

JANUARY 31, 2023

Summary

The financial framework developed for the 2018 Bond Program relies on approximately \$2.5 billion in anticipated partnership funding to match the County's \$2.5 billion investment of voter-authorized bond program dollars. Although the Harris County Flood Control District continues to aggressively pursue partnership dollars in order to implement the Bond Program as it was originally envisioned, substantial amounts of anticipated partner funding remain unrealized.

On June 29, 2021, the Harris County Commissioners Court established the Flood Resilience Trust to act as a backstop for 2018 Bond Program projects with anticipated partnership funding gaps and projects with contingency funding needs. Commissioners Court directed the Flood Control District to use an updated Prioritization Framework to allocate funds from the Trust. In response to this directive, on April 26, 2022, the Flood Control District transmitted the "2022 Prioritization Framework for the Allocation of Funds from the Harris County Flood Resilience Trust" to Commissioners Court.

On June 28, 2022, Commissioners Court approved a first allocation of \$84.95 million towards projects in the 2018 Bond Program with funding gaps, based on the 2022 Prioritization Framework (described below). A supplemental request of \$15.23 million was approved by the Harris County Commissioners Court on October 25, 2022, bringing the total utilization to date to \$100.18 million. This memorandum is the first biannual update of Flood Resilience Trust needs, including a request for authorization to utilize funding from the Trust for projects nearing stages in their project lifecycles during which additional funding will be needed to avoid project delays. Funding amounts and eligibility for the Flood Resilience Trust have been determined using the same methodology that was presented in the previous update to Commissioners Court.

This memorandum includes an outline of the previously approved methodology to be used for accessing funds from the Flood Resilience Trust, a summary of the current funding and a request for authorization to utilize \$64,809,148 in Flood Resilience Trust funds towards 2018 Bond Program projects with partnership funding gaps and contingency funding needs. The projects funded by this request are located in the Armand Bayou, Halls Bayou, Greens Bayou, and Sims Bayou Watersheds and have prioritization framework scores within the First and Second Quartiles. A total of \$93.4 million in funds are currently available in the Flood Resilience Trust. Once the requests in this item are funded, there will be \$31.7 million in funds that are currently available in the Flood Resilience Trust.

The Flood Resilience Trust was created to "provide backstop funding for Bond Program projects to compensate for partner funding shortfalls or cost overruns." As such, we recommend that priority for the use of funds from the Flood Resilience Trust remain ensuring that no 2018 Bond Program project is delayed due to lack of partner funding. However, in some limited cases delays in project implementation may be necessary to ensure eligibility for secured partnership funding that has not yet been allocated to the Flood Control District, such as grants or CDBG-MIT funding. These cases will be addressed individually, and Commissioners Court will be notified of any pauses associated with waiting for partnership funding.

Note: Eligibility for Flood Resilience Trust funding based on the methodology presented here does not necessarily indicate that funding will be allocated to eligible projects in the future. Allocation of funds towards individual Bond Program projects will be carried out on a project-by-project basis, only when funding is needed and if additional funding partners are not identified.

Methodology for Determining Flood Resilience Trust Eligibility

On June 29, 2021, the Harris County Commissioners Court established the Flood Resilience Trust to act as a backstop for 2018 Bond Program projects with anticipated partnership funding gaps and projects with contingency funding needs. The methodology to implement the framework was approved by Commissioners Court on June 28, 2022.

Bond IDs with a partnership funding gap or contingency funding needs will continue to advance through their project lifecycles using funding allocated to them through the 2018 Bond Program for as long as possible before drawing from the Flood Resilience Trust, to preserve available funding and allow the County to continue to seek partnership funds for as many projects as possible. Once an eligible project cannot continue to advance without additional funding, the County will draw funds from the Flood Resilience Trust and allocate them to 2018 Bond Program projects to minimize delays or slowdowns in project implementation.

This section outlines the approved process for determining whether a Bond ID is eligible to receive Flood Resilience Trust funding.

- **Step 1:** Score all Bond IDs with existing partnership or contingency funding needs using the 2022 Prioritization Framework for Allocation of Funds from the Flood Resilience Trust.
- **Step 2:** Order Bond IDs by prioritization score. Individual Bond ID prioritization scores may be revised over time as more accurate data on project benefits becomes available.
- **Step 3:** A Bond ID is eligible for Flood Resilience Trust funding if the total funding gap associated with that project and all projects with higher prioritization scores is less than the total current and anticipated Flood Resilience Trust funding. Projects that are not eligible for funding will not be able to request additional funding from the Flood Resilience Trust based on this framework.
- **Step 4:** Allocate Flood Resilience Trust funds to eligible Bond IDs when projects cannot continue to advance without additional funding.

Requests may also be noted outside of the bi-annual process should there be urgent funding needs to allow projects to continue moving forward (e.g., construction award, changes in contract, grants, etc.). These requests will be reflected in the bi-annual updates.

Authorization to Utilize Flood Resilience Trust Funds

Based on the methodology presented above, we are requesting authorization to utilize \$64,809,148 in Flood Resilience Trust funds towards 2018 Bond Program Bond IDs that have outstanding funding needs through the first six months of 2023. The projects funded by this request are located in the Armand Bayou, Halls Bayou, Greens Bayou, and Sims Bayou Watersheds and have prioritization framework scores within the First and Second Quartiles. This utilization request includes \$24,544,982 in funding for Bond IDs with anticipated partnership gaps that need funding to continue without delaying project implementation and \$40,264,166 in contingency funding due to cost escalation for three Bond IDs. Details of the Bond IDs included in this funding utilization request are included in **Appendix A**. Upon approval of this item, the total utilization of the Flood Resilience Trust will be \$164,991,649.

As Flood Resilience Trust funding is allocated to Bond IDs or partnership funding is awarded, the total amount of funding available will be updated along with the list of Bond IDs with partnership or contingency funding needs. The Flood Control District will provide Commissioners Court with biannual summaries of existing funding gaps, available Flood Resilience Trust funding, and project prioritization scores. These updates will reflect the fact that available funding, project costs, and the group of Bond IDs with funding needs will evolve over time.

Flood Resilience Trust: Details

There are three types of funding that were anticipated for the Flood Resilience Trust:

Reimbursements

Reimbursements in the Flood Resilience Trust include funding reimbursed from grants or programs where Harris County has spent money that is later reimbursed by Federal and State partners such as the US Army Corps of Engineers (USACE) and the Texas Division of Emergency Management (TDEM). This funding is not funding from the 2018 Bond Program.

- The Flood Control District's current estimate for the total amount of funds to be reimbursed is \$89.4 million. The timing and exact amount of individual reimbursements is not known.
- Since the establishment of the Flood Resilience Trust, the Flood Control District has been reimbursed \$3.1 million by the USACE and an Interlocal Agreement with a local partner. This amount is reflected in the total Flood Resilience Trust funds available.

Bond Funds

This category includes funding from the \$2.5 billion 2018 Flood Control District Bond, including funds left over from completed Bond IDs, funding programmed towards contingencies, surplus bond funds and bond funds previously allocated for subdivision drainage projects that were replaced by mobility funds as part of the establishment of the Flood Resilience Trust on June 29, 2021.

- To date, \$193.6 million in bond funds have been allocated towards the Flood Resilience Trust, including \$115.2 million in funds previously allocated to subdivision drainage projects, \$8.2 million in contingency funds, \$20.2 million in bond funding returned to the Flood Resilience Trust from projects that have been completed or closed, and \$50 million in surplus funds from the voluntary home buyout program (Z-Buyout).
- Of that amount, \$100.2 million in Flood Resilience Trust funds have been utilized by projects with funding gaps based on the requests for utilization approved by Commissioners Court in June and October of 2022.

Mobility Funds and Other County Resources

This category includes mobility funds transferred to the Flood Resilience Trust, or funds from other County funding sources. This category includes mobility funds transferred to the Flood Resilience Trust as part of the annual budget process for roadway-related flood mitigation subject to applicable standards and financial feasibility. To date, mobility funds have been used only for the subdivision drainage program which was originally part of the 2018 Bond program.

Total Available Funds

Based on the above availability of funding within the different sources that make up the Flood Resilience Trust, \$96.5 million in Flood Resilience Trust funding is currently available. Should all allocations and utilization requests from the Flood Resilience Trust shown in this document be approved by Commissioners Court, \$31.7 million will be remaining in the Flood Resilience Trust.

Flood Resilience Trust Funding Needs

We anticipate that the current Flood Resilience Trust funding availability is sufficient to implement the 2018 Bond Program through this current (Q1 2023) request, after which additional resources will be needed. **Based on currently projected cashflow and anticipated reimbursements, we anticipate that additional funds will be needed in Q3 2023 to continue the 2018 Bond Program without interruption.**

The Flood Control District will continue to return to Commissioners Court on a biannual basis for approval of the utilization of additional Flood Resilience Trust funding beyond the amount included in this request, with updated analyses of partnership and contingency funding needs, available funding, and Flood Resilience Trust eligibility for 2018 Bond Program projects with outstanding funding needs.

Appendix A: Detail of Current Flood Resilience Trust Fund Utilization Request

Bond ID	Watershed	Project Title	Precinct	Prioritization Framework Quartile	Total Anticipated Spending	Remaining Partner Funding Gap	Current Utilization Request - Partner Funding Gap	Current Utilization Request - Cost Contingency	Total Utilization Request: 1/31/2023
C-01	Halls Bayou	Construction of P518-26 Stormwater Detention Basin	2	1st Quartile	\$24,188,181.55	\$19,400,000.00	\$600,000.00	\$0.00	\$600,000.00
C-09	Sims Bayou	Right-Of-Way Acquisition, Design, and Construction of South Post Oak Stormwater Detention Basin and Channel Conveyance Improvements along C147-00-00	1	1st Quartile	\$19,547,813.00	\$12,005,313.00	\$3,000,000.00	\$0.00	\$3,000,000.00
C-10	Sims Bayou	Design and Construction of South Shaver Stormwater Detention Basin	2	2nd Quartile	\$15,000,000.00	\$0.00	\$4,372,714.00	\$0.00	\$4,372,714.00
C-20	Greens Bayou	Mid-Reach Greens Bayou Project - Design and Construction of Channel Conveyance Improvements along Greens Bayou	1 & 2	1st Quartile	\$20,200,048.50	\$15,706,740.00	\$2,293,260.00	\$0.00	\$2,293,260.00
C-24	Halls Bayou	Right-Of-Way, Design, and Construction of Channel Conveyance Improvements on P118-09-00	1	2nd Quartile	\$12,000,000.00	\$6,386,842.00	\$1,000,000.00	\$0.00	\$1,000,000.00
C-28	Halls Bayou	Right-Of-Way, Design, and Construction of Channel Conveyance Improvements on P118-25-00 & P118-25-01	2	1st Quartile	\$28,000,000.00	\$6,762,814.00	\$11,450,000.00	\$0.00	\$11,450,000.00
C-31	Greens Bayou	Design and Construction of the Smith Road Channel Diversion	3	2nd Quartile	\$12,000,000.00	\$0.00	\$0.00	\$4,542,198.00	\$4,542,198.00
C-32	Greens Bayou	Design and Construction of the Cutten Road Stormwater Detention Basin Improvements	1	2nd Quartile	\$16,181,425.00	\$0.00	\$1,829,007.69	\$0.00	\$1,829,007.69
C-34	Greens Bayou	Design and Construction of Lauder Stormwater Detention Basin Improvements	2	1st Quartile	\$44,692,514.98	\$0.00	\$0.00	\$11,258,714.00	\$11,258,714.00
C-59	White Oak Bayou	Construction of Inwood Forest Stormwater Detention Basin	1	2nd Quartile	\$83,942,999.50	\$3,998,546.00	\$0.00	\$18,000,000.00	\$18,000,000.00
CI-023	Armand Bayou	Right-Of-Way, Design and Construction of Conveyance Improvements along Horsepen Bayou	2	2nd Quartile	\$12,463,254.13	\$6,463,254.13	\$0.00	\$6,463,254.13	\$6,463,254.13
						Total	24,544,981.69	40,264,166.13	64,809,147.82