

King County Flood Control District Advisory Committee 2011 Draft Recommendations

August 31, 2010

BACKGROUND

On April 16, 2007, the Metropolitan King County Council passed Ordinance No. 15728, creating a countywide flood control zone district, in accordance with chapter 86.15 RCW. Consistent with state law, the ordinance appointed a 15-person Advisory Committee to advise the Board of Supervisors of the District.

The ordinance directed the Advisory Committee to provide expert policy advice to the Board of Supervisors of the King County Flood Control District (District) on regional flood protection issues and to review and recommend an annual work program (Attachment A) and budget (Attachment B) for the District, including capital improvement program (CIP) projects and funding levels.

The Advisory Committee is comprised as follows: the mayors (or an elected 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 (UAC), four representatives nominated by the Suburban Cities Association (SCA), and the King County Executive.

RECOMMENDATIONS

As described in greater detail below, the Advisory Committee was faced with two major sources of uncertainty in developing 2011 budget recommendations: (1) revenue levels and the impact of potential levy rate suppression and/or property tax proposals and (2) whether coastal construction projects are included within the scope of the District's work program. In light of these sources of uncertainty, the Advisory Committee provided the following recommendations during its 2010 meetings:

- **The Advisory Committee supports lobbying the Washington State legislature to remove flood control districts from the \$5.90 cap on property tax rates. This legislative change is necessary to maintain funding for the District, which is, in the words of one member, a “critically important, regional gem.”**
- **If the Board considers including partial funding of the Seattle Seawall or any other coastal construction project, the Advisory Committee recommends the Board rigorously evaluate the impact of including coastal construction in the overall capital program, and match any such increase with a concomittant increase in revenue so that other high priority flood protection projects will not be adversely impacted.**

- **The Advisory Committee recommends using the staff’s proposed 2011 operating and capital budget as a placeholder until uncertainties regarding revenue levels and coastal construction expenditures are clarified. The Advisory Committee is not providing capital program recommendations for years beyond 2011, and recommends that the Board request further Advisory Committee input for 2011-2016 work program recommendations by March 31, 2011.**

OVERVIEW

The Advisory Committee met four times since the last annual report with the following results:

1. October 2009 – Progress report on work program implementation, along with a detailed presentation on the status of the US Army Corps of Engineers (Corps) Howard Hanson Dam and implementation of emergency measures to reduce flood risks for the lower Green River Valley.
2. February 2010 – Provide recommendations to the Board regarding the 2010 budget reallocation in response to the emergency levee raising and containment measures on the Green River; review the potential impacts of proposed Corps vegetation management policy changes. The Committee’s capital budget reallocation proposal was adopted without change by the Board in April 2010.
3. April 2010 – Review new capital project proposals, potential 2011-2016 capital program scenarios, and the policy issues raised by new project proposals, and levee vegetation comment letters submitted to the Corps.
4. June 2010 – Presentation on the potential impacts of emerging property tax levy suppression on the District, development of 2011 budget recommendations.

Meeting summaries and materials are available at:

<http://www.kingcounty.gov/environment/waterandland/flooding/flood-control-zone-district/governance/advisory-committee.aspx>

THE COMMITTEE PROCESS

The Advisory Committee’s deliberations were supported by staff-level Basin Technical Committees (BTCs) in each of the four major river basins within King County (South Fork Skykomish and Snoqualmie, Green-Duwamish, Cedar-Sammamish, and White). Staff from all jurisdictions in King County were invited to participate in these meetings.

COMMITTEE RECOMMENDATIONS TO THE DISTRICT BOARD OF SUPERVISORS

For the 2011 budget process, the Advisory Committee is challenged to provide detailed recommendations to the Board of Supervisors in light of the following sources of uncertainty:

- (1) *District revenue levels:*

District revenue for 2011-2016 is currently uncertain as a result of the strong potential for countywide tax levy suppression required by the \$5.90/\$1,000 assessed value property tax limit. The exact implications for the District cannot be known until at least December 2010 when property assessments are final, property tax ballot measures for all taxing entities within King County subject to the \$5.90/\$1,000 assessed value cap are voted on and certified, and the resulting levy rate total can be accurately determined.

(2) District capital program scope:

Specific recommendations for the 6-year capital project list require clarification from the Board regarding whether marine coastal construction projects are to be included in the District's capital work program. Seattle's proposed Seawall project is a regional priority and need, and several regional agencies have documented the technical reasons that seawall replacement is needed. However, in the absence of policy direction from the District Board of Supervisors, the Advisory Committee is unclear if the District is an appropriate fund source for this need. In light of the regional significance of the Seattle Seawall, the Advisory Committee requests that the Board provide this clarification before the 2012 King County Flood Plan Update so that Seattle and other jurisdictions with marine coastal shorelines will have better direction as they plan their work and seek funding partnerships.

Despite these considerable uncertainties, the Advisory Committee recognizes that the ordinance establishing the Advisory Committee requires recommendations by August 31, 2010 so that 2011 budgets can be submitted. In light of these uncertainties and the fact that revenue issues and policy questions will not be resolved by the August 31 deadline, the Advisory Committee recommends the following:

1. The Advisory Committee recommends lobbying the Washington State legislature to remove flood control districts from the \$5.90/\$1,000 assessed value cap on property tax rates.

The critical challenge facing the continued success of the District is the junior taxing status of flood control districts under state law. As property values decline and overall tax rates increase, taxes collected for more junior taxing districts may need to be suppressed so that the \$5.90/\$1,000 assessed value property tax cap is not exceeded anywhere in King County. Suppression of the District's levy would severely compromise the region's ability to implement regional flood protection priorities as well as its ability to respond to any future flood emergencies. Legislative action at the state level is necessary to maintain funding for the District, which is critical to the protection of public safety in King County.

In support of this recommendation, the Advisory Committee also wishes to call the Board's attention to three significant revenue and expenditure assumptions that have changed since the District was established in 2007, underscoring the need to maintain full funding for the District's work program:

- Since the adoption of the 2006 Flood Plan and the development of a 10-year capital work plan for the District in 2007, revenue over a 10-year period has effectively been reduced by \$66 million due to the removal of the River Improvement Fund (RIF) of

approximately \$3M/year and the creation of the Subregional Opportunity Fund at a cost of approximately \$3.6M year.

- The District's flood response needs grew by \$17 million in 2009 as a result of the flood disaster and the compromised status of the Howard Hanson Dam.
- While some interim measures have been implemented to reduce flood risks for the Green River Valley, and an additional \$44 million has recently been appropriated, a long-term fix for the Howard Hanson Dam has not been completed, and the dam is still operating at a reduced capacity. This results in continued increased flood risk to the Green River Valley.

2. If the Board considers including partial funding of the Seattle Seawall or any other coastal construction project, the Advisory Committee recommends the Board rigorously evaluate the impact of including coastal construction on the overall capital program, and match any potential increase in District expenditures with a concomittant increase in revenue so that other high priority flood protection projects will not be adversely impacted. In addition, the project prioritization criteria and scoring system would need to be revisited to ensure they are appropriate for evaluating and prioritizing flood risks in coastal areas.

The Advisory Committee meetings included a vigorous discussion of the Seattle Seawall proposal as well as the broader issue of funding coastal construction projects. Highlights of the Advisory Committee's discussion that led to the recommendation above are as follows:

- The Advisory Committee reviewed three possible capital program scenarios with different assumptions regarding the scope of the District and projected expenditures for the Seawall.
- The regional significance of the Seawall replacement project is understood; there was however a fundamental question raised by some Advisory Committee members as to whether the District's work program is the appropriate funding source for cost-sharing this type of infrastructure need, as it is not anticipated in the District's comprehensive plan.
- It was noted that Seattle citizens contribute approximately 35 percent of the District's revenue, and that their continued support will be necessary to ensure long-term regional support for District funding.
- Members reviewed information regarding the nature of the risks posed by Seawall failure, and the proposed timeline and funding sources for replacement. The project proposal originally requested funds beginning in 2013; the funding timeframe has shifted to 2014-2017.
- There was agreement that policy direction was needed on this question before the 2012 plan update so that Seattle and other jurisdictions (including the District) could develop and refine financial plans.
- Some members noted that the 10-year work plan developed in 2007 included funding for a Seawall study, but the appropriation did not necessarily presume funding for the

eventual Seawall replacement. It was noted that prior Advisory Committee work program and funding discussions did not include construction funding for coastal projects.

- Some members held that the Board had, in establishing the original levy rate, agreed in principle to fund some portion of the Seawall construction project.
- Some members noted that Opportunity Funds could be used for coastal construction projects.
- It was noted that the Opportunity Fund continues to be critically important to many of the jurisdictions in King County, particularly those that do not have major river floodplains. Some members were concerned about whether the Seawall “fit” with the District’s current work program. The District was originally established to reduce risks associated primarily with river flooding. The District’s adopted comprehensive plan includes prioritization criteria intended for evaluating flood risks on rivers, and the Plan does not clearly articulate whether coastal projects are within the scope of work.
- The need to delay high-priority flood risk reduction projects in order to fund the new proposals was an issue of concern for most committee members. Members emphasized the need to find alternative funding mechanisms so that new proposals, if funded, would not cause deferral of other high-priority projects.

The Advisory Committee members recommended that the Board consider the following questions in developing a policy regarding coastal construction projects:

- 1) If the District contributes to funding for the Seawall, what additional obligations might this place on the District if other local jurisdictions approach the District for funding related to coastal projects?
 - 2) If the District does fund some part of the Seawall, how would that funding be phased, and what are the likely impacts on other projects due to funds being directed toward the Seawall?
 - 3) What additional sources of funding (such as bonding) could be used to fund the Seawall? Is the Board able to issue bonds if the funding is approved annually?
- 3. The Advisory Committee recommends using the staff’s proposed 2011 operating and capital budget as a placeholder until uncertainties regarding revenue levels and coastal construction expenditures are clarified by the Board. The Advisory Committee is not providing capital program recommendations beyond 2011, and recommends that the Board request further Advisory Committee input for 2011-2016 work program recommendations by March 31 2011.**