

METRO COUNCIL

Work Session Worksheet

PRESENTATION DATE: September 19, 2017 **LENGTH:** 45 minutes

PRESENTATION TITLE: Governance Options for Columbia River Levee System

DEPARTMENT: Office of the COO

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WORK SESSION PURPOSE & DESIRED OUTCOMES

- Purpose: Seek Council feedback on governance and finance options for implementing the levee and flood management system
- Outcome: Direction to staff and Councilor Craddick (as Metro's representative on the Levee Ready Columbia Partners Group)

TOPIC BACKGROUND & FRAMING THE WORK SESSION DISCUSSION

The Columbia River levee and flood protection system has successfully provided protection from Columbia River floods for decades, providing benefit to significant economic and community assets. Attachment A provides a succinct overview of the assets protected and a summary of the importance of maintaining the accreditation of the system through FEMA and the US Army Corps of Engineers.

While the focus to date has been the structural and engineering adequacy of the system (see Attachment B for a summary of the work tasks underway), the process is now shifting into alternatives for implementing the recommendations once they are finalized. The current governance structure is inadequate from the following perspectives:

- The operating and maintenance responsibility is fragmented across four separate drainage districts creating inefficiencies and inequities;
- Responsibilities for certain functions extend to other parties beside the drainage districts; for example, local government is responsible to FEMA for their accreditation and local governments permit new development that could compromise the integrity of the system.
- The current fee assessment approach is insufficient to raise the level of funding needed to repair and operate at the level required;
- The current fee assessment system results in inequities among like properties within the four districts due to different rate systems between the four districts and the impact of property tax compression within three of the districts;
- The drainage districts are responsible for disposing of storm water from the surrounding watershed that drains into the districts. The City of Portland (through BES) pays the drainage districts for handling this storm water but the parts of the watershed further east do not.
- The drainage districts protect properties of significance to the broader region while the current financial responsibility rests with those rate payers within the districts.

Governance options under consideration include the following:

- Restructuring of the existing drainage districts to increase coordination, efficiency, equity and accountability.
- Restructuring of the rate system to have a stronger nexus with flood control and storm water management rather than acreage (things like impervious surface and the value of properties protected).
- Reconstituting the districts into a utility with the conversion of the fees from a property tax based assessment to a utility bill that is not subject to compression.
- Extending the assessment from the surrounding watershed to include areas outside the City of Portland.
- Considering a funding contribution to recognize the benefits to the broader region; This could be through a funding contribution or transfer of operating responsibility to the Port of Portland, Metro, Multnomah County or a new entity established by the Legislature.
- In addition to a restructuring of governance linked to a revised funding approach, there are also state and federal contributions under consideration.

QUESTIONS FOR COUNCIL CONSIDERATION

- Of the choices under consideration, the approach recommended includes the following features:
 - There is a valid argument that the broader region receives benefit from the levee system and a funding contribution is appropriate from the broader region. However, this regional benefit is most evident in the case of PDX (which is within MCDD) and as such the option with the best nexus is through the Port of Portland. In addition, the Port of Portland is making significant infrastructure investments for the Troutdale Reynolds Industrial Park and their “regional” contribution toward the Sandy River Drainage Company would be justified.
 - The inefficiencies and inequities of the four separate drainage districts should be rectified by consolidating the four districts into a utility special district formed by Multnomah County. In doing so, the utility rate structure should be more equitable with a stronger nexus on flood control and storm water management rather than acreage (things like impervious surface and the value of properties protected) resulting in like properties paying a like utility bill.
 - There should be a second tier in the utility rate structure to assess a fee on the surrounding watershed for handling storm water delivered into the district.
 - Metro, TriMet and Portland would have financial responsibility for PEN 1 which encompasses Expo, Interstate MAX, Heron Links Golf Course and Portland International Raceway. Portland would have financial responsibility for PEN 2.
 - Continue to pursue state and federal funding, especially for the railroad berm.
- Does the Metro Council support this approach?
- Is there a different approach to funding and/or operating the flood control system the Metro Council would like staff to recommend?
- Does the Metro Council agree that the property owners within PENs 1 and 2 should bear all or a large majority of the costs of maintaining the flood control system due to the local nature of the benefits they create?

PACKET MATERIALS

- Would legislation be required for Council action ☐ Yes ☒ No
- What other materials are you presenting today? Attachments A and B