

# METRO COUNCIL

## Work Session Worksheet

**PRESENTATION DATE:** April 3, 2018

**LENGTH:** 30 minutes

**PRESENTATION TITLE:** Status of Levee Ready Columbia Recertification Process; Council Input on Governance Options

**DEPARTMENT:** Office of the COO

**PRESENTER(S):** Andy Cotugno and Jim Middaugh

### WORK SESSION PURPOSE & DESIRED OUTCOMES

- Purpose: Provide the Metro Council a status report on the Levee Ready Columbia recertification and accreditation process under the FEMA National Flood Insurance Program and the US Army Corps of Engineers Rehabilitation and Inspection Program.
- Outcome: Council guidance to Councilor Craddick and staff on preferred governance options to pursue.

### TOPIC BACKGROUND & FRAMING THE WORK SESSION DISCUSSION

The Columbia Corridor from the railroad berm west of The Expo Center to the Sandy River is protected from flooding by a levee system (see Attachment A for a description of the key assets protected by the levee system, including several key Metro facilities). The levees and pumps that provide flood protection are operated by four independent drainage districts. While continuing to function properly, their certification status has lapsed under the FEMA National Flood Insurance Program. The Levee Ready Columbia process was initiated to provide a collaborative forum of stakeholders to determine the extent of repairs that may be needed to ensure accreditation and the best governance and funding approach for implementing the needed repairs and provide for the ongoing operations and maintenance.

It is critical to re-certify to maintain accreditation under the FEMA program both to provide the insurance for property damage in the event of a flood and to ensure FEMA continues to classify the area as if it is not in a floodplain on their Flood Insurance Rate Maps. In the event FEMA reclassified the area as if it were in a floodplain, properties would be subject to significantly more stringent development standards and property owners would be unable to obtain flood insurance and financing for development. The project also ensures that the levee system is active in the US Army Corps of Engineers Rehabilitation and Inspection Program which provides Corps assistance during and as a result of a flooding incident (see Attachment B for a summary of the conditions of the levee system).

While the consultants were conducting their engineering evaluation of the levee system, the Levee Ready Columbia partners turned their attention to governance and funding options. They have concluded that the status quo is severely inadequate to continue as the funding and governance model. In particular:

- Operation as four independent districts is extremely inefficient. The status quo governance is very fragmented and relies upon a high level of intergovernmental cooperation. While

the current Levee Ready Columbia process has fostered a high level of collaboration, that may not exist under conditions of stress and with leadership turnover.

- Federal flood management requirements are expected to evolve over time and the current structure cannot readily adapt to these new requirements.
- Stormwater from the Columbia Slough watershed and Salmon Creek and its tributaries drain into the flood managed area requiring pumping into the Columbia River. As a result of this impact, there may be an argument that a financial contribution from this broader watershed should be implemented to cover their share of the cost of the stormwater drainage and pumping system within the flood managed area.
- Significant benefit is realized throughout the region and state as a result of the goods and services provided within the flood managed area (especially Portland International Airport). As a result of this benefit, the Partners have concluded that there should be some form of financial contribution from the broader area rather than have the full cost born by strictly the properties within the flood managed area. This could take the form of bonds levied within Multnomah County, Metro, the Port of Portland and/or the State of Oregon.
- The current fee assessment basis is largely tied to acreage rather than some basis more closely related to the incidence of cost responsibility or benefit (such as impervious surface or flood damage avoidance).
- The fees are collected through the Multnomah County property tax system and are subject to compression. The effect of compression is that like properties are assessed fee amounts that are very different. In addition, under the law, unlike property taxes, the drainage districts can increase their fees to compensate for revenue loss due to compression, resulting in an even greater disparity between those properties under compression and those not. In addition, this increase simply results in a reduction in property tax collections from all other taxing districts. The Partners have concluded that it would be preferable to establish a utility fee system (like the water and sewer bill) that is levied independent of the property tax system.
- The Partners have examined a wide range of governance models including:
  - Options under Metro's structure;
  - Options under the Port of Portland's structure;
  - Options under Multnomah County's structure;
  - Options under the City of Portland Bureau of Environmental Services structure;
  - Options as a limited flood management function or an integrated flood management and stormwater management function;
  - Options as an integrated agency responsible for Capital funding and Operations and Maintenance (O&M) funding or as an O&M funding base tied to the managed flood area with capital funding from a broader area of benefit;
  - Options to form a new dedicated flood management utility district either through an intergovernmental agreement between the four cities (A Section 190 agency), or through formation of a Water Improvement District by Multnomah County with subsequent voter referral as provided by current state law or through a request to

the State Legislature to form a district.

In either case, it is envisioned that the geographic area of the new District would be Multnomah County within the UGB. The Section 190 agency would be through an IGA approved by the four cities and have a board of directors appointed by the four cities. The Water Improvement District would be formed by an action of the Multnomah County Commission with a likely referral to the voters and have a board of directors approved by the voters. Both forms would have the authority to collect utility fees but general obligation bonds and property taxes could only be approved by the voters of the Water Improvement District (not the Section 190 agency). As a result, if general obligation bonds or property taxes were to be needed for capital funding, they would be the responsibility of the cities to provide within their property taxing structure.

While there are many steps ahead before implementation is realized, the Partners have concluded that the option that provides the most appropriate approach to governance and funding is through establishment of a new consolidated special district (through one of the approaches described above) with O&M funding tied to a utility fee focused on the managed flood area and perhaps the surrounding watershed and capital funding from the broader county or regional area. Before implementation, there will need to be further work carried out to define the costs to be funded (capital and O&M), the details of the utility fee assessments, the composition of the Board of Directors, an assessment of public attitudes, acceptance by the existing four drainage district Boards and assurances that the approach will have the acceptance of the US Army Corps of Engineers and FEMA.

#### **QUESTIONS FOR COUNCIL CONSIDERATION**

- Is the Council supportive of a governance option through establishment of a new agency rather than through an existing agency/jurisdiction?
- Does the Council agree with the conclusion to shift the funding model from a system tied to property taxes to one tied to utility fees and to recognize the need for a financial contribution tied to the benefits realized by the broader region?
- Of the two approaches for formation of a new agency, does the Council have a preference?

#### **PACKET MATERIALS**

- Would legislation be required for Council action? ☐ Yes   ☒ No
- If yes, is draft legislation attached? N.A.
- What other materials are you presenting today?
  - Attachment A: Assets protected by the levee system along the Columbia Corridor
  - Attachment B: DRAFT Summary of known deficiencies requiring remediation. Final Conditions Assessments will be completed May 2018.