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# Lake Oswego City Council concerned with cost hikes for treatment plant project

Corey Buchanan September 28 2022

**Councilors express dismay at significant increases for project to build new wastewater treatment plant less than two months before vote on whether to proceed**



PMG FILE PHOTO - The current Tryon Creek Wastewater Treatment Plant was built in 1964 and needs to be upgraded or rebuilt.

(<https://pamplinmedia.com/images/artimg/00003747214689-0756.jpg>)

Costs for a new wastewater treatment plant have risen precipitously and Lake Oswego City Council must soon decide whether the community should foot the escalating bill.

According to project partner EPCOR — which would design and operate the plant — the costs of the project have risen from \$147.9 million a year ago to \$182.3 million now. Further, projected annual maintenance costs have risen from \$2.5 million to \$2.9 million. The City Council discussed this development during a meeting Tuesday, Sept. 27.

The current Tryon Creek Wastewater Treatment Plant, which is owned by the city of Portland and shared with Lake Oswego, was built in 1964 and needs to be upgraded to meet operational needs and Department of Environmental Quality permitting requirements, as well as to bolster resilience for an extreme-weather event. The proposed new plant would sit next to the current one on six acres (about half the size of the current one). It would be owned by Lake Oswego, and one of the city's goals is for the new plant to cost no more than it would to upgrade the existing one.

EPCOR has cited inflation, supply chain issues and interest rate increases as reasons for the cost increases. EPCOR representative Lee Ward said at the meeting that while lumber costs have dropped recently, stainless steel prices continue to rise and obtaining materials continues to be a challenge.

"In the last couple months things have calmed down a little, but there are still those outstanding supply chain issues we're running into where some of those things are delayed longer," he said. "We're seeing some things that are a little more favorable, but some things that are not budging at all."

He added: "We're really trying to do everything we can to make this project go. This is an important project for our entire team."

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Though he said the project has its benefits, Mayor Joe Buck was emphatic that the city should only continue with the project if it makes sense financially and expressed dismay about the cost increases during the meeting.

"We are absolutely concerned about the price increase and the increase is frankly unacceptable. We're kind of growing weary of the continual blame of the untoward increases of the pandemic bogeyman and these other externalities we're expected to roll over and accept as the truth, because I think we all know better. We know conditions are changing," he said. "We know the environment isn't as dire as EPCOR would like us to think."

However, choosing to back out of the project now would result in significant cost to the city. Terminating the contract on the basis of cause would cost Lake Oswego \$2.3 million and doing so for convenience would cost it \$3.9 million (Portland would have to pay the same amounts).

Along with deciding to move forward with EPCOR or upgrade the current plant, the city could restart the process of finding a company to work with for the design-build model. The city of Lake Oswego has said it will increase rates by 3.9% if the new plant is built, though staff have said rates would increase by the same amount if the city chose to upgrade the current plant.

The city hired Carollo Engineers in 2021 to provide technical advisory services for the project and council agreed to submit a loan application — for a fee of \$100,000 — through the Water Infrastructure Finance and Innovation Act in February of this year. The city will decide whether or not to pursue the project at a Dec. 6 meeting.

*A previous version of this story incorrectly stated which jurisdiction manages water rates in Lake Oswego. It is the city of Lake Oswego.*



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