BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING THE CHIEF OPERATING OFFICER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR PHASE 2 OF THE COLUMBIA RIVER LEVEE ANALYSIS COST SHARING))	RESOLUTION NO. 15-4641 Introduced by Chief Operating Officer Martha Bennett in concurrence with Council President Tom Hughes
WHEREAS, by Resolution No. 15-4606, the River levee assessment process through execution of		o Council authorized participation in the Columbia laration of Cooperation; and
WHEREAS, it is in Metro's interest to part flooding the area extending from the railroad embar		to ensure the levee system continues to protect from near the Expo Center east to the Sandy River; and
WHEREAS, de-certification of the levee sy accreditation by the Federal Emergency Manageme including loss of flood insurance, imposition of more commercial financing for levee protected properties	nt Ager re string	
WHEREAS, Metro is a significant property Expo Center, Blue Lake Park and other properties;		within the levee protected area in the form of the
· · ·		Council provided a funding commitment in an analysis process for the Peninsula Drainage Districts
WHEREAS, in the spirit of cooperation wit to the cost of Phase 2 of the levee analysis process f Drainage Improvement Company; and		o's partners in the region, Metro desires to contribute Multnomah County Drainage District and Sandy
WHEREAS, Metro Code Section 2.04.020 Metro to contribute funding not previously appropri	-	s the Metro Council approval of contracts that obligate ough the Metro budget process; now therefore
Intergovernmental Agreement, in the form approved to \$300,000 (plus interest) over a potential seven ye system within the Multnomah County Drainage Dis	d by the ear term strict and tributing	d Sandy Drainage Improvement Company, so long as g these funds and its contribution does not imply any
ADOPTED by the Metro Council this17 th day	y of	September , 2015.
	Tom 1	Hughes Council President
Approved as to Form:		

Alison R. Kean, Metro Attorney

Resolution No. 15-4641

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 15-4641 FOR THE PURPOSE OF AUTHORIZING THE CHIEF OPERATING OFFICER TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR PHASE 2 OF THE COLUMBIA RIVER LEVEE ANALYSIS COST SHARING

Date: September 17, 2015 Prepared by: Andrew Cotugno

xt. 1763

BACKGROUND

In 2013, the Governor asked Multnomah County and Portland to convene an Oregon Solutions Team to address the potential de-certification (by the US Army Corps of Engineers [USACE]) and deaccreditation (by FEMA) of the Columbia River levee system from the railroad embankment near Expo to the Sandy River. For the past year, the Oregon Solutions Team has been co-convened by Portland Mayor Charlie Hales and Multnomah County Commissioner Jules Bailey.

This Resolution is the third in a series of actions taken by the Metro Council in support of the process:

- In May, 2014 the Metro Council adopted Resolution No. 14-4525 authorizing the Chief Operating Officer to execute an intergovernmental agreement providing a \$300,000 Metro funding commitment toward the \$1.4 million engineering assessment of the Peninsula Drainage Districts No. 1 and No. 2 (PEN 1 & 2). Of the four drainage districts along the Columbia River, it was most urgent to initiate work on PEN 1 & 2 because the effective date for the USACE certification had already lapsed. Further, stakeholders impacted by PEN 1 & 2 were already organized and Metro has a significant interest in ensuring the work advanced since Metro is the property owner for The Expo Center.
- In June, 2015 the Metro Council adopted Resolution No. 15-4606 authorizing the Chief
 Operating Officer to execute a Declaration of Cooperation establishing the overall process and
 governance for the full effort encompassing the four drainage districts within Metro (PEN 1 and
 2, the Multnomah County Drainage District No. 1 [MCDD] and the Sandy Drainage
 Improvement Company [SDIC]) plus the Sauvie Island Drainage Improvement Company
 (SIDIC).
- This Resolution No. 15-4641 proposes to authorize the Chief Operating Officer to execute an intergovernmental agreement (see Attachment 1 to Resolution No. 15-4641) providing a \$300,000 Metro funding commitment (plus interest) toward the \$3.99 million engineering assessment of the MCDD and SDIC levee system. Multnomah County will be the recipient of an Infrastructure Finance Authority loan through Business Oregon with intergovernmental agreements providing distribution of the cost responsibility between Metro, the drainage districts, Multnomah County and the Cities of Portland, Gresham, Fairview and Troutdale.

Note: there will be a separate work scope, budget and distribution of cost responsibility for the Sauvie Island Drainage Improvement Company engineering assessment. That budget includes a pro-rata share of costs for convening the Oregon Solutions process and managing outreach and stakeholder communications plus the direct cost of their engineering assessment and interface

with the USACE and FEMA. Sauvie Island is not within the Metro Boundary and, therefore, Metro is not a signator to that funding agreement.

As with the PEN 1 & 2 funding agreement, this funding agreement for MCDD and SDIC is intended to strictly establish the distribution of costs for the engineering assessment and associated Oregon Solutions convening process and is done in the spirit of cooperation and the agreed upon need to get further information for planning and decision-making. This Intergovernmental Agreement does not in any way imply any similar responsibility to fund or share in the funding of the repair or capital improvement costs expected for the actual levee rehabilitation.

ANALYSIS/INFORMATION

- 1. **Known Opposition:** None Known.
- 2. Legal Antecedents: Metro Code Section 2.04.020 (Requiring the Metro Council approval of contracts that obligate Metro for payment of funds not previously appropriated by the Metro Council. This proposed IGA establishes a Metro funding commitment which will impact the FY 2017-18 Metro budget).
- 3. **Anticipated Effects:** Adoption of this resolution will authorize the Metro Chief Operating Officer to enter into an Intergovernmental Agreement for the MCDD and SDIC levee analysis cost sharing. The agreement results in Metro taking on responsibility to pay up to \$300,000 (plus interest estimated at up to \$18,500 for the term of the seven-year loan) of the \$3.9 million work program (for an approximate share of 8%). Most of the budget (\$3.568 million) will be supported by an Infrastructure Financing Authority loan from Business Oregon to Multnomah County with a small portion (\$.4 million) funded through cash contributions. Metro's payments to Multnomah County would begin December 1, 2017 and continue for seven years in the amount of \$45,500 per year. Metro, at its option, can choose to repay the loan early with no penalty and with a reduction of interest costs accordingly.
- 4. **Budget Impacts:** The maximum potential cost of the project to Metro is \$318,500. In the budget process for FY 2017-18, Metro staff will determine if the full obligation can be repaid in FY 2017-18, or if payments will need to be spread through the repayment term authorized by the Intergovernmental Agreement. The Chief Operating Officer will provide a recommended repayment approach in the FY 2017-18 Proposed Budget.

RECOMMENDED ACTION

Recommend adoption of Resolution No. 15-4641.

INTERGOVERNMENTAL AGREEMENT for Levee Analysis Cost-Sharing Phase II (MCDD and SDIC)

This Intergovernmental Agreement ("this Agreement") is authorized by ORS 190.010 and is made and entered into as of _____ ("the Effective Date") by and among Multnomah County (the "County"), a home rule county of the State of Oregon, the City of Portland ("Portland"), an Oregon municipal corporation; the City of Gresham ("Gresham"), an Oregon municipal corporation; the City of Troutdale ("Troutdale"), an Oregon municipal corporation; the Port of Portland ("the Port"), a port district of the state of Oregon; Metro, an Oregon municipal corporation; Multnomah County Drainage District No. 1 ("MCDD"), a special purpose local government organized under ORS Chapter 547; and Sandy Drainage Improvement Company ("SDIC") a non-profit drainage improvement corporation organized under ORS Chapter 554 (collectively, "the Parties," and each individually "a Party").

RECITALS

- A. MCDD and SDIC (collectively "the Districts") operate and maintain levees and drainage facilities along and in the vicinity of the Columbia River that lie within their respective jurisdictional boundaries, among other duties. The levees were originally constructed around 1916 and have been periodically upgraded by the U.S. Army Corps of Engineers ("the Corps") since then. Through intergovernmental agreements, MCDD has general management authority of SDIC (see "the District IGA," attached hereto as Exhibit A). All references to MCDD in this Agreement will mean MCDD acting on its behalf and on behalf of SDIC pursuant to the District IGAs.
- B. 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 the communities in which those properties are located participate in the National Flood Insurance Program ("the NFIP"). FEMA recognizes levees as providing flood protection to a particular area only if they are "certified" by a qualified private engineer or an eligible federal agency (including the Corps), and then "accredited" by FEMA.
- C. The Corps evaluated and certified the levees in MCDD and SDIC in 2007, which led to their accreditation by FEMA. The certification is valid until 2017. Expiration of the certification in 2017 could lead to de-accreditation by FEMA. MCDD and SDIC certifications must be renewed to remain accredited by FEMA.
- D. There are severe economic consequences if FEMA accreditation of a levee system is not maintained. Properties located within a flood zone that is protected by a non-accredited levee system lose access to the lower insurance rates offered through FEMA's NFIP. Without adequate flood insurance, those properties cannot access loans issued by federal

Levee Analysis Phase II Cost-Sharing IGA Page 1 of 10

- agencies (e.g., Federal Housing Administration and Small Business Administration) and loans backed by the federal government (e.g., Veterans Administration, Fannie Mae, and Freddie Mac). In addition, local ordinances could severely restrict development in such areas.
- E. Lands protected by the MCDD and SDIC levees are within the jurisdictional boundaries of one or more of the Parties. In addition, one or more of the Parties own lands, public facilities, or both, within the territory protected by the Levees. Each Party would therefore be negatively affected by losing the federal assistance offered by the NFIP.
- F. To avoid the economic consequences of losing the federal assistance offered by the NFIP and the potential impact of local floodplain development standards, the MCDD and SDIC levees must remain certified and accredited. In order to renew the levees certification, an engineering analysis must be performed to ascertain the levees' flood-control capacity. MCDD and SDIC have or will enter into contracts with a consultant to complete a portion of this analysis ("the Project"). A detailed description of the Project is attached as Exhibit B. MCDD or SDIC will enter into contracts with additional consultants as needed to complete the Analysis.
- G. MCDD, with the assistance of Oregon Solutions, has obtained assurances from Business Oregon's Infrastructure Finance Authority ("the IFA") that a loan in the amount of up to \$3,567,712 will be provided to finance much of the cost of the Analysis ("the Loan").
- H. The County has offered to contract for, receive and manage the Loan and its repayment on MCDD's behalf. A copy of the draft Special Public Works Fund Planning Project Financing Contract is attached as Exhibit C. The other Parties have offered to reimburse the County for some portion of the Loan principal and interest. The Parties wish to enter into this Agreement to effectuate these financial arrangements.
- I. MCDD, Peninsula Drainage District No. 1 ("PEN 1"), Peninsula Drainage District No. 2 ("PEN 2"), Portland, Metro, and the Port of Portland successfully completed an earlier Analysis of the related levee system in PEN 1 and PEN 2 pursuant to an earlier IGA where Portland received and managed a \$1.4 million IFA Loan ("Phase I Levee Analysis"). The Analysis under this Agreement, together with similar work to be performed on Sauvie Island pursuant to a separate IGA, will be Phase II.

TERMS

The Parties agree as follows:

1. The County will apply for and negotiate the Loan terms substantially similar to those in Exhibit D for a maximum of \$3,567,712. The Parties acknowledge and understand that the County and the IFA will be the sole parties to the Loan, that no other Party or entity will

- participate in the negotiations thereof, and that no Party except the County and MCDD has any rights or obligations under the Loan or to the IFA.
- 2. Notwithstanding the definition of "Recipient" as a reference to the County in the Loan terms, MCDD will fulfill all of the following obligations, as they may appear in the Loan terms and as interpreted by the County:
 - a. Apply the Loan proceeds only to the costs of the Analysis; comply with deadlines relevant to the Analysis; complete the Analysis with funds other than the Loan proceeds once those proceeds are exhausted; and undergo required audits.
 - b. MCDD represents and warrants to the County that a reasonable estimate of the cost of the Analysis is \$3,567,712 and that MCDD will have adequate funds available to pay for the Analysis to the extent the cost thereof exceeds the Loan amount.
 - c. To the best of its knowledge, MCDD has disclosed in writing to the County all facts that materially adversely affect the Analysis, MCDD's ability to perform all obligations required by this Agreement, or the ability of the County to make all payments and perform all obligations required by its Financing Contract with the IFA. MCDD shall promptly notify the County of any adverse change in the activities, prospects, or condition (financial or otherwise) of (i)MCDD or the Analysis related to the ability of MCDD to perform all obligations required by this Agreement or (ii) of the Districts' ability to pay their proportional shares of the Loan repayment.
 - d. MCDD will comply with all applicable law, including but not limited to obtaining all applicable permits and approvals that may be necessary for performing the Analysis.
 - e. MCDD will ensure all service providers performing the Analysis who are retained for their professional expertise are certified, licensed, or registered, as appropriate, in the State of Oregon for their professional specialties.
 - f. MCDD will comply with all obligations to comply with the policies of the IFA, including but not limited to contracting requirements, and with state procurement regulations found in the Oregon Public Contracting Code, ORS chapters 279A, 279B and 279C, and, if applicable, with state labor standards and wage rates found in ORS chapter 279C.
 - g. MCDD is encouraged to make good faith efforts as described in ORS 200.045 (available at http://www.leg.state.or.us/ors/200.html) in any contracting activity. Additional resources are provided by the Director of Economic & Business Equity at http://www.oregon.gov/gov/MWESB/Pages/index.aspx. Also, the Office of Minority, Women, and Emerging Small Business at the Oregon Business Development Department maintains a list of certified firms and can answer questions. Search for certified MWESB firms on the web at: http://imd10.cbs.state.or.us/ex/dir/omwesb/.

- h. MCDD will prominently place the following statement on all plans, reports, and contract solicitations relating to the Analysis: "This project was funded in part with a financial award from the Special Public Works Fund, funded by the Oregon State Lottery and administered by the Oregon Infrastructure Finance Authority."
- i. MCDD will permit the Parties and IFA and any party designated by them to inspect the property that is the subject of the Analysis and to make copies, at any reasonable time, of any accounts, books and records, including, without limitation, its records regarding receipts, disbursements, and contracts. MCDD shall supply any related reports and information as the County or the IFA may reasonably require.
- j. MCDD will retain and keep accessible all books, documents, papers, and records that are directly related to this Agreement or the Analysis for a minimum of three years following the completion of the Analysis. If there are unresolved issues at the end of such period, MCDD will retain the books, documents, papers and records until the issues are resolved.
- 3. Beginning on or soon after the date the County executes the Loan, MCDD will forward to the County copies of invoices MCDD receives from consultants retained by MCDD or SDIC for work performed as part of the Analysis up to a maximum of \$3,567,712, excluding general administration, community outreach, and legal costs. The County will submit the invoices to the IFA for loan disbursements. Upon receipt of loan disbursements, the County will arrange to send the loan disbursements to MCDD or SDIC, as appropriate, as soon thereafter as reasonably possible. MCDD and SDIC will use the County's payments solely for payment of invoices for work performed as part of the Analysis. As manager of SDIC pursuant to the District IGAs, MCDD will be responsible for administering these requirements as more fully described in Section 2 of this Agreement.

4. Loan Repayment:

a. At least 30 days prior to any payment date on the Loan (upon request if a Party elects to pre-pay its share as set forth in Section 4.b below), the County will notify the Parties of their proportional shares of the Loan repayment due and the total prepayment amount, based upon each Party's Reimbursement Percentage. As used in this Agreement, a Party's "Reimbursement Percentage" is the percentage calculated by dividing the amount of such Party's Principal Responsibility by the Current Outstanding amount, both as set forth in the below table (the "Allocation Schedule").

¹ The Principal Responsibility of MCDD and SDIC was determined based upon the percentage of total levee miles in each jurisdiction. The Principal Responsibility of the cities of Portland, Gresham, Fairview, Troutdale and Multnomah County is based upon the percentage of acreage of each jurisdiction within the boundaries of MCDD and SDIC.

Within sixty days following each annual scheduled Loan payment, the County will send to the Parties an updated Allocation Schedule, revised to reflect any reductions in principal attributable to such payments. The notice shall include the County's Local Government Investment Pool (LGIP) transfer account information to facilitate payment by LGIP transfer. Those Parties will pay the County no less than their proportional shares of the Loan repayment due within thirty days of such notification. The County's first payment date on the Loan is expected to be December 1, 2017, and the final payment date is expected to be no later than December 1, 2024.

	Principal	Reimbursement
	Responsibility	Percentage
Fairview	\$123,908	3.4730%
Gresham	\$49,116	1.3767%
Metro	\$300,000	8.4088%
MCDD	\$1,149,744	32.2264%
Port	\$166,085	4.6552%
Portland	\$999,183	28.0063%
SDIC	\$268,027	7.5126%
State ²	\$266,085	7.4581%
Troutdale	\$224,278	6.2863%
County	\$21,286	0.5966%
Current	\$3,567,712	100.0000%
Outstanding	φ3,307,712	100.0000 /0

- b. A Party may prepay all or any portion of its obligation under this Agreement at any time without penalty. Upon receipt of such amount, the County will promptly forward such amount to be applied as a prepayment of the Loan and instruct the IFA to reamortize the loan over the remaining term of the loan. The County will reduce such Party's Principal Responsibility and the Current Outstanding amount in the most recent Allocation Schedule by such prepayment, less the amount of accrued interest attributable to such prepayment. Within sixty days following the County's receipt of a prepayment, the County will send to the Parties an updated Allocation Schedule, revised to reflect the reduction in principal and each Party's new Reimbursement Percentage.
- 5. If any Party fails to pay the County within sixty days of the mailing date of a notification under Section 4.a above, the County may declare the Party or Parties to be in default of this Agreement and will so notify MCDD and the defaulting Party or Parties. The defaulting

² The State of Oregon is not a party to this IGA because it will making payment of \$300,000 directly to the County to cover its Principal Responsibility under this IGA and under the aforementioned separate IGA with regard to Sauvie Island.

Party or Parties will have thirty days to cure the default following the mailing date of the County's notification of default. If a defaulting Party's nonpayment results in any penalties or increases in the amounts due under the Loan, then such default shall not affect the amounts that the non-defaulting Parties are responsible for under this Agreement.

- 6. MCDD and SDIC pledge to include repayment of their obligations under this Agreement in their annual budgets. Each year, MCDD and SDIC shall appropriate sufficient funds to (a) make the loan repayment due the following fiscal year; and (b) maintain a reserve fund equal to one annual repayment. MCDD and SDIC agree to levy assessments and/or make other reductions in their annual budgets in order to fund this commitment.
- 7. IGA Entity. MCDD, SDIC, PENN 1, and PENN 2 (the "Districts") are contemplating entering into an intergovernmental agreement pursuant to ORS 190.085 to create an intergovernmental entity to act as a joint contracting agency for the purposes of receipt and expenditure of funds and contracting for goods, services, and construction services for projects as the IFA Phase II project that benefit more than one District. Upon 30 days written notice of the creation of the entity to the parties, the entity will assume the duties and responsibilities of MCDD with regard to receipt and distribution of funding and entering into and administering contracts under this Agreement. MCDD and SDIC remain jointly responsible for ensuring that they and any entity that is created carries out the obligations under this IGA.
- 8. By mutual agreement, the Parties may agree to pay the entirety of the Loan from any lawfully-available funding source subsequently obtained to complete the requirements for renewed certification.
- 9. This Agreement may be terminated only by the County, only after (a) the Parties have paid the County their proportional shares of the principal and interest; and (b) the Loan has been fully repaid.
- 10. The Parties acknowledge and agree that, notwithstanding the fact that the County will be using the Parties' contribution amounts to repay the Loan, the County is the sole guarantor of the Loan. In addition, except to the extent that a Party has agreed herein to provide funds to the County so that the County can make payments on the Loan, and except for MCDD's obligations in Section 2 above, no Party is responsible for the County's performance of its obligations under the Loan. No Party is a guarantor of the performance of any other Party's obligations under this Agreement.
- 11. To the maximum extent permitted by law and subject to the limitations of the Oregon Tort Claims Act, ORS Chapter 30, and the Oregon Constitution, each Party will defend, indemnify, and hold harmless the other Parties and their officers, employees, and agents from and against any and all liabilities, damages, claims, demands, judgments, losses, costs, expenses, fines, suits, and actions, whether arising in tort, contract, or by operation of any statute, including but not limited to attorneys' fees and expenses at trial and on appeal,

relating to or resulting from the Party's performance of its responsibilities under this Agreement.

- 12. The laws of the State of Oregon will govern this Agreement and the Parties will submit to the jurisdiction of the courts of the State of Oregon.
- 13. This Agreement may be amended at any time with the written consent of all Parties.
- 14. Except as otherwise provided herein, the Parties may not assign any of their rights or responsibilities under this Agreement without prior written consent from the County.

The remainder of this page is intentionally blank.

15. All notices, communications, invoices, and payments required or permitted under this Agreement must be addressed as follows:

To the County:

To the County.	
To Portland:	City Debt Manager Office of Management and Financ 1120 SW Fifth Avenue, Room 125
To Gresham:	Portland, OR 97204-1988 Tel. (503) 823-4222 The City of Gresham
	Environmental Services Director 1333 NW Eastman Parkway Gresham, OR 97030 (503) 618-3000
To Gresham for Invoices and Payments:	The City of Gresham City Debt Management Analyst 1333 NW Eastman Parkway Gresham, OR 97030 503-618-3000
To Fairview:	
To Troutdale:	

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Attention: Phil Ralston Tel. (503) 415-6331

To the Port for The Port of Portland invoices and P.O. Box 5095

payments: Portland, OR 97208-5095

Tel. (503) 415-6000

To Metro: Metro Debt Manager

Finance & Regulatory Services

600 NE Grand Ave. Portland, OR 97214 Tel. (503) 797-1913

To the Districts: Natural Resources Planning Manager

Multnomah County Drainage District No. 1

1880 N.E. Elrod Drive Portland, OR 97211 Tel. (503) 281-5675

- 16. If any covenant or provision of this Agreement is adjudged void, such adjudication will not affect the validity, obligation, or performance of any other covenant or provision which in itself is valid if such remainder would then continue to conform with the terms and requirements of applicable law and the intent of this Agreement.
- 17. This Agreement constitutes the entire agreement between the Parties and supersedes any prior oral or written agreements or representations relating to the matters discussed herein. No waiver, consent, modification or change of terms of this Agreement will bind the Parties unless in writing and signed by each Party.
- 18. This Agreement is not intended, and may not be construed as intending, to establish a precedent for any future cost-sharing agreements among any of the Parties pertaining to the Districts' levees. A Party's contribution under this Agreement creates no expectation that the Party is responsible for the maintenance or repair of the Districts' levees.
- 19. This Agreement may be executed in counterparts. Delivery of this executed Agreement by facsimile or e-mail will be sufficient to form a binding agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

MULTNOMAH COUNTY	A 1 4 - C
By:	Approved as to form:
Title:	
Date:	County Attorney
CITY OF PORTLAND	
By:	Approved as to form:
Title:	
Date:	Deputy City Attorney
CITY OF GRESHAM	Approved as to form:
By:	
Title:	City Attorney
Date:	City Attorney
CITY OF FAIRVIEW	Approved as to form:
By:	Approved as to form:
Title:	
Date:	City Attorney
CITY OF TROUTDALE	Approved as to form:
Ву:	Approved as to form.
Title:	
Date:	City Attorney

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PORT OF PORTLAND	Approved as to Legal Sufficiency:
By:	
Title:	A :
Date:	Assistant General Counsel
METRO	Approved as to form:
By:	
Title:	
Date:	Assistant Metro Attorney
MULTNOMAH COUNTY DRAINA DISTRICT NO. 1	GE
By:	
Title:	
Date:	
SANDY DRAINAGE IMPROVEME COMPANY	NT
Ву:	
Title:	
Date:	_