



**KING COUNTY
FLOOD CONTROL
DISTRICT**

516 Third Avenue • Room W 1039 • Seattle, WA 98104
206.296.1020 • info@kingcountyfloodcontrol.org
www.kingcountyfloodcontrol.org

December 13, 2010

STAFF REPORT

FCD Resolution No. FCD2010-41

A RESOLUTION amending the interlocal agreement between King County and the King County Flood Control Zone District to extend the deadline for notice of renewal of the interlocal agreement.

In 2008, the Flood District and King County negotiated an interlocal agreement. The agreement is a contract between the District and the County stating the roles and responsibilities for the District and the County with respect to flood protection services and payments. The arrangement is that the Flood District reimburses the County for the County's technical services in a variety of areas related to flood protection:

- Flood Warning
- Levee Maintenance
- Construction (61 projects completed since the District was formed)
- Emergency Repairs
- Planning and special studies
- Grant Writing
- Advisory Committee staffing

In addition, the District also uses the services of the County Treasurer, Office of Management and Budget, Prosecutor, Accounts Payable, and other administrative support, including the County Clerk and some council policy staff.

The Interlocal includes requirements for reporting by the County to the District.

The District may extend the Interlocal once, for a period of two years, by a process whereby the District Chair sends a letter to the County Executive stating the District's intent to extend the agreement. That letter, through the terms of the agreement, was to be sent in late September. Due to the urgency of levy suppression activities, this letter was not sent by the due date.

This resolution, extends the deadline for the letter until December 31, 2010. With approval of this amendment, the Executive Committee is recommending renewal of the agreement with King County and a letter is ready for the Chair's signature. A parallel piece of legislation, ordinance, is before the King County Council and Executive to make this amendment.

FCD Resolution No. FCD2010-42

A RESOLUTION relating to the operations and finances of the King County Flood Control Zone District; amending the District's 2010 budget and oversight budget to provide for costs associated with negotiating levy agreements and for accounting services; and amending Resolution FCD 2010-30.1 and Resolution FCD 2009-22.3.

This resolution amends the 2010 District budget to use reserves in the amount of \$142,977 for professional services associated with negotiating levy agreements with fire districts, as well as for accounting services related to the state audit. (clean audits for last two years – latest issued today)

Professional services costs include: legal fees for the district and legal fees of the fire districts; Executive Director time, administrative support, and county staff time.

FCD Resolution No. FCD2010-43

A resolution relating to consulting accounting services; amending the contract for accounting services between the District and Francis and Company, PLLC; and authorizing the chair to execute the 2011 amendment to the contract for accounting consulting services

This resolution extends the contract for accounting services provided to the District by Francis and Company. Francis & Company maintains the general ledger for the district; prepares monthly and annual financial statements; provides internal audit services; administers banking and corporate registrations, and coordinates with the state auditor on the District's behalf.

The fee for 2011 is not to exceed \$65,000, and the rates from Francis & Company are not increasing. The fees are the same rate as those originally bid in 2009.

Motion to approve warrants

The list of warrants provided for your approval have been vetted and paid by the Executive Committee. These represent warrants issued in the 4th quarter to date. Additional 2010 warrants will be reviewed at the January 2011 Board of Supervisor meeting.

Motion to approve 2011 state legislative agenda

This motion is intended to provide a statement of intent to the state legislature about the district's priority to obtain relief from the \$5.90 property tax ceiling. The district's ability to collect property taxes is being compromised because as property assessments

King County Flood Control District
December 13, 2010

decline, the ratio of levy dollars to assessed values, exceeds the \$5.90 cap in some areas of the county. This causes the most junior taxing districts, in this case the Flood District, to be suppressed – unable to collect taxes.

Flood District revenue from 2011 will be reduced by about \$5 million as a result of forming agreements with fire districts. Without those agreements, the district would have been unable to levy taxes in 2011. Thus, the district would have lost about \$37 million in funding directed to flood protection projects. With the agreements in place, the district will have about \$32 million in 2011 funds for flood control projects.

Projections are that levy suppression will continue to be a significant problem for the next three years: 2011, 2012, and 2013. The solution of negotiating with fire districts was an emergency effort. Indications are that the cost of agreements in the next two years will be significantly higher, making such agreements less viable.

District and county staff are collaborating to identify alternatives for legislative consideration that would remove the district from the \$5.90 ceiling.

King County's intergovernmental relations staff including Sun Yang and Genesee Atkins are the staff currently available to support the district with this effort. As Executive Director, I will provide coordination and support, but I am not a lobbyist. Our intent is to form a coalition and leverage the resources of other agencies that share a concern about maintaining the district's capacity to collect property taxes and to provide flood protection services.