



CITY OF
PORTLAND, OREGON

BUREAU OF WATER WORKS

Dan Saltzman, Commissioner
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36297

DATE: February 24, 2005

TO: Mayor Tom Potter

FROM: Edward Campbell, Assistant to the Water Bureau Administrator

RE: Resolution to Pursue Regulatory or Legislative Alternatives to LT2ESWTR

**FOR MAYOR'S OFFICE USE
ONLY**

Reviewed by Bureau Liaison _____

- 1. INTENDED THURSDAY FILING DATE:** February 24, 2005
2. REQUESTED COUNCIL AGENDA DATE: March 4, 2005
3. CONTACT NAME & NUMBER: Edward Campbell, (503) 823-2794
4. PLACE ON: CONSENT REGULAR
5. BUDGET IMPACT STATEMENT ATTACHED: Y N N/A
6. (3) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY ATTACHED: Yes No N/A

7. BACKGROUND/ANALYSIS

The federal Environmental Protection Agency (EPA) is currently in the process of developing a new drinking water rule called the Long Term 2 Enhanced Surface Water Treatment Rule (proposed in August of 2003, tentatively scheduled to be promulgated as final in the summer of 2005).

The Long Term 2 Enhanced Surface Water Treatment Rule (LT2) was developed in a negotiated rule-making process between the EPA and affected U.S. water utilities and in its draft form includes a provision that would require Portland to provide additional treatment for its unfiltered Bull Run water source to address a chlorine resistant parasite called *Cryptosporidium*. This requirement would apply to all large unfiltered water systems in the United States.

Commissioner Erik Sten convened the Citizens Panel on Bull Run Treatment in April 2001 to review viable treatment approaches for bringing Bull Run into compliance with the anticipated requirement to treat for *Cryptosporidium*. The Panel examined the issue of *Cryptosporidium* in the Portland water supply and the pros and cons of the various treatment methods available to address the organism and comply with the anticipated rule. The Panel recommended in September 2002 that the City pursue a membrane filtration plant to comply with the anticipated treatment requirement.

When the Citizens Panel made its recommendation to Council, citizen and business interests raised questions about the cost of membrane treatment, the risk of exposure to *Cryptosporidium* in the Bull Run, and the rising costs of utility services in Portland. Commissioner Dan Saltzman wrote to the EPA in August 2002 first to inquire into the likelihood of a waiver provision in the final rule and then subsequently in November 2003 to request the EPA to include a waiver provision in the final rule in his official comments on the proposed rule to the federal docket. In light of this approach, he also directed the Water Bureau to defer further work on Bull Run treatment until the status of the waiver option was resolved.

Mayor Tom Potter and Commissioner Saltzman are now preparing to follow up on Commissioner Saltzman's comments to the EPA by pursuing with the federal government regulatory and legislative alternatives to the treatment requirements of the pending rule. The Mayor and Commissioner Saltzman have convened key community stakeholders in the Portland water system including the Portland Utility Review Board, the Friends of the Reservoirs, the Large Water Users Coalition, the Portland Business Alliance and environmental representatives to work with the City's Government Relations Office, federal legislative strategists, the City Attorney's Office, Water Bureau and Bureau of Environmental Services to develop a unified community effort to pursue viable alternatives to the treatment requirement.

8. FINANCIAL IMPACT

Success in gaining a legal alternative to building treatment could save the City \$55 million to \$204 million in capital costs and millions more in annual operations and maintenance costs. Future costs associated with the pursuit of regulatory or legislative alternatives are unknown at this time.

9. RECOMMENDATION/ACTION REQUESTED

The Water Bureau recommends approval of this resolution.