

WILLIAMSON CREEK BUYOUT PROJECT FUNDING STRATEGY

Background

The Middle Williamson Creek Flood Hazard Mitigation Project area is comprised of more than 200 properties and roadways at risk of flooding. This area experienced severe flooding in 1998 and again in October 2013; this area has been identified as the number two priority for the Creek Flood Hazard Mitigation mission. Buyouts have been determined to be the best flood mitigation solution for 66 of the properties at risk of flooding during a 25-year or larger flood event. A 25-year flood is one that has a 4% chance of occurrence in any given year.

In response to the 2013 flood in Onion and Williamson Creek, staff estimated the cost for the acquisition of the 66 properties at risk of flooding in the 25-year floodplain to be approximately \$20 million. In March 2014 staff began looking for funding opportunities. Available funding of \$0.95 million was identified from the Regional Stormwater Management Program (RSMP) at that time. On September 8, 2014, as part of the fiscal year 2014-2015 budget, City Council approved \$78 million in certificates of obligation. \$18 million was earmarked for these properties, and \$60 million was earmarked for the properties at risk of flooding during a 100-year flood event in the Lower Onion Creek Buyout Project area.

November 20, 2014 Council Meeting

WPD staff requested authorization to proceed with 3 properties at risk of flooding in the 25-year floodplain in the project area which received significant damage during the October 2013 flood event. During the November 20, 2014 City Council meeting, Council authorized the acquisition of those 3 properties at risk of flooding in the 25-year floodplain.

June 4, 2015 Council Meeting

Subsequently, during the June 4, 2015 City Council meeting, Council considered approval of an ordinance to authorize the acquisition of the remaining 63 properties at risk of flooding in the 25-year floodplain in the Williamson project area.

City Council approved Ordinance No. 20150604-021, authorizing the acquisition of 38 properties that either: 1) flooded during the October 2013 storm event or 2) were impacted by the flood waters in such a way that put inhabitants or first responders at risk. In addition, staff was directed to only include those properties that currently have the same ownership/occupancy as they did in October 2013. An August 2015 memo to Council provided a status update of the implementation of the ordinance.

The Office of Real Estate Services and the Watershed Protection Department immediately initiated the buyout process for those 38 properties and have met with 32 of the property owners.

As of today, we have presented 15 offers to property owners, 12 of them have accepted the offer and 3 have already closed. In addition, 4 property owners have indicated that they are not interested in seeing an offer and a fifth that has been unresponsive with the buyout team after multiple attempts to initiate the process.

December 3, 2015 Open Space Committee

That leaves 25 properties that either did not experience building or significant property flooding in October 2013, or which have new owners/occupants. These houses are subject to a significant risk of flooding and staff presented to the Open Space, Environment, and Sustainability Committee a recommendation for the acquisition of these 25 remaining properties on December 3, 2015. The Committee recommended that this request for authorization be brought before the City Council.

Funding Strategy

Since the acquisition of these properties has occurred over time, the project cost has experienced a significant increase due to the escalating real estate market. As a result, staff anticipates a project cost of \$23-\$25 million.

Currently the City has \$14 million in funding available in the 2015-2016 Capital Budget of the Watershed Protection Department to complete the 38 properties previously approved by Council and acquisition of an additional 7 properties out of the 25 properties remaining for authorization. To complete the acquisition of all of the remaining 25 properties at risk of flooding during a 25-year or larger flood event, an additional \$8 million in funding is required above and beyond the RSMP funds and remaining certificates of obligation. This funding gap represents 18 unfunded properties at risk of flooding. If Council desires to complete the acquisition of these 18 properties, staff has identified three options to address the \$8 million gap.

1. The Watershed Protection Department's Capital Improvement Program (CIP) Plan could include a \$2 million per year transfer from the Drainage Utility Fund to its capital budget in Fiscal Year 2016-17 for Williamson Creek Flood Hazard Mitigation Projects. The property acquisitions could be completed utilizing those funds but would require the acquisitions to be slowed down considerably to align with the cash flow from the transfers. FY 2017 and other future transfers would be contingent upon Council approval of the Department's operating and capital budgets each fiscal year.
2. The Watershed Protection Department can take steps to identify other capital projects it could defer until a later date and reallocate those funds to support the buyouts. This would require a budget amendment as the project funds were originally appropriated for other purposes.
3. A budget amendment for \$8 million in additional certificates of obligation could be brought forward for consideration by Council at a future date. The debt service of the certificates of obligation could be supported by the property tax rate or the drainage utility fee. To meet the annual debt service payments, the impact to the debt service portion of the tax rate would be \$0.0006 based on fiscal year 2015-16 certified taxable values. This equates to a \$1.40 per year annual impact to the tax bill for a median value home with the homestead exemption. If the drainage utility fee were to support the debt service payments, it would have to increase by \$1.20 per year for a median impervious cover home.

Should you have any questions about the Williamson Creek Buyout Project, please contact Mapi Vigil, P.E., at 512-974-3384 or mapi.vigil@austintexas.gov.