

CITY OF ALBANY
CITY COUNCIL WORK SESSION
Municipal Court Room
Monday, January 12, 2015
4:00 p.m.

MINUTES

CALL TO ORDER

Mayor Sharon Konopa called the meeting to order at 4:00 p.m.

ROLL CALL

Councilors present: Councilors Bill Coburn, Floyd Collins, Bessie Johnson, Rich Kellum, Ray Kopczynski, and Dick Olsen.

Councilors absent: None.

BUSINESS FROM THE PUBLIC

None.

NORTH ALBANY FLOODPLAIN STUDY UPDATE

Assistant Public Works Director/City Engineer Jeff Blaine said it has been four years since staff first talked to Council about the Albany floodplain study. He said staff has done public outreach, submitted the study to the Federal Emergency Management Agency (FEMA), and FEMA has concluded the study review. This update will remind Council about what the study was, why the study was conducted, what the results are, what to expect in the coming months, and what the impacts mean for some North Albany residents. He said Civil Engineer III Jeni Richardson has done most of the work with FEMA over the last couple of years to make sure this project kept moving. Blaine introduced Gail Moldovan-Trujillo of Hagan Hamilton Insurance Services. He said staff doesn't work with floodplain insurance so it was important to work with someone who is knowledgeable in this field to help identify what information is important to residents and to answer their questions.

Blaine gave a PowerPoint presentation [see agenda file]. He said FEMA is responsible for floodplain management at a national level. In an attempt to identify potential flood hazard areas, they created flood insurance rate maps (FIRMs). The recent study was done in response to development pressure, and there was concern regarding the impact development would have on the floodplain. He said as staff received public testimony, heard concern about past flood events, received detailed engineering studies from firms in support of land-use applications; it appeared that there was an unmapped floodway through North Albany. Staff believed that the FEMA maps were in error because the floodway wasn't identified in the maps.

Blaine distributed the 2015 FEMA Floodway maps [see agenda file]. He said the study results did reveal an unmapped floodway. He indicated that the pink sections on the map are areas that are being mapped out of the floodplain and the red sections are the areas that will be newly mapped into the floodplain. He said the red section is 104 acres and the pink section is 102 acres, so there is about as much area coming in as going out. He said staff has confidence in the results because the detailed photos from the 1964 flood correspond with the study results as well as more than 100 years worth of data from the river gauge on the Willamette River. An open house will be held on February 17, 2015, at 7:00 p.m. at North Albany Middle School to inform the public of the changes. Existing residents will be better informed about the risks of living in the floodplain and will be better protected against unintended consequences associated with future development. There will be potential changes in flood insurance in both the number of properties required to carry floodplain insurance and the cost of insurance premiums.

Blaine said there are many variables outside of the City's control in regards to flood insurance. The requirement to buy flood insurance is usually tied to federally backed mortgages. He said the property owners being newly mapped into the floodplain will have a new requirement to obtain flood insurance that they haven't previously had. He anticipates 60-120 homes being moved into the floodplain while 50-120 homes will be moved out of the floodplain. FEMA calculates a site specific rate for each property based on the risk. For the first three years, FEMA gives property owners an opportunity to get subsidized insurance rates. After the third year, FEMA raises the rates 15-18% each year until the risk-based rate is reached.

Councilor Ray Kopczynski asked if the insurance is a separate policy that has to be purchased by the homeowner. Moldovan-Trujillo said flood policies are regulated by congress and have to be purchased outside of the standard homeowners' policy. Kopczynski asked if homeowners can refuse to purchase it. Moldovan-Trujillo said then the bank is required to provide it and can charge the property owner three times the amount of what FEMA charges if they refuse to purchase insurance. Konopa asked if the insurance cost is applied to the dwelling's real market value or for the overall property including the land. Moldovan-Trujillo said it is just for the dwelling.

Councilor Floyd Collins said he is concerned with the houses in the Springhill area. He said when those properties come on the market, most people buy them and the need for flood insurance comes up when an individual applies for a loan.

He said the flood insurance could possibly cost an additional \$500 per month. This could surprise both the purchaser and the seller and could inhibit the seller from putting their property on the market for market value. Moldovan-Trujillo said there are almost always mitigation options for folks to be able to lower the cost of the premium.

Councilor Dick Olsen asked if a person who sells their house on contract would have to purchase flood insurance. Moldovan-Trujillo said no because flood insurance is only required on federally backed mortgages. It is optional for those who own their home or if it's on contract. Collins said individuals who don't purchase flood insurance would run the risk of paying out-of-pocket costs if there is a flood and it caused damage.

Blaine said it will be advantageous for residents to complete an elevation certificate because it is used to document the site- and building-specific information as compared to the mapped flood elevations. An elevation certificate will help property owners understand what the potential impacts are from the new maps and what they might be able to do to reduce their insurance premiums. Staff is requesting Council approval to use up to \$100,000 of Sewer Economic Development funds to complete elevation certificates for property owners facing potential negative financial impact. He said elevation certificates cost approximately \$500 each and that cost may be substantially lower if the certificates are grouped together. The City doesn't have a legal obligation to fund elevation certificates or provide assistance. Blaine said he feels like there is a moral obligation to help property owners because the City initiated the study even though it is FEMA's errors that are being corrected. He said he is requesting Council move forward with the elevation certificate program, so the City can help people understand the situation and offer suggestions for them to consider with their insurance agents.

Collins suggested sending out this information to all area realtors and appraisers to make them aware of the changes. Blaine said he will make sure they receive the information.

Konopa asked if staff needs action on this item today. Blaine said action would be helpful so staff can tell property owners about the program.

Kopczynski asked if this would be a first-come, first-serve program. Blaine said he doesn't anticipate the funds running out. He said the program would be specifically for North Albany properties facing potential negative financial impacts as a result of the new floodplain maps. Moldovan-Trujillo said owners of properties coming out of the floodplain only need a free, smaller map of the FIRM, which demonstrates there is a new map that has been filed that shows their structure out of the floodplain. The property owner sends the map to their lender, the lender sends them a release, and then the property owner can cancel the flood insurance.

Councilor Bill Coburn asked if there are grants or programs available through FEMA to help people with this situation. Blaine said he's not sure about annual flood insurance rates and the perception is that they use the subsidized rates in the interim years to help. Coburn asked if this is happening everywhere. Blaine said it happens when new maps are released. City Manager Wes Hare said FEMA's maps have improved over time as technology has changed and as flood events have occurred and been recorded.

Councilor Rich Kellum said he is concerned with setting a precedent of giving people something when another agency is responsible for the mistake. He suggested offering a loan program for property owners. Hare said he doesn't believe it would be setting a precedent because the Council has chosen to fund other similar situations such as reimbursing past costs of individual sewer overflows and water leaks. He said the Council has the right to make individual decisions about when it is and isn't appropriate to reimburse residents.

Assistant City Manager/Public Works Director & Community Development Director Mark Shepard said staff is careful with the City's money. He said the City doesn't have the responsibility to pay for the certificates, but we did initiate the study and that's the reason staff brought this forward for consideration.

Councilor Bessie Johnson asked why the study was initiated instead of waiting for FEMA to update the maps on their own. She thinks people know what they are getting into when they build near a waterway. Blaine said the main reason for the study was to respond to development pressures and to understand where the floodway is in order to protect life and property. Johnson said she feels uncomfortable about paying for the certificates because the City didn't create the problem. Hare said his view of this is that the City is responsible for assisting citizens with services. He said the question is, do we as a community want to help those who are now subjected to some fairly expensive changes in their living conditions. He said the City would be subsidizing the elevation certificates, not the flood insurance premiums.

Konopa suggested having this item come back as a resolution at a future meeting so the Council can take action on it then. Olsen and Johnson agreed that it should be brought back as a resolution.

Coburn asked if the properties moving out of the floodplain have to have an elevation certificate in order to remove their flood insurance. Blaine said no. Collins said he would like time to think about this issue more.

Staff will prepare a resolution for Council consideration at the January 28, 2015, City Council meeting.

STORMWATER DISCUSSION

Shepard said there has been a lot of recent discussion about stormwater and there have been a couple of new regulations that the City has adopted. He said in reality, Albany hasn't changed the way its treated stormwater for over 40 years

which is a long time to operate the same way. He said staff wants to look at stormwater and find ways to deal with it in order to protect existing development, minimize the potential impacts of localized flooding, plan and facilitate continued growth in the community, manage costs, protect creeks and rivers, and comply with regulations. The strategy to accomplish this will include a series of discussions about stormwater at City Council Work Session meetings. He said staff is looking for direction to see if they are okay with moving this plan forward. Council agreed with moving forward with the plan.

Kopczynski asked if there have been any ramifications for cities that aren't in compliance with the regulations. Shepard said he doesn't believe so, but there is the potential for third party lawsuits.

COUNCILOR COMMENTS

Kellum said, Go Ducks!

CITY MANAGER REPORT

None.

ADJOURNMENT

There being no other business, the meeting was adjourned at 5:05 p.m.

Respectfully submitted,

Reviewed by,

Diana Eilers
Administrative Assistant I

Stewart Taylor
Finance Director