

## MEMORANDUM

To: Skagit Council of Governments  
From: Mayor Tim Bates  
Date: May 20, 2009  
Re: Local Revenue Generation for Flood Control

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Since 1970, flood-related costs in Skagit County are conservatively estimated to exceed \$107 million (Table 1). The 2003 flood alone cost Skagit County government more than \$7.5 million. FEMA Mitigation Director Mark Carey estimates that well over \$10 million in public funding and National Flood Insurance Program claims has been spent in Hamilton alone (pop. 309).

*Table 1: Flood-Related Costs since 1970*

Flood response, repair, and reconstruction <sup>1</sup>	\$96.9 million
Skagit River General Investigation Study	\$10.3 million
Hamilton Floodway Mitigation and Town Relocation Planning (since 2004)	\$ 0.6 million
Total Cost	\$107.8 million

### **Flood Control Planning**

Significant money from the county road fund and state and federal coffers has been spent to study Skagit's flood control problems and to plan a multitude of possible solutions. For example, each year up to \$1 million is budgeted from the county road fund for flood control planning. In addition, the large majority of this budget is spent on consultant outsourcing rather than for county staff. Highlights from this planning timeline include the following.

- In 1970 the County Commissioners established a countywide Flood Control Zone District, pursuant to RCW 86.15, to advise on the development of policies and recommendations for countywide flood hazard management program planning and implementation.<sup>2</sup>
- In 1980 a Flood Control Committee was established to prepare and recommend a Comprehensive Flood Control Plan for the Skagit Basin to the County Commissioners, who serve as the Flood Control Zone District Board of Supervisors (Resolution #8442).
- In 1989, the Comprehensive Flood Control Management Plan was completed and approved by the County Commissioners. This plan is now being updated.

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<sup>1</sup> U.S. Army Corps of Engineers Seattle District reporting, compiled by Skagit County Public Works and adjusted to 2005 dollars.

<sup>2</sup> Resolutions #5325 and #5369.

- In 1997 the U.S. Army Corps of Engineers began the Skagit River General Investigation, authorized by Section 209 of the Flood Control Act of 1962 (PL87-874). This study continues today with assessment of 37 identified flood damage reduction measures.
- In 2003 the Skagit County Natural Hazards Mitigation Plan was adopted, which includes flood mitigation strategies recommended by individual jurisdictions. This plan was updated in 2008.
- In 2004 the Hamilton Public Development Authority was established by town Ordinance #261 to undertake, assist with and otherwise facilitate floodway mitigation and town relocation activities.
- In 2007, the County Commissioners restated that the existing Flood Control Zone District shall remain in full force and effect and shall serve as the official mechanism for stakeholders to advise and recommend to the Board regarding countywide flood control policies and programs (Resolution #R20070539).

### **Flood Control Implementation**

During the 39 years since the countywide Flood Control Zone District was established, flood control has been discussed in depth, studied at great length, and plans have been developed and updated. During this 39 years, very few flood control projects have actually been implemented. During this 39 years, the more than \$107 million expended has come from the county road fund, and from state and federal grant programs.

This lengthy timeframe and these costs represent a significant drain on local, state and federal government resources. In addition, public funds are becoming increasingly competitive, and program budgets are being dramatically cut or eliminated entirely. If flood control is a public priority, then flood control funding cannot continue to rely solely on government funds intended for other purposes, and on state and federal grant programs.

In 2007, former County Public Works staff, Dave Brookings, urged the Flood Control Zone District to establish a dedicated source of funding for flood control. Mr. Brookings recommended exercising the existing levy authority available to the Flood Control Zone District under RCW 86.15. In addition to this source, Mr. Brookings identified county commissioner authority, under RCW 86.12, to levy a separate property tax for a River Improvement Fund, within which is a dedicated Flood Control Maintenance Account. Both of these sources are available right now in Skagit County and do not require voter approval or state legislative action as some funding sources would require (e.g. sales tax). To date, neither of these authorized revenue sources has been levied.

This lack of available, dedicated funding is the significant barrier to implementation of the Hamilton Floodway Mitigation and Town Relocation Program (and all flood control projects). The Flood Control Zone District has identified Hamilton relocation as the only project of the 37 Corps of Engineers' measures as "green" for early action implementation. The remaining 36 measures have been rated as "yellow", for needs additional analysis, development, design and alternative packaging, or as "red", for should be abandoned. Unfortunately, implementation of Hamilton relocation is being postponed indefinitely due to a lack of funding. After June 30, 2009, no funds have been identified as available to implement this flood control plan.

### Authorized Levy Rates for Flood Control

Under RCW 86.15.160 (3), a Flood Control Zone District may levy a countywide property tax up to \$0.50 per \$1,000 assessed value when the levy will not take dollar rates that other taxing districts may lawfully claim and that will not cause the combined levies to exceed the constitutional and/or statutory limitations.

Under RCW 86.15.080 (1) the zone may “exercise all the powers vested in a county for flood water or storm water control purposes under the provisions of chapters 86.12,...”. RCW 82.12 authorizes county commissioners to annually levy a countywide property tax up to \$0.25 per \$1,000 assessed value for a “River Improvement Fund”, under which must include a “flood control maintenance account”.

Combined, these two sources may levy up to \$0.75 per \$1,000 assessed value countywide toward the cost of flood control. Table 2 identifies the missed opportunities for generating local revenue since Mr. Brookings urging in 2007.

The first column reflects the rate of \$0.10 per \$1,000 assessed value levied by King County immediately following their 2007 establishment of a Flood Control Zone District. In two years, King County has generated more than \$76 million toward flood control. The second column represents revenue potential with the existing River Improvement Fund maximum levy rate of \$0.25 per \$1,000 assessed value. The third column represents revenue potential with the existing countywide Flood Control Zone District maximum levy rate of \$0.50 per \$1,000 assessed value. The fourth column represents revenue potential with the combined two existing opportunities (River Improvement Fund and Flood Control Zone District).

Table 2: Missed Opportunity for Revenue Generation

	Levy \$0.10 per \$1,000	Levy \$0.25 per \$1,000	Levy \$0.50 per \$1,000	2 Levies = \$0.75 per \$1,000
2009 Total Assessed Value	\$16,868,200,169	\$16,868,200,169	\$16,868,200,169	\$16,868,200,169
2009 Revenue Potential	\$1,686,820	\$4,217,050	\$8,434,100	\$12,651,150
2008 Total Assessed Value	\$16,166,682,507	\$16,166,682,507	\$16,166,682,507	\$16,166,682,507
2008 Revenue Potential	\$1,616,668	\$4,041,671	\$8,083,341	\$12,125,012
2-Year Missed Opportunity	\$3,303,488	\$8,258,721	\$16,517,441	\$24,776,162

As Table 2 illustrates, county government chooses to forsake millions of dollars in annual revenue dedicated for flood control purposes. Instead, the county road fund is paying millions of dollars for flood-related costs, rather than providing the public services it is intended for.

Table 3 offers examples of what these various tax rates would cost individual property owners each year. For example, assuming the rate currently levied in King County (\$0.10 per \$1,000), property owners in Skagit County on average would contribute about \$24 per year or \$2 per month toward the cost of flood control. This example represents the cost equivalent of one bag of potato chips each month or a container of ice cream (on sale). Assuming the maximum rate for both levies (\$0.75 per \$1,000), this same population would contribute about \$180 per year or \$15 per month toward the cost of flood control. This example represents the cost equivalent of one new music CD, used DVD movie, or three grande-size mochas each month. For lower income residents, such as in Hamilton, this cost equivalent is much lower, between \$0.68 and \$5.08 per month. These examples beg the question...is flood control worth paying this amount?

*Table 3: Flood Control Zone District Property Tax Impact*

Median Assessed Residential Property Value	Levy \$0.10 per \$1,000	Levy \$0.25 per \$1,000	Levy \$0.50 per \$1,000	2 Levies = \$0.75 per \$1,000
Skagit County - \$240,000				
Annual Tax	\$24.00	\$60.00	\$120.00	\$180.00
Monthly Cost	\$2.00	\$5.00	\$10.00	\$15.00
Hamilton Floodway - \$81,212				
Annual Tax	\$8.12	\$20.30	\$40.61	\$60.91
Monthly Cost	\$0.68	\$1.69	\$3.38	\$5.08

**Impact on the \$5.90 Total Levy Limit**

Regular levies, such as these, each have a maximum rate authorized by state law that may not be exceeded without voter approval. In addition, the combined rate for local regular levies cannot exceed \$5.90 per \$1,000 assessed value. If this \$5.90 limit is exceeded, levy rates are prorated or eliminated using a predetermined schedule (RCW 84.52.010(2)(a)). In Skagit County, only Park and Recreation District levies would be affected before the Flood Control Zone District itself is prorated or eliminated.

The 2009 levy check performed by the Skagit County Assessor’s Office reports that no taxing district is approaching the \$5.90 cap. The Town of Concrete is the closest of all taxing districts, with a total 2009 levy rate of \$3.894 per \$1,000 for applicable taxing districts; which is \$2.00 shy of the \$5.90 maximum. As such, the maximum rate for both the Flood Control Zone District and the River Improvement Fund could be levied without threatening any other existing taxing district levy.

**Impact on the 1% Constitutional Limit**

Most regular levies also have a Constitutional limit on the amount of combined property tax that may be imposed on an individual parcel of property to 1% of the property’s true and fair value. This limit equates to \$10 per \$1,000 true and fair assessed value. Diann Locke, levy specialist with the Washington State Department of Revenue, reports that no county in the state is approaching this 1% Constitutional limit. The 2009 levy check performed by the Skagit County Assessor’s Office reports that no taxing district is approaching this 1% threshold. Again, the Town of Concrete is the closest of all taxing districts, with a total 2009 levy of \$6.1264 per \$1,000; which is \$3.8936 shy of the \$10 threshold.

**Conclusion**

Floods impact all Skagitonians; as a direct threat to safety and property for some, and as economic and social costs indirectly paid by all. The tab for flood-related costs countywide continues to accrue and the best laid plans for flood control will never be realized without the aid of dedicated sources of local revenue.

The time is long overdue for Skagitonians to assume greater responsibility for the cost of flood control. The time is long overdue for county leaders to make the maximum use of revenue generating opportunities available right now and dedicated for this purpose.