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## FOR IMMEDIATE RELEASE

### Harrisburg Water Bond Project Status

We are all looking forward to the future of having a better aesthetic quality of water being supplied to the citizens of Harrisburg. In 2017, the voters of Harrisburg approved municipal bonds to be issued in the amount of \$7,500,000 which would allow for the construction of two new water reservoirs, the construction of two water filtration systems, the removal of Well No. 5, and construction of a new City well, plus, the replacement of approximately 3.5 miles of main waterlines. The City has accomplished a lot of the major tasks but has also run into some issues that are delaying the final project completion. Projects completed thus far:

(1) Over 9,450 linear feet of water line has been replaced throughout town, including replacement of some of the oldest water lines in town.

(2) It took approximately 6 months for Linn County to approve our conditional use permit for Well No. 9, the water storage tank and filtration plant on City property north of the City limits. The new well will replace Well No. 5; the biggest producing well with the highest sediment and minerals like iron and manganese.

The City can't put Well No. 5 out of commission until Well No. 9 is on-line, and the north water reservoir is completed. The water rights the city has were also changed during this process.

(3) The City has spent close to \$1,000,000 through state and federal purchasing programs (mostly through SourceWell) for the parts, equipment, and electronics required for the filtration plants.

(4) It's taken 2 years' worth of design and engineering from 3 different specialty engineering firms, to create the bid packets for two new filtration plants, and two new storage tanks. Because of state public contracting laws, we are required to go out to bid on these projects.

(5) The first bid in early fall 2021 was almost \$1.7 million over budget, even though the budget was based on similar projects in other Oregon cities that had finished **only in the last 3 months prior to our bid**. Most of the cost overrun was due to increased prices on steel, PVC, and electronics. If the City had accepted that bid, we would have been responsible for paying the difference between what was bid, and what prices were starting to increase to. The City Council determined reluctantly that it was better to wait to see if prices would come down.

(6) In April 2022, the second bid was advertised, as it appeared initially that prices were coming down. However, the five companies who returned bids were now \$2,662,500 over the estimate. Again, the cost overrun was due to the high costs of steel, PVC, and electronics. The high costs of fuel and inflation are both still an issue; and let's not forget supply shortages. Again, City Council made a truly agonizing decision to delay the project for the time

being, while we pursue other ways to fund the gap.

Assuming that prices may stay elevated for some time, City Staff are now looking at ways to try to bridge the cost differences. That includes grants, although most infrastructure grants are for multi-million-dollar projects. We are considering the possibilities of going out for another loan, although that's an idea at the bottom of the list. We've also purposely saved about \$400,000 of the American Rescue Program Act funds to apply to the funding gap, if grant funds can't be applied. Those funds must be used by 2024. We can also choose to complete the projects in phases; but this is still not a top objective. Both the north and south water plants and reservoirs need to be working together to provide the type of water product that was first envisioned as a result of the water bond project.

A very viable solution is to use a portion of the funds reserved in the Harrisburg Redevelopment Agency (HRA), which ironically, consists of money left over from other public improvement projects inside HRA boundaries. That process will cost approximately \$38,000 and will take about 6 months. Unfortunately, laws in the state of Oregon in relation to urban renewal funds will not allow the City to use all the funds in this account.

Some citizens have told City officials that they heard that the City will simply stop where it is now and will drop the project. The City has no intention of not completing this project and would like to assure the citizens of Harrisburg that we will continue in this process. We plan on meeting the goals that were promised to the taxpayers, when they voted to allow the water bond project to become a reality. When construction forecasts and future costs of materials look promising, we hope to rebid the project in 2023, and plan on completing this great project for the citizens of Harrisburg.

When planning a water bond project, we knew that lots of things could change in the future. But **nobody** was prepared for a world-wide pandemic that stopped all progress and caused a recession with an inflation factor that is now higher than it's been in the last 40 years. Ultimately, we are doing everything we can to deliver on providing a better aesthetic quality of Harrisburg water, while still being good stewards of the use of the tax dollars that come from the hard-working citizens of Harrisburg.

Citizens with more questions about the process, and what the City has completed are welcome to contact any City Council Member, or Michele Eldridge, City Administrator, and for details about the steps we've taken, and those still left on the path to a better aesthetic water quality, contact Chuck Scholz, Public Works Director. City Staff can be reached at 541-995-6655.

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