



MEMORANDUM

TO: Mayor and Council Members

FROM: Joseph G. Pantalion, P.E., Director
Watershed Protection Department

DATE: March 14, 2017

SUBJECT: Update on Flood Hazard Mitigation Buyout Projects

This memo provides an update on the Watershed Protection Department's (WPD) progress and plans regarding flood hazard mitigation buyout projects. A summary of the active buyout projects is also included for reference in the attached table.

ACTIVE PROJECTS

Lower Onion Creek Flood Hazard Mitigation Buyout Project (District 2) - The Lower Onion Creek Buyout Project, near the intersection of William Cannon and South Pleasant Valley Road, is comprised of 855 residential properties that are at risk of flooding in a 100-year flood event. The project area consists of three subproject areas: the Army Corps project area, the 25-year project area, and the 100-year project area. The Lower Onion Creek area was severely impacted by the 2013 and 2015 Halloween Floods. Many of the properties were determined to be substantially damaged following the 2013 flood (i.e., the buildings were damaged to such a degree that 50 percent or more of the value of the home would be required to repair it to its pre-damaged condition).

- **The Army Corps Project Area** is a partnership project with the U.S. Army Corps of Engineers (USACE) to acquire 483 flood-prone properties, to implement ecosystem restoration activities on a portion of the acquired land, and to construct recreational facilities on the remainder of the land. To date, the City has acquired 482 of the 483 properties, and the final acquisition is expected by April 2017. USACE has issued a contract for the design of the recreational area and some ecosystem restoration activities are already underway. In order to construct the recreational facilities, the land needs to be rezoned from a single-family designation to a public designation. This rezoning process is currently underway. Construction of the recreational area could be completed by 2019.

USACE has estimated that the total project cost for this area is \$73.2 million, of which \$62 million is estimated for the property buyout portion of the project. The project has a cost-sharing agreement between the City and the federal government. The federal share is reimbursement based, and to date, \$27 million of reimbursements have been provided to the

City for the buyout component of the project. A portion of the reimbursements have been used to complete buyouts in the project area and another portion is being held in reserve to fulfill the City's obligation for the recreation and ecosystem restoration components of the project. Based on the current USACE cost estimate, up to \$13.3 million in future reimbursements may be possible, contingent upon final project costs and continued availability of USACE funding. It is expected that upon completion of the project there will be a surplus of reimbursement funding on this project that could be used for other purposes.

- The 25-year Project Area is comprised of 140 voluntary buyouts that are funded through \$35.5 million in certificates of obligation approved by Council in June 2014. To date, the City has acquired 131 of the 140 properties in this project area. Three of the remaining nine properties have a substantial damage determination from the October 2013 flood. Additionally, there are three properties in the project area whose owners have declined to participate in a buyout and with recent changes in the delineation of the 100-year floodplain these properties are no longer considered at risk for interior structural flooding in a 100-year flood event. Accordingly, these latter properties are no longer considered part of the project.

Approximately \$30 million of the \$35.5 million budget has been expended to date, with some expenses related to the acquisition of the 131 acquired properties not yet recorded. While buyouts in this project area are voluntary, the City hopes that the remaining six property owners agree to the buyout soon. With their participation, this project may be completed under budget by up to \$2.2 million.

- The 100-year Project Area is comprised of 232 voluntary buyouts that are funded through \$60 million in certificates of obligation approved by Council as part of the FY15 budget and by \$1.0 million from a Federal Emergency Management Agency (FEMA) grant. To date, the City has acquired 166 of the 232 properties in this project area. Seventeen (17) of the remaining properties have a substantial damage determination from the October 2013 flood.

There are 29 properties in this project area whose owners have either declined to participate in the buyout or are part of a homeowner's association (HOA) that has not provided majority approval to release the properties from the HOA upon sale to the City. With recent changes in the delineation of the 100-year floodplain these properties are no longer considered at risk for interior structural flooding in a 100-year flood event and are therefore no longer considered part of the project.

Approximately \$42.6 million has been expended to date, with many expenses associated with the acquisition of the 166 properties not yet recorded. With participation of the remaining 37 properties, this project area may be completed under budget by up to \$7.4 million.

Middle Williamson Creek Flood Hazard Mitigation Buyout Project (Districts 2, 3, 5) - The Middle Williamson Creek Buyouts are the first phase of a larger flood mitigation project for the portion of Williamson Creek between Cherry Creek and South Congress Ave. This first phase includes the voluntary buyout of 66 properties at risk of structural flooding during a 25-year flood event. To date, 42 of the 66 properties have been acquired. Fifteen property owners have indicated that they are not interested in selling at this time. This project has been funded with \$18 million of certificates of obligation that were approved by Council as part of the FY15 budget and with \$3.1 million of drainage revenue appropriations. Approximately \$17 million of the project's budget has been expended to date, with

several more expenses related to the completed acquisitions expected in the coming months. At the current participation rate, this project is expected to be completed within budget. However, if all of the 15 property owners who have previously declined to participate in the project decide to sell, an additional \$5 million in project funding may be needed.

The second phase of the project includes flood mitigation for approximately 200 additional properties between Cherry Creek and South Congress that are within the 100-year floodplain. A feasibility study will be initiated in FY19 to evaluate flood mitigation solutions for this area. Solutions to be evaluated may include upstream detention, channel/bridge modifications, additional buyouts, flow diversions, or a combination of these measures.

Upper Onion Creek (District 5) - The Upper Onion project area, off of IH-35 at Onion Creek Parkway, has approximately 150 single family residences at risk of flooding in a 100-year event. This area experienced significant flooding during both the Halloween 2013 and 2015 floods. Following the 2013 flood event, the City initiated a study to evaluate the feasible flood mitigation solutions for this project area. The study, which is expected to be completed in April 2017, is evaluating the feasibility, effectiveness, and cost of upstream detention, a floodwall, channel modifications, and buyouts.

At the request of Council, a limited number of recovery buyouts were initiated in this project area in late 2016. The current funding for these recovery buyouts is \$1.25 million, which is sufficient to complete two, possibly three, voluntary buyouts in this area. The recovery buyouts have been prioritized based on risk of flooding (expected depth of flooding inside the house during a 100-year event) and focused on properties that have had the same owners since before the 2013 flood. Appraisal inspections have been conducted for the first two properties on the recovery buyout priority list. The properties in this project area are also part of a homeowner's association, and a 2/3 majority vote will be needed from the property owners to remove any properties that the City wishes to acquire within the HOA.

UPCOMING PROJECTS

Requests for Council Action (RCAs) are planned for the March 23, 2017, Council meeting agenda requesting Council authorization for the Office of Real Estate Services (ORES) to proceed with the acquisition process for the two project areas described below. With regard to proposed relocation benefits, the City Auditor recently completed an audit of the flood hazard mitigation buyout projects and found that WPD and ORES have been implementing buyout projects in accordance with the policy direction provided by City Council. ORES is planning to initiate changes to the City Code for relocation benefits for all property acquisitions by the City. Until that code change is in place, WPD and ORES will continue to seek approval from Council on a project by project basis using the same relocation policy that has been approved for previous projects. This approach is also consistent with recommendations from the Flood Mitigation Task Force.

February Drive Flood Hazard Mitigation Buyout Project (District 1) - This project area in the Walnut Creek watershed consists of five houses at risk of interior flooding during a 25-year flood event. Houses in this area experienced flooding during the Halloween 2013 and Memorial Day 2015 floods. A FEMA grant has been received to cover some of the costs for the voluntary buyout of these five properties. The cost estimate for this project is \$1.9 million, of which up to \$568,000 may be reimbursed by FEMA.

Charing Cross Flood Hazard Mitigation Buyout Project (District 10) - This project area in the Bull Creek watershed consists of 5 properties at risk of flooding due to localized flood hazards, i.e., inadequate

storm drain infrastructure. One of the properties was voluntarily acquired in FY16. The cost estimate for the voluntary buyout of the remaining four properties is \$2.4 million, and funding is available in the WPD Capital budget.

Should you have questions or need additional information, please feel free to contact me at 512-974-3438.

Attachments:

Flood Hazard Mitigation Buyout Project Status
Map- Floodplain Changes

Cc: Elaine Hart, Interim City Manager
Sue Edwards, Assistant City Manager
Burt Lumbreras, Assistant City Manager
Sara Hensley, Interim Assistant City Manager
Lauraine Rizer, Officer, Office of Real Estate Services

Flood Hazard Mitigation Buyout Project Status March 2017

Project Area	Voluntary/Non-voluntary	Buyout Status		Financial Status			
		# Properties Acquired as of 3/6/2017	# Properties in Project Area	Expenditures to Date	Original Project Cost Estimate	Updated Project Cost Estimate ¹	Potential Budget Surplus or (Deficit)
Lower Onion – Army Corps	Non-voluntary	482	483	\$58.9M	\$73.2M	\$73.2M ²	\$14.5M+ ⁴
Lower Onion – 25-Year	Voluntary	131	140	\$30M	\$35.5M	\$33.3M	\$2.2M
Lower Onion – 100-Year	Voluntary	166	232	\$42.6M	\$61M	\$53.6M	\$7.4M
Middle Williamson	Voluntary	42	66	\$17M	\$21.1M	\$21.1M - \$26.1M ³	(0 - \$5M)
Upper Onion – Recovery Buyouts	Voluntary	0	2	\$0	\$1M	\$1M	\$0

¹ Total project costs are dependent upon participation rates in voluntary buyout project areas

² Total project costs are dependent on federal review of City expenditures and actual costs to implement recreation & ecosystem restoration components of project

³ High end of cost estimate range assumes that 15 property owners who have previously declined to participate will agree to the buyout

⁴ Surplus expected based on reimbursements approved to date from USACE

Lower Onion Creek Flood Mitigation Buyout Project

