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299-2024

Report

Accept the Bull Run Treatment Projects 2024 Annual Report

Accepted

In fulfillment of the requirements of Resolution 37309 (Bull Run Watershed filtration plant to treat drinking water), the Portland Water Bureau hereby submits the attached annual report, which highlights the current project status of the Bull Run Treatment Projects for filtration and corrosion control.

The Bull Run Filtration Projects (Filtration) and the Improved Corrosion Control Treatment (ICCT) Project are needed to protect public health and comply with federal safe drinking water regulations. The attached report demonstrates that the Water Bureau is meeting Oregon Health Authority (OHA) compliance milestones for these projects.

In 2022, the Water Bureau implemented ICCT to reduce potential lead levels at customers' taps. In fiscal year (FY) 2023–24, the bureau successfully optimized treatment for lead with this improved corrosion control and is now in full compliance with the EPA's Lead and Copper Rule.

In FY 2023–24, the Water Bureau completed the design for the Filtration facility and pipelines. Land use applications in both Multnomah and Clackamas counties were approved, and the bureau began initial construction work.

The attached report details additional progress and notable milestones for the Bull Run Treatment Projects. This includes continued expansive and inclusive efforts on outreach, fiscal management and cost control efforts, emphasis on maximizing equity in contracting, and using project values to guide decisions.

Documents and Exhibits

[Bull Run Treatment Projects Annual Report](https://www.portland.gov/sites/default/files/council-documents/2024/brt-annual-report-2024-final.pdf)
(<https://www.portland.gov/sites/default/files/council-documents/2024/brt-annual-report-2024-final.pdf>)

3.13 MB

Introduced by

[Commissioner Mingus Mapps](#)

Bureau

[Water](#)

Contact

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Chief Engineer

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📞 [503-823-1289](tel:503-823-1289)

Requested Agenda Type

Time Certain

Date and Time Information

Requested Council Date

April 10, 2024

Requested Start Time

3:00 pm

Time Requested

45 minutes (1 of 3)

Impact Statement

Purpose of Proposed Legislation and Background Information

The purpose of this legislation is to allow Council the opportunity to review and accept the Bull Run Treatment Projects 2024 Annual Report to Council. This report informs Council of progress made over the 2023–24 fiscal year.

The Water Bureau is responsible for delivering the Bull Run Treatment Projects, which include the Improved Corrosion Control Treatment (ICCT) Project and the Bull Run Filtration Projects (Filtration). These projects will protect public health and bring the City of Portland into compliance with federal drinking water regulations—the Lead and Copper Rule (LCR) and the Long Term 2 Enhanced Surface Water Treatment Rule (LT2). The Water Bureau has two compliance agreements with the Oregon Health Authority (OHA) that establish schedules for complying with the LCR and LT2. In April 2022, the Water Bureau successfully met the ICCT Project's OHA compliance deadline. September 30, 2027, is the final compliance deadline for Filtration, which includes both the planned water Bull Run Filtration Facility Project (Filtration Facility) and Bull Run Filtration Pipelines Project (Filtration Pipelines).

Together these projects will provide multiple benefits to the nearly 1 million people currently served by the Water Bureau, including protecting public health, improving water quality, and enhancing water system reliability.

In April 2022, the Water Bureau brought ICCT online at our Lusted Hill Facility to further reduce potential levels of lead at customers' taps. Since then, the Water Bureau has gradually increased the pH and alkalinity of Bull Run water to make it less corrosive to lead and other metals found in some home and building plumbing. The OHA has confirmed that our corrosion control treatment for lead is optimized, bringing the Water Bureau in full compliance with the Environmental Protection Agency's LCR.

Once complete, Filtration will remove *Cryptosporidium* and enhance the Bull Run water supply's resilience to potential water quality impacts from fires, landslides, large storms, and other future risks.

The Annual Report to Council is one way the Water Bureau shares progress with the community and City Council. The 2024 annual report is the seventh Annual Report to Council; the first was submitted in June 2018.

Previous key Council and government actions related to the Bull Run Treatment Projects:

- **May 2017:** OHA approved the Water Bureau's schedule to implement ICCT.
- **June 2017:** City Council held a work session on the variance revocation and treatment options, including comparative costs.
- **August 2017:** The Water Bureau provided additional analysis to City Council, and Council approved Resolution 37309 to submit a

compliance plan for design and construction of a filtration facility.

- **September 2017:** City Council authorized the design contract for the ICCT Project (Ordinance 188620).
- **December 2017:** The Water Bureau signed a bilateral compliance agreement with OHA that requires the filtration facility to be operational by September 30, 2027.
- **June 2018:** The Water Bureau submitted the first Annual Report to Council.
- **August 2018:** City Council held a work session on Filtration.
- **August 2018:** City Council authorized use of the alternative contracting method Construction Manager/General Contractor (CM/GC) in connection with the Filtration Facility Project (Ordinance 189146).
- **August 2018:** City Council authorized the program management contract for Filtration (Ordinance 189147).
- **December 2018:** City Council authorized Resolution 37402 choosing the location, technology, capacity, and procurement method for the filtration program.
- **June 2019:** The Water Bureau submitted the second Annual Report to Council.
- **October 2019:** City Council authorized the acquisition of 1.87 acres of real property (Ordinance 189749).
- **November 2019:** City Council approved Resolution 37460 that set priority values, expectations, and a recommended option to guide the design and implementation of Filtration.
- **November 2019:** City Council authorized the design contract for the Filtration Facility (Ordinance 189778).
- **April 2020:** City Council authorized the Water Bureau to acquire certain permanent and temporary property rights necessary for construction of ICCT through negotiation or the exercise of the City's eminent domain authority.
- **April 2020:** City Council authorized water revenue bonds to finance water system capital improvements and refund water revenue bond to utilize Water Infrastructure Finance and Innovation Act (WIFIA) financing (Ordinance 189922).
- **June 2020:** The Water Bureau submitted the third Annual Report to Council.
- **July 2020:** Report to Council recommending award of a CM/GC contract and guaranteed maximum price (GMP) for construction of the ICCT Project.
- **December 2020:** City Council authorized the design contract for the Filtration Pipelines (Ordinance 190242).
- **December 2020:** City Council authorized use of the alternative contracting method CM/GC in connection with the Filtration Pipeline Project (Ordinance 1900245).
- **February 2021:** The Water Bureau signed a WIFIA agreement with the Environmental Protection Agency.
- **March 2021:** City Council authorized purchase of two acres of real property (Ordinance 190322).

- **June 2021:** The Water Bureau submitted the fourth Annual Report to Council.
- **July 2022:** The Water Bureau submitted the fifth Annual Report to Council.
- **December 2022:** City Council authorized the Water Bureau to acquire certain permanent and temporary property rights necessary for construction of the Bull Run Filtration Projects through negotiation or the exercise of the City's eminent domain authority (Ordinance 191094).
- **June 2023:** The Water Bureau submitted the sixth Annual Report to Council.
- **June 2023:** Report to Council recommending extension of contract with Brown and Caldwell, Inc for program management and support.
- **June 2023:** Report to Council recommending award of a CM/GC contract and GMP1 for construction of the Filtration Facility.
- **June 2023:** Report to Council recommending award of a CM/GC contract and GMP1 for construction of the Filtration Pipelines
- **July 2023:** City Council authorized the Water Bureau to construct the Filtration Facility in two phases with two GMPs (Ordinance 191368).
- **July 2023:** City Council authorized the Water Bureau to construction the Filtration Pipelines in two phases with two GMPs (Ordinance 191369).
- **March 2024:** City Council authorized the Water Bureau to amend Ordinance 191094 to acquire certain permanent and temporary property rights necessary for construction of the Bull Run Filtration Projects through negotiation or the exercise of the City's eminent domain authority (Ordinance no. pending).
- **March 2024:** City Council authorized an emergency contract for arborist services (Ordinance 191665).

Financial and Budgetary Impacts

The attached Bull Run Treatment Projects 2024 Annual Report to City Council does not create, eliminate, or re-classify any positions now or in the future.

The Water Bureau has finalized GMP2 negotiations with the CM/GCs for the Filtration Facility and Filtration Pipelines, which provides greater certainty about the anticipated costs to build the filtration facility and pipelines. Hearings Officers in both Multnomah and Clackamas counties approved the Water Bureau's land use applications related to the filtration facility and pipelines; however, these approvals came with numerous conditions of approval that will require additional funds to implement. Current program funding needs have increased to \$2,134,000,000 due to several factors, including schedule compression, market capacity, labor shortages and labor wage increases, and continued escalation and supply chain issues, especially for some materials and equipment.

The program funding includes:

- Final costs for the ICCT Project
- Final GMP2s for the Filtration Facility and Filtration Pipelines
- Other WIFIA-eligible costs, such as indirect and financing costs
- Contingency and allowances for land use conditions of approval and other known and unknown project risks

During negotiation of GMP2s with the CM/GCs for the Filtration Facility and Filtration Pipelines, the Water Bureau considered value engineering and cost savings proposals that could be implemented without sacrificing water quality and resilience goals.

Securing a WIFIA loan with a very low interest rate is another key step the Water Bureau has taken to maintain water rate affordability while making these important long-term investments in the future of the Bull Run water system. Information about the program funding has been shared previously through the project website, fact sheet, and briefings to interested parties, and in response to media requests.

With the approval of the GMPs, the 10-Year Capital Improvement Plan will be adjusted to absorb the additional costs. Updates to the 10-Year Capital Improvement Plan will be made in the FY 2024–25 Mayor’s Proposed Budget. There is no impact to water retail rates. Funding for Filtration is from a combination of net proceeds from revenue bond sales, a low-interest Environmental Protection Agency WIFIA loan, water sales revenue, and other construction fund revenues such as system development charges.

Community Impacts and Community Involvement

There are no new impacts to the community. The annual report provides updates on continued community outreach and involvement over the fiscal year. The Water Bureau is considering the full spectrum of impacts to neighbors, Indigenous peoples, underrepresented communities, low-income customers, and ratepayers.

Since 2017, the Portland Water Bureau has been working to keep the community informed and engaged using multiple communication tools, including monthly e-newsletters, utility bill inserts, the annual water quality report, project videos, and social media. This fiscal year, the Water Bureau performed extensive outreach to local contracting and workforce community groups including the National Association of Minority Contractors, National Association of Women in Construction, LatinoBuilt, Portland Youth Builders, Oregon Tradeswomen, and others.

100% Renewable Goal

Accepting the annual report does not increase or decrease the City’s total energy use, nor does it increase or decrease the City’s renewable energy use.

Although the new water filtration facility and pipelines are anticipated to increase the City's total energy usage, the project team is working within several sustainability-oriented frameworks, including the Green Building Policy, LEED, and Envision, to reduce energy needs and use greener energy alternatives where possible. Both holistic sustainability opportunities and specific design and operational opportunities have been identified to support the City's energy-efficiency goals when possible, such as designing the Filtration Facility and Filtration Pipelines to continue gravity operations.

Budget Office Financial Impact Analysis

Brief Context

GMP2 results in a \$300 million increase in FY 2025-26 and FY 2026-27, \$150 million each year.

For the sake of comparing projections, the pre GMP2 numbers will be referenced as the "Requested" and the post-GMP2 numbers will be referenced as the "Proposed." This naming convention is based on what the bureau knew at the time it submitted the FY 2024-25 Requested budget and what they know now as the City enters the FY 2024-25 Mayor's Proposed phase of budget development.

Strategies

The bureau is pursuing several strategies to account for the GMP2 price increase above previous estimates. They are as follows:

1. Pursue a second Water Infrastructure Finance and Innovation Act (WIFIA) loan

The bureau plans to pursue a second low-interest federal WIFIA loan if Council approves the GMP2s, which will fund 49 percent of the increase to the filtration project – roughly \$325-350 million. The bureau has been in contact with WIFIA staff and they have encouraged the bureau to apply for a second loan for the filtration project. The bureau anticipates the application process will be easier since the project has not changed, and the loan would be to help with project cost increases. While these resources are not guaranteed at this time, the bureau appears optimistic they can secure a second low-interest federal WIFIA loan.

The bureau has already received one low-interest (1.89%) federal WIFIA loan for \$727 million. These loans help reduce the costs for ratepayers to build the treatment facility, saving Portland at least \$247 million in repayment costs.

2. Rebalance the Capital Investment Plan (CIP)

Bureaus are required to provide five-year CIP to CBO and to the public. Because of the magnitude of rising costs related to GMP2, part of the bureau's strategy to mitigate its impact to their CIP is by rebalancing their CIP at the ten-year level.

The bureau has updated their 10-year CIP since getting GMP2. At the time of the FY 2024-25 Requested Budget, the 10-year CIP was \$2.43 billion dollars. As of March 13th, the 10-year CIP has been raised to \$2.58 billion.

After taking the second WIFIA loan into account, the bureau plans to delay work related to upgrading their Distribution Main system portfolio and slow down implementation efforts related to the Seismic Plan Improvements portfolio to offset the remaining \$150 million increase across FY 2025-26 and FY 2026-27.

- Distribution Mains Project: The bureau planned to spend \$261.2 million over the Requested 10-year CIP and now plans to spend \$217.2 million over the Proposed 10-year CIP.
- Seismic Plan Improvements Project: The bureau planned to spend \$150 million over the Requested 10-year CIP and now plans to spend \$28.8 million over the Proposed 10-year CIP.
- In total, the Distribution portfolio planned to spend \$558.5 million over the Requested 10-year CIP and now plans to spend \$408 million over the Proposed 10-year CIP, a \$150.5 million reduction.

Delaying these projects does not affect water system operation and the system will continue to be maintained, though the tradeoffs to meet regulatory compliance compared to delay seismic plan improvements brings inherent risk. CBO notes that customer rates would notably increase above what is previously forecasted (see below) if the bureau did not decide to reprioritize and realign its CIP as described above.

3. Rate Stabilization Account

The bureau has a Rate Stabilization Account (RSA) within the Water Operating Fund to smooth retail rate increases over the financial planning period. This account is one of the bureau's key tools to meet its financial planning objectives which includes maintaining financial stability and predictability for itself and the public. It is worth noting that the bureau planned to draw from the RSA to mitigate the cost of the filtration project before GMP2 was finalized.

The bureau has plans to make transfers to the Water Fund as well as make transfers from the RSA over the next ten years. Factoring for these adjustments over ten years, the RSA is projected to have an ending balance that is \$51.8 million lower in FY 2033-34 than previously planned. The ending balance for the RSA was projected to be \$216.4 million in the Requested and is now estimated to be \$164.6 million in the Proposed. Further draws on the RSA are possible, but not advisable given that its use as stated keeps the bureau within its forecasted rate increases. The RSA helps demonstrate to creditors that the bureau has sufficient liquidity to maintain a strong credit rating and ensure debt service coverage meets planning standards. Further the RSA is an available reserve to address unforeseen requirements. CBO affirms that mitigating the increased expenses associated with GMP2 with the RSA is an appropriate and justified use of the account.

Similar Projects

The bureau has done research to compare initial cost estimates versus the eventual GMP with other municipalities embarking on similar projects, though scale varies. The bureau has looked at projects to expand or upgrade water and waste water infrastructure in California, Florida, and Minnesota and have seen an average increase of 44% between initial cost estimates and their respective GMP arrangements. This indicates that market conditions have impacted projects across the country, including some local comparisons. The cost estimates for this project were developed and scoped across multiple fiscal years, so the gap between cost estimates and the GMP are not surprising given the current economic and labor construction environment.

Affordability

The bureau is pursuing a second WIFIA loan and realigning its CIP because it intends to keep rates within the forecast of future rate increases provided to Council each year. Not only is the bureau required to have a five-year CIP, but they are also required to project future year rate-increases for customers that balances their operating and capital needs. Below is a table of the bureau’s projected rate over the next five years – unlike the previous analysis where the bureau has made changes between the Requested and Proposed, the bureau is **not** planning on revising forecasted annual rate increases as a result of GMP2.

Fiscal Year	Rate Increase
FY 2024-25	7.9%
FY 2025-26	8.1%
FY 2026-27	8.1%
FY 2027-28	8.1%
FY 2028-29	8.1%

City Council is responsible for setting water rates and has historically been willing to support rate increases, which helps the bureau make longer-term financial plans. These increases inform the bureau’s ability to balance their operating expenses and their CIP.

Assuming no unknown increases to operating costs and assuming actual rate increases is consistent with the rate forecast, the bureau plans to increase rates annually by 8.1% through FY 2030. Afterwards, the bureau projects an annual rate increase of 4.5% after FY 2030.

Finally, the bureau remains committed to its its robust suite of affordability programs to assist low-income customers in paying their bills. There are no

planned reductions to affordability programs as a result of the GMP2 price increase.

Relative Risks

CBO notes that the cost of the project can still increase even after receiving and approving a Guaranteed Maximum Price. Change orders, which are common in large construction projects, are possible. Change orders are a written amendment to an existing contract after the effective date that alters the work, the contract sum, or the contract time. These can arise for many reasons, including unforeseen challenges related to the work site, or rescope needs from the bureau. Per best practice, the bureau has \$103.8 million set aside in contingency for the filtration project to cover these costs.

Overall, CBO is supportive of the bureau moving forward with the revised filtration project costs and believes the bureau has taken the right steps to 1) maintain their projected annual rate increase forecast 2) minimize financial risk and 3) to ensure the bureau's core operations continue despite realignment of its CIP.

Agenda Items

299 Time Certain in [April 10-11, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/4/10)
(<https://www.portland.gov/council/agenda/2024/4/10>)

Accepted

Motion to accept the report: Moved by Mapps and seconded by Rubio.

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea

Report to Council

Date: March 29, 2024

To: Mayor Ted Wheeler
Commissioner Mingus Mapps
Commissioner Rene Gonzalez
Commissioner Carmen Rubio
Commissioner Dan Ryan
Robin Castro, Portland Utility Board Chair

From: Gabriel Solmer, Portland Water Bureau Director
Jodie Inman, P.E., Portland Water Bureau Chief Engineer

Subject: Bull Run Treatment Projects Annual Report

This Annual Report updates City Council on the status of the Portland Water Bureau's Bull Run Treatment Projects. The report highlights progress during this current fiscal year, including starting construction for the new water filtration facility and pipelines and reaching "optimized" status with the Environmental Protection Agency's Lead and Copper Rule for corrosion control treatment.

***Our water: Safe and abundant
for generations to come***

The Water Bureau is making long-term investments with the Bull Run Treatment Projects to help keep Bull Run water safe and abundant for nearly one million people who rely on it today and for future generations. The new facilities are needed to protect public health and comply with safe drinking water regulations.

For our health

Making sure our water is safe for everyone.



- In 2023, the Oregon Health Authority confirmed our Improved Corrosion Control Treatment for lead is “optimized” per the federal Lead and Copper Rule.
- With these treatment upgrades, we have taken a big step to further reduce the risk of lead in water for homes with lead plumbing materials.

For our economy

Creating jobs and investing in infrastructure to help our community thrive.



- The generational investments the Water Bureau is making in the Bull Run system are creating thousands of construction jobs.
- The Bull Run Treatment Projects are estimated to generate \$1.59B economic activity through construction and \$14.9M annually when complete.

For our future

Providing a more resilient water system and greater protection.



- The filtration facility we are building will remove contaminants and sediment from our water, making our supply more resilient to water quality risks from events like the Camp Creek Fire in 2023 that burned 2,000+ acres in the Bull Run Watershed.
- Filtration will greatly reduce the threat of the Bull Run supply being disrupted following a wildfire or extreme weather event and is one of the ways we are preparing for a changing climate.

In FY2023-24, the Water Bureau reached “optimized” treatment in reducing levels of lead at customer taps thanks to the successful investment in Improved Corrosion Control Treatment. The Water Bureau also took a significant step forward with Bull Run Filtration and started construction of the new water filtration facility and pipelines.

Improved corrosion control

Purpose: Adjusts the chemistry of Bull Run water to make it less corrosive to lead and other metals found in some home and building plumbing.

Schedule: Completed by the Oregon Health Authority compliance deadline in April 2022.

Budget: \$20.2M final cost.

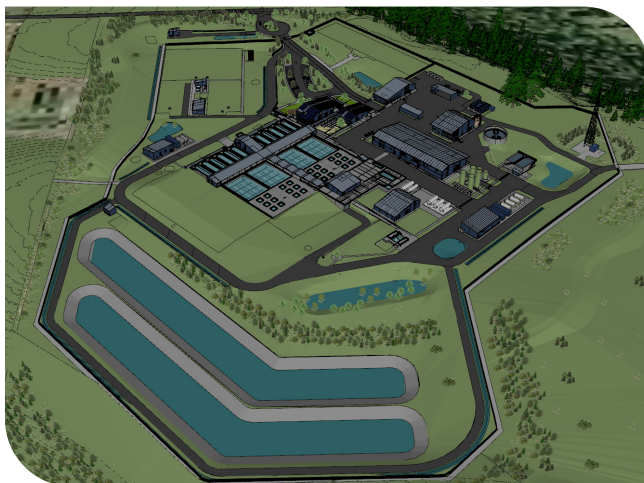


Filtration facility

Purpose: Removes *Cryptosporidium* and other potential contaminants from the Bull Run supply and makes the water system more resilient to future water quality risks.

Schedule: Moving forward with multi-year construction.

Budget: \$102.9M spent to date (Feb. 2024).



Filtration pipelines

Purpose: Connects the water filtration facility to the existing Bull Run water system and improves resilience by allowing an aging segment of pipeline to be retired.

Schedule: Moving forward with multi-year construction.

Budget: \$31.5M spent to date (Feb. 2024).



Important filtration milestones in FY2023-24

We are building the Bull Run Filtration Projects to enhance our water system's resilience, reduce future risks, and better protect our customers. The Water Bureau is working to provide the best value for our ratepayers and maximize the public health benefits and longevity of the new facilities.

Maintaining our momentum through construction will best position the Water Bureau to meet our Oregon Health Authority compliance deadline and begin delivering filtered water by Sept. 2027.

1 Nov. 30, 2020 (complete)

Submit pilot study and preliminary planning.

2 Oct. 31, 2022 (complete)

Submit final filtration construction plans and schedule.

3 Sept. 30, 2027 (underway)

Water being served meets all surface water and *Cryptosporidium* treatment requirements.

Obtaining critical permits

After designing the Bull Run Filtration Projects, a key achievement was receiving land use approvals in Multnomah and Clackamas counties after a multi-year permitting process. In November 2023, Hearings Officers in both counties issued decisions approving the proposed projects.

Permitting commitments include:

- Improving pavement and turning movements on local roads that will be used as haul or detour routes for project construction traffic.
- Rerouting construction traffic during school days to avoid specific roads with direct access to a school with no bicycle or pedestrian facilities.
- Managing construction traffic impacts to prioritize and ensure farmers can access their fields as needed.
- Restoring agricultural soils to return farm operations to pre-construction conditions after pipelines are installed.

Prepared multiple applications with **3,000+** pages of supporting technical material

Took part in **2** public hearings

Responded to **100s** of items in the Multnomah County and Clackamas County records

Public testimony included:

"[Drinking Water Services] would like to emphasize to the board the **public health significance** of this treatment plant and its timely completion."

— Samina Panwhar, Oregon Health Authority Drinking Water Services Manager

"This treatment facility will provide **key resiliency to the region** and community as a whole for decades to come."

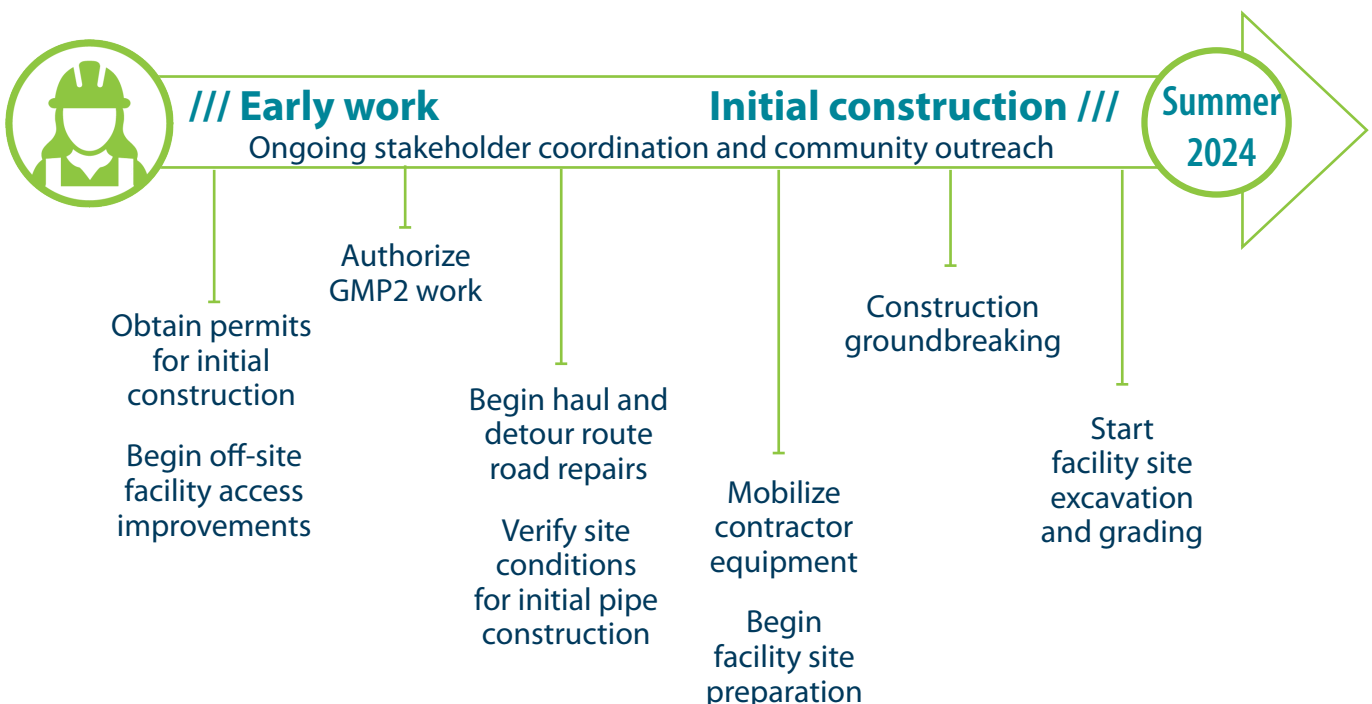
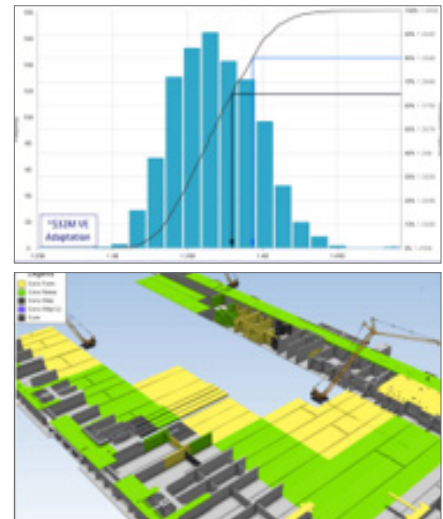
— Jenny Coker, City of Sandy Public Works Director

Getting construction rolling

We value the public health benefits filtration will provide to everyone in our community and are working to build the filtration facility and pipelines as efficiently as possible. We continue to prioritize work zone and community safety as we advance construction.

Schedule compliance strategies:

- Using state-of-the-art project controls such as virtual design and construction to plan work sequencing.
- Reviewing project schedules monthly to coordinate activities and drive the critical path.
- Optimizing planned construction shifts, labor, and support equipment.
- Ordering long-lead time materials, including electrical equipment and pipe.
- Using two-phase Guaranteed Maximum Price (GMP) contracts to allow early work to move forward.



System Investments

More than a century ago, Portland's founders established the Bull Run as our water source and built the gravity-fed system that brings drinking water from the watershed. The existing system required long-term thinking, investment, and ongoing commitment to ensure the Bull Run supply is protected. The Bull Run Treatment Projects are a system-wide investment that provides that same opportunity to provide a lasting legacy of caring for Portlanders for generations to come by delivering the critical tools to respond to not only treatment for *Cryptosporidium* but also to prepare for climate change and other known risks – including intense storms, earthquakes, and wildfires.

Cost management

The Water Bureau is committed to making wise investments in the future of our drinking water. We continue to take steps so that the projects will not increase customer drinking water rates higher than previously forecasted.

Cost management steps:

- Revising the 10-year Capital Improvement Plan to offset project cost increases.
- Secured a Water Infrastructure Finance and Innovation Act (WIFIA) loan that significantly lowers the cost of investment for ratepayers to build these projects.
- Applying for a second WIFIA loan to help manage project costs and smooth rate impacts over time.

Key drivers for increase in estimated costs

- Schedule compression
- Limited market and competition
- Labor shortages and wage increases
- Construction escalation and supply chain issues



Budget Status

In the past year the Bull Run Treatment Projects have completed several important milestones, such as land use approvals and bidding of the Guaranteed Maximum Prices for the second phase of construction, or GMP2s. These milestones provide additional clarity for cost and scope. As a result program costs have increased from \$1.834B to \$2.134B. The national average for water and wastewater projects across the country is a 44% increase from estimate to GMP, and the Bull Run Treatment Program at 47% is consistent with that average.

Even though the costs have increased, **there is no increase to rates as a result of these increases.** The Water Bureau and the project team are working hard to minimize the impact of increases in costs on the ratepayers without sacrificing this essential tool that will serve our community.



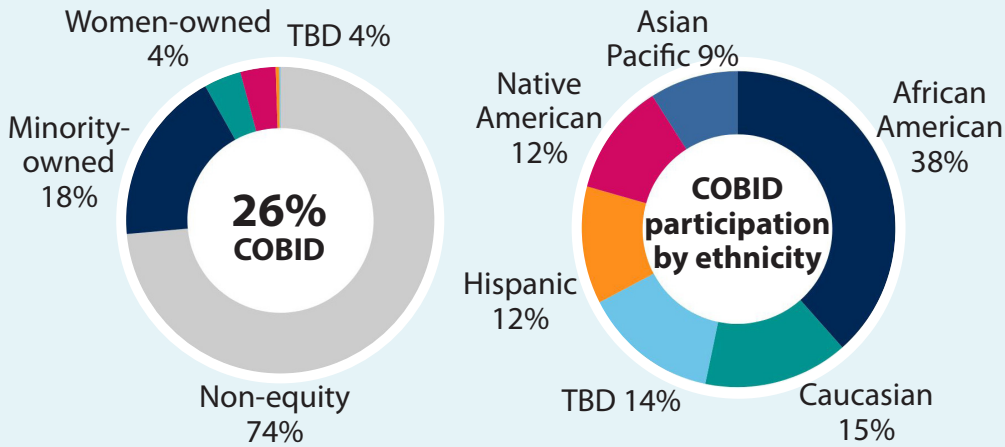
First WIFIA loan benefits Portland ratepayers:

- Interest rate of 1.89 percent is locked in for the life of the loan.
- Saves ratepayers \$247M+ of debt service over the loan term.
- Flexible repayment schedule means loan payments can begin after customers are getting facility benefits.

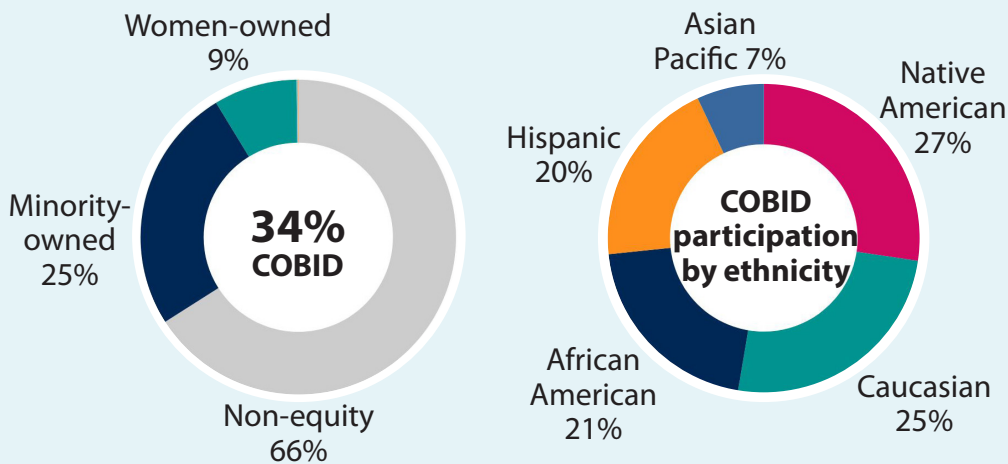
Workforce and COBID Commitments

The construction contracts include strong participation of firms certified by the Certification Office for Business Inclusion and Diversity (COBID) along with commitments to diverse workforces and anti-hate workspaces. With this focus on equity, we are working to stimulate the local economy, address historical inequities, and ensure our workforce reflects the diversity of the communities we serve.

Filtration facility construction COBID participation:



Pipeline construction COBID participation:



One of the **1st** large regional projects to implement the **Regional Workforce Equity Agreement**

44 unique minority-owned firms

25 unique women-owned firms

4 unique disadvantaged businesses

6 unique emerging small businesses

\$294M to COBID-certified firms for filtration facility construction

\$102M to COBID-certified firms for pipeline construction

"These opportunities come along, and we are able to share with the community that they can build **generational wealth**."

— Faye Burch, F.M. Burch & Associates Principal

""[These projects] pay well and give people **economic independence**. If you have that experience, that gives you an opportunity to start your own company and hire other people and grow."

— Andre Baugh, Group AGB Principal

Looking ahead to FY2024-25

This next fiscal year will focus on initial phases of construction for the water filtration facility and pipelines. Keeping our construction momentum is the best opportunity to achieve our compliance deadline and begin providing filtered Bull Run water in September 2027.

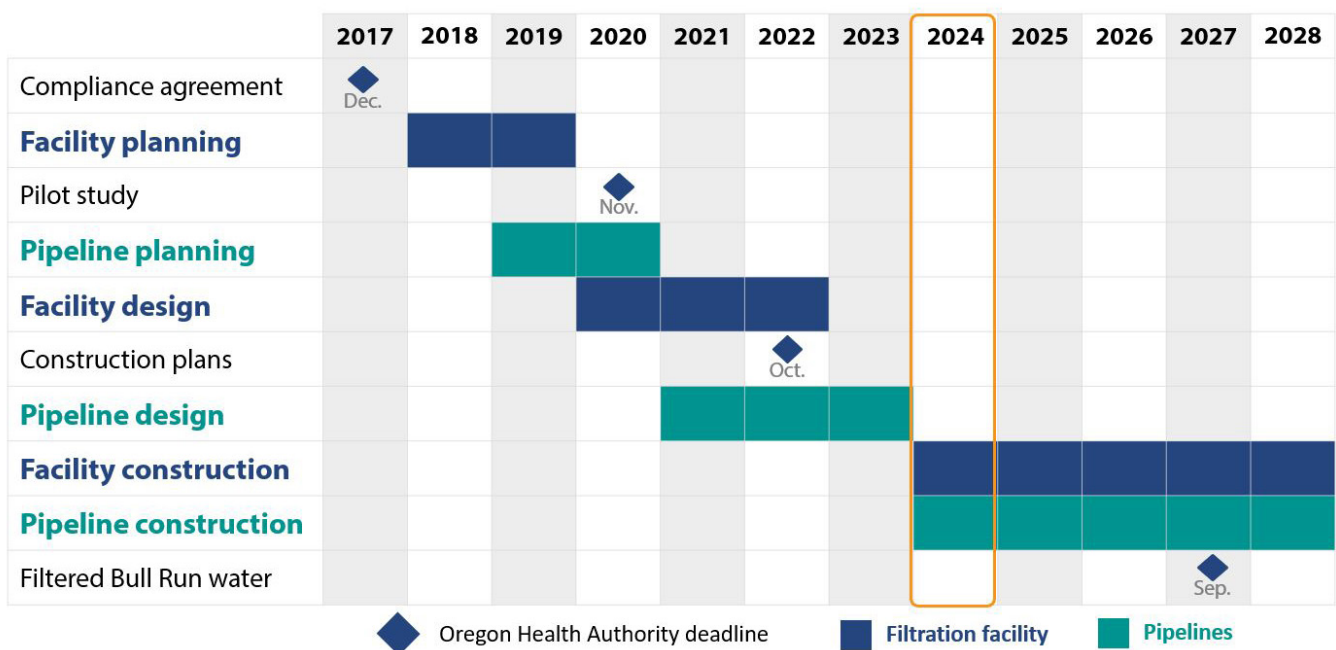
Key project activities include:

- Complete procurement for long-lead time materials and equipment.
- Complete site preparation and contractor mobilization.
- Begin excavation for facility process basins.
- Complete installation of local distribution water main.
- Begin tunneling for the raw water pipeline and installing the large-diameter raw and finished water pipelines.
- Apply for second WIFIA loan to help manage rate impacts from project costs.
- Collaborate with the contracting community to maximize equity participation in construction.
- Continue multi-step process with the Land Use Board of Appeals.
- Continue engagement with customers, site neighbors, and other interested parties.

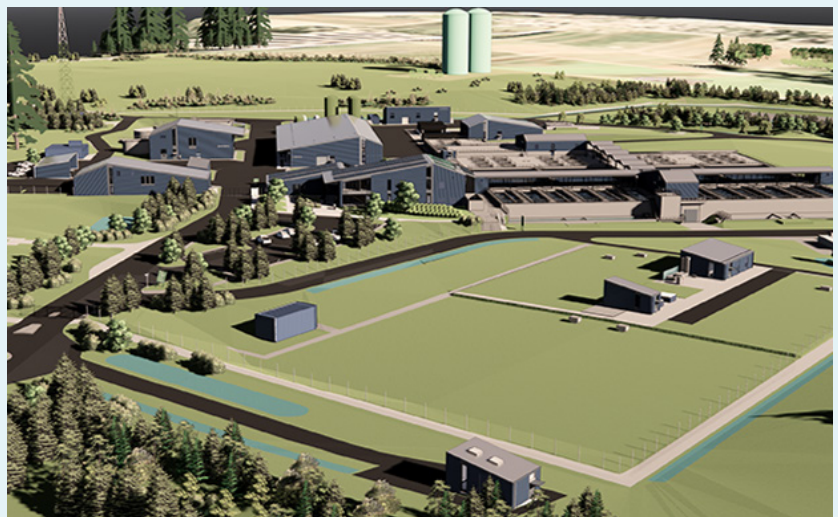
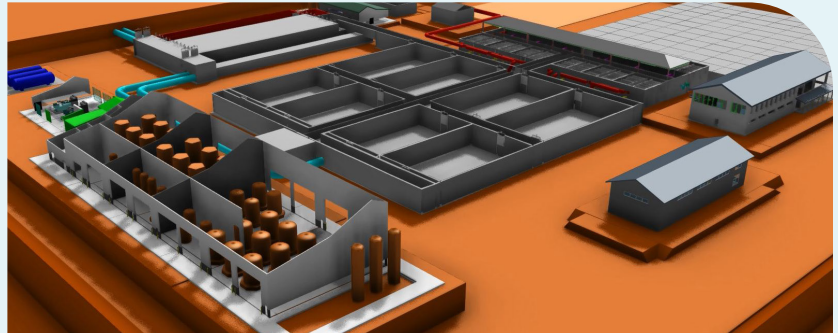
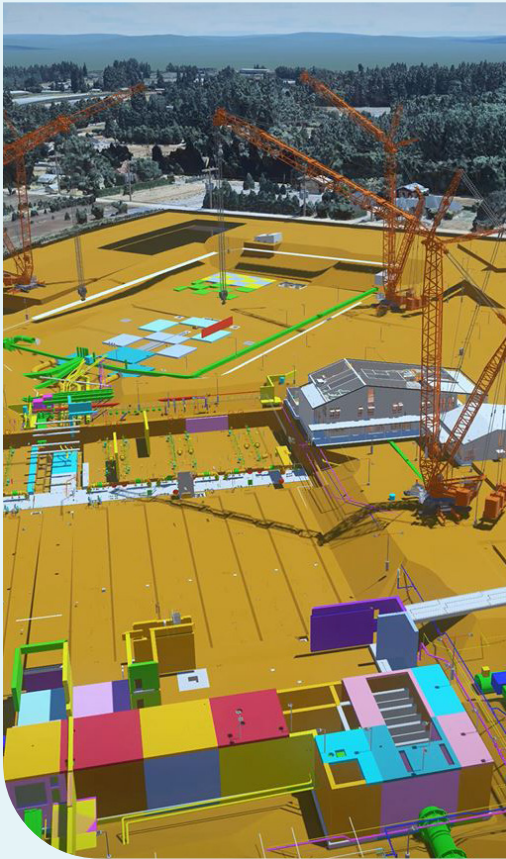
Bull Run Filtration schedule

We are working toward substantial completion of the water filtration facility and pipelines by September 2027, with some work continuing at the facility site into 2028.

Resolution of land use appeals, land use conditions of approval, and other permit approvals will inform the final schedule and project completion date.



Bull Run Filtration will enhance resilience of the Water Bureau's Bull Run supply, helping Portland comply with federal and state drinking water regulations and continue to provide clean and safe water for generations to come.



Water filtration facility conceptual renderings: process basins being built, structures being built, completed facility with existing water towers in background (clockwise from left).



**Design
complete
2020-23**



**Construction
underway
2024-28**



**Filtered
water
Sept. 2027**

Learn more: portland.gov/bullrunprojects



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