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191518

Ordinance

Authorize contract with HDR Engineering, Inc. for consulting services to support participation in a Federal Energy Regulatory Commission relicensing process for the Portland Hydroelectric Project in the amount of \$2,833,575

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. The City of Portland owns and operates the Portland Hydroelectric Project (PHP) under Federal Energy Regulatory Commission (FERC) license No. 2821. The hydropower operation is associated with hydropower plants located below each of the City's two water supply dams in the Bull Run Watershed.
2. The Bureau of Hydroelectric Power reports to the Portland Water Bureau and oversees operation of the PHP.
3. The City's current FERC license expires in February 2029 (Ordinance No. 147483 and 144455).
4. FERC requires applicants seeking to renew their hydropower license to conduct a rigorous five-year application process featuring formal review by interested parties, Tribal nations consultation, community input, and environmental regulatory oversight. FERC also requires the preparation of extensive documentation, including a pre-application document and a license application document.
5. On July 19, 2023, Council authorized the execution of the pre-application and license renewal process (Resolution No. 37626). The resolution also established relicensing cost shares between Portland Water Bureau and the Bureau of Hydroelectric Power and committed Portland Water Bureau to provide annual written updates to each Council office regarding the status, costs, and outcomes of the relicensing process.
6. This legislation will authorize a contract with HDR Engineering, Inc. for consulting services to support the five-year relicensing process, including license surrender if the City decides to surrender its license at any point during the process.

Introduced by

[Commissioner Mingus Mapps](#)

Bureau

[Water](#)

Contact

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Requested Agenda Type

Regular

Date and Time Information

Requested Council Date


November 8, 2023

7. If appropriate, Portland Water Bureau will obtain a contract extension for up to an additional five years through an amendment to the contract. Portland Water Bureau staff will administer and manage the contract.
8. After final development of the scope and negotiations, the amount of the contract with HDR Engineering, Inc. is \$2,833,575.
9. Services and expenditures under this contract will occur over several fiscal years. Funding for the first-year costs is available in Portland Water Bureau's and the Bureau of Hydroelectric Power's fiscal year (FY) 2023–24 adopted Budgets. Additional funds will be requested in the FY 2024–25 through FY 2028–29 Budgets.
10. The Contract will include the use of \$684,937 to hire State of Oregon Equity Contractors, which includes disadvantaged, minority, women, emerging, or service-disabled veteran-owned businesses, as subconsultants. This amount is approximately 24% of the dollars associated with the awarded contract amount.

NOW, THEREFORE, the Council directs:

- A. The Chief Procurement Officer is authorized to execute on behalf of the City a contract with HDR Engineering, Inc. for consulting services generally in accordance with the contract attached as Exhibit A.
- B. The Mayor and City Auditor are hereby authorized to draw and deliver checks chargeable to the Water and Hydroelectric Funds when demand is presented and approved by the proper authorities.

Documents and Exhibits

 [Exhibit A \(https://www.portland.gov/sites/default/files/council-documents/2023/30008455-hdr-engineering-inc.-pte-contract-exhibit-a.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2023/30008455-hdr-engineering-inc.-pte-contract-exhibit-a.pdf) 4.93 MB

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
November 8, 2023

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

This legislation authorizes a contract with HDR Engineering, Inc. for consulting services to support the City's participation in the process to renew the City's federal hydropower license for its energy-producing facilities in the Bull Run Watershed. These services would also apply to a license surrender process if the City decides to surrender its license.

The City owns the Portland Hydroelectric Project (PHP), which operates under Federal Energy Regulatory Commission (FERC) license No. 2821. The City's license will expire in February 2029. The City must renew its license through a formal relicensing process defined by federal law and regulations.

The FERC-required formal relicensing process takes approximately five years and must begin no later than February 28, 2024, when the City must file its pre-application document. Failure to meet this deadline is considered a decision to surrender the license. Portland Water Bureau staff are currently preparing for the relicensing process by completing the necessary documentation and associated pre-application work.

The contract awarded through this legislation will begin at the initiation of the formal license application pre-filing phase and extend through the license application post-filing phase of relicensing. The City anticipates that this contract will complete the work required to relicense the PHP by the 2029 license expiration date. If more time is needed to complete the relicensing process for reasons not currently known or anticipated, the City will follow appropriate contract extension and amendment procedures.

This legislation will authorize a contract for consulting services by HDR Engineering, Inc. to support the City in its completion of the licensing processes. Due to the infrequent nature of relicensing, the City does not have sufficient internal staffing capacity or expertise to complete the relicensing process without consulting support. The contract is necessary for effective project management, strategic guidance, and delivering required documentation in accordance with inflexible regulatory requirements and deadlines. HDR Engineering, Inc.'s deep expertise in hydroelectric relicensing is critical for the City to successfully complete the process.

Services will include:

- Project management, including leading meetings, facilitating site visits, and maintaining project schedule to meet regulatory deadlines;
- Outreach, engagement, and consultation strategy and communication needs, including materials, for various external audiences and licensing parties;

- Support for informal and formal consultation with Tribal nations and state and federal regulatory agencies, including identifying issues, following regulatory processes, and maintaining technical briefs, meeting materials, and legal records;
- Developing a draft and final study plan;
- Managing and implementing required studies and completing study reports;
- Developing the license application and associated documents, including biological opinions or assessments, Historic Properties Management Plan, and the application for state water quality certification;
- Technical support for National Environmental Policy Act (NEPA) environmental analysis and public review process; and,
- Technical support for settlement agreement negotiation, as needed.

Should the City decide to surrender its license, the contract will cover similar services for the license surrender process. Any changes to the contract to specify the services and budget needed for license surrender require a formal contract amendment.

Financial and Budgetary Impacts

This legislation provides contractual services required for the City to meet federal regulatory deadlines and follow procedures necessary to renew its PHP FERC license and continue hydroelectric power operations beyond 2029. The amount of the contract is \$2,833,575.

Funds are available in Portland Water Bureau and Bureau of Hydroelectric Power fiscal year (FY) 2023–24 Budgets. Additional funds will be requested in the FY 2024–25 through FY 2028–29 Budgets. The initial cost-of-service assignment for the license renewal is estimated to be equal between the Portland Water Bureau and Bureau of Hydroelectric Power, based on the current understanding of the PHP's contributions to Portland Water Bureau (Resolution No. 37626).

The total estimated cost for relicensing contractual support has a moderate level of confidence. Relicensing (and license surrender) are inherently uncertain processes as they are driven by input from regulators and interested parties and by regulatory decisions that the City cannot fully know or predict at this time. The City has consulted experts and used the best available information to develop the cost estimate. Costs for these services have been incorporated into both Portland Water Bureau's and the Bureau of Hydroelectric Power's five-year financial forecasts. The contract will not change the long-term financial obligations of the City, nor will it impact staffing levels.

Community Impacts and Community Involvement

The legislation will provide the City with contractual services required to conduct and complete a regulatory process to renew the PHP's license. The relicensing process is structured to function as a specialized NEPA review and contains many opportunities for interested parties to participate and engage. Key parties will include the regulating agencies of FERC, the National Marine Fisheries Service, the US Fish and Wildlife Service, the Oregon Department of Environmental Quality, and the State Historic Preservation Office; Tribal nations; other state and federal agencies; local governments; non-governmental organizations; and interested members of the public. Analyses, proposed actions, and conditions are all subject to public review and comment. The City will be required to conduct structured engagement and review with interested parties in accordance with the Federal Power Act and NEPA.

Informal outreach to interested parties began in 2023, and formal review and feedback is expected to begin in 2024. A significant portion of the contract authorized by this legislation facilitates participation and engagement of the key parties mentioned above as well as the public review and comment procedures throughout the relicensing process.

Renewal of the City's FERC license, which will be enabled by the contractual services provided by this legislation, also provides benefits to the community. For 40 years, the 36-megawatt capacity PHP has produced enough energy to power 8,000–10,000 homes annually while contributing \$13 million in revenue to the general fund, helping to support essential City services while providing a reliable source of clean energy. It impacts both Portland Water Bureau's drinking water service and the Portland metropolitan electrical grid. The facilities have leveraged the infrastructure, policy, and program investments the City has made in its drinking water system to provide additional power and financial benefits to the region.

100% Renewable Goal

The legislation will provide the City with contractual services required to conduct and complete a regulatory process to renew the PHP's license and continue operation of the hydropower generation facilities in the Bull Run Watershed. The requested action supports the City's goal of meeting 100 percent of community-wide energy needs with renewable energy by 2050. Total energy use is not affected by this action; however, retaining the option to continue the City's hydropower production would enable it to maintain its emissions-free renewable energy contributions to the region beyond 2029.

Budget Office Financial Impact Analysis

The services and expenditures included in this contract will occur over several fiscal years. Funds for this contract are available in the PWB and Bureau of Hydroelectric Power budgets. The latter has \$1.94 million set aside for professional services in FY 2023-24. Both bureaus have included this expense in their five-year financial forecasts.

Agenda Items

925 Regular Agenda in [November 1, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/11/1)
(<https://www.portland.gov/council/agenda/2023/11/1>)

Passed to second reading

Passed to second reading November 8, 2023 at 9:30 a.m.

947 Regular Agenda in [November 8, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/11/8)
(<https://www.portland.gov/council/agenda/2023/11/8>)

Passed

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Absent

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Mayor Ted Wheeler Yea