

WRIA 8 Salmon Recovery Council Briefing Memo: Draft 2019 Budget and Work Program

March 15, 2018

Background

In 2015, the 28 local government partners in WRIA 8 negotiated renewal of the interlocal agreement (ILA) to continue cost-sharing implementation of the WRIA 8 Chinook Conservation Plan. Partners also renewed the memorandum of understanding (MOU) between the Salmon Recovery Council (SRC) and King County as the service provider to WRIA 8. The MOU specifies that WRIA 8 ILA partner cost shares can be increased annually to cover projected annual staff and operating cost increases, with the Consumer Price Index for Wages (CPI-W) used as an estimate for cost share increases. Per the MOU, these terms can be revisited if costs increase greater than CPI-W.

King County's staff and operating costs for 2019 are estimated to represent a 5.7% increase over 2018, which is more than the estimated CPI-W rate (3.3%). As part of establishing the 2019 budget, the Salmon Recovery Council should discuss options to address the difference between King County's estimated true costs and the CPI-W rate, which amounts to \$14,047.

Main points for draft budget discussion

- In the budget table, the ILA partner cost share increase shown from 2018 to 2019 reflects the estimated 3.3% CPI-W increase.
- The 2019 ILA cost share was recalculated per the terms of the ILA, to update the three parameters used in the formula – jurisdictions' population, area, and assessed value.
- King County's true costs for 2019 are estimated to increase 5.7% over 2018 costs. The difference between King County's costs and the CPI-W cost share increase is \$14,047.
- King County's staff cost increases are driven by three factors: 1) general wage increase, 2) merit-based increase, and 3) benefits costs increase.
- The State Lead Entity grant (\$60,000) and Puget Sound Acquisition and Restoration (PSAR) project development grant (\$48,987 per year) will be awarded to WRIA 8 for 2019. The Lead Entity grant is generally considered a component of base revenues and is expended primarily on staff costs related to performing statutory Lead Entity functions. A portion of the PSAR project development grant can also be used on staffing.
- The reduction in costs for the Administrative Coordinator position results primarily from a change in staff. Also, the position was split between WRIs 8 and 9, each receiving 0.5 FTE. The position is now shared across the three watershed groups at King County. Under this new model, WRIA 8 receives 0.4 FTE. We do not expect a reduction in service, as King County will cover additional administrative tasks as needed.
- Overhead is a per FTE cost and reflects an estimated \$50,807 per FTE for 2019.
- Supplies and services costs reflect a 3.45% general inflation rate increase.
- The current carryforward funding balance is illustrated in "additional revenues."
- In January, the Council approved the use of \$92,000 in carryforward funding to perform wood surveys on the Cedar and Sammamish rivers and Tier 1 and Tier 2 streams. This amount is shown under "additional expenditures" in the 2018 budget. Other emerging priorities can be considered for funding using the same carryforward fund balance.

Options for Council discussion

The MOU between the Salmon Recovery Council and King County allows for annual cost share increases, with the CPI-W used as an estimate. The CPI-W increase of 3.3% reflected in the budget table (\$19,183) falls short of fully funding base operating costs for 2019 by \$14,047. The Council is being asked to decide how best to address the difference between base revenues and base expenditures, and options for consideration include:

- Do not increase the ILA cost share, and supplement base revenues using a combination of carryforward funds and a portion of the Puget Sound Acquisition and Restoration (PSAR) grant for eligible staff work plan topics to fund the base expenditure shortfall (NOTE: this reduces the amount of carryforward funding available to fund emerging priorities).
- Increase the cost share 3.3% and supplement base revenues by devoting a portion of the PSAR grant to eligible staff work plan topics (NOTE: this reduces the amount available to fund emerging priorities).
- Increase the cost share 3.3% and use carryforward funding to fund the base expenditure shortfall (NOTE: this reduces the amount available to fund emerging priorities).
- Increase the ILA cost share more than 3.3%, but less than 5.7%, and use carryforward funds or the PSAR project development grant to cover the remaining difference.
- Increase the ILA cost share 5.7% rather than 3.3%, which would provide the revenues needed to cover base expenditures.

Next steps in developing the 2019 budget and work plan

The WRIA 8 Management Committee will meet in April or early May to discuss the draft budget and work plan materials, using feedback from the SRC's discussion, and will develop a recommendation to bring to Council for decision in May.