

FINANCIAL IMPACT STATEMENT
For Council Action Items
(Use this form for Ordinances and Resolutions)
(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Kaitlin Lovell	2. Telephone Number (503) 823-7032	3. Bureau/Office/Dept. Environmental Services
4a. To be filed (date) January 5, 2011	4b. Calendar (Check One) Regular Consent 4/5ths [<input checked="" type="checkbox"/>] [] []	5. Date Submitted to FPD Budget Analyst: December 13, 2010

1) Legislation Title: Authorize the Commissioners in Charge of Bureau of Environmental Services or designee and Portland Parks and Recreation or designee to jointly execute agreements for the design and construction of watershed restoration projects in partnership with the U.S. Army Corps of Engineers.

2) Purpose of the Proposed Legislation:

The purpose of the City's Portland Watershed Management Plan is to improve Portland's watersheds, including construction projects that improve conditions within streams and rivers to better manage flows and stormwater, and improve conditions for fish, wildlife and the residents of Portland. Portland Parks and Recreation manages Parks property for the enjoyment of the citizens and benefit to the natural systems consistent with the adopted master plans.

The Army Corps of Engineers administers the federal Water Resources Development Act which includes numerous sections designed to improve the quality of federal waters, including many of the streams and rivers in Portland.

Proposed legislation will provide BES and Portland Parks with the authority to execute agreements with the Army Corps of Engineers to jointly design and construct watershed restoration projects and the flexibility it needs to complete the projects in a timely and cost effective manner.

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated identify the source.

It is not expected that new revenue will be coming to the City directly, however the partnership with the Corps of Engineers will use federal funds to partially offset the costs that would otherwise be born solely by the City of Portland.

4) Expense:

What are the costs to the City as a result of this legislation? Include costs in the current fiscal year as well as costs in future years. If the action is related to a grant or contract include the local contribution or match required.

This legislation authorizes the execution of Partnership Agreements and related documents and agreements that will bind the City to pay up to 35% of the project costs of the subject watershed restoration project. The authorization is conditioned on funds being identified and available. Currently only the Crystal Springs Restoration project has identified and available funds for the

construction of four culverts and the restoration of Westmoreland Park. Through the Grey to Green Culvert Program, BES has a five-year budget of \$2,000,000 to retrofit 8 culverts in Crystal Springs Creek to be fish passable. BES has allocated for FY 11, \$1,590,000 for FY 12, from the Sewer System Operating Fund, Bureau of Environmental Services, WBS Element E09112. BES has secured \$489,000 in construction funds from outside grants, including \$300,000 from the National Marine Fisheries Services for the construction of Umatilla culvert, and \$189,000 from METRO for the demolition of the Brannen culvert and restoration of the Brannen property. Expenses for the operation and maintenance are not known at this time. BES and PPR will return to council prior to construction with a full project description and a request for funds for operation and maintenance for all of the projects.

5) Staffing Requirements:

a) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? *If new positions are created include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term, indicate the end of the term.*

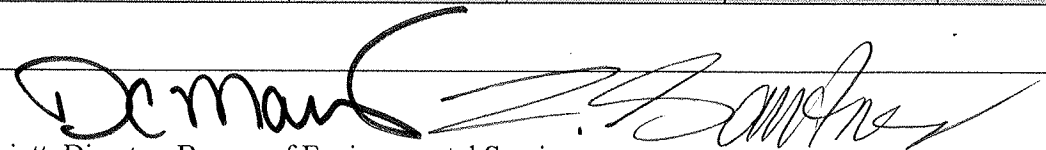
No

b) Will positions be created or eliminated in future years as a result of this legislation?

No

6) Change in Appropriations: Budget changes for the current year must go through the BMP Process. This section may only be use with prior permission of your OMF analyst for exceptions. *Reflect the dollar amount to be appropriated by this legislation. Include the appropriate center codes and accounts to be used by Central Accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.*

Fund	Center Code	Account	Amount	Project Fund	Project No.
OMF USE ONLY					

ZM

 Dean Marriott, Director, Bureau of Environmental Services
 Zari Santner, Director, Portland Parks and Recreation

APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND
ENVIRONMENTAL SERVICES



1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204 ■ Dan Saltzman, Commissioner ■ Dean Marriott, Director

City Council
Agenda Item
Staff Supplemental Report

184346

TO: Commissioners Dan Saltzman and Nick Fish
THROUGH: Matt Grumm and Emily Hicks

FROM: Kaitlin Lovell
Emily Roth

DATE: December 14, 2010

RE: *Authorize the Commissioners in Charge of Bureau of Environmental Services or designee and Portland Parks and Recreation or designee to jointly execute agreements for the design and construction of watershed restoration projects in partnership with the U.S. Army Corps of Engineers.

Requested Council Hearing Date: January 5, 2011

I. RECOMMENDATION

Authorize the Commissioners in Charge of Bureau of Environmental Services or designee and Portland Parks and Recreation or designee to jointly execute agreements for the design and construction of watershed restoration projects in partnership with the U.S. Army Corps of Engineers.

II. BACKGROUND

In March, 2006, the City Council authorized the Portland Watershed Management Plan (PWMP) which aims to improve watershed conditions throughout the City of Portland. The Bureau of Environmental Services and Portland Parks and Recreation have successfully partnered since that time to develop and implement restoration projects on Parks and BES owned properties.

In November of 2007 the Grey to Green Initiative was launched to accelerate principal elements of the Portland Watershed Management Plan's implementation. The acceleration began in FY 09 with just over \$5 million in new funding and will conclude in FY 13 with the final expenditures totaling \$50 million. Activities benefiting from Grey to Green include ecoroofs, green streets, trees, revegetation, invasive species control, culvert replacement, and acquisition of sensitive lands. This significant investment in watershed protection and restoration has made it possible to leverage and secure significant outside dollars that have previously been unavailable.

Three projects that are currently underway include the Crystal Springs Restoration Project which pairs BES' Grey to Green Culvert program with the PPR Master Plan for

Westmoreland Park, resulting in a significant improvement in Crystal Springs Creek. The project calls for the restoration of fish passage at the Umatilla, Brannen, Tenino and Tacoma culverts with the restoration of wetlands and riparian areas in Westmoreland Park, including the duck pond. Through Grey to Green, BES has already secured funds from the National Marine Fisheries Service (\$300,000) for the construction of the Umatilla culvert and from METRO (\$189,000) for the Brannen culvert and restoration.

BES and PPR are also finalizing the design of a restoration project at Oaks Bottom Wildlife Refuge. BES has funded the design of the project which calls for restoring connectivity and fish passage with the Willamette River by replacement of the culvert and the water control structures within the refuge. In addition, the project calls for stream and wetland enhancement within the refuge to benefit plant and wildlife species that make Oaks Bottom wildly popular with Portland residents. Construction dollars have not been identified for this project at this time.

Finally, BES and PPR are partnering on the restoration of wetlands in the Johnson Creek watershed along the Springwater Corridor, known as the Springwater Wetlands. The project site was identified as a high priority in the City's Johnson Creek Restoration Plan. This wetland restoration project includes about 40 acres of wetland and riparian habitat improvements. The multi-objective project also will also positively impact critical habitat for ESA-listed salmon and steelhead by creating flood storage for an area that currently sustains damages from frequent nuisance flooding. It also includes educational facilities such as walking trails and interpretive signs near the Springwater Trail. The City will cost-share the restoration portions of the project with the Corps of Engineers. Federal funds are needed to complete the project design, and to support construction.

This legislation will authorize BES and PPR to enter into agreements with the U.S. Army Corps of Engineers pursuant to the federal Water Resources Development Act. The WRDA provides federal funding, up to 65% of the project cost including design and construction. In most instances the Army Corps of Engineers constructs the projects according to federal guidelines, but in some instances the City of Portland will conduct some construction elements of the projects following all standard City of Portland rules, requirements and guidelines. The City of Portland will also own and maintain the facilities upon the completion of the project.

This ordinance authorizes the Commissioners in Charge of BES and PPR, or their designees, to execute agreements with the Army Corps of Engineers, expend funds consistent with those agreements and accept and receive all infrastructure. BES and PPR will return to Council prior to construction of each of the projects to provide updates on the nature of the partnership, the costs, the public involvement and community benefit, and a request for operations and maintenance funding.

III. FINANCIAL IMPACT

The extent of the financial impact is unknown, as the agreements bind the City to up to 35% of the project costs and the project costs are not known for Oaks Bottom or Springwater Wetlands. For Crystal Springs Restoration, the financial impact to the City is currently estimated at \$2,398,765 including real property interests and work in kind. Only \$1,162,265 is identified as cash needs. Funds are available in the Sewer System Operating Fund, FY 10-13 Budgets, Bureau of Environmental Services, WBS Elements

E09112 and Portland Parks and Recreation Local Share Capital Improvement allocation from the Metro Greenspaces 2006 bond measure. Future funding will be needed for operation and maintenance of the projects upon completion of construction and monitoring.

IV. LEGAL ISSUES
None

V. CONTROVERSIAL ISSUES
None. In fact, these projects have substantial support from the public, the local neighborhoods and businesses, and have been successful at leveraging funding from other grants to support this work.

VI. LINK TO CURRENT CITY POLICIES
This ordinance supports the Johnson Creek Restoration Plan adopted by City Council in 2001, the Portland Watershed Management Plan adopted in 2006, Resolution 36384, the recovery of federally protected salmon through Resolution 35715, and Resolution 36599 for watershed health funding. In addition, this legislation implements Grey to Green.

VII. CITIZEN PARTICIPATION
While there is no citizen participation in this particular legislation, there has been extensive citizen participation with the individual projects including public meetings, Neighborhood association meetings, business association meetings, partnerships with Portland State University, METRO, Tri-Met, Watershed Councils, and state and federal agencies.

VIII. OTHER GOVERNMENT PARTICIPATION
This legislation directly involves the U.S. Army Corps of Engineers, other governmental entities are participating in the individual projects including METRO, Tri-Met, National Marine Fisheries Service, Oregon Department of Fish and Wildlife and Department of State Lands.

IX. FINANCIAL IMPACT ON LOCAL ECONOMY

This legislation has the potential to bring up to \$10 million of federal funds to the City of Portland for watershed restoration activities. When combined with the required financial contribution by the City of Portland, it could substantially contribute to the local economy. An April 2010 study by the University of Oregon found that every million dollars of public investment in restoration projects supports 16.7 jobs in Oregon, and is multiplied 1.7 to 2.6 times by economic activity as it cycles through the state's economy. Thus, this agreement has the potential of creating 217 river restoration design and construction jobs.

Typically the Army Corps of Engineers manages the construction contracts, however if the City of Portland manages the design or construction contracts related to these projects it will follow all City protocols, including maximizing the participation of M/W/ESB.

X. IF THIS IS A CONTRACT, DOES CONTRACTOR HAVE A CURRENT BUSINESS LICENSE? N/A WHAT IS THEIR BUSINESS LICENSE NUMBER? _____ IS

THEIR ACCOUNT WITH THE CITY CURRENT? _____ IF NOT, HOW MUCH IS
OWING? _____

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