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City faces funding pickle with Poudre River floodplain study

Rising concerns

BY [CHRIS CASEY](#),

Greeley City Council members cringe at the idea of steering city funds to the rising cost of a Poudre River floodplain study, especially in light of projected budget deficits the next two years.

But that's what they might need to do, given the substantial time and money already invested, and the fact that federal money for future flood-prevention projects are at stake.

If Greeley pulled out of the feasibility study, the city would lose out on federal funding shares of up to 65 percent for viable projects. The overall price tag for the feasibility phase, a portion of which is shouldered by the city, has grown from \$1.56 million to \$2.4 million.

Greeley Mayor Tom Norton said the study so far has proven that the area, a 17-mile stretch of the Poudre east of 95th Avenue, does have a flooding problem.

"I would think in the long term Greeley would be better off with completing this study and getting higher federal grants participation and doing the best they can to fix the problem," he said. "The difficulty is these are tough

What's next

Greeley City Manager Roy Otto has asked Public Works Director Joel Hemesath to analyze the stormwater capital improvement budget in regard to the city's added \$280,000 expense to continue the Poudre River feasibility study. If the amount can't be absorbed by that budget, the matter will go to the city council for a vote. Regardless, the council will get a report back from Otto by the end of the month.

(financial) times to do that."

The city faces a shortfall of \$4.98 million in 2011 and

\$6.91 million in 2012 based on preliminary figures.

The lengthy study process dates back to 2001, just two years after the last flood occurred in the basin north of Greeley. A major flood hit in 1983, followed by less-severe events in 1994, 1997 and 1999. After an initial inventory of the river basin, Greeley in 2006 moved into the feasibility phase to identify projects that would reduce flood damages and protect more than 100 riverside properties.

In partnership with the U.S. Army Corps of Engineers, study costs have been split 50-50, with the city tapping various grants to lower its bill.

Under the latest cost increase, Greeley needs to spend \$430,000 to move the study to its planned fall 2011 completion. Because \$150,000 is already covered by a grant, the city needs to come up with an additional \$280,000.

The council members grimly assessed the expense at a March 9 work session, with Sandi Elder summing up, "That's a big chunk of change."

Mike Finn said the need for a sedimentation study seemed obvious, and he questioned why a full-scope analysis wasn't included in the original cost estimate. "I'm really disappointed as a citizen to be here in this position."

Kayla Eckert Uptmor, branch chief for the Corps, told the council, "I understand the sticker shock," but explained that there were myriad reasons for the increased tab.

Chief among them was work needed to complete the feasibility phase proved greater than originally estimated. Also, the city council in 2008 asked the Corps to reduce the study scope as a way to deal with budget constraints. Eckert Uptmor told the council that had she been chief of planning back then, she would have advised against backing off any studies, anticipating that the data would be needed down the line to meet federal requirements.

Also, she noted, starting and stopping work is costly and compounded by rising inflation with each year of delay. The feasibility study schedule has grown from three years to six.

"We were on the study, and then pulled off and then put back on," Eckert Uptmor said of Corps process. "When you mobilize and demobilize, those costs go up."

An executive committee made up of Greeley public works and Corps officials was apprised of the climbing costs last summer. Thus far, projected benefits have been essentially equal to the estimated costs of the study. The committee recommended continuing the study at the higher cost, but the committee wants the council to confirm the decision.

At the work session, Greeley Public Works Director Joel Hemesath laid out reasons to complete the study. Among them:

- » Flood-control projects potentially costing \$25 million would be eligible for 50 percent to 65 percent federal funding. Without the study, federal funding would not be at this level.
- » The feasibility phase is 60 percent done with two years remaining.
- » If the city opted out, it would lose a second \$150,000 grant through the Colorado Water Conservation Board.
- » Flood-prevention projects would eliminate the need for food insurance for many property owners along the river.

If nothing is done in the river basin, the following is expected:

- » Increase in size of frequent — defined as two- to 25-year — flood events is expected to continue, with two-year flood peaks expected to be 37 percent higher after 2035 than current floods.
- » Sediment build-up in the channel is expected to increase flood stages in Greeley.
- » Future Equivalent Annual Damages increased from \$1.26 million to \$2.37 million based on forecasted flood runoff and future channel conditions.
- » Riparian ecosystem is expected to continue to deteriorate, chiefly due to urban pressure and invasive species.

Eckert Uptmor pointed out that in-kind contributions, such as technical work done by city staff, can be credited as part of the additional \$280,000 share. Essentially, she told the council, the feasibility phase must be completed to move Greeley into the queue for recommendations to Congress for project design and construction.

Norton asked if it would be possible for Greeley to stay in the 65-percent-federal-35-percent-local scenario if this phase were stretched, perhaps by a year or two beyond the planned fall 2011 completion.

Eckert Uptmor said the Corps would be willing to look at extending the schedule. "The problem is," she said, "when you slow things down it often costs more."

That could return the city to its current scenario — too much invested (the city has paid, along with Colorado Water Conservation Board grants, \$405,000 up to this point) to turn back, plus a bigger overall price tag.

Finn, who like most current council members has been on the council for less than a year, is frustrated by the entire process, and argues the Corps should have been more adamant about scope costs at the outset. Corps officials counter that they were trying to make the project fit within the city's parameters, even in making the first overall study cost projection.

"We're kind of hooked in with going forward with this study," Finn said. "Because if you don't, the costs are compounded through the community."

He said there's going to be consequences to the city budget — three-quarters of which goes to employee wages and benefits — if the additional \$280,000 is spent on the study. "I'd rather not go ahead with it, but we really don't have much of a choice. It's going to be tough."

Without any mitigation projects, Finn said, businesses and other property owners could be forced to pay higher flood insurance premiums, potentially making it prohibitive to locate near the river.

A longer-term approach to completing the study may again be necessary, considering an even tighter city budget picture. "We are going to have to look at the budget and see where we go," Norton said.

Eckert Uptmor said the Corps has "worked the best we could" with Greeley up to this point, given the city's budget constraints. She said the Corps isn't trying to make a sales pitch to continue, but emphasized to the council that pulling out now would negate any progress.

"If you walk away, you're losing your place in line," she said. "You're close to solutions. But the bottom line is there are lots of places waiting for the federal money."

Insurance rates

Tom Gorman, who works in the U.S. Army Corps of Engineers Flood Plain Management Section, provided a flood-insurance example.

For the owner of a \$100,000 single-family home under these conditions ...

- » With a basement.
- » Built before July 1979.
- » Sitting in a 100-year flood plain without protection projects.
- » Mortgage from a federally insured lender.

... The annual flood-insurance premium would be \$932 annually.

George Hall, president of Hall-Irwin, a construction and development services company, has batch plants in locations along the Poudre, but not in the flood plain. He said the insurance rates for a business in an unprotected flood plain would likely be three times the premium for a single-family home.

Hall-Irwin and its subsidiary Lot Holding Investments own parcels suitable for industrial development in an area near the Poudre in northwest Greeley. The 150-acre area was annexed by the city in December.

Hall said it's often convenient for businesses to locate near a waterway.

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