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

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

* “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

<table>
<thead>
<tr>
<th>Position</th>
<th>Salary and Benefits</th>
<th>King Co WLRD Admin OH Cost</th>
<th>Total KC Cost</th>
<th>Consultant Costs, fully loaded</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Contracts Specialist</td>
<td>$92,000</td>
<td>$32,400</td>
<td>$124,400</td>
<td>$200,000</td>
</tr>
<tr>
<td>2 Engineer 2 - Green</td>
<td>$98,000</td>
<td>$32,400</td>
<td>$130,400</td>
<td>$280,000</td>
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<tr>
<td>3 Construction Mgmt and Inspection Engineer</td>
<td>$108,000</td>
<td>$32,400</td>
<td>$140,400</td>
<td>$320,000</td>
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<tr>
<td>4 Engineering Field Tech</td>
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<td>5 Maintenance Engineer</td>
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<td>6 Policy / Program Analyst</td>
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<tr>
<td></td>
<td>$577,000</td>
<td>$194,400</td>
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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 180\textsuperscript{th}-200\textsuperscript{th} 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

Gate 1: Approve Charter, Proceed to Planning Process
Gate 2: Proceed to Pre-design Phase
Gate 3: Set Baselines, Proceed to Final Design Phase
Gate 4: Briefing at Final Acceptance

Initiating Process: Policy/Planning/Grants
Planning Process: Engineering Design
Executing Process: Field Tech Support, Construction Mgmt & Inspections, Contract Administration
Closing Process: 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?