



OREGON WATER UTILITIES COUNCIL
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Report from Oregon Water Utility Council 2017 PNWS-AWWA Fall Trustees Report

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The Oregon Water Utility Council continues to monitor legislation, regulations, and court actions that could impact the water industry, giving members the ability to help shape these kinds of issues. In addition, it provides its members with the ability to network with other water utilities of all sizes across the state to share information, discuss issues of importance to drinking water providers, and to engage in solutions to issues. The legislative activities are closely coordinated with policies of the AWWA when applicable.

Review of Activities and Accomplishments

2017 State Legislative Session

Municipal Extensions Fix

OWUC worked closely with the League of Oregon Cities and the Special Districts Association of Oregon on legislation to fix the municipal water rights extension issue that arose from a 2013 Oregon Supreme Court decision. After unsuccessful attempts to achieve a fix in the 2015 and 2016 State Legislative Sessions, the 2017 session's HB 2099-A defined the undeveloped portion of a water rights permit.

Though parties involved tried to negotiate a bill that would protect existing drinking water supply for all impacted communities, the Senate Environment and Natural Resources Committee voted to make June 29, 2005 the date fish persistence conditions would apply. This means if a community developed water between that date and the court's decision in 2013, that water is subject to fish persistence conditions.

The bill was signed by the Governor and went into effect on August 15, 2017.

Landscape Contractor Qualifications

In June, OWUC submitted a letter to the Senate Rules Committee in opposition to HB 3337-A, which would have eroded important landscape contractor licensure requirements that OWUC members rely on to help protect public health and to help manage drinking water resources through water efficiency measures. OWUC has been working in partnership with the landscape



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contracting industry for several legislative sessions to provide flexibility in licensure but still maintain important qualification requirements to ensure efficient water use.

The bill was still in committee upon adjournment and did not advance.

Least Cost Threshold

Suzanne DeLorenzo, OWUC Chair at the time, delivered oral testimony in opposition of HB 3203 in its original iteration. As introduced, HB 3203 would have eroded the ability of public agencies, including water utilities, to construct and maintain public improvements with their own resources by requiring burdensome cost-analysis components and enforcement mechanisms. A coalition of local government and public agencies formed and worked to amend the bill. HB 3203, as approved, specifies the requirements of a local government's cost analysis and provides that the requirements do not apply if an agency does not receive a bid. In addition, the bill increases the dollar threshold that triggers the demonstration of least-cost requirements for all public improvement projects, with the exception of road resurfacing, from \$125,000 to \$200,000. The threshold remains at \$125,000 for road resurfacing at a depth of more than two inches. The bill maintained the existing statute that road surfacing at a depth of two inches or less is not a public improvement and therefore not subject to the least-cost requirements.

HB 3203 also implements a new enforcement process administered by the Bureau of Labor and Industries (BOLI). Finally, the bill requires BOLI to conduct a review every four years to evaluate if changes should be made to the least-cost analysis requirements and if the thresholds should be adjusted.

The bill was signed by the Governor and goes into effect on October 6, 2017.

Subcommittee Business

Willamette Basin Reallocation Study

The Willamette Basin Review Study (Study) continues to move forward since it was reinitiated in 2013 with two major components. As part of the first component, the USACE initiated a small-scale reallocation study that resulted in a Surplus Water Letter Report in June 2014, which could provide access to 437 acre-feet of stored water for municipal and industrial (M&I) use in the upper basin (Creswell and Cottage Grove Reservoirs). This process was valuable to municipal water providers because it established a single system-wide cost for stored water for M&I use, and provided a framework for identifying data needs. State and local stakeholders could successfully fund the 50 percent non-federal cost share portion of the small-scale reallocation study.

The second component of the Study is completion of the full-scale reallocation feasibility study (reallocation study), which will allow for Congressional action on the reallocation of water in the Willamette Basin projects (13 reservoirs storing up to 1.64 million acre-feet of water). The



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reallocation study is underway and the USACE, cost share partners and stakeholders are actively engaged in developing information and conducting analyses. Technical working groups have been formed, water demand and hydrology analyses are being conducted and quarterly stakeholder meetings are being held. Agreement has been reached on an array of alternatives and the criteria for evaluating and comparing the alternatives. Further the objectives of the reallocation have been determined to be consistent with USACE authorities and priorities.

It is anticipated that the reallocation study will cost approximately \$3 million (\$1.5 million state/federal). Securing the federal funding for FY 18 is critical to the successful completion of the study and future reallocation and OWUC will continue to be an advocate for this project.

Ozone Coalition

The Ozone Coalition was formed as an OWUC Subcommittee in April 2015 with the intent of pursuing a rule change through OHA to allow disinfection (CT) credits for pre- or intermediate ozone disinfection. Ozone disinfection credit is currently allowed by EPA and most western states, but not by Oregon. A rule change petition was submitted to OHA in May 2016, and formally denied in April 2017, with OHA citing an existing case-by-case waiver process as an adequate substitute approach. OHA did hold open the potential for a future rule change depending on the number of waiver applications received. Since April, the coalition has been coordinating with OHA and the Drinking Water Advisory Committee (DWAC) to clarify the expected scope and content of waiver submittal applications. The City of Wilsonville and the new Lake Oswego-Tigard treatment plant intend to apply for waivers as operating facilities by the end of 2017, with the City of Grants Pass and possibly others intending to apply for new facility pre-design stage waivers in 2018 or 2019.

Other OWUC Business

Integrated Water Resources Strategy

In July, OWUC submitted a public comment letter to the Oregon Department of Water Resource regarding the state's 2017 update to the Integrated Water Resources Strategy. OWUC appreciated the inclusion of new sections on extreme events and dam safety, but expressed concern about previously unseen language around lead in public drinking water in the water quality section.