

Late Backup

**Item No. 28
5/15/2014**

Initiated by Council Member Martinez

RESOLUTION NO.

WHEREAS, the Halloween flood on October 31, 2013, had a devastating effect on thousands of families in Austin and Travis County; and

WHEREAS, there are legitimate concerns about safety and additional property damage from potential future floods for homes in the 100-year Onion Creek floodplain and the 25-year Williamson Creek floodplain; and

WHEREAS, the National Oceanic and Atmospheric Administration issued an official El Niño watch in March of 2014, which is usually issued when there is a 50 percent chance El Niño will develop within six months, and when El Niño occurred in 2009, the Central Texas region experienced higher than average rainfall; and

WHEREAS, before the Halloween storm event, the City purchased 323 homes in the William Cannon Drive and Pleasant Valley Road area in the Onion Creek buyout area; and

WHEREAS, the City is currently in the process of purchasing 116 homes and has closed on at least 57 of these properties; and

WHEREAS, the estimated cost to the City per home is \$250,000 including the appraised value of the home, closing costs, relocation costs, real estate costs, and demolition costs; and

WHEREAS, out of the approximately 186 homes remaining in the William Cannon Drive and Pleasant Valley Road area in the 25-year Onion

Creek floodplain, 44 are in the United States Army Corps of Engineers buyout area and are expected to be covered by federal funding, which leaves approximately 142 homes for which the City will have to identify buyout funding; and

WHEREAS, an item for Council consideration will be brought by City staff on or about June 26, 2014, to issue approximately \$35 million in certificates of obligation to cover a portion of the cost to buy-out the remaining approximately 142 homes in the William Cannon Drive and Pleasant Valley Road area in the 25-year Onion Creek floodplain; and

WHEREAS, there are at least 229 homes in the William Cannon Drive and Pleasant Valley Road area in the 100-year Onion Creek floodplain, many of which are still severely damaged, and the cost to purchase these homes is approximately \$60 million; and

WHEREAS, there are at least 72 homes in the Radam Circle, Heartwood Drive, and Meadow Circle Drive area in the 25-year Williamson Creek floodplain where buyout has been identified as the most economically feasible flood mitigation option, and the cost to purchase these homes is approximately \$20 million; and

WHEREAS, there are still families and individuals living in trailers and tents in the driveways of their homes, or living in or near homes that may pose a serious health risk due to mold and other flood-related hazards, and without a buyout many of these families and individuals may not have the necessary resources to relocate; and

WHEREAS, only in areas where a buyout program has been identified as the most economically feasible flood mitigation option will the City begin

a buyout program and a study of the feasible flood mitigation options has not yet been conducted in the 100-year Onion Creek floodplain outside the William Cannon Drive and Pleasant Valley Road area; and

WHEREAS, the City Council and the Austin community have a responsibility to ensure the public health and safety of City residents; and

WHEREAS, many residents in the identified buyout areas have communicated their concern regarding the potential deduction of insurance payments from the total purchase amount and the requirements to produce documentation regarding use of insurance proceeds for repair of homes; and

WHEREAS, it is important that Council fully understand the federal reimbursement processes where insurance proceeds were available or have been paid; and

WHEREAS, the City Budget Office estimates that an issuance of \$78 million in debt could be repaid over 20 years with a \$0.7516 increase to the monthly drainage charge, or \$60 million could be paid off in 20 years with a \$0.5783 increase in the monthly drainage charge; and

WHEREAS, the City Budget Office estimates that an issuance of \$78 million in tax-supported debt is projected to require a tax rate increase of \$0.65 cents per \$100 of taxable value beginning in fiscal year 2016, which would result in a tax bill impact of \$13.08 per year for a median valued home; and

WHEREAS, additional funding options that could buy out homes within our existing debt capacity at little or no impact to taxpayers should be considered; and

WHEREAS, Council Resolution No. 20140320-055 directed the City Manager to coordinate with relevant departments; non-City agencies; neighborhood associations in the Bluff Springs, Dove Springs, and Onion Creek area; nonprofits; and service providers to discuss short-term and long-term efforts related to emergency response and floodplain buyout programs; and

WHEREAS, additional stakeholder meetings, specifically for the homeowners in the William Cannon Drive and Pleasant Valley Road area in the 100-year Onion Creek floodplain and in the Radam Circle, Heartwood Drive, and Meadow Circle Drive area in the 25-year Williamson Creek floodplain, will provide Council with valuable stakeholder feedback about a potential buyout program and will provide residents an opportunity to have their questions addressed; **NOW THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Manager is directed to bring multiple options for Council consideration as part of the fiscal year 2014-15 budget process to purchase the remaining homes in the William Cannon Drive and Pleasant Valley Road area in the 100-year Onion Creek floodplain and in the Radam Circle, Heartwood Drive, and Meadow Circle Drive area in the 25-year Williamson Creek floodplain. Options should include an increase to the monthly drainage charge, tax supported debt, and any other options that could allow the City to issue the debt within our current debt capacity, resulting in little or no increase to fees or property tax bills.

The City Manager is directed to provide a report to Council not later than July 15, 2014, regarding the federal reimbursement processes where

insurance proceeds were available or have been paid, the ability under current regulations to issue buyouts without deducting insurance money previously paid from the purchase, and the fiscal impact of issuing buy outs without deducting insurance money previously paid.

The City Manager is directed to provide a report to Council not later than July 15, 2014, identifying opportunities for future additional federal reimbursement for buyouts.

BE IT FURTHER RESOLVED:

The City Manager is directed to hold separate stakeholder meetings for the residents in the William Cannon Drive and Pleasant Valley Road area in the 100-year Onion Creek floodplain and in the Radam Circle, Heartwood Drive, and Meadow Circle Drive area in the 25-year Williamson Creek floodplain to answer questions regarding the buyout process if funding is approved by Council and to gather input on the proposed buyout program from affected homeowners.

The City Manager is directed to provide a report to Council not later than July 15, 2014 regarding the stakeholder meetings required under this Resolution and an update of the outreach efforts resulting from Council Resolution 20140320-055.

BE IT FURTHER RESOLVED:

The City Manager is directed to provide a report to Council not later than June 16, 2014, regarding the staff, programmatic, and budgetary needs necessary to study the feasible flood mitigation options within the Onion Creek floodplain outside the William Cannon Drive and Pleasant Valley Road

area and to bring for Council consideration as part of the fiscal year 2014-15 budget process the funding identified in the report.

BE IT FURTHER RESOLVED:

The City Manager is directed to provide a report to Council not later than June 16, 2014, regarding the history and use of the drainage utility, including a ten year history of the monthly drainage charge, the charge rates, and where the funding has been allocated on an annual basis.

ADOPTED: _____, 2014

ATTEST: _____
Jannette S. Goodall
City Clerk