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**UPDATED Staff Report**

<b>Agenda Item:</b>	7	<b>Name:</b>	Michelle Clark
<b>Resolution No:</b>	<b>FCD2022-13.2</b>	<b>Date:</b>	November 8, 2022

**FCD2022- 13.2:** A Resolution relating to the operation and finances of the King County Flood Control Zone District, adopting the 2023 budget and authorizing improvements.

**Advisory Committee Recommended 2023 Budget**

The King County Flood Control District ("District") Advisory Committee ("Advisory Committee") met five times between March and August to provide policy advice on regional flood protection issues. The March meeting focused on "on-boarding" new members and informing them about the actions the Board of Supervisors took with the 2022 Budget. The rest of the Advisory Committee meetings focused on the King County-led update to the King County Flood Management Plan, an overview on the District's approaches to flood risk reduction by basin, briefings on the District's continued commitment to integrate floodplain management, updates related to the District's ongoing planning efforts, deliberations related to the District's 2023 Annual Budget, the 2023-2028 6-yr CIP, the nexus between flood risk reduction and equity and social justice, the second year of the expanded grant programs, the 2023 levy rate, and the District's financial policies.

The Advisory Committee recommended 2023 Budget ("Advisory Committee Recommended Budget") is \$97,212,650, a decrease of \$66,342,810 or 41% from the 2022 adopted budget of \$163,555,460. The Advisory Committee Recommended Budget assumes the 2023 the levy rate is the same as the 2023 levy rate plus new construction.

The Operating Budget of \$15,259,757, is a decrease of \$1,054,051 or 6.5% from the 2022 adopted Operating Budget. This reduction is primarily due to large one-time expenses in 2022, particularly for the Levee Breach Study. As always, this number includes a placeholder for Overhead/Central Costs that will be updated after delivery of the Executive's Proposed 2023-2024 Budget to the County Council. It is expected that the District will receive information about the cost-savings of county staff moving to a work from home model. Highlights of the Operating Budget include:

1. Development of an Asset Management System (\$150,000). This includes hiring a consultant to provide options for an asset management system and customer records system to replace the current River Facility Inventory.
2. Response to the recent FEMA Audit of Community Rating System and the National Flood Insurance Program (\$200,000).
3. Upgrading technology for the Flood Warning Center App (\$1,514,255). The app was developed over 10 years ago and the software needs to be updated to meet current standards and ensure reliable information for essential life-safety

purposes. This update will also add functionality such as providing this information in multiple languages and a stronger integration with Microsoft Teams for remote operations.

The Capital Budget of \$81,952,893, is a decrease of \$62,950,122 or 43.44% from the 2022 adopted Capital Budget. Highlights of the recommended Capital Budget are as follows:

1. Updating spending forecasts for each project based on most current information. This includes information received from all service providers when available. There are disappropriations in 2023 that are the result of the newest information from project managers that **do not** result in a decrease in the overall project budget, but rather the best professional judgement regarding which year the expenditures are anticipated.
2. Three New projects:
  - a. Pump Station Revetment Improvement (\$103,030) (Line 15 in Attachment H). Located in Snoqualmie, this project will repair approximately 130 feet of the Pump Station Revetment damaged in a flood event.
  - b. Girl Scout Levee Setback (\$50,000) (Line 42 in Attachment H). Located near Carnation, this \$50,000 expenditure initiates a "Medium Term" project from the Tolt River Capital Investment Strategy.
  - c. Remlinger Levee Improvements (\$87,459) (Line 47 in Attachment H). Located near Carnation, this project will repair approximately 250 feet of the Remlinger Levee. The scope of the project may be modified once the Tolt Level of Service Analysis is completed in Q4 2022/Q1 2023.
3. Grant Funds:
  - a. WRIA/CWM (\$478,100) (Line 169 in Attachment H): Per resolution this grant fund increases with inflation.
  - b. Opportunity Fund and Flood Reduction Grants (Disappropriation of \$82,970 SROF and an increase of \$131,257 for the FRGs) (Lines 171 and 168 in Attachment H): These changes are adjusted based on updated revenue information.

### **FCD2022-13.2: 2023 Budget Resolution: Advisory Committee Recommendations PLUS Staff Recommended Technical Additions**

The following are highlights of the staff recommended technical changes to the Advisory Committee's recommended 2023 Budget:

1. Annual Budget Increase (\$4,250,291): The Advisory Committee's Recommended Budget was \$97,212,650. The Annual Budget in Proposed Resolution FCD2022-13 is \$101,463,941. The increase is comprised of:
  - a. Flood District Administration Increase (\$2,338,637): Same amount as last year due to salary savings and includes money for District consultants such as legal and accounting. The Advisory Committee **does not** recommend the Flood District Administration Budget.
  - b. Operating Budget Increase (\$398,399). Discussed below.
  - c. Capital Budget Increase (\$1,514,255). Discussed below.

2. An updated revenue forecast:
  - a. The Sub-Regional Opportunity Fund (Line 171 in Attachment H): Allocation increase from a disappropriation of \$82,970 to a disappropriation of \$68,715 for a net increase of \$14,255.
  - b. Updated Financial Plan.
3. Operating Budget Additions (\$398,399):
  - a. King County Sheriff's Office (\$75,000): The same amount as 2022 for use of the boat and large wood inspections. This item was not included in the agency proposed budget due to the King County Office of Performance Strategy and Budget by June 30<sup>th</sup>.
  - b. King County Office of Emergency Management (\$138,000): This change is a conversion of a TLT was created to implement the recommendations from the District commissioned Dam Safety Report and to an FTE in order to continue the report implementation and to develop a new inundation app. The \$138,000 is a slight reduction from 2022 and was not included in the agency proposed budget. **This TLT to FTE conversion is included in the Executive's Proposed Budget** transmitted to the King County Council on September 28<sup>th</sup>.
  - c. Overhead/Central Costs (\$35,000): This is the amount included in Executive's Proposed Budget.
  - d. Upper May Valley Drainage Study (\$150,000): King County water and land resources division will develop a workplan to begin implementing the recommended actions in the April 2022 Upper May Valley Drainage Study in 2023. The workplan shall be transmitted by February 28, 2023.
4. Capital Budget Additions (\$1,514,255):
  - a. \$1,514,255 shifted from the Operating Budget for the Flood Warning Center IT Upgrades.
  - b. Renton Gravel Removal (Line 91 Attachment H): **No change in 2023**, a change in 2028 adding \$10,5000 based on updated expenditure information from Renton as service provider to the District.

Please note Attachment A, the 2023 Work Program, and an updated version of Attachment G, the 2023 Subregional Opportunity Fund Allocations, will be updated to prior to final passage of the 2023 Budget anticipated on November 8<sup>th</sup>.

### **Staff Recommended Striking Amendment S1**

The following are highlights of the staff recommended 2023 Budget and Workplan:

1. Annual Budget Decrease (\$37,510,255): S1's 2023 Annual Budget is \$63,953,686 a reduction of \$37,510,255 from the \$101,463,941 in Proposed Resolution FCD2022-13.2. A reduction of \$99,601,774 or approximately 61% from the 2022 Adopted Budget of \$163,555,460.
  - a. Flood District Administration Increase (\$150,000): Discussed below.
  - b. Operating Budget Increase (\$150,000): Discussed below.
  - c. Capital Budget Decrease (-\$37,810,255): Discussed below.
2. Develop New Contract Templates for Grants (S1 page 3, Section 5): District executive director, District legal counsel, and King County are directed to work together to develop a new template(s) for the grant agreements King County enters into on behalf of the District as part of the administration of

District grant programs. These templates shall be submitted to the District by March 31, 2023 for approval.

3. Conversion of 4 TLTs to FTEs (S1, page 5, Sections 13 and 14): Convert four temporary term limited positions to full time equivalent positions: one in the Office of Emergency Management to support the ongoing dam education program; one grant administrator in the King County water and land resources division director's office to administer the over four-fold increase in District grant programs; and two contract specialists in King County water and land resources division approximately ½ of the time of each position is projected to be charged to the District. These four conversions have no impact budgetary impact on S1.
4. Staffing Survey (S1, page 5, Section 16; \$150,000 increase Flood District Administration, Attachment C): District executive director and King County water and land resource division will work collaboratively to evaluate options to ensure King County has the organizational capacity and structure to provide efficient and effective implementation of the District's work program.
5. Capital Budget Changes:
  - a. Lower Frew Levee Setback (\$250,000 budget increase; Attachment H Line 45; Capital Project Differences Line 45): An increase of \$250,000 to this project to accurately reflect acquisitions necessary for project implementation.
  - b. Tolt River Natural Area Acquisitions (\$380,000 budget increase; Attachment H Line 55; Capital Project Differences Line 55): Budget increase to reflect increased in property value and demolition costs.
  - c. Signature Pointe Revetment Kent ((\$38,440); Attachment H Line 142; Capital Project Differences Line 142): **No change in overall project budget.** Shifting budget authority to out years to reflect updated expenditure information from Kent, District service provider for this project.
6. Subregional Opportunity Fund Allocations (Attachment G): In 2023, 23 jurisdictions are deferring and 17 jurisdictions have submitted projects for their Subregional Opportunity Fund allocations. The deferrals total \$1,247,681 and the projects total \$4,775,745.

### Supervisor Amendments to S1

1. Amendment 1 Offered by Supervisor Perry: The District will reevaluate the Capital Investment Strategies in the Snoqualmie Basin and seek to find alignment with other plans such as the Snoqualmie Resilient River Corridor Management Plan and the Snoqualmie Fish, Farm, and Flood Advisory Committee recommendations. King County water and land resources division shall provide a proposed timeline for this reevaluation and reprioritization effort by May 31, 2023.
2. Amendment 2 Offered by Supervisor Perry: Directs King County water and land resources division to provide a report on the county's Home Elevation Program. The report will include (1) existing need based on the number of property owners that have contacted the county to execute a Phase 1 contract to elevate their home including the number of property owners that are placed on a waitlist because of program capacity issues; (2) innovative ways or changes to the program that will decrease the time a property is on the waitlist; (3) propose an acceptable time a property stays on the waitlist;

- (4) identify resources necessary to address the identified need in order of priority. The report shall be transmitted by March 31, 2023.
3. Amendment 3 Offered by Supervisor Dembowski (Attachment H Line 174; Capital Project Differences Line 174): Creates a Two Million Dollar "Countywide Strategic Acquisitions" capital project. Properties acquired with funds from this capital project shall be properties whose purchase will achieve a flood risk reduction benefit and align with the integrated floodplain management principles and multibenefits identified in District Motion FCD20-07. Additionally, properties acquired under this capital project shall not be associated with an adopted Capital Investment Strategy or another existing capital projects. The Board directs the District executive director and King County water and land resources division to follow the established acquisition approval process when acquiring properties as a part of this newly established capital project. Deletes and replaces Attachments B, D, E, and H.
  4. Amendment 5 Offered by Supervisor Upthegrove: Directs the Executive Director to provide a monthly report to the District Executive Committee on the status of acquisitions of property necessary to implement capital projects identified in Attachment H to this resolution.
  5. Amendment 4 Offered by Supervisor Dembowski: Reiterates District commitment to fund the portion of the boat used by the King County sheriff's office for District purposes and directs the King County sheriff's office to make the boat available for District purposes.