



Advisory Committee Meeting

October 13, 2011

Protecting public safety, the regional economy and critical infrastructure.

Background and Purpose

- Respond to questions raised July 28:
 - More information about risk management and legal costs. Position was that costs should reflect risk looking forward rather than backward.
 - Staff proposal: more information about existing staff, value-added by proposed FTEs, comparison with consultant costs
- Since July meeting....
 - Propose that County general fund will pay majority of legal charges (@ \$181K) and portion of insurance (\$335K). This is over half the original proposal of \$1.07M.
 - Advisory Committee Report submitted Aug 31 noting agreement on 2012 capital but questions and concerns remaining on recreational safety, insurance costs, and staffing

Overhead and Administrative Cost Overview

	2011 Adopted	2012 Proposed	2011/FTE (34 total)*	2012/FTE (40 proposed)*
Division (FTE-driven)	\$1,085,127	\$ 1,295,321	\$ 31,916	\$ 32,383
Dept/County (not FTE driven)**	\$ 357,725	\$ 393,774	\$ 10,521	\$ 9,844
KC Risk Mgmt (not FTE Driven) ***	\$ -	\$ 470,618	\$ -	\$ 11,765
KC PAO (based on hrs charged, not FTE Driven)****	\$ 67,888	\$ 86,051	\$ 1,997	\$ 2,151
FCD Admin – Exec Services, Legal, Accounting, Communications (not FTE driven)	\$473,000	\$548,000	\$ 13,912	\$ 13,700
Total	\$1,983,740	\$ 2,793,764	\$ 58,345	\$ 69,844

* “Per FTE” costs for illustrative purposes only. Division administrative overhead is the only portion that is FTE-driven

** Does not included elected officials or their staff

*** Reduced from \$806,330 discussed in July

**** Reduced from \$267,158 discussed in July

For reference, the total adopted FCD budget in 2011 is \$41M, and the proposed 2012 budget is \$45M

Risk Management Costs Overview

- Insurance is paid at three levels
 1. Flood Control District premium of \$75,000 for 2012, minimum emergency reserves of \$3.5M
 2. King County Risk Management Premiums and Overhead of \$470,000 (reduced from \$806,000)
 3. Consultant insurance costs
 - King County requires consultants to document insurance coverage; OH and admin rates reflect this cost of doing business

- Flood and the Insurance Market
 - Market bids in 2008 were \$250K-350K for first \$1M
 - In 2011, no bids received.
 - National insurance climate – reflective of NFIP debt, multiple flood disasters across the nation
 - Green River insurance issues in 2009-10 as a local example

Overview of King County Risk Management Core Services

- Adjust claims
- Purchase County's Insurance
- Advise county agencies on loss prevention
- Review County contracts and insurance requirements
- Subrogation/Recovery Collections

King County Risk Management Insurance Rate

The insurance rate is an experience-based rate comprised of:

- Claim and litigation costs
- Insurance premiums
- Operating costs

Risk Management Methodology

- Claim/lawsuit costs: funding requirement developed by an actuary, allocated on the basis of each agency's 10-year loss experience (2012 charge for this proposed for General Fund)
- Liability Premiums: allocated based on claims experience
- Property Premium: allocated based on property values (over 200 acres purchased since 2008, added to 420 acres purchased prior to FCD)
- Operating Costs: (to adjust claims and defend lawsuits) based on 5 year claims experience
- Why no charges in 2008-2010?
 - Interest earnings were sufficient to cover small charge. Proposed 2012 charge is reflective of higher claim history and lower interest rates

While the FCD does not have a claims history, the FCD's service provider (King County Water and Land) does

Questions and Comments

- What input would you like to provide the Board about administrative and overhead costs, including insurance?

2012 Staffing Proposal

Why are we proposing additional staff resources for 2012?

- Capital: Increase capital program efficiency and delivery (45% expenditure rate, growing carryforward)
- Maintenance: Stay on top of growing maintenance needs for projects sites, facilities, and property)
- Policy and Planning: maximize external funding, provide policy support needed by Advisory Committee and Board
- 6 FTEs total - \$260,000 (45%) in operating, \$317,000 (55%) in capital

What's different since 2007?

- Contracting and bids
- New FEMA flood maps and pump station capacity
- More projects completed (50+), more property acquired, more structures to be removed
- Increased hazard tree complaints (25/yr) and recreation concerns
- Vegetation management – need for engineering justification for levee variance, need for additional maintenance effort if any vegetation is to remain
- Greater interest in FCD policies, procedures, criteria

2012 FTE vs Consultant Comparison

	Position	Salary and Benefits	King Co WLRD Admin OH Cost	Total KC Cost	Consultant Costs, fully loaded
1	Contracts Specialist	\$92,000	\$32,400	\$124,400	\$200,000
2	Engineer 2 - Green	\$98,000	\$32,400	\$130,400	\$280,000
3	Construction Mgmt and Inspection Engineer	\$108,000	\$32,400	\$140,400	\$320,000
4	Engineering Field Tech	\$92,000	\$32,400	\$124,400	\$220,000
5	Maintenance Engineer	\$92,000	\$32,400	\$124,400	\$220,000
6	Policy / Program Analyst	\$95,000	\$32,400	\$127,400	\$200,000
		\$577,000	\$194,400	\$771,400	\$1,440,000

Capital Project Delivery: Contract Specialist

- More projects than anticipated going out to bid
- New 'pilot project' contracts have capacity for 60 work orders – but need staff to administer them and take advantage of significant procurement reform effort . More construction contracts as projects come on line.
- Provide the contract administration necessary to avoid adverse audit findings.
- Wastewater FTE/contract recommended ratio is 10:1. We are currently at 20:1, or enough current work for 2 FTEs.
- Contracting out the contracting function is not a viable option

Capital Project Delivery: Engineer II – Green River

- Design work and permitting for Upper and Lower Russell projects now that Corps ERP is not viable
- Design assistance on 180th-200th project
- Develop levee vegetation variances for PL 84-99 levees; implement new variance template
- Maintain peak capacity at Black River Pump Station by removing accumulated sediment
- Review, comment, and approval of city proposals

Capital Project Delivery: Construction Mgmt and Inspection Engineer

- Constructability review for 7 construction projects slated for 2013
- Mix of constructability review and construction management over 2013-2017
- Cost savings from constructability review, reduced likelihood of change orders
- Strong documentation for audits
- Under a consultant model King County's advocate in the bid and construction process would be an external contractor.
- Inefficient to ask design engineer to perform this role

Capital Project Delivery: Engineering Field Technician

- Documentation of baseline channel conditions for engineering design
- Complete field data collection necessary for 7 project design and permits in advance of 2013 construction.
- Document project site conditions after high flows for design and evaluation purposes and performance audits
- Complete channel migration zone mapping studies that guide projects and programs
- More efficient than asking design engineer or senior geologist to collect field data
- Respond to increased large wood complaints so that design engineers don't have to

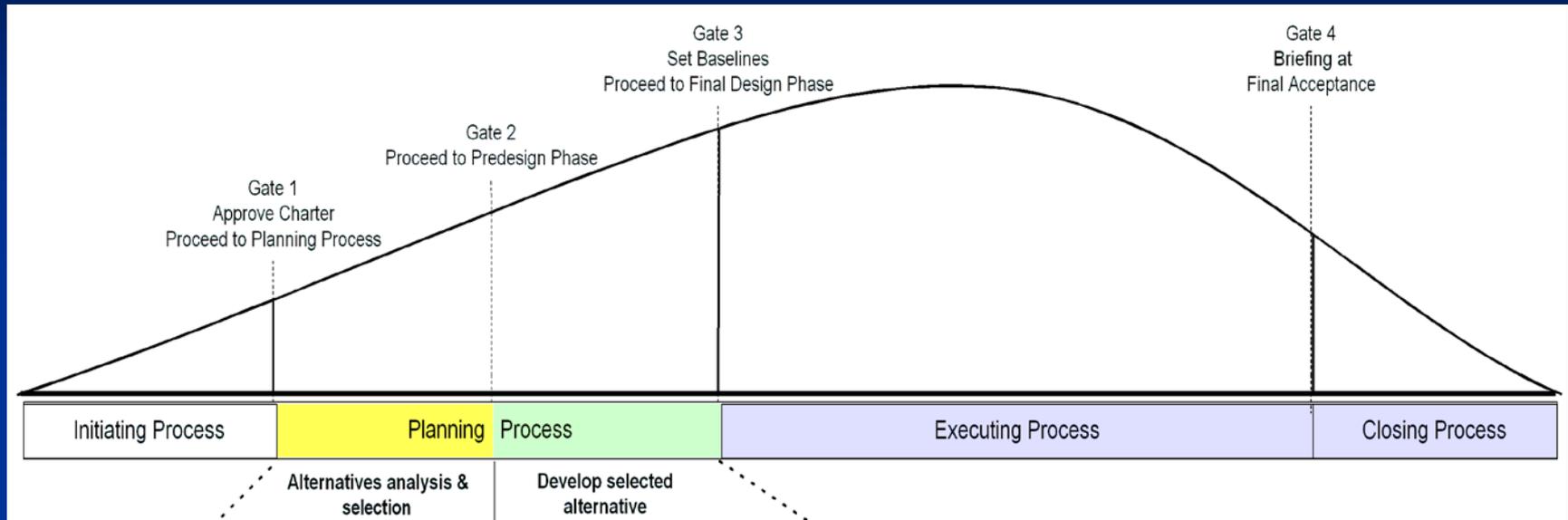
Maintenance Engineer

- Capital projects need to be well maintained if we want to minimize future costs
- More projects, land, and structures than anticipated due to flood repairs and interest in buyouts
- Demolition backlog means increased risk
- Replanting backlog means increased costs
- Respond to increased large wood complaints so that design engineers don't have to
- Levee vegetation variances mean more work to 'garden' levees rather than spend \$195M to comply with USACE National Standard

Policy and Program Support

- Existing position converted to Snoqualmie acquisition and elevation capital support
- Respond to city, Advisory Committee, and Board requests for policy research and analysis
- Pursue grants to leverage \$1-2M/year for capital work

Work Program Enhancements and Capital Project Life Cycle



Policy / Planning/ Grants

Engineering Design

Field Tech Support

Construction Mgmt & Inspections

Contract Administration

Maintenance

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Questions

- Do you support all or part of the request for additional resources in 2012 to implement the District's work program?
- If yes, do you think these resources are best provided by consultants or internal staff?
- If no, how would you recommend scaling back the work program to fit within current available resources?