

## ENVIRONMENT, ENERGY AND LAND USE STEERING COMMITTEE

### **Proposed Resolution to Improve the Cost-Benefit Analysis for Federal Flood Control Projects**

**Issue:** The process for conducting cost-benefit analyses for flood control projects does not properly acknowledge the value of agricultural land or socio-economic factors.

**Proposed policy:** NACo urges the U.S. Army Corps of Engineers (Corps) and White House's Office of Management and Budget (OMB) to use a more holistic approach in determining the benefits of federal investments for protection for areas at risk for flooding. This approach should include updated metrics to effectively assess and measure the impacts of flooding on low-income residents and communities where the cost of replacing structures is lower than national and state averages. In addition, the agencies should recognize value of agricultural land and the impacts of crop flooding on local economies when calculating cost-benefit analyses.

**Background:** The Corps and OMB rely heavily on a cost-benefit analysis to determine which flood control projects receive federal funding each year. Since Congress traditionally provides the Corps with far fewer resources than are necessary to fund the significant backlog of projects under their jurisdiction, the cost-benefit analysis has become a de facto filter for the Corps and OMB. As a result, projects that have a cost-benefit ratio below a certain level are often not considered for funding at all.

For example, the Pajaro River Flood Risk Reduction Project in Santa Cruz and Monterey counties, California was originally constructed by the federal government in 1949. Since its construction, the population of the impacted area has grown from approximately 16,000 to 55,000 and has experienced increased flooding risk. But, since the river corridor is comprised of low-income communities and agricultural land on both sides of the river, the Corps cost-benefit analysis has actually prevented the area from receiving federal funding to shore up its flood defenses. As a result, residents and businesses in the flood zone have virtually no resources to replace damaged structures, yet the low cost of those structures hurts the project's cost-benefit ratio.

In addition, the Corps and OMB policies do not recognize damages to some of the most valuable – and unsubsidized – agricultural land in the world. Flooding has the potential to wipe out two to three growing seasons which would permanently alter the local economy and community structure.

Other examples of areas with low cost-benefit ratios for their federally authorized flood control projects include the Cedar Rapids area in Linn County, Iowa, which only received federal funds for flood control in 2018 after experiencing devastating floods in 2008. The Princeville area in Edgecombe County, North Carolina, is a historic African American community that has considered moving the town because a low benefit cost ratio makes their project a poor candidate for funding.

**Fiscal/urban/rural impact:** This proposal would not have any fiscal impact on the Corps budget, but it would potentially benefit counties with federal flood control projects with low benefit-cost ratios that have been a barrier to funding.

**Sponsor:** Zach Friend, Supervisor, Santa Cruz County, California  
John Phillips, Supervisor, Monterey County, California