



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 6/3/2014)

Board Clerk Use Only

Meeting Date: 12/3/15
Agenda Item #: R.3
Est. Start Time: 10:30 am
Date Submitted: Rev. 11/27/15

Agenda Title: **Authorizing execution of Intergovernmental Agreements to support Levee Ready Columbia Program.**

Note: Title should not be more than 2 lines but be sufficient to describe the action requested.

Requested Meeting Date: December 3, 2015 **Time Needed:** 20 minutes
Department: Commissioner Jules Bailey **Division:** _____
Contact(s): Christine Lewis
Phone: 503-988-5882 **Ext.** 85882 **I/O Address:** _____
Presenter Name(s) & Title(s): John Tydlaska, Office of the Multnomah County CFO; Tom Hansell, Finance and Asset Manager, Multnomah County DCS

General Information

1. What action are you requesting from the Board?

Authorize the Chair to enter into a series of agreements pursuant to which the County will:

- Borrow funds from the State of Oregon Infrastructure Finance Authority ("IFA") to finance engineering analysis on the levees maintained by the Sauvie Island Drainage Improvement Company ("SIDIC"), Multnomah County Drainage District ("MCDD"), and Sandy Drainage Improvement Company ("SDIC");
- Receive repayments for over 95% of the amount borrowed under the IFA financing from the Levee Ready Columbia project partners;
- Provide one-time-only financial assistance to the Cities of Fairview and Troutdale in connection with their obligations to the Levee Ready Columbia project; and
- Pay a portion of expenses incurred by the Levee Ready Columbia project for public outreach and facilitation.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

MCDD, Peninsula Drainage District No. 1 ("PEN 1"), Peninsula Drainage District #2 ("PEN 2"), and SDIC (collectively, the "Corridor Districts"), together with SIDIC, operate and maintain levees and drainage facilities along and in the vicinity of the Columbia River that lie within their respective jurisdictional boundaries.

The Federal Emergency Management Agency ("FEMA") provides federal assistance in the form of flood insurance to property owners located within areas at risk of flooding, provided that the communities in which those protected properties are located participate in the National Flood Insurance Program (the "NFIP"). FEMA only recognizes a levee as providing

flood protection to a particular area if such a levee has first received a certification from a qualified engineer or federal agency that it complies with FEMA's standards, at which time FEMA can consider such a levee to be accredited in accordance with FEMA requirements. Often, the engineering analysis that is part of the certification process reveals deficiencies in the levees, in which certification is delayed until deficiencies are addressed, which also delays FEMA accreditation of the levee system.

Expiration of the certifications underlying FEMA's accreditation of a levee system is likely to result in severe economic consequences. Properties protected by a non-accredited levee system lose access to the lower flood insurance rates offered through the NFIP. Without adequate flood insurance, those properties cannot access loans issued by federal agencies (e.g., Federal Housing Administration and Small Business Administration) or loans backed by the federal government (e.g., Veterans Administration, Fannie Mae, and Freddie Mac). In addition, properties protected by a non-accredited levee system also face floodplain development requirements that can severely restrict the development and economic value of those properties.

The levees maintained by SIDIC and the Corridor Districts are now subject to recertification under differing timelines, and these certifications must be renewed to remain accredited by FEMA. To address the certification and accreditation of the levees, the County and the City of Portland co-convened the cross-sector regional jurisdictions and stakeholders for the Oregon Solutions project now known as the Levee Ready Columbia project (www.orsolutions.org/osproject/leveeready).

Because the certifications for SIDIC, MCDD, and SDIC expire in 2017, whereas the certifications for PEN 1 and PEN 2 were invalidated in 2013, phase I of the Levee Ready Columbia project, the engineering analysis for the latter two systems, began in 2013. Levee Ready Columbia is now ready to begin phase II, the engineering analysis for SIDIC, MCDD, and SDIC. The IFA provided funding for phase I and is willing to provide funding for phase II.

In order to facilitate the IFA funding and reflect the cooperative nature of the Levee Ready Columbia project, County staff is recommending that the County be the named borrower for the IFA phase II funding. The agreements before the Board reflect the agreement reached among staff of the Levee Ready Columbia project partners regarding the obligations and responsibilities of each partner. Below are brief descriptions of how each agreement supports the Levee Ready Columbia project.

Special Public Works Fund Development Project Financing Contract (J16002)

Purpose: Enable the County to access a package of loans and grants up to a total of \$382,800 from the IFA to pay for the costs of conducting the engineering analysis of the levee system on Sauvie Island.

Parties: County (as borrower), State of Oregon (as lender)

Special Public Works Fund Development Project Financing Contract (X16001)

Purpose: Enable the County to access a package of loans and grants up to a total of \$3,567,712 from the IFA to pay for the costs of conducting the engineering analysis of the MCDD and SDIC levee systems.

Parties: County (as borrower), State of Oregon (as lender)

Intergovernmental Agreement for Levee Analysis Cost-Sharing Phase II (SIDIC)

Purpose: Each party agrees it will pay a percentage of the County's repayment obligations under the IFA financing contract for the Sauvie Island work. SIDIC is responsible for ensuring funds are spent in accordance with requirements of the IFA financing contract, invoices being correct in all respects, and any costs that exceed the amount of the IFA financing contract. The County's net obligation under the SIDIC IFA financing contract is \$132,485.

Parties: County (44.33%), SIDIC (44.33%), Port of Portland (11.34%)

Intergovernmental Agreement for Levee Analysis Cost-Sharing Phase II (MCDD and SDIC)

Purpose: Each party agrees it will pay a percentage of the County's repayment obligations under the IFA financing contract for the MCDD and SDIC work. MCDD is responsible for ensuring funds are spent in accordance with requirements of the IFA financing contract, invoices being correct in all respects, and any costs that exceed the amount of the IFA financing contract. The County's net obligation under the MCDD/SDIC IFA financing contract is \$21,285.

Parties: City of Fairview (3.75%), City of Gresham (1.49%), Metro (9.09%), MCDD (34.82%), Port of Portland (5.03%), City of Portland (30.26%), SDIC (8.12%), City of Troutdale (6.79%), County (0.64%)

Intergovernmental Agreement for Cost-Sharing of Levee Ready Columbia Expenses Not Covered by IFA Loans

Purpose: Each party agrees it will pay the amount indicated below of certain Levee Ready Columbia expenses for work such as public outreach and project facilitation that are not eligible project costs to be financed with funds from the IFA. The County will contribute an additional \$100,000 from the \$300,000 Regional Solutions grant that the County receives, described below.

Parties: City of Fairview (\$7,098), City of Gresham (\$2,748), MCDD (\$64,322), PEN 1 (\$15,151), PEN 2 (\$16,385), Port of Portland (\$100,000), City of Portland (\$87,435), SDIC (\$16,044), SIDIC (\$8,623), City of Troutdale (\$13,426), County (\$9,818)

Intergovernmental Grant Agreement No. RS1603

Purpose: Provide the County with a \$300,000 grant, as specifically authorized in the State's 2015 - 2017 adopted budget for Regional Solutions projects. \$33,915 of this grant will be used to reduce the total amount borrowed under the SIDIC IFA financing contract. \$166,085 will be used to reduce the total amount borrowed under the MCDD/SDIC IFA financing contract. \$100,000 will be used to provide additional funding for expenses that are not eligible project costs to be financed with funds from the IFA.

Parties: County (recipient), State (grantor)

Intergovernmental Agreement among the County, the City of Fairview, the City of Troutdale, and Port of Portland

Purpose: The County and the Port of Portland agree to reduce the budgetary impact to the City of Fairview and the City of Troutdale by accepting financial responsibility for a portion of the cities' above Levee Ready Columbia financial obligations in order to further engage the cities in the Levee Ready Columbia process. The County will accept responsibility for 50% of the cities' obligations under the MCDD/SDIC IGA and 50% of the cities' obligations under the IGA for non-IFA costs. The Port of Portland will accept 50% of the cities' obligations under the IGA for non-IFA costs.

Parties: County, City of Fairview, City of Troutdale, Port of Portland

3. Explain the fiscal impact (current year and ongoing).

These agreements will have no unbudgeted fiscal impact in the current year because the Department of Community Service's budget, as amended, contains funds for the cost of these agreements. In the FY 2016 budget, the board set aside \$500,000 for the Levee Ready Columbia project in the General Fund contingency, which was appropriated to the Department of Community Services for this purpose on August 20, 2015, pursuant to Budget Modification DCS-04-16. Discharging the County's obligations under these agreements will have a total cost of \$347,943. In future years, the County's obligations to make payments under the IFA financing contracts will be offset completely by revenues to be received by the County from the Levee Ready Columbia partners. Thus, these agreements will result in no ongoing net fiscal impact to the County.

4. Explain any legal and/or policy issues involved.

Failure to achieve recertification and accreditation of the levees may result in a re-mapping of flood prone areas behind the levees as a "Significant Flood Hazard Area". Such a designation would severely impact the economic value and economic viability of protected properties, potentially decreasing property tax revenues and the level of services that the County would be able to provide.

5. Explain any citizen and/or other government participation that has or will take place.

These agreements, which have been negotiated and discussed extensively among staff at all the parties, are being considered by the governing bodies of each party throughout November and early December. In addition, the Levee Ready Columbia project team is comprised of Multnomah County, FEMA, U.S. Army Corps of Engineers, State of Oregon (Governor's Office, Department of Environmental Quality, Land Conservation and Development), METRO, Port of Portland, Cities of Portland, Gresham, Fairview, Troutdale, and Wood Village, Audubon Society, Columbia Slough Watershed Council, Multnomah County Drainage District, Peninsula Drainage Districts Nos. 1 & 2, Sauvie Island Drainage Improvement Co., Sandy Drainage Improvement Co., Jubitz, Bridgeton Neighborhood Association, and East Columbia Neighborhood Association. Staff from these partner agencies serve on the project's Communications Committee, which prepares information for the project website, the news media and to share at public events. A new website and public outreach plan will be launched later this year.

Required Signature

Elected Official

or Department/

Agency Director:

Megan Beyer /s/

11/27/15

Date:

Note: Please submit electronically. Insert names of your approvers followed by /s/ - we no longer use actual signatures. Please insert date approved."