

## Flood fund bails out same few

**Insurance** | FEMA is slow to clamp down on some in Oregon who repeatedly file big claims rather than move

By BRENT WALTH  
THE OREGONIAN

Seven-foot-high concrete walls kept Rosenberg Builders Supply dry two weeks ago when surging waters from the swollen Wilson River hit Tillamook.

Owner Loten Hooley says the business's efforts to keep water out was a big success.

"There won't be an insurance claim this time," he says.

Last year, a different story: Waters topped the concrete and cinderblock walls, filling the site like a punchbowl. Hooley filed a \$400,000 claim against the federal flood insurance fund that's subsidized by taxpayers. Those losses brought the store's total flood insur-

ance claims to more than \$1.5 million during the past three decades.

The business built the flood walls without government money. But interviews and records show that few properties in Oregon have relied more on federal flood insurance to stay viable than has Rosenberg Builders Supply.

The insurance program has made it economical for many people to keep their homes and businesses in the path of flooding by shifting cleanup

and rebuilding costs to taxpayers.

A relatively small handful of properties soaks up far more than its share of the fund. More than three years ago, Congress told the Bush administration to get tough with owners who repeatedly file expensive claims.

It hasn't happened yet — despite demands from lawmakers to act and \$80 million budgeted to invest in flood-prevention projects.

Please see **FLOOD**, Page A13

THE SUNDAY OREGONIAN • DECEMBER 16, 2007

METRO | NORTHWEST

2M ■ ■ ■ A13

### Flood: Blumenauer bill aims to control costs

Continued from Page One

"Too many people have been oblivious to the results of flooding and are thinking someone is always going to bail them out," says Rep. Earl Blumenauer, D-Ore., who has been frustrated by how long it's taken the Federal Emergency Management Agency to get the reforms, which he co-authored, up and running.

"We're reaching the point where we can't afford this."

FEMA spokesman Butch Kinnerney acknowledges the agency has taken far too long to carry out the law, citing delays caused in part by the huge cleanup after Hurricane Katrina in Louisiana and Mississippi.

But he says the reforms are set to start in early 2008, focusing first on the "worst offenders" against the insurance fund.

Rutherford Platt, a retired University of Massachusetts geography professor and an expert on natural disaster programs, says taxpayer-subsidized flood insurance premiums and poor land-use planning have combined to increase the damage toll from flooding.

"A lot of developers have felt that having this insurance meant that putting buildings in flood plains may be an acceptable risk," Platt says. "In some ways (federal flood insurance) made things worse by giving people a false sense of security."

#### Decades of floods

Few places in Oregon illustrate the tension between the economic advantage the insurance fund creates for property owners to stay put — and the cost to taxpayers to keep them there — better than Rosenberg Builders Supply.

The business has seen more than 20 floods since 1962, when it moved to its current site along U.S. 101, says former owner Douglas Rosenberg. He's not sure of the exact number; floods have destroyed a lot of the records over the years.

Hooley, the current owner, and Rosenberg, who sold him the business last year, say they have taken seriously the need to avoid filing repeated claims on flood insurance, which Hooley says costs him about \$10,000 a year.

Rosenberg says the business has lost more than \$1 million from flood damage that it couldn't claim from insurance over the years.

Federal officials will not release the claims histories of properties that buy flood insurance, but Rosenberg suspects some of the bad numbers are his. He says he has filed a lawsuit to get the records.



ROB FINCH/THE OREGONIAN

**Downtown Tillamook takes the brunt of flooding on Dec. 3. Federal flood insurance has paid \$1.5 million to Rosenberg Builders Supply in Tillamook over the years.**

"We have tried to deal with our flooding problems on our own," Rosenberg says. "We've shown it can work, and the insurance claims were something we had coming because we had the policies."

Congress created the National Flood Insurance Program nearly 40 years ago because virtually no insurance companies would offer it in flood-prone areas.

Today, the fund is \$17.5 billion in debt — thanks to claims from Hurricane Katrina in 2005. But even before that disaster, congressional reports say, the fund never charged high enough premiums to cover its actual costs.

Premiums are kept low — the average paid on Oregon homes and businesses is \$632 a year — by allowing older properties to pay less and others to avoid paying based on their actual risk. And lawmakers from states that see a lot of flooding have fought past efforts to increase rates.

As a result, taxpayers subsidize the fund by about \$750 million a year, according to a recent U.S. Government Accountability Office report.

#### Repetitive losses

About 1 percent of insured properties in Oregon and elsewhere are what federal officials call "repetitive loss properties." Yet these properties have collected 25 percent to 30 percent of insurance payouts.

Nowhere in Oregon are repetitive claims more expensive than in Tillamook County — where claims filed by these properties average \$131,000 over the years.

Blumenauer's bill created a new category that applies to sites such as the Rosenberg property: "severe repetitive loss properties." These include properties that, in the past 10 years, had four claims of more than \$5,000 each or multiple claims that exceed the property's value.

Under the new program, local communities that choose to take part would propose flood-protection projects for properties that fit the "severe" loss definition. Those projects, called mitigation, could include elevating buildings or moving people to higher ground.

Federal taxpayers would pick up between 75 percent and 90 percent of the costs. Projects must show they would save the

U.S. Treasury more than they would cost. If property owners reject an offer of mitigation, they could see their annual flood insurance rates climb by 50 percent.

Kinnerney, of FEMA, says his agency has identified nearly 7,000 "severe" properties — about one-third in Louisiana alone. State officials say Oregon has just six.

Blumenauer hopes the program will prove the government can get serious about controlling flood costs.

"People have been reluctant to embrace some of these concepts," Blumenauer says. "I just thought we should try this as a pilot project and document that this approach would make an impact."

#### Company opts to stay

Tillamook officials say the approach of raising buildings and moving businesses has already shown it can work.

The owners of Rosenberg Builders Supply have had a different approach to mitigation. Rosenberg says he spent \$300,000 to protect the site. The costliest items are the floodwalls, which help surround the seven-acre site, and big pumps that clear water that sneaks in. This year, tunnels dug by rodents in dikes proved to be the biggest source of leaks.

Hooley, the current owner, says some local officials complain about the business's flood-control methods and worry that the walls make flooding worse by pushing the water elsewhere. But he says his engineering studies show otherwise, and the walls meet standards for flood control — something city officials confirm.

Local officials want to keep the business — with 66 employees — healthy. They see another option: moving Rosenberg

#### Coming Monday:

As Vernonia dries out from its second disastrous flood in 11 years, residents consider moving the town to higher ground.

Builders Supply to a new spot.

"We have mentioned it to them in a roundabout way," says Mark Gervasi, Tillamook's city manager. "It's up to them, but we'd be more than happy to help them in any way we can, if that's what they want to do."

Hooley says with the investment in flood walls on the site, it pencils out for him to stay put. He is wary of government offers of help. He says he owes millions on his business and can't afford

to move.

"If they want to talk about buying me out or paying the full cost of moving me, then we'll talk," he says.

But Hooley says Tillamook lacks a site outside the flood plain that would be both big enough to accommodate his store and lumberyard and still provide the visibility that he now has along U.S. 101 — even if it is a spot that sits where floodwaters roar.

"Being on 101 is what makes you or breaks you," he says.

Brent Walth, 503-294-5072; [brentwalth@news.oregonian.com](mailto:brentwalth@news.oregonian.com)

## GUEST COMMENT

# Local efforts dilute flood impact

BY DOUG ROSENBERG

There is much disappointment locally in the Tillamook flood articles run in the Dec. 9 and 16 *Sunday Oregonians*. The stories were "substantially" correct, but by using slanted headlines and failing to tell the entire story, the articles left the impression that Tillamook County property owners are abusing the Federal Flood Insurance Program.

To the contrary, both Tillamook County and local property owners have been recognized by the Federal Emergency Management Agency (FEMA) as leaders in lessening property damage due to flooding. The 1996 100-year flood caused more than \$55 million in damage, including the loss of 750 dairy animals. After much local effort, a similar "100-year" flood on Thanksgiving Day 1999, caused less than \$10 million in losses.

This 80 percent reduction was due to intense efforts by Tillamook County Emergency Management and by individual property owners. Cow and equipment pads, elevated houses and buildings, and improved levees are some of the projects credited with the savings. Business, dairy and homeowners altered how valuable goods are stocked by raising and relocating them. Property owners formed flood fighting groups to find solutions. Those groups eventually formed the Tillamook Bay Habitat & Estuary Improvement District, whose members tax themselves to fund both drainage and habitat improvements. Port districts and municipalities throughout the county have joined the effort. Millions of dollars of local

funds have been spent. Tens of thousands of hours have been donated.

Many property owners have made expensive improvements on their own. Good examples are the retaining walls around radio station KTIL-KMBD, Blue Heron French Cheese Company and Rosenberg Builders Supply. Those protection systems have saved more than \$1 million in losses and insurance claims in the recent flood.

Such protection systems are expensive and beyond the reach of many homes and businesses. Permits and engineering alone for Rosenbergs are valued at close to \$100,000. Many people are just plain stuck, through no fault of their own. Most have owned their properties since before floods became so serious. None of the above mentioned properties had ever flooded when they were purchased by the current owners. Now 100-year floods are occurring frequently, sometimes more than once per year. There is simply nowhere for most people to move, even if they could afford relocation.

The only long-term solution is to restore the capacity of rivers and sloughs to their previous condition. But, systematically local efforts are blocked. Government bans on historically completed maintenance operations are to blame. The state's ban on the 100-year-old process of annual removal of upper river debris has now caused that debris to flow all the way downstream to the bay. Little of the drainage capacity of even a few decades ago now exists.

The lower rivers, sloughs and estuaries are severely plugged. Each high water brings more

gravel and sediment out of the Coast Range. The river's capacity is so diminished that water is forced to seek new routes. In conjunction, adjacent fields are eroded, adding to the blockage. Young trees along river banks are undermined and join the mass, creating their own jams of log and debris. The blockages are self-multiplying. The more they build up, the faster they increase.

Many rivers are now so blocked they no longer carry any water at normal flow levels. Once deep and cool side-channels are now blocked, including those identified in a state study as potential prime juvenile Coho habitat. Yet local efforts to restore these streambeds and channels are continually blocked by the very government agencies that are charged with maintenance of waterways and natural resources.

Farmers have been fined for cleaning out ditches on their own lands. Property owners are prohibited from protecting their houses and buildings unless they can successfully navigate an overly complicated, and extremely expensive, collection of laws and rules. The financial cost of the permit process alone precludes many property owners from attempting solutions.

The end result is that numerous people, whose entire lives are wrapped up in houses and businesses, are trapped. There is no place to move, even if they could afford the cost. They are precluded from restoring the blocked channels. Floodproofing is expensive and difficult. Even if government offers a buyout or floodproofing, it only covers a portion of the costs. For every business that has successfully moved or elevated, there

are many others that have simply gone out of business or continue to suffer huge financial losses.

The image created by *The Oregonian* is simply incorrect. Missing from the articles was the fact that FEMA Director James Lee Witt personally delivered commendations for individuals and Tillamook County for their efforts. His statement, as he handed over the Rosenberg Builders Supply award was, "We wish every community was as aggressive at finding flood solutions as Tillamook."

There is one glimmer of hope for relief in a program known as Oregon Solutions. Convened by State Sen. Betsy Johnson and Tillamook County Commissioner Mark Labhart, the program has now chosen a number of locally designed improvement projects as worthy of implementation. These will provide significant relief while comprehensive channel restoration is pursued.

To pass off these efforts as the same few people sponging on a government program, is an insult to hundreds of dedicated Tillamook County flood fighters. In the words of Director Witt, "No one has worked harder to get off of a government program than the people of Tillamook County."

So, before additional misleading headlines and half-truths are published, all of the facts, as they were delivered to *The Oregonian*, need to be presented.

Doug Rosenberg was formerly the 45-year owner of Rosenberg Builders Supply, Inc., and is president of Tillamook Bay Habitat & Estuary Improvement District.