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# 191394

Emergency Ordinance

## \*Authorize Intergovernmental Agreement with Peninsula Drainage District #1 for flood risk reduction and drainage services

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. Peninsula Drainage District #1 (PEN 1) provides flood risk reduction and drainage services for lands within its jurisdiction by operating and maintaining levees and drainage works as authorized under ORS Chapter 547. PEN 1 is one of four drainage districts responsible for operating and maintaining the 27 miles of levees, 45 miles of sloughs, canals, ditches, and culverts, and 12 pump stations that reduce the risk of flooding along the Columbia River and Columbia Slough in urban Multnomah County.
2. PEN 1 is the smallest of the four local drainage districts. Approximately 94% of PEN 1's 995 acres are public lands including the Portland International Raceway, Heron Lakes Golf Course, the Portland Expo Center, and the Vanport Wetland, with small businesses making up the remaining 6%. The City owns 77% of the land in the district.
3. PEN 1's primary source of revenue is through property assessments levied on property owners based on property size. Between the land zoned as open space, and the number of properties that are already under Measure 5 tax compression, PEN 1 is unable to assess enough revenue to support the basic operations of the district.
4. In 2019, and with support from the City (through Levee Ready Columbia IGA), through the enactment of ORS Chapter 550, the Oregon Legislature established the Urban Flood Safety and Water Quality District (UFSWQD), a new special district tasked with modernizing the flood protection infrastructure and developing a new revenue model to replace that of the historic drainage districts (including PEN1, Peninsula Drainage District #2, Multnomah County

Introduced by

[Mayor Ted Wheeler](#)

Bureau

[Management and Finance](#)

Contact

James Allison

Program Manager

✉ [James.Allison@portlandoregon.gov](mailto:James.Allison@portlandoregon.gov)

☎ [503-823-4921](tel:503-823-4921)

Requested Agenda Type

Consent

Date and Time Information

Requested Council Date  
August 2, 2023

Drainage District #1, and the Sandy Drainage Improvement Company).

5. In May of 2022, the Council allocated funding for several identified projects and purposes in Fiscal Y22-23 in support of Levee Ready Columbia and the new UFSWQD. PEN1 operating support, including local sponsorship for Army Corps of Engineers partnership, was one of the approved identified uses for the allocated funds.
6. The majority of Fiscal Year 2022-23 funds described above that were not expended by the end of that fiscal year were carried over into Fiscal Year 2023-24 via the spring 2023 Budget Monitoring Process.
7. The City now desires to transfer some of the carried-over funds to PEN 1 to be used for covering the ongoing operating deficit and helping maintain the financial sustainability of PEN 1 in an amount not to exceed \$410,000 for Fiscal Year 2023-24.
8. The Council adopted an intergovernmental agreement authorizing payments for these same purposes for Fiscal Year 2022-23 via Ordinance 191241, "Authorize Intergovernmental Agreement with Peninsula Drainage District No. 1 for flood risk reduction and drainage services ordinance" (adopted April 19, 2023).

NOW, THEREFORE, the Council directs:

- A. The City's Chief Administrative Officer to execute an intergovernmental agreement with PEN 1 in substantial conformance with Exhibit A, provided it has been approved as to form by the City Attorney's Office.
- B. The City's Chief Administrative Officer or their designee is authorized to execute amendments to the scope of services or the terms and conditions of the intergovernmental agreement, provided the changes will not increase the City's financial risk.

Section 2. The Council declares that an emergency exists because a delay in providing financial support to PEN 1 would interrupt PEN 1's ability to maintain operations and meet its local cost share obligation for an Army Corps of Engineers levee project that will provide substantial benefits to the City of Portland; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

## Documents and Exhibits

 [Exhibit A \(https://www.portland.gov/sites/default/files/council-documents/2023/exhibit-a-for-ordinance-for-iga-for-city-funding-support-of-pen-1-operations-in-fy23-24\\_final-071423.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2023/exhibit-a-for-ordinance-for-iga-for-city-funding-support-of-pen-1-operations-in-fy23-24_final-071423.pdf) 901.52 KB

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council  
August 2, 2023

Auditor of the City of Portland  
Simone Rede

## Impact Statement

### Purpose of Proposed Legislation and Background Information

This intergovernmental agreement is part of a long-term partnership between the City and PEN 1. PEN 1, a special district for flood control, is mostly City land and is in the area of the historic Vanport Flood of 1948. PEN 1 is funded by landowner assessments on assessed land value. The Open Space Zoning of City land, combined with the effects of tax compression, result in an inadequate funding situation for the district. For the past several years, the City has voluntarily provided additional funding to maintain PEN 1 operations and solvency. Of note, last fiscal year and this fiscal year, a portion of the provided operational support helps ensure that PEN 1 can provide the required local match contribution for the Army Corps' Portland Metro Levee System (PMLS) Project to bring the levee system up to current levee safety standards. Without City funding, the district would become insolvent and dissolve and the City would be responsible for protecting public and private assets in the managed floodplain of PEN 1. This would likely include City responsibility for much more significant support of the local cost share of the Army Corps' PMLS Project, a burden currently borne primarily by PEN 1 and its sister drainage districts, which serve as the nonfederal sponsor of the project. Notably, if the levee improvements proposed by the PMLS Project were not completed, a slew of adverse consequences for the City would ensue: properties behind the PMLS would be mapped

into the floodplain; the City would be required to impose new, onerous development standards in the floodplain to continue to participate in the National Flood Insurance Program; those new standards would make development in the floodplain infeasible; property owners behind the PMLS would not be able to access affordable, federally backed flood insurance; and there would be a likely decrease in property values behind the PMLS and associated reductions in government revenue.

This annual operational support IGA with PEN 1 will be needed for 2-4 more years, until PEN 1 is dissolved into the new Urban Flood Safety and Water Quality District, which will have a new and adequate funding stream for operations.

## Financial and Budgetary Impacts

The purposes of this IGA were identified in the FY 2021-22 policy “set-aside” for City resources necessary to support the levee system. Also, the specific funding for this IGA was approved in the current FY 2023-24 budget.

The agreement is an annual IGA, and it does not bind the City to future commitments. It only serves to assist with funding known and quantified operational needs this current fiscal year. Previous agreements with PEN 1 have not been amended, nor have they been subject to other cost overruns or unanticipated expenses.

This action does not have, require or cause:

- Long-term financial impacts for the City
- Budget impacts (does not amend the program account budget)
- A change in expenses (authorizes expenditures already contemplated through the City budget processes that allocated the funds to be transferred)
- A “project estimate” –the IGA is the identified and final cost for services
- Change in current and future City revenues
- Changes in current and future staffing
- Modification of financial agreements or City commitment to future obligations

## Community Impacts and Community Involvement

The IGA and partnerships it supports will:

- Continue to reach out to culturally specific organizations that have an interest in the managed floodplain, including Vanport Mosaic and others.
- Provide for placemaking and historical recognition of Vanport.
- Continue to provide for events, festivals and jobs related to the lands in PEN 1.

There have been no objections to the Levee Ready Columbia effort. Many public and private partners have sponsored and participated in the effort, with the understanding that the managed floodplain is home to recreation, commerce, and vital community events.

## 100% Renewable Goal

Although this action is not directly related to the City’s renewable energy goals, it will indirectly aid in energy efficiency. The assets owned and managed by PEN 1 will ultimately be upgraded for resiliency and energy efficiency. This IGA will lead to the PEN 1 partnerships with Army Corps of Engineers and others. These partnerships will:

- Manage flood control and waterways with a triple bottom line approach, including energy use.
- Replace and upgrade electric systems from the 1950s. This effort will endeavor to decrease the use of energy and also replace systems with more efficient assets, like pump stations and controllers.

## Budget Office Financial Impact Analysis

A not-to-exceed amount of \$410,000 carried over from the FY 2022-23 budget is transferred to PEN 1. The funds are included in the FY 2023-24 budget.

## Agenda Items

642 Consent Agenda in [August 2, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/8/2)  
(<https://www.portland.gov/council/agenda/2023/8/2>)

Passed

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Absent

Mayor Ted Wheeler Yea