



Snohomish County

Public Works
Surface Water Management

March 6, 2017

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Ms. Dale Shelton,
Stillaguamish Clean Water District Advisory Board Chair
Mr. Robert Landles,
Stillaguamish Clean Water District Advisory Board Vice-Chair
c/o Snohomish County Public Works
Surface Water Management
3000 Rockefeller Ave
Everett, WA 98201

Dave Somers
County Executive

Re: Stillaguamish Clean Water District Advisory Board letter of February 23, 2017

Dear Ms. Shelton and Mr. Landles:

SWM Management has reviewed the letter you sent on behalf of the Stillaguamish Clean Water District (CWD) Advisory Board dated February 23, 2017. We appreciate the Advisory Board's advice on the proposed reductions in spending for projects within the CWD, and we will take that into consideration as SWM continues to work on these financial issues.

As you know, SWM is faced with a revenue shortage in the CWD that is largely due to unpaid invoices by federal agencies that own property within the CWD. SWM is still working hard to try to resolve these outstanding invoices, but it will likely take a fair amount of time to be resolved. If these invoices do not get paid at all, then SWM estimated last fall that the revenue shortfall for the CWD at the end of 2016 would be roughly \$418,000 if all projects fully expended their budgets. Since that time, all collected revenues and expenditures for 2016 have been reported, so the actual fund balance deficit at the end of 2016 has been calculated to be roughly \$351,000. This does not include the fund balances for the Discretionary Fund, the Snohomish Conservation District, or the UGA surcharge. As a result of this fund balance deficit, the ongoing delivery of services within the CWD is at risk, which is why SWM proposed and took action on spending reductions at the beginning of February.

Below are responses to your specific comments.

- Advisory Board Staffing – First, the proposed reduction in staff support by 50% would not necessarily result in a proportionate reduction in the number of Advisory Board meetings held, since the Advisory Board should be able to facilitate some of the meetings on their own. In addition, your letter stated that “it is also unclear how shifting money away from the Board staffing would actually save money.” This would simply be accomplished by reassigning staff who support the Advisory Board to programs that SWM provides in the other two Watershed Management Areas, thereby helping toward the goal of preserving funds and services for the CWD.
- Lakewise – SWM's plan to reduce this program in the Stillaguamish CWD in 2017 only reduces the use of SWM revenues. Since SWM also has funding from a National Estuary Program grant, the Lakewise program would still continue within the CWD. The following Lakewise activities will be conducted in the Stillaguamish CWD in 2017: support for households who are in process to become Lakewise-certified; completing 2-3 shoreline restoration projects; one septic care workshop (with Savvy Septic); one Natural Yard Care workshop; attendance at Sunday Lake community meeting; and organization and attendance

at a Loma Lake community meeting. The process of starting up the Lakewise program in new neighborhoods will be temporarily shifted to the Snohomish basin, which has not yet had the benefit of this valuable program. Regarding the comment about toxic algae testing, SWM's toxic algae program is a separate program from Lakewise. SWM did not propose any cuts to the toxic algae program in 2017. SWM has already been utilizing the lab services referenced in your letter for years.

- Admin/OH – As previously explained to the Advisory Board, the County's policies on employee compensation (pensions, health care, and vacations) are standardized and reflect the cost of doing business. Regarding your suggestion to recalculate the Admin/OH costs based on lower revenues from the Navy, we have not written off those revenues in our accounting systems yet. Since we are still trying to collect those revenues, we do not want our accounting systems to appear to eliminate those revenues, which could make them harder for us to collect. Regarding the 120 program that you referred to, the percent of Stillaguamish CWD revenues used on overhead is higher than usual because SWM intentionally used other funding sources (in this case, RPPT funds) to supplement the funding of projects in the CWD. If we had not done this, the percent of CWD funds used toward overhead would have been significantly lower, but then the services provided by SWM within the CWD would also have been reduced.
- SLS – Regarding your suggestion to reduce spending on the Sustainable Lands Strategy Program (SLS), SWM has already reduced the proportionate amount that CWD revenues contribute to this program. Prior to 2014, the revenues used to fund this project were split evenly between the Stillaguamish CWD and the Snohomish Watershed Management Area. In order to help preserve services in the CWD, SWM reduced the proportion of CWD revenues allocated to this program, first from 50% to 33% and then to its current level of only 25%, so we have already reduced this program in the CWD.

Finally, you commented on my decision to reject the Discretionary Fund application made by Dale Shelton, the current chair of the Advisory Board. The Discretionary Fund Application Guidelines clearly states the authority of the SWM Director in these matters: "The Director of SWM or the Director's designee shall make the final determination, either approving or rejecting the application for funding." I am not making any judgments about whether Dale had an actual conflict of interest in the process or not, but there is at least the appearance of a conflict of interest whenever a county advisory board recommends providing county funding to the chair of that board.

Thank you for your recommendations. To address the revenue deficit for the CWD, we will continue to implement the measures that we presented to you.

Sincerely,



Will Hall,
Surface Water Utility Director
(425) 388-4610

Cc: Brian Sullivan, Snohomish County Council Chair
Steve Thomsen, Snohomish County Public Works Director
Gregg Farris, SWM Planning Manager