

Public Works Department Mid-Year Updates

June 2022



Snohomish County

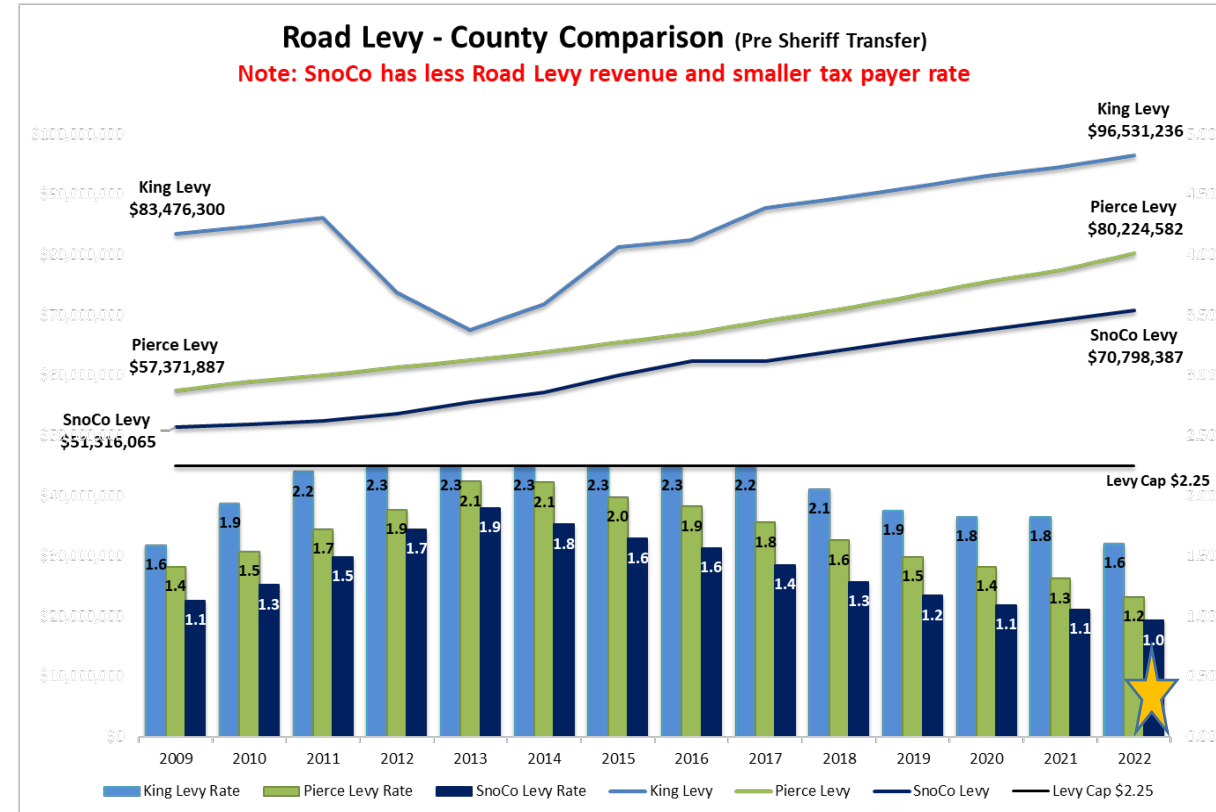
Summary of Issues

- Position vacancies and hiring challenges
- Adjusting to rising costs for labor, materials, and services
- Supply chain disruptions
- Growing programs, commitments, and workload
- Waste export services and waste processing disruptions



The Good – Public Works

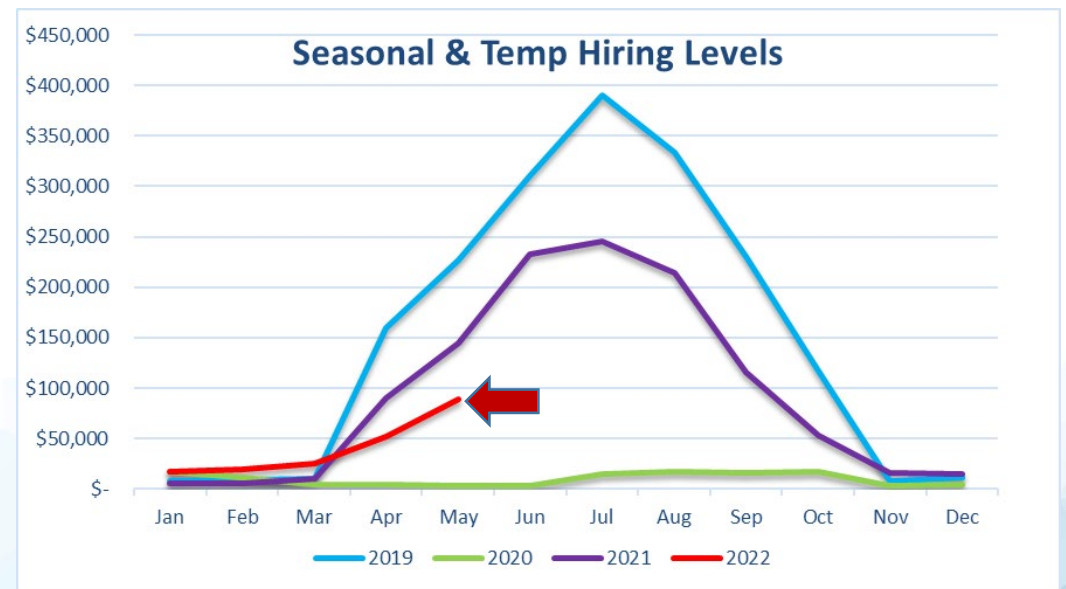
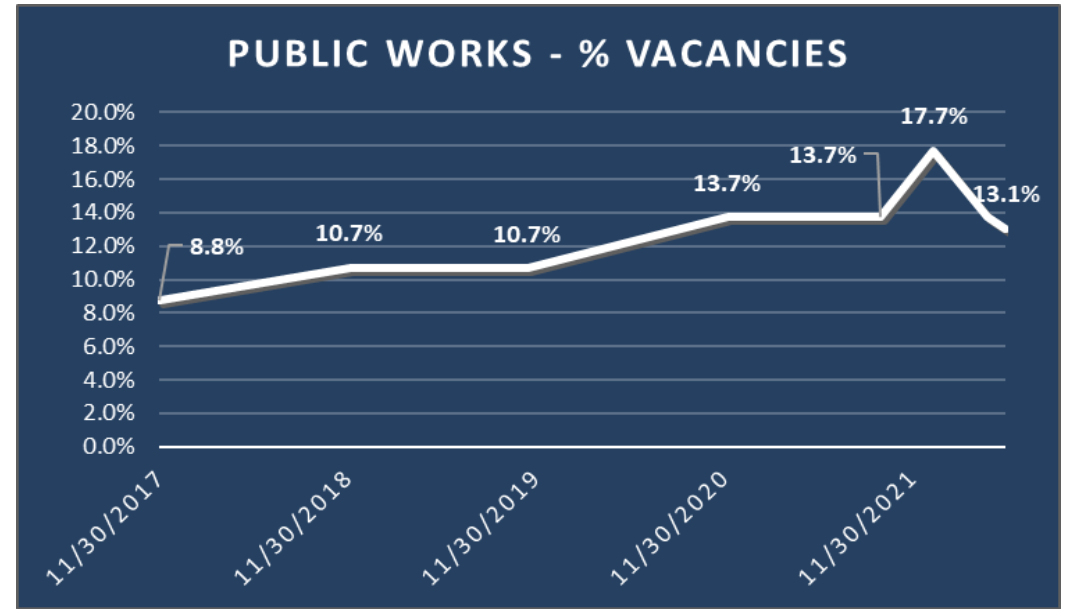
- Road Fund:
 - Low road levy rate for property owners
 - Pavement preservation among best in region
 - High quality emergency response
 - Secured grants and other funding for a robust capital program
 - Sufficient local dollars for five-year plan
 - Low debt ratio
 - Good relationships with contractors & consultants
- Solid Waste Management:
 - Low tip fees (flat since 2008)
 - Deliver essential services despite increased tonnage, staffing shortages, equipment breakdowns, and ongoing problems with waste export services



★ Road levy rate only \$1 per \$1,000 assessed value (max \$2.25)

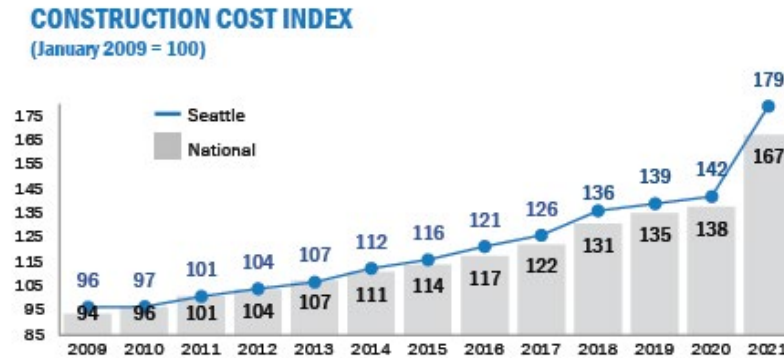
Staffing Challenges

- Staffing shortages:
 - High vacancies
 - Seasonal & temporary worker shortage
 - Overtime maxed out
- Common staffing themes:
 - Compensation less competitive
 - Struggling to fill certain critical positions – Sr. Engineers!
 - Recently lost key contributors
 - Limited availability of consultants



Inflation Impacts

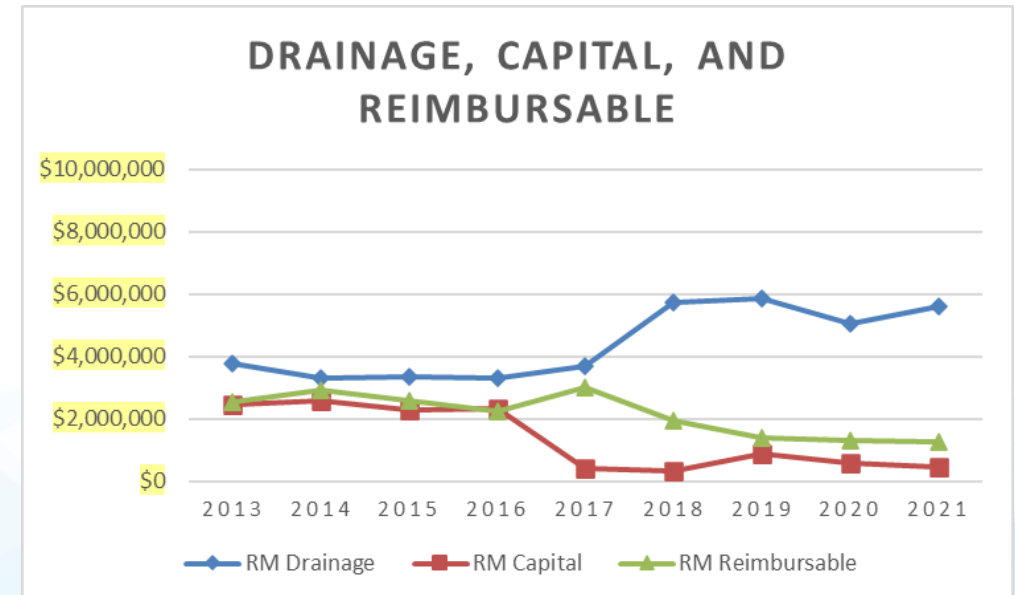
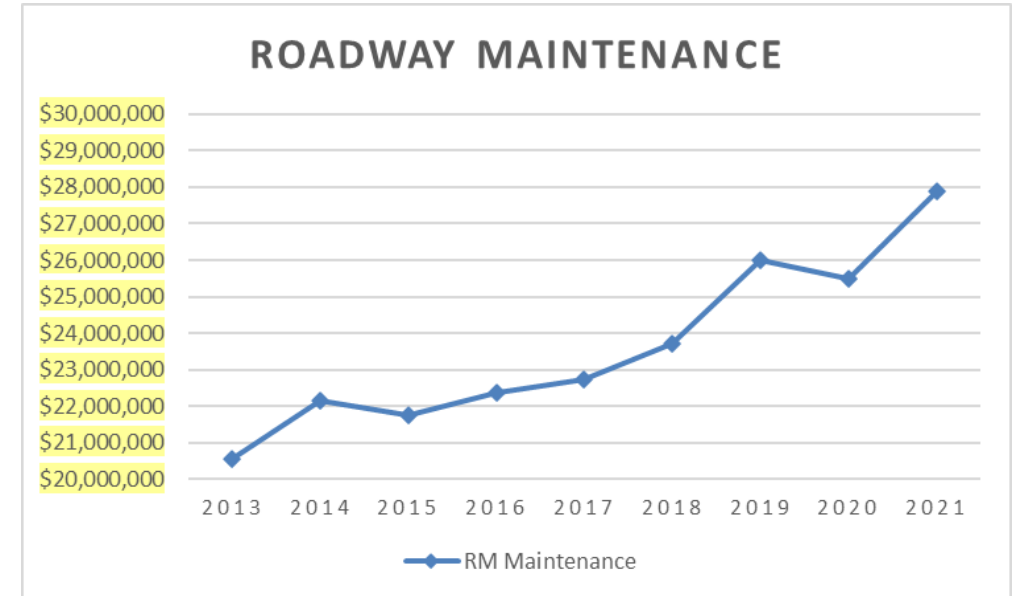
- Cost inflation:
 - Inflation **is** impacting bottom line
 - ~\$90 million in combined annual spending for materials, services, and equipment
 - Year-over-Year cost increases
 - 26% increase to Construction Cost Index (CCI) - Seattle
 - 19.6% increase to Producer Price Index (PPI) - National
 - Generally, experiencing 10% - 20% cost increases for materials
 - Long-term inflation **will** create funding gaps in current programs



The Mortenson Cost Index is showing a single quarter increase of 2.9% nationally and 4.3% in Seattle. Over the last twelve months, costs increased 21.5% nationally and 26.1% in Seattle.

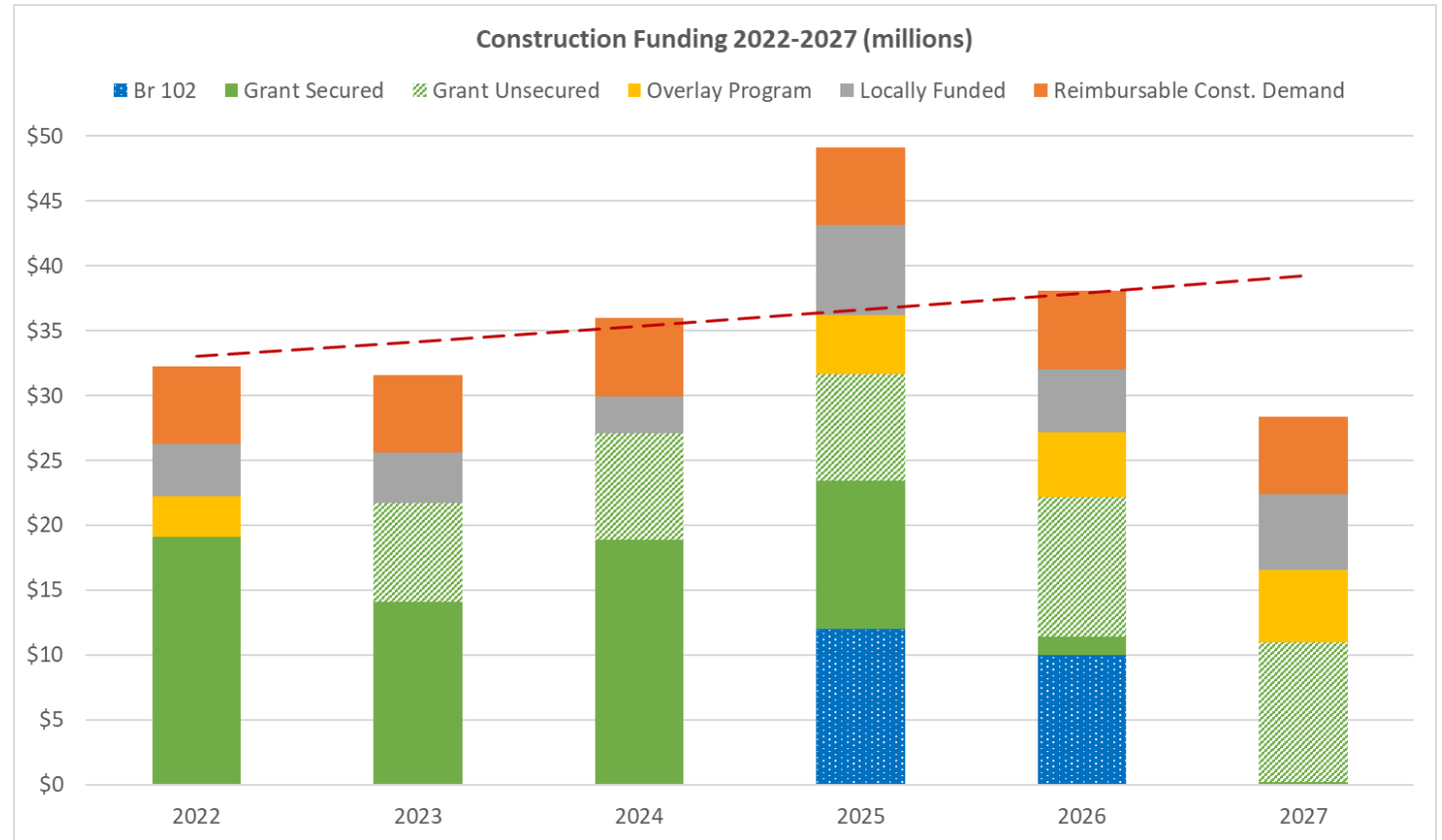
Road Maintenance Challenges

- Staffing shortages
- Supply chain disruptions
 - Material backlogs and delays (e.g., concrete)
 - 10% - 20% year-over-year cost increases:
 - Asphalt, concrete, rebar, excavated materials, steel, and fuel
- Growing workload
 - Road system maintenance backlog
 - Drainage & surface water work on the rise
 - Capital and reimbursable work declining due to staffing limitations
 - Higher costs when contracted out



Roads Capital (ACP/TIP) Challenges

- Staffing shortages
- Supply chain disruptions and rising costs
- Growing workload:
 - Full construction program over next five years
 - Aggressive deadlines for grant funded projects
 - Growth management & concurrency needs
 - Growing County culverts and fish barrier passage program
 - Federal Infrastructure and Investment Program



*Staffing (FTEs, consultants, & interns) fully programmed to deliver construction program.

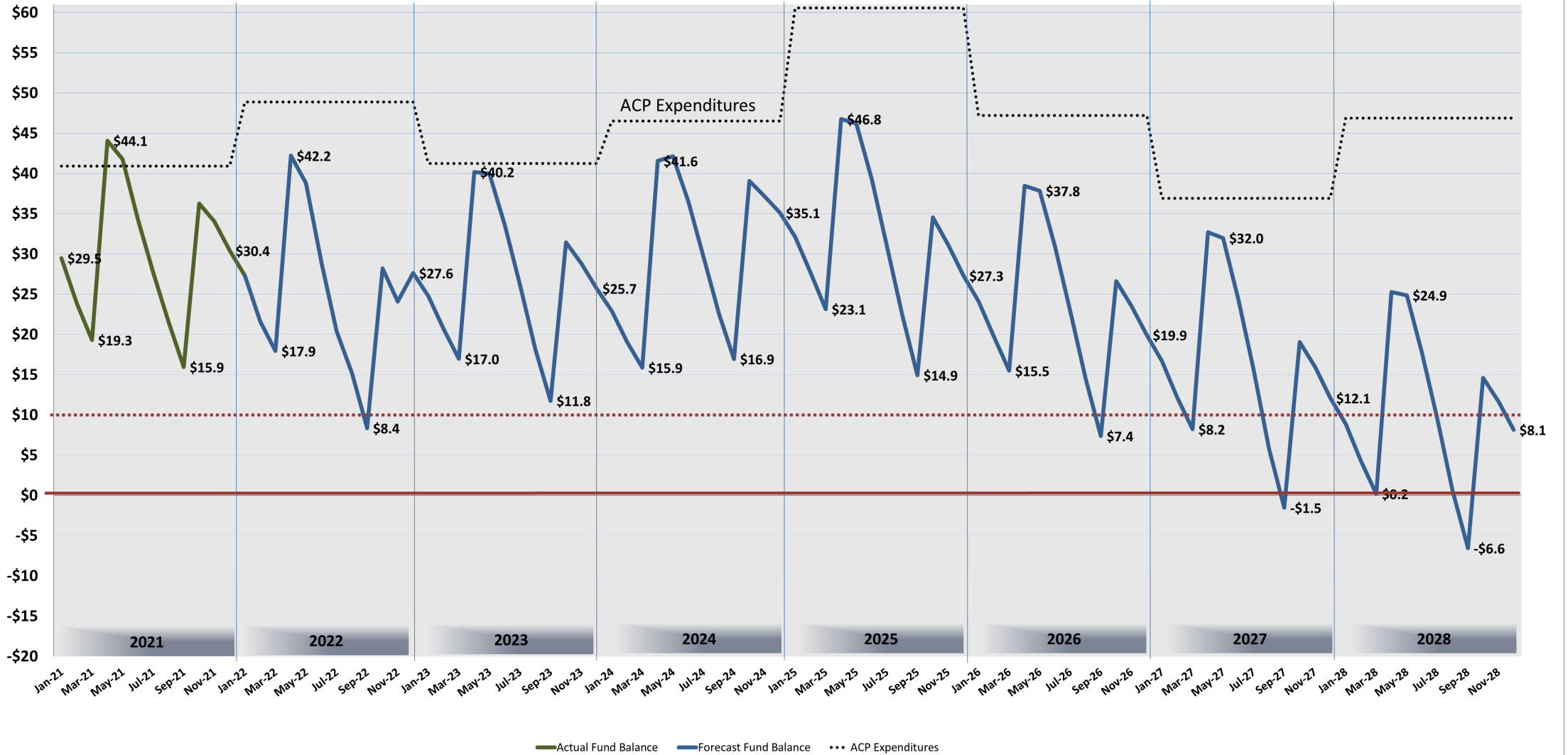
*Red dashed line is projected construction delivery capacity.

County Culverts and Fish Passage

- County Culverts and Fish Barrier Passage program is growing
 - Road Fund and Surface Water Management
 - More funding available to grow program, but delivery limited by current staffing levels
 - PW/CNR assessing staffing needs for increasing program delivery
 - Need additional project management, engineering, right-of-way, and contracting expertise (hard to find)
 - Other significant challenges include lack of staffing at service agencies and unpredictable permitting processes



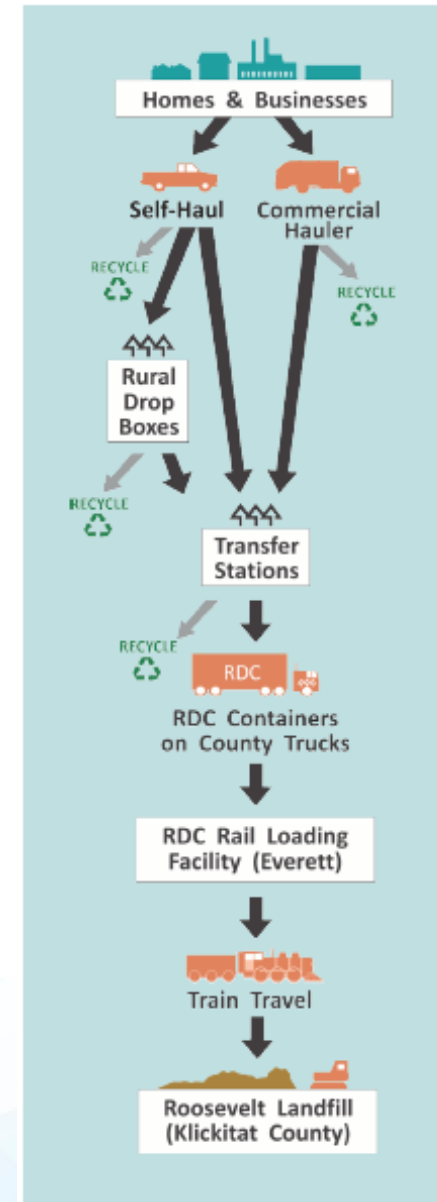
Road Fund - Fund Balance Plan (draft) As of April 2022 (in millions)



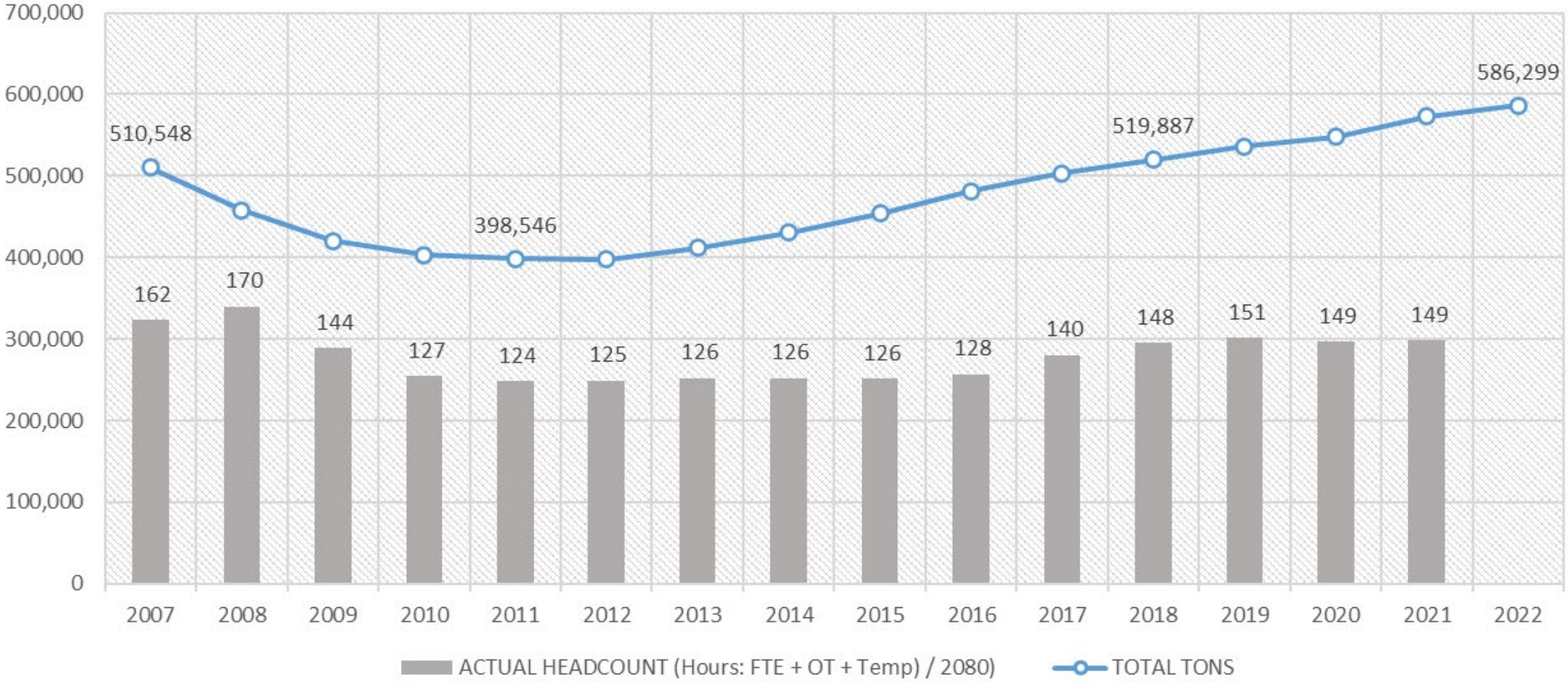
- *Road Fund Balance (cash) fully programmed to deliver current six-year TIP.
- *Cash needed to provide necessary match for grants.
- *Need to be cautious with cost inflation uncertainty.

Solid Waste Management Challenges

- Staffing shortages
- Workload and system disruptions:
 - Increasing waste tonnage and customer counts
 - Waste export services' inability to meet County's level of service needs
 - Limitation of containers from Republic and rail export from BNSF
 - Health and safety risk for County
 - High volume of tonnage stressing waste processing staff, facilities, systems, and equipment

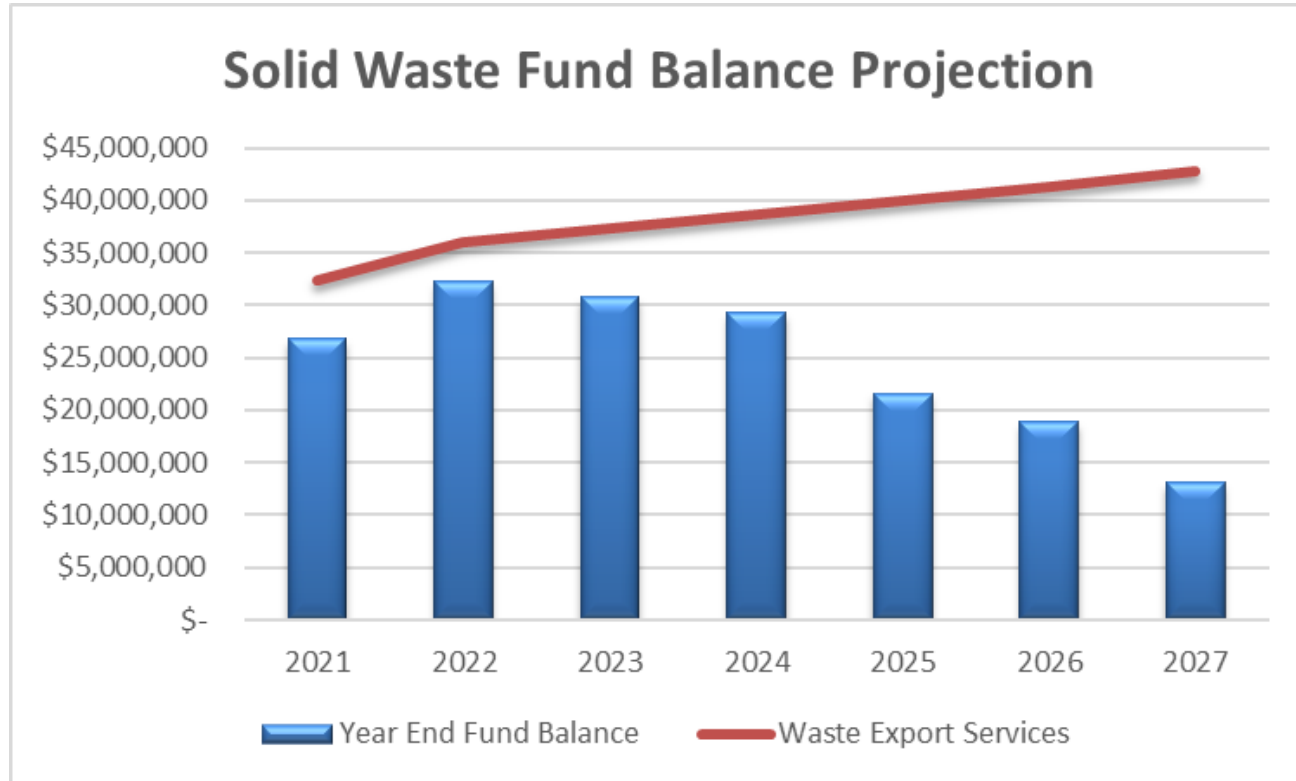


Solid Waste Tonnage (Blue) and Actual Headcount (Grey)



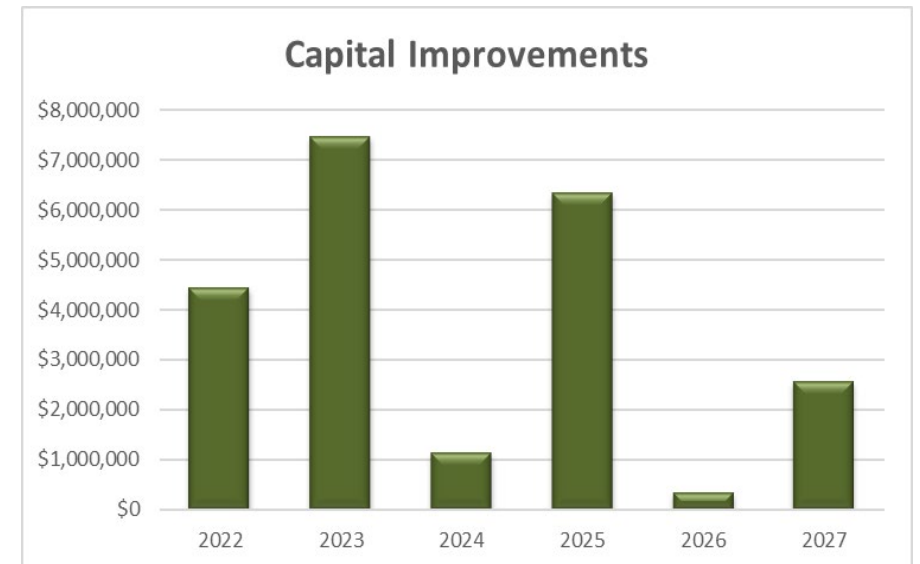
- *Tonnage continues to grow at a steady pace (blue line).
- *Actual staffing levels flat since 2018 (grey bar).
- *Added 15 new FTEs in 2022 budget but struggling to fill vacancies.

Five Year Outlook - Solid Waste Management



Project highlights:

Scale replacements, tipping floor and lane resurfacing, fleet replacement & electrification, intermodal yard expansion.



*Fund balance boost anticipated in 2022 from sale of Cathcart South property.

*Fund balance to be spent down year-by-year as capital improvements are made and annual waste export expense grows with CPI increases.

*Forecasts above based on 2022 budget (currently assessing 2023 budget updates).

Issues and Outcomes

- Staffing - vacancies and hiring
 - Being understaffed puts program & project delivery at risk
 - Falling behind on maintenance will cost more in long run
 - Staff are stretched thin and at higher risk of burnout
- Options
 - Continue making hiring progress to reduce vacancies
 - Implement class and comp changes in a timely manner, especially for critical positions that are difficult to hire
 - Implement incentives to retain employees
 - Identify and delay lower priority work



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Issues and Outcomes

- Rising costs for labor, materials, and services
 - Cost inflation and supply chain issues could impact costs and schedules
- Options
 - Long-term cost inflation will require cuts or delays to programs and projects
 - Evaluate level of service and right size delivery to staffing & funding resources
 - Reshuffle the capital program (ACP/TIP/CIP)
 - Manage public expectations
 - Increase revenues to fill funding gaps





Snohomish County

Issues and Outcomes

- Waste export services and waste processing disruptions
 - Falling behind on services, staffing, facilities, and equipment
- Options
 - Continue making hiring progress to reduce vacancies
 - Implement incentives to retain employees
 - Long-term solutions with vendor and railroad
 - System improvements to keep up with growth

 CARDBOARD RECYCLE





Snohomish County