

1. Agenda 9-20-17

Documents:

[0920 FCZD EXEC CTE SPECIAL MEETING NOTICE.PDF](#)

2. Meeting Packet

Documents:

[0920 FCZD BOARD OF SUPERVISORS MTG PACKET.PDF](#)

3. Approved Minutes

Documents:

[9-20-17 FCZD BOARD OF SUPERVISORS SIGNED MINUTES.PDF](#)



Notice of a Special Meeting of the Flood Control Zone District Board of Supervisors

NOTICE IS HEREBY GIVEN that a Special Meeting of the Flood Control Zone District Board of Supervisors will be held on **September 20, 2017**, starting at **9:30 a.m.** The meeting will be held at the County-City Building, 930 Tacoma Avenue South, Room 1046, Tacoma, WA 98402 to address the following:

1. Call to Order
2. Roll Call
3. Approval of Agenda for September 20, 2017
4. Approval of Minutes: July 12, 2017
5. Public Comment
6. Resolutions
 1. Resolution No. 2017-3, A Resolution of the Pierce County Flood Control Zone District Approving a Fund Balance Policy for the Pierce County Flood Control Zone District.
7. Informational Briefings
8. Project Updates
 1. Presentation about Status of General Investigation
9. Other Business/Announcements
10. Adjourn

The Board encourages public participation. You may also provide written comments at any time up to final adoption of a proposal. The mailing address and fax number are at the top of this notice and on the Board's web page <http://www.piercefloodcontrol.org>

Dated: September 14, 2017

Dan Roach
District No. 1

Jim McCune
District No. 3

Douglas G. Richardson
District No. 6

Pam Roach
District No. 2

Connie Ladenburg
District No. 4

Derek Young
District No. 7

Rick Talbert
District No. 5

Pierce County Flood Control Zone District Board of Supervisors

SPECIAL MEETING AGENDA

September 20, 2017

9:30 a.m.

930 Tacoma Avenue South – Room 1045
Tacoma, WA 98402

Voice: (253) 798-7777 – FAX: (253) 798-7509 – Toll-Free: (800) 992-2456 – TDD: (253) 798-4018

www.piercecountywa.org/fczd

- I. Call to Order
- II. Roll Call
- III. Approval of Agenda: September 20, 2017
- IV. Approval of Minutes: July 12, 2017
- V. Public Comment
- VI. Resolutions
 1. Resolution No. 2017-3, A Resolution of the Pierce County Flood Control Zone District Approving a Fund Balance Policy for the Pierce County Flood Control Zone District.

PUBLIC PARTICIPATION IN DISTRICT MEETINGS

Anyone may address any resolution on the agenda for final consideration. Public comment on any other items on the agenda shall be at the discretion of the Chair. To ensure equal opportunity for the public to comment, the Chair may impose a time limit on each speaker. All comments must be directed to the Chair.

District meetings are audio recorded from gavel to gavel.
Audio equipment is available for the hearing impaired. Please contact the receptionist for assistance.

VII. Informational Briefings

VIII. Project Updates

1. Presentation about Status of General Investigation

IX. Other Business/Announcements

X. Adjournment

Note: If for any reason this meeting is canceled, all Agenda items shall be continued to the next meeting of the District.

MINUTES
PIERCE COUNTY FLOOD CONTROL ZONE DISTRICT
BOARD OF SUPERVISORS MEETING
July 12, 2017

Minutes of the Pierce County Flood Control Zone District are not verbatim; however, audio recordings are available upon request.

I. Call to Order

The meeting of the Pierce County Flood Control Zone District Board of Supervisors was called to order at 9:38 a.m. by Chair Talbert.

II. Roll Call

The Clerk called the roll.

Supervisors present: Rick Talbert, Chair; Connie Ladenburg, Jim McCune, Douglas G. Richardson, Dan Roach, Pam Roach and Derek Young. Pam Roach

Also present: Rod P. Kaseguma, Inslee, Best, Doezie & Ryder, P.S.; Kjristine Lund, Independent Consultant, Lund Consulting, Inc.; Anne-Marie Marshall-Dody, Harold Smelt, Brynne Walker, and Toby Rickman, Planning and Public Works Department; Erin Babbo, Communications Specialist; Tiffany Speir, Director of Government Relations

Others present: Tammi Lewis and Mark Williams, Councilmember Assistants

III. Approval of Agenda

The Chair stated if there are no objections from the Board, the meeting agenda is approved as presented.

IV. Approval of Minutes

Without objection, the Chair stated the March 15, 2017, Pierce County Flood Control Zone District Board of Supervisors Special Meeting minutes are approved as presented.

V. Public Comment

Mike Dahlem, Public Works Director, City of Sumner spoke and distributed two letters: 1) dated May 24, 2017, "Pierce County Comprehensive Plan of Development Request for Updates to Support the City of Sumner;" and 2) dated June 14, 2017, "Request for Budget Allocation for 24th Street Flood Reduction/Habitat Improvement Project."

VI. Resolutions

1. **Resolution No. 2017-2**, a Resolution of the Pierce County Flood Control Zone District, Relating to Notice of Board and Executive Committee Meetings, and Adding a New Section to the District Operating Rules.

The Clerk read the title into the record. D. Roach moved Res 2017-2; motion seconded. Kaseguma explained the resolution and highlighted subsections c and f.

Discussion ensued on the timelines for posting packets and noticing of meetings. Kaseguma answered questions regarding noticing requirements.

Following discussion, the Chair requested P. Roach provide an amendment to the proposed resolution. P. Roach moved on page 2 of the resolution at line 6, strike "Tuesday" and insert "Wednesday"; motion seconded. The question was called; the amendment failed on a voice vote. P. Roach called Division. The Chair called for a vote by show of hands; the amendment failed. McCune called for a point of order, and expressed his concerns.

The Chair called for a roll call vote. The Clerk called the roll; the resolution was adopted 6-1; P. Roach voted nay.

VII. Informational Briefings

1. **Fund Balance Policy Development and Unallocated Fund Balance Options**

Lund provided a powerpoint presentation, "Pierce County Flood Control Zone District Fund Balance Policy Work Session." (A copy of the presentation is contained in the meeting file.)

The Chair invited all supervisors to attend the July 19, 2017 Flood Control Zone District Executive Committee for further discussion on various funding options.

VIII. Project Updates

1. **General Investigation Progress, Habitat & Flood Capacity Creation, City of Sumner Capital Projects**

Harold Smelt, Planning and Public Works Department, provided an update on the general investigation progress. Anne-Marie Marshall-Dody, Planning and Public Works Department, provided an update on habitat and flood capacity creation.

IX. Other Business/Announcements

Tiffany Speir, Government Relations, updated the Board on the National Flood Insurance Program.

X. Adjournment

There being no further business, the Flood Control Zone District Board of Supervisors was adjourned at 10:41 a.m.

Attest:

Kate Kennedy, CMC
Clerk of the Board

Approved:

Rick Talbert, Board Chair

Date Approved

RESOLUTION NO. 2017-3

A Resolution of the Pierce County Flood Control Zone District Approving a Fund Balance Policy for the Pierce County Flood Control Zone District.

Whereas, RCW 86.15.130 provides that the county treasurer is the treasurer of each flood control zone district and that the county treasurer shall establish for each district a fund into which shall be deposited the proceeds of all tax levies, assessments, gifts, grants, loans or other revenues which may become available to the district; and

Whereas, the Pierce County Flood Control Zone District ("District") board of supervisors ("Board") recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the District; and

Whereas, maintenance of a fund balance is fiscally advantageous for both the District and its taxpayers; and

Whereas, an unassigned fund balance is an important measure of economic stability; and

Whereas, the District reimburses Pierce County for expenditures to implement the District's annual work plan; and

Whereas, the District funds multiyear capital projects and provides funds to local jurisdictions through the Opportunity Fund program; and

Whereas, the Board desires to adopt policies to provide guidance concerning the desired level of fund balance to be maintained by the District to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures and other related contingencies; Now, therefore

BE IT RESOLVED by the Board of Supervisors of the Pierce County Flood Control Zone District:

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Section 1. The Board of Supervisors adopts the "Fund Balance Policy", Attachment A to this resolution.

ADOPTED this _____ day of _____, 2017.

ATTEST:

**PIERCE COUNTY FLOOD CONTROL
ZONE DISTRICT**
Pierce County, Washington

Kate Kennedy, Clerk of the Board

Rick Talbert, Board Chair

**Fund Balance Policy
Pierce County Flood District
August 16, 2017 version**

1. Policy Intent

- 1.1. The Board of Supervisors of the Pierce County Flood Control Zone District (the district) recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the district and is fiscally advantageous for both the district and its taxpayers. This policy is created in consideration of unanticipated events that could adversely affect the financial condition of the District and jeopardize the continuation of necessary public services.
- 1.2. This policy is intended to provide guidance to the Board of Supervisors (Board) to establish the appropriate level of unrestricted fund balances to be maintained, the conditions under which the unrestricted fund balance may be used, and the process for reestablishing the unrestricted fund balance after it has been used for an authorized purpose.
- 1.3. Maintaining a fund balance is necessary to protect the district in the event of a decline in property tax revenues, economic downturns, and emergencies for example. While the district itself has a very small administrative cost, it contracts with other jurisdictions, including Pierce County, through interlocal agreements, to deliver programs, projects, and services.
- 1.4. Pierce County relies upon district funding to implement the district's work program including capital projects, maintenance, technical studies, and contract administration.
- 1.5. This policy establishes goals and provides guidance concerning the desired level of fund balance to be maintained by the district to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and other related contingencies.
- 1.6. The Government Accounting Standards Board (GASB) Statement 54 provides direction for fund balance reporting which the district's financial statements will conform.

- 1.7. This policy is written in lay language to provide clarity to the multiple audiences who review financial information about the district.

2. Fund Balance Definition

- 2.1. The district is authorized under Chapter 86.15 RCW and section 86.15.130 states the county treasurer of each zone shall establish a flood control fund for each zone into which shall be deposited the proceeds of all tax levies, assessments, gifts, grants, loans, or other revenues which may become available to a zone.
- 2.2. The treasurer shall also establish the following accounts within the zone fund:
 - 2.2.1. For each flood control improvement financed by a bond issue, an account to which shall be deposited the proceeds of any such bond issue; and
 - 2.2.2. An account for each outstanding bond issue to which will be deposited any revenues collected for the retirement of such outstanding bonds or for the payment of interest or charges thereon; and
 - 2.2.3. A general account to which all other receipts of the zone shall be deposited.
- 2.3. The district's funds may only be used for purposes authorized under Chapter 86.15 RCW.
- 2.4. The fund balance is those funds remaining after the district's assets have been used to meet its liabilities.
- 2.5. The fund balance is required to be reported in two components: reserved and unreserved.
 - 2.5.1. Reserved funds cannot be appropriated or spent because of their form or because they must be maintained in tact such as certain financial assets, or are legally limited for a particular purpose such as bond proceeds and legal settlements with restrictions.
 - 2.5.2. Unreserved funds may be used for any purpose authorized by Chapter 86.15 RCW and may be designated to express the district's intention to use those funds in a particular manner such as working capital, insurance reserves, and district funding policies such as the Subregional Opportunity funds to jurisdictions.

3. Fund Balances Goals

- 3.1. Prudently plan for and fund future expected costs
- 3.2. Meet legal, contractual, or existing policy requirements
- 3.3. Establish fund amounts for anticipated mismatches between revenue and expenditures
- 3.4. Meet seasonal cash flow shortfalls
- 3.5. Maintain services during short periods of economic decline
- 3.6. Meet emergency conditions including flood disasters

3.7. Provide levy rate stability

4. Fund Balance Policies

- 4.1. The District's Board of Supervisors is the highest level of decision-making authority and is responsible for establishing the fund balance policy for the district by resolution.
- 4.2. Through the annual budget process, the district will determine a multi-objective fund balance sufficient to meet the following purposes:
 - 4.2.1. The district's required insurance reserve as determined by the district's insurance carrier;
 - 4.2.2. Cash flow reserves shall be maintained at levels so the timing lags between revenues and expenditures are normally covered without incurring negative cash balances.
 - 4.2.3. Funds sufficient to continue district operations and meet contract obligations such as the interlocal agreement with Pierce County to provide services to the flood district for 6 months;
 - 4.2.4. The value of any inventory balances and prepaid expenses;
 - 4.2.5. To the extent district contracts include wind down or minimum payment requirements, the district will maintain a sufficient fund balance to meet these contract obligations;
 - 4.2.6. The principal of any permanent funds that are legally or contractually required to be maintained intact, and
 - 4.2.7. The balance of any land or other nonfinancial assets held.
- 4.3. The district will review any restrictions imposed by law through constitutional provisions or enabling legislation.
- 4.4. The district will maintain a fund balance equal to the required amount set up in accordance with any debt covenants.
- 4.5. The district will establish subfunds to set-aside funds awarded to the following grant programs as long as these grant programs are a part of the district's work plan:
 - 1.1.1. Opportunity Fund Allocation which is 10% of annual district revenue
 - 1.1.2. Army Corps of Engineers Project Match Allocations of \$1 million per year until such time as the Army Corps of Engineers local match requirements for design costs and construction are known. At that time, through the annual budget process the District may modify this set-aside to achieve the local funding matching.

5. Future Capital Program Needs

5.1. The district relies on annual revenue to pay for multi-year capital projects. It takes multiple-years to accrue sufficient resources to implement the full range of capital projects for the district. Funds that are not designated for the fund balance purposes described above are available to be programmed by the district through its annual operating and capital budget process. It is in the interest of the district to use fund balance for the six-year capital improvement program.

6. Restoring Fund Balance

6.1. If the fund balance at fiscal year-end falls below the goal, the district shall develop a restoration plan to achieve and maintain the minimum fund balance.

6.2. Where fund balance deficits exist, a gradual correction of the problem over a multi-year period may be preferable to a large one-time increase.

7. Financial Planning

7.1. The district should aim to establish an ending undesignated fund balance of zero unless stipulated elsewhere.

7.2. Factors to consider in establishing reserves include:

7.2.1. Future expenditures including equipment reserves;

7.2.2. Cash flow requirements to support operating expenses

7.2.3. Legal or regulatory requirements affecting revenues, disbursements, and fund reserves;

7.2.4. Credit worthiness and capacity to support debt service requirements for enterprise funds;

7.2.5. Relative rate stability from year to year, and

7.2.6. Susceptibility to financial risks, revenue shortfalls or emergency or unanticipated expenses.

8. Strategic Reserve Fund

8.1.1. It is the District's intent to create a strategic reserve with any unallocated balance that is above the amount necessary to achieve the purposes of this policy.

8.1.2. The strategic reserve will be replenished by allocating interest income, refunds, project savings, and other unanticipated revenues to the strategic reserve fund.

8.1.3. The Executive Committee will make recommendations to the Board of Supervisors about projects, programs, or activities to be funded from the strategic reserve and

may do so during the regular annual budget process, or at any regular or special meeting of the Board of Supervisors throughout the year.

8.1.4. The strategic reserve fund may be used to fund the following activities:

- 8.1.4.1. Advance funds to previously approved projects in the six-year CIP that are in a position to use the funding in that fiscal year;
- 8.1.4.2. Increase the set-aside for the General Investigation local match;
- 8.1.4.3. Fund one-time capital expenditures;
- 8.1.4.4. Fund one-time operating costs, and/or
- 8.1.4.5. Fund emergent needs.

8.1.5. It is the District's goal to replenish expenditures from the strategic reserve in section 8.1.4 within three years to a level of \$2.5 million.

8.1.6. It is the District's intent that jurisdictions receiving assistance from the strategic reserve demonstrate a local match toward the expenditure as determined by the district administrator.

Pierce County Flood Control Zone District



September 20, 2017

MEMORANDUM:

TO: Pierce County Flood Control Zone District Board of Supervisors

FROM: Kjristine Lund, Executive Director

RE: Fund Balance Policy

SYNOPSIS OF FUND BALANCE POLICY QUESTION

The action before the Board of Supervisors is to approve a resolution adopting a fund balance policy. The Executive Committee has spent approximately one-year developing this policy and recommended it for Board approval at their August 16, 2017 meeting. The Board received a briefing about the draft policy at their July 12, 2017 Board of Supervisor's meeting.

The policy is consistent with GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The policy allows the District to review the fund balance annually during their budget deliberations and to take into considerations current risks in a variety of areas specified in the policy. In addition, the policy recommends the District maintain an unallocated balance sufficient to continue District operations and maintenance for 6-months which currently represents approximately 10% of the annual revenue (\$800K).

The policy also includes a section to create a strategic reserve using accumulated fund balance.

The Strategic Reserve could be used to:

- Advance funds to previously approved projects;
- Advance funds to previously approved projects in the six-year CIP that are in a position to use the funding in that fiscal year;
- Increase the set-aside for the General Investigation local match;
- Fund one-time capital expenditures;
- Fund one-time operating costs, and/or
- Fund emergent needs.

The policy sets a goal to replenish expenditures from the strategic reserve within three years to a level of \$2.5 million. And it also states that jurisdictions receiving assistance from the strategic reserve should demonstrate a local match toward the expenditure as determined by the district administrator.

WHY DOES THE DISTRICT HAVE AN ACCUMULATED UNALLOCATED FUND BALANCE?

The Executive Committee previously provided direction to staff that the capital budget should be programmed conservatively, and not “over-programmed.” Most capital budgets have an expenditure rate that is less than 100%. As a new District, the Executive Committee members wanted to be cautious and did not want the risk of over-committing their budget resources. The District now has a five-year track record and the accumulated and unallocated fund balance is \$3.7M. In preparing each year’s budget Pierce County SWM staff have only budgeted based on estimated new revenue, not using previously approved and unspent funds, thus the fund balance.

BUDGET PROCESS AND FUND BALANCE MOVING FORWARD

The Board is scheduled to consider the 2018 Flood District Budget on October 11, 2017. The Budget recommendation will reflect the policy direction set for the fund balance.

MINUTES
PIERCE COUNTY FLOOD CONTROL ZONE DISTRICT
BOARD OF SUPERVISORS SPECIAL MEETING
September 20, 2017

Minutes of the Pierce County Flood Control Zone District are not verbatim; however, audio recordings are available upon request.

I. Call to Order

The meeting of the Pierce County Flood Control Zone District Board of Supervisors was called to order at 9:35 a.m. by Chair Talbert.

II. Roll Call

The Clerk called the roll.

Supervisors present: Rick Talbert, Chair; Connie Ladenburg Dan Roach, Pam Roach, and Derek Young. (Douglas G. Richardson and Jim McCune arrived following the roll call.)

Also present: Jacob Stillwell, Inslee, Best, Doezie & Ryder, P.S.; Kjristine Lund, Independent Consultant, Lund Consulting, Inc.; Anne-Marie Marshall-Dody, Harold Smelt, and Melissa McFadden, Planning and Public Works Department; Erin Babbo, Communications Specialist; Tiffany Speir, Director, Government Relations Department; Tammi Lewis and Mark Williams, Councilmember Assistants

III. Approval of Agenda

The Chair stated if there are no objections from the Board, the meeting agenda is approved as presented.

IV. Approval of Minutes

D. Roach moved the July 12, 2017, Pierce County Flood Control Zone District Board of Supervisors Special Meeting minutes; motion seconded. The question was called; the minutes were approved as presented.

V. Public Comment: none

VI. Resolutions

1. Resolution No. 2017-3, A Resolution of the Pierce County Flood Control Zone District Approving a Fund Balance Policy for the Pierce County Flood Control Zone District.

The Clerk read the title into the record.

Lund summarized the agenda materials before the board. She provided an overview of the previous meeting on Resolution No. 2017-3, and referenced her staff report contained in the meeting file. She stated at the October 11 meeting, the Board will have a budget before them to adopt that would implement Resolution No. 2017-3.

The Chair called for public comment on the proposal; there was none.

Young spoke to the importance of setting up the strategic reserve at this stage of the Flood District's formation because it will become more difficult over time as there are more demands on the District's budget.

Ladenburg questioned on page 1 of the proposal the language referring to the county treasurer. Lund explained this language is quoted from state statute.

D. Roach moved approval of Resolution 2017-3; motion seconded. The question was called; Resolution 2017-3 was adopted.

VII. Informational Briefings: none

VIII. Project Updates

1. Presentation about Status of General Investigation
Harold Smelt, provided a powerpoint presentation, and answered questions of Supervisors. (A copy of the presentation is contained in the meeting file.)

P. Roach inquired about the Intercounty Agreement with King County; Smelt stated he will research the issue.

At 9:56 a.m. McCune entered meeting.

IX. Other Business/Announcements:

Lund stated that Supervisor Young attended the NACo Conference in July representing the Flood Control Zone District. She thanked Speir on her efforts to facilitate the national flood insurance reauthorization on behalf of the District. Consideration by Congress of the NFIP reauthorization has been extended until later this year due to the hurricane damage in Texas, Florida, and the U.S. Virgin Islands.

In answer to the Chair's question on what more can be done by local governments regarding flood events and the financial relief, Speir advised to continued discussions with the delegation and to expand communication with congressional representatives statewide.

X. Adjournment

There being no further business, the Flood Control Zone District Board of Supervisors was adjourned at 10:27 a.m.

Attest:



Kate Kennedy, CMC
Clerk of the Board

Approved:

Rick Talbert, Board Chair

Date Approved



Dan Roach, vice chair

10/11/17