KING COUNTY FLOOD CONTROL DISTRICT

STAFF REPORT

Agenda Item:	6	**Name:**	Michelle Clark
Proposed Legislation:	FCD2023-06	**Date:**	June 13, 2023

FCD Proposed Resolution No. FCD2023-06: A Resolution relating to the operations and finances of the King County Flood Control Zone District; adopting a revised 2023 budget, district oversight budget, capital budget, six-year capital improvement program for 2023-2028; and amending Resolution FCD2021-13.

The purpose of the mid-year budget revision is to (1) adopt (or "carryover") $259.6 million in capital expenditure authority from 2022 and (2) reallocate expenditure authority for technical adjustments, changes to project scope or schedule, or the addition of new flood damage repairs based on facility inspections and assessments.

While King County has adopted "life-to-date" budgets since a new financial system was implemented in 2012, the Flood District adopts annual budget increments that are then carried over from one year to the next. This carryover budget has consistently exceeded the budget authority needed in a given year for all capital expenditures. The reallocation includes several disappropriations intended to "right-size" the budgets for projects managed by the King County Water and Land Resources Division (WLRD). It is anticipated that a similar "right-sizing" of budget authority and future cost allocations will be completed for capital projects managed by other service providers as part of the 2024 budget process.

This memo provides an overview of 2022 capital expenditures, as well as illustrative examples of the different categories of capital carryover from 2022. The proposed mid-year reallocations are presented in a separate summary document that accompanies the 2023 mid-year budget materials and includes a brief explanation of each recommended reallocation.

The 2022 expenditure and carryover patterns were consistent with the financial plan forecast transmitted with the District's 2022 mid-year and 2022 budgets. The $259.6 million carryover described in this memo is within 8% of the carryover amount forecasted in the November 2022 financial plan. 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. However, this confidence comes with the caveat that there is greater confidence in WLRD-managed expenditures and grant expenditures than there is in projects managed by other jurisdictions. The financial plan forecasts a negative fund balance beginning in 2025.

Overview of 2022 Expenditures

As shown in the Figure 1 below, the District's 2022 overall capital expenditures totaled $77 million. WLRD-managed expenditures for construction and acquisitions were $40.6 million and 52% of 2022 capital expenditures for the District. Figure 1 shows WLRD managed expenditures by category. This is the largest RFMS-managed construction expenditure in the 15-year history of the District, and the third year in a row that WLRD has surpassed the prior year's expenditure record. The remaining 48% of capital expenditures were managed by other agencies through agreements and grants. Figure 2 shows RFMS-managed capital construction expenditures by year for comparison to previous years.

Figure 1: 2022 Capital Expenditures by Category

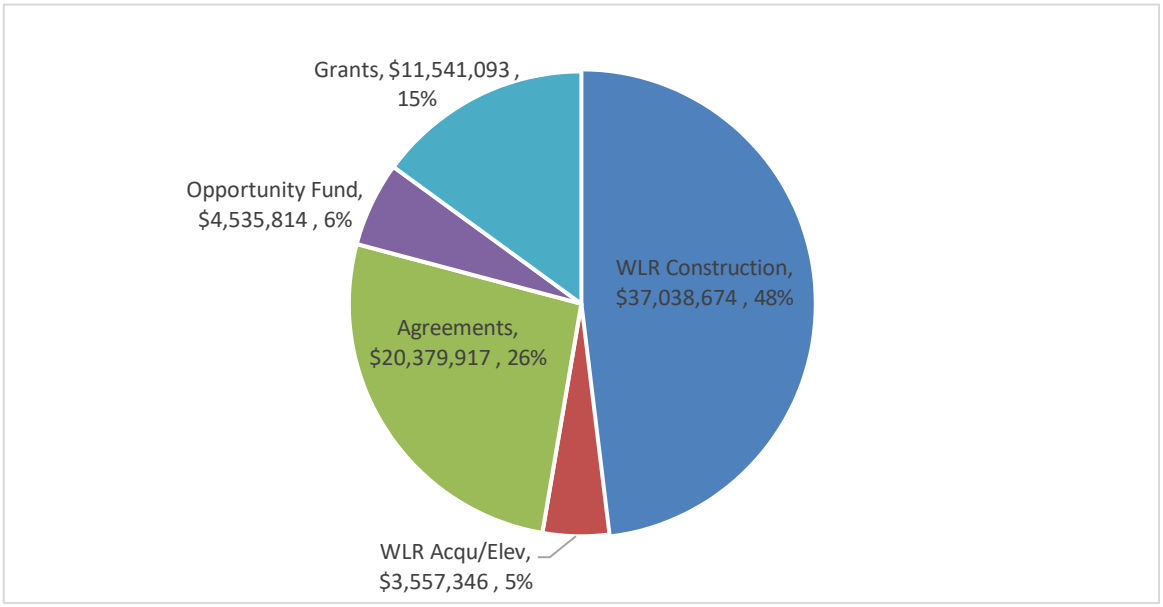
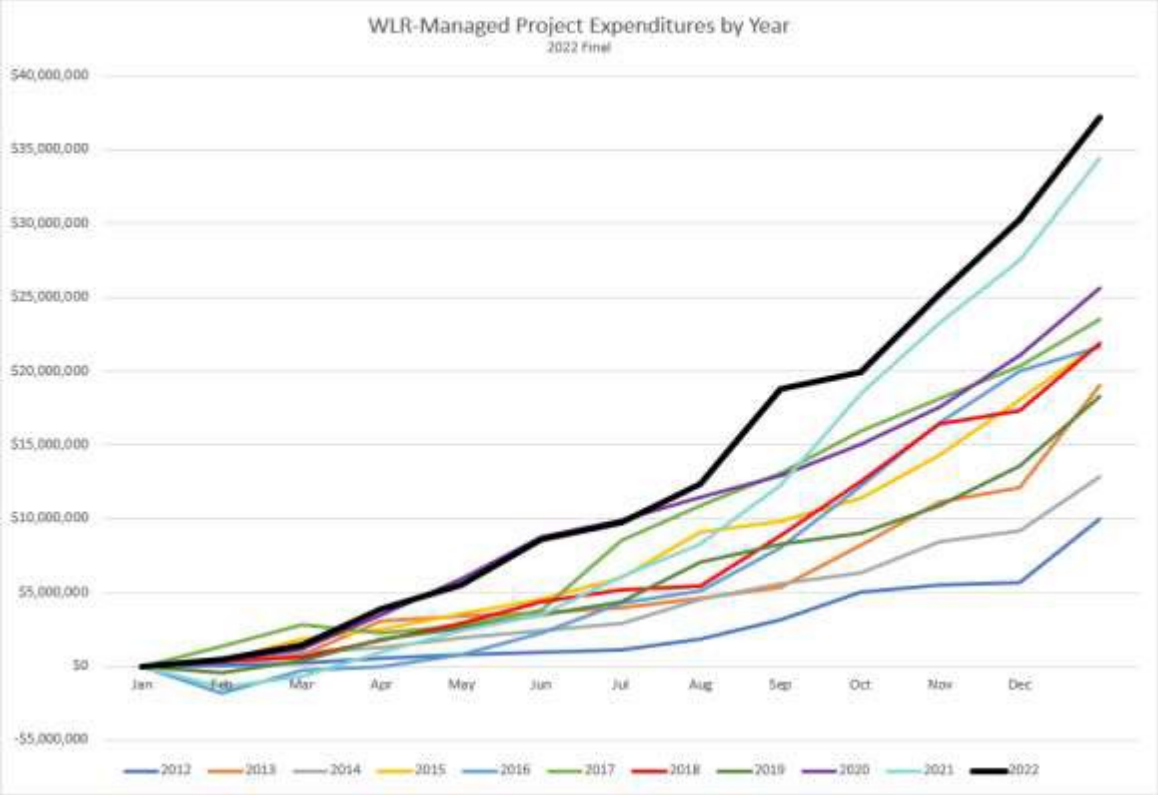


Figure 2: WLRD Capital Construction Expenditures by Year

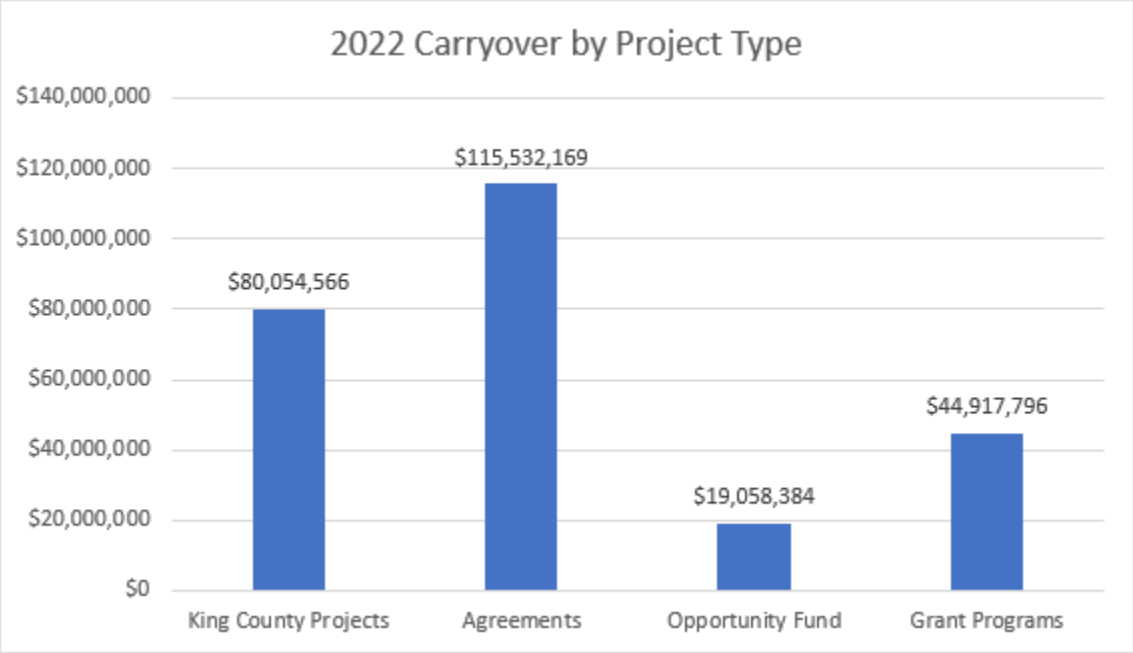


Overview of 2022 Capital Carryover

The total capital carryover request for 2022 is $259.6 million, an increase of $61.9 million (31%) from the $197.7 million carryover request for 2021. The 2022 carryover is distributed across the categories shown in Figure 3. Of the total $259.6 million in carryover, 73% ($189.4 million) is for grants and agreements managed by other agencies and 27% ($70.2 million) is managed by WLRD. The highlights below include line numbers referencing the adopted capital project list (Attachment H).

Examples from each category are described below.

Figure 3: Capital Carryover from 2022 by Category



WLR Constructed Projects (Capital Construction and Repair)
Construction projects managed by WLR total $37.1 million and is 14% of the capital carryover from 2022. Highlights include:

1. Tukwila 205/Gunter Floodwall (Line 139, $10.2 million). Project delayed due to negotiations between Tukwila and the landowner, and land acquisition appraisal delays
2. Black River Pump Station (Lines 110-115, $6.7 million combined). Carryover based largely on construction schedule delays for high use engines.
3. Lower Russell Levee Setback (Line 131, $3 million). Remaining budget authority will be spent in 2023 as the District's largest completed capital project is closed out.
4. Lower Jones Road Neighborhood Improvements (Line 99, $2 million). Property owners refused offers; budget authority is carried over to 2023 to preserve capacity to acquire property from willing sellers.

FCD Flood Mitigation (Acquisition and Elevation of At-Risk Structures)
FCD acquisition and elevation projects managed by RFMS total approximately $33 million (13% of the total carryover). Highlights include:

1. Pre-Construction Acquisitions on the Green River (Line 138, $13 million). Funding is allocated to acquire potential multi-benefit properties along the Green River as opportunities arise. Landowner negotiations in progress, some expenditures may

occur in 2023 if negotiations are successful.
2. Snoqualmie/South Fork Skykomish Residential Flood Mitigation (Lines 1, 8, 10, 23, and 34, $11.9 million combined). Timing of expenditures is determined by landowner willingness.

Other Agency Agreements

This category totals $124.4 million (48% of the total carryover), and includes projects managed by other agencies through agreements with the Flood Control District. This is a $30 million increase from the $94 million carried over into 2022. In many cases carryover corresponds to agreement projects that do not yet have an ILA in place, or where an ILA is in place but reimbursements have not been requested, or because the project is progressing slower than anticipated by the managing city. Budgets and cost- allocations for these projects will be "right-sized" in partnership with the service providers as part of the 2024 budget process, which should reduce the carryover in the future. Highlights include:

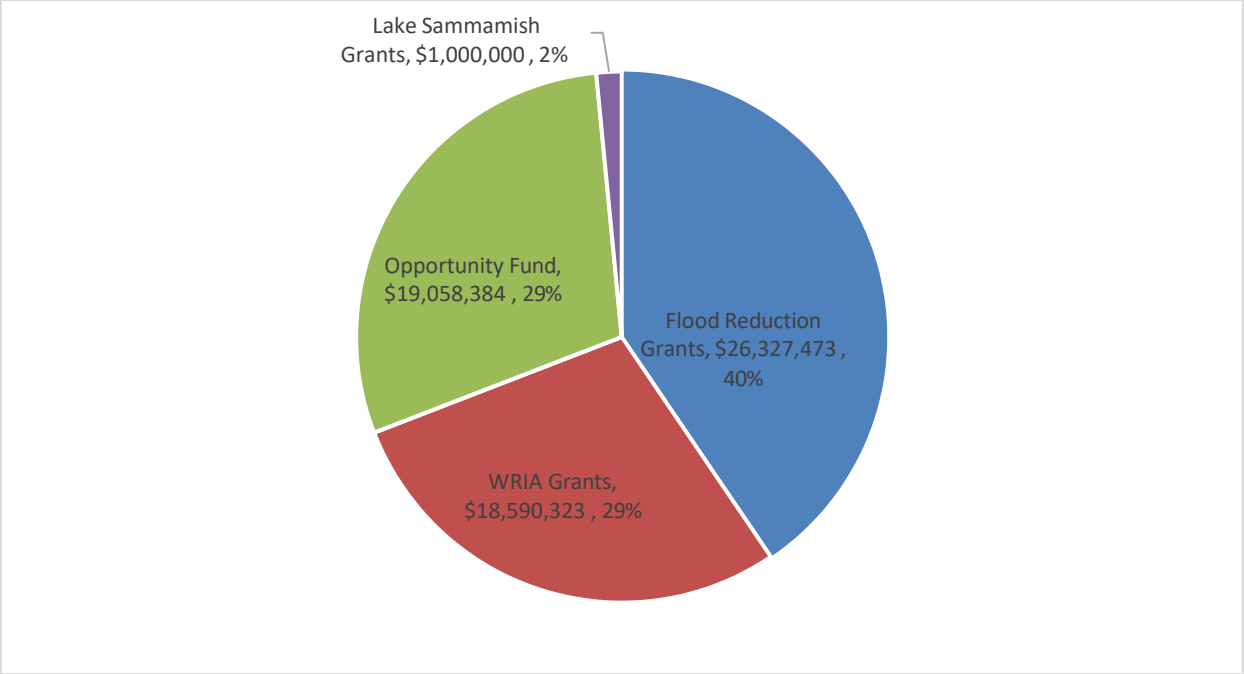
1. City of Kent – Milwaukee #2 Levee (Line 132 - $17.2 million): Under the District's 2020 agreement with the City of Kent, $11 million is authorized for expenditures.
2. Green River Army Corps of Engineers Gaco-Segale Repair (Line 141 $12.7 million). Funding first authorized in 2017, the timing of expenditures is tied to landowner negotiations, which have not been successful.
3. City of Bellevue – Factoria Blvd Drainage (Line 74 - $6.8 million): ILA adopted in March 2023 authorizing expenditures.
4. Horseshoe Bend/Breda Levee Setback (Line 125 - $6.2 million): Project transferred to the City of Kent in 2017; no ILA adopted to authorize expenditures.
5. City of Renton Levee Certification (Line 89 - $4.2 million): ILA adopted in 2019 authorizing expenditures up to $5 million.

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

The total carryover across these four grant programs is $65 million (25% of the total), Carryover in this category results in part from newly established and expanded grant programs in 2020 that were allocated by the Board in the fall of 2021, as well as the Lake Sammamish Flood Mitigation grant program authorized in 2022. In addition, each year there is a lag in expenditure that results from the time necessary to appropriate funds in January, adopt recommended projects in the fall, execute agreements with grant recipients, implement work, and finally request reimbursement for eligible expenditures.

Also of note, many jurisdictions choose to "bank" their Opportunity Fund allocation until it is sufficient to fund a project. For the 2022 Opportunity Fund allocation, $1.25 million was "banked" for use in a later year, and the total carryover for this program is $19.1million.

Figure 4: Grant Program Carryover



2022 Mid-Year Reallocation

The attached reallocation summary lists each of the proposed capital budget adjustments by line in the District's capital project list (Attachment H).

Staff will work with Supervisor offices and the county to identify any potential issues with the Proposed 2022-Mid Year Budget Reallocation.

Attachments

2023 Reallocation Summary
2023 Reallocation Expenditure Chart
2023 Reallocation Financial Plan

King County Flood Control District

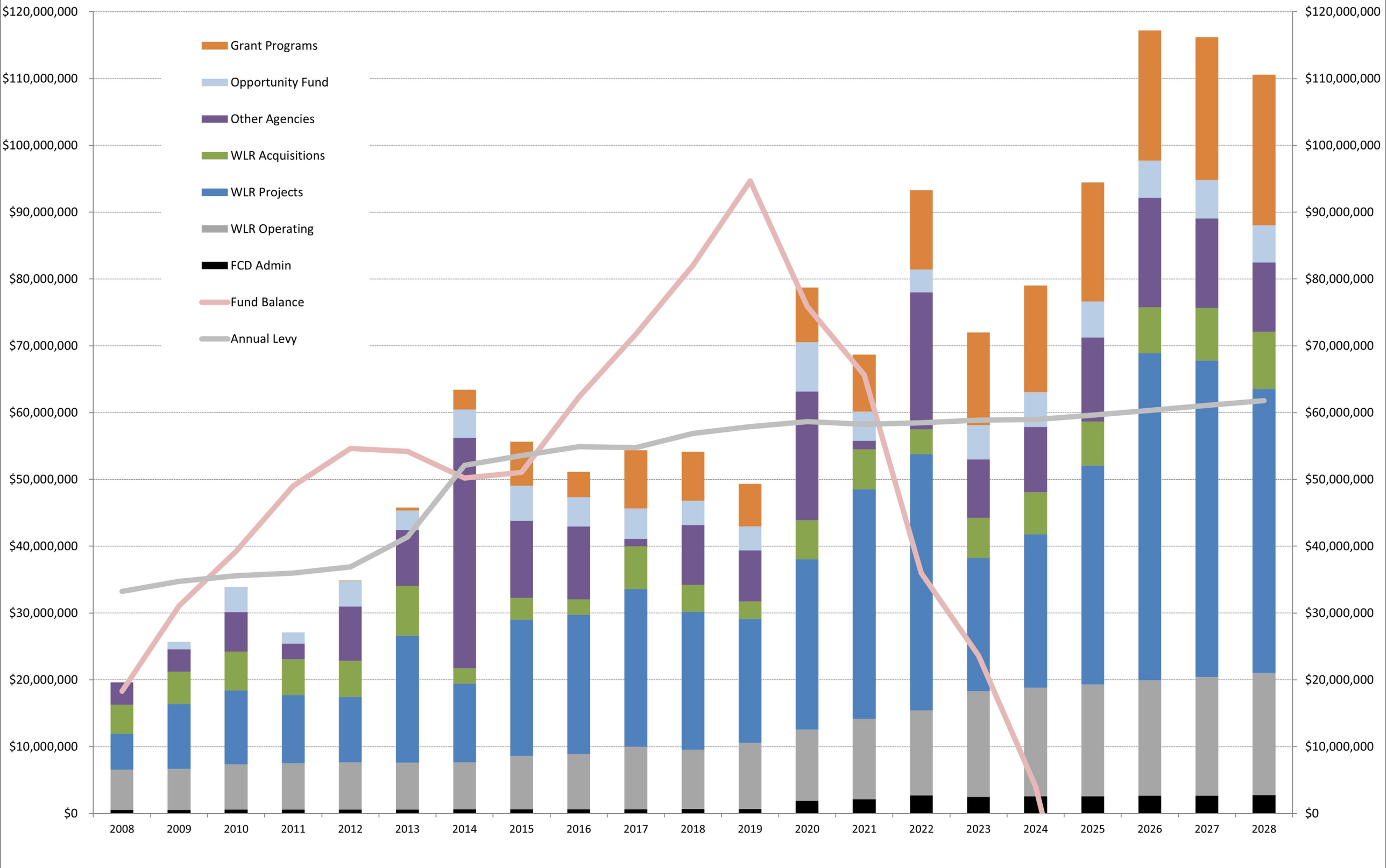
2023 Reallocation Summary

May 11, 2023

No.	Title	Basin	2023 Reallocation Request	2023 Revised Budget	Reallocation Notes
3	WLFL0 TIMBERLANE 2019 REPAIR	SF Skykomish	$13,871	$0	Project completed; additional budget authority for final expenditures to close the project.
5	WLFL1 CIRCLE RVR RANCH RISK RED	Upper Snoq	$357,878	$352,440	Updated based on capital project gate (gate 3) submitted April 2023.
6	WLFL1 MASON THORSON ELLS 2022 REPAIR	Upper Snoq	$50,000	$148,775	Updated costs for Corps of Engineers cost-share agreement and KC staff costs.
8	WLFL1 MF RESIDENTIAL FLD MTGTN	Upper Snoq	($2,272,201)	$1,712,231	Disappropriated based on landowner interest. Funding will be reallocated in the draft 2024-2029 capital program.
9	WLFL1 NF CONFLUENCE REVETMENT REMOVAL	Upper Snoq	$128,356	$128,356	Establish budget authority for a companion project for the Mason Thorson Ells repair project with the Corps of Engineers. This project wil remove revetments that no longer provide a public benefit. Formerly agricultural land behind the revetments is now owned by King County Parks, no public infrastructure or structures are at risk. Charter to be submitted in Q3 2023.
10	WLFL1 NF SNOQUALMIE RES FLD MIT	Upper Snoq	($1,999,947)	$2,000,000	Disappropriated based on landowner interest. Funding will be reallocated in the draft 2024-2029 capital program.
21	WLFL1 SHAKE MILL RB 2016 REPAIR	Upper Snoq	$4,155	$0	Project completed; additional budget authority for final expenditures to close the project.
23	WLFL1 UPR SNO RES FLD MITIGTN	Upper Snoq	($894,609)	$3,000,000	Updated based on current forecast of home elevation and acquistion expenditures.
28	WLFL2 DUTCHMAN RD REVETMENT	Lower Snoq	($436,303)	$618,840	Project delayed due to turnover in project managers. Disappropriate unnecessary budget. Funding will be reallocated in the draft 2024-2029 capital program.
32	WLFL2 JOY 2020 REPAIR	Lower Snoq	($28,397)	$0	Project completed; disappropriate remaining budget.
34	WLFL2 LWR SNO RESDL FLD MITGTN	Lower Snoq	$1,036,450	$2,319,617	Additional budget authority requested for potential acquisition of a FEMA Repetitive Loss frequently flooded property from a willing seller.
39	WLFL2 STOSSEL REVETMENT	Lower Snoq	($1,956,120)	$178,044	Construction shifted to 2024 based on permitting review timeline. Funding will be reallocated in the draft 2024-2029 capital program.
40	WLFL2 TOLT PIPELINE PROTECTION	Lower Snoq	$414	$0	Project completed; additional budget authority for final expenditures to close the project.
42	WLFL3 HOLBERG FEASIBILITY	Tolt	($17,304)	$39,490	Project completed; disappropriate remaining budget. Tolt LOS approved. Holberg feasibility revised WPAR will be submitted in Q2.
47	WLFL3 SAN SOUCI ROAD ELEVATION	Tolt	($600,000)	$72,716	Project completed; disappropriate remaining budget.
52	WLFL3 TOLT R LEVEE L.O.S. ANALYSIS	Tolt	$77,484	$198,861	Additional expenditure authority for administration and staff costs due to extended project schedule and modifications to alternative selection documentation consultant scope of work.
53	WLFL3 TOLT R NATURAL AREA ACQ	Tolt	$313,137	$1,436,000	Technical correction from the 2023 budget. Additional budget authority of $380K was highlighted in the 11/8/22 Updated Staff Report, however the additional budget authority was not included in the budget attachments. The request is updated here based on the most recent cost estimate from the project manager.
57	WLFL3 UPPER FREW LEVEE SETBACK	Tolt	($158,825)	$50,000	Project initiation deferred to Q4 2023 based on staff capacity. Funding will be reallocated in the draft 2024-2029 capital program.
65	WLFL5 IRWIN R 2020 REPAIR	Sammamish	$111,298	$97,500	As part of permit conditions, trees removed from Irwin site are being placed upstream at a site on Holder Creek. This increases cost to complete construction inspection and Basis of Design Report and record drawings.
66	WLFL5 ISSAQUAH CREEK CIS	Sammamish	($100,000)	$200,000	Updated based on most recent spending forecast from Project Manager.
69	WLFL5 MOMB 2020 REPAIR	Sammamish	($665,049)	$154,252	Construction shifted to 2024 based on permitting review timeline. Funding will be reallocated in the draft 2024-2029 capital program. Funding will be reallocated in the draft 2024-2029 capital program.
71	WLFL5 WILLOWMOOR FLDPLAIN REST	Sammamish	($584,021)	$461,448	Spending authority reduced based on current scope and expenditure forecast for this project. Funding will be reallocated in the draft 2024-2029 capital program.
78	WLFL7 BELMONDO 2020 REPAIR	Cedar	($774,248)	$121,890	Construction shifted to 2024 based on permitting review timeline. Funding will be reallocated in the draft 2024-2029 capital program.
79	WLFL7 BRODELL 2020 REPAIR	Cedar	($9,403)	$0	Project completed; disappropriate remaining budget.
84	WLFL7 CEDAR LEVEE SETBACK FEAS (Cedar Corridor Pl	Cedar	($134,227)	$0	Project completed; disappropriate remaining budget.
90	WLFL7 CRT SITE 5 2020 REPAIR	Cedar	($125,444)	$350,395	Construction shifted to 2024 based on permitting review timeline. Funding will be reallocated in the draft 2024-2029 capital program.
95	WLFL7 HERZMAN LEVEE SETBACK	Cedar	($7,932,890)	$582,051	Construction shifted to 2024 based on permitting review timeline. Funding will be reallocated in the draft 2024-2029 capital program.
104	WLFL7 RIVERBEND MHP ACQ	Cedar	($48,916)	$0	Project completed; disappropriate remaining budget.
110	WLFL8 BRPS CONTROL BLDG RPLCMT	Green	($833,772)	$278,564	BRPS Control Building effort is being slowed awaiting fish passage alternative selection. Funding will be reallocated in the draft 2024-2029 capital program.
111	WLFL8 BRPS FISH PASS IMPRVMNTS	Green	($1,273,330)	$2,129,274	Working to resolve issues raised by external partners, so detailed design will start later than projected. Funding will be reallocated in the draft 2024-2029 capital program.
114	WLFL8 BRPS SEISMIC UPGRADES	Green	($474,268)	$1,282,846	BRPS Seismic effort is being slowed to align with fish passage alternatives that are in development. Gate 2 approved Q1 2023. Funding will be reallocated in the draft 2024-2029 capital program.
115	WLFL8 BRPS SUPPORT SYS UPGRADES	Green	$48,922	$404,657	Design effort has been accelerated to support early action work in High Use Engines contract changes.
117	WLFL8 DESIMONE MAJOR REPAIR USACE	Green	($4,966,186)	$528,840	Updated spending forecast based on most recent project schedule from the Corps of Engineers. Expenditures will be incurred in one cooperation agreement with the Corps now scheduled for 2024. Construction in 2026. Funding will be reallocated in the draft 2024-2029 capital program.
118	WLFL8 DYKSTRA 2022 REPAIR	Green	($140,000)	$10,000	Disappropriation based on scope change that reduces total project cost.
120	WLFL8 FORT DENT US 2021 REPAIR	Green	($223,439)	$0	Project completed; disappropriate remaining budget.
127	WLFL8 KENT AIRPORT RVTMNT 2022 REPAIR	Green	$65,127	$336,750	Updated costs based on geotechnical study showing increased extent of damage.
133	WLFL8 O'CONNELL REVETMENT 2021 REPAIR	Green	$90,448	$436,753	Updated costs based on geotechnical study showing increased extent of damage.
134	WLFL8 OLD JEFF'S FARM REVETMENT	Green	($596,853)	$0	Project cancelled; disappropriate remaining budget authority.
138	WLFL8 TUK REVETMNT 2019 REPAIR	Green	($49,376)	$0	Project completed; disappropriate remaining budget.
139	WLFL8 TUK-205 GUNTER FLOODWALL	Green	($4,477,930)	$7,246,642	Delayed spending on acquistion due to delayed appraisal and negotiations with property owner and agreement between property owner and Tukwila. Funding will be reallocated in the draft 2024-2029 capital program.
140	WLFL8 TUK-205 RATOLO FLOODWALL	Green	($200,000)	$50,000	Project initiation deferred to Q4 2023 based on staff capacity. Funding will be reallocated in the draft 2024-2029 capital program.
141	WLFL8 TUK-205 USACE GACO REPAIR	Green	($12,606,471)	$100,000	Delayed spending based on real estate and Corps staffing issues. Re-initiation of a scaled back repair project expected in Q2 2023. Funding will be reallocated in the draft 2024-2029 capital program.
151	WLFL9 ANDERSON PARK ACQUISITION	White	($100,000)	$0	Cancelled. Property is a portion of a parcel owned by the City of Enumclaw. The parcel is divided by the river, and does not have access. Parcels cannot be subdivided or acquired without access.
153	WLFL9 RIGHT BANK LEVEE SETBACK	White	($2,337,392)	$1,500,000	Budget assumed significant HESCO maintenance that will not be needed in 2023.
159	WLFL9 WHITE RIVER CIS	White	($191,000)	$0	Project initiation deferred to 2024 based on staff capacity. Funding will be reallocated in the draft 2024-2029 capital program.
165	WLFLM EFFECTIVENESS MONITORING	Countywide	($423,153)	$1,168,756	Disappropriate excess budget authority.
167	WLFLX CENTRAL CHARGES	Countywide	$214,001	$300,000	Additional budget for capital central costs, including contract administration system upgrades to increase capital program efficiency.
170	WLFLX CONST MATERIALS STOCKPILE	Countywide	($350,008)	$0	Disappropriate excess budget authority.
174	**Grand Total**		**($45,469,541)**		

Actual and Forecasted Flood District Expenditures by Type

5/11/2023



King County Flood Control District

Flood Program Financial Plan: 2023 Revised Budget and 6-Year CIP

May 11, 2023

	2022 Actual	2023 Adopted	2023 Revised	2024 Projected	2025 Projected	2026 Projected	2027 Projected	2028 Projected
Beginning Balance	65,577,634	53,590,088	35,994,288	23,578,207	4,027,478	(30,474,273)	(87,412,307)	(143,238,482)
Revenue								
Flood District								
Flood District Levy [1]	58,460,577	58,880,026	58,880,026	58,946,531	59,611,418	60,325,518	61,055,985	61,801,923
Interest Earnings [2]	735,782	519,771	403,856	264,548	45,188	(341,922)	(980,767)	(1,607,137)
Miscellaneous Revenue [3]	305,291	250,000	250,000	250,000	250,000	250,000	250,000	250,000
King County								
Grants [10]	4,151,639	0	0	0	0	0	0	0
Miscellaneous Revenue [5]	40,353	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Total Revenue	63,693,643	59,464,890	59,563,882	59,491,079	59,936,607	60,263,597	60,355,218	60,474,786
Expenditure								
District Administration [6]	(2,679,165)	(2,488,637)	(2,488,637)	(2,563,296)	(2,563,296)	(2,640,195)	(2,640,195)	(2,719,401)
Operating Expenditure	(12,745,396)	(15,808,156)	(15,808,156)	(16,282,401)	(16,770,873)	(17,273,999)	(17,792,219)	(18,325,985)
Capital Expenditure	(77,852,428)	(47,656,893)	(53,683,170)	(60,196,111)	(75,104,189)	(97,287,437)	(95,748,980)	(89,513,664)
Total Expenditure	(93,276,989)	(65,953,686)	(71,979,963)	(79,041,808)	(94,438,358)	(117,201,631)	(116,181,394)	(110,559,050)
Ending Fund Balance (Cash)	**35,994,288**	**47,101,292**	**23,578,207**	**4,027,478**	**(30,474,273)**	**(87,412,307)**	**(143,238,482)**	**(193,322,746)**
Target Fund Balance	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Budgetary Carryover Reserves	*(259,265,534)*	*(253,850,899)*	*(208,067,097)*	*(264,529,088)*	*(380,290,051)*	*(385,482,541)*	*(363,274,593)*	*(359,042,800)*
Ending Budgetary Fund Balance [9]	**(223,271,246)**	**(235,121,485)**	**(184,488,889)**	**(260,501,609)**	**(410,764,324)**	**(472,894,848)**	**(506,513,075)**	**(552,365,546)**

Notes:

1 Property tax forecast provided by the Office of Economic and Financial Analysis in March, 2023, less undercollection assumption of 1%.

2 Interest earnings approximated using prior year actuals and increasing by 3% per year.

3 District miscellaneous revenue due to multiple sources such as state forest sales, private timber harvest tax, unrealized investments, leashold excise taxes, and immaterial corrections from prior years.

5 County miscellaneous revenue due to multiple sources such as state forest sales, private timber harvest tax, rent from tenants of acquired real estate, and immaterial corrections from prior years.

6 Costs based on contract established under FCD 2008-07 for District executive services, and inflated at 3% in succeeding years.

7 The capital expenditure is equal to the expenditure rate times the sum of the new capital appropriation and carryover. Rationale for the expenditure rates forecasted for A-E in the capital program is as follows:

A. Based on prior year experience and knowledge of existing staff capacity to implement construction projects implemented by WLR Division. The expenditure rate increases at the end of the six years as new appropriation decreases and carryover projects are completed.

B. Based on prior year experience for acquisitions and home elevations, where expenditure patterns are strongly influenced by factors such as landowner willingness. Rate shown here is similar to the expenditure rate for acquisition-focused funds such as King County's Conservation Futures Trust (CFT).

C. Based on increase from past expenditure rates as city projects move through the engineering design phase toward construction.

D-E. Based on prior year experience with expenditure rates for these capital grant programs, which have a 2-3 year minimum time lag between appropriation and expenditures due to funding allocation decision-making process, execution of agreements for awarded projects, and reimbursement of eligible expenditures during or following implementation by the grant recipient. While the Opportunity Fund does not require time for an allocation process, many jurisdictions choose to accrue funding over multiple years which limits the expenditure rate. Note that a constant expenditure rate results in increased expenditures as unspent allocations are carried over each year.

8 The Unreserved Fund Balance is the remaing balance less reserves described in resolution FCD2016-21.1 adopting a fund balance reserve policy. While the policy provides general guidance on types of reserves, it

9 The budgetary fund balance assumes 100% expenditure of all budgeted amounts and is used to understand the District's total budgetary commitment.

10 Grant revenue is assumed only for grants that have been awarded or where an award is likely and imminent.

11 Total New Capital Appropriation corresponds to the "Grand Total" shown in each year on Attachment H.