

# **Urban Flood Safety & Water Quality District 2025-26 Hearing Minutes**

Wednesday, May 19, 2025

1:00 P.M

1880 NE Elrod Dr

Portland, Oregon

## **Present:**

### **TSCC:**

Chair Harmony Quiroz,  
Vice Chair Matt Donahue,  
Commissioner Tod Burton,  
Commissioner Allison Lugo Knapp  
Commissioner Dr. Rita Moore,  
Allegra Willhite, Executive Director  
Brittanie Abayare, Budget Analyst

**Absent:** None

### **Urban Flood Safety and Water Quality District (UFSWQD) Board and Staff:**

Dan Eisenbeis, Board Member  
Nick Lane, Board Member  
Eric Mueller, Board Member  
Ariana Johnson, Board Member  
Lori Baker, Director of Finance and Administration  
Colin Rowan, Director of Planning Public Affairs  
Jim Middaugh, Executive Director

## **Opening Remarks and Introductions**

Chair Harmony Quiroz officially called to order the annual Urban Flood and Water Quality District budget hearing.

- She reminded attendees that the TSCC is a community oversight commission established over 100 years ago by the Oregon legislature.
- The commission oversees budgets of all TSCC member taxing districts, conducts a thorough budget review and certification process, and holds public budget hearings to engage district leadership and provide public comment opportunities before budget adoption.
- Commissioners and staff introduced themselves and stated any potential conflicts of interest, none were reported.

Jim Middaugh, Executive Director offered introductory remarks.

- He thanked the TSCC for their public service and for helping the district be accountable and transparent in using public resources.

- He stated the district welcomes oversight and is excited about the growing stability of their organization..

### **Public Comment**

Chair Quiroz announced that each person was limited to three minutes.

Tom Busse:

- Stated his views were personal and not those of his employer.
- Expressed that the TSCC is not doing its job of coordinating the cumulative tax burden of multiple overlapping districts in the region, resulting in the sum being less than the total of their parts.
- Highlighted that this hearing was the day before a budget hearing for the East Multnomah Soil and Water Conservation District.
- Questioned why, when the Urban Flood Management District was created, there wasn't an effort to combine it with Oregon Metro's parks program, the two soil and water conservation districts, and a levy district to coordinate tax policy.
- Suggested the TSCC has a powerful position under revised law to "force a meeting and an agenda of these districts to all work together".
- Recommended considering getting rid of the soil and water conservation districts as legacies from the 1930s because they are very undemocratic (requiring large landowners to be on the board).
- Stated that taxes he pays in urban Portland are shifted to wealthy property owners on Sauvie Island for their farm communities' benefit.
- Believed looking at urban flood control in the context of soil and water conservation does make sense and would be a real governance reform, potentially avoiding such a large bond.
- Claimed East Multnomah Soil and Water Conservation District has so much money they don't know what to do with it, giving grants to "crony nonprofits".
- Emphasized the need to holistically consider tax policy and for the TSCC to "do your job of tax conservation and supervision" due to a regional problem with wealth blight from cumulative tax burden.
- Chair Quiroz acknowledged Tom's comments would be entered into the public meeting record and taken into account.

### **Maryhelen Kincaid:**

- Stated her testimony was mostly in the packet, offering one follow-up comment.
- Addressed Jim Middaugh's reply to her testimony regarding salaries.

- Clarified that her point was not what state employee salaries were set at in 2014 by Congress, but what they are currently paid.
- Cited the Special Districts Association of Oregon website as showing an executive director of a water district paid \$234,000, noting it compares to other special districts in Oregon, not national surveys.
- Chair Quiroz acknowledged receipt and incorporation of Mary Helen's written testimony into their questions.
- [Mary Helen's Written Testimony](#)

### Commissioner Questions and District Responses

**Question from Commissioner Lugo Knapp:** This is a question for any board members in attendance. As you're nearing completion of the first six months of your term in the first year operating as a fully consolidated district what would you say are some of the biggest lessons learned?

Answer from Eric Mueller, Board Member:

- The district flood safety operations continued seamlessly through and after the transition.
- District finances are stable.
- More time is needed for tours and briefings on the flood safety system to provide deeper understanding of district needs.
- Despite uncertainty in Washington D.C., the capital-related work being implemented will be needed regardless of federal involvement.

**Follow-up Question from Commissioner Lugo Knapp:** what would you say your priorities are for the upcoming budget, and when we come back to see you next year, what are some successes that you're hoping to share?

Answer from Mueller:

- Priorities for the upcoming year: Investing in employees, planning for the future, focusing on equity, and capital investments.
  - Employee investments: Continued focus on safety practices, completion/implementation of a pay equity study (underway), and support for employee development.
  - Planning efforts: Development of a comprehensive plan, completion of a strategic plan, beginning of a facilities plan and watershed plan, and strategic communication planning.
  - Equity efforts: Completion of a district-wide equity action plan, continued equity training for all staff and board, and integration of equity into hiring, capital planning, and procurement processes.

- Capital investments: Getting general obligation bond projects to 30% design to better estimate costs.
- Successes hoped to share next year: Information from comprehensive and strategic plans, and outcomes from the equity action plan.
- Look forward to working with the board to develop a program for investing the \$500,000 in operating revenue set aside for the district's new purposes.

**Question from Vice Chair Donahue:** The interim board spent considerable time developing the current funding structure, which includes property tax assessments as well as the Flood Safety Benefit fee. These two revenue sources must be balanced each year as the Board makes decisions on how much to increase both the property tax assessments and the fee. We'd love to learn a little more about the decision-making process – what factors do you use to determine the percentage increases?

Answer from Mueller:

- The flood safety benefit fee has a statutory range for rate increases: the higher of 3% or the Consumer Price Index (CPI).
- The board reviewed December 2024 CPI (2.7%) and evaluated spending needs, including mandated Oregon PERS rate increases of over 8%.
- The board determined a 3% increase (aligning with assessed value increases in property taxes for local partners) would provide sufficient revenue.
- Property assessments do not have a statutory limit but are effectively limited by compression in the prior year.
- The interim board extensively determined the appropriate allocation between the flood safety fee and flood plain assessments to reflect benefits for property owners on the flood plain and overall regional benefits.
- Given these efforts, the board decided to keep the allocation between primary revenue sources the same and approved a 3% assessment rate increase to align with the flood safety fee increase.

**Follow-up question from Chair Quiroz:** what are the main drivers for those increases?

Answer from Lori Baker, Director of Finance and Administration:

- One piece of information was looking at other jurisdictions (City of Portland, Portland Public Schools, the county), noting they are struggling and having to do some huge budget cuts.
- The district is fortunate to have developed a stable operating revenue source allowing them to do business, placing them in a different position.
- Operating revenue will not be sufficient to do capital projects and they must look outside operating revenue for capital projects (e.g., \$150 million bond, federal funding not firmed up, state funding).

- Operating monies go towards continuing flood safety work for the region.

**Follow-up Question from Commissioner Burton:** Under your budget you have an IGA with the city of Portland, the Port of Portland and Multnomah County within the boundaries of the flood control district. The budget is about \$1.2 million in revenue, can you briefly describe the methodology which you arrive at those IGAs - are they cost of service based?

Answer from Baker:

- Some are cost of service.
- They have stormwater fees with the City of Portland based on calculations in existence for years, which flow through their utility billing.
- They provide flood services for the City of Portland, Port of Portland, and Multnomah County on facilities owned by those entities.
- These services are based on labor rate times the number of hours they perform.
- Example: The district does maintenance on the Port of Portland's system, while the Port does its own mitigation at the airport.
- **Commissioner Burton clarified:** "so it's basically cost of service to provide those services".
  - Answer from Baker: "That's correct".

**Follow-up question from Vice Chair Donahue:** In your comments there's a lot of talk of equity and I think in this particular issue, if I understand it correctly, the flood safety benefit fee and the assessments are burdening different communities; they come from different sources. So do you have discussions when you're setting those fees about how the inequity between those parties comes into place?

Answer from Middaugh:

- The interim board went deep on those conversations when picking revenue options.
- Assessments are calculated using a formula based on impervious area and other factors.
- The flood safety benefit fee is allocated by population, with each city and the county (for unincorporated areas) receiving a bill.
- These entities (cities/county) have low-income discount programs and other implementation options for revenue collection.
- For assessments, the county has payment plans and offsets for low-income people.
- The district found that implementing its own system [of low-income discounts] would be costly and duplicative of what local governments already provide.
- A previous rebate program in the slow drainage district number two was "never accessed", but they will keep watching this topic.

- Gresham putting the flood safety fee on their utility bill with a specific line led to inquiries from residents, indicating a need for continued monitoring.
- Currently, local governments outside the district already have low-income discounts and financing programs available for the revenue sources they obtain.
- Collections have been virtually seamlessly, with about 99% of the flood safety benefit fee collected.

**Follow-up Question from Commissioner Burton:** For the flood safety benefit fee that you described you're constrained by statute of a certain 3% or CPI. Is there any provision if there is some sort of catastrophic event?

Answer from Middaugh:

- In such a catastrophic event, they would rely on the "goodwill of our partners".
- At that scale, the district would become a "smaller part of a larger state or federal response".

**Question from Commissioner Burton:** The passage of a bond last year was a huge milestone, congratulations again. We understand that the current year was a planning year with \$7.5 million budgeted for capital improvements. Now that you are nearing the end of the fiscal year, what work has been completed so far?

Answer from Nick Lane, Board Member:

- The \$7.5 million budget for General Obligation (GO) bond projects in the current year included \$6 million for the Portland Metro Levy System (PMLS) projects and nearly \$1 million for design work on the Gate Tower Flow Structure Project.
- The district is the local sponsor for the PMLS project, which is federally funded through the U.S. Army Corps of Engineers.
- The PMLS project is progressing on real estate work, which is part of the district's local match and involves acquiring real property and easements for construction, operation, maintenance, and access.
- In September 2024, culverts were cleared and inspected, confirming functionality and supporting design/construction scope development.
- Staff completed an RFP process, and the board approved the engineering design contract for the Gate Tower Flow Structure Project at their May 2025 meeting.

Baker added:

- They did a bank offering of \$15.7 million to start, aiming to minimize taxpayer impact (about a penny per thousand for debt service this year and next).
- The total bond authority is \$150 million.

**Question from Chair Quiroz:** The five-year capital plan is ambitious with \$193.4 million in projects over the next five years, with \$56.7 million and \$63.9 million forecast in FY 27 and FY 28, respectively. How confident are you that you will be able to complete these projects on schedule?

Answer from Lane:

- The flood safety system requires improvements.
- District staff will progress in designing and constructing projects to lower flood risk.
- FY27 and FY28 expenditures are for real estate work ahead of federal PMLS project construction.
- These investments are required to advance the highest priority projects.
- The schedule is ambitious, especially given uncertainty around U.S. Army Corps of Engineers (USACE) capacity due to resignations, terminations, and budget cuts.
- It is possible that federal uncertainty will slow progress.

**Follow-up Question from Chair Quiroz:** What's the strategy around those uncertainties? You know to keep continuing improvements in flood safety, but what about project timelines, capacity, tariffs, and economic factors that might impact those project timelines?

Answer from Lane:

- There is currently a lot of uncertainty about federal investments and capacity.
- Flood risk is real, with atmospheric rivers and large storms becoming more frequent.
- Staff completed an initial risk assessment of projects based on flood risk.
- Recommended path for federally funded projects:
  - Delay < 1 year: District will continue PMLS project as is, reprioritizing staff until the federal team is rebuilt.
  - Delay 1-3 years: District will determine if some PMLS project elements can be designed/built while maintaining credit for local matching investments.
  - Delay 4+ years or cancellation: District would likely integrate federal project components into the general capital improvement plan for scoring/prioritization; staff would also recommend the board consider going back to voters for additional capital investments.

**Question from Chair Quiroz:** Have you seen any specific examples of delays yet? Or is it still just too volatile and we're in a planning phase?"

Answer from Middaugh:

- They are aware that the Portland District of USACE project team has seen terminations/early resignations and is awaiting direction from Washington D.C.

- Met with the colonel and civilian leader at the Portland district office; they have adequate funds to continue design work for the remainder of the fiscal year.
- The project was on the initial USACE work plan list for requesting additional revenue to complete the design phase.
- Working with the Portland USACE team to identify a very small amount of construction funding to move from general investigation budget to construction general budget, which often helps secure full project completion.
- Met with the director of the entire Northwest region (USACE) two weeks prior in Washington D.C..
- The scale is unknown, but they are anticipating between 4,000 and 8,000 people being let go nationwide.
- The USACE will identify internal priority projects and realign staff once capacity is understood.
- The district's project remains a priority for the core as assured in Washington D.C. and Portland.

**Follow-up question from Chair Quiroz:** how much of your unappropriated fund balance is restricted for specific projects, bond or otherwise?

Answer from Lane:

- The budget includes an unappropriated ending fund balance of \$9.2 million in capital projects funds, all restricted for GO bond projects.
- The general fund budget includes an unappropriated ending fund balance of \$14.7 million.
  - Of this, \$128,000 is restricted to capital projects.
  - \$1.8 million is designated for projects in former PEN 2 and SDIC districts.
  - \$12.8 million is unrestricted.
- Due to timing of revenue collection, the district needs a minimum of \$10 million in fund balance to fund spending for the fiscal year, allowing operation without revenue anticipation notes (saving taxpayer money).
- The board will consider a reserve policy to cover operational funds and a capital reserve policy in the upcoming year.

**Question from Commissioner Moore:** We understand that bond projects will be partially funded through federal and state dollars. With the uncertainty in federal funding sources, what is your confidence in receiving the expected funds? What progress have you made in confirming the \$45 million in support needed from the State of Oregon as mentioned in the budget message?

Answer from Ariana Johnson, Board Member:

- For federal funds, there is no certainty.



- Local and federal funds are available to continue PMLS project design next fiscal year.
- The project remains a priority for USACE and the district as it addresses community safety.
- The project was authorized for construction by an act of Congress, and deauthorization would also require an act of Congress.
- State funding: Their coalition is moving forward in the 2025 Oregon legislative session with a \$20 million request (for 2025-2027), included in the lottery bonding bill and separate House/Senate bills.
- An additional \$25 million will be requested in the 2027 legislative session (for 2027-2029).
- Progress on state funding is positive so far.

**Follow-up question from Commissioner Moore:** Is any of the state funding needed as part of the \$100 million match required for the federal funding sources? If so, how would you fund the match if the state dollars are not approved?

Answer from Middaugh:

- No

**Follow-up question from Commissioner:** Is the state funding going to be restricted or do you have some flexibility in how you can use it?

Answer from Baker:

- It will be restricted around the same project list as approved for the general obligation bond.

**Question from Commissioner Lugo Knapp:** Have you formed the bond oversight committee mentioned in the ballot measure? Could you please tell us more about their role, and how they will report back to the board?

Answer from Johnson:

- The district board will be organizing and selecting the bond accountability committee in the upcoming fiscal year.
- Composition is not yet set, but committees are often composed of community members with diverse backgrounds (e.g., finance, construction).
- Primary function: To ensure transparency accountability and proper use bond proceeds in accordance with the voter-approved GO bond.
- The committee will review fund allocation and spending to ensure alignment with bond measure purposes.
- The committee will issue annual reports to the board about progress, spending, and any concerns.

**Question from Commissioner Burton:** How do you partner with other emergency management agencies within your service area, for example, the county, the state? Can you give us a description of how you coordinate emergency services?

Answer from Dan Eisen, UFSWQD Board Member:

- Flood preparedness and response are core mission areas.
- They have an emergency manager and staff trained in the Incident Command System.
- Partnerships:
  - Public Law 899: USACE partners with the district for flood fighting and system repairs after floods.
  - UFSWQD participates in the Regional Disaster Preparedness Organization (RDPO).
  - UFSWQD participates in mutual aid agreements at local and state levels.
  - UFSWQD adopted emergency action plans, developed with regional and federal partners and exercised regularly.
- Staff are tested and ready.

**Follow-up from Commissioner Burton:** So do you practice? Do you set up your EOCC's and have scenarios?

Answer from Eisen:

- At least a couple times a year.
- They did not need to set up EOCC this year.

**Follow-up Question from Commissioner Burton:** Are you concerned about resources for coordinated emergency management, or management services provided by other agencies, being affected due to revenue and funding constraints?

Answer from Eisen:

- The core of the district's emergency management program is supported with general funds.
- The district is committed to emergency preparedness, including staff training, field/tabletop exercises, and plan maintenance.
- Federal cuts will not reduce this general fund-supported work.
- It is possible that national training programs (e.g., FEMA's Emergency Management Institute) may not be available, but their staff training is tailored via consultants for specific needs.
- Staff are actively developing risk-informed contingency planning for capital projects eligible for federal hazard mitigation grant programs.

- The district will prioritize projects for local funding that reduce the greatest risk for community members.

**Follow-up Question from Chair Quiroz:** Are you starting to have conversations about emergency management funding and resources? We're already hearing nationwide about the impacts of severe weather—like storms in the Midwest—and I'm curious what discussions you're having with your regional partners regarding emergency management, particularly around the availability of federal assistance and the uncertainty that comes with it.

Answer from Middaugh:

- Most local jurisdictions in the state have separate pots of funds for these.
- They believe grant programs funding capital projects are at risk.
- Officials in Washington D.C. also don't know the full impact.
- They are hopeful that disaster preparedness is a bipartisan issue and things will settle after an initial review period of a new administration.
- Operationally, locally, they have a robust system that is supported by other funds, a consistently funded system, but capital projects are impacted by uncertainty.

**Question from Vice Chair Donahue:** What kind of scenarios do you focus your preparedness?

Answer from Middaugh:

- Breaching event scenarios.
- Internal rain event scenarios.
- Pump stations potentially going down.
- With Regional Disaster Preparedness Organization (RDPO): anything from an earthquake to a biological attack.
- Primarily focused on riverine flooding, levy breach or overtopping, and atmospheric rivers that would overwhelm the pump system.
- Practice emergency closures of facilities (e.g., Marine Drive) at least once a year.
- This involves setting up coffer dams, etc., to ensure systems are working and partners (like City of Portland) know what to do.

**Follow-up Question from Commissioner Moore:** The work that you do is one of those usually unseen responsibilities of government. I'm wondering if you and your partners have considered some kind of communication strategy to explain to people what kind of impact the federal cuts could have on their safety?

Answer from Middaugh:

- They have been answering questions for key stakeholders, rather than the general public.

- Have obligations under reaccreditation efforts to improve communication about evacuation routes and flood safety generally.
- Some planning for broader communication is underway.
- Good news is that awareness has "increased significantly" with the new district and bond measure.
- Having elected officials on the board is an opportunity to improve engagement with key stakeholders.
- More work to do, but it's almost premature to do too much given the level of uncertainty.
- Day-to-day operations are really not impacted by the changes.
- Anecdote: with the new district name, the number of applicants for vacant positions has exploded, potentially due to broader communications and listing on government job sites.

**Question from Vice Chair Donahue:** A primary part of the district's mission is to integrate nature, cultural history, and equity into flood safety. We've asked about this in the past and have discussed with you a variety of plans to do this work, with much of the planning anticipated once the new Board was in place. How have planning efforts gone this year, have you made the progress you hoped to? And what can you share about your plans for the coming year?

Answer from Eisen:

- Both planning and action are happening now.
- Will soon publish an RFP for consulting support for planning to establish a comprehensive framework.
- The board will develop and adopt a strategic plan in calendar year 2026 (prioritizing staff work for next five years).
- Capital projects underway include efforts to identify nature-based solutions and habitat improvement opportunities.
- District is moving forward on the requirement to develop a watershed improvement plan, which will articulate a vision, include agency/community partners, and identify investment opportunities for watershed health. The board approved a contract for this in May.
- All local capital projects include equity "shares" and equity by design principles to assess and evolve infrastructure, determining who pays, benefits, and makes decisions.
- In the current fiscal year, the equity committee worked with consultants for an organizational assessment and to update the equity framework.
- Next fiscal year, each department/agency will develop equity action plans.
- Through a sponsorship program, they support community-based organizations best positioned to share/celebrate cultural history of the managed flood plain.

- Proud of work supported last year through sponsorship/partnership funding.
- The board will determine how to spend funds for new legislative purposes to expand community support and amplify flood preparedness.

**Question from Chair Quiroz:** (Referring to other comments about the East Multnomah Soil and Water Conservation District, Port of Portland Superfund cleanup, and salmon runs) I'm curious what that level of integration is, or what those conversations are about maintaining the system as a whole in the region?

Answer from Middaugh:

- A lot of this integration will come through the watershed management plan.
- The East Multnomah Soil and Water Conservation District board is being hosted for their June meeting, where district staff will present.
- Work often with their executive director, despite different purposes/organizations.
- Partner closely with the Columbia Slough Watershed Council and the City of Portland's Bureau of Environmental Services.
- Manage the Slough in consultation with Environmental Services to impact temperature.
- Looking at the forebay in PI pump station designs for habitat enhancement opportunities.
- Recently completed a pipe enhancement project for discharge pipes, adding a "dissipator" to prevent pipes from stroking sediments, helping with Total Maximum Daily Load (TMDL) authorizations for the Lower Slough.
- The watershed plan will provide a strategic framework and is statutorily required to be developed in partnership with other agencies and community partners.

**Follow-up Question from Vice Chair Donahue:** are there examples of those sponsorships?

Answer from Colin Rowan, Director of Planning Public Affairs:

- A sponsorship program is already established and has supported community-based organizations.
- Examples this year:
  - Columbia Slough Watershed Council's SLOOP School: Supported curriculum development with an honest take on how levy system affects the natural systems and ecology.
  - Vanport Mosaic: Supported a celebration/remembrance of Vanport history and the 1948 loss.
  - Vanport Place Marking Project (upcoming fiscal year, ongoing work).

- The sponsorship program is currently small but will become more robust with new funding for legislative purposes, including celebrating cultural history.

Middaugh added:

- Also provided support to the Glinka Corridor Association (represents businesses in the flood plain) and the Native American Youth Association (provides services for urban Native Americans).
- Interested in co-creating opportunities with mission overlap to leverage investments for greater return.

**Question from Vice Chair Donahue:** Last year you shared that the new board would drive the decisions regarding the metrics and key performance indicators associated with the new responsibilities – when will these be developed, and how do you plan to share them with the community?

Answer from Lane:

- The schedule is to set strategic initiatives by January 2026 for FY2027 budget development.
- Performance metrics are necessary to determine success/progress.
- Metrics will be based on an updated/expanded version of the district's levels of service definitions.
- Completion expected by summer of 2026.

**Follow-up Question from Vice Chair Donahue:** Will you include those in the budget message?

Answer from Middaugh:

- Noted the board has had limited time (10-11 hours of meetings) since being seated, dealing with elections, budget, contracts.
- Having active conversations with board leadership on ways of structuring/increasing time.
- The first five months went fast, and ambitions were greater than the schedule.

## Closing Remarks and Certification

Chair Quiroz expressed appreciation for the conversation and follow-ups.

- Stated that the TSCC are members of the community wanting to know about “the work that you do and how important it is for our region”.
- Thanked everyone again and closed the hearing, opening a regular business meeting of the TSCC commissioners.

**Comment from Commissioner Burton:** Given that your budget is primarily capital driven, have you considered a biennial budget?

**Answer from Middaugh:**

- Not yet.

**Commissioner Burton** supported the idea of two-year budgets, referencing his experience at TW Valley Water, which engaged the board and staff less frequently on the capital side. Noted PERS rates are set for two years.

Executive Director Allegra Wilhite thanked the district for coordination throughout the budget process.

- Congratulated the district on their first-year budget as a new district, acknowledging the immense work involved in consolidating legacy district budgets.
- Findings of the Review: The TSCC found the estimates to be reasonable for the purposes stated, and in substantial compliance with budget law.
- Recommendations: TSCC staff suggested no recommendations or objections to the fiscal year 2025-2026 approved budget.

Chair Quiroz motioned to authorize the commission to sign the certification letter as recommended. The motion was moved by Commissioner Lugo Knapp and seconded by Commissioner Moore and approved unanimously by all the commissioners present.

- Result: The UFSWQD budget was certified by the TSCC. Allegra Wilhite would follow up with the certification letter shortly.

Jim Middaugh, Executive Director:

- Thanked Lori Baker for her leadership and work through the transition.
- Gave a thanks to the entire staff for getting through the reorganization, particularly the operations team "raking those crates and keeping the water moving".

There being no other business, Chair Quiroz closed the meeting.