



## STAFF REPORT

<b>Agenda Item:</b>	<b>8</b>	<b>Name:</b>	Michelle Clark
<b>Proposed Legislation:</b>	<b>FCD 2025-06</b>	<b>Date:</b>	May 7, 2025

**Proposed FC Resolution FCD 2025-06: A Resolution relating to the operation and finances of the King County Flood Control Zone District; adopting a revised 2025 budget, operating budget, capital budget, six-year capital improvement program for 2025-2030; and amending Resolution FCD2024-12**

The purpose of the Flood Control District’s mid-year budget amendment is to address two main objectives:

- (1) Adopt (or “carryover”) \$304 million in capital expenditure authority from 2024.
- (2) Adjust expenditure authority for several reasons, including technical adjustments, updated annual project needs, and project close outs.

The reallocation includes the closure of 12 capital projects and the disappropriation of any remaining budget associated with them. Adjustments to outyear budgets for capital projects will be made in the 2026 annual budget.

This staff report provides an overview of 2024 capital expenditures, as well as illustrative examples of the different categories of capital carryover from 2024. The proposed mid-year reallocations are presented in a separate summary document that accompanies the 2025 mid-year budget materials and includes a brief explanation of each recommended reallocation.

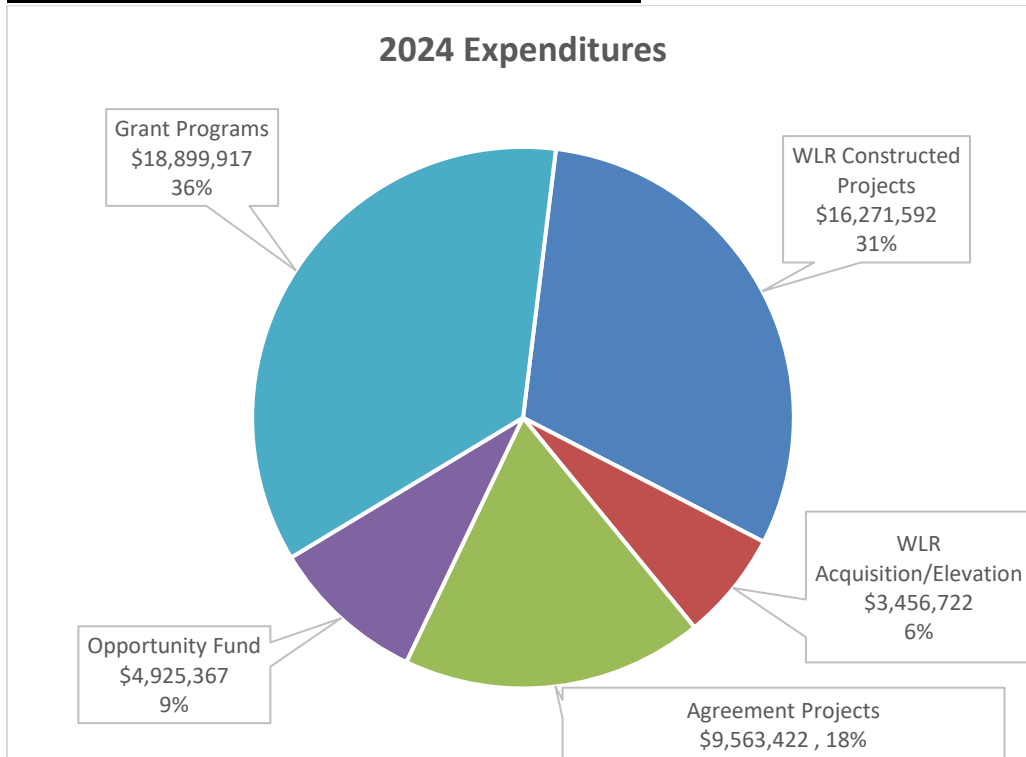
The 2024 expenditure and carryover patterns were consistent with the financial plan forecast transmitted with the District’s 2024 mid-year and 2025 budgets. The \$304 million carryover detailed in this memo differed by 9% from the carryover amount forecasted in the November 2024 financial plan.

### **Overview of 2024 Expenditures**

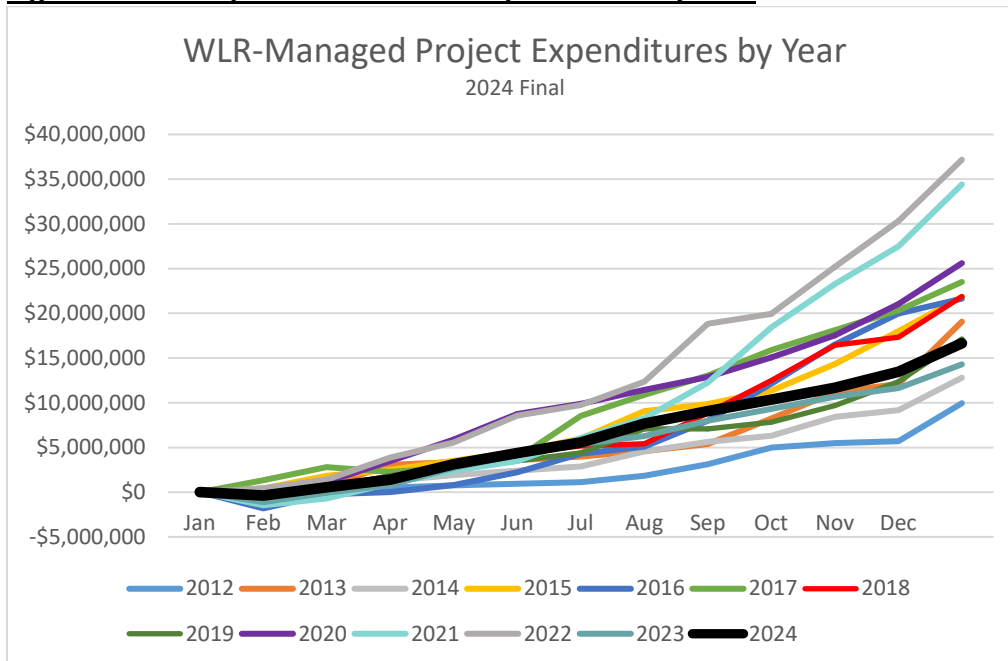
As illustrated in the Figure 1 below, the District’s 2024 overall capital expenditures totaled \$53 million. WLR-managed expenditures for construction and acquisitions were \$20 million and 37% of 2024 capital expenditures for the District. Figure 1 categorizes WLR-managed expenditures by category. This is the smallest expenditure in several years as there were few large construction projects in 2024. That will change in the coming years as WLR prepares for major construction at the Black River Pump Station and on the White River for the Right Bank

Levee Setback. The remaining 63% of capital expenditures were managed by other agencies through agreements and grants. Figure 2 provides WLR-managed capital construction expenditures by year, highlighting the trends over previous years.

**Figure 1: 2023 Capital Expenditures by Category**



**Figure 2: WLR Capital Construction Expenditures by Year**



## Overview of 2024 Capital Carryover

The total capital carryover request for 2025 is \$304 million, representing an increase of \$93 million (44%) from the \$211 million carryover request for 2024. The 2025 carryover is allocated across the categories shown in Figure 3.

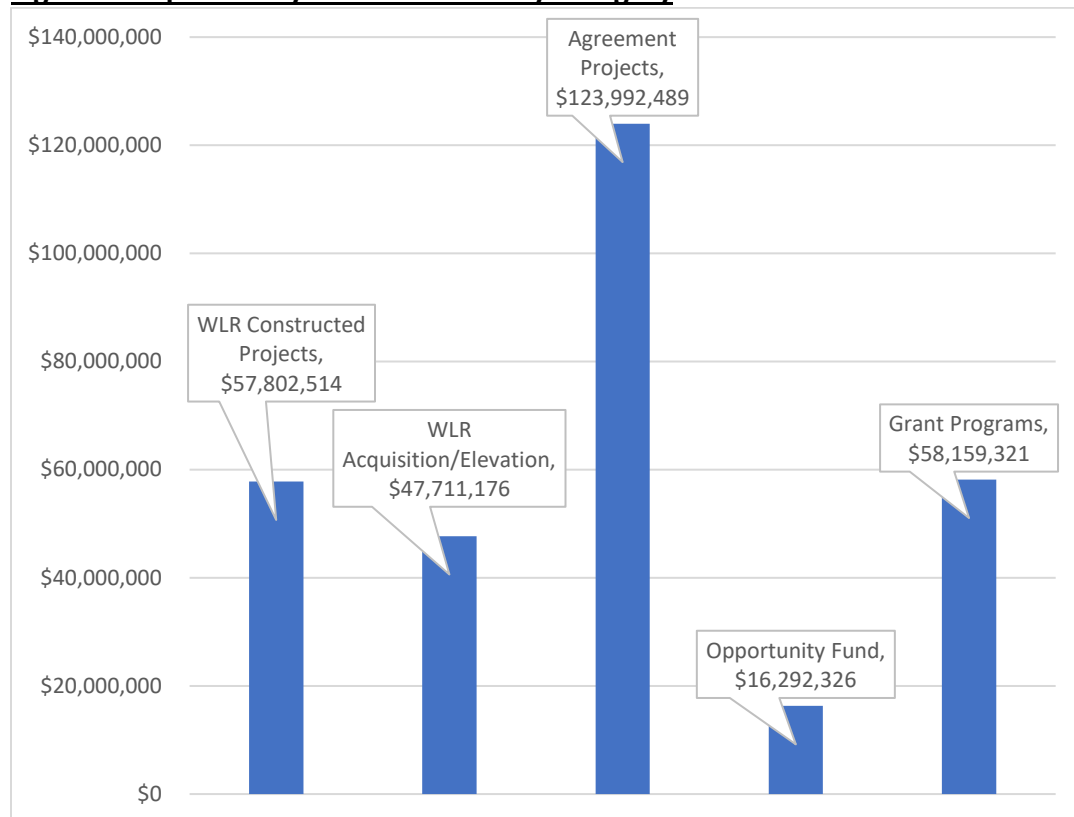
Of the total \$304 million in carryover:

- 65% (\$198 million) is for grants and agreements managed by other agencies.
- 35% (\$106 million) is managed by WLR.

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

Examples from each category are described below.

**Figure 3: Capital Carryover from 2024 by Category**



### WLR Constructed Projects (Capital Construction and Repair)

Construction projects managed by WLR total \$58 million and is 19% of the capital carryover from 2023. Highlights include:

1. Tukwila 205 / Gunter Floodwall (Line 133, \$9.3 million). Project delayed due to negotiations between Tukwila and the landowner, and land acquisition appraisal delays.
2. Black River Pump Station (Lines 97-102, \$5.0 million combined). Carryover based largely on construction schedule delays for high use engines.

3. Lower Jones Road Neighborhood Improvements (Line 87, \$2 million). Property owners refused offers; budget authority is carried over to 2025 to preserve capacity to acquire property from willing sellers.
4. Herzman Levee Setback (Line 83, \$7.4 million). Construction delayed until 2026.

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

Acquisition and elevation projects managed by WLR total approximately \$48 million (16% of the total carryover). Highlights include:

1. Pre-Construction Acquisitions on the Green River (Line 107, \$8.6 million). Funding is allocated to acquire potential multi-benefit properties along the Green River as opportunities arise.
2. Snoqualmie/South Fork Skykomish Residential Flood Mitigation (Lines 1, 11, 21, and 28, \$32.1 million combined). Timing of expenditures is determined by landowner willingness.

### **Other Agency Agreements**

This category totals \$124 million, accounting for 41% of the total carryover. It includes projects managed by other agencies through agreements with the Flood Control District. This represents a \$34 million increase from the \$124 million carried over into 2024.

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 may be “right-sized” in partnership with the service providers as part of the 2026 budget process, which should reduce the carryover in future years.

Highlights include:

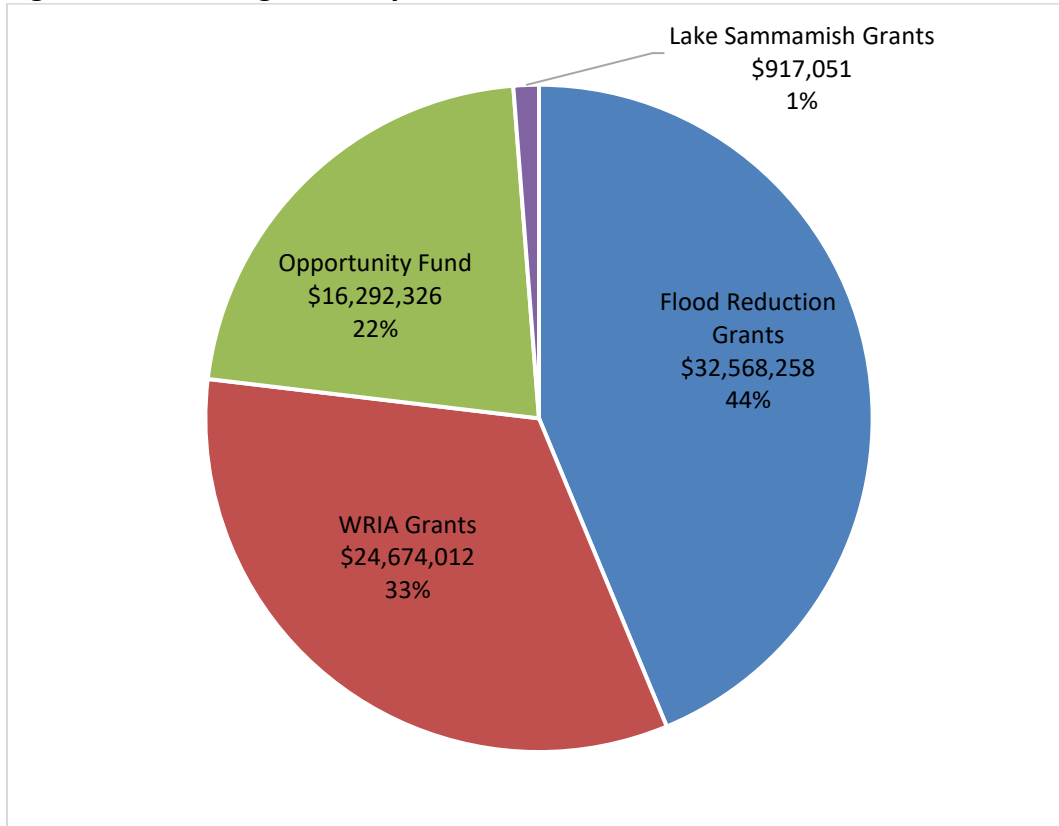
1. City of Kent – Milwaukee #2 Levee (Line 115 - \$17 million): Under the District’s 2020 agreement with the City of Kent, \$11 million is authorized for expenditures.
2. City of Kent – Signature Pointe Revetment (Line 117 - \$46 million): Initial ILA for alternatives analysis adopted May 2018. A second ILA for predesign and real estate appraisals was adopted in February 2020.
3. Horseshoe Bend / Breda Levee Setback (Line 110 - \$14 million): Project transferred to the City of Kent in 2017; no ILA adopted to authorize expenditures.

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

The total carryover across these four grant programs is \$74 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 Dock and Shoreline 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 Sub-Regional Opportunity Fund allocation until it is sufficient to fund a project. For the 2024 Opportunity Fund allocation, \$1 million was “banked” for future use, bringing the total carryover for this program to \$16 million.

**Figure 4: Grant Program Carryover**



### 2025 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).