

METRO
2019 LEGISLATIVE ISSUE IDENTIFICATION

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ISSUE: Levee Ready Columbia

BACKGROUND: There are four separate drainage districts along the Columbia Corridor, stretching from the railroad berm on the west to the Sandy River on the east:

- Peninsula Drainage District #1 (which includes the Expo Center)
- Peninsula Drainage District #2
- Multnomah County Drainage District (which includes Blue Lake Park, Gleason Boat Ramp and Chinook Landing)
- Sandy River Drainage Improvement Company

Each drainage district is an independent entity with its own governing board and authority to collect fees. The Multnomah County Drainage District is the largest and the only one with staff and, as such, it provides services to the other three districts on a contract basis. It is the responsibility of these districts to maintain and improve the system of levees and pumps in place to provide flood protection at times of high water on the Columbia River.

The flood protection system must maintain compliance with the requirements of the Federal Emergency Management Agency (FEMA) in order to maintain certification and accreditation in FEMA's National Flood Insurance Program. As long as the levee system remains accredited, FEMA classifies the area behind the levees as not being in a 100-year floodplain and therefore not required to build to flood standards. With accreditation, FEMA provides low-cost flood insurance to the properties protected by the levees. In addition, the system must maintain compliance with the Corps of Engineers Rehabilitation and Inspection Program which would assist in flood fighting and repairs in the event of a flood. As a result of new safety standards put into place for levees after Hurricane Katrina in 2005 and Superstorm Sandy in 2012, FEMA certification has expired in all four districts, which could lead to FEMA remapping the area as a 100-year floodplain at any time. So far, however, FEMA and USACE have agreed that as long as demonstrable progress is being made to address the deficiencies within the levee system, accreditation will not be revoked.

Levee Ready Columbia is a partnership created to address these deficiencies in the levee system. It is comprised of Metro, the Port of Portland, Multnomah County, the four cities along the Columbia Corridor, the four drainage districts and many interested stakeholders. Through intergovernmental agreements with the funding partners (including Metro), the partners are now completing the planning process, including an engineering assessment of the system, and are in the process of defining needed repairs.

In addition to physical deficiencies, there is a need to address governance and funding. Each district was originally established around 1917 to maintain adequate drainage for local agricultural and industrial interests. Continuing to operate with four independent agencies today is very inefficient. Additionally, a large proportion of the districts' budgets are spent managing stormwater coming from outside the districts. It is highly inequitable to continue to expect property owners in the districts to pay for the management of influent water generated outside of the floodplain.

Furthermore, the fee collection system is administered through the Multnomah County property tax system and is subject to the effects of compression on the level of fees collected. Unlike other taxing districts, the drainage districts have the authority to raise their fees to compensate for the revenue loss due to compression. The effect of this system is significant inequities in the amounts paid by like properties. This inequity grows as fees are increased, causing more properties to be subject to compression and magnifying the amount collected on those not under compression.

To date, aside from occasional assistance from the Corps of Engineers, all costs have been borne by the properties within the four districts. The properties located within the districts represent \$16 billion of economic activity providing economic benefit to a much broader area (in fact, statewide). These properties host 48,000 jobs, include a substantial share of the region's vacant industrial lands, and provide access to Portland International Airport (PDX) for cargo and passengers, to services from the many businesses in the corridor, to Oregon's second largest source of drinking water and to many social and environmental resources. A more equitable funding structure is needed that provides for a funding contribution commensurate with the benefit received from areas outside the districts.

While the Levee Ready Columbia planning processes have been under way for several years, the Corps of Engineers recently designated the levee system for a "New Start Feasibility Study" recognizing the national significance of the area protected by the levees. Depending on the conclusions of their analysis, this could lead to federal financial participation for current and future repairs at a level of up to 65%.

As these recommendations are finalized, the partners are pursuing an intergovernmental agreement to take the process through the implementation of the recommended governance and funding structure and the improvements needed to regain accreditation.

RECOMMENDATION:

Support from the Oregon Legislature is needed in 2019 for the following elements:

1. Continue to fund and modify the Levee Assistance Fund within Business Oregon's Infrastructure Finance Authority, which was established in 2015 to help finance levee certification and accreditation projects statewide. Provide for greater allowance of grants rather than loans, thereby making the fund more accessible to applicants.

Currently projects are limited to a single \$50,000 grant per biennium with the rest provided for as loans. Under this provision, Levee Ready Columbia has borrowed approximately \$3.5 million, but there has been very little borrowing in other parts of the state due to inability to repay the loans¹.

2. Establish a dedicated staff person in a state agency to provide technical assistance and coordination of flood protection statewide. Outside the Portland region, there is very little capacity to address these highly technical issues.
3. Establish a new flood protection district in urban Multnomah County that would:
 - a. consolidate the existing four districts,
 - b. allow for a shift in fees for operations and maintenance from the current property tax system to a utility fee system (much like existing stormwater fees collected by the cities),
 - c. allow for collection of fees from properties outside the current four districts that contribute stormwater inflow that must be managed by the districts, and
 - d. allow for voter-approved general obligation bonds in urban Multnomah County to contribute to the cost of repair commensurate with the economic benefit received.

LEGISLATIVE HISTORY: The existing four districts are authorized by statute, necessitating legislative action for a change in structure. In addition, the most significant asset in the area is PDX, which is owned and operated by the Port of Portland, which in turn was established by the Oregon Legislature. Finally, the technical investigation and assessments completed by Levee Ready Columbia have been in part facilitated by the Business Oregon Infrastructure Finance Authority's Levee Assistance Fund, also created by the Legislature.

OTHER INTERESTED PARTIES:

- City of Portland, Bureaus of Environmental Services, Water Bureau, Parks Bureau, Bureau of Transportation, Bureau of Planning and Sustainability
- City of Gresham
- City of Troutdale
- City of Fairview
- Port of Portland
- Multnomah County
- The four drainage districts
- Columbia Corridor Association
- Audubon Society of Portland
- Bridgeton Neighborhood Association

- East Columbia Neighborhood Association
- Jubitz

IMPACT IF PROPOSED ACTION OCCURS: Passage would provide a modern and efficient organization to take over responsibility for the vital task of flood protection and drainage along the Columbia River with the capability and financial capacity to carry out the task.

¹ IFA Loans/Grants awarded to-date:

- PEN1, PEN 2, MCDD, SDIC (LRC: \$5.068 m. including \$300,000 grants)
- Scappoose Drainage Improvement Company (\$280k incl. \$50k grant)
- Sauvie Island (through Mult Co.: \$382.8k incl. \$50k grant)
- Reedsport (\$100k incl. \$50k grant)
- Harney County (\$50k grant)
- Turner (\$50k grant)
- Columbia County (100k incl. \$50k grant)