



REVISED Staff Report

Agenda Item:	7	Name:	Michelle Clark
Proposed Resolution No.:	FCD2022-06	Date:	May 10, 2022

FCD Proposed Resolution No. FCD2022-06: A Resolution relating to the operations and finances of the King County Flood Control Zone District; adopting a revised 2022 budget, district oversight budget, capital budget, six-year capital improvement program for 2022-2027; and amending Resolution FCD2021-12.2.

The purpose of the mid-year budget revision is to: (1) adopt (or "carryover") \$197.7 million in capital expenditure authority from 2021 and (2) reallocate expenditure authority for technical adjustments, changes to project scope or schedule.

2021 expenditure and carryover patterns were consistent with the financial plan forecast associated with the District's 2021 mid-year and 2022 budgets. The \$197.7 million carryover is within 4% of the carryover amount forecasted in those two most recent financial plans. This close tracking of actual expenditures and carryover to the financial plan forecast provides confidence that the financial plan is a reasonable projection of the District's cash fund balance. Following two consecutive years of record-setting capital delivery, the financial plan now shows the fund balance as negative beginning in 2024.

Overview of 2021 Expenditures

The District's 2021 overall capital expenditures of \$54.5 million is down from its \$68.1 million in 2021, approximately 20% decrease (Figure 1 below). Projects managed by the District's primary service provider, King County, were \$34.4 million, or 63% of the District's 2021 capital expenditures. This is the largest King County-managed construction expenditure in the 14-year history of the District, surpassing the previous record of \$25.5 million set in 2020. King County managed acquisitions were 11% of total expenditures, and the remaining 26% of capital expenditures are managed by other agencies through agreements and grants. Figure 2 below shows King County Water and Land Resources Division River and Floodplain Management Section (RFMS) managed capital expenditures by year for comparison to previous years.

Figure 1: 2021 Capital Expenditures by Category

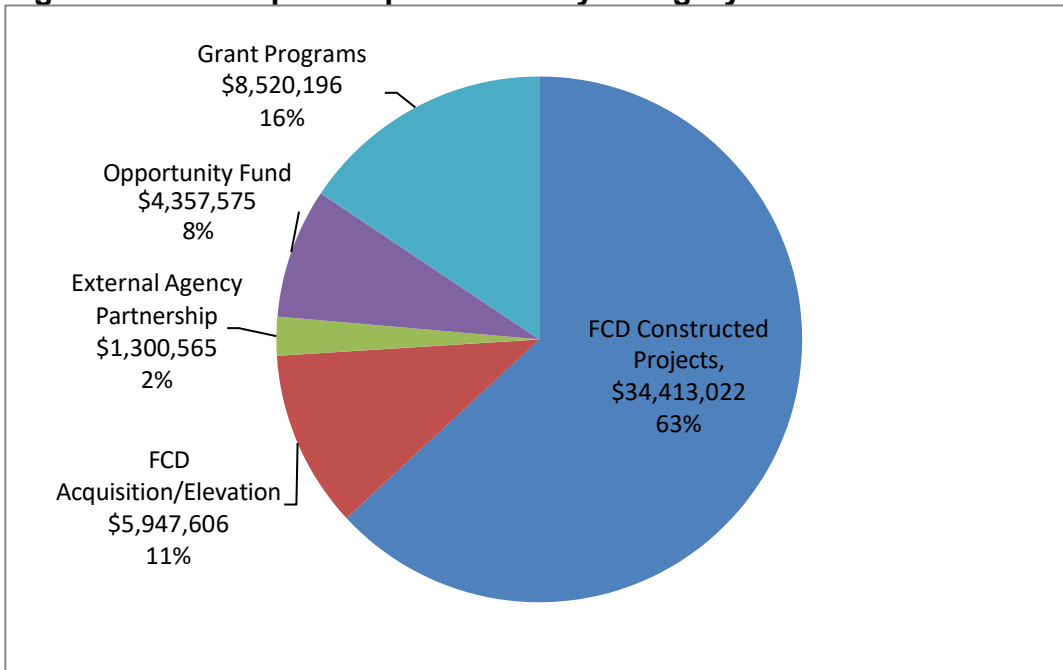
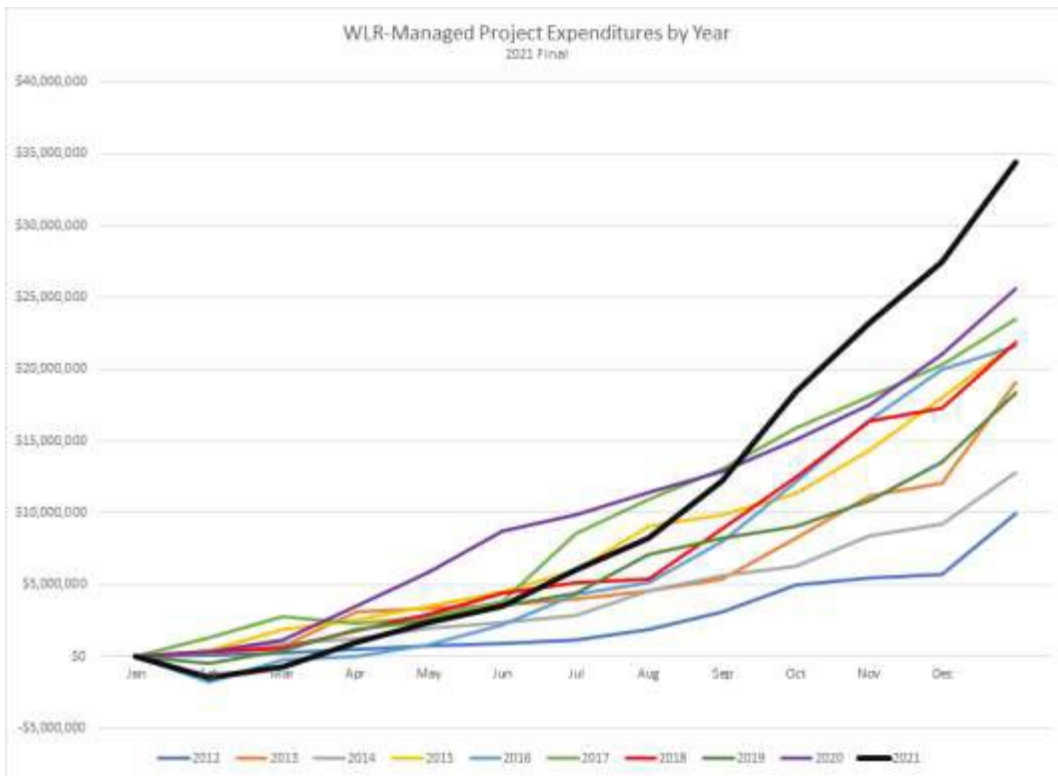


Figure 2: RFMS Capital Construction Expenditures by Year Since 2012

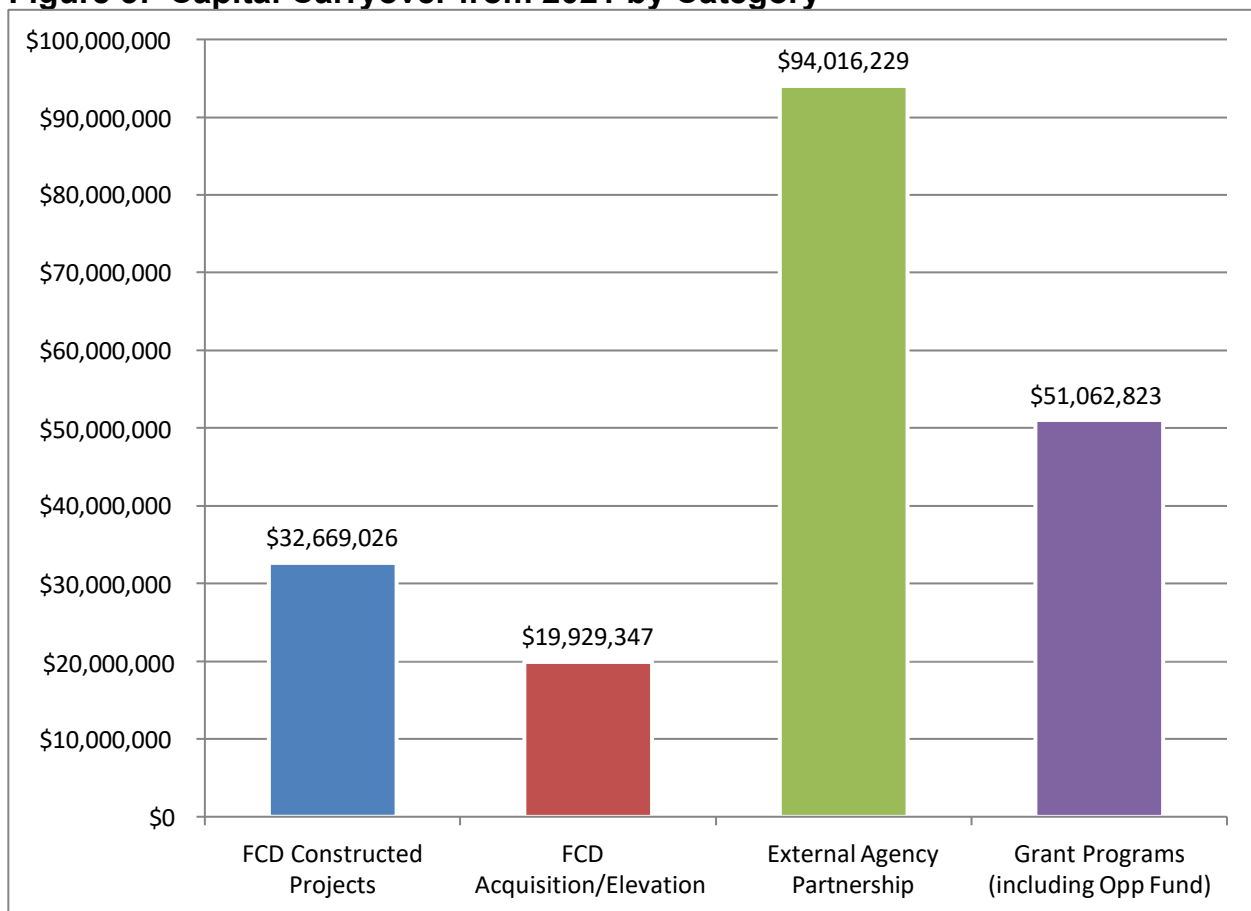


Overview of 2020 Capital Carryover

The total capital carryover request for 2021 is \$197.7 million, an increase of \$84.5 million (42.3%) from the \$138.9 million carryover request for 2020. The 2021 carryover is distributed across the categories shown in Figure 3 below. Of the total \$197.7 million in carryover, \$141.4 million (71%) is for grants and agreements managed by other agencies. King County managed projects account for the remaining 29% (\$56.3 million) of the total carryover. While the carryover amount is large and has grown, the financial plan is used to adjust for expenditure patterns to provide the District with a reasonable forecast of the cash fund balance over the six-year planning window.

Examples from each category are described below.

Figure 3: Capital Carryover from 2021 by Category



King County Managed Construction Projects (Capital Construction and Repair)

This category totals \$36.3 million and is 18.4% of the capital carryover from 2021. This is an increase of \$19.5 million (117%) from \$16.8 million in 2020. Highlights of carryover in this category include:

1. Lower Russell Levee Setback (Line 148, \$3.9 million). Remaining budget authority will be spent in 2022 as the District's largest capital project nears completion.
2. Tukwila 205 / Gunter Floodwall (Line 157, \$10.8 million). Project delayed due to land acquisition negotiation; expenditures anticipated in 2022.
3. Willowmoor Floodplain Restoration (Line 83, \$1.1 million). Carryover resulted from project being on "pause", with work now resumed expenditures will occur in 2022.
4. Flood Damage Repairs (24 project lines, combined total of \$2.8 million). Carryover for flood damage repairs that are completed, underway, or newly authorized in 2021.
5. King County Roads Services Partnership Projects (Thirteen project lines, \$3.7million combined total). Thirteen projects to replace culverts, evaluate bridge scour risks, or prevent neighborhood isolation from flooding.

King County Managed Acquisitions and Elevations

Carryover for acquisition or elevation of at-risk structures totals approximately \$19.9million (10% of the total). This is a slight increase of \$2.6 million from the \$17.3 million carried over in 2021. Highlights include:

1. Pre-Construction Acquisitions on the Green River (Line 138, \$8.3 million). Funding is allocated to acquire potential multi-benefit properties along the Green River as opportunities arise. Following District approval to enter into landowner negotiations in 2019, expenditures may occur in 2022 if negotiations are successful.
2. Cedar Residential Flood Mitigation (Line 101, \$2.4 million) and Cedar Pre-Construction Acquisition (Line 94, \$1.5 million). Expenditure authority supports pending acquisitions.
3. Lower Snoqualmie Residential Flood Mitigation (Line 42, \$1 million). Expenditure authority supports pending acquisitions.

Other Agency Managed Projects

This category totals \$90.3 million (45.6% of the total), and includes projects implemented with other agencies through agreements with either the Flood Control District or King County. This is a \$22 million (32.6%) increase from the \$68 million carried over into 2021. In many cases carryover corresponds to agreement projects that may not yet have an inter-local agreement in place or spending on the project has been slower than anticipated by the city, or reimbursement requests have not yet been received for newly authorized ILAs. Highlights include:

1. City of Kent – Signature Pointe Revetment (Line 155 - \$28.5 million). The District's 2020 agreement with the City authorizes \$1.445 million in expenditures. In addition, to carryover, new budget authority of \$26.8 million was added in 2022, with a total available budget of \$55.3 million in 2022.
2. City of Kent – Milwaukee #2 Levee (Line 149 - \$17.38 million). The District's 2020 agreement with the City authorizes \$11 million in expenditures.
3. Green River Army Corps of Engineers Gaco-Segale Repair (Line 159 \$8.8 million). Funding first authorized in 2017, the timing of expenditures is tied to landowner negotiations.
4. City of Bellevue – Factoria Blvd Drainage (Line 86 - \$4.8 million). No ILA adopted to authorize expenditures.

5. City of Bellevue – Larsen Lake/148th Drainage (Line 84 - \$400,000). ILA adopted in Q1 2022 authorizing expenditures.
6. City of Snoqualmie – Home Elevations (Line 33 - \$1.5 million). Service Agreement with King County expired; no new agreement to authorize expenditures.
7. City of Redmond – Bear Creek / Avondale Erosion (Line 85 - \$1.1 million). ILA adopted in November 2021 authorizing expenditures.
8. City of North Bend – Ribary Creek (Line 20 - \$613,000). ILA adopted in Q1 2022 authorizing expenditures.

Grant Programs (Opportunity Fund, WRIA grants, and Flood Reduction Grants)

The total carryover across these three grant programs is \$51.1 (25% of the total), an increase of \$14.6 million (40%) from the \$36.5 million carryover in 2021. Carryover in this category results from the 2020 expansion of the Flood Reductions Grants first allocated in 2021, and the lag between appropriation of funds in January followed by adoption of recommended projects by the Board, execution of agreements with grant recipients, implementation of work, and finally reimbursement of eligible expenditures. Additionally, jurisdictions choose to defer or "bank" their Opportunity Fund allocation until it is sufficient to fund a project. For the 2021 Opportunity Fund allocation, approximately \$1 million was "banked", and the total carryover is \$16.7 million.

2022 Mid-Year Reallocation

The attached reallocation summary lists each of the proposed 2022 capital budget adjustments by line in the District's capital project list (Attachment H). The reallocation summary includes both project disappropriations (due to property owner disinterest for acquisitions, project close outs, or the need to shift expenditures to out years), project increases, and new or accelerated projects. The proposed reallocations result in a net \$5,482,478 disappropriation. Highlights include:

1. 20 Different Projects Completed or Nearing Completion.
2. Timberlane 2016 Repair and Timberlane 2019 Repair (Lines 4 and 5). A total disappropriation of \$150,587 due to project completion and preparation of "closing" out the project.
3. City of Snoqualime Home Elevations (Line 33). Disappropriation of \$1,100,000 to reduce 2022 budget authority to reflect 2022 expenditures. There is no net change in the project budget total.
4. Tolt River Levee Level of Service Analysis (Line 64). Increase project budget by \$59,295 to include analysis of a fifth alternative.
5. Cedar River Trail Site 5B 2020 Repair (Line 106). Initially budgeted as part of the Cedar River Trail Site 5 but has since required the development of a separate scope and timeline necessitating a separate project number.
6. Jan Road Levee Setback (Line 112): Increase project budget by \$2,725,965 to reflect an increase in construction costs based on cost information from recently completed projects. Construction is scheduled to begin in 2022.
7. GalliDykstra 2020 Repair (Line 136). A project increase of \$368,108 for unanticipated mitigation requirements imposed by permitting agencies.

8. O'Connell Revetment 2021 Repair (Line 151). Additional erosion during the 2021/2022 Flood Season has increased the geotechnical investigation area, requiring additional borings and technical analyses.
9. A Street HESCOS (Line 168). New project to install temporary flood protection barriers or HESCOS along A Street in Auburn to address the increased flood risk due to ongoing sediment deposition. Project total is \$420,000 in 2022.
10. Central Charges (Line 188). An increase of \$102,150 for King County capital central costs, including contract administration system upgrades.
11. Flood Emergency Contingency (Line 190): Total disappropriation of \$25,000 to "reset" emergency fund to \$1 million. This includes the January 2022 approval of the A Street HESCOS.

Striking Amendment

The proposed striking amendment makes technical corrections including the following reallocation:

1. Kent Airport Revetment 2022 Repair (line 144): An increase of \$170,000 to expedite project delivery.

Attachments

2022 Reallocation Summary
2022 Reallocation Expenditure Chart
2022 Reallocation Financial Plan