



516 Third Avenue • Room 1200 • Seattle, WA 98104
206.296.1020 • info@kingcountyfloodcontrol.org
www.kingcountyfloodcontrol.org

August 31, 2023

Reagan Dunn, Chair
King County Flood Control District Board of Supervisors
516 Third Avenue
Room 1200
Seattle, WA 98104

Re: Transmittal of Recommendations for the 2024 Annual Budget and 2024-2029 Six-Year Capital Improvement Program.

Dear Chair Dunn and King County Flood District Board of Supervisors:

The members of the King County Flood Control District Advisory Committee (Advisory Committee) are pleased to transmit our recommendations to the King County Flood Control District Board of Supervisors (District) for the 2024 Annual Operating Budget in the amount of \$15,808,156 which is unchanged from the 2023 Annual Operating Budget.

We are also recommending a 2024 Capital Budget of \$108,412,275 which is \$26,459,382 higher than last year's capital budget recommendation of \$81,952,893 but slightly less than what had been projected for 2024 in last year's 2023-2028 CIP. We are also recommending a 2024-2029 Six-Year Capital Improvement Program (CIP).

For the last four years, we have raised our concern that the Flood District's capital needs will exceed the Flood District's resources of fund balance and new revenue in the near future, beginning in 2025. The time to address this issue is now.

The need for flood risk management countywide is substantial as evidenced by studies and inspections conducted by the Flood District. We strongly urge the Flood District to evaluate the revenue necessary to cover long-term capital and operating needs and the current projected pace of project implementation. Additionally, we recommend the Flood District designate a minimum fund balance as called for in the District's fund balance policy to ensure sufficient resources to carry-out the District's Annual Workplan.

The King County Council established the Advisory Committee through Ordinance 15728 on April 16, 2007, to provide expert policy advice to the District on regional flood protection issues. The Advisory Committee met five times between March 29 and August 24, 2023. We appreciated having an orientation meeting about the Flood District early in the year to on-board many new members and to inform us about the actions the Board of Supervisors took with the 2023 Budget. We recommend that the District Executive Director provide a video training option of the presentation she gave the Advisory Committee so that Committee members can refresh their knowledge at key decision points during their annual budget recommendation deliberations. We also encourage the District Executive Director to continue her updates for the Advisory Committee throughout the year.

In addition to the Advisory Committee meetings, a staff-level Joint Basin Technical Committee met three times to provide feedback on budget related documents in advance of the Advisory Committee meetings. We urge you to continue support for the Advisory Committee and Joint Basin Technical Committee to meet throughout the year.

Financial Plan and Fund Balance

The most pressing issue discussed by the Advisory Committee in 2023 is the need to ensure that critical flood risk reduction projects are able to move forward in order to protect the people and economy of our region. The District has not raised the levy rate since 2014 and has not adopted the 1% base increase in many years.

We must continue to invest in:

- (1) the critical flood reduction facilities identified in the recommended 2024-2029 CIP;
- (2) the unfunded needs identified in Capital Investment Strategies on the major rivers with flood risk reduction facilities maintained by the Flood District, and the ongoing Lower Green River Corridor Flood Hazard Management Plan Programmatic Environmental Impact Statement;
- (3) the unknown repair needs resulting from future flood events and annual inspections, and
- (4) maintain a fund balance per the District's established fund balance policy.

The Advisory Committee reviewed and discussed a series of options for addressing the funding needs for critical flood risk management projects. We discussed the option of increasing revenue, bonding, and reducing expenditures.

Increase Annual Revenue

We reviewed information provided to us by the District Executive Director about the tax levy and the revenue necessary to support the anticipated capital program through 2029. We appreciate the District's work implementing flood risk reduction projects and spending down a large undesignated fund balance. We recommend that the Board raise the levy rate to ensure revenues match the planned expenditures to pay for planned operating expenses and planned capital projects as well as urgent repairs within the current budget period.

Bonding

The Advisory Committee discussed the potential for bonding to pay for some long-term capital projects. Current high interest rates cause us to have concerns about incurring debt service costs. We also have concerns about which projects are best suited for long-term debt financing. We recommend that the topic of bonding be further studied in 2024.

Expenditure Reductions

We considered the financial needs for the operating and capital budget and found that the need for flood risk management is substantial for at least the next six years. Should the District find that expenditure reductions become necessary for fiscal reasons, we urge the District to apply a transparent process and prioritize investments that emphasize the District's mission of

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countywide flood reduction. We request that the District work with the Advisory Committee in the coming year to evaluate project prioritization and determine if there are cuts or delays that could be implemented with low impact.

In conclusion, the mission for the King County Flood District to provide flood risk reduction to the people of King County remains relevant and necessary. It is imperative that the necessary resources are available to fulfill that mission. We stand ready to provide our expertise and support to the District as it takes the actions needed to adequately fund implementation of its work program. We appreciate the opportunity to advise you on the Operating and Capital Budget for 2024.

Attached to this letter please find our recommendations for the King County Flood District 2024 Operating and Capital Budgets and the 2024-2029 Capital Improvement Program.

Sincerely,



Dana Ralph, Mayor, City of Kent
Chair, King County Flood Control District Advisory Committee

cc: Members, King County Flood Control District
Members, King County Flood Control District Advisory Committee
Michelle Clark, Executive Director, King County Flood Control District

2023 Advisory Committee Members

Status	Jurisdiction	Title	Name
Member	City of Auburn	Mayor	Nancy Backus
Member	City of Bellevue	Mayor	Lynne Robinson
Member	City of Carnation	Mayor	Jim Ribail
Member	City of Kent	Mayor	Dana Ralph, Chair
Member	King County	Executive	Dow Constantine
Member	City of North Bend	Mayor	Rob McFarland, Vice Chair
Member	City of Renton	Mayor	Armondo Pavone
Member	City of Seattle	Mayor	Bruce Harrell
Member	City of Snoqualmie	Mayor	Katherine Ross
Member	City of Tukwila	Mayor	Allan Ekberg
SCA	Black Diamond	Mayor	Carol Benson
SCA	Burien	Councilmember	Sarah Moore
SCA	City of Sammamish	Councilmember	Karen Howe
SCA	Town of Skykomish	Mayor	Henry Sladek
Rural Unincorporated			Ken Hearing
Alternate SCA	Unfilled		
Alternate SCA	City of Des Moines	Councilmember	JC Harris
Alternate SCA	City of Kenmore	Deputy Mayor	Melanie O’Cain
Alternate SCA	City of Pacific	Mayor	Leanne Guier
Alternate	City of Auburn		
Alternate	City of Bellevue	Councilmember	Jeremy Barksdale
Alternate	City of Carnation		
Alternate	City of Kent	Councilmember	Toni Troutner
Alternate	King County	Deputy Executive	Shannon Braddock
Alternate	City of North Bend	Councilmember	Mark Joselyn
Alternate	City of Renton	Councilmember	Valerie O’Halloran
Alternate	City of Seattle	Councilmember	Alex Pedersen
Alternate	City of Snoqualmie		
Alternate	City of Tukwila	Councilmember	Thomas McLeod