

## DRAFT 2012-2017 King County Flood District Capital Program Alternatives

The 2011 Budget Resolution (FCD 2010-37) for the King County Flood Control District includes the following direction regarding funding for the Seattle Seawall:

*The Board directs the Advisory Committee to include \$4.25 million of district funds for a segment of the Alaskan Way seawall replacement flood control project in the 2011 CIP. Additionally, if the Flood District levy suppression issues are resolved or substantially mitigated by the state legislature, the Advisory Committee is directed to provide the board with options within the 6-year CIP for funding engineering and construction costs of an additional \$25.75 million for a segment of the Seattle Alaskan Way seawall replacement flood control project. In its recommendation to include the Alaskan Way seawall replacement flood control project in the 6-year CIP, the Advisory Committee shall at a minimum include the following options:*

- 1. Allocate funds in the six-year CIP, beginning in 2011.*
- 2. Allocate funds over a longer period of time, beginning in 2011, and ending in 2017, or at the time of project completion as projected by the City of Seattle.*
- 3. Allocate funds between the years, 2011-2016, including the use of bond-debt.*

The purpose of the attached table is to provide an overview of different alternatives for responding to the Board's direction, along with potential impacts on other capital projects and any additional interest costs resulting from bonding or short-term borrowing.

The preliminary 2011 reprioritized capital project list discussed at the April 21 Advisory Committee meeting was focused on adjusting the 2011 budget primarily to reflect levy pro-rationing costs as well as the \$4.25M Seawall expenditures identified in FCD 2010-37, and serves as a 'baseline' for scenarios that incorporate the remaining \$25.75M called for by the Board. The financial plan for this baseline version met the \$3.5M minimum insurance target 2011 and 2012, and resulted in approximately \$4.3M in remaining capacity in the final year of the CIP before the Seawall expenses are included. As described in the table, the additional expenditures could be accommodated through reprioritization of projects, short-term borrowing or bonding, and the Advisory Committee could also develop additional alternatives that combined both approaches.

**DRAFT 2012-2017 King County Flood District Capital Program Alternatives**

Option	Description	Impacts on Other Projects	Process Requirements and Additional Costs
<p><b>A. CIP Reprioritization (see following page for a list of impacted projects)</b></p>	<p>Shift project appropriations (using flood risk scores) so that \$25.75M can be accommodated over 2013-2015 to fund the Seawall.</p>	<ul style="list-style-type: none"> <li>• Defer all or portion of 23 projects in 2013-2015.</li> <li>• Projects are high priority, with scores ranging from 66%-85%</li> <li>• Impacts are primarily in Cedar (9), Snoqualmie (5), and Tolt (4).</li> <li>• If Seawall costs are spread over a longer timeframe, the number of projects deferred can be reduced based on priority flood risk score.</li> </ul>	<ul style="list-style-type: none"> <li>• Board action to adjust CIP list.</li> <li>• Deferred projects result in longer exposure to flood risk at known problem sites (see attached).</li> </ul>
<p><b>B. Short – Term Financing (via interfund loan or tax appreciation notes)</b></p>	<p>During peak expenditure years (2013-2015), borrow \$25.75M to meet short-term spikes’ in capital program. This timeframe is when multiple large projects are scheduled for construction</p>	<ul style="list-style-type: none"> <li>• Allows capital ‘spikes’ to be absorbed with low-interest (1.5-2%) short-term loan.</li> <li>• Funds would be re-paid in @ 2017-2019, so would still result in some project impacts in out-years.</li> <li>• Likely impacts in 2017 for interest and first principal repayment would be Lones Levee (Green), Tolt Natural Area (Tolt), and Red Creek (White), all of which score below 71%.</li> </ul>	<ul style="list-style-type: none"> <li>• King County would borrow money on behalf of the District.</li> <li>• District would enter into agreement to reimburse King County with future tax collections</li> <li>• KC assumes some risk that the District will be unable to repay WLRD in the future</li> <li>• Total cost at 1.5-2% is \$1.1-\$1.5M in interest if paid back by 2018</li> </ul>
<p><b>C. Cash-Flow Management and Pooling of Acquisition Funds</b></p>	<p>Reallocate a percentage of all programmed acquisition funds for the Seawall, leaving a contingency fund for acquisitions. Continue to pursue the full list of acquisition</p>	<ul style="list-style-type: none"> <li>• Creates uncertainty for acquisition efforts if underfunded. Exceeding the acquisition contingency fund would rely on ‘finding’ budget</li> </ul>	<ul style="list-style-type: none"> <li>• Requires flexible budgeting to enable mid-year adjustments</li> <li>• No interest payments unless combined with short-term</li> </ul>

**DRAFT 2012-2017 King County Flood District Capital Program Alternatives**

	<p>priorities. If the contingency fund is exceeded, rebudget from other sources. This could include other projects (based on current schedule information), fund balance, etc.</p>	<p>from other projects.</p>	<p>borrowing.</p>
<p><b>D. Bonds</b></p>	<p>Fund \$25.75M with bonds over 20-30 years at a rate of 5-5.5%</p>	<ul style="list-style-type: none"> <li>• Annual costs are roughly \$1.5M to \$1.7M per year.</li> <li>• Likely impact would be to incrementally slow acquisition necessary for capital projects</li> </ul>	<ul style="list-style-type: none"> <li>• District cannot bond without public vote</li> <li>• King County could issue GO bonds on behalf of FCD, with contractual agreement that FCD will repay in the future.</li> <li>• King County assumes some risk that the District will be unable to to repay King County in the future</li> <li>• Significant total interest payments that more than double the amount of the loan if bonded at 5.5% over 30 years</li> </ul>

**DRAFT 2012-2017 King County Flood District Capital Program Alternatives**

**Option B: Additional Information about projects impacts by increased expenditures over 2013-2017**

This list is preliminary only and assumes that flood risk score is the sole determinant of capital budget adjustments. Project implementation factors such as leveraging and partnerships could also inform decisions about out-year impacts.

<b>Project</b>	<b>Risks Addressed by Project</b>	<b>Flood Risk Score</b>
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%

**DRAFT 2012-2017 King County Flood District Capital Program Alternatives**

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%