

CHEHALIS RIVER BASIN FLOOD AUTHORITY

District Type and Issues Identification Workshop

10:00 a.m. – 3:00 p.m.

Thursday, June 24, 2010

Chehalis Tribal Community Center

- DRAFT Meeting Report--

Background

The Chehalis River Basin Flood Authority (FA) is in the process of forming a multi-county flood district to address chronic flooding problems in a comprehensive manner within the Chehalis River Basin. The FA has considered a number of options for the flood district and has determined there are two options – a Flood Control District (FCD) and a Flood Control Zone District (FCZD) – that deserve further consideration. The FA retained the FCS Group consultant team to provide assistance in order to: select one option for a flood district; form an advisory committee, conduct economic analyses of the benefits of forming a flood district, provide guidance on a governance structure, rates, and/or taxes; develop an interlocal agreement; and assist with the legal process of district formation. The FCS Group team is meeting with the FA up to six times between June and December 2010 to provide information on district formation and related issues, provide recommendations on a district option and its formation, and to seek guidance from the FA on their preference for a district option and formation.

ATTENDEES

Flood Authority Members

Brandon Atoch, Mayor of Oakville

Ron Averill, Lewis County Commissioner (Flood Authority Vice-Chair)

Edna Fund, Centralia City Council

Karen Valenzuela, Thurston County Commissioner

Mark White, Chehalis Tribe Natural Resources Director

Terry Willis, Grays Harbor County Commissioner (Flood Authority Chair)

Other attendees¹

Julie Balmelli-Powe, Chehalis Basin Sub zone Advisory Committee

John Donahue, Washington Ste Department of Transportation

Spencer Easton, ESA Adolfson

Chris Hempleman, Washington Department of Ecology

Robert Johnson, Lewis County

Bruce Mackey, ESA Adolfson

Lee Napier, Grays Harbor County

¹ Bruce Mackey and Spencer Easton are consultants to the Chehalis River Basin Flood Authority

Mark Swartout, Thurston County

FCS Consultant Team

Pam Bissonnette, FCS Group

John Ghilarducci, FCS Group

Chris Hoffman, Norton-Arnold & Company

Hugh Spitzer, Foster Pepper PLLC

MEETING OVERVIEW

The first District Formation was held on Thursday, June 24, from 10:00 a.m. to 3:00 p.m. at the Chehalis Tribal Community Center. The meeting consisted of:

- Introductions
- A review and discussion of the two flood district options
- A review of the schedule for district formation
- A presentation and discussion of district formation policy issues
- An open discussion
- A discussion of next steps

INTRODUCTIONS

Terry Willis opened the meeting and asked for everyone in the room to introduce themselves and who they represent. All members present introduced themselves, as did the FCS Group Consulting Team and other attendees. Bruce Mackey briefly reminded the Flood Authority about the selection of the FCS Group consulting team and their role. Chris Hoffman provided a brief overview of the meeting agenda and objectives. He explained that the objectives of the meeting were to get provisional agreement on a District option from the Flood Authority and to introduce the policy issues and questions relevant to district formation.

Ron Averill requested that all materials developed during the district formation process be sent to all commissioners from the three counties. He noted that the Flood Authority's role is to assist in district formation, but that a flood district is officially formed by County Commissioners. He said that meetings for all commissioners need to be set thirty days in advance and that we should account for that in our schedule.

There was also some discussion about the differences between property taxes and assessments. Hugh Spitzer explained that assessments are annual and have limits, and that they can't exceed the benefit that a property receives as a result of a flood district. Hugh clarified that Flood Control Districts can levy assessments and use rates, but cannot tax property.

Action items:

- *Chris: Send all meeting materials to all county commissioners*

TWO FLOOD DISTRICT OPTIONS

Hugh gave a presentation that described the two flood district options and that highlighted the advantages and disadvantages of both the Flood Control District and the Flood Control Zone District.

In summary, Hugh indicated that the advantages of the FCD are that it can be formed as a multi-county district and that bond issuance authority is clear. The disadvantages are that it

requires a public election for formation, has no taxing authority, can only charge for limited services, can issue only revenue bonds, County approval for assessments and bonds are required, and that the District Board must be elected. In response to questions from Authority members, Hugh said that the election is by registered voters, that County Commissioners approve assessments and bonds, that those bonds are limited to government issued revenue bonds or general obligation bonds, and that the district board can have up to five elected members.

Hugh then explained that the FCZD has more advantages than the FCD because: it has tax, fee, and assessment authority, has board authority to charge for services, does not require County approval for assessments and bonds; election for formation is not required; and its board can be elected or consist of County Commissioners. Hugh said that the disadvantages are that forming a multi-county FCZD will require statutory amendment or an interlocal agreement among the counties, and that the issuance of tax-backed bonds may require a statutory amendment. A discussion with the Authority on this option raised the following points:

- The limit on taxes is \$.50/\$1,000 and that this is part of the \$5.90 tax lid, and that because the district is junior in authority the taxing limit will be well below that.
- Tribal lands are not subject to property taxes but rates can be charged
- Lewis County currently has a FCZD's with two subzones but they do not currently collect revenue. These would have to be dissolved or somehow be included through an interlocal agreement because zones can't overlap.

At the conclusion of this discussion Chris asked the Flood Authority if they felt comfortable with a provisional decision on a flood district option. Ron indicated his preference for a FCZD; the requirement to have the district formed by June 2011 means there is no time for a vote. He posed the question: what will happen if the vote fails? He also said the FCD requires a firm project list with estimated funding, and that the Corps of Engineers will not provide that in time for the election. Karen Valenzuela questioned the assumption that there was not enough time for an election and said that the June 2011 may be able to be moved. Terry asked for clarification on the project list requirement for the FCD. Hugh said that the FCD has less flexibility than a FCZD with regards to a project list and funding estimates. At the conclusion of this discussion the Flood Authority made it clear that they were not ready to provisionally decide on a flood district option.

SCHEDULE FOR DISTRICT FORMATION

Pam Bissonnette outlined all the steps that the Flood Authority needs to take to achieve district formation by June 2011 and to begin operating the district. She said that the schedule does not currently account for a statutory amendment; it was requested that the schedule implications of a statutory amendment be provided and Hugh said he would do that. Pam indicated that while it was not critical for the Flood Authority to decide on a district option today that a decision would be required soon to meet the schedule. Some Flood Authority members were concerned about the legislative changes and asked if there were other steps that could be taken that would accomplish district formation. Hugh explained that the parties could form a Watershed Management Partnership that includes the state and accomplish the same things as a FCZD. He also said that the County Commissioners could form individual zone districts and put major projects up for public vote, and that this provision could be included in the adopting resolution.

Hugh reminded the Flood Authority that regardless of which option is chosen many of the real decisions, such as who is on the Board, how it is managed, and who makes decisions on rates, come later.

Action items:

- *Hugh: provide schedule for statutory amendment regarding multi-county FCZD*

POLICY ISSUES

Hugh, Pam, and John Ghilarducci presented policy issues and questions that addressed district governance, regional and local flood control programs reconciliation, cost recovery options, and fiscal policies.

Related to governance, it was asked if county engineers would act as administrators of the district. Hugh responded that the agreement should designate a person in this role.

Related to cost, the role of existing utilities was discussed, specifically how the city utilities would be reconciled. It was noted that it will be necessary to spell out clearly where money is collected, where it is spent, and that priorities will have to be set regionally.

OPEN DISCUSSION

The Flood Authority spent the remainder of the meeting having an open discussion about district formation. They agreed that it is important to do something soon about flood protection and were concerned that the formal formation process was cumbersome and time consuming; they don't want to wait four to five years to initiate actual projects that provide a tangible benefit. They requested that the FCS Group provide guidance on key issues and to advise them on how they could phase into flood district creation while providing some protection by initiating some smaller projects.. It was noted that a Lewis County opinion survey indicated that the public expectation is for "something to be done about flooding." The Flood Authority said that there are smaller projects that could be done relatively soon which would pave the way for success on larger projects.

Action items:

- *Hugh, John, and Pam: provide a recommendation on how the Flood Authority can move ahead with a phased approach while retaining options for the future creation of a multi-county flood district*

NEXT STEPS²

Chris asked the Flood Authority when and where they would like to meet next. They agreed that their next scheduled work session was the best option since they already have it on their calendars and there is nothing on the agenda for that meeting. The Flood Authority agreed to meet on Thursday, July 15 from 9 to 11:30 a.m. at the Veterans Museum in Chehalis.

Action items:

- *All: provide meeting materials to Bruce Mackey by Thursday, July 8.*

² This agenda item was moved to right after lunch so that Flood Authority members who had to leave the meeting early could participate in setting the date and time of the next meeting.

