

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING THE	)	RESOLUTION NO. 14-4525
CHIEF OPERATING OFFICER TO ENTER INTO	)	
AN INTERGOVERNMENTAL AGREEMENT	)	Introduced by Chief Operating Officer Martha
FOR LEVEE ANALYSIS COST-SHARING		Bennett in concurrence with Council
		President Tom Hughes

WHEREAS, in 2013, Governor John Kitzhaber asked Portland Mayor Charlie Hales and Multnomah County Chair Marissa Madrigal to convene an Oregon Solutions team of stakeholders, including representatives of Metro, to address the de-certification and potential de-accreditation of the Columbia River levee system in the Peninsula 1 and Peninsula 2 Drainage Districts in Portland;

WHEREAS, de-accreditation of this levee system would have negative economic repercussions in the area protected by the levee, including potential loss of flood insurance and access to commercial financing for levee-protected property and projects;

WHEREAS, the Oregon Solutions Columbia River Levee Project Team agreed that an engineering evaluation is needed to identify what structural or system changes are required for the levee system in the Peninsula 1 and Peninsula 2 Drainage Districts;

WHEREAS, The City of Portland has offered to borrow funds from the State of Oregon’s Infrastructure Finance Authority for the amount needed to pay for the levee analysis, up to a maximum amount of \$1.4 million, provided that the City obtains assistance from the drainage districts, the Port of Portland, and Metro in repaying the loan;


WHEREAS, in the spirit of cooperation with Metro’s government partners in the region, Metro desires to contribute to the cost of the levee analysis in an amount up to \$300,000 plus interest over a potential seven-year loan term;

WHEREAS, the parties are negotiating an Intergovernmental Agreement to formalize each party’s contribution to the cost of the levee analysis; and

WHEREAS, Metro Code Section 2.04.020 requires Metro Council approval of contracts that obligate Metro to pay funds not previously appropriated through Metro’s budget process; now therefore

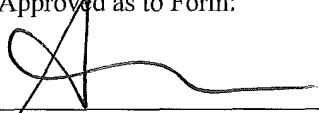
BE IT RESOLVED that the Metro Council authorizes Metro’s Chief Operating Officer to enter into an Intergovernmental Agreement, in the form approved by the Metro Attorney, that obligates Metro to contribute up to \$300,000 plus interest over a potential seven-year term to the cost of an engineering analysis of the levees within the Peninsula 1 and Peninsula 2 Drainage Districts, so long as the agreement is clear that Metro is voluntarily contributing these funds and its contribution does not imply any obligation for future repair or reconstruction of the levee system.

ADOPTED by the Metro Council this 15th day of May 2014.

  
Tom Hughes, Council/President

---

Approved as to Form:

  
Alison R. Kean, Metro Attorney

---

## STAFF REPORT

### IN CONSIDERATION OF RESOLUTION NO. 14-4525, FOR THE PURPOSE OF AUTHORIZING THE CHIEF OPERATING OFFICER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR LEVEE ANALYSIS COST-SHARING

---

Date: May 2, 2014

Prepared by: Scott Robinson x1605  
Tim Collier x 1913

## BACKGROUND

In 2013, Portland Mayor Charlie Hales and Multnomah County Chair Marissa Madrigal were asked by Governor John Kitzhaber to convene an Oregon Solutions team of stakeholders to address the recent de-certification and potential de-accreditation of the Columbia River levee system in the Peninsula 1 and Peninsula 2 Drainage Districts in Portland (Pen 1 and Pen 2, respectively).

De-accreditation of the levee system would trigger a re-mapping of the area protected by the levee, identifying it as an area of significant flood hazard by FEMA, which would have severe economic ramifications, including loss of flood insurance and access to commercial financing for levee-protected property and projects.

The first and most urgent step in the process to address this issue is to conduct an engineering evaluation that clearly identifies what structural or system changes are needed for the levee in Pen 1 and Pen 2 to at least meet the minimum 100-year flood protection standard, as well as the costs associated with those necessary improvements.

Members of the Oregon Solutions Columbia River Levee Project Team have worked toward developing an over-all finance plan for levee improvements through the Oregon Solutions process, with the intent of enabling payback of the Oregon Infrastructure Finance Authority (IFA) loan (discussed below) through that larger financing plan.

This collaborative approach has resulted in the following framework to proceed:

- A) The State of Oregon IFA will provide a low-interest loan for the entire amount needed for the levee analysis (\$1.4 million) to the City of Portland, funds available July 1, 2014.
- B) Loan Repayment over 7 years will be funded by the following members of the Columbia Levee Project Oregon Solutions Team, up to the following amounts (not including additional amounts to cover interest that may accrue):
  - Pen 1 District - \$100,000
  - Pen 2 District - \$100,000
  - Port of Portland - \$300,000
  - City of Portland - \$600,000
  - Metro - \$300,000
- C) An Intergovernmental Agreement to formalize the cost shares identified above as well as to expressly state that all parties agree that the agreement to share costs for completion of the

engineering evaluation is done in a spirit of cooperation and agreed-upon need to get the information for further planning. The Intergovernmental Agreement does not in any way imply and disclaims any similar responsibility to fund or share in the funding of the repair or capital costs expected for actual levee rehabilitation.

## **ANALYSIS/INFORMATION**

1. **Known Opposition** None Known
2. **Legal Antecedents** Metro Code Section 2.04.020 (Requiring Metro Council approval of contracts containing a requirement that obligates Metro for payment of funds not previously appropriated by the Metro Council).
3. **Anticipated Effects** Adoption of this resolution will authorize Metro's Chief Operating Officer to enter into an Intergovernmental Agreement for Levee Analysis cost sharing. The agreement results in Metro taking on responsibility to pay up to 21.4286% of the accost of a \$1.4 million analysis of the Pen 1 and Pen 2 levee, up to a maximum amount of \$300,000 (plus interest of approximately \$85,000), which analysis will be funded initially by a loan to the City of Portland. Metro's payments would begin December 1, 2016, though the amount can be prepaid with no penalty, and conclude no later than December 1, 2023, concurrent with the City's loan repayment term. The contribution will allow for completion of the engineering analysis on the Peninsula 1 and Peninsula 2, which will frame the range of costs associated with potential remediation work.
4. **Budget Impacts** The maximum potential cost of the project is \$385,000. In the budget process for FY 2015-16, staff will determine if the full obligation can be paid in FY 2015-16, or if payments need to be spread through the repayment term authorized in the Intergovernmental Agreement. The Chief Operating Officer will provide a recommended repayment approach in the FY 2015-16 Proposed Budget.

## **RECOMMENDED ACTION**

Staff recommends adoption of Resolution 14-4525