

## Materiality Assessment Exercise #1a: City of Firewood

The City of Firewood, a community known best for its outdoor recreation areas, has seen an increasing number of flood events and wildfires. Over the past 10 years, the city has seen clear signs of erosion in high volume runoff areas and has most recently been exposed to harmful smoke as a major fire engulfed the neighboring community. Firewood is a city that enjoys steady tourism and has a significant amount of historically preserved sites. Nearly 30% of the city’s land is owned by the Federal government.

The historic downtown area, which is in a floodplain, is approximately 20% of the city’s land area but accounts for 50% of the real estate value of the City. Many of the homes and buildings in the historic downtown have significant exposure to flooding, so city management is contemplating an incentive program aimed at encouraging home and building owners to either raise their properties or invest in other resilience measures. City planners are also arguing in support of a \$200 million dollar stormwater drainage and road improvement project to better deal with the increasing flood risk in the historic district.

Firewood Tax Base	Stormwater Drainage	Historic Preservation	Recreation Areas	General Info
<p><b>Total Revenues: \$1.43 billion per year</b></p> <p>Sales Tax: \$387 million per year</p> <p>Property Tax: \$439 million per year</p> <p>Stormwater Tax: \$112 million per year</p> <p>Hotel Taxes: \$193 million per year</p>	<p>Firewood’s stormwater drainage system is decades old and in a state of disrepair.</p> <p>As an old city, Firewood does not have a full accounting of the full stormwater system as they’ve discovered that blueprints from the early 20<sup>th</sup> century are not accurate.</p> <p>The stormwater drainage project proposed will only apply to the waterfront area.</p> <p>The current stormwater taxes are attributed to operating expenses of the existing infrastructure.</p> <p><b>Highlighted Vulnerabilities:</b></p> <p>The latest projections indicate that despite prolonged exposure to drought, Firewood is expected intense rain events in the near future.</p>	<p>Firewood has a large number of historically preserved sites, which have proven quite popular to tourists.</p> <p>The historic downtown area has 5 times as many historical sites as the rest of the city.</p> <p><b>Highlighted Vulnerabilities:</b></p> <p>The combination of drought and intense rainfall, both of which are projected to increase, could result in substantial damage to this area.</p>	<p>Firewood has been known historically for the white-water rapids of the Cascade River. Each year, tourists from across the state and Country come in to enjoy rafting expeditions and other outdoor activities on or near the Cascade.</p> <p>A recent wildfire in a neighboring community came dangerously close to the forest area adjacent to the Cascade.</p> <p><b>Highlighted Vulnerabilities:</b></p> <p>Streamflow in the Cascade will slow as snowpack declines due to global warming.</p> <p>The most common tree alongside the Cascade, which provides a substantial canopy, is likely to struggle with extreme heat scenarios projected for the region.</p>	<p><b>Total # of Residents:</b> 89,000</p> <p><b>2017 Operating Budget:</b> \$1.52 billion</p> <p><b>Capital Projects:</b></p> <p>&gt; Firewood is paying for capital projects this year out of its surplus fund, which is sitting at a healthy \$1.65 billion.</p>

**Directions:**

- As a team, review the City of Firewood scenario paying close attention to the highlighted vulnerabilities for each operational area.
- Using what you know, and a degree of creativity and freedom from the given information, prioritize the order in which the operational area should be. To help capture your team’s conversation, we will be using a strategy called *discuss and defend*. The outcome of this exercise will be a brief (2-3 minute) elevator speech highlighting key elements of your team’s discussion/rationale.