



REVISED STAFF REPORT

Agenda Item:	7	Name:	Michelle Clark
Proposed Legislation:	FCD2024-08	Date:	July 9, 2024

Proposed Resolution: A RESOLUTION relating to the operation and finances of the King County Flood Control Zone District; adopting a revised 2024 budget, operating budget, capital budget, six-year capital improvement program for 2024-2029; and amending Resolution FCD2023-10.

Introduction

The purpose of the King County Flood Control District’s (District) mid-year budget revision is to address two main objectives:

- (1) Adopt (or “carryover”) \$210.9 million in capital expenditure authority from 2023, and
- (2) Reallocate expenditure authority for several reasons, including technical adjustments, changes to project scope or schedule, and the addition of new flood damage repairs based on facility inspections and assessments.

Although King County has adopted “life-to-date” budgets since a new financial system was implemented in 2012, the District adopts annual budget increments that are then carried over from one year to the next. This carryover budget has consistently exceeded the budget authority needed in a given year for all capital expenditures.

This memo provides an overview of 2023 capital expenditures, as well as illustrative examples of the different categories of capital carryover from 2023. The proposed midyear reallocations are presented in a separate summary document attached to this staff report includes a brief explanation of each recommended reallocation.

The 2023 expenditure and carryover patterns were consistent with the financial plan forecast transmitted with the District's 2023 mid-year and 2024 budgets. The \$210.9 million carryover detailed in this staff report is within 1% of the carryover amount forecasted in the informational November 2023 financial plan prepared by King County Water and Land Resources Division of the Department of Natural Resources and Parks (WLRD). This close alignment of actual expenditures and carryover to the financial plan forecast provides confidence that the financial plan accurately projects the District’s cash fund balance. Financial forecasts for 2025 include a negative fund balance.

Overview of 2023 Expenditures

As illustrated in the Figure 1 below, the District's 2023 overall capital expenditures totaled \$53 million. WLRD-managed expenditures for construction and acquisitions were \$24.1 million and 45% of 2023 capital expenditures for the District. Figure 1 categorizes WLRD-managed

expenditures by category. This is the smallest expenditure in several years as there were few large construction projects in 2023. That will change in the coming years as WLRD prepares for major construction at the Black River Pump Station and on the White River for the Pacific Right Bank Levee Setback. The remaining 55% of capital expenditures were managed by other agencies through agreements and grants. Figure 2 provides WLRD-managed capital construction expenditures by year, highlighting the trends over previous years.

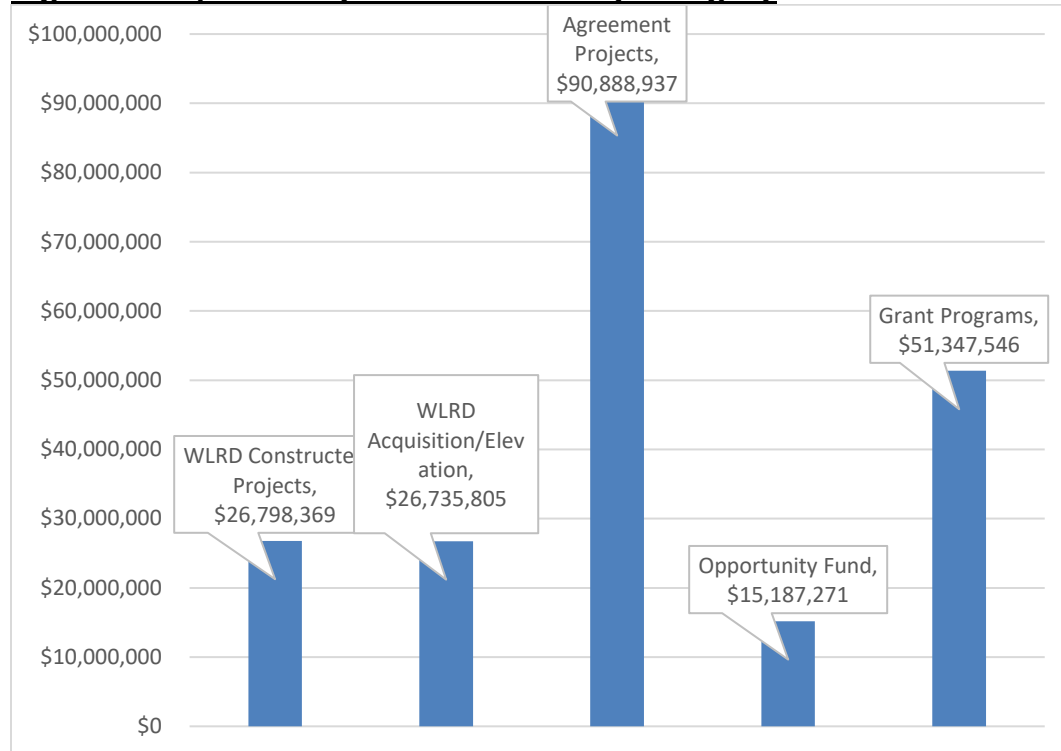
Overview of 2023 Capital Carryover

The total capital carryover request for 2023 is \$210.9 million, representing a decrease of \$48.6 million (19%) from the \$259.6 million carryover request for 2022. The 2023 carryover is allocated across the categories shown in Figure 3.

Of the total \$210.9 million in carryover:

- 75% (\$157.4 million) is for grants and agreements managed by other agencies.
- 25% (\$53.5 million) is managed by WLRD.

Figure 3: Capital Carryover from 2023 by Category



The highlights below reference line numbers from the adopted capital project list (Attachment H).

Examples from each category are described below.

WLRD Constructed Projects (Capital Construction and Repair)

Construction projects managed by WLRD total \$26.7 million and is 13% of the capital carryover from 2023. Highlights include:

1. Tukwila 205 Gunter Floodwall (Attachment H, Line 133, \$6.8 million). Acquisition related delays have slowed project schedule.
2. Black River Pump Station (Attachment H, Lines 109-114, \$3.9 million combined). Carryover based largely on construction schedule delays for high use engines.

3. Lower Jones Road Neighborhood Improvements (Attachment H, Line 97, \$2 million). Acquisition related delays have slowed project schedule; budget authority is carried over to 2023 to preserve capacity to acquire property from willing sellers.
4. Lower Frew Levee Setback (Attachment H, Line 41, \$1.2 million). Acquisition related delays have slowed project schedule.

District Flood Mitigation (Acquisition and Elevation of At-Risk Structures)

District acquisition and elevation projects managed by WLRD total approximately \$26.7 million (13% of the total carryover). Highlights include:

1. Pre-Construction Acquisitions on the Green River (Attachment H, Line 120, \$8.9 million). Funding is allocated to acquire potential multi-benefit properties along the Green River as opportunities arise. Landowner negotiations in progress, some expenditures may occur in 2024 if negotiations are successful.
2. Snoqualmie/South Fork Skykomish Residential Flood Mitigation (Attachment H, Lines 1, 10, 12, 25, and 34, \$8.3 million combined). Timing of expenditures is determined by landowner willingness.

Other Agency Agreements

This category totals \$90.8 million, accounting for 43% of the total carryover. It includes projects managed by other agencies through agreements with the District. This represents a \$34 million increase from the \$124 million carried over into 2023.

In some cases, the carryover corresponds to agreement projects that do not yet have an ILA in place, or where an ILA is in place, but reimbursements have not been requested. Additionally, some projects are progressing slower than anticipated by the managing city. Budgets and cost allocations for these projects will be “right-sized” in partnership with the service providers as part of the 2025 budget process, which should reduce the carryover in future years. Highlights include:

1. City of Kent – Milwaukee #2 Levee (Attachment H, Line 129 - \$17.1 million). Under the District's 2020 agreement with the City of Kent, \$11 million is authorized for expenditures.
2. City of Kent – Signature Pointe Revetment (Attachment H, Line 132 - \$16.8 million). Initial ILA for alternatives analysis adopted May 2018. A second ILA for predesign and real estate appraisals was adopted in February 2020.
3. City of Kent - Horseshoe Bend/Breda Levee Setback (Attachment H, Line 123 - \$14.1 million). No ILA adopted to authorize expenditures.
4. City of Bellevue – Factoria Blvd Drainage (Attachment H, Line 72 - \$6.8 million). ILA adopted in March 2023 authorizing expenditures.
5. City of Renton Levee Certification (Attachment H, Line 86 - \$3.9 million). ILA adopted in 2019 authorizing expenditures up to \$5 million.

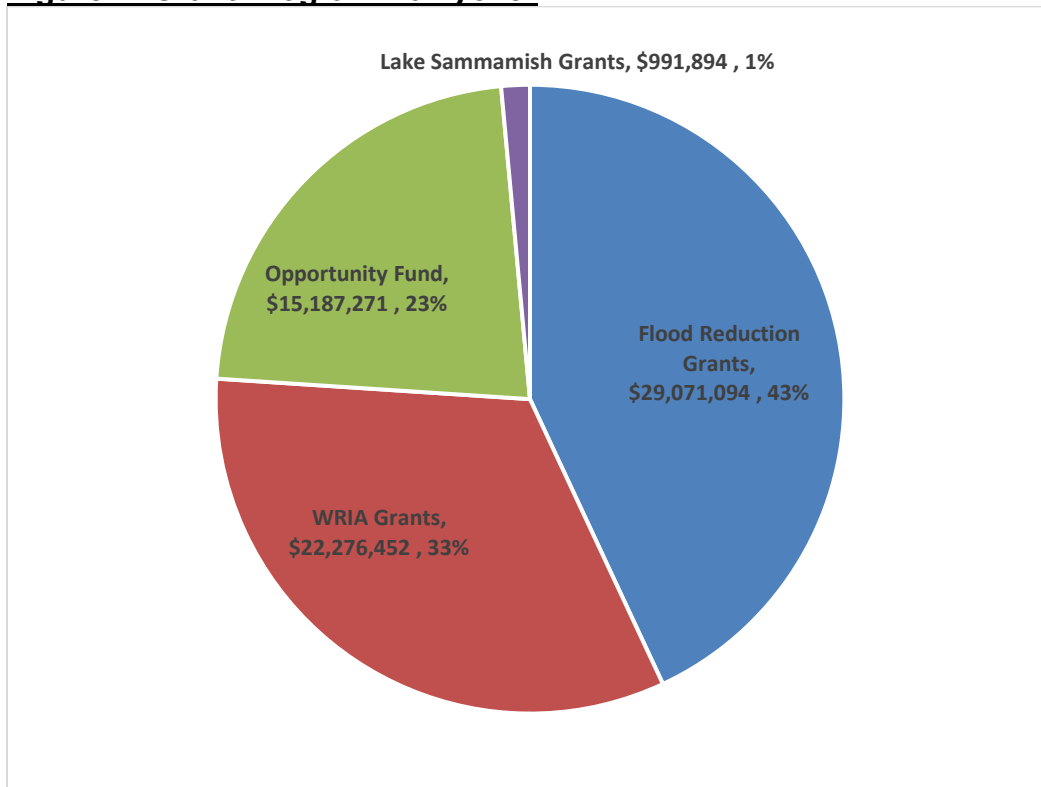
Grant Programs (Opportunity Fund, WRIA grants, Lake Sammamish Flood Mitigation, and Flood Reduction Grants)

The total carryover across these four grant programs is \$66 million, representing 24% of the total carryover. The carryover results partially from newly established and expanded grant programs in 2020, which were allocated by the Board in the fall of 2021, as well as the Lake Sammamish Flood Mitigation grant program authorized in 2022.

Additionally, each year there is an expenditure lag due to the time required to appropriate funds in January, adopt recommended projects in the fall, execute agreements with grant recipients, implement work, and finally request reimbursement for eligible expenditures.

Also of note, many jurisdictions choose to “bank” their Opportunity Fund allocation until it is sufficient to fund a project. For the 2023 Opportunity Fund allocation, \$1.25 million was “banked” for future use, bringing the total carryover for this program is \$15.2 million.

Figure 4: Grant Program Carryover



2023 Mid-Year Reallocation

The attached reallocation summary lists each of the proposed capital budget adjustments by line in the District's capital project list (Attachment H).

Upcoming Changes to Budget Documents in 2025

District and County staff are working on some changes to the budget documents that are intended to increase transparency. These changes include:

1. New categories in the Operating Budget. The 2025 budget materials will include different names for categories or "buckets" for the District's 2025 Operating Budget. The work product will not change but these new names will hopefully increase public understanding of budget documents.
2. Changes in the Budget Book. Currently the "Budget Book" is really just a list of the projects in the District's 6-year Capital Improvement Program. This does not accurately "tell the story" of the District's entire budget. The new Budget Book will include **all** of the District's budget (operating, capital, and administration budgets), as well as the budget resolution and work program.
3. Truing up the names of Capital Projects. Working to ensure that the correct name of a project – the name authorized by the Board when adopting a budget – stays with the project throughout the lifespan of the project and the facility. This change is intended to allow the public to follow a specific project from concept, implementation, and maintenance of the newly or repaired facility.

Next Steps

The Executive Committee unanimously recommended the 2024 midyear budget to the Board at its June 5th meeting.

Attachments

2024 Reallocation Summary
2024 Expenditure Chart
2024 Financial Plan

King County Flood Control District

2024 Reallocation Summary

June 18, 2024

No.	Title	2024 Reallocation Request	Reallocation Notes
3	WLFL0 TIMBERLANE 2019 REPAIR	(\$28,974)	This project repaired a segment of the Timberlane Revetment near Skykomish. The revetment is approximately 300 feet long, but there was an unstable 150-foot section of vertical, stacked rock damaged in 2019 that had failed previously. Construction was completed on 9/30/21, and this action removes the remaining, unused budget authority to officially close the project.
15	WLFL1 NORTH FORK BRIDGE FEASIBILITY	(\$44,315)	This project conducted a feasibility study to identify a preferred alternative for the North Fork Snoqualmie Bridge in order to improve scour protection and allow greater conveyance of flood flow through the bridge. Alternatives presented to FCD in early 2018. The North Fork Snoqualmie Bridge has been identified as scour critical, requiring frequent maintenance and repair of scour countermeasures after flood events. The narrow bridge also acts as a constriction, backing up floodwater that floods nearby sole-access roads, isolating communities. The project identified a preferred alternative for replacing the NF Bridge and associated improvements. KC Roads has since secured \$25 million in federal funding towards this work and has initiated a design contract to advance their effort. This action disappropriates the remaining budget so the feasibility project can be formally closed in the accounting system.
16	WLFL1 PUMP STATION REVETMENT IMPROVEMENTS	\$80,551	This project will improve the Snoqualmie River revetment to reduce erosion risk, which could damage a pump station operated by the City of Snoqualmie. If not repaired, the river may flank the pump station and compromise downstream sewer infrastructure and Meadowbrook Bridge. The additional budget requested accelerates the design schedule by completing a series of technical studies using a combination of in-house staff and consultants. A new project manager reassessed the approach since the initial 2024 budget request.
17	WLFL1 RECORD OFFICE 2016 REPAIR	(\$192,124)	This project repaired 200 feet of revetment missing face and toe rock on the Snoqualmie River. A significant scour hole formed around a stormwater outfall pipe at the downstream end of the facility, risking erosion to Park Ave SE in the City of Snoqualmie, an area included in the City's planned "Riverwalk" park and trail project. Construction activities were substantially complete by October 2021. This action disappropriates the remaining unused budget to formally close the project in the accounting system.
19	WLFL1 REINIG RD RVTMNT 2016 REPAIR	\$18,939	This project implemented both short-term protection measures and permanent repairs to three sections of the Reinig Road Revetment along Reinig Road on the Snoqualmie River. The revetment protects Reinig Road from erosion damage, which is a critical access road between the town of Snoqualmie and adjacent homes and communities. Damage to the revetment was first identified in 2016, with additional damage observed in 2017. Construction was substantially completed on October 20, 2021. This action makes a minor (0.2%) budget increase to cover miscellaneous closeout costs and formally close the project in the accounting system.
25	WLFL1 UPR SNO RES FLD MITIGTN	\$730,940	This project will acquire flood-prone properties or elevate individual structures in the Upper Snoqualmie basin to eliminate flood damage risk when the Snoqualmie River overtops the existing levees. Although a system of levees and revetments partially protects homes in the Upper Snoqualmie around the cities of Snoqualmie and North Bend from minor floods, the system's capacity is limited. The frequency of overtopping varies but occurs at a 20-year magnitude or less in some locations, causing damage to neighboring properties. This action requests a budget to purchase two additional properties in 2024.

King County Flood Control District

2024 Reallocation Summary

June 18, 2024

No.	Title	2024 Reallocation Request	Reallocation Notes
26	WLFL1 USACE PL 84-99 UPPER SNO	(\$414,392)	The US Army Corps of Engineers, under Public Law 84-99, supplements local efforts to repair flood control facilities, such as levees, damaged by floods. To be eligible for rehabilitation assistance under PL 84-99, projects constructed by non-federal parties (e.g., King County) must meet certain criteria and standards set by the Corps of Engineers. Eleven South Fork Snoqualmie River levees met the Corps' criteria but did not qualify for funding. This project aimed to make these facilities eligible for federal funding by taking assorted maintenance actions. The project was substantially complete in June 2022, significantly under budget. This action removes the remaining, unused budget to formally close the project in the accounting system.
57	WLFL4 RAGING SCOUR REPAIR 2017	(\$54,938)	This project, managed by the KC Roads Division, examined whether to address scour damage at a bridge on the Raging River. The bridge has a history of scour damage, with one arch foundation exposed. The project analyzed whether to take further measures to protect the footing. The bridge serves only one house but is a designated King County Landmark. It was determined no action should be taken at this time, other than continued monitoring. This action disappropriates the unused budget to formally close the project in the accounting system.
69	WLFL5 WILLOWMOOR FLDPLAIN REST	\$238,106	This project will reconfigure the outlet from Lake Sammamish to the Sammamish River to maintain or reduce the current level of flood risk in the downstream river channel and along the lakeshore. It will be designed to reduce flooding impacts and improve conditions for ESA-listed fish and other wildlife in the transition zone between the lake and the river, as required to maintain and mitigate the existing flood control facility per the U.S. Army Corps of Engineers agreement. During recent flood events, residents along the lakeshore experienced increasing lake levels. There is a possibility that 30% design could be completed this year, but additional budget is needed to support consultant design activities. This action requests an additional budget to facilitate this.
88	WLFL7 CRT SITE 5B 2020 REPAIR	\$10,321	This project repaired 60 feet of damage on the Cedar River Trail 5B (CRT5B) levee at River Mile 9.8, near a natural gas pipeline operated by the Williams Companies. Damage occurred during the February 2020 flood event on the Cedar River, causing erosion and scour, resulting in loss of toe and bank rock, over steepened and undercut banks, and some portions cantilevered. River scour undermined numerous large trees likely to fall into the channel, causing further bank damage. The project reached substantial completion on 9/1/22. This action requests a 3% budget increase to formally close the project in the accounting system.
91	WLFL7 DORRE DON AVULSION ANALYSIS	\$259	This project conducted an analysis of an avulsion at the Dorre Don Revetment to understand the scope of the problem and propose solutions. Flooding in February 2020 enlarged an existing network of side channels, causing the Cedar River to avulse near the Dorre Don neighborhood, creating numerous hazards and risks for property owners and infrastructure. The analysis recommended actions ranging from increased site monitoring to setting back the Dorre Don Levee. This action requests a minor (0.6%) budget increase to formally close the project in the accounting system.
102	WLFL7 TABOR-CROWALL-BRODELL 2020 REPAIR	\$799,520	This project will repair the Tabor-Crowall revetment, which has become over steepened in recent flood events, leaving varying amounts of rock protection on the toe and face, with some areas of exposed soil. The revetment protects critical facilities, including a fiber optic communications cable, the Cedar River Trail, and highway SR 169. Damage to these could have regional impacts, and sudden changes could cause human injury. Further damages are likely during the next major high-flow event. Preliminary design and site investigations identified the need to expand the repair extent, resulting in a larger, more complex project than initially planned. This action increases the budget to fund an expanded preliminary design phase and begin final design.

King County Flood Control District

2024 Reallocation Summary

June 18, 2024

No.	Title	2024 Reallocation Request	Reallocation Notes
116	WLFL8 DESIMONE MAJOR REPAIR USACE	\$28,828,925	The Desimone Levee protects a highly developed area along the right bank of the Green River in Tukwila. A levee failure here would flood portions of Tukwila, Kent, and Renton. Currently, the levee provides protection for only about a 100-year flood level. The proposed project, managed by the US Army Corps of Engineers, would provide 500-year flood protection. The Corps calculated the project cost, including King County's portion, to be higher than first anticipated. Although construction is not expected to begin until 2025, the District must have budget authority available to sign the contract as the local sponsor before the end of 2024 so the project can proceed. This action requests a budget increase to cover King County's share of the costs plus a contingency for unanticipated increases.
139	WLFLS S PARK DRAINAGE IMPROVEMENTS	\$410	This project provided partial funding for the City of Seattle's project to improve drainage and localized flooding in the South Park neighborhood adjacent to the Duwamish River. The project area currently drains to the combined sewer system and experiences flooding due to inadequate infrastructure and tidal effects. The project, completed by the City of Seattle in May 2023, addressed these issues. This final action makes a negligible (0.002%) budget adjustment to cover miscellaneous King County staff costs and formally close the project in the accounting system.
146	WLFL9 COUNTYLINE TO A STREET	\$220,194	This project constructed a new setback levee and revetment and removed portions of the old Countyline levee to reconnect the White River channel with its floodplain, increasing flood capacity, reducing flood levels, and restoring river channel processes. The White River is constricted by concrete revetments and the Countyline levee on the left (east) bank below the BNSF Railway bridge. The channel is disconnected from its floodplain, forcing sediment to deposit in the channel instead of the floodplain. Flood flows overtop the right (west) bank, impacting residential development. During the 1995, 1996, 2006, and 2009 floods, extensive overbank flooding occurred near the King-Pierce county boundary line, flooding about 100 homes in the White River Estates neighborhood in 2009. The White River carries a high sediment load from Mt. Rainier, depositing much of this sediment in the Countyline reach due to a declining channel gradient. This action requests additional budget to complete a Letter of Map Revision, update FEMA flood map panels, coordinate with affected communities, and submit appropriate documentation to FEMA before closing the project.
148	WLFL9 SLIPPERY CREEK ACQ	(\$55,000)	This project acquired a vacant property outside the flood hazard area on the north side of Highway 410 and demolished existing structures. This action requests disappropriates the remaining excess budget to formally close the project in the accounting system.
151	WLFL9 STUCK R DR 2019 REPAIR	\$1,115	This project repaired a loss of facing rock along 130 feet of the lower half of the revetment's embankment. There had been significant loss of facing rock along 130 feet of the lower half of the embankment, exposing the revetment to further degradation. Some of the gravel fill under the rock had eroded as well, leaving a near-vertical face supporting the rock remaining on the upper slope. The project is complete and this action provides a minor budget adjustment to allow the project to be closed in the accounting system.
164	WLFLX DUWAMISH KING TIDE FRCST	\$625,000	In the 2024 budget, the Flood Control District directed King County to develop and implement an expansion of the county Flood Warning Center to include forecasted King Tide events on the Duwamish River. The budget for this effort was initially placed in the operating fund, but is proposed to move to the capital fund to facilitate improved project accounting, reporting, and budget management.
165	WLFLX CLIMATE CORPS	\$750,000	In the 2024 budget, the Flood Control District directed King County to create or augment an existing internship program focused on developing workforce pathways, career opportunities, and living wage jobs for youth related to climate change, habitat restoration and/or flood risk reduction. The budget for this effort was initially placed in the District Oversight budget, but is proposed to move to the capital fund to facilitate improved project accounting, reporting, and budget management.

King County Flood Control District

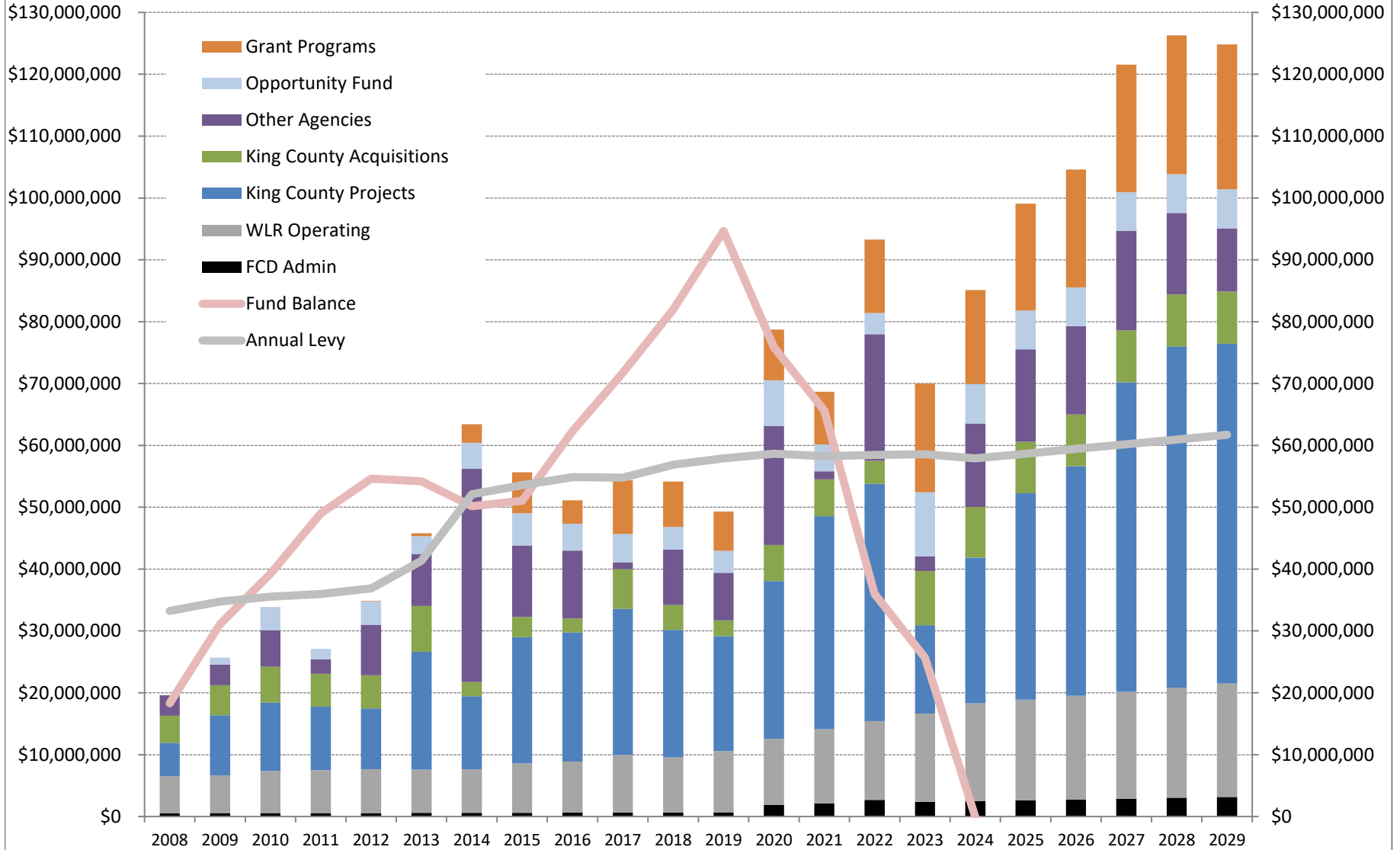
2024 Reallocation Summary

June 18, 2024

No.	Title	2024 Reallocation Request	Reallocation Notes
166	WLFLX FARM LEASE	\$200,000	In the 2024 budget, the Flood Control District directed King County to lease 30 acres of farmland consistent with the guidelines of the King County Farmland Lease Program. The budget for this effort was initially placed in the District oversight budget, but is proposed to move to the capital fund to facilitate improved project accounting, reporting, and budget management.
	Operating Budget Disappropriation	(\$625,000)	Disappropriate funding for the Duwamish king tide forecasting effort to relocate to the capital budget for improved project accounting.
	District Oversight Budget Disappropriation	(\$950,000)	Disappropriate funding for the career pathways internship program and the farmland lease program to relocate efforts to the capital budget for improved project accounting.

DRAFT: Actual and Forecasted Flood District Expenditures by Type

6/10/24



King County Flood Control District
Flood Program Financial Plan: 2024 Revised Budget and 6-Year CIP

June 10, 2024

	2023 Actual	2024 Adopted	2024 Revised	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Beginning Balance	34,267,954	26,719,546	25,669,038	(65,482)	(40,196,488)	(86,929,903)	(152,037,353)	(224,135,511)
Revenue								
Flood District								
Flood District Levy ¹	58,557,985	58,938,423	57,910,659	58,658,705	59,421,786	60,187,123	60,955,370	61,717,480
Interest Earnings ²	1,592,050	299,793	1,192,554	(3,042)	(1,867,483)	(4,038,665)	(7,063,483)	(10,413,081)
Miscellaneous Revenue ³	286,159	250,000	250,000	250,000	250,000	250,000	250,000	250,000
King County								
Grants ¹⁰	917,054	0	0	0	0	0	0	0
Miscellaneous Revenue ⁵	40,315	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Total Revenue	61,393,563	59,528,217	59,393,213	58,945,663	57,844,303	56,438,459	54,181,888	51,594,399
Expenditure								
District Administration ⁶	(2,379,060)	(3,438,637)	(2,488,637)	(2,613,069)	(2,743,722)	(2,880,908)	(3,024,954)	(3,176,202)
Operating Expenditure	(14,260,070)	(16,433,156)	(15,808,156)	(16,282,400)	(16,770,872)	(17,273,998)	(17,792,218)	(18,325,985)
Capital Expenditure	(53,353,349)	(59,044,600)	(66,830,940)	(80,181,199)	(85,063,123)	(101,391,003)	(105,462,874)	(103,309,482)
Total Expenditure	(69,992,479)	(78,916,393)	(85,127,733)	(99,076,668)	(104,577,718)	(121,545,909)	(126,280,046)	(124,811,668)
Ending Fund Balance (Cash)	25,669,038	7,331,370	(65,482)	(40,196,488)	(86,929,903)	(152,037,353)	(224,135,511)	(297,352,781)
<i>Target Fund Balance</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Budgetary Carryover Reserves</i>	<i>(213,086,418)</i>	<i>(266,885,029)</i>	<i>(288,030,418)</i>	<i>(337,876,759)</i>	<i>(403,424,501)</i>	<i>(501,453,850)</i>	<i>(486,394,573)</i>	<i>(454,122,934)</i>
Ending Budgetary Fund Balance ⁹	(187,417,380)	(235,121,485)	(288,095,900)	(378,073,246)	(490,354,404)	(653,491,203)	(710,530,084)	(751,475,714)

Notes:

- 1 Property tax forecast provided by the Office of Economic and Financial Analysis in March, 2024, less undercollection assumption of 1%.
- 2 Interest earnings approximated using prior year actuals and increasing by 3% per year.
- 3 District miscellaneous revenue due to multiple sources such as state forest sales, private timber harvest tax, unrealized investments, leasehold excise taxes, and immaterial corrections from prior years.
- 5 County miscellaneous revenue due to multiple sources such as state forest sales, private timber harvest tax, rent from tenants of acquired real estate, and immaterial corrections from prior years.
- 6 Costs based on contract established under FCD 2008-07 for District executive services, and inflated at 3% in succeeding years.
- 7 The capital expenditure is equal to the expenditure rate times the sum of the new capital appropriation and carryover. Rationale for the expenditure rates forecasted for A-E in the capital program is as follows:
 - A. Based on prior year experience and knowledge of existing staff capacity to implement construction projects implemented by WLR Division. The expenditure rate increases at the end of the six years as new appropriation decreases and carryover projects are completed.
 - B. Based on prior year experience for acquisitions and home elevations, where expenditure patterns are strongly influenced by factors such as landowner willingness. Rate shown here is similar to the expenditure rate for acquisition-focused funds such as King County's Conservation Futures Trust (CFT).
 - C. Based on increase from past expenditure rates as city projects move through the engineering design phase toward construction.
 - D-E. Based on prior year experience with expenditure rates for these capital grant programs, which have a 2-3 year minimum time lag between appropriation and expenditures due to funding allocation decision-making process, execution of agreements for awarded projects, and reimbursement of eligible expenditures during or following implementation by the grant recipient. While the Opportunity Fund does not require time for an allocation process, many jurisdictions choose to accrue funding over multiple years which limits the expenditure rate. Note that a constant expenditure rate results in increased expenditures as unspent allocations are carried over each year.
- 8 The Unreserved Fund Balance is the remaining balance less reserves described in resolution FCD2016-21.1 adopting a fund balance reserve policy. While the policy provides general guidance on types of reserves, it does not.
- 9 The budgetary fund balance assumes 100% expenditure of all budgeted amounts and is used to understand the District's total budgetary commitment.
- 10 Grant revenue is assumed only for grants that have been awarded or where an award is likely and imminent.
- 11 Total New Capital Appropriation corresponds to the "Grand Total" shown in each year on Attachment H.