



Metropolitan Water Reclamation District of Greater Chicago

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8/7/2014	1	Committee of the Whole	Recommended	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF AUGUST 7, 2014

COMMITTEE ON STORMWATER MANAGEMENT

Mr. David St. Pierre, Executive Director

Authority to adopt policy on the selection and prioritization of projects for acquiring flood-prone property

Dear Sir:

Public Act 98-0652 (P.A. 98-0652), signed into law by Governor Pat Quinn on June 18, 2014, amended the District's statutory authority for Stormwater Management in Cook County to allow for the acquisition of flood-prone properties. Authorization is now requested to adopt a policy as outlined herein that will guide the District's process for selection and prioritization of projects for flood-prone property acquisition.

It is proposed that the District's flood-prone property acquisition program be comprised of three distinct components:

1. Local Sponsor Assistance Program
2. District Initiated Program
3. Local Government Application Program

The District's annual budget allocation for property acquisition, if any, will first be applied to the Local Sponsor Assistance Program. Should funding beyond that required for Local Sponsor Assistance be available, funding would next be allocated to the District Initiated Program. If funding is available beyond the annual need for the District Initiated Program, funding will be allocated finally to the Local Government Application Program. Under each program, the structures that are located on acquired flood-prone property will be removed, and deed restrictions will preclude future development of the site, other than for beneficial stormwater management purposes. An outline of each of the proposed programs follows.

Local Sponsor Assistance Program

Federal funding is made available for acquisition of flood-prone property in Illinois through the Illinois Emergency Management Agency (IEMA). Local municipalities or townships submit applications on behalf of flood-prone property owners interested in voluntarily selling their property. IEMA prioritizes such applications statewide. The federal share of property acquisition is 75% of the appraised value of the property. The Local Sponsor (municipality, township, or local governing authority) is required to provide the remaining 25% of the purchase price, as well as pay the costs usually associated with real estate transactions, including the appraisal, title search, and closing costs. In order to maximize the financial resources available for property acquisition in Cook County, the District's top priority will be to facilitate IEMA's federally funded program by assisting Local Sponsors in providing their share of the cost of the property acquisition.

The District's portion of a Local Sponsor's required 25% contribution will be based on the median household income of the Local Sponsor in relation to the median household income of all municipalities in Cook County and will vary from a minimum of 5% to a maximum of 25%. It is proposed the District fund the full 25% for municipalities whose median household income is below the median household income for all Cook County municipalities. For municipalities whose median household income exceeds the county median, it is proposed a linear relationship be formed to determine the amount of contribution, with a minimum of 5% to be provided to the municipality with the highest median household income.

When federal funds periodically become available for buyouts of flood-prone property, IEMA petitions all Illinois entities eligible to serve as Local Sponsors to submit applications for IEMA's approval and prioritization. To facilitate the District's Local Sponsor Assistance Program, IEMA will be requested to coordinate with the District in advance of future application requests. The District will inform all potential Cook County Local Sponsors of this program to allow them to include the potential for District funding in their submittal to IEMA in order to maximize the amount of federal funding available for purchase of flood-prone property in Cook County. IEMA will prioritize the applications it receives considering such factors as benefit-to-cost ratio. Subject to the District's budget and approval of the Board of Commissioners, the District will then work with those Cook County local governments selected by IEMA for funding to determine a cost sharing agreement for the District's contribution towards the Local Sponsor's funding requirement. In the event the District is not able to provide funding for all IEMA approved applications for Cook County, staff will recommend to the Board of Commissioners that projects be funded in order of highest to lowest benefit-to-cost ratio.

District Initiated Program

In its Detailed Watershed Plans (DWPs) the District identified potential projects to address flooding. The Board of Commissioners authorized the Engineering Department to undertake preliminary engineering investigations on several of these projects based on previously established prioritization criteria. These projects are collectively known as Stormwater Phase I projects. With the passage of P.A. 98-0652, the District may proceed with its Stormwater Phase II program, under which local flood control projects may be considered. The Board of Commissioners has similarly authorized the Engineering Department to proceed with preliminary engineering on several identified local problems with the aim of identifying a feasible flood control project. Under the District Initiated Program, the cost of a property acquisition alternative will be estimated for each approved project and compared to the estimated cost of the structural project that was determined through a preliminary engineering analysis. Should the cost of the property acquisition alternative be less than that of the structural project, and the benefits at least equivalent, the acquisition alternative will be pursued in lieu of the structural project. The District will contact the local governmental body having jurisdiction over the area in question in order to gain its approval for pursuing the buyout alternative. If the local government is not supportive of this alternative, the District will only pursue the more costly structural alternative if the local government agrees to a cost sharing arrangement by which the local government funds the additional cost of that project.

Local Government Application Program

Under the Local Government Application Program, the District will consider applications directly from local governments requesting property acquisition of specific flood-prone structures within their jurisdiction. For this

program, it is proposed the District provide funding based on a linear scale based on median household income similar to that proposed in the Local Government Assistance Program. For the Local Government Application Program, it is proposed the District fund a minimum of 75% of property acquisition costs and up to the maximum 100% of the acquisition cost. For municipalities whose median household income is below the median income of all municipalities in Cook County, the District would fund 100% of the acquisition cost. For municipalities whose median household income exceeds the Cook County median, it is proposed a linear relationship be formed to determine the contribution amount, with a minimum of 75% to be provided to municipalities with the highest median household income.

The applications will be analyzed to ensure the following minimum criterion are met:

1. Property must be within the 100-year floodplain and/or DWP inundation area
2. The Project's Benefit-to-Cost Ratio must be greater than 1.0.

Applications meeting the minimum criterion will be prioritized for funding based on the following factors: project benefit-to-cost ratio, local cost share pledge, other funding sources, number of homes removed from floodway, number of homes removed from the floodplain, number of homes with repetitive damages, application to IEMA for buyout assistance, percentage of homes that are primary residence, percentage of problem area addressed, and acreage returned to open space. Attached for your reference is a recommended prioritization scoring sheet.

Factors Applicable to Each Program

In every scenario, a local government agency with jurisdiction over the area of property acquisition will be required to serve as a local sponsor and fulfill specific duties. Those duties will be specified in an agreement between IEMA and the local government in the first acquisition scenario. Under the District Initiated and Local Government Application Programs, an intergovernmental agreement (IGA) between the District and local government will define the requirements. In all cases those duties will include, at a minimum, requirements that the local sponsor will be the party responsible for direct contact with the private property owners during the acquisition process, accept ownership of the acquired property, remove existing structures, place deed restrictions against future commercial or residential development, maintain the property upon its return to open land, and provide regular reports certifying that the property was inspected for compliance with all terms and conditions.

This proposed policy will be used for the selection and prioritization of property acquisition projects. Technical and legal procedures to implement this policy will be developed by the Engineering and Law Departments. These procedures will delineate the process of obtaining property appraisals, presenting and accepting purchase offers, removing structures, and restoring the site to open space use, among other details. IGAs with the local government sponsor memorializing these details for specifically identified projects will be developed, and authority to enter into such IGAs will be sought from the Board of Commissioners for each individual local government.

It is hereby requested that the Board of Commissioners approve and adopt this policy for the selection and prioritization of projects for acquiring flood-prone property.

Requested, Catherine A. O'Connor, Director of Engineering, WSS:JPM

Recommended, David St. Pierre, Executive Director

Respectfully Submitted, Michael A. Alvarez, Chairman Committee on Stormwater Management

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for August 7, 2014

Attachment