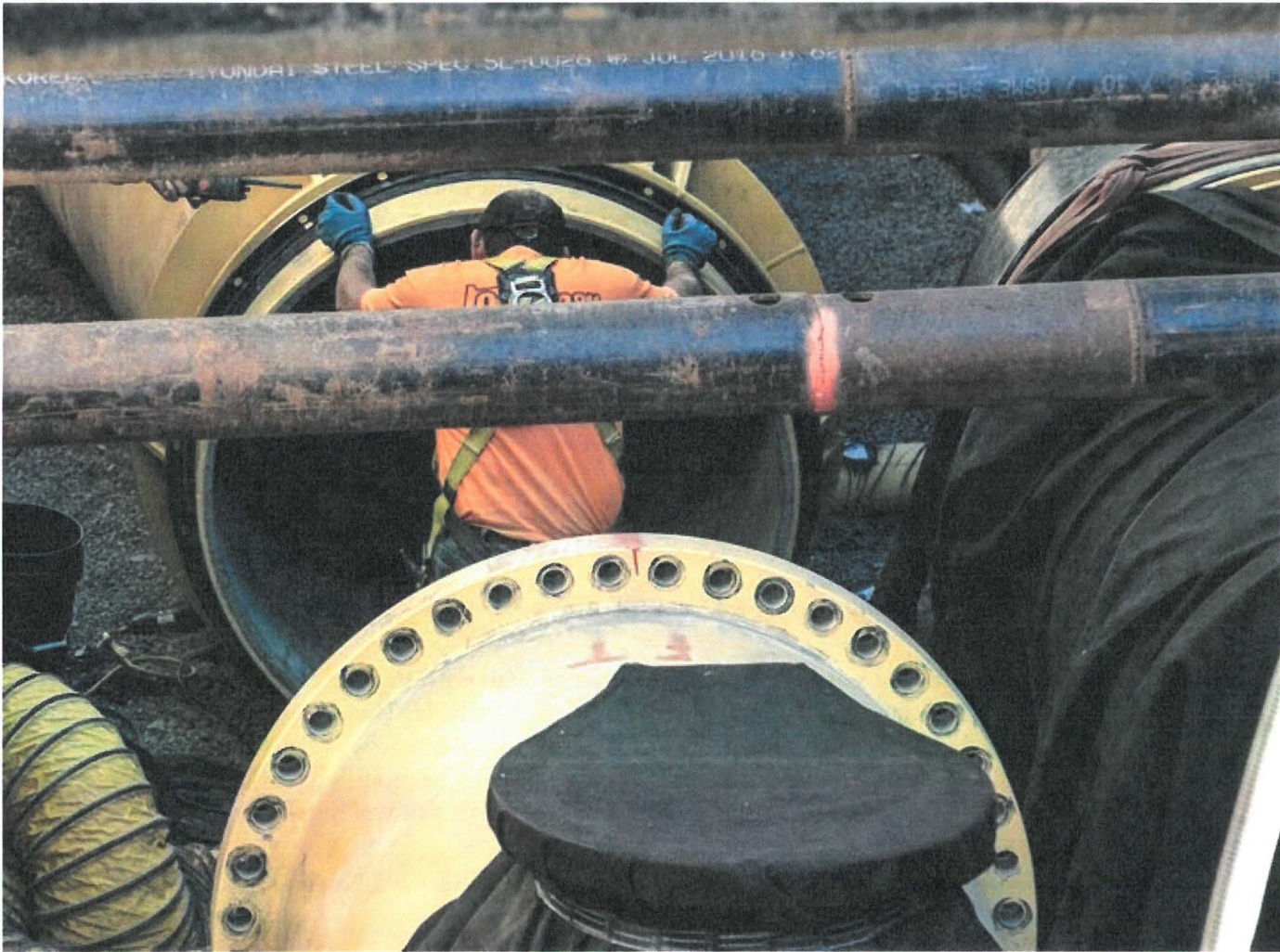
"Think of it like a toilet paper tube," Ackley said.

After the welds are x-rayed, the pipes are coated with polyethylene in a different building and lined with mortar by centrifugal force on a machine outside. Then they are filled with water and pressurized in another building to ensure their structural integrity. Many of the pipes are designed for specific locations along the route and must be modified with special fittings, including flanges and access points for manholes. All of that welding is x-rayed, too.

"Check after check after check," Ackley said of the process to guarantee they will last 100 years or more with proper maintenance.

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The pipes are moved around by overhead cranes and a massive forklift that also loads them on semi-truck trailers to be taken to where they will be buried along the route. The first stages are taking place where other projects are already underway, including South Hillsboro, the large new subdivision along Tualatin Valley Highway where thousands of new homes are beginning to be built.



[PORTLAND TRIBUNE: JONATHAN HOUSE - A finished water pipe is moved into place in the ground below the South Hillsboro development, where thousands of new homes will be built in coming years.](#)

Roots in Clackamas

Northwest Pipe Co. was founded as Northwest Pipe & Casting in 1967 in Clackamas. It acquired the North Portland manufacturing plant from Beall Pipe in 1982, and closed its Clackamas facility two years later. Today, the company has grown into an international supplier of pipes for water and wastewater projects. It has more than 500 employees and other manufacturing plants in Adelanto, California; Monterrey, Mexico; Parkersburg, West Virginia; and Saginaw, Texas. Its pipes have been used in projects around the world.

Despite its local roots, the Willamette Water Supply Project is the first time its products have been used in the region. The company is also bidding to provide the pipe for the Willamette River Crossing Project being planned by the Portland Water Bureau to build an earthquake-proof water line from the east to west side of the city.

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Drinking from the Willamette

The Willamette Water Supply Program is a partnership between Hillsboro and the Tualatin Valley Water District, which serves more than 200,000 Washington County customers. When completed, the pipeline will run from the river to Hillsboro, with customers drawing water along the way.

The \$1.2 billion cost of the project is just a little less than the Big Pipe project in Portland that reduced sewage overflows into the Willamette River, and a little less than TriMet's MAX line between Portland and Milwaukie. It includes a water treatment plant and pump station in Sherwood and storage tanks near Cooper Mountain Nature Park in Beaverton.

Although the project will not be completed until 2026, workers are currently digging a trench for the section of the pipeline slated to pass under the coming Southeast Tualatin Valley Highway and follow Southwest Cornelius Pass Road all the way to Highway 26.

At the South Hillsboro site, a section of the 48-inch pipe is still visible at the bottom of a deep pit just south of TV Highway and Cornelius Pass Road, which is being extended south through the property where 8,000 homes and apartments will be built over the next decade.

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[PORTLAND TRIBUNE: JAIME VALDEZ - Plant manager George Ackley \(left\) and salesman Jeff Curl inspect a finished pipe in one of Northwest Pipe Company's large buildings in North Portland.](#)

Sharing with Portland?

The project is not simply designed to quench the thirst of future South Hillsboro residents and businesses. It was initiated to provide water to much of Washington County, which has been growing briskly for years. It was chosen over such other ideas as raising the federally-owned dam at Hagg Lake and buying more water from the Portland Water Bureau, which currently serves part of the county. In fact, planned interconnections will allow Portland to buy water from the project if the need arises.

At the South Hillsboro location, project managers worked with the Oregon Department of Transportation to reconfigure the intersection of Cornelius Pass and TV Highway to cut down on lane closures, limiting the impact on drivers. Future placement of the pipeline north of TV Highway will coincide with the planned widening of Cornelius Pass Road there.

"We're building the pipeline before South Hillsboro is built," said Andre Tolme, project manager.

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Several other worksites are also underway along the pipeline route. In Sherwood, crews are blasting through a hillside to lay pipeline and extend Southwest 124th Avenue. They've already tunneled under railroad tracks. Steve Clapper, a supervisor with the pipeline project, says the blasted rock is being reused as roadbed to save on hauling costs.

The majority of the money spent on the project is staying in the region, a major selling point for the project partners. According to project documents, the partners have spent \$41.3 million on the project so far. Most of that has gone to 85 local contractors and businesses.

Kerr Contractors is working on the 124th Avenue and South Hillsboro projects, the first two portions of pipeline construction.

Beginning in 2018, crews are scheduled to continue extending the pipeline from TV Highway to Southeast Frances Street in Hillsboro. Construction from Southwest Farmington Road is set to begin in 2019.

The longest stretch of the pipeline, a 7.7-mile section southwest of Beaverton, runs from Farmington Road south to Bull Mountain, and should begin construction in 2018.