

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF LEWIS COUNTY, WASHINGTON**

IN RE:
APPROVING AN AMENDMENT TO THE)
INTERLOCAL AGREEMENT WITH THE STATE)
OFFICE OF FINANCIAL MANAGEMENT TO) RESOLUTION No. 10-142
PROVIDE \$3.5 MILLION FUNDING FOR LEWIS)
COUNTY, ACTING AS THE LEAD AGENCY FOR)
THE CHEHALIS RIVER BASIN FLOOD AUTHORITY)

WHEREAS, House Bills 3374 and 3375 authorized and approved two million five hundred thousand dollars (\$2,500,000) for Lewis County, acting as the Lead Agency for the Chehalis River Basin Flood Control Authority (Flood Authority); and

WHEREAS, \$3,500,000 was reappropriated to the Flood Authority from the State 2010 Budget; and

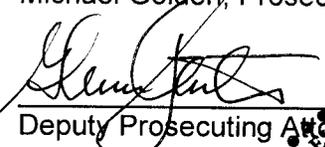
WHEREAS, the Board of Lewis County Commissioners has had an opportunity to review the proposed Amendment 3 TO OFM Interlocal Agreement No. K331, as recommended by the Flood Authority and attached as Exhibit A; and

WHEREAS, it appears to be in the best public interest to authorize this interlocal agreement with the Office of Financial Management, NOW THEREFORE

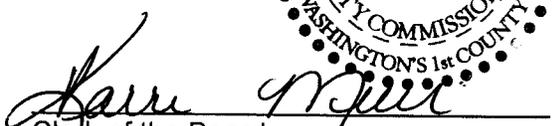
BE IT RESOLVED that this interlocal agreement (Amendment 3 to OFM Interlocal Agreement No. K331) between Lewis County and the Office of Financial Management is hereby approved and the Chairman of the Board of Commissioners is authorized to sign the contract on behalf of Lewis County.

DONE IN OPEN SESSION this 7th day of June, 2010.

APPROVED AS TO FORM:
Michael Golden, Prosecuting Attorney

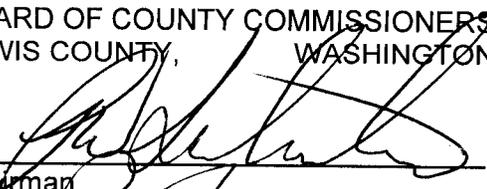

Deputy Prosecuting Attorney

ATTEST:


Clerk of the Board



BOARD OF COUNTY COMMISSIONERS
LEWIS COUNTY, WASHINGTON


Chairman


Member


Member

**THE STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
AND
LEWIS COUNTY, ACTING AS THE LEAD AGENCY FOR
THE CHEHALIS RIVER BASIN FLOOD AUTHORITY**

**AMENDMENT 3
TO OFM INTERLOCAL AGREEMENT NO. K331**

AMENDMENT 3 TO THE ORIGINAL AGREEMENT

The Office of Financial Management, hereinafter referred to as "OFM", and Lewis County, acting as the Lead Agency for the Chehalis River Basin Flood Authority, hereinafter referred to as "Flood Authority", pursuant to the authority granted by Chapter 39.34 RCW, entered into an Interlocal Agreement, hereinafter referred to as "Agreement," executed by Susan E. Johnsen, on behalf of OFM, on June 13, 2008, and identified as OFM Interlocal Agreement No K331. That Agreement was amended by mutual agreement of the parties by Amendment 1 to OFM Interlocal Agreement No. K331, and executed on June 1, 2009. That Agreement was amended again by mutual agreement of the parties by Amendment 2, which was executed on February 2, 2010.

The purpose of this Amendment 3 is to modify the conditions of Amendments 1 and 2 to the OFM Interlocal Agreement related to Statement of Work and Compensation. This Amendment also incorporates Exhibit A into the Statement of Work. The original Agreement allows changes, modifications or amendment by written agreement executed by both parties to the Agreement.

This Amendment 3 to the Agreement amends the Statement of Work and the Compensation section, and the budget table in Amendments 1 and 2 to the OFM Interlocal Agreement No K331, with the following:

AMENDED STATEMENT OF WORK

The following tasks are in addition to the work required under the original Statement of Work.

Task 1, Governance Agreements

Flood Authority shall develop governance agreements which must include preliminary estimates of local property tax options necessary to support the maintenance and operation of the twin city levy project and tax options necessary to support other possible flood control measures throughout the basin. Deliverable: Agreements must be executed by July 1, 2011.

Task 2, Studies of Flood Mitigation Measures

From the effective date of this amendment and prior to any expenditure on new studies, the Flood Authority must submit any new study proposal to the basin-wide general investigation project manager of the US Army Corps of Engineers for review. Based on their review, the Flood Authority must develop a proposed scope of work for the study that ensures the study will be eligible for federal work-in-kind credit.

Flood Authority shall conduct the following studies of flood mitigation measures:

- Studies contracted prior to the effective date of this amendment.
- Study to evaluate the feasibility of a combination of the United States' Army Corps of Engineers twin city project, with other retention structures, and nonstructural flood mitigation measures. Deliverable: Study completed and final report submitted to OFM by June 30, 2011.
- Study to determine how ecosystem services, including nonstructural alternatives, would likely mitigate downstream flooding. Deliverable: Study completed and final report submitted to OFM by December 2010.
- Continuation of the general investigation of the basin wide flood control measures by the US Army Corps of Engineers.
- Independent peer review of completed geotechnical and hydrological studies of possible upper basin retention structures. Flood Authority must work with the Department of Ecology to select qualified experts to conduct this peer review. Deliverable: Study completed and final report submitted to OFM by October 2010.
- Study of the effect of possible retention structures and other flood control measures on fish in the basin. Flood Authority must consult with the Washington State Department of Fish and Wildlife, Confederated Tribes of the Chehalis reservation, and the Lewis County Public Utilities District to develop and agree upon the scope of work for this study, and select a qualified expert. Deliverable: Study completed and final report submitted to OFM by June 2011.

Task 3 Development of Early Warning Flood System

Flood Authority shall develop an early warning flood system.

Provisions contained within Exhibit A, including but not limited to the timelines contained therein, are incorporated into the Agreement via this Amendment.

AMENDED COMPENSATION

OFM shall reimburse Lewis County, acting as the lead agency for the Flood Authority, an amount not to exceed Four Million Ninety Thousand Three Hundred Fifty-Nine Dollars (\$4,090,359) for the performance of all things necessary for, or incidental to, the work as set forth in the Agreement. This is an increase of One Million Dollars (\$1,000,000) for the current biennium (2009-2011), and Five Hundred Ninety Thousand Three Hundred Fifty-Nine (\$590,359) Dollars for the fiscal year prior to this biennium (2008-2009).

Allowable costs shall include costs incurred by the Flood Authority from the first date of the Agreement period until the Agreement is terminated or expires as provided herein, but in no event shall allowable costs exceed the maximum amount of the Agreement. The Budget Table is replaced with the following Budget Table:

Task 1 Develop Governance Agreements	\$1,200,000
Task 2 Studies of Flood Mitigation Measures	\$2,000,000
Task 3 Development of Early Warning Flood System	\$300,000
TOTAL	\$3,500,000

ALL OTHER PROVISIONS REMAIN IN EFFECT

This Amendment constitutes a renewal of the original Agreement, with such additional provisions as have been agreed upon by the parties for good and valuable consideration. All other original terms of the Agreement remain in effect.

EFFECTIVE DATE

The effective date of this Amendment shall be June 1, 2010, or date of execution, whichever is later.

EXECUTION

We, the undersigned, agree to the terms of the foregoing Amendment to the Agreement.

**LEWIS COUNTY, ACTING AS LEAD
AGENCY FOR THE CHEHALIS RIVER
BASIN FLOOD AUTHORITY**

**STATE OF WASHINGTON
OFFICE OF FINANCIAL
MANAGEMENT**

P.W. Schulte, Chairman
Lewis County Board of Commissioners

Rebecca Riley, Contract Services
Manager

Date

Date



CHRISTINE O. GREGOIRE
Governor

STATE OF WASHINGTON
OFFICE OF THE GOVERNOR

P.O. Box 40002 • Olympia, Washington 98504-0002 • (360) 753-6780 • www.governor.wa.gov

May 3, 2010

The Honorable Terry Willis, Chair
Chehalis River Basin Flood Authority
1222 State Avenue NE, No. 202
Olympia, WA 98506

Dear Chair Willis:

First, please accept my heartfelt thanks to you, Vice Chair Averill, and the rest of the Chehalis River Basin Flood Authority (Authority) for your tireless dedication to the safety and well being of Chehalis River Basin residents.

In response to your request for clarification on Section 1020 of the 2010 Supplemental Capital Budget associated with studies to be administered by the Authority, I offer my understanding of the related provisos and how I believe they should be implemented.

You expressed concern with the proviso requirement that the U.S. Army Corps of Engineers (Corps) review all new studies to be funded by the Authority. A different subsection of the proviso requires the Phase 3 (fish) study be completed by June 2011. The Corps can only undertake review of studies after signing the basin-wide general investigation (GI) Project Management Plan (PMP), which I understand has now been delayed indefinitely, and that any significant delay will risk the June 2011 fish study completion deadline.

If the Corps signs the basin-wide GI in the next month, it becomes the Authority's responsibility to submit the studies and request timely review by the Corps. However if, as expected, the Corps does not sign the PMP in May and cannot undertake the review, I do not believe the Legislature's directive to complete the fish study by June 2011 should be frustrated by an impossibility. Even without Corps review, I believe the Authority can perform the research and due diligence necessary, to the fullest extent possible, to develop study scopes of work likely to qualify as federal match under Corps rules.

To meet the needs of the basin and the intent of the legislation, the fish study needs to start early enough this year to be completed by the end of the current biennium.

To address your concern about the potential for the required peer review to delay the fish study, I have assurances from my staff that we can complete such review within 60 days. Along with concurrent planning and scoping of the fish study, we can and we will avoid any significant delay.

The Honorable Terry Willis
May 3, 2010
Page 2

Thanks again for your continued work on this vital project. I hope this letter is helpful to you in those efforts.

Sincerely,



Christine O. Gregoire
Governor

memorandum

date May 13, 2010
to Chehalis River Basin Flood Authority
from ESA Adolfson
subject Budget

On May 4, 2010 Governor Gregoire signed the State capital budget for fiscal year 2010-2011 (attached). As you know, the budget language includes tight deadlines and funding constraints. The Flood Authority will need to move quickly to accomplish its work over the next year. ESA Adolfson recommends that the Authority make several critical decisions regarding the budget at the May 20th Authority meeting.

The intent of this memo is to help interpret the budget provisos and make recommendations on which decisions should be made quickly to ensure Authority success over the next year. Also attached is a spreadsheet with detail on the funding available for various Authority efforts.

The bill appropriates money in four subsections. Subsection (1) appropriates money to the State as nonfederal matching funds for the Twin Cities project. The Flood Authority has no control over these funds. The other three sections are:

2. Governance formation
3. Studies
4. Early warning system

ESA Adolfson and staff from Lewis County Community Development (as fiscal agent for the Flood Authority) met with representatives of the Office of Financial Management (OFM) on May 5 to discuss how the budget will be implemented. The budget is a reappropriation for the biennium; the funds must cover expenditures from July 2009 to the present as well as future expenditures through June 2011.

Governance Formation

Subsection (2) of the budget appropriates \$1,200,000 to develop a basin-wide governance and funding mechanism. OFM expects this subsection to include funds spent on staffing (both by local jurisdictions and through the contract with ESA Adolfson) from July 2009 through June 2010. This is a total of \$582,602. This leaves \$617,398 for completing the task of setting up a basin-wide flood district in the next year.

At the February 28, 2010 Flood Authority meeting, the Flood Authority authorized Lewis County to issue an RFQ for a firm to assist the Authority in flood district formation. The Authority also authorized the Board Advisory Committee (BAC) to serve as a selection committee. As reported at the April 15 Flood Authority meeting, one

firm, FCS Group, submitted qualifications. It is the opinion of the BAC and ESA Adolfson that FCS Group is highly qualified. FCS Group has provided a scope of services that has been closely reviewed by the BAC and ESA Adolfson. FCS Group also drafted a detailed budget totaling \$499,343 to complete this scope of work. Review of this scope and budget is agenda item 6 on the May 20 work session agenda, and action on the contract is agenda item 11 on the May 20 business meeting agenda. This leaves \$118,055 in the budget for County staff and/or Flood Authority staff to facilitate local coordination with FCS Group's efforts, something FCS Group has made clear will be needed.

Actions to be Taken

- Act on the proposed contract with FCS Group (item 11 on the May 20 business meeting agenda).
- Set aside remaining budget for Flood Authority staff work.

Studies

Subsection (3) of the budget appropriates \$2,000,000 for studies. OFM expects this subsection funding to also be used for funding of staff support, including facilitation by ESA Adolfson, for July 2010 through June 2011. Funds must cover studies contracted prior to the effective date of the act. These contracts total \$555,000. This leaves \$1,445,000 for the following studies:

- The *coordinated study*. This study would evaluate the feasibility of a combination of the Twin Cities project and retention structures. The estimated cost of this study is \$500,000.
- The *ecosystem services analysis*. This would be a continuation of the Authority's current work with Earth Economics. The estimated cost of this study is \$200,000.
- Participation in the basin-wide *General Investigation*. The estimated cost of this participation is \$6,640.
- A *peer review* of the upstream storage feasibility analysis. The estimated cost of the peer review is \$50,000.
- A *fisheries and environment study* for the proposed upstream storage facilities. The estimated cost of this study is \$900,000.

The Flood Authority will also need to consider the acquisition of *LiDAR digital elevation data*. This could be considered a previously contracted study. The Authority contracted with the Puget Sound LiDAR Consortium to gather LiDAR data this past winter. Due to weather and equipment problems, PSLC has not yet gathered the data, and the study is currently on hold. The cost of this study is approximately \$177,000.

We also estimate a need for \$259,000 in *staff support* for the counties and ESA Adolfson. Discussion of a draft scope of work from ESA Adolfson for July 2010-June 2011 is item 8 on the work session agenda and item 13 on the business meeting agenda for May 20th. A contract will need to be approved at the June 17 Authority meeting to avoid a gap in service.

The total estimated cost of all these studies is \$2,092,640, but the budget is only \$1,445,000. The Flood Authority will need to make decisions about which studies to fund. Since the cost for each study could potentially come in under (or over) the estimate, we recommend the Authority pick a set of priority projects to move forward on at this time. The other efforts can be held in reserve until final budget figures come in for the prioritized studies. For example, the Authority could choose to move forward immediately on the peer review, fisheries study, General Investigation, and staff support. Staff can move forward expeditiously to contract this work and develop final budget figures. The other efforts can be held in reserve until it is known if there is enough funding to pursue them. ESA Adolfson recommends that the Authority select a set of studies to prioritize at the May 20th meeting.

Actions to be Taken

- Discuss prioritization of studies at the May 20th Authority work session (agenda item 3)
- Pass a motion directing staff to move forwards on a set of priority studies at the May 20th Authority business meeting (agenda item 9)

ESA Adolfson's Recommendations

We recommend that the Flood Authority's first set of priority projects should be the peer review, the fisheries study, participation in the General Investigation, and staff support. The peer review and fisheries study both provide necessary information for moving forward on the proposed upstream storage project, the General Investigation project offers a lot of potential for improvements basin-wide, and staff support is necessary to keep the studies and current Flood Authority activities moving forward to meet the tight timelines in the budget.

Using current budget estimates, this set of priority projects is projected to exhaust the budget for studies listed in Subsection (3). If this work comes in under budget, we recommend that the Authority pursue the coordinated study, which provides information about a combination of an upstream storage project and the Twin Cities levee project.

We also recommend that LiDAR data collection be the lowest priority at this point. The data would be valuable in developing a lower-basin hydraulic model. However, there are no funds allotted for the hydraulic model in the supplemental budget. Both LiDAR and the hydraulic model are projects that can be done by a flood district when it is formed.

We do not recommend the Authority move forward with another phase of the Ecosystem Services Analysis being done by Earth Economics.

Any decisions made at the May 20th meeting to not prioritize the coordinated study and LiDAR, for example, would only be preliminary decisions and would not preclude the Flood Authority from pursuing these projects in the future.

Early Warning System

Subsection (4) of the budget appropriates \$300,000 for an early flood warning system. This amount includes the \$64,488 already expended this biennium on the early warning system. This leaves \$235,512 in the budget.

The Flood Authority contracted with West Consulting in October 2009 to develop this project. In March 2010, West presented the findings of their initial needs assessment phase, which accounts for the \$64,488 already spent. ESA Adolfson and the BAC have worked with West to refine a scope and budget for the design and implementation phase of the project. This scope and budget, which comes to \$234,636, is on the May 20th Authority work session agenda for discussion (item 7). It is also on the May 20th business meeting agenda for action (item 12)

Action to be Taken

- Act on the proposed contract with West Consulting (item 12 on the May 20th business meeting agenda)

FOR THE OFFICE OF FINANCIAL MANAGEMENT

Catastrophic Flood Relief (20084850)

The reappropriation in this section is subject to the following conditions and limitations:

- (1) \$1,640,000 of the reappropriation is provided solely for nonfederal matching funds and state agency costs associated with the army corps of engineers flood hazard mitigation projects for the Chehalis river basin.
- (2) \$1,200,000 of the total reappropriation is provided solely for the Chehalis basin flood control authority to develop governance agreements for development, operation, and maintenance of flood hazard mitigation measures throughout the basin. The development of the governance agreements shall include preliminary estimates of local property tax options necessary to support the maintenance and operation of the twin city levy project and tax options necessary to support other possible flood control measures throughout the basin. The agreements must be executed by July 1, 2011.
- (3) (a) \$2,000,000 of the reappropriation is provided solely for the following studies of flood mitigation measures:
 - (i) Studies contracted prior to the effective date of this act;
 - (ii) a study to evaluate the feasibility of a combination of the United States' army corps of engineers twin city project, with other retention structures, and nonstructural flood mitigation measures to be completed by June 30, 2011;
 - (iii) a study to determine how ecosystem services, including nonstructural alternatives, would likely mitigate downstream flooding to be completed by December 2010;
 - (iv) continuation of the general investigation of basin wide flood control measures by the United States' army corps of engineers;
 - (v) an independent peer review of completed geotechnical and hydrological studies of possible upper basin retention structures to be completed by October 2010;
 - (vi) a study of the effect of possible retention structures and other flood control measures on fish in the basin to be completed by June 2011, provided that the fish study shall not examine options for retention structures that the peer review in this section determines is not feasible.
- (b) From the effective date of this act and prior to any expenditure on new studies, the Chehalis basin flood authority must submit any new study proposal to the basinwide general investigation project manager of the United States army corps of engineers for review. Based upon the United States army corps of engineers review of the proposal, the Chehalis basin flood authority must develop a proposed scope of work for the study that ensures, to the fullest extent possible, that the study will be eligible for federal work-in-kind credit.
- (c) The Chehalis basin flood authority must:

- (i) In consultation with the department of ecology, select qualified experts to conduct the peer review of geotechnical and hydrological studies; and
 - (ii) consult with the Washington state department of fish and wildlife, the confederated tribes of the Chehalis reservation, and the Lewis county public utility district to develop and agree upon a scope of work for, and select a qualified expert to, conduct the fish study. The peer review must be submitted to the office of financial management before funds are allotted for the fish study.
- (4) \$300,000 of the reappropriation is provided solely for an early flood warning system.
- (5) It is the intent of the legislature to fulfill the commitment of section 101, chapter 179, Laws of 2008 and chapter 180, Laws of 2008, by appropriating funds when the federal match requirement is needed.

Reappropriation:

State Building Construction Account—State	\$47,351,000	\$5,140,000
Prior Biennia (Expenditures)	\$2,649,000	\$3,450,000
Future Biennia (Projected Costs)	\$0	<u>\$41,410,000</u>
TOTAL		\$50,000,000

CHRISTINE O. GREGOIRE
Governor



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May 3, 2010

The Honorable Terry Willis, Chair
Chehalis River Basin Flood Authority
1222 State Avenue NE, No. 202
Olympia, WA 98506

Dear Chair Willis:

First, please accept my heartfelt thanks to you, Vice Chair Averill, and the rest of the Chehalis River Basin Flood Authority (Authority) for your tireless dedication to the safety and well being of Chehalis River Basin residents.

In response to your request for clarification on Section 1020 of the 2010 Supplemental Capital Budget associated with studies to be administered by the Authority, I offer my understanding of the related provisos and how I believe they should be implemented.

You expressed concern with the proviso requirement that the U.S. Army Corps of Engineers (Corps) review all new studies to be funded by the Authority. A different subsection of the proviso requires the Phase 3 (fish) study be completed by June 2011. The Corps can only undertake review of studies after signing the basin-wide general investigation (GI) Project Management Plan (PMP), which I understand has now been delayed indefinitely, and that any significant delay will risk the June 2011 fish study completion deadline.

If the Corps signs the basin-wide GI in the next month, it becomes the Authority's responsibility to submit the studies and request timely review by the Corps. However if, as expected, the Corps does not sign the PMP in May and cannot undertake the review, I do not believe the Legislature's directive to complete the fish study by June 2011 should be frustrated by an impossibility. Even without Corps review, I believe the Authority can perform the research and due diligence necessary, to the fullest extent possible, to develop study scopes of work likely to qualify as federal match under Corps rules.

To meet the needs of the basin and the intent of the legislation, the fish study needs to start early enough this year to be completed by the end of the current biennium.

To address your concern about the potential for the required peer review to delay the fish study, I have assurances from my staff that we can complete such review within 60 days. Along with concurrent planning and scoping of the fish study, we can and we will avoid any significant delay.



The Honorable Terry Willis
May 3, 2010
Page 2

Thanks again for your continued work on this vital project. I hope this letter is helpful to you in those efforts.

Sincerely,

A handwritten signature in cursive script that reads "Christine O. Gregoire". The signature is written in black ink and is positioned above the printed name and title.

Christine O. Gregoire
Governor

FLOOD AUTHORITY BUDGET FOR NEXT YEAR							
				Budgeted	Expended/Contracted	Estimated Cost	Difference
Sec. 1	State match for COE			\$1,640,000		\$1,640,000	\$0
Sec 2	Governance						
		Flood District Formation				\$499,343	
		ESA Adolfson 09-10			\$537,450		
		Administration 09-10			\$45,152		
		ESA Adolfson work on Flood Districts 10-11				\$77,880 *	
		Local Jurisdiction work on Flood Districts 10-11				\$40,175	
		Subtotal		\$1,200,000	\$582,602	\$617,398	\$0
Sec 3	Provisioned for following studies:						
		(i) Contracted studies					
		Phase II A			\$250,000		
		Phase II B			\$230,000		
		Earth Econ			\$75,000		
		(ii) Coord Study				\$500,000	
		(iii) Ecosystem Services				\$200,000	
		(iv) General Investigation (coordination by ESA Adolfson)				\$6,640 *	
		(v) Peer Review by Oct 2010				\$50,000	
		(vi) Phase III (fish) by June 2011				\$900,000	
		ESA Adolfson 10-11				\$214,000 *	
		Administration 10-11				\$45,000	
		LIDAR				\$177,000	
		Subtotal		\$2,000,000	\$555,000	\$2,092,640	-\$647,640
Sec 4	Early Warning System			\$300,000	\$64,488	\$234,636	\$876
	Total			\$5,140,000	\$1,202,090	\$4,584,674	-\$646,764
	* Part of ESA Adolfson's phase 4 contract extension. A detailed draft scope and budget will be presented at the May 20 Flood Authority meeting.						

Robert Johnson

From: Dawna Truman
Sent: Tuesday, June 01, 2010 8:51 AM
To: Robert Johnson; Karri Muir
Subject: RE: OFM contracts amendment

Please accept this email as my approval signature

Dawna Truman
Budget/Fiscal Services Director
ext 1209

From: Robert Johnson
Sent: Tuesday, June 01, 2010 8:43 AM
To: Karri Muir
Cc: Dawna Truman; Glenn Carter
Subject: OFM contracts amendment

Attached is the agenda packet I spoke to you about last week, amending the OFM contract for Flood Authority funding. It needs to be approved on Monday so that we can also approve the contracts for the FA. Call if you have questions. I will bring copies for the Board for Wed. unless you need them earlier.

Glenn: would you please look at everything (the contract came from OFM) and get it to Karri by Monday morning. The original is in the interoffice mail. Thanks.

Robert A. Johnson, Director
Lewis County Department of Community Development
2025 Kresky Ave. NE
Chehalis, WA 98532
Phone: (360) 740-2606 Fax: (360) 740-1245

