

## King County Flood Control District

### Flood Program Financial Plan: 2018 Preliminary Draft Budget and 6-Year CIP

July 12, 2018

|   | 2017<br>Actual      | 2018<br>Adopted    | 2018<br>Revised     | 2019<br>Projected   | 2020<br>Projected   | 2021<br>Projected   | 2022<br>Projected   | 2023<br>Projected   |
|---|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Beginning Balance</b>                          | 62,335,334          | 49,356,357         | 71,484,181          | 66,093,534          | 61,002,588          | 46,069,763          | 31,413,662          | 22,775,994          |
| <b>Revenue</b>                                    |                     |                    |                     |                     |                     |                     |                     |                     |
| Flood District                                    |                     |                    |                     |                     |                     |                     |                     |                     |
| Flood District Levy <sup>1</sup>                  | 54,767,662          | 56,096,479         | 56,466,880          | 58,074,441          | 59,554,191          | 60,919,121          | 62,278,766          | 63,654,304          |
| Interest Earnings <sup>2</sup>                    | 861,000             | 417,712            | 987,367             | 912,910             | 842,592             | 636,334             | 433,898             | 314,591             |
| Miscellaneous Revenue <sup>3</sup>                | 6,195               | 300,000            | 300,000             | 300,000             | 300,000             | 300,000             | 300,000             | 300,000             |
| King County                                       |                     |                    |                     |                     |                     |                     |                     |                     |
| Inter-County River Improvement <sup>4</sup>       | 45,000              | 50,000             | 45,000              | 45,000              | 45,000              | 0                   | 0                   | 0                   |
| Grants <sup>10</sup>                              | 3,553,070           | 4,900,000          | 3,529,630           | 6,871,370           | 0                   | 0                   | 0                   | 0                   |
| Miscellaneous Revenue <sup>5</sup>                | 4,138,870           | 175,000            | 175,000             | 175,000             | 175,000             | 175,000             | 175,000             | 175,000             |
| <b>Total Revenue</b>                              | 63,371,797          | 61,939,190         | 61,503,878          | 66,378,721          | 60,916,782          | 62,030,455          | 63,187,663          | 64,443,895          |
| <b>Expenditure</b>                                |                     |                    |                     |                     |                     |                     |                     |                     |
| District Administration <sup>6</sup>              | (516,829)           | (792,853)          | (792,853)           | (816,638)           | (841,137)           | (841,137)           | (866,372)           | (866,372)           |
| Operating Expenditure                             | (9,365,407)         | (11,333,238)       | (11,515,838)        | (11,861,313)        | (12,217,153)        | (12,583,667)        | (12,961,177)        | (13,350,012)        |
| Capital Expenditure                               |                     |                    |                     |                     |                     |                     |                     |                     |
| Total New Capital Appropriation <sup>11</sup>     | (65,853,251)        | (53,496,926)       | (52,173,375)        | (69,691,091)        | (87,510,554)        | (44,311,625)        | (38,824,458)        | (61,980,837)        |
| Total Carryover                                   | (76,645,043)        | (91,282,500)       | (97,639,111)        | (95,226,653)        | (106,126,028)       | (130,845,265)       | (111,895,139)       | (92,721,814)        |
| Overall Expenditure Rate                          | 31%                 | 33%                | 36%                 | 36%                 | 32%                 | 36%                 | 38%                 | 39%                 |
| <b>Total Capital Expenditure</b> <sup>7</sup>     | (44,340,715)        | (47,266,966)       | (54,585,834)        | (58,791,716)        | (62,791,318)        | (63,261,751)        | (57,997,783)        | (60,444,951)        |
| <b>Total Expenditure</b>                          | (54,222,950)        | (59,393,057)       | (66,894,525)        | (71,469,667)        | (75,849,607)        | (76,686,555)        | (71,825,332)        | (74,661,335)        |
| <b>Ending Fund Balance (Cash)</b>                 | <b>71,484,181</b>   | <b>56,604,639</b>  | <b>66,093,534</b>   | <b>61,002,588</b>   | <b>46,069,763</b>   | <b>31,413,662</b>   | <b>22,775,994</b>   | <b>12,558,554</b>   |
| Target Fund Balance                               | 7,500,000           | 8,000,000          | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| Budgetary Carryover Reserves                      | (98,157,579)        | (66,246,639)       | (95,226,653)        | (106,126,028)       | (130,845,265)       | (111,895,139)       | (92,721,814)        | (94,257,699)        |
| <b>Ending Budgetary Fund Balance</b> <sup>9</sup> | <b>(26,673,398)</b> | <b>(9,642,000)</b> | <b>(29,133,119)</b> | <b>(45,123,440)</b> | <b>(84,775,502)</b> | <b>(80,481,477)</b> | <b>(69,945,820)</b> | <b>(81,699,145)</b> |

#### Notes:

1 Property tax forecast provided by the Office of Economic and Financial Analysis in March, 2018, 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. In 2017 this included \$4M from the sale of the Riverside Business Park in Kent, originally purchased for the Briscoe Levee project, but later deemed unnecessary when the scope of the project changed.

4 The ICRIF amount is based on the 1919 Inter-County Agreement for improvements to the White River, set to expire at the end of 2020.

5 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. In 2017 this included the sale of the Rivers Edge

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 specify their

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.