



King County

Dow Constantine

King County Executive
401 Fifth Avenue, Suite 800
Seattle, WA 98104-1818

206-263-9600 Fax 206-296-0194

TTY Relay: 711
www.kingcounty.gov

RECEIVED
2011 AUG 31 PM 4:25
CLERK
KING COUNTY COUNCIL

August 31, 2011

The Honorable Julia Patterson
Chair, King County Flood Control District Board of Supervisors
Room 1200
COURTHOUSE

Dear Supervisor Patterson:

This letter transmits to the King County Flood Control District (District) Board of Supervisors the final 2011 report and recommendations of the District Advisory Committee, consistent with King County Council Ordinance 15728. It is estimated that this report required 20 staff hours to produce, costing \$2,000. There are no printing costs associated with this report.

The Ordinance created a 15-person Advisory Committee to provide expert policy advice to the District Board of Supervisors on regional flood protection issues. Ordinance 15728 specifically directed the Advisory Committee to review and recommend an annual work program and budget for the District, including capital improvement projects and funding levels.

The Advisory Committee consists of the mayors (or an alternate) from the following cities: Tukwila, Auburn, Kent, Renton, Snoqualmie, North Bend, Carnation, Seattle and Bellevue, as well as a representative of the Unincorporated Area Councils, the King County Executive, and four representatives nominated by the Suburban Cities Association (SCA).

The District Advisory Committee met four times since the last annual report, and will be meeting again on October 13, 2011. In its deliberations on the 2012 budget and work program, the Advisory Committee provides the following comments for the Board's consideration:

1. The Advisory Committee unanimously supports the capital project list for 2012-2017, subject to the ability to fund this project list without long-term borrowing.
2. A significant majority of Advisory Committee members do not believe that District funds are appropriate for a river safety program.
3. The Advisory Committee was unanimous in strongly affirming that costs related to a legal settlement that pre-dates the formation of the District should not be borne by the District.

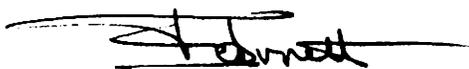
4. The Advisory Committee recommends that the District avoid long-term debt to fund capital projects.
5. The Advisory Committee had certain concerns about overhead costs and asked for a more detailed explanation of staffing needs and options in September so that the Advisory Committee can provide input to the Board prior to the 2012 budget process.
6. The Advisory Committee recommends that the Flood Hazard Management Plan Update process include the development of a policy on coastal flooding.

One of the issues related to overhead involved legal costs, and this issue is being addressed with a proposal for the County's General Fund to pay half of the costs involved (\$500,000). In addition, based on preliminary analysis, it appears that Water and Land Resources Division's proposed staffing model is more efficient than a consultant model. Information on these issues will be shared with the Advisory Committee at its next meeting.

I appreciate the leadership of the Board of Supervisors on flood protection issues. I know we share the common goal of working proactively to protect our citizens, their property, and the regional economy from flooding.

King County staff is happy to provide briefings on the Advisory Committee meetings. If you have specific questions, please feel free to contact Mark Isaacson, Division Director with the Water and Land Resources Division in the Department of Natural Resources and Parks, at 206-296-6587.

Sincerely,



Dow Constantine
King County Executive

Enclosures

cc: King County Flood Control District Supervisors
ATTN: Acting Chief of Staff
Anne Noris, Clerk of the Board
Kjristine Lund, Executive Director, King County Flood Control District
King County Flood Control District Advisory Committee Members
Dwight Dively, Director, Office of Management and Budget
Carrie Cihak, Director of Policy and Strategic Initiatives, King County Executive
Office
Christie True, Director, Department of Natural Resources and Parks (DNRP)
Mark Isaacson, Division Director, Water and Land Resources Division, DNRP

King County Flood Control District Advisory Committee 2011 Recommendations

August 31, 2011

Each year, the King County Flood Control District Advisory Committee (Committee) provides the Board with recommendations regarding the capital improvement program and operating budget for the District. The Committee has been serving in this capacity since 2007.

While the Committee generally applaud the work of the District and has a strong appreciation for the District's hard working staff, there are serious concerns this year about the proposed growth in the District's operating budget. As jurisdictions across King County wrestle with significant budget and staffing reductions, the Committee is reluctant to give a nod of approval to an operating budget that is anticipated to grow by \$2 million (29 percent) in the course of a single year, particularly when over half of that proposed increase is for costs related to a legal settlement that should not be borne by the District.

Moreover, current worst-case scenario projections indicate that the District will need to borrow money as early as 2013, depending on expenditure rates in 2011 and 2012, to cover its debts. Although the Committee agrees that short-term borrowing to cover expenses is appropriate, the Committee does not agree that the District should take on long-term debt, and recommends that the Board avoid this scenario if at all possible.

Specific recommendations on a number of issues associated with the 2012-2017 capital program, and 2012 operating budget include:

Recommendation #1: 2012-2017 Capital Project List

The Advisory Committee unanimously supports the capital project list for 2012-2017, subject to the ability to fund this project list without long-term borrowing.

While the Advisory Committee supports the projects that have been identified and recognizes that the fund balance proposed for 2012 is above the required \$3.5M emergency reserve, it does so with the caveat that these projects be funded without incurring long-term debt.

The Committee affirms that the projects on the list are good projects, but recognizes that there are funding constraints that may require these important public safety projects to be deferred to some degree so that we avoid debt. The financial plan projections show a deficit beginning as early as 2013, and the timing and extent of this deficit depends on factors such as expenditure rates, project schedule adjustments, and our ability to bring external funding to the table. The Committee recommends that the Board continue to make annual adjustments to the capital project list so that high-priority projects can be delivered without going into debt. The Committee recognizes that a decision to shift projects rather than take on debt could cause as many as 23 projects to be delayed, depending on the actual expenditure rate (see attached for a summary of potentially impacted projects presented at the May 2011 meeting).

Recommendation #2: Recreational River Safety

A significant majority of Advisory Committee members do not believe that District funds are appropriate for a river safety program.

While river safety is a vitally important concern for the citizens of King County, the Committee believes it is not as high a priority as capital projects and other operating components of the work program targeted at reducing flood risks.

The majority of members recommend, instead, that programs aimed at encouraging river users to enjoy river recreation in a safe and sane manner be funded and operated by the cities and, for unincorporated areas, King County should fund such programs rather than the District.

Committee members Joan McBride and Richard Bonewits disagree with the majority on this issue, noting the importance of river safety, the impacts of river safety concerns on the District's ability to deliver projects, the potential costs of legal settlements should an accident occur, and the relatively small percentage of the proposed budget increase that would be dedicated to this purpose.

Recommendation #3: Legal and Risk Management

The Advisory Committee was unanimous in strongly affirming that costs related to a legal settlement that pre-dates the formation of the District should not be borne by the District.

While acknowledging the serious tragedy associated with the lawsuit settlement against King County, this accident occurred a number of years before the formation of the Flood Control District. Thus, members believe it is completely inappropriate for the District to fund the \$1.07 million for attorney's fees and legal settlement costs in 2012. Moreover, members do not believe that the District should assume the future projected costs associated with legal and risk management, which are projected to be \$7.2 million over 2013-2021.

Recommendation #4: Avoidance of Long-Term Debt

As noted previously, the Committee recommends that the District avoid long-term debt to fund capital projects.

Short-term borrowing in the form of an inter-fund loan from King County is viewed by most members as reasonable. This is particularly true in instances where the loan will be used to bridge gaps between projects, with the understanding that the District will be able to pay back the loan within a relatively brief period of time.

Several members of the Advisory Committee are adamant that the District not incur longer-term debt under any circumstances. One member requested, however, that the Committee engage in discussions about this on a "case by case" basis, as future decisions regarding project funding are presented. Committee members agreed that they would be willing to revisit the issue if warranted, but also want to make it clear that, at this point in time, they do not recommend that the District move forward with bonding, or any of the other external borrowing options available to a public entity.

Recommendation #5: Request for a closer look at staffing and overhead costs.

The Committee has significant concerns about the increases in administrative and direct service costs, and were uncertain how WLRD administrative costs related to District administrative costs. Members stated that they need more understanding of the specific products and value of the proposed expenditures.

Of the proposed \$2 million increase in the operating budget, \$260,000 is for six new employees; an additional \$377,000 of staffing costs is funded by the capital program, bringing the total cost for salaries and benefits to \$637,000 or \$106,000/employee. The 2012 proposed operating budget staffing increase is related to the need for more staff to implement the District's work program in the following areas:

1. Flood facility maintenance support
2. Contract administration for capital project design and construction
3. Construction management and inspections
4. Engineering design support for the Green River
5. Engineering field technician to support capital project design and post-project evaluation
6. Policy analysis and grant support for plan update and grant development

As noted by the Executive Director at the July meeting, the Board of Supervisors has suggested that the Advisory Committee should focus on the desired work program and not concern itself with the specifics related to staffing; as the Board will be reviewing whether these staffing resources are necessary, and if so whether they should be permanent or temporary employees, or whether these services should be provided through contracting mechanisms.

Committee members respectfully disagreed with this assertion, and stated that without more specific information about each of the proposed increases, including more specifics about what is funded by the overhead charges, they are not able to make a recommendation one way or the other on the proposed operating budget.

The Committee requests that a cost-benefit analysis of the increased expenditures be performed and that the results of this analysis be made available to the Committee in advance of the Board's 2012 budget deliberations so that the Advisory Committee can provide their input to the Board and fulfill their responsibilities under the County ordinance establishing the Flood District and the Advisory Committee. In addition, the Advisory Committee requests to see an organization chart that clearly delineates existing and proposed District and WLRD staffing, as well as the roles and responsibilities of those staff members. One member noted that the District is, in a sense, transitioning from a 'start-up' organization to continuing operations, which may require a re-evaluation of the skill sets necessary to implement the District's work plan. An explanation of the skill sets needed, resources currently available, and possible changes to address evolving work programs will be presented to the Advisory Committee in September.

In addition to staffing costs, the Committee is concerned about King County's overhead rate. Again, in order to make a recommendation regarding the operating budget, the Committee requests a breakdown of overhead and administrative costs and a clear explanation of the products and services that will be supported. Committee members noted that increased maintenance costs and additional contracting costs may be reasonable given the magnitude of the

number of levees that have been re-built in the past four years and the on-going capital program, but felt that the information provided was not sufficient to allow evaluation.

Recommendation #6: Need for clear policy on coastal flooding.

The Advisory Committee recommends that the Flood Hazard Management Plan Update process include the development of a policy on coastal flooding.

The Advisory Committee recommends that the District establish a clear policy on coastal flood hazard projects, and understands that the Board has included this issue in the scope of the upcoming Flood Hazard Management Plan Update.

**Table 1: Capital Projects that may be Delayed
to Avoid Debt During 2012-2017**

Project	Risks Addressed by Project	Flood Risk Score
Lower Tolt River Acquisition (Tolt)	Cost-share of grant to acquire property behind existing levee, necessary to enable future setback.	66%
Tolt River Natural Area Floodplain Reconnection/Acquisition (Tolt)	Purchase two homes that are at risk from flood damages and reconfigure the downstream end of the Edenholm levee to improve flood conveyance.	66%
Pacific Right Bank Acquisition And Setback Berm (White)	Construct setback berm to reduce flood risks to residential area of Pacific.	66%
Reddington Setback Ph II (Green)	Extend existing levee to reduce risks to residential areas.	68%
Mcelhoe/Person Levee (Snoqualmie)	Remove or set back part of levee to increase flood storage and conveyance and protect residential areas.	68%
Rhode Levee Setback (Cedar)	Purchase homes along path of fastest, deepest flood flow and set back levee. Protects SR 169 and Cedar River trail.	71%
McAleer/Lyon Creek Channel Improvements (Lake Wa Tribs)	Channel improvements to reduce flooding of state highway, residential development, and commercial center. Cost-share of FEMA grant.	71%
Cedar Pre-Construction Strategic Acquisition (Cedar)	Acquisitions necessary for levee setbacks at multiple locations.	73%
Cedar River Repetitive Loss Mitigation (Cedar)	Purchase or elevate residential structures subject to repetitive flood risks.	74%
Issaquah Creek Repetitive Loss Mitigation (Issaquah)	Acquire or elevate residential structures at risk of frequent flooding in and around the City of Issaquah.	74%
Tolt River Repetitive Loss Mitigation (Tolt)	Acquire or elevate residential structures at risk of frequent flooding in and around the City of Issaquah.	74%
Herzman Levee Setback (Cedar)	Setback levee to reduce erosive forces of the river on critical public facilities (the Cedar River Trail and SR-169).	76%
Jan Road-Rutledge Johnson Levee Setbacks (Cedar)	Setback levee to reduce erosive forces of the river on critical public facilities (the Cedar River Trail and SR-169).	76%
Alpine Manor Mobile Home Park Neighborhood Buyout (Raging)	Acquisition of residential structures, and relocation of MHP residents, in an area that is subject to sudden channel migration.	76%
Timber Lane Village Home Erosion Buyouts (SF Skykomish)	Acquisition of residential structures in an area that is subject to flooding and sudden channel migration.	76%
Elliott Bridge Levee Setback And Acquisition (Cedar)	Remove channel constrictions to increase conveyance capacity and reduce velocities that threaten homes and SR 169.	79%
Lower Jones Road Setback (Cedar)	Acquire homes and setback levee to reduce erosive forces of the river on critical public facilities (the Cedar River Trail and SR-169).	79%
South Fork Levee System Improvements (Snoqualmie)	Levee improvements that reduce risk to commercial and residential areas as well as public infrastructure in North Bend.	79%
Riverbend Mobile Home Park Acquisition and Levee Setback (Cedar)	Purchase property underlying only 19 most at risk mobile homes and relocate residents, recontour existing revetment to reduce erosion, flood damage and improve flood conveyance. Increased conveyance protects SR-169 and Cedar River Trail.	82%

Lower Snoqualmie Residential Flood Mitigation (Snoqualmie)	Elevate agricultural structures and homes at risk of frequent flooding in the agricultural areas of the lower Snoqualmie valley.	82%
Maplewood Acquisition and Levee Setback (Cedar)	Acquire and remove homes at risk from sudden channel migration in the event of a landslide on the opposite bank.	84%
Upper Snoqualmie Residential Flood Mitigation (Snoqualmie)	Acquire or elevate residential structures at risk of frequent flooding in and around the City of Snoqualmie.	89%