

Appendix B

THE
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LAND



CONSERVING LAND FOR PEOPLE

King County, Washington
Land Conservation Financing
Study

August 2004

As part of the broader Greenprint for Puget Sound project, this report presents a general survey of programs and public funding options that are currently being utilized and/or may be used to protect land and resources within King County. The contents of the report are based on the best available information at the time of research and drafting (late 2003 and early 2004), with much of the data compiled from Internet resources and appropriate King County agencies. Although more detailed and current information may be available, this report serves only as a survey of programs and public funding options and, accordingly, will not be continuously updated.

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Executive Summary

As the most populous county in the State of Washington and the thirteenth most populous county in the nation, King County has experienced intense urbanization pressure in its incorporated cities. Roughly 80 percent of the county population resides in the 39 incorporated cities, which comprise only 18 percent of the county land area. Although King County's population has not increased greatly in the past decade, the increase in combination with the county's existing large population has fueled the housing development industry, particularly in the urban areas of the county per the mandate of the State Growth Management Act.¹ However, King County also has a good policy framework in place to support land conservation.

The county has a number of local programs geared exclusively toward land conservation and also has a number of programs where land conservation is an ancillary bonus. The county also participates in a wide array of state and federal land conservation programs, accessing significant funds and matching grants for land protection throughout the county, and it actively promotes incentive programs and tax credit programs to encourage private landowners to preserve the natural condition of their lands. There are, however, a number of policy changes that could further strengthen the county's land conservation framework and bring additional funds to the table. Specifically, TPL recommends:

- **Increasing the county's funding commitment.** Recent budget shortfalls present significant challenges to pursuing additional funds for land conservation. However, King County has additional debt capacity to tap and could also explore other potential sources of revenue, such as an increase to the Conservation Futures property tax or Real Estate Excise Tax levied in the county.
- **Expand county funding programs beyond those related to water quality and water habitat and provide dedicated sources of revenue.** With the exception of funding from the Conservation Futures Tax and Real Estate Excise Tax, at present, all King County land conservation funding programs (i.e. Community Salmon Fund, Mid-Sound Fisheries Enhancement Group and WaterWorks) are utilized for the improvement and enhancement of water quality and water-dependent habitat. To create more encompassing land conservation programs, King County could leverage additional funds to protect land under the auspices of transportation, wastewater, energy, urban park, and forestry projects. In addition, because the Community Salmon Fund, Mid-Sound Fisheries Enhancement Group and WaterWorks programs rely on annual appropriations from lead agencies that vary from year-to-year (rather than dedicated revenue), they have not been able to provide many grants for land acquisition activity in King County.
- **Leverage more state and federal funds.** The State of Washington and federal government provide funding for land acquisitions ranging from water quality to

¹ Enacted in 1990, the Growth Management Act set "growth targets" for households and jobs and required urban counties and their cities to develop and adopt comprehensive plans and regulations to implement the plans. Each target is the amount of growth to be accommodated by a jurisdiction during the 20-year Growth Management planning period. Residential targets were expressed as a range of households for each jurisdiction to accommodate between 1992 and 2012.

wildlife and recreation and to agricultural objectives, though these funds are not as reliable as local funds. Municipalities within King County have aggressively sought out these funds. While King County also has utilized these state and federal funds, a more coordinated and focused approach to garnering state and federal funds would ensure that King County is utilizing these funds to their maximum advantage for land conservation. In addition to leveraging funds from the state and federal governments, King County should encourage greater participation in voluntary state and federal land conservation programs by private landowners within the county (i.e. the state Forestry Riparian Easement Program, Riparian Open Space Easement Program, and Conservation Reserve Enhancement Program and the federal Wetland Reserve Program, Wildlife Habitats Incentives Program, and Grasslands Reserve Program).

- **Public and Private Partnerships.** By working in conjunction with other public entities, other departments/divisions within the county, and private partners, King County could create opportunities to pool funds for land acquisition and stewardship. The Snoqualmie Preservation Initiative and the Cascade Land Treemont Conservation Acquisition Project serve as models of land preservation achieved through the combined efforts of King County, public partners, and private partners.

Introduction

Protecting the land and natural resources of King County, Washington, is of critical importance in order to ensure a safe drinking water supply, protect the region’s natural beauty, provide outdoor recreational opportunities, preserve rapidly diminishing forest and farm land, and ensure that its geographically diverse landforms—from saltwater coastlines, to mountains and plateaus, to freshwater lakes and salmon streams—remain filled with abundant plant and animal life. In order to make progress on this goal, the Trust for Public Land has engaged a range of stakeholders, including agencies, municipalities and other nonprofit entities to explore and develop a strategic land acquisition program entitled the “Greenprint for Puget Sound” for the broader Puget Sound region. As part of the Greenprint for Puget Sound, this report presents a range of public funding options that are currently being utilized and/or may be used to protect land and resources within King County.

The report begins by introducing the concept of a “funding quilt”—the combination of local, state and federal funds that can be combined to achieve land conservation objectives. The report then discusses specific county land conservation programs and county funding options and state and federal sources that are available to protect land in King County. Local funding is the most reliable long-term method to fund land conservation because state and federal funding oftentimes is scarce (and variable) and competition for those funds is fierce. Hence, state and federal funding sources are best viewed as supplements or complements to local land conservation. The report also recognizes that private funding sources are available and Appendix A lists some potential private funders for King County land conservation objectives. Finally, the report concludes with specific recommendations to move forward on land conservation funding in King County.

Around the country, the tools for raising revenues for parks and open space at the local level are quite diverse and continually expanding. In most cases, money comes from traditional sources, such as budget appropriations, general obligation bonds, and dedicated sales and property taxes. Some unusual sources such as the local income tax and cell phone tax are being identified and tapped as valuable resources. In most counties, dedicated taxes and bonds must be approved by voters. Of the finance measures passed by county voters around the country since 1999, 43 percent are bond measures, followed by property taxes (32 percent) and sales taxes (21 percent), as noted in the table below. Other non-traditional tools include benefit assessments in California and the real estate excise tax which was approved by two counties in Washington State.

Conservation Finance Measures Approved since 1999

Finance Mechanism	# of Measures	% of Total
Bonds	52	43
Property Tax	38	32
Sales Tax	25	21
Other	5	4
	120	100

The Funding Quilt

A funding quilt is the combination of funding sources—local, state, federal and private—that are brought together to help achieve conservation objectives. Central to the funding quilt is the role that one funding source plays in leveraging other sources. The combination of funding sources that help accomplish these conservation goals may take many forms— local and state, local and federal, etc.— and also may shift over time.

The Mountain to Sound Greenway provides a good example of how the Mountains to Sound Greenway Trust, King County and their partners were able to leverage multiple funding sources to acquire land for the protection of riverfront and wildlife habitat, the provision of open space, and recreation.

Mountains to Sound Greenway

The Mountains to Sound Greenway is a 101-mile scenic, historic and recreation corridor stretching along Interstate 90 from Puget Sound and the bike and pedestrian trails on the Seattle waterfront through the forests and rugged peaks of the Cascades and down to the edge of desert grasslands of Central Washington in Kittitas County.² King County contributed to the Greenway with its purchase of Cougar Mountain, a 3,000-acre wildland park, in 1983. Since 1991, over 125,000 acres of land have been bought or traded and put into public domain to forge a public greenbelt with open space, parks, recreation trails, riverfront, wildlife habitat, and cultural and historical sites. While parts of the Greenway are working forests, allowing timber harvests for state school construction and economic development, one stretch, from Issaquah to Snoqualmie Pass, has received National Scenic Byway status.

A wide array of funding sources totaling nearly \$178 million contributed to the success of the Greenway. The Greenway funding quilt included the following, as depicted on the chart on the next page:

² <<http://www.mtsgreenway.org/index.htm>>.

Federal Funds	State Funds	County Funds	Private Funds
Endangered Species Act funds	Washington Wildlife Recreation Program grants	King County parks and open space bonds	Paul G. Allen Forest Protection Foundation
Forest Legacy funds	Salmon Recovery Funding Board grants	Waterways 2000 funds	Osberg Family Trust
Transportation Enhancement Program monies	Interagency Committee grants	Purchase of Development Rights program	
Land and Water Conservation Fund	Washington Department of Fish and Wildlife grants	Conservation Futures Tax revenue	
U.S. Fish and Wildlife grants		Real Estate Excise Tax revenue	
Bonneville Power Administration internal mitigation funds		Biosolids Forestry Program	

Some of the land was also dedicated to the Greenway by entities such as the City of Issaquah (dedication pursuant to the Talus Urban Village development), donated by private entities like the Weyerhaeuser Real Estate Company as part of the Snoqualmie Preservation Initiative, transferred via the state Trust Land Transfer program, acquired via land exchanges with private entities, or designated as conservation areas by municipalities.

Consistent with the premise of a funding quilt, the Mountain to Sounds Greenway Trust partners with many other groups to accomplish land acquisitions for the Greenway, including the Trust for Public Land, the Cascade Land Conservancy, the Cascades Conservation Partnership, and the Washington Wildlife and Recreation Coalition, and collaborated with many governmental agencies, including the USDA Forest Service, the Washington Department of Natural Resources and Parks, Washington State Parks, and King County.

King County Background Information³

Geography

Comprised of 2,134 square miles, King County is the size of Delaware, but much more geographically diverse. It extends from Puget Sound in the west to 8,000-foot Mt. Daniel at the Cascade crest to the east. Within county borders are a wide variety of landforms, including saltwater coastlines, river floodplains, plateaus, slopes and mountains, and a number of lakes and salmon streams, including the 35-square mile Lake Washington and the eight square mile Lake Sammamish. The county ranks 11th in geographical size amongst the other 39 Washington counties.

Demographics & Housing

King County ranks number one in county population in the State of Washington and is the thirteenth most populous county in the nation. Nearly 30 percent of the state population reside in King County and, of the county population, roughly 32 percent live in Seattle. Between 1990 and 2003, the population of King County increased 18 percent (by 271,981 people) to roughly 1.78 million people. Although the population increase since 1990 is relatively modest in comparison with nearby Puget Sound counties, the increase is significant when considered in context with the existing large county population. Most of the county population resides within the Seattle-Bellevue-Everett metropolitan area, with a population of 2.4 million people. In fact, more than 90 percent of the county population surge since 1990 was in this metropolitan area and the western third of the county. King County's population is expected to increase to over 1.8 million by 2010, as shown below.

Year	Population	Percentage Increase from 1990
1990	1,507,319	
2000	1,737,034	15.20%
2003	1,779,300	18.04%
2010	1,833,000 to 1,856,000	21.60% to 23.13%

Concomitant with the increase in population was an increase in housing units. Over the past decade, housing stock increased 14.7 percent to 742,237 housing units in 2002, and with over 94,000 new homes constructed. In 2002 alone, 11,468 new residential units were constructed (5,962 single-family units and 5,506 multifamily units). In 1990, the median house value in the county was \$140,100; in 2000, the median house value was \$235,000; and, in 2003, the median house value was \$236,900, a 69 percent increase from the 1990 median home value.

Jurisdictions

King County contains 39 cities covering 383 square miles and 18 percent of the total county land area. Roughly 80 percent of the county population resides in the 39 cities located in King County, from Seattle with 571,900 people to Bellevue with 116,400 to Skykomish and Beaux with fewer than 400 people. About 48 percent of the population resides in the 38 cities outside Seattle, or the

³ This section is largely excerpted from the 2003 King County Annual Growth Report, which may be found at www.metrokc.gov/budget/agr/agr03/.

suburban cities. Ten of these 39 cities were incorporated and numerous annexations took place between 1989 and 2000, thereby contributing to the dramatic increase of population within city limits.

The chart to the right lists the ten largest cities by estimated 2003 population in King County.⁴ Approximately 1.4 million people reside in the 39 cities. By 2010, it is estimated that another 193,000 unincorporated residents will annex into existing cities. In fact, by 2012, the entire urban-designated area is expected to be within city limits and more than one million people will live in the suburban cities.

City in King County	Population (2003 Est.)
Seattle	571,900
Bellevue	116,400
Kent	84,210
Federal Way	83,500
Renton	54,900
Shoreline	52,730
Redmond	46,480
Kirkland	45,630
Auburn	43,890
Sammamish	35,930

The remaining 20 percent of the county population (353,000 people) resides in unincorporated King County, which consists of 82 percent of the total county land area with 1,751 square miles. In comparison, in 1989, 41 percent of the county population lived in the unincorporated area. Most of these people (nearly 220,000) reside within the unincorporated Urban Growth Area of 77 square miles, which was designated by state Growth Management Act, and fewer than 137,000 people live in the designated Rural Area. Unincorporated King County ranges from urban communities like White Center, Kingsgate and Fairwood to tiny rural communities, to farmland, commercial forest, national forest and wilderness area with no residents.

Growth Targets

As part of the implementation of the Growth Management Act, King County adopted Countywide Planning Policies that set growth targets for households and jobs for a twenty-year period beginning in 1992. As of 2000, King County has achieved 38 percent of its household target for the Urban Growth Area (UGA), housed more than 50 percent of the population forecast in the UGA, achieved the proper densities for the UGA, and had capacity for 263,000 more housing units in the UGA, which is more than twice the capacity needed to accommodate the remaining household target growth.

The UGA in King County contains almost 27,000 acres of vacant or potentially redevelopable residential land, with the largest acreages of land supply in South King County (11,500 acres) and the Eastside (7,300 acres). Vacant lands account for 43 percent of the urban land supply, while 57 percent of the urban land supply is potentially redevelopable. In addition, jurisdictions within the county have the capacity for 79,700 new units in single-family zones; 63,000 new units in multifamily residential zones; and another 102,000 units in mixed-use or multiple use zones. More than 84 percent of the residential land supply is in single-family zones, and more than two-thirds of the capacity on residential land is in mixed use and multifamily zones.

Consistent with the Growth Management Act's mandate that counties designate urban areas to accommodate most of the planned growth, less than eight percent of countywide construction occurs in the rural designated area, which also reflects the smaller populace. However, in the 1995 to

⁴ 2002 King County Annual Growth Report, at 51.

1999 time period, new housing construction in the Rural Area was more than halfway (52 percent) to the 20-year target of up to 8,200 units. Much of the growth though is attributable to the large number of pre-existing lots in rural areas.

Parks and Open Space

King County’s protected open spaces form a network of active and passive parks, natural areas, working resource lands, and special purpose sites, such as community-defining systems that form urban separators and reinforce community identities. This network of protected open space supports a wide variety of open space objectives, including the preservation of working farm and forest lands, conservation of fish and wildlife habitat, management of floodplain resources, provision of recreational opportunities, protection of water quality, and general quality of life enhancements. Pursuant to the King County Comprehensive Plan, the county provides local park, trail, and open space lands in the Rural Area while the cities provide local park, trail and open space lands in the Urban Growth Area.⁵ However, as the regional government, King County is “the appropriate coordinator of the development of a regional parks and open space system, and the appropriate manager of lands and facilities that serve residents throughout the County.”⁶

King County currently owns and manages over 25,000 acres of parks and open spaces as well as the development rights for over 15,000 acres of privately held, working resource lands

Forty six percent of the county’s 1,363,776 acres⁷ is permanently protected by local, state, and federal land management agencies with 26 percent owned by the federal government, 10 percent by cities within King County, 7 percent by the state, and 2 percent by King County itself, as depicted below.

Jurisdiction	Acres of Protected Land	% of County Acreage
Federal public lands	354,200 acres	26%
City public lands	142,900 acres	10%
State public lands	97,500 acres	7%
King County public lands	31,800 acres	2%
TOTAL	626,400 acres	46%

King County undertakes and funds the acquisition of parks and open space through a number of county agencies and programs. Most of the programs are housed within the Water and Land Resources Division of the Department of Natural Resources and Parks. In the time period between 1990 and 2000, King County preserved 15,675 acres at a county cost of \$156,600,000.⁸ The following section provides more detail regarding the various land conservation programs in King County.

⁵ 2000 King County Comprehensive Plan, at Chapter 5.

⁶ *Id.* at Sec. 1.

⁷ http://www.metrokc.gov/mkcc/Council_facts.htm#factinf

⁸ “Open Space Purchases by King County 1990 through 2000,” provided by David Tieman.

King County Land and Resource Conservation Programs and Initiatives

This section of the report provides an overview of the current inventory of King County jurisdictional lands and their associated land conservation programs. Two county departments operate programs that protect land—the Department of Natural Resources and Parks (DNRP) and the Department of Transportation (DOT). DNRP, through its Parks Division, Water and Land Resources Division and its Wastewater Treatment Division, manages the majority of the county’s open space resources, some of which were acquired solely for land conservation purposes, whereas other lands were acquired in the context of other goals, such as flood hazard reduction and wastewater treatment.⁹ DOT preserves open space resources as a function of its roads projects, typically protecting lands with important ecological values.

The table below summarizes the current inventory of publicly owned lands managed by the Department of Natural Resources and Parks, as categorized by division and their corresponding functional open space programs and as of 2004.

King County Public Land Inventory¹⁰: Water and Land Resource Division + Parks Division

Category	Fee Simple (acres or miles)	Easements (acres or # parcels)	Development rights (acres)
Water and Land Resource Division Jurisdictional Lands	9486 acres	5684 acres (farm/forest) and 1020 parcels (FHRS)	15473 acres
Ecological	4889 acres	1939 acres	0
Working Resource (Agriculture)	251 acres	0	13070 acres
Working Resource (Forest)	2875 acres	3745 acres	2403 acres
Flood Hazard Reduction Services	680 acres	1020 parcels	0
Storm Water Services	791 acres	n/a	0
Park Division Jurisdictional Lands	16,115 acres	716 acres	0
Active Recreation	2828 acres	245 acres	0
Multiple Use	13,287 acres	471 acres	0
Regional Trails	98 miles	n/a	0
TOTALS (wlrld + [parks])	25,601 acres	13,820 acres	30,946 acres

⁹ The Capital Projects and Open Space Acquisition Section of WLRD manages all phases of county construction projects, acquires property, and restores property to improve drainage, water quality, ravine stability, and habitats. Water and Land Management in King County, at 63 (Jan. 2002), at <<http://dnr.metrokc.gov/wlr/pubs/water-and-land-management.htm>>. Within the section, the Open Space Acquisitions Unit negotiates conservation land purchases and performs other real property services for WLRD. Prioritized lists of parcels, easements, and rights-of-way for acquisition come from watershed planning and related efforts throughout the division, including the Flood Hazard Reduction, Stormwater Services and Stewardship sections. As of 2002, over 16,000 acres of land were acquired for preservation.

¹⁰ As of July 2004.

King County also partners with other entities to acquire and preserve land, such as the Snoqualmie Preservation Initiative which exemplifies land preservation efforts between private and public partners and the Waterways 2000 Program which joined the (what was formerly known as) King County Department of Parks and Recreation, the Department of Natural Resources, and the (what was formerly known as) Department of Construction and Facilities Management in efforts to preserve waterways in the county. An alliance between the Department of Natural Resources and Parks with the Department of Transportation, which acquires land for ecological protection as part of its road projects, should also be strengthened and further investigated by King County as part of its overall land conservation efforts.

Partnerships	Fee Simple (acres)
Snoqualmie Preservation Initiative	145
Waterways 2000 Program	1,700
Road Services Division, Dept. of Transportation	n/a

In addition to land conservation programs, King County has an array of programs that may be accessed to fund land conservation. Some programs, like the Conservation Futures Tax and Real Estate Excise Tax, may be expended for a wide array of land acquisition purposes, while other programs, such as the Community Salmon Fund and WaterWorks, are related to water quality and water-dependent habitat. Each of these funds may be used to leverage additional dollars from other sources, such as state and federal monies.

Land Conservation Funding Programs	Description of Funding for Acquisition
Conservation Futures Tax	Property tax that funds acquisition of open space.
Real Estate Excise Tax	Funds local capital improvements and park planning, repair and construction.
Community Salmon Fund	Funds salmon habitat restoration on private property and has funded fee acquisitions and conservation easements.
Mid-Sound Fisheries Enhancement Group	Funds salmon enhancement and preservation, including conservation easements.
WaterWorks	Funds water quality and water-dependent habitat projects, including the purchase of easements.

The following sections of this report provide more detail as to each of these programs and initiatives in the order that they appear in the charts above.

King County Open Space Programs and Initiatives

King County has a wide variety of programs where land is acquired and preserved. Most programs fall within the formal structure of the Department of Natural Resources and Parks, though the Department of Transportation also contributes to land conservation achievements in King County.

Department of Natural Resources and Parks

The mission of the Department of Natural Resources and Parks (DNRP) is to be the steward of the region's environment and strengthen sustainable communities by protecting water, land and natural habitats, safely disposing of and reusing wastewater and solid waste, and providing natural areas, parks and recreation programs. DNRP is represented by four major divisions—Parks and Recreation, Water and Land Resources, Wastewater Treatment, and Solid Waste. With the exception of the Solid Waste Division, the other major divisions are important contributors to land conservation in the county. The Department also houses the county's Geographical Information Systems Center, which provides powerful mapping and analytical tools. DNRP staff are involved in hundreds of on-the-ground projects to improve water quality, expand facilities and infrastructure to meet growing demand, provide flood protection, protect and restore fish habitat, recruit and train volunteers, promote conservation, and recycle and reuse wastewater and solid waste byproducts.

1. Water and Land Resource Division

The Water and Land Resources Division (WLRD) works to sustain healthy watersheds, protect wastewater systems, minimize flood hazards, protect public health and water quality, preserve open space, working farms and forests, ensure adequate water for people and fish, manage drainage systems, and protect and restore habitats. WLRD achieves these resource conservation objectives through the protection of the following open space lands: working resource lands, ecological lands, flood hazard reduction service lands, and storm water services lands. WLRD also runs the Transfer of Development Rights Program that protects working resource and ecological lands in the county. For 2004, acquisitions have been planned in the following WLRD categories:

- **Ecological Lands.** Over 7,400 acres of county resource and ecological lands serve multiple functions as ecological resources, forest, and agricultural lands, critical habitat, open space, and passive recreational assets. Most of this land was acquired in the past fifteen years in the rural area of the county through open space bond campaigns, application of Conservation Futures money, Forest Legacy funds, Farmland Preservation Program funds, and Salmon Recovery Fund Board funds. Because these lands are highly valued, King County will continue to apply Conservation Futures to purchase new resource and ecological lands. In the next year, the county plans to acquire an additional 1,000 acres of ecological lands and development rights over agricultural and forest lands.

These programs either primarily or secondarily results in the protection of open space and the division manages just under 9,500 fee acres of protected open space. Programs are paid for by specific fees for service, voter approved funding, federal or state grants, or fund transfers from other King County departments.

Working Resource Lands: Farms and Forests

The Office of Rural and Resource Programs (ORRP), within the Water and Land Resources Division, helps King County achieve its commitment to retaining agricultural, open space and forest

lands. ORRP coordinates a variety of education, private property incentive, and land management programs designed to strengthen working farms and forests within King County. The King County Farm Program and the Forest Program, both operated within the ORRP, coordinate educational, technical assistance, private property incentives, and limited property acquisition activities in support of maintaining viable working resource open space lands.

Farm Program

Agricultural land in King County has remained relatively constant at approximately 40,000 acres, countywide.¹¹ Of this total farmed acreage, King County manages 104 acres of farm land and acquired the development rights in support of 13,070 acres of privately held farms. From 1982 to 1992, there was a gradual loss of farms to development. Since 1992, about three percent of total county land is actively being farmed, with individual farms averaging 38 acres.

Initiated by voter approval in 1979, the Farmland Preservation Program (FPP) seeks to preserve farmland in the county by purchasing the right to develop it, thereby restricting the property's use and development.¹² When landowners sell their development rights to the county, they voluntarily restrict their property to agricultural or open space uses, limit the number of residences permitted, keep 95 percent of the property open and available for cultivation, maintain minimum lot sizes should the property be subdivided, and restrict activities that impair the agricultural capacity of the land. The purchases of development rights are held in trust by the county for the benefit of its citizens in perpetuity. During the 1980s, the county acquired development rights on 12,600 acres of high quality farmland and, to this day, continues to purchase development rights on select parcels. At present, the FPP has protected over 13,070 acres of farmland at a cost of approximately \$59 million.¹³

In its early days, the FPP was funded by a \$54 million bond issue, which was exhausted by 1985. Since that time, the FPP has been funded primarily by interest funds; lease revenue; a portion of bond revenue from the Farms and Forests Initiative,¹⁴ the Arts and Natural Resources Initiative Council bond, and the 1989 Open Space Bond; and federal funds, such as the Farm and Ranch Lands Protection Program. Pursuant to the King County Charter, the county may issue additional general obligation bonds to acquire farmlands and open space.¹⁵

¹¹ 2002 Annual Growth Report, at Ch. 11 and Indicator 40 (Acres in Farmland).

¹² <http://dnr.metrokc.gov/wlr/lands/farmpp.htm>.

¹³ The \$59 million expended for the FPP is not entirely accurate as it includes two fee acquisitions where the county sold the properties, but retained the development rights upon the properties, and put the monies back into the FPP. Telephone Interview with Judy Herring, FPP Property Rights Specialist (Dec. 15, 2003).

¹⁴ The Farm and Forests Initiative began in 1996 and provided \$6 million to acquire demonstration rural forest projects at Taylor Mountain and Ring Hill and to acquire additional development rights easements through the Farmlands Preservation Program.

¹⁵ King County Charter §26.04.030. Proceeds of bonds, however, must be used to purchase property interests in a numbered priority group. *Id.* at §26.04.040. The first priority group consists of farmlands and open space lands located within the designated areas of the Sammamish, Lower Green or Upper Green River Valleys and food-producing farmlands within the county. The second priority group includes farmlands in the designated areas of the Snoqualmie Valley, the Enumclaw Plateau, and approximately 1,500 acres of farmlands which are larger than 40 contiguous acres located anywhere in the county. The third priority group consists of all other farmlands located in agricultural districts and designated to be agricultural lands of county significance.

Forestry Program

In recent years, forest land in King County has declined, especially acreage in the rural forests and privately owned working forests held by entities such as Weyerhaeuser and Plum Creek. Much of the decline in forest land is attributable to a decline in the forest industry and conversion of forest resource land to rural residential development. Presently, forest land in King County totals 876,900 acres. Of this total forested acreage, King County manages 5,425 acres of forest land and has acquired the development rights in support of 2,403 acres of privately held working forests.¹⁶

As part of its mission to retain forestland for its environmental, social, and economic benefits, the King County Forestry Program utilizes the Public Benefit Rating System (see section on King County incentives) and Transfer of Development Rights economic incentives to protect forest resources owned by private landowners.¹⁷ The Forestry Program also manages forestland acquired by the county in either in fee title or via conservation easements, such as the recent Cascade Land Treemont Conservation Acquisition Project.¹⁸ In total, the Forestry Program has acquired in fee or purchased the development rights for 320 acres with funding from the Arts and Natural Resources Initiative (\$2.3 million) and 5,000 acres through the Wastewater Treatment Division's Biosolids Program (\$12 million). Additional funding was also received from King County's Conservation Futures Tax, Real Estate Excise Tax, and 1989 Open Space Bond.

The Cascade Land Treemont Conservation Acquisition Project began in May 2003 and involved an innovative collaboration between King County, the Cascade Land Conservancy (CLC), and Port Blakely Tree Farms to conserve open spaces while limiting rural development. In essence, the project allows for limited rural development of a 250-acre forest property known as Treemont, located east of the City of Sammamish and outside the Urban Growth Boundary. The Port Blakely Tree Farms had slated the property for private residential development but, instead, the county purchased a conservation easement over the property and thus reduced the number of home sites from 194 to 30, while also allowing for public access to 120 acres and promotion of forest health. CLC received the majority of the value of the property's underlying fee of \$1.4 million as a donation from Port Blakey Tree Farm, which it will provide directly to King County. In turn, King County financed the conservation easement through the issuance of bonds backed by the Conservation Futures Tax and Real Estate Excise Tax.

Ecological Lands

Ecological Lands are managed by the Natural Resource Lands program (NRL), which is housed within the Office of Rural and Resource Programs. NRL oversees the management, maintenance, and site planning for county-owned Ecological Lands through work with the Parks and Recreation Division and WLRD staff. The Land and Water Stewardship Section (LAWSS) within WLRD directs the acquisition and enhancement of many county-owned open space and Ecological Lands. Currently, the county manages over 4,000 acres of Ecological Lands, a category of open space that is defined by regionally significant aquatic or terrestrial natural resources. Ecological Lands are typically acquired in full fee title or via conservation easement.

¹⁶ DNRP Public Lands Inventory (July 2003).

¹⁷ <http://dnr.metrokc.gov/wlr/LANS/forestry/index.htm>.

¹⁸ "Cascade Land Conservancy and King County Executive Ron Sims announce purchase of Tremont property," King County News Release (Oct. 28, 2003) <
<http://www.metrokc.gov/exec/news/2003/102803.htm> >.

Most of the county's Ecological Lands were acquired in the past fifteen years, in the rural area of the county, through open space bond campaigns, application of Conservation Futures money, Forest Legacy funds, Farmland Preservation Program funds, and Salmon Recovery Fund Board funds. In 2003, purchases at Treemont east of Sammamish, the Log Cabin Reach north of Maple Valley, and various purchases on the Cedar River contributed to the county's growing bank of Ecological Lands. Funding for these purchases came from a variety of state and federal sources that complemented local government and assessment contributions. By the end of 2003, 41 property transactions worth \$16 million were closed, resulting in the preservation of 658 acres.¹⁹

King County will continue to acquire ecological lands through a variety of local, state, and federal funding sources because these lands support regionally significant ecological resources, are extremely popular in the overall county open space system, and are the least expensive lands to maintain.

Flood Hazard Reduction Services Lands

King County's Flood Hazard Reduction Services (FHRS) provides comprehensive floodplain management services along the county's six major river systems. FHRS manages over 600 acres of protected flood plain open space, in support of achieving the county's flood plain management related, public safety and ecological restoration objectives. These protected open spaces are typically acquired through the Home Buyout Program or the Floodplain Acquisition Program.

In an effort to reduce public health and safety risks to county residents, the Home Buyout Program purchases flood-prone properties and structures located in floodplains or floodways, which creates permanent open space as an ancillary benefit.²⁰ Upon completion of the voluntary sale, the county removes the structures, the sites are replanted with native vegetation, and the properties are then designated as permanent open space. Because home buyouts at their fair market value is costly, the county targets neighborhoods where fast-moving floodwaters pose a significant risk and where the added public benefit of open space and wildlife or fisheries habitat exists. Federal, state, and county funds provide the money for the home buyout program. More specifically, from 1991 through 2003, the Federal Emergency Management Agency provided nearly \$5.2 million through its Hazard Mitigation Grant Program, Flood Mitigation Assistance Program, and Public Assistance Alternate Project Funds for the purchase of 44 acres in King County. The State Department of Ecology Flood Control Account Assistance Program (FCAAP) provided \$450,000 in funding from 1997 to 2001 for the purchase of 1.09 acres. Finally, the King County River Improvement Fund contributed \$526,000 from 1998 to 2002 for the purchase of 15.91 acres.

The Floodplain Acquisitions Program acquires floodplain lands that do not have existing structures or improvements located upon them. Over 360 acres have been acquired through the program with funding from the King County River Improvement Fund, Green River Flood Control Zone, Intercounty River Improvement District, Salmon Recovery Fund Board, and Conservation Futures Tax revenue. One example within the floodplain acquisition program are the 2002 acquisitions within the White River floodplain, which began with recommendations and the subsequent purchase of three key parcels totaling 9.2 acres along the White River for salmon habitat restoration and flood

¹⁹ <http://dnr.metrokc.gov/dnrp/pa/pdf/03DNRPAnnualReport.pdf>

²⁰ <http://dnr.metrokc.gov/wlr/flood/buyout.htm>.

management.²¹ The three parcels were acquired for \$235,000 with funding from internal King County sources, such as the River Improvement Fund.²²

Stormwater Services Lands

Stormwater Services (SWS), operated within Water and Land Resources Division, works to minimize the effects of development upon flooding, aquatic habitat degradation in lakes and streams, and water quality problems. SWS manages 791 acres of open space resources most of which support engineered drainage structures and facilities, such as drainage retention ponds. SWS lands and associated facilities are typically acquired through the development process, at the expense of private developers.

Recognizing that “conservation and maintenance of forestland and open space contribute to the proper management of surface water quality and quantity,” the county provides a discount from surface water management fees for open space properties.²³ In addition, the county also recognizes that “[c]onservation and maintenance of publicly owned open space and forestland is often more cost-effective than building and maintain[ing] artificial or engineered surface and storm water management facilities. Additional financial resources are required to conserve and maintain those natural resource lands that serve important surface and storm water management functions.”²⁴

Transfer of Development Rights Program

Adopted as a pilot project in October 1998 and converted to permanent status in September 2001, the King County Transfer of Development Rights (TDR) program allows individuals to purchase and sell residential development rights from lands that provide a public benefit. These lands include farm, forest, open space, regional trails, designated urban separator lands, and habitat for threatened or endangered species. By allowing landowners to sell the residential development potential of their properties to urban residential developments, the landowners receive financial compensation without developing or selling their lands and the public receives permanent preservation of the lands via conservation easements placed on the lands prior to the transfer of density of development rights.

Development rights may be transferred through private party transactions or, under limited circumstances, they may be purchased by the county TDR Bank. The TDR Bank was established in 1999 with the appropriation of \$1.5 million by the Metropolitan King County Council but presently has no monies to purchase additional development rights.

As of June 2004, roughly 1,500 acres of working resource and ecological open space lands have been protected through the TDR Program, at a cost of approximately \$15 million. Funding sources for this program include the Real Estate Excise Tax, Conservation Futures tax, Forest Legacy funds, and general obligation bonds issued for the TDR program.

²¹ See White River Land Acquisition Report (2002).

²² Counties are authorized by state law, Wash. Rev. Code §86.12, to establish a tax levy to create a River Improvement Fund. The King County River Improvement Fund receives revenue from its river improvement tax which is levied in unincorporated King County and King County cities at a 2004 rate of \$0.01064 per \$1,000 of assessed value, Green River Flood Control Zone district monies, FEMA, and miscellaneous grants. For 2004, the fund is projected to have nearly \$4 million in revenue. King County Proposed 2004 Budget, at Physical Environment, River Improvement Fund Financial Plan.

²³ KCC 9.08.060(J).

²⁴ Id. at (K).

2. Parks & Recreation Division

The King County Parks and Recreation Division manages and operates over 15,000 acres of active and multiple use parks and open space and more than 100 miles of regional trails. King County started acquiring its recreational lands in 1922, though the majority of parks came into the King County system as a result of two funding initiatives: the \$119 million Forward Thrust bonds (1968 – 1979) and the Open Space Bond (1990 general obligation bond).²⁵ Prior to 2002, these general obligation bonds provided the bulk of funding for parks acquisition, followed by revenue from Real Estate Excise Taxes and the Conservation Futures Tax.

Due to a major funding crisis in 2002 and continued budgetary woes in 2003, the division embarked on an entrepreneurial approach to operations, which involved restructuring focus upon regional park assets, transferring facilities inside cities, and generating money through partnerships, fees, naming rights, advertising and concessions, such that reliance upon tax revenue has been reduced. Consistent with the view of county residents participating in a focus group in April 2002,²⁶ acquisition of additional land by the division will be pursued with extreme caution and will occur only when ongoing maintenance and operation funds to support the acquisitions can be identified.²⁷ In May 2003, King County voters approved a four-year, 4.9-cent levy that will generate \$11.5 million to support the maintenance and operation of the parks, open space, and trails.

Accordingly, for 2004, acquisitions were planned only in the following parks category:

- **Regional Trails.** Containing over 100 miles of developed trails and nearly 70 miles of undeveloped trails, the county regional trail system includes only regional corridors and not in-park trails and local spurs. Funding sources for regional trails include federal transportation grants (Transportation Enhancement Funds, etc.), Conservation Future Tax, and other local funding sources. In 2004, targeted acquisitions will fill in some of the “missing links” within the county’s regional trail system.

²⁵ Some principal remains outstanding on ten different bond issues, including the 1968-1979 Forward Thrust, 1982 and 1985 Farms and Open Space, 1990 Open Space, 1993 Open Space Acquisition, 1993 Parks Land, 1993 Cedar River, 1996 Farmland and Working for Preservation, and 1997 Parks Land Acquisitions bonds.

²⁶ In April 2002, a public affairs consulting firm, Gogerty Stark Marriot, conducted three focus groups in King County and found that the participants prioritized maintenance of existing parks over acquisition of more park land (although South King County participants were more inclined to favor acquisition of new parks and open space). Rebuilding the Foundation: Recommendations for Stabilizing the Funding Base for Operation of the King County Park and Recreation System, Phase II Report: Preserving a Regional Legacy: Proposing a Countywide, 6-year, 5.5 Cent Levy to Fund the Operation and Maintenance of Regional and Rural County Parks, King County Metropolitan Parks Task Force, at Appendix C (June 12, 2002). However, a poll conducted by Evergreen Research Group in January 2003 (sample size of 500) found that the top five funding priorities for county voters were trails (67%), athletic fields (67%), open space (63%), local parks (63%) and regional parks (57%). Phase II Report: Preserving a Regional Legacy: Proposing a Countywide, 6-year, 5.5 Cent Levy to Fund the Operation and Maintenance of Regional and Rural County Parks, King County Metropolitan Parks Task Force, at Appendix D (Feb. 10, 2003).

²⁷ **“The County’s role in future acquisitions of regional and local park assets must be tempered by new fiscal realities.** The County must be able to demonstrate its ability to care for both existing and new assets as a condition of acquisition.” Business Transition Plan: Phase II Report, Parks and Recreation Div., King County Dep’t of Natural Resources and Parks, at 12 (Aug. 2002) (bold and emphasis in original).

3. Wastewater Treatment Division

The Wastewater Treatment Division (WTD) of the Department of Natural Resources and Parks is presently in the process of upgrading the county wastewater treatment system to meet the requirements of the state Growth Management Act and further improve regional water quality.²⁸ As part of the process, the division will embark on a series of substantial capital projects that will require construction near water bodies and habitat for Chinook salmon and other protected species. In compliance with the Endangered Species Act and other environmental protection regulations, the WTD is evaluating and adjusting its current and future activities to promote species protection and habitat conservation and anticipates the expenditure of mitigation dollars for land acquisition and restoration as part of its capital and construction projects. WTD typically acquires land for and constructs mitigation projects in the immediate vicinity of related capital project sites and, on an annual basis, WTD spends millions of dollars mitigating for the impacts associated with its linear right-of-way and other WTD facility capital projects.

For instance, WTD is developing a mitigation plan associated with the King County Brightwater Treatment Plant, currently proposed to be constructed near the border of King and Snohomish Counties. WTD anticipates spending approximately \$80 million on mitigation associated with the Brightwater project, though it is anticipated that most of the land to be acquired and/or restored will be located within Snohomish County.²⁹ Some smaller proportion of mitigation dollars associated with the Brightwater Project will be directed towards open spaces located in the northern portion of King County.

Currently, WTD directs its annual expenditure of mitigation dollars with minimal coordination and consultation with the county's WLRD. Institutionalizing a consultation and coordination process, between WTD and WLRD would ensure that WTD land acquisition and mitigation dollars are spent to acquire or enhance land in locations that support the priorities of both divisions.

Land Conservation Partnerships

Snoqualmie Preservation Initiative Office of King County Executive

The Snoqualmie Preservation Initiative represents a successful example of land preservation involving public and private partners. Through the joint efforts of the Cascade Land Conservancy, the City of Snoqualmie, the King County Executive's Office, Weyerhaeuser Real Estate Company and Puget Western, Inc., 145 acres of critical forestland, viewsheds of Snoqualmie Falls, and trail corridors in and around the City of Snoqualmie were preserved.³⁰ In 2001, a memorandum of understanding was signed by the partners and provided the basis for the \$13.13 million purchase, which was partly funded by the county and city. The land is now owned by the city and will be managed as a natural habitat with passive recreational activities permitted.

²⁸ <<http://dnr.metrokc.gov/wtd/hcp/index.htm>>.

²⁹ Personal communication by J. Knauer with Pam Elardo, Brightwater Mitigation Program Manager (5/24/04).

³⁰ <<http://metrokc.gov/exec/spi/index.htm>>.

Waterways 2000 Program

King County Park System, Department of Natural Resources, and Department of Construction and Facilities Management

Initiated in 1994 with \$17 million from a 1993 Conservation Futures bond, Waterways 2000 is a partnership that began between (what was formerly known as) King County Department of Parks and Recreation, the Department of Natural Resources, and the (what was formerly known as) Department of Construction and Facilities Management to preserve salmon habitat.³¹ It has resulted in preservation efforts along a number of waterways throughout King County through the integration of property acquisition, stream stewardship, and long-term site management planning as part of its program development. Since the program's inception in 1994, acquisitions have occurred along Bear Creek, the Middle Fork Snoqualmie River, the Cedar River, Griffin Creek, Patterson Creek, and the Green River. The goals of the program will continue to be met in the future through site stewardship and other acquisitions funded by the county's yearly capital program.

As of 1998, over 1,570 acres of critical salmonid and wildlife habitat have been acquired throughout the County for the benefit of future generations of residents and wildlife with the initial \$15 million associated for Waterways 2000, which was mostly spent in a year and a half. Current acquisition decisions are guided by the recommendations contained within the Waterways 2000 report, even though the dedicated funding source no longer exists. Other funding sources, such as the county's annual capital program, are used to acquire Waterways 2000 properties.

Department of Transportation

Road Services Division

The Road Services Division of the King County Department of Transportation may access federal Transportation Enhancement program funds for historic preservation, rails to trails programs, acquisition, transportation museums, water pollution mitigation, and scenic beautification. The federal government provides 80 percent of the funds and the county contributes a 20 percent match. The federal government gives final approval to the projects and distributes the funds directly to King County.

In 2003, King County received \$11.6 million in TEA-21 funds, of which \$1.3 million went to the Preston Edge Scenic acquisition. The Road Services Division also receives funding from the County Road Fund, or the unincorporated area levy fund, which is utilized for the division's capital improvement program.³² The Road Fund is proposed to be \$63.9 million for 2004.³³ The viability of allocating some of the Road Fund revenue for land conservation and the possibility of forging a more formalized partnership with the Road Services Division should be further explored.³⁴

³¹ <<http://directory.metrokc.gov/ProjectDetail.asp?ProjectID=380>>.

³² The Road Service's capital improvement program also utilizes funds from the Local Option Vehicle License Fee, various state and federal transportation grants, and developer mitigation payments. Approximately 57 percent of the revenues supporting the CIP come from the County Road Fund and the Local Option Vehicle License Fee.

³³ King County Executive Proposed Budget 2004.

³⁴ Comments by King County officials have referenced a recent Washington Supreme Court opinion that eliminates the Local Option Vehicle License Fee utilized by the Road Services Division for capital projects. According to King County officials, the opinion has resulted in a \$6 million shortfall in the Road Fund. This report make no legal opinions and, accordingly, King County should consult with its legal counsel regarding the implications of the opinion.

King County Land Conservation Funding

In addition to the land conservation programs and initiatives housed within the Department of Natural Resource and Parks and the Department of Transportation, King County also has a number of funding sources for land acquisition. Some funds, particularly funds from the Conservation Futures Tax and Real Estate Excise Tax, are available for a wide range of land acquisition goals, while other funds, like the Community Salmon Fund, Mid-Sound Fisheries Enhancement Group, and WaterWorks are primarily related to water quality and water-dependent habitat.³⁵ For the most part, funding is provided through grants that are awarded after a competitive application process.

Conservation Futures Tax Revenue

Per state law, the Conservation Futures Tax (CFT) is levied as a countywide property tax at a current rate of 5.922 cents per \$1,000 of assessed value.³⁶ The maximum permissible CFT levy is 6.25 cents per \$1,000 of assessed value. The CFT revenue generated can only be used for acquisition of open space lands, including green spaces, greenbelts, wildlife habitat and trail rights-of-way proposed for preservation for public use, and lands for conservation purposes, such as passive recreation and habitat.³⁷ County governments levy the CFT and incorporated city governments, citizen groups and individual citizens may receive funds after demonstrating that the local jurisdiction is committed to helping acquire the open space. Applications for CFT funds must be sponsored by cities, which have custodial obligations of the funds.

A CFT of 5.922 cents is currently utilized to fund King County's open space acquisition program, to which the Metropolitan King County Council approved of an allocation plan in July 2003 (Ordinance 13717). A summary of the allocation plan is depicted in the chart below and continuing to the next page.³⁸

Conservation Futures Levy	2002	2003	2004
<u>Revenues¹</u>			
Conservation Futures Levy	\$ 13,004,931	\$ 12,548,436	\$ 13,775,864
Misc Non-Levy Revenues + Adjustments	\$ 431,789	\$ 3,921	\$ 39,778
Total, Gross Revenues	\$ 13,436,720	\$ 12,552,357	\$ 13,815,642
Debt Service Payments	\$ (5,717,506)	\$ (5,125,526)	\$ (5,676,607)
Total, Net Revenues	\$ 7,719,214	\$ 7,426,831	\$ 8,139,035
<u>Expenditures²</u>			
King County Projects	\$ (4,195,000)	\$ (2,080,000)	\$ (4,357,990)
Seattle Projects	\$ (2,290,000)	\$ (200,000)	\$ (3,635,000)

³⁵ Three Water Resource Inventory Areas (WRIA 7, 8 and 9) in King County direct monies from the King County Conservation District, Salmon Recovery Board and WaterWorks to support habitat protection and restoration projects, stewardship projects and programs, and studies.

³⁶ §84.34.230. King County CFT rate of 5.922 cents from "Assessed Valuations and 2004 Taxes," King County Department of Assessments, at www.metrokc.gov/assessor.

³⁷ §84.34.230; KCC 26.12.010.

³⁸ Source: Wayne Sugai, Finance Dep't, King County (e-mail dated August 9, 2004).

Suburban Cities Projects	\$ (2,565,000)	\$ (1,217,000)	\$ (3,904,000)
TDR Payment	\$ (57,771)	\$ (42,446)	\$ (286,982)
Overhead (Adjusted)	\$ (38,973)	\$ (2,827)	\$ (69,389)
Subtotal, Expenditures	\$ (9,146,744)	\$ (3,542,273)	\$ (12,253,361)
Balance ³	\$ (1,427,530)	\$ 3,884,558	\$ (4,114,326)
<u>Notes:</u>			
¹ 2002-03 figures are actuals, 2004 figures are budgeted; misc non-levy revenues include interest earnings and other CFL-related income, adjustments are accounting transactions.			
² 2002-03 TDR payment and overhead figures are actuals, 2004 figures are budgeted; all project figures are budgeted expenditures.			
³ From 2001 through 2003, project appropriations reflected prior-year available revenue less \$500,000 King County Council allocation; beginning in 2004, project appropriations reflect forecasted target year programmable revenue. CIP carry-forward amounts are not shown.			

For the 2003/2004 year, the King County Conservation Futures Citizens Committee recommended a range of projects totaling \$9.4 to \$10.5 million to be funded from \$11.3 million in remaining 2003 and anticipated 2004 CFT collections net of debt service.³⁹ The recommended projects would protect over 1,000 acres of salmon and wildlife habitat, purchase over 200 acres of development rights on city borders, and create and preserve urban green spaces.

A few recent King County projects that received funds from CFT revenue are \$425,000 for Dandy Lake, \$344,400 for Mueller Farm, and \$330,000 for Cold Creek Natural Area. Since 1989, the CFT has generated \$49.7 million for King County projects.⁴⁰

Real Estate Excise Tax Revenues

Under current state law,⁴¹ Real Estate Excise Tax (REET) revenues can only be used for local acquisition and capital purposes, and not operations and maintenance. The REET can generate substantial funds for parks and open space, particularly in fast-growing communities like King County. However, since revenues from the tax fluctuate with the real estate market, income can be difficult to predict.

The REET local options are collected as a tax on the sale of real estate in the unincorporated areas of the county and are paid by the seller. Although counties may levy up to one percent on the value of real estate transactions, King County levies two 0.25 percent taxes on the selling price, the REET #1 and REET #2. REET #1 may be used for capital improvements benefiting unincorporated

³⁹ "Recommendations to the King County Executive and Council for Allocation of 2003/2004 Conservation Futures Tax (CFT) Levy Funds," King County Conservation Futures Citizens Committee (July 2003), at <<http://dnr.metrokc.gov/wlr/cposa/pdf/2003-draft-comm-rec-cons-futures.pdf>>.

⁴⁰ In the same time period, the CFT has generated \$44.3 million for other suburban cities and \$43.4 million for Seattle. "Conservation Futures Funds—Distribution Summary, Draft 4/22/2002," provided by David Tieman.

⁴¹ §82.46.010 and §82.46.035.

residents, and has traditionally been used to fund the planning, acquisition, repair and development of park facilities. REET #2 is limited by County Ordinance No. 10455 to fund park planning, repair and construction, and is not used for acquisitions. King County collects both the REET #1 and #2 from the unincorporated areas of the county and administers state and city REET taxes throughout the county.

In June 1992, the King County Council approved of the issuance of bonds covered by REET #1.⁴² No more than 50 percent of REET #1 revenues not reserved for low-income housing expenditures may be obligated for the debt service on 20-year general obligation bonds for the acquisition of park lands in unincorporated King County. The bonds were issued in 1993.

Each REET local option was projected to generate \$4.7 million in 2003, \$4.6 million in 2004, and \$5 million in 2005 (assuming no new annexations take place). These projections reflect the strong real estate market in the county, which has been bolstered most recently by unprecedented low interest rates, and three unusually large timber tract transactions in the past two years.⁴³ However, REET revenues are forecasted to decline in the next two to three years as construction slows down and low mortgage rates have a decreased stimulus effect.

The table below provides a summary of King County's REET #1 revenues and expenditures.⁴⁴

REET #1	2002	2003	2004
Beginning Fund Balance	\$367,202	\$497,899	\$550,071
REET Tax plus Interest	\$4,991,214	\$4,860,598	\$4,763,386
Debt Service Payments	(\$2,181,132)	(\$2,383,900)	(\$2,384,399)
Sub-total	\$3,177,284	\$2,974,597	\$2,929,058
Parks Expenditures	(\$2,663,027)	(\$2,407,676)	(\$2,361,631)
Overhead	(\$16,358)	(\$16,850)	(\$17,355)
Ending Fund Balance	\$497,899	\$550,071	\$550,072

Community Salmon Fund

King County Department of Natural Resources and Parks and National Fish and Wildlife Foundation

The Community Salmon Fund (CSF) funds small salmon habitat restoration and conservation projects on private property and awards grants of up to \$75,000 for habitat restoration projects, less-than-fee acquisition of riparian habitat, and project design and development. CSF advances the WLRD grant policy to maximize leveraging power of King County funds through a variety of partnerships. The CSF began in 2001 as a partnership between the county and the National Fish and

⁴² King County Council Motion No. 8680.

⁴³ [King County Executive Proposed 2004 Budget](#).

⁴⁴ [Business Transition Plan: Phase II Report](#), Parks and Recreation Div., King County Dep't of Natural Resources and Parks, at 92.

Wildlife Foundation. Leveraging grant programs include WaterWorks, Wild Places in City Spaces,⁴⁵ and the Rural Community Partnership Grants.⁴⁶ In 2001, the CSF awarded nine grants for a total of \$337,612 for projects restoring salmon habitat on private properties. King County and the National Fish and Wildlife Foundation each contributed \$168,806 and leveraged \$236,235 from grant recipients.

Although the Community Salmon funds focuses upon salmon recovery efforts on private property in the county, in 2002, it provided an award of \$43,500 (match of \$11,000) to the Hylebos Creek Conservation Initiative toward conservation easements along the Hylebos stream channel.⁴⁷ The Hylebos project seeks to ultimately protect 593 contiguous acres.

Mid-Sound Fisheries Enhancement Group Department of Fish and Wildlife

One of the Department of Fish and Wildlife's twelve regional Fisheries Enhancement Groups, this group fund projects in the mid-Sound region related to salmon enhancement and preservation, including the purchase of conservation easements.⁴⁸

WaterWorks

Water and Land Resources Division, Department of Natural Resources and Parks

WaterWorks began in 1996 as the Water Quality Block Grant and has been funded ever since by appropriations from the Wastewater Treatment Division's operating budget. WaterWorks funds projects that address water quality or water dependent habitat for up to \$50,000, mainly within the Water Treatment Division service area.⁴⁹ It does not fund the fee purchase of real estate, but does fund related costs such as title searches and land surveys, and it does fund the cost of easements.

In 2002, WaterWorks awarded \$394,530 to 12 projects, which resulted in a total of \$1,255,484 in leveraged funds.⁵⁰ Recently in King County, WaterWorks provided \$50,000 to the Cascade Land Conservancy for the purchase of two conservation easements on 22 acres near the headwaters of Rock Creek in 2002, and \$14,500 to the City of Sammamish for the costs related to the acquisition of 41 undeveloped acres on the Sammamish Plateau in 2003.

⁴⁵ Wild Places in City Spaces provides grants up to \$20,000 to volunteer organizations, community groups and government agencies for projects reforesting urban areas and restoring habitat within the Urban Growth Area of King County.

⁴⁶ The Rural Community Partnership Grants is a community service of the Rural Drainage Program of the King County Water and Land Resources Division. It provides small grants to work in collaboration with the county to solve drainage, water quality, or habitat problems in rural King County.

⁴⁷ <<http://dnr.metrokc.gov/topics/awards-grants/AWDtopic.htm>>.

⁴⁸ <<http://dnr.metrokc.gov/wlr/PI/Fundsrcs.htm>>.

⁴⁹ <<http://dnr.metrokc.gov/topics/awards-grants/AWDtopic.htm>>.

⁵⁰ 2002 Highlights: WLRD Grant Programs.

King County Incentives

Public Benefit Rating System and Timber Lands Program

Office of Rural and Resource Programs

Water and Land Resources Division, Department of Natural Resources and Parks

The Public Benefit Rating System (PBRS), the Timber Lands program, which works with properties five to 20 acres in size, and Forestland program, which works with properties of more than 20 acres that are primarily devoted to the growth and harvest of timber, provide incentives to encourage private landowners to voluntarily conserve and protect land resources, open spaces and timber.⁵¹ In return for conserving resources, the land is assessed for property tax valuation at its “current use” rather than the “highest and best use.” The reduction in assessed value is greater than 50 percent and as much as 90 percent for preserved lands. Over 725 landowners and 8,100 acres currently participate in the program.

In addition, Farm and Agricultural Lands, which constitute property used for the production of livestock or agricultural commodities for commercial purposes, are also assessed at their current use. The financial requirements are dependent on the size of the land and the gross annual revenue received for the land for three out of the past five years. This program and the Forestland program are administered by the King County Assessor's Office

⁵¹ <http://dnr.metrokc.gov/wlr/lands/incentiv.htm>.

State of Washington

The State of Washington has a few programs aimed toward the preservation of land and a wide array of funding sources for land conservation programs. This section provides an outline of these state programs, which are listed in the chart below.

State Land Conservation Programs	State Land Conservation Funding Sources
Conservation Reserve Enhancement Program	Agricultural Conservation Easements
Forestry Riparian Easement Program	Aquatic Lands Enhancement Account
Riparian Open Space Program	Boating Facilities Program
Trust Land Transfer Program	Salmon Recovery Funding
	Washington Wildlife Recreation Program
	Washington's Water Quality Funding

State Land Conservation Programs

Conservation Reserve Enhancement Program

Washington State Enhancement Program, Commodity Credit Corporation, and USDA Farm Service Agency

A federal-state partnership initiated in 1998, the Conservation Reserve Enhancement Program (CREP) is a riparian buffer lease program applicable to lands adjacent to streams used for spawning for salmon stocks listed as “critical” or “depressed” under Washington’s Salmon and Steelhead Inventory report and for salmon species listed under the Endangered Species Act.⁵² Working with their local Conservation District, landowners who participate in the program lease up to 150 feet of their riparian lands for ten to fifteen years and, in turn, receive cost-sharing for the buffer (i.e. installing fences, planting trees, etc.) and annual payments. The riparian buffers are removed from production and grazing and native trees and shrubs are planted within the buffers.

The Commodity Credit Corporation pays applicable land rental costs,⁵³ 50 percent of the cost of establishing conservation practices, an annual maintenance incentive,⁵⁴ and a portion of the costs of providing technical assistance. The State of Washington pays 37.5 percent of the cost of establishing conservation practices, all the costs of the annual monitoring program, and apportion of the technical assistance costs.

As of November 19, 2003, the CREP had enrolled 487 landowners in the program with a total acreage of 8,099.8 acres, of which King County had three contracts totaling 34.9 acres. The total

⁵² Dialogues with Agriculture: A Review of Processes Engaging Farm Groups in Protecting the Environment by Protecting Farmland, American Farmland Trust, at Appendix 2 (Dec. 22, 2000); “Conservation Reserve Program—Washington State Enhancement Program,” Fact Sheet, Farm Serv. Agency, USDA (Oct. 1998).

⁵³ Annual rent payments are equivalent to 200 percent of the weighted average soil rental rates for the land, which average from \$30 to \$290 per acre.

⁵⁴ For installing the riparian buffer, landowners receive an annual incentive payment 50 percent above the annual per acre rental rate. In addition, landowners receive a 10 percent incentive payment for lands protected as agricultural lands under the Washington Growth Management Act.

annual rent paid in King County was \$11,617 with the average rental rate at \$281. In comparison, the total annual rental rate for the State was \$1.34 million, with the average rental rate at \$204.

Forestry Riparian Easement Program

Small Forest Landowner Office, Washington State Department of Natural Resources

The Forestry Riparian Easement Program strives to help small forest landowners (who must own at least 20 contiguous acres) keep their land in forestry by compensating these landowners in exchange for a 50-year easement that prohibits any cutting or removal of trees so that wildlife habitat and water quality are sustained.⁵⁵ Landowners participating in the program receive a minimum of 50 percent of the fair market stumpage value of qualifying timber. Funds for the program come from annual legislative appropriations.

Statewide, the program has protected 996 acres at a total cost of \$8.4 million. In King County, there is one forestry riparian easement of 14 acres costing \$80,000 (closed last year).⁵⁶

Riparian Open Space Program

Washington State Department of Natural Resources

Enacted by statute in 2000,⁵⁷ the Riparian Open Space Program (ROSP) seeks to protect timbered lands located within unconfined avulsing channel migration zones, or islands of timber within rivers or streams, for ecological protection and fisheries enhancement.⁵⁸ Willing landowners apply to donate or sell the land itself or permanent conservation easements covering the trees or land to the DNR. Lands to be included within the program are prioritized according to order of receipt, ecological value, and immediacy of need on the part of the landowner.

Between 2001 and 2005, total ROSP funds allocated totaled \$2 million. No landowners in King County appear to participate in the program.⁵⁹

Trust Land Transfer Program

Washington State Department of Natural Resources

Launched in 1989, the Trust Land Transfer (TLT) Program has preserved over 70,000 acres of land with special ecological, recreational or scenic qualities, while providing revenue for school construction.⁶⁰ The program begins with the identification of lands with high ecological, scenic and/or recreational significance, which are typically lands difficult to manage for revenue production. The lands are then appraised for their timber value and land value. When the state legislature appropriates funding for school construction, a portion is earmarked for the TLT Program and the following occur:

1. The timber value of the lands (typically 80 to 90 percent of the total appraised value) is deposited directly into the school construction account but the trees are left uncut.

⁵⁵ Wash. Ann. Code, Ch. 222-21.

⁵⁶ Telephone Interview with Dan Pomerenk, Small Forest Landowners Office (June 24, 2004).

⁵⁷ §76.09.040(3) to (6).

⁵⁸ <<http://www.dnr.wa.gov/htdocs/amp/riparian/overview.html>>.

⁵⁹ "Riparian Open Space Program Data Base," Washington Dep't of Natural Resources (Public Disclosure Request dated Oct. 24, 2003).

⁶⁰ The Trust Land Transfer Program, Washington State, The Nature Conservancy, <<http://nature.org/wherework/northamerica/states/washington/government/art6656.html>>.

2. The land value of the TLT lands (plus an additional legislative appropriation) is used to purchase replacement trust lands, which are timber, commercial or agricultural lands that are easier to manage for revenue production.
3. The TLT lands are transferred to protected status as local parks, state parks, natural resources conservation areas, natural area preserves and/or state wildlife areas.

Since its inception, the TLT Program has received a total of \$422 million in appropriations, with almost \$350 million towards school construction. An additional \$66 million of appropriations funded timber and commercial replacement lands.

State Land Conservation Funding Programs

Agricultural Conservation Easements Program

Washington State Conservation Commission

Enacted in 2002 to facilitate the use of federal funds, ease the burdens of local governments launching similar programs, and help local governments fight the conversion of agricultural lands that have not otherwise been protected through local planning processes, the Agricultural Conservation Easements Program was implemented to provide funding on a match or no match required basis to local governments and private nonprofit organizations to purchase agricultural easements.⁶¹ However, without any funding to initiate the program, the program is currently inactive and has not assisted in securing any easements in the state.⁶² The State Conservation Commission will manage the program and authorize expenditures from the agricultural easements account, which is funded by legislative appropriations, gifts, grants, or endowments.

Aquatic Lands Enhancement Account

Interagency Committee for Outdoor Recreation⁶³

Office of the Interagency Committee for Outdoor Recreation⁶⁴

Since 1984, the Aquatic Lands Enhancement Account (ALEA) has invested more than \$200 million in local projects involving state aquatic lands throughout the state, including aquatic land acquisition, habitat restoration, and public access projects. ALEA grant funds may be used for the acquisition (purchase), restoration, or improvement of aquatic lands for public purposes, and for providing and improving public access to aquatic lands and associated waters. Funding for ALEA comes from income earned through the Department of Natural Resource's management of 2.4 million acres of state-owned aquatic lands, which includes leasing of these lands for docks and marinas and auctioning rights to harvest geoducks and other clams. Eligible recipients include local and state agencies, including tribal governments; federal agencies, nonprofit organizations and private entities are not eligible for ALEA grants. In 2003, ALEA moved from the Washington Department of

⁶¹ §89.08.530.

⁶² Telephone Interview with Debbie Becker, Washington State Conservation Comm'n (May 6, 2004).

⁶³ Since its establishment in 1964 by citizen initiative, the Interagency Committee for Outdoor Recreation (IAC) has helped to finance recreation and conservation projects throughout the state. The IAC is comprised of five citizens appointed by the governor and three state agency directors.

⁶⁴ The Office of the Interagency Committee is a small executive branch state agency that serves the IAC and the Salmon Recovery Funding Board (SRFB). The agency's staff, under the guidance of a director appointed by the Governor, implement policies and programs established by the two Boards, the Legislature, and the Governor.

Natural Resources to the IAC. Due to the move, acreage and spending information are not readily available at this time.

King County has received ALEA funds for a dozen projects, including the Site 1 Duwamish acquisition. For the 2004 fiscal year, the King County Conservation District received \$325,000 in ALEA funds for the Shadow Lake Acquisition project (total with match \$1,070,941). According to the most recent records at the IAC, King County and municipalities within King County have acquired over 99 acres through ALEA with an IAC match of nearly \$2 million and matching funds of \$4.6 million, for a total cost of \$6.6 million.⁶⁵

Boating Facilities Program

Interagency Committee for Outdoor Recreation

Office of the Interagency Committee for Outdoor Recreation

The Boating Facilities Program acquires, develops and renovates facilities for motorized recreational boating around the state. Created in 1965 by voter initiative, a portion of the motor vehicle gasoline tax paid by boaters funds the program. Grants from the program may be used for land acquisition by public agencies, including local governments, which must providing 25 percent matching funds, and are capped at \$1 million.

King County and municipalities within the county have acquired over 200 acres through the Boating Facilities Program at a total cost of nearly \$9 million (\$4.8 million IAC and \$4.1 million matching). King County alone has accessed only a small portion of the IAC funds for land acquisition related to motorized recreational boating facilities at \$247,138 (\$247,138 matching) for the 5.5 acre Lisabuela acquisition in 1987.

Salmon Recovery Funding Board

Office of the Interagency Committee for Outdoor Recreation

Since 2000, the Salmon Recovery Board (SRB) has funded thirteen projects involving land acquisition, timber rights, and conservation easements in King County. Created in 1999, the Salmon Recovery Board supports salmon recovery by funding habitat protection and restoration projects and by supporting related programs and activities that produce sustainable and measurable benefits for fish and their habitat. State funding has been provided through fund shifts from other funding accounts and general obligation bonds. Federal funds are appropriated through the Department of Commerce, National Marine Fisheries Service. The Board has funded over 500 projects statewide and requires a 15 percent match from recipients (state agencies, municipalities, tribal governments and private landowners).

In King County, the Salmon Recovery Funding Board has provided \$2.8 million in funds (matching \$1.5 million) to acquire 422 acres at a total cost of \$4.3 million. Most of the acres (408 acres) were funded by federal SRB funds (\$2.1 million IAC; \$2.3 million total).

Washington's Water Quality Funding

Water Quality Program, Washington Department of Ecology

The Water Quality Program administers three major funding programs (managed as one) that provide low-interest loans and grants for projects that protect and improve water quality, including

⁶⁵ King County alone has acquired roughly 12 acres at a cost of \$3.6 million (\$1.2 million in IAC funding and \$2.4 million matching funds).

the acquisition of wetland habitat for preservation.⁶⁶ The three programs that share guidelines, application, and funding cycles are (1) the Centennial Clean Water Fund, which provides low-interest loans and grants to local governments for wastewater treatment facilities and fund-related activities to reduce nonpoint sources of water pollution; (2) the State Revolving Fund (SRF), which provides low-interest loans for wastewater treatment facilities and related activities, or to reduce nonpoint sources of water pollution; and (3) the Clean Water Act Section 319 grants program, which provides grants for watershed-based implementation activities aimed at addressing nonpoint water pollution.

The Centennial Clean Water Fund is financed primarily through taxes on tobacco products. Funding for the SRF and Clean Water Act program comes mostly from the EPA's Clean Water State Revolving Fund and Clean Water Section 319 funds (more detail regarding these programs follows in the Federal Funding section of this report). Per EPA mandate, these funds may each be used for land acquisition and conservation easements. For instance, the SRF may be used as "loans to water systems to acquire land needed for protection and implement protection measures."⁶⁷ Some examples are the \$500,000 SRF loan to the City of Port Townsend in Jefferson County, Washington, for the purchase of the Winona Wetlands; the \$100,000 loan to The Nature Conservancy in Ohio for the purchase of a permanent conservation easement covering 154 acres; the SRF loan to The Nature Conservancy in California for the purchase of more than 12,000 acres of ranchland known as the Howard Ranch; and the set-aside of \$260 million in SRF funds by New York City for land acquisition and conservation easements in areas needed to protect its Delaware/Catskill water supply.⁶⁸

For 2004 Washington Water Quality funds, local governments, Native American tribes, and not-for-profit groups submitted 119 requests for funding consideration. Based on an evaluation of these applications and direction from the Washington State Legislature, the Department of Ecology proposes to fund 74 projects totaling \$115,330,786. King County received a Centennial Clean Water Fund loan of \$7.5 million in 2004 for its West Point Wastewater Treatment Plant secondary upgrade, but did not receive any State Revolving Fund loans or Clean Water Act Section 319 grants in 2004.

For 2005, the Department of Ecology expects to have approximately \$11.2 million available in competitive grants and loans for point and nonpoint source projects through the Centennial Program; about \$2.2 million available for nonpoint source projects from the Clean Water Act Section 319 program; and \$73.5 million available for the State Revolving Fund for low-interest loans.

⁶⁶ Water Quality Program, Washington State Dep't of Ecology, at <<http://ecy.wa.gov/programs/wq>>.

⁶⁷ Protecting Drinking Water with the Clean Water State Revolving Fund, EPA pamphlet, <<http://www.epa.gov/owmitnet/cwfinance/cwsrf/factsheets.htm>>.

⁶⁸ Funding Estuary Projects Using Clean Water State Revolving Fund, EPA pamphlet; Potential Roles for Clean Water State Revolving Fund Programs in Smart Growth Initiatives, EPA pamphlet. See also Using Drinking Water State Revolving Fund for Source Water Protection Loans, EPA pamphlet (stating that DWSRF funds may be used for land acquisition and conservation easements and "[l]and acquisition and conservation easements can protect a water supply by preventing pollution-generating activities from occurring in critical areas and can provide community benefits such as preserving open space, enhancing recreational opportunities, and reducing flood damage").

Washington Wildlife Recreation Program Interagency Committee for Outdoor Recreation Office of the Interagency Committee for Outdoor Recreation

Created in 1990 by the state legislature, the Washington Wildlife Recreation Program (WWRP) provides grants for the acquisition and development of local and state parks, water access sites, trails, critical wildlife habitat, natural areas, and urban wildlife habitat.⁶⁹ Its primary goal is “to acquire as soon as possible the most significant lands for wildlife conservation and outdoor recreation purposes before they are converted to other uses, and to develop existing public recreational land and facilities to meet the needs of present and future generations.”⁷⁰ Authorized through biennial legislative appropriations, the sale of general obligation bonds funds the WWRP. For 2001 to 2003, the legislature appropriated \$45 million for the WWRP. Since WWRP’s inception, the legislature has appropriated over \$362 million for over 600 projects that total roughly 150,000 acres of high priority wildlife habitat and recreation lands.

Recipients of WWRP funds include municipal subdivisions, state agencies and tribal governments, each of whom must provide at least 50 percent matching funds in either cash or in-kind contributions and a plan detailing goals and objectives, inventory, and a description of the public involvement process. Throughout King County, the WWRP provided over \$43.6 million in funding (\$70 million matching) for nearly 150 projects, ranging from a 940-acre addition to the Mount Si natural area and for a 280-acre local park comprised of forest, wetlands and shoreline along Spring Lake and Lake Desire in Renton. King County alone acquired 2,054 acres with \$6.4 million in WWRP funds (\$16.7 million matching).

State Enabling Authority

Washington permits local governments to levy **Conservation Futures** property tax and **Real Estate Excise Tax** for acquisition of open space lands and parks. More detailed information regarding these taxes was previously explained in the King County land Conservation Funding section of this report.

⁶⁹ <<http://www.iac.wa.gov/iac/grants/wwrp.htm>>.

⁷⁰ §79A.15.005.

Federal Funding

A number of federal programs provide funds for local land and water conservation, trails, recreational programs, and storm water and flood control. Most require a local match and eligibility varies depending on the nature of the local projects. The federal programs highlighted here primarily provide funds to local governments (through the states) or to landowners.

Wildlife Habitat and Recreation Protection	Agricultural Land Protection	Water Protection
Bonneville Power Administration	Conservation Reserve Enhancement Program	Clean Water Act Section 319(h)--Nonpoint Source Pollution
Coastal and Estuarine Land Conservation Program	Farm and Ranch Land Protection Program	Clean Water State Revolving Fund
Federal Aid in Wildlife Restoration	Grassland Reserve Program	Drinking Water State Revolving Fund
Forest Legacy Program		
Land & Water Conservation Fund--Federal		
Land & Water Conservation Fund--Stateside		
National Estuarine Research Reserve System		
National Estuary Program		
National Scenic Byways		
North American Wetlands Conservation Act		
Transportation Efficiency Act		
Urban Park and Recreation Recovery Program		
Wetlands Reserve Program		
Wildlife Habitat Incentives Program		

Each of these federal programs is explained in more detail in the following pages.

Federal Funding for Wildlife Habitat and Recreation

Bonneville Power Administration

The Bonneville Power Administration (BPA) is a power marketing agency of the United States Department of Energy and supplies roughly half of the electricity used in the Pacific Northwest. Pursuant to various laws and agreements,⁷¹ BPA bears responsibility for fish and wildlife preservation, mitigation, recovery and protection. Since 1980, BPA has incurred over \$6 billion in costs for its fish and wildlife obligations.⁷² As part of the development of the Federal Columbia River Power System alone, BPA acquired over 150,000 acres in fee title and easements or leases over roughly 3,700 acres at a cost of over \$65 million as wildlife habitats. BPA also contributed \$725,000 from its Internal Mitigation Fund for the purchase of 350 acres (Trilium Raging River parcel) for the Mountains to Sound Greenway in 2002.

Because of its mandate to protect and preserve fish and wildlife habitats, the BPA may be a significant source of funding for land acquisitions in King County and the county should forge a relationship with BPA.

Coastal and Estuarine Land Conservation Program (CELCP)

Created in 2002, the Coastal and Estuarine Land Conservation Program provides grants to states or local units of government to protect coastal and estuarine lands considered important for their ecological, conservation, recreational, historic or aesthetical value.⁷³ CELCP is administered through the National Oceanic and Atmospheric Administration, which provides pass-through grants to state and local governments for land acquisition in a state's coastal zone. The program requires a 50 percent non-federal match.

CELCP has not funded any projects in King County, but has provided funding for projects in Kitsap and Island counties and for Bainbridge Island and Maury Island.

Federal Aid in Wildlife Restoration (Pittman-Robertson Act)

Implemented in 1938, the Federal Aid in Wildlife Restoration Act, or more commonly known as the Pittman-Robertson Act, provides funding from the Department of the Interior for the selection, restoration, rehabilitation, and improvement of wildlife habitat, wildlife management research, and the distribution of information produced by the projects. Funds are derived from an 11 percent excise tax on sporting arms, ammunition, and archery equipment and a 10 percent tax on handguns. Funds are apportioned to appropriate state agencies on a formula based on the total area of the state and the number of licensed hunters in the state.

The program is a cost-reimbursement program in which the state applies for repayment of up to 75 percent of approved project expenses. The state must provide at least 25 percent of the project costs

⁷¹ See, e.g., Endangered Species Act; The Pacific Northwest Electric Power Planning and Conservation Act of 1980; BPA's 1996 Tribal Policy, USDOE/BPA 1996b; and the BPA's share of the trust responsibility derived from the historical relationship between the federal government and the tribes.

⁷² Fish and Wildlife Plan EIS, Summary, < <http://tis.eh.doe.gov/nepa/eis/eis0312/summary/summary.pdf>>.

⁷³ <<http://coastalmanagement.noaa.gov/landconservation.html>>.

from non-federal sources. It is not known if this program has provided funding to King County via the State of Washington.

Forest Legacy Program (FLP)

The Forest Legacy Program was established in 1990 to provide federal money to secure conservation easements on forest land. States must first qualify before agencies or organizations within that state are eligible for funds. State or local governments or private sources must provide at least a 25 percent match. The program has increased from \$5 million in FY 1992 to \$65 million in FY 2002. There are currently 32 states enrolled in the program

Forest Legacy funding for FY 2003 was authorized on February 20, 2003 at \$68,380,000, which is a \$3,380,000 increase over the FY 2002 allocation. The president's proposed FY 2004 budget increases the funding 33 percent to \$90,809,000. For 2004, the thirty-two states have already prioritized a list of projects totaling \$285,000,000, so it is clear that the demand for the program still outstrips the current supply. There are two main concerns with future funding. The first is that more and more states have joined the program, so while funds have increased over the years, more states are sharing those funds. The second is that when significant funds are utilized for fighting fires in the West, this decreases the funds available for Forest Legacy.

Washington was one of the five original states to begin the program in 1990, which is administered by the Washington State Department of Natural Resources. In 1993, Washington completed an Assessment of Need that focused upon protecting water quality, providing present or future timber management opportunities, providing habitat for native fish, wildlife or plants and determining Forest Legacy Areas based on natural rather than artificial boundaries. Many early projects occurred in the Mountains to Sound Greenway landscape in the Interstate-90 Corridor and all exclusively in King County but, since 1999, the program has begun focusing upon the Foothills Forest Initiative to protect forestland being developed into non-forest uses.⁷⁴ As of May 2002, 10,949 acres were either acquired in fee or protected through conservation easements in King County at a Forest Legacy contribution of \$14.8 million.

Land and Water Conservation Fund—Federal

Created in 1965, the Land and Water Conservation Fund (LWCF) is the largest source of federal money for park, wildlife, and open space land acquisition. Specifically, the LWCF provides funding to assist in the acquiring, preserving, developing and assuring accessibility to outdoor recreation resources, including but not limited to open space, parks, trails, wildlife lands and other lands and facilities desirable for individual active participation.⁷⁵ The program's funding comes primarily from offshore oil and gas drilling receipts, with an authorized expenditure of \$900 million each year, while federal recreation fees, sales of federal surplus real property, and federal motorboat fuel taxes fund also contribute to the LWCF. Under this program, a portion of the money is intended to go to federal land purchases and a portion to the states as matching grants for land protection projects.

⁷⁴ Previously, the Forest Legacy Program restricted acquisitions to areas primarily zoned as Rural Residential in the eastern portions of King, Pierce and Snohomish Counties and did not include the Forest Zone, where forestlands are being converted to non-forest uses at an alarming rate. The threat of conversion of forest lands in King County is high. <http://www.dnr.wa.gov/htdocs/amp/forest_legacy/history.html>.

⁷⁵ <<http://www.iac.wa.gov/iac/grants/lwcf.htm>>.

The federal side of the Land and Water Conservation Fund provides funding for federal agencies (Fish and Wildlife Service, National Forest Service, National Park Service, and the Bureau of Land Management) to add land to existing parks, forests and refuges. This funding provides the bulk of the money available for this purpose.

Fish and Wildlife Service

The National Wildlife Refuge System of the U.S. Fish and Wildlife Service (FWS), established over 100 years ago, has grown to nearly 95 million acres. It now includes 540 refuges and more than 3,000 waterfowl production areas spread across the 50 states and several U.S. territories. In Washington, there are 11 wildlife refuges comprising 324,973 acres, none of which are in King County.

Department of Agriculture

The USDA Forest Service (National Forest Service) comprises 155 national forests, 20 national grasslands, five national monuments, the National Tallgrass Prairie, and six land utilization projects. These units are located in 44 states, Puerto Rico, and the Virgin Islands, and encompass over 192 million acres. There are six national forests in Washington covering roughly 9.3 million acres.

National Park Service

The National Park Service (NPS) owns over 1.8 million acres in three national parks in Washington. They are the Mount Ranier, North Cascades and Olympic National Parks. The NPS also owns three national recreation areas and various national historic sites in the state. No national parks are located within the boundaries of King County.⁷⁶

Land & Water Conservation Fund--Stateside

The stateside LWCF program provides a 50 percent match to states for planning, developing and acquiring land and water areas for natural resource protection and recreation enhancement. Land must be purchased at fair market value. Annual appropriations to the fund have ranged from a high of \$369 million in 1979 to four years of zero funding between 1996 and 1999. In recent years, the fund has seen a significant increase in appropriations for state and local grants with \$40 million in FY 2000, almost \$89 million in FY 2001 and \$140 million in FY 2002. The FY 2003 appropriation was \$95 million.

Funds are distributed to states based on population and need. Once the funds are distributed to the states, it is up to each state to choose the projects, though the National Park Service has final approval. Because this money can be used both for acquisition and recreation enhancement, it is one of the few programs where money can go to both rural and urban locations.

Eligible grant recipients include municipal subdivisions, state agencies and tribal governments, each of whom must provide at least 50 percent matching funds in either cash or in-kind contributions and a detailed plan for the proposed project. Grant applications are evaluated based on the technical merits of the project, the public/private partnerships, and how the project addresses the identified needs and priorities of a statewide comprehensive or strategic plan. Since inception of the program, King County has received over 100 LWCF grants for projects ranging from the Brannan Park acquisition to the Newcastle Beach acquisition. More specifically, King County and municipalities in

⁷⁶ Likewise, no Department of Interior lands are located in King County.

the county have received over \$4 million in LWCF funds (\$4 million matching) for 26 projects (King County alone acquired 159 acres for a total cost of \$800,000).

The King County LWCF program is administered by the Interagency Committee for Outdoor Recreation in the Office of the Interagency Committee for Outdoor Recreation.

National Estuarine Research Reserve System (NERRS)

Established in 1972, the National Estuarine Research Reserve System is a network of 27 specific sites throughout the country that represent different biogeographic regions and are protected for long-term research, water quality monitoring, education and coastal stewardship. The National Oceanic and Atmospheric Administration provides funding, national guidance, and technical assistance for the NERRS. While a NERRS acquisition may be funded through the CELCP, individual NERR sites can receive funds for acquisition through annual programmatic dollars. A NERRS designation increases the likelihood of obtaining earmarked dollars through CELCP. The 11,000-acre Padilla Bay Reserve in Skagit County has been a NERRS site since 1980.

National Estuary Program (NEP)

The National Estuary Program works to develop comprehensive management plans to restore estuaries. NEP's 28 existing sites are overseen by the U.S. Environmental Protection Agency. The management plans contain multiple options to restore estuaries, which often include acquisition. As with a NERR site, a NEP project may be funded through CELCP, and the designation may increase the probability of obtaining those funds. Puget Sound was one of the first estuaries to join the NEP in 1987.

National Scenic Byways

The National Scenic Byways program of the Federal Highway Administration honors outstanding roads by providing resources for communities to manage the intrinsic qualities and history that shape a corridor. Grants fund projects on or associated with highways designated as National Scenic Byways, All-American Roads or as State scenic byways, or to plan, design, and develop a state scenic byway program. Eligible activities include construction of facilities (for pedestrians, bicyclists, rest areas, etc.), access to recreation, resource protection, interpretive information, and corridor management plans.

North American Wetlands Conservation Act (NAWCA)

The North American Wetlands Conservation Act was passed in 1989 to acquire, restore or enhance wetland ecosystems for waterfowl and other migratory birds. The Fish and Wildlife Service administers the program and provides standard grants and small grants—standard grants are from \$51,000 to \$1 million dollars and small grants are for up to \$50,000. The grants are available for private or public agencies in the U.S., Canada or Mexico. There is a 1:1 grant match requirement.

The NAWCA program has grown in size from \$15 million in 2000 to \$30 million in 2002. The projects are approved at the national level. In December 2002, Congress reauthorized appropriations for the Act through FY 2007, reflecting its and the public's support of the Act's goals. Congress increased the appropriation authorization to \$55 million in 2003, with \$5 million appropriation increases to occur annually until FY 2007, when the appropriation cap will be \$75 million. The

southern states have been the most effective at applying for NAWCA grants, although Washington State received \$2 million recently in NAWCA funds for the conservation of 1,234 acres of wetlands in eastern Washington (Channeled Scablands Focus Area Project) and 1,022 acres in northwest Washington (Skagit/Samish Wetlands Project).⁷⁷

Transportation Efficiency Act (TEA)

The federal transportation program provides states with funding for transportation projects. States are allocated funds based on a combination of population, transportation systems, miles of roads and other factors. Approximately ten percent of those funds are allocated for enhancement projects under the Transportation Efficiency Act, sometimes called the Transportation Enhancement program. Ten percent of the transportation dollars needs to be used on average over the life of the act, not year to year. These enhancement projects include historic preservation, rails to trails programs, acquisition, transportation museums, water pollution mitigation, wildlife connectivity, and scenic beautification. All projects must be related, in some way, to transportation. In each state, regional coordinators recommend projects to be approved at the state level. The federal government provides 80 percent of the funds and the municipalities need to contribute a 20 percent match. The federal government gives final approval to the projects and distributes the funds directly to the municipalities or nonprofits.

For 2003, the State of Washington received \$12.6 million and awarded all funds to public agencies with a 13.5 percent matching requirement.⁷⁸ King County received \$11.6 million in TEA-21 funds, of which \$1.3 million went to the Preston Edge Scenic acquisition.

On April 2, 2004, the U.S. House of Representatives approved legislation (H.R. 3550) to renew the nation's surface transportation law (TEA-21), proposing to allocate more than \$275 billion in federal funds for highways, bridges, transit and safety programs over six years.⁷⁹ As approved by the House, H.R. 3550 provides \$51.5 billion for transit programs, about \$217.5 billion in obligation limitations to the states for highway programs, another \$4.4 billion for state equity funds and emergency relief, and the remaining funds for research, safety and other activities. H.R. 3550 contains provisions that seek to respect existing protections and standards for the environment and communities, most notably for clean air, parks, recreation areas, and wildlife and waterfowl refuges. Senate and House negotiations on a compromise bill are the next step in the reauthorization process.

Urban Park and Recreation Recovery Program (UPARR)

The Urban Park and Recreation Recovery Program was developed as the urban component to the Land and Water Conservation Fund in 1978.⁸⁰ UPARR grants are given to eligible cities and counties and are meant to assist disadvantaged areas. The grants fund rehabilitation (capital funding for renovation or redesign of existing facilities), innovation (funding aimed to support specific activities that either increase recreation programs or improve the efficiency of the local government to operate recreation programs), and planning (funding for development of recovery action program plans) for recreational services in urban areas. From the program's inception in 1978 to 2002, it has

⁷⁷ "Wetland Act Funds Projects in Oregon, Washington, California," News Release, U.S. Fish & Wildlife Serv. (March 4, 2004).

⁷⁸ <<http://www.wsdot.wa.gov/TA/ProgMgt/Grants/Enhance.hmt>>.

⁷⁹ Surface Transportation Policy Project, at <http://www.transact.org/transfer/trans04/4_07.asp>.

⁸⁰ <<http://www.nps.gov/uprr/>>.

distributed approximately \$272 million for 1,461 grants to local jurisdictions in 43 states, the District of Columbia and Puerto Rico. A local match of at least 30 percent is required for most grants. Appropriations for this program have varied widely from a high of more than \$60 million in 1980 to zero dollars in 2003. Through 2003, King County received \$315,080 in UPARR grants while the statewide total was \$5.8 million.

Wetlands Reserve Program

Congress authorized and amended the Wetlands Reserve Program (WRP) under the Farm Bill in 1996 as a means of addressing the loss of wetlands nationwide. The program is administered through the Department of Agriculture's Natural Resources Conservation Service. This program offers landowners three options: permanent easements, 30-year easements, and restoration cost-share agreements of a minimum 10-year duration. In order for a property to be eligible for a WRP grant, the landowner must have owned the land for at least one year (unless the land was inherited or the landowner can prove the land was not purchased for enrollment into the program), and the land must be restorable and suitable for wildlife benefits. The landowner continues to control access to the land and may lease the land for recreational activities.

The amount of funding available in a given fiscal year depends on the amount of acres Congress permits to be enrolled in the program. The funding level is dependent on the value of the land and funding occurs on a statewide basis wherein a per acre value is assigned in each state. To date, appropriations have supported the enrollment of 774,076 acres within the Wetlands Reserve Program.

Wildlife Habitat Incentives Program

The Wildlife Habitat Incentives Program (WHIP) provides financial incentives to develop habitat for fish and wildlife on private lands.⁸¹ Participants agree to implement a wildlife habitat development plan under which the uses of their land is limited, and the Department of Agriculture agrees to provide up to 75 percent of cost-share assistance for the initial implementation of wildlife habitat development practices. Cost-share agreements for wildlife habitat development typically run for five to ten years. Upland, wetland, riparian, and aquatic wildlife habitat improvement projects qualify for this program.

The Farm Security and Rural Investment Act of 2002 reauthorized WHIP as a voluntary approach to improving wildlife habitat. Program administration of WHIP is provided under the Natural Resources Conservation Service. In 2003, the State of Washington enrolled 17 parcels totaling 571 acres at a cost of \$440,900 in the program. For 2004, is budgeted to receive \$628,000 in WHIP funds.

⁸¹ <<http://www.nrcs.usda.gov/programs/whip/>>.

Federal Funding for Agricultural Land Protection

Conservation Reserve Enhancement Program (CREP)

This program pays land rental value plus incentive payments to landowners who install riparian buffers along salmon-bearing streams. CREP pays for up to 100 percent of the cost of creating the buffer. The State Land Conservation Program section of this report contains more detail about this program on pages 25 to 26.

Farm and Ranch Land Protection Program (FRPP)

With passage of the new 2002 Farm Bill, the federal government will have much greater ability to serve as a partner in the purchase of development rights (PDR), or conservation easements, on productive agricultural land. The new Farm Bill provides a ten-fold increase in funding available for the U.S. Department of Agriculture's Farm and Ranchland Protection Program, making \$600 million available between fiscal 2002 and 2007, up from \$53 million in the prior Farm Bill. Between 1996 and 2002, more than 108,000 acres were protected through PDR as a result of the program.⁸²

In fiscal year 2003, the FRPP provided \$67 million in grants to states, local governments and nonprofit conservation groups to purchase conservation easements on agricultural land. Grants for 50 percent of the cost of a permanent conservation easement (PDR) were awarded on a competitive basis, according to national and state criteria.⁸³

In Washington State and through FY 2002, \$3.3 million in FRPP funds have been awarded to purchase easements on approximately 2,954 acres of agricultural land. Due to increasing development pressure throughout the state, requests for FRPP funds have increased dramatically in recent years, far outpacing the program's funding capacity. In FY 2003, FRPP partners requested \$4.9 million in funds. This request represents 7.5 percent of the total amount of FRPP funds available nationwide in FY 2003. Washington was allocated \$1.48 million in FY 2003.

Farm and Ranch Lands Protection Program – Total Washington Easements as of June 2003					
County	Acres	Total (\$)	Avg. \$ per Acre	Federal Payment	
				\$	%
King	129	1,454,172	11,273	460,000	32
Skagit	1,212	1,535,390	1,267	754,802	49
TOTAL*	1,341	2,989,562	2,229	1,214,802	41%
*Totals do not include FY 2002 pending easements.					

In conjunction with the FRPP, King County has enacted farmland preservation ordinances, established voluntary agricultural districts, and has its own Farmland Preservation Program, as detailed in the previous section. In addition to the county program, land trusts continue to play a

⁸² 'Purchase of Development Rights: Conserving Lands, Preserving Western Livelihoods,' Western Governors' Ass'n, The Trust for Public Land and National Cattlemen's Beef Association, at 19-20 (June 2002).

⁸³ "FY-2003 Washington Farm and Ranch Lands Protection Program," Natural Resources Conservation Servs., US Dep't of Agriculture, <<http://www.nrcs.usda.gov/programs/frpp/StateFacts/WA2002.html>>.

major role in preserving farmland by identifying potential participants, supplying matching funds for FRPP grants, and providing administrative support for acquiring and monitoring easements.

Grassland Reserve Program (GRP)

The Grassland Reserve Program (GRP) is a voluntary program that helps landowners and operators restore and protect grassland, including rangeland and pasture land, while maintaining the areas as grazing lands. The program is administered through the Department of Agriculture's Natural Resources Conservation Service and Farm Service Agency and is funded by the Commodity Credit Corporation.⁸⁴ This program offers landowners four options: (1) rental agreements whereby participants may choose a 10-year, 15-year, 20-year or 30-year easement valued at not more than 75 percent of the grazing value of the land, (2) permanent conservation easements, (3) 30-year easements valued at 30 percent of the fair market value of the land, less the grazing value, and (4) restoration agreements. In order for a property to be eligible for the GRP, the landowner must provide clear title for either easement option, or show they have general control of the land for a rental agreement.

Federal Funding for Water

Clean Water Act Section 319 (h) -- Nonpoint Source Pollution

In 1987 Congress recognized that state and local water authorities needed assistance with developing and implementing measures to control nonpoint source (NPS) pollution. The enactment of Section 319 of the Clean Water Act established a national program to control nonpoint sources of water pollution, as well as a means to help fund state and local implementation of nonpoint source management programs. Section 319 funds may be used for land acquisition can be used as a nonpoint source management tool. The Washington Water Quality Program of the Division of Ecology administers the state Section 319 program, as explained on page 27 of this report.

Clean Water State Revolving Fund (CWSRF)

Under the CWSRF, the EPA provides annual grants to states that match the capitalization grants with 20 percent of their own funds. States use these capitalization grants to provide loans (grants are not permitted) to public and private borrowers, with a maximum term of 20 years. States may pool the federal capitalization grant with other funding and can also issue bonds using pool funds. The CWSRF program is available to fund a wide variety of water quality projects including all types of nonpoint source, watershed protection or restoration, and estuary management projects, as well as more traditional municipal wastewater treatment projects.

Since the CWSRF Program began in 1987, the federal government has provided \$19.5 billion in capitalization grants, which have been matched by \$4.2 billion in state contributions (See figure to the right). Nearly half the

Clean Water SRF Investment	
1987 - 2002	
	\$ billions
Federal Capitalization Grant	\$ 19.5
State Contributions	\$ 4.2
<u>Leveraged Bond Proceeds</u>	<u>\$ 16.7</u>
subtotal	\$ 40.4
<i>less Debt Service Reserve</i>	\$ (5.0)
Total Net SRF Investment	\$ 35.5

⁸⁴ The Commodity Credit Corporation is a wholly owned government corporation that serves as the financing institution for the USDA's farm price and income support commodity programs and agricultural export subsidies.

states have used these federal and state funds to back the issue of more than \$16 billion in bonds to fund projects and to create debt service reserves. In 2001, the average leveraging ratio was roughly 2:1. In total, more than \$35 billion in funding has been created through the CWSRF program since it began.⁸⁵ The Washington Water Quality Program of the Division of Ecology administers the state CWSRF program, as explained previously in this report.

CWSRF Innovations: Land Conservation

States file an intended use plan with the EPA that clearly spells out how they will allocate their CWSRF funds. Since the program's inception, most states have used their CWSRF primarily for wastewater treatment plants. However, since 1995, more funding has been shifted into nonpoint source pollution control and estuary management, with roughly six percent of annual funds going for non-point source pollution, up from one percent in prior years.⁸⁶ In particular, several states have used their CWSRF to help local governments and nonprofits purchase watershed land, restore watersheds and reduce flooding.

- **New York:** In recent years, New York has made several significant loans to help local governments protect critical drinking watershed lands through its Clean Water State Revolving Fund. For instance, New York City received a \$27 million CWSRF loan to acquire land within the Delaware/Catskill water supply. So that it may avoid building a new filtration plant, New York City will spend \$1 billion over a 10-year period for watershed land acquisition.⁸⁷ The state's CWSRF also made a \$75 million loan to Suffolk County to protect land within the Pine Barrens, the sole source aquifer for 2.6 million people.⁸⁸
- **Ohio:** With funding from the federal CWSRF loan program, the Ohio EPA created a new program (Water Resource Restoration Sponsor Program) that combines traditional wastewater treatment with water source restoration through land conservation. Under the provisions of the program, a community would apply, as usual, to the CWSRF program for a wastewater treatment loan and also enter into a sponsorship agreement with a land conservation partner (land trust or park district) to grant them the money to fully restore a watershed resource (not necessarily in the same watershed). A community that is chosen to participate by Ohio EPA would then borrow extra money to facilitate the restoration project, but in exchange its interest rate on the combined project would be reduced (at present from 3.8 percent on a wastewater only loan to 0.2 percent on a combined project) to yield a repayment cost below the wastewater project alone.

Drinking Water State Revolving Fund (DWSRF)

Under the Safe Drinking Water Act Amendments of 1996, the EPA is authorized to provide grants to states to capitalize Drinking Water State Revolving Funds (DWSRF). The DWSRF provide loans

⁸⁵ Clean Water SRF Investment, by State, EPA Clean Water State Revolving Fund, <<http://www.epa.gov/r5water/cwsrf/inva.htm>>.

⁸⁶ Clean Water SRF Supplemental Data Report: Total Annual NPS Project Assistance as Percent of Total WWT, NPS and Estuary Project Assistance, EPA, <<http://www.epa.gov/r5water/cwsrf/pdf/supnps.pdf>>.

⁸⁷ "New York City Applies for \$27 Million CWSRF Loan for Watershed Land Acquisition," CWSRF Activity Update, EPA.

⁸⁸ "New York CWSRF Makes \$75 Million Land Acquisition Loan in Pine Barrens," CWSRF Activity Update, EPA.

and other assistance to eligible public water systems to finance the cost of infrastructure projects, “to water systems to acquire land needed for protection and implementation protection measures,” and to communities to “acquire land or conservation easements” in an effort to establish control over the activities in a source water protection area.⁸⁹ In fact, the EPA recognizes that “[l]and acquisition and conservation easements can protect a water supply by preventing pollution-generating activities from occurring in critical areas and can provide community benefits such as preserving open space, enhancing recreational opportunities, and reducing flood damage.”⁹⁰ For instance, a \$140,000 DWSRF loan to the Town of Bradford, Vermont, funded the purchase of a tract of farmland within a water source area.

States must file an intended use plan describing how they will use the proceeds and must match 20 percent of the grant. Up to 15 percent of the funds can be set-aside to fund source water protection activities, including land acquisition.⁹¹ However, no more than 10 percent of the set-asides can be used for a single type of activity. Grants are allotted to each state based on needs identified in the most recent Drinking Water Needs Survey.

The Division of Environmental Health of the Washington State Department of Health and the Public Works Board jointly administer the state DWSRF program, which provides 1.5 percent interest loans to community and nonprofit community water systems for capital improvements that increase public health protection and compliance with drinking water regulations. Roughly \$130 million in loans have been committed for drinking water infrastructure improvements in Washington State. In 2004, almost \$45 million in DWSRF loans were provided to communities throughout the state, which did not include King County or any cities within King County.

⁸⁹ “Protecting Drinking Water with Clean Water State Revolving Fund,” EPA Pamphlet 832-F-00-001.

⁹⁰ “Using Drinking Water State Revolving Fund for Source Water Protection Loans,” EPA Pamphlet 816-F-01-039.

⁹¹ SDWA §1452 (k).

King County Fiscal Status

Budget

Total revenue into King County exceeds \$2 billion, which the county distributes to over 50 separate funds. The largest funds are those for transit, wastewater, surface water management, roads, and the county general fund. Taxes are the largest revenue source for King County, accounting for 24.9 percent of total revenues. Taxes include three major property tax levies, three different sales tax assessments, and taxes on real estate transactions and are expected to total \$803.3 million for 2004, an increase of 4.4 percent over the adopted 2003 budget.⁹²

King County's general fund revenues are projected to be \$509 million and expenditures to be \$515.7 million for 2004, a 0.2 percent increase from the previous year's operating expenditures.⁹³ About two-thirds of the general fund, or current expense fund, dollars are used for state-mandated law and justice programs, such as the sheriff's department, the jail, the prosecutor, and the courts. Other general fund expenditures include categories such as human services, parks, and cultural programs. Nearly all revenue for the general fund comes from the general property and sales tax.

Debt

King County's bonded indebtedness is projected to be \$281 million for 2004, an increase of about \$2 million over 2003. Of this, \$8.8 million is for a debt issuance for the Cascade Land Treemont Conservation Acquisition Project property acquisition,⁹⁴ which will be financed by a combination of Real Estate Excise Tax and Conservation Futures Tax resources.

Despite the economic downturn plaguing the Pacific Northwest region, credit ratings for voter-approved debt in King County continue to be strong, with the highest possible rating of Aaa from Moody's Investors and a AA+ from Standard & Poor's, which is one category below its highest rating.⁹⁵

⁹² 2004 Budget Summary, at www.metrokc.gov/budget/2004/proposed/sum.htm.

⁹³ 2004 Adopted Budget, at "Economic and Revenue Forecast."

⁹⁴ See page 14 for more detail regarding the Cascade Land Treemont Conservation Acquisition Project.

⁹⁵ "Credit rating systems reaffirm King County's strong debt ratings despite economic slowdown," News Release, King County Executives (March 27, 2003), <
<http://www.metrokc.gov/exec/news/2003/032703.htm>>.

King County Revenue Options for Open Space

A number of potential revenue sources have been considered to fund open space land acquisition in King County. This study will look further at general obligation bonds, the property tax, and the sales tax.

General Obligation Bonds

Borrowing, by issuing bonds, presents a number of opportunities and drawbacks. On the one hand, borrowing can provide the county with the revenue and flexibility it needs up front to fund large-scale park and open space projects, while land costs are lower than they will be in the future. Bonds raise substantial amounts of money, enabling King County to make important acquisitions now while land is available. They ensure an upfront stream of funding that is not dependent on the fluctuations of the operating budget. Costs are typically spread out over a long time horizon, and therefore are borne by both current and future beneficiaries. On the other hand, financing charges accrue, and convincing voters of the merits of incurring debt can be challenging.

General obligation (GO) bonds are essentially loans taken out by a government secured by the jurisdiction's full faith and credit, and taxing power to make timely payments. GO bonds are a popular open space financing tool at the state and local levels because they allow for the immediate purchase of land, and they distribute the cost of acquisition. Interest charges also add costs to the price of the project, and debt ceilings limit the amount of bonds a community can issue. There is generally stiff competition for GO bonds among many programs in need of financing and the county must be mindful of how continued increases in debt will affect its bond ratings, as ratings influence the interest rate charged on the loans.

Moreover, per state law, King County may incur GO debt for general county purposes in an amount not to exceed 2.5 percent of the assessed value of all taxable value in the county.⁹⁶ State law requires property to be assessed at 100 percent of its true and fair value. Unlimited tax GO debt requires voter approval of at least 60 percent, and voter turnout must be at least 40 percent of those who voted in the last general election. The debt service on unlimited tax debt is secured by excess property tax levies.

Limited tax GO debt may be issued upon resolution of the County Council in an amount up to 1.5 percent of assessed property in the county for general county purposes and, of that amount, 0.75 percent may be issued for metropolitan functions which include park functions.⁹⁷ In order to exceed the 1.5 percent of assessed value cap upon limited tax GO debt, voter approval of at least 60 percent is required, and any indebtedness for metropolitan functions may not exceed an additional 2.5 percent of the value of taxable property in the county or five percent for capital purposes upon assent of the voters. The debt service on limited tax debt is secured by regular property taxes.

⁹⁶ §39.36.020.

⁹⁷ Metropolitan functions include the performance of duties associated with metropolitan water pollution abatement, water supply, public transportation, garbage disposal, parks and parkways, and comprehensive planning. §35.58.050. In 1994, King County assumed the rights, powers, functions, and obligations of the Municipality of Seattle to carry out these metropolitan functions. §35.58.020.

No combination of limited and unlimited tax debt for general county purposes and no combination of limited and unlimited tax debt for metropolitan functions may exceed 2.5 percent of the assessed valuation.

Notwithstanding these statutory limits, the state Constitution limits non-voted (limited) GO debt to 1.5 percent and all GO debt—both unlimited and limited—to five percent of the assessed value of taxable property within the county.⁹⁸

Based on the 2004 assessed value of \$235,834,254,423, the legal debt margin for general county purposes in King County is \$5,895,856,361 (2.5 percent) and an additional \$5,895,856,361 (2.5 percent) for metropolitan functions. The limited GO debt capacity within the total 2.5 percent limitation is \$3,537,513,816 (1.5 percent), of which a maximum of \$1,768,756,908 (0.75 percent) may be incurred for metropolitan functions. Certain restrictions of the levying of property taxes effectively limit the issuance of non-voted limited GO debt.

Based on the 2004 total assessed value, the tables below reflect the debt capacity for unlimited and limited GO debt for King County purposes and metropolitan functions as of June 30, 2003.⁹⁹

Limited Tax GO Debt Capacity for Metropolitan Functions

0.75% of Total Assessed Value	\$1,768,756,908
Outstanding Debt	(\$508,167,631)
Remaining Capacity: Limited Metro Functions	\$1,260,589,277

Limited Tax GO Debt Capacity for General County Purposes & Metro Functions

1.5% of Total Assessed Value	\$3,537,513,816
Outstanding Debt	(\$1,435,980,842)
Remaining Capacity: Limited County and Metro Functions	\$2,101,532,974

Total GO Debt Capacity for General County Purposes

2.5% of Total Assessed Value	\$5,895,856,361
Outstanding Debt	(\$1,158,688,483)
Remaining Capacity: General County Purposes	\$4,737,167,878

Total GO Debt Capacity for Metropolitan Functions

2.5% of Total Assessed Value	\$5,895,856,361
Outstanding Debt	(\$508,167,631)
Remaining Capacity: Limited Metro Functions	\$5,387,688,730

⁹⁸ Wash. Const. Art. VIII, Sect. 6.

⁹⁹ Official Statement for \$27,605,000 Limited Tax General Obligation Bonds, 2003, Series A, and \$40,435,000 Limited Tax General Obligation Refunding Bonds, 2003, Series B, at 7 (Oct. 20, 2003) (outstanding debt figures as of June 30, 2003).

Of the remaining capacity for GO bond indebtedness, King County has identified the need to issue \$300 million of new limited GO bonds from 2004 through 2006. The proceeds of these bonds will be used primarily to finance the seismic retrofit of the King County Courthouse (\$80 million), the integrated security and jail health projects (\$15 million), road improvements (\$80 million), the transit division's capital improvement program (\$100 million), and various other smaller purposes.¹⁰⁰ In addition, for the remainder of the decade, King County will also need to issue about \$200 million of new debt annually to provide continuing funding for its wastewater division's capital improvement program. These bonds will most likely be secured solely by revenues of the county's sewer system and a general obligation pledge by the county.

Six voter-approved bond measures backed by property tax revenue remain active in King County. The GO bond measures fund a variety of projects, from open space to capital improvement projects, as detailed in the chart below.

King County Active General Obligation Bonds Backed by Property Taxes

Bond Purpose	Description (where relevant)	Date of Passage	Years	Amount	From	Through
Farm/Open Space	Funded purchase of development right easements over farmland located within urban metropolitan area (Snoqualmie Valley, Enumclaw Plateau, Sammamish Valley).	Nov. 6, 1979	30	\$50 million	1980	2009
Zoo Improvements		Nov. 5, 1985	20	\$31.5 million	1986	2005
Health Care Capital Improvements		Nov. 3, 1987	20	\$99.8 million	1988	2007
Youth Detention		Nov. 8, 1988	20	\$14.24 million	1989	2008
Public Green Space	Funded acquisition or improvement of 116 open space and trail projects totaling 3,150 acres.	Nov. 7, 1989	20	\$117.64 million	1990	2009
Harborview Medical Center Improvements		Sept. 19, 2000	20	\$193.13 million	2001	2020 (estimate)

In addition, King County also has a number of active limited general obligation bond measures that are not backed by property taxes for land conservation, as depicted on the table on the next page.

¹⁰⁰ Official Statement for \$27,605,000 Limited Tax General Obligation Bonds, 2003, Series A, and \$40,435,000 Limited Tax General Obligation Refunding Bonds, 2003, Series B, at 6.

King County Limited General Obligation Bonds

Bond Name	Year of Passage	Amount	Description
Regional Conservation Futures Acquisition Program (“1993 CFT Bond Program”)	1993	\$60,105,000	Permanently preserved over 4,000 acres of open space in over 60 projects.
Parks Land Acquisition	1993	\$13,023,000	
Cedar River Legacy	1993	\$1,005,000	Working in conjunction with Cedar River Council to select salmon habitat acquisition and restoration projects, program has preserved over 370 acres.
Farmland Preservation & Working Forest	1996	\$6,000,000	Funds used to acquire development rights easements through Farmlands Preservation Program and to acquire demonstration rural forest projects at Taylor Mountain and Ring Hill.
Parks Land Acquisition	1997	\$12,500,000	

The Arts and Natural Resources Initiative (ANRI) bond has also been a major contributor toward parks and open space acquisition in King County, though more detailed information about the ANRI bond was not available in the available information sources.

Finally, since 1998, five cities in King County have placed funding measures for parks and land conservation on their ballots, with mixed support. Three out of the five cities rejected local bond referenda for parks and open space, while voters in two cities, Kirkland and Seattle, approved nearly \$8.4 million in bonds and \$26 million in property tax increases for parks and open space. The table on the next page summarizes the local measures and their results.

King County Local Open Space Bond Referenda

Jurisdiction	Date of Election	Pass/Fail	Description
Bellevue	Sept. 17, 2002	Failed	Bonds for parks and open space.
		59%/41%*	
Bellevue	Nov. 5, 2002	Failed	Bonds for parks and open space.
		57%/43%*	
Kirkland	Nov. 5, 2002	Passed	\$8.4 million bonds for open space, natural areas, wildlife habitat, playgrounds, playfields and parks. \$5.5 million for open space.
		64%/36%*	
North Bend	Sept. 18, 2001	Failed	\$3.6 million bond to purchase Tollgate Farm to use as parks and open space, wildlife habitat, and recreational fields.
		58%/42%*	
Lake Forest Park	Nov. 7, 2000	Failed	\$3.5 million bond for open space acquisition and parks
		51%/49%*	

*Measures need 60 percent super-majority to pass plus a minimum voter turnout of 40 percent of those who voted in the last general election.

Property Tax

The property tax is the single largest revenue source for many local jurisdictions, including King County,¹⁰¹ and the proceeds may be expended for parks and open space. In Washington, two types of property taxes may be levied—regular property taxes which require approval by a majority of voters in order to increase them beyond statutorily permissible rates and excess property taxes which require approval by a super-majority of voters. Regular property taxes may be imposed for general municipal purposes, including the payment of debt service on limited tax general obligation bonds, and for road district purposes. The general municipal purposes levy is limited to \$1.80 per \$1,000 of assessed value, but the county is authorized to increase it to a maximum of \$2.475 per \$1,000 of assessed value if the total combined levies for general municipal purposes and the road district purpose do not exceed \$4.05 per \$1,000 of assessed value.¹⁰² The road district purposes levy, which is levied in unincorporated areas of the county for road construction and maintenance and other county services, is limited to \$2.25 per \$1,000 of assessed value. Regular property tax levy increases require the affirmative vote of a simple majority, or 50 percent, of voters.

Regular property taxes are also subject to three other legal limitations. Pursuant to Article 7, Section 2 of the Washington Constitution and Section 84.52.050 of the state statutes, the total regular property tax levy may not exceed \$10 per \$1,000 of the assessed value of property. Further, within the \$10 per \$1,000 limitation, counties are limited to a maximum aggregate property tax rate of \$5.90 per \$1,000 of assessed value.¹⁰³ Should either the \$10 or \$5.90 per \$1,000 of assessed value limitations be exceeded, levies requested by junior taxing districts are reduced or eliminated according to a prioritized list contained in Section 84.52.010. Finally, increases to regular property taxes are limited to 101 percent of the highest lawful levy since 1985, plus an additional amount to

¹⁰¹ King County's overall countywide property tax levy is projected to generated \$278.5 million in 2004. Adopted 2004 Budget, at "Economic and Revenue Forecast."

¹⁰² §84.52.043.

¹⁰³ §84.52.043. This limitation excludes the Conservation Futures levy.

allow for new construction within the taxing district.¹⁰⁴ The one percent limit may not be exceeded without majority voter approval through a levy lid lift.¹⁰⁵

Taking these limitations into consideration, the regular property tax levy rates for King County alone is \$1.0916 per \$1,000 of assessed value.¹⁰⁶ The taxing authorities within King County and their 2004 property tax rates are depicted below.

King County Taxing Authorities and Regular Property Tax Rates

King County Taxing Authority	Purpose	2004 Regular Rate	Rate Limit
Current Expense (General Fund)	Provide for general county expenses.	\$0.99253	\$1.80
County River Improvement	Flood control within county.	\$0.01064	\$0.25 (w/in \$1.80)
Inter-county River Improvement	Flood control of boundary line rivers.	\$0.00021	\$0.25 (w/in \$1.80)
Veterans' Aid	Assist honorably discharged veterans.	\$0.00900	\$0.01125 - \$0.27 (w/in \$1.80)
Mental Health	Provide mental health services.	\$0.02000	\$0.025 (w/in \$1.80)
Conservation Futures	Acquire open space land or development rights.	\$0.05922	\$0.0625

Excess levies, on the other hand, are not subject to limitation when authorized by vote. Excess levies require that 60 percent of 40 percent of those who voted in the last November election be favorable to the passage of the levy. However, excess levies may be imposed without a popular vote when necessary to prevent the impairment of the obligation of contracts. Excess levies secure the debt service for unlimited tax debt. The King County excess levy for 2004 is \$0.33986.

Property taxes in King County are collected through the countywide levy, the unincorporated area levy (county road levy), the Emergency Medical Services levy, and voter-approved debt. The monies collected are dedicated to various funds in the county. The overall countywide levy is \$1.66863, which is projected to generate \$278.5 million (a 3.2 percent increase from 2003).

Most recently, on May 20, 20003, 57 percent of King County voters approved a Parks Levy of a four-year, 4.9 cents (per \$1,000 assessed value) to commence in 2004 for funding for the Parks and Recreation Division of the Department of Natural Resources and Parks.¹⁰⁷ The Parks Levy will

¹⁰⁴ §§84.55.005 to .125. Approved by voters in 2001, Initiative 747 limits the growth of the regular property tax revenues before new construction and annexations to the lower of one percent or the implicit price deflator.

¹⁰⁵ §84.55.050. The ballot for the levy lid lift must specify the dollar rate proposed, any applicable conditions, and use of the funds. From 1993 to 2003, voters throughout King County have approved 41 of 56 lid lifts presented to them by the county, municipalities and special districts (monetary property tax ballot measures totaled 385, with 236 approved). "King County Monetary Property Tax Ballot Measures and Lid Lifts," King County Dep't of Assessment (attachment 7 to News Release dated January 29, 2004).

¹⁰⁶ Inclusive of all taxing authorities, the property tax levy range countywide is 7.01018 to 13.92898. Unincorporated area levies range from 7.01018 to 13.92898 and city levies range from 7.23342 to 13.42286. "King County: 2004 Property Tax Rates, Levy Rate Distribution," Dep't of Assessments, King County, <<http://www.metrokc.gov/assessor/PropertyTaxes.htm>>.

¹⁰⁷ < <http://dnr.metrokc.gov/parks/levy/>>.

generate approximately \$11.5 million at a cost of \$12.25 annually for an owner of a \$250,000 house. The Park Levy supports the maintenance and operation of over 25,000 acres of parks and open space and over 100 miles of regional trails, and fund recreation grant programs. The Parks Levy, however, may not be used for land acquisition.¹⁰⁸

Sales Tax

King County's sales tax rate is 8.8 percent. The sales tax is comprised of the following

- 6.5 percent state sales tax
- 1.00 percent local option tax divided between cities and King County¹⁰⁹
- 0.80 percent for Metro Transit
- 0.40 percent for the Regional Transit Authority (Sound Transit)¹¹⁰
- 0.10 percent for criminal justice programs.

For 2004, \$62.1 million or 90.4 percent of county sales tax revenue is deposited in the current expense fund, while \$3.4 million is dedicated to the Sales Tax Contingency Reserve, which supports major maintenance expenses, and \$3.2 million is earmarked for the Children and Families Set-Aside.¹¹¹ The current expense fund is allocated to county operating expenditures and county capital improvement plans.

Because it appears that King County levies the maximum permissible sales tax rate, no further analysis of the sales tax is provided though it should be noted that King County annually levies a hotel-motel tax that potentially could provide funding for land conservation. Any excess proceeds of the tax "shall only be used according to the formula set forth therein for the support of the arts, the performing arts, art museums, heritage museums and cultural museums of King County, and the support of stadium capital improvements, open space acquisition, youth sports activities and tourism promotion, in a manner reflecting that order of priority."¹¹² More specifically, from January 1, 2001 through December 31, 2012, thirty percent of all excess hotel-motel tax revenues collected by the county must be allocated to stadium capital improvements, open space lands, youth sports activities, and tourism promotion, in that order.¹¹³ According to King County officials, from 2003 to 2016, the excess hotel-motel tax revenue will be utilized to pay debt service on football stadium debt.

¹⁰⁸ On November 7, 2000, voters in the City of Seattle approved the dedication of a portion of a property tax increase for parks and open space acquisition for a projected \$26 million over eight years.

¹⁰⁹ Within cities, 0.15 percent is distributed to the county, and 0.85 percent to the city. King County receives the full 1.00 percent collected in unincorporated areas.

¹¹⁰ This tax is collected within the Regional Transit Authority boundaries, where the sales tax is 8.40 percent.

¹¹¹ Adopted 2004 Budget, at "Economic and Revenue Forecast." One percent of the county sales tax revenue goes to the State Department of Revenue for its administration fee.

¹¹² King County Code, §4.42.010 (Emphasis added).

¹¹³ According to a 1996 State Auditor's Report, all monies in 1994 and 1995 were allocated to the stadium capital improvements and none to the other programs, including open space lands. Cultural Programs (Hotel-Motel Tax Distributions), Report No. 96-04, at <http://www.metrokc.gov/auditor/1996/96-04.htm> (Emphasis added).

Assessment of King County Land Conservation Funding

King County has made significant investments in land conservation, utilizing a combination of state and federal funds, dedicated taxes, bonds, and general fund appropriations to fund land conservation efforts.

Substantial State Funding

Strong fiscal commitment on the part of state government through a stable revenue source is a critical component of effective local land conservation. The State of Washington has provided substantial funding for land and resource conservation through its aquatic lands, boating facilities, and wildlife recreation funding programs administered by the Interagency Committee for Outdoor Recreation and supported by a combination of state-earned income, motor vehicle gasoline taxes, general obligation bonds, and legislative appropriations. In addition, the state has successfully accessed federal water quality funds to provide grants and loans for water-related projects and federal funds for salmon habitat protection and restoration.

However, these programs and other state agency conservation spending have been unable to keep up with current demand, as evidenced by the large number of unfunded requests received each year. Moreover, certain state programs, such as the Agricultural Conservation Funding Program, have not been formally implemented due to a lack of funding.

Local Financing Authority

King County has made significant investments in land and resource conservation by utilizing revenue from a combination of general obligation bonds, Conservation Futures property taxes, and Real Estate Excise Taxes.

General obligation bonds are important and popular tools for local land conservation in King County, as evidenced by the number of bond referenda. Bonds provide several advantages over pay-as-you-go funding, including the opportunity to make significant land acquisitions in the near term, presumably before the price of land increases. While King County currently has ample capacity under its debt limit, there has been no recent provision for issuing bonds for the acquisition of lands for parks and open space as revenue from outstanding bonds are rapidly being depleted.

King County also levies a Conservation Futures property tax of 5.625 cents to fund open space acquisitions in the county. In addition, revenue generated by a Real Estate Excise Tax of 0.25 percent of the selling price of real property is utilized to fund park acquisition and improvements in unincorporated King County.

All of these financing mechanisms constitute dedicated levies for land and resource protection that are protected from potential changes in priorities during the annual budgeting process.

State and Local Incentives for Conservation

Incentives for local action strengthen partnerships between state and local governments and between local governments. Incentives, often in the form of matching grants like those offered by the Interagency Committee for Outdoor Recreation or low-interest loans, encourage local governments

and nonprofit conservation organizations to develop programs and create financing mechanisms to leverage state funds. In King County, the Interagency Committee for Outdoor Recreation has provided \$50.4 million in grants, matching \$75.5 million in local government funding.

County incentive programs include the Community Salmon Fund, Water Resource Inventory funds from the King Conservation District, and WaterWorks. Each provides grants which are utilized by recipients to leverage additional funds for water quality and water-dependent habitat projects. However, each of these funding programs rely on annual appropriations and do not have dedicated sources of revenue.

Purchase and Transfer of Development Rights

Purchase of Development Rights (PDR) is an effective device for permanent open space and farmland protection because it maximizes conservation dollars while allowing for continued private land ownership. King County has an active PDR program, the Farmland Preservation Program, wherein landowners place easements on their property in exchange for payment, as well as a Transfer of Development Rights Program wherein residential development rights may be purchased and sold. The Farmland Preservation Program has protected over 13,000 acres in King County at a cost of \$59 million and the Transfer of Development Rights Program has preserved about 1,500 acres at a cost of \$15 million. Neither program, however, are funded by dedicated sources of revenue, causing exemplary aspects of the programs, like the Transfer of Development Rights Bank, to languish.

Public—Private Partnerships

Partnerships can be forged that join private desires and public goals to protect natural resources by encouraging private, nonprofit actions that further open space preservation. Public-private partnerships broaden the base of support for land conservation goals and leverage scarce conservation resources, as illustrated by the Snoqualmie Preservation Initiative and the Cascade Land Treemont Conservation Acquisition Project. To assist in the facilitation of more public-private partnerships in King County, a listing of regional and national private funders is listed in Appendix A to this report.

Recommendations

If the effort to protect land in King County continues to be successful, it will be essential to move beyond assessing priorities and planning and to identify sources of financing to actually protect land. In order to accomplish this goal, a range of funding options must be utilized to create a “funding quilt” that will sustain land acquisition both in the near term and over the long run. The specific recommendations below will help draw upon a combination of state, local, and federal funding to protect land throughout the state.

1. Local Funding

Issue a general obligation bond.

King County has the capacity to issue either unlimited tax general obligation bonds after approval of 60 percent of voters or limited tax general obligation bonds upon resolution of the King County Council, as explained on pages 43 to 45. For either type of bond, King County has, at minimum, \$1.26 billion remaining debt capacity (for limited tax general obligation bonds for metropolitan functions) to, at the maximum, \$5.39 billion (for total general obligation debt capacity for metropolitan functions). Previous bond measures for land and resource conservation in King County have ranged from \$1 million for the 1993 Cedar River Legacy to \$117.64 million for the 1989 Public Green Space measure.

The chart below illustrates the estimated annual debt service, required mills per \$1,000 of assessed valuation, and annual household cost of various general obligation bond issue amounts.

King County Bond Financing Costs

Assumes 20-year bond issues at 5.0% Interest Rate

Total Assessed Value = \$8,802,000,000

Bond Issue	Annual Debt Svce	Mill Increase	Cost/ Year/ \$100K House	Cost/ Ave./ Household*
\$5,000,000	\$401,213	0.001701	\$0.17	\$0.40
\$10,000,000	\$802,426	0.003402	\$0.34	\$0.81
\$15,000,000	\$1,203,639	0.005104	\$0.51	\$1.21
\$20,000,000	\$1,604,852	0.006805	\$0.68	\$1.61
\$50,000,000	\$4,012,129	0.017012	\$1.70	\$4.03
\$100,000,000	\$8,024,259	0.034025	\$3.40	\$8.06
\$200,000,000	\$16,048,517	0.068050	\$6.80	\$16.12

*Based on 2004 average residence value of \$236,900 (\$236,900 assessed value).

The property tax estimates assume that the city would have to raise taxes to pay the debt service on bonds, although King County may choose to use other revenue sources.

Increase the Conservation Futures Tax Levy

King County currently levies the Conservation Futures Tax, a property tax levy, at 5.922 cents per \$1,000 assessed value. The maximum CFT levy, however, is 6.25 cents. Although the growth of the regular property tax revenues before new construction and annexations is limited to the lower of one percent or the implicit price deflator, the limitation may be exceeded with voter approval¹¹⁴ or may be exceeded if King County has banked unused property tax capacity.¹¹⁵ As such, the county may levy an additional 0.328 cents to generate over \$115 million in CFT revenue for land conservation.

Tax Rate Increase	Added Revenue*	Annual Cost per \$100K House	Annual Cost per Avg House**
0.00328	\$826,804	\$328	\$950.87

**Based on 2004 CFT revenue of \$15,032,792 at rate of 5.922 cents per \$1,000 AV.*

***Based on home value of \$289,900 (taxable value \$289,900).*

Levy an Additional Real Estate Excise Tax, or REET #3

Section 82.46.070 of the state statutes permits the county legislative authority to submit a measure to the voters regarding the imposition of an additional excise tax on each sale of real property in the county at a rate not to exceed one percent of the selling price for a specified period of time. The proceeds of the additional excise tax, or REET #3, must be utilized for the acquisition and maintenance of “conservation areas.”¹¹⁶ In contrast to the other REET levies, the REET #3 is collected from the purchaser and not the seller.

Before the tax may be imposed, a majority of county voters must approve the maximum rate and specified period of the REET #3 after either the adoption of a resolution by the county legislative authority or the filing of a petition with the county auditor signed by ten percent of county voters. The ballot measure must be submitted to voters at the next general election occurring at least 60 days after a petition is filed, or at any special election prior to this general election that has been called for by the county legislative authority.

At least sixty days before the election if initiated by resolution, or six months if initiated by petition, the county legislative authority must prepare a plan for the expenditure of the REET #3 proceeds. Elected officials in cities located in King County must be consulted and public hearings held to obtain public input for the plan.

¹¹⁴ More specifically, a majority of voters would need to approve a levy lid lift. See Footnote 105.

¹¹⁵ Prior to Initiative 747, the regular (non-voted) property tax collections for tax jurisdictions was restricted to no more than 106 percent of the highest levy collection of the previous three years plus new construction. Jurisdictions that approved, but did not collect the previous maximum of six percent may set aside or “bank” the extra capacity for collection in future years in excess of the one percent limit (Initiative 747). In 2004, King County utilized banked capacity to supplement its Conservation Futures Tax levy (up 7.27 percent). News Release, King County Dep’t of Assessment (January 29, 2004).

¹¹⁶ Per Section 36.32.570, RCW, conservation area “means land and water that has environmental, agricultural, aesthetic, cultural, scientific, historic, scenic, or low-intensity recreational value for existing and future generations, and includes, but is not limited to, open spaces, wetlands, marshes, aquifer recharge areas, shoreline areas, natural areas, and other lands and waters that are important to preserve flora and fauna.”

The imposition of a one percent REET #3 in King County would generate about \$20 to \$24 million a year in the unincorporated areas alone.¹¹⁷

Voter Approval of Increased Taxes

Alternatively, King County could ask voters to approve of an additional Real Estate Excise Tax.

State Legislation

Finally, King County could ask the state legislature to increase the maximum permissible Conservation Futures Tax rate of 6.25 cents per \$1,000 of assessed value to a higher rate.

2. State Funding

Although local funding for land conservation is the most reliable long-term funding source, King County accesses funds through a number of state programs. As the State of Washington is able to provide more funding for land conservation, many of these dollars will trickle down to benefit King County. As such, any increase to state funding for land conservation will hopefully benefit King County.

Provide substantial state funding. Although the State of Washington provides a number of funding programs for land conservation, there still exists a need for more funding. While the state's debt load is rising, there may still be some capacity within the debt affordability guidelines.

Leverage federal funds. The State of Washington should aggressively leverage federal Clean Water State Revolving Fund and Drinking Water State Revolving Fund dollars, as more than half of the states have done. By using the capitalization grants as "collateral" to borrow in the tax-exempt municipal bond market, Washington could increase the pool of available funds for revolving loans and provide a means to extend SRF loans to projects such as land acquisition. In addition, the state should also leverage Transportation Enhancement Funds and Bonneville Power Administration monies to utilize for the protection of ecologically sensitive lands and pursue funding from the various federal agriculture, estuary and wetland funds.

Secure the current state investment. Stable state funding fosters program development and long-term vision and establishes the program as a reliable partner for federal and local conservation efforts. In order to defend land conservation programs against potential budget cuts, King County should encourage the state to consider dedicating revenue to this purpose through a constitutional amendment.

3. Federal Funding

King County is participating in many of the federal land conservation grant programs; however, both King County and the State of Washington could be more aggressive in seeking additional funds from federal sources. The state could attract additional federal dollars from programs such as the Farm and Ranchland Protection Program (which has ample funding due to the renewed 2002 Farm Bill), the Federal Aid in Wildlife Restoration, and the Urban Park and Recreation Recovery program, provided

¹¹⁷ Business Transition Plan: Phase II Report, Parks and Recreation Div., King County Dep't of Natural Resources and Parks, at 67 (Aug. 2002).

that these programs receive the necessary appropriations, but more state and local matching funds will be required. King County should also pursue any available monies from the Bonneville Power Administration for fish and wildlife preservation and protection.

4. Additional Research

Potential partnerships. By forming relationships with divisions and departments within the county, with other public entities including municipalities in King County, and with private organizations, King County may enhance its ability to protect and preserve land and resources within the county such that multiple goals and objectives are served. More research needs to be conducted as to the appropriate partnerships.

Examine water resource issues. With rapid growth in King County and loss of open space, there is growing pressure on the county and state's water resources. Land conservation is increasingly recognized as a key strategy for protecting water resources. Source protection could potentially serve as a driving force for additional land conservation in the state. Although King County has an array of funding for water-related projects, more research should be conducted to evaluate the nature of drinking water sources in the county, and the potential to access federal and state funds for land conservation as a tool for protecting these sources.

Appendices

Appendix A: Private Funding

As King County considers various public funding sources for future acquisition and stewardship of public lands, it should also recognize the potential opportunity to partner with private non-profit organizations on specific projects. These 501(c)(3) tax-exempt organizations can pursue grants from private foundations that support a range of environmental and conservation activities including planning, acquisition, restoration and education.

A summary of several potential private funding sources for environmental and conservation projects are listed below; grouped by those that are Washington or Pacific Northwest-based and those that are national in scope. Please note that this list is not all-inclusive and many other private funding sources exist.

1. Washington or Northwest-based Foundations.

a. Weyerhaeuser Company Foundation

URL: <http://www.weyerhaeuser.com/citizenship/philanthropy/weyerfoundation.asp>

Weyerhaeuser give grants to improve the quality of life in areas where Weyerhaeuser Co. has a major presence, and to increase understanding of the importance and sustainability of forests and the products they provide that meet human needs. Total giving in 2003 was \$9.9 million. Thirty percent of the 2002 grants were made in the Pacific Northwest, including Oregon, Idaho and Washington.

b. The Paul G. Allen Forest Protection Foundation

URL: <http://www.pgafoundations.com>

This foundation works to protect old growth forests and other special forest lands for the preservation of wildlife habitat and, where possible, for the provision of recreational use. The foundation seeks to safeguard the beauty, natural resources, and recreational opportunities distinctive to the Pacific Northwest for present and future generations. Giving is limited to the Pacific Northwest and funds can be used for land acquisition. Past recipients have included the Trust for Public Land and the Nature Conservancy.

c. The Russell Family Foundation

URL: <http://www.trff.org>

The foundation's main environmental goal is to protect, restore and enhance the waters of the Greater Puget Sound. Funds for environmental sustainability fall into two categories: 1) Environmental Education and Sustainable Business and 2) Education. Giving is primarily in the Puget Sound region. Most grants range from \$5,000 to \$50,000. Past recipients have included the American Farmland Trust, American Rivers, Earth Corps, and the Cascadia Region Green Building Council.

d. The Bullitt Foundation

URL: <http://www.bullitt.org>

This foundation gives primarily for the protection and restoration of the environment in the Pacific Northwest, including mountains, forests, rivers, wetlands, coastal areas, soils, fish, and wildlife. Program areas include aquatic ecosystems, terrestrial ecosystems, conservation and stewardship in agriculture, energy and climate change, growth management and transportation, toxic substances, and education and public outreach. Past recipients include 1000 Friends of Washington and the Earth Island Institute.

e. The Norcliffe Foundation

URL: <http://www.thenorcliffefoundation.com/>

The Norcliffe Foundation gives to a wide range of causes, including environmental conservation. It focuses its giving in the Puget Sound region, with emphasis on Seattle. Past grants have gone to the Trust for Public Land and the Puget Sound Environmental Center. It has also funded many non-environmental projects.

f. The Wilburforce Foundation

URL: <http://www.wilburforce.org>

The Wilburforce Foundation supports programs which protect the Earth's natural habitats and environments. The foundation recently completed a Strategic Framework for 2002 to 2006 which includes two main goals: To protect the last remaining pristine places, with priority on core habitat areas and connective corridors that have the greatest ecological significance; and to leave a legacy of healthy organizations that promote wild lands preservations. Its geographic area of giving extends in a corridor from western Canada into the western part of the US and down to the American Southwest. Past grantees include the Wilderness Society, the Washington Wilderness Coalition, the Northwest Ecosystem Alliance and the Land Trust Alliance.

2. National Foundations.

a. The David and Lucile Packard Foundation

URL: <http://www.packfound.org>

The Packard Foundation provides grants to nonprofit organizations in six program areas, one of which is conservation and science. The Foundation's assets were approximately \$6.0 billion as of December 31, 2003. General program grant awards totaled approximately \$214 million in 2003. The Foundation has a grantmaking budget of approximately \$200 million in 2004.

b. The Pew Charitable Trusts

URL: <http://www.pewtrusts.com>

The Pew Charitable Trusts support nonprofit activities in a wide range of areas including the environment. The foundation is organized into seven individual charitable trusts. In 2001, the Environment trust granted \$39.5 million to 31 projects. In 2003, with approximately \$4.1 billion in dedicated assets, the Trusts committed more than \$143 million to 151 nonprofit organizations.

c. The Andrew W. Mellon Foundation

URL: <http://www.mellon.org>

The Mellon Foundation offers grants on a selective basis for a number of issue areas, one of which is conservation and the environment. However, the conservation and environment program is under review and currently not taking solicitations. In the past, this program has been focused on research of natural ecosystems.

d. Charles Stewart Mott Foundation

URL: <http://www.mott.org>

The Mott Foundation supports efforts that promote a just, equitable and sustainable society in the areas of civil society, the environment, and poverty. The foundation makes grants for a variety of purposes within these program areas, including conservation of fresh water ecosystems in North America.

e. Foundation for Deep Ecology

URL: <http://www.deepecology.org>

The foundation focuses on fundamental ecological issues: 1) protection of forests, aquatic ecosystems and other habitats; 2) support for alternative models of agriculture that support biodiversity; 3) campaigns for effective analysis, organizing and action in response to the rapid acceleration in macroeconomic trends toward global economics. From 2002 to February of 2005, the foundation is undergoing a three-year transition period to focus only on land conservation, and is gradually reduce giving for other areas. As a result, it is currently not grant making.

f. The Henry Luce Foundation, Inc.

URL: <http://www.hluce.org>

The Luce Foundation funds projects in several broad areas including public policy and the environment. Grants in this area focus on supporting the study of critical issues on the environment and environmental training and research. In particular, this program focuses on sustainable development, species conservation, and habitat preservation.

g. Rockefeller Brothers Fund, Inc.

URL: <http://www.rbf.org>

The Rockefeller Fund promotes social change that contributes to a more just, sustainable, and peaceful world. The fund supports efforts to expand knowledge, clarify critical values and choices, nurture creative expression, and shape public policy, and its programs are intended to develop leaders, strengthen institutions, engage citizens, build community, and foster partnerships that include government, business, and civil society. Respect for cultural diversity and ecological integrity

pervades the fund's activities. Grant programs are organized around four themes, one of which is sustainable development.

h. The Nathan Cummings Foundation, Inc.

URL: <http://www.nathancummings.org/>

Among the foundation's core programs is one focused on the environment. Several basic themes run through all of the programs and inform the foundation's approach to grant making: concern for the poor, disadvantaged, and underserved; respect for diversity; promotion of understanding across cultures; and empowerment of communities in need.

i. Public Welfare Foundation, Inc.

URL: <http://www.publicwelfare.org/>

The foundation gives primarily to grassroots organizations in the United States and abroad, with emphasis on a wide array of issues including the environment. Programs must serve low-income populations, with preference to short-term needs.ⁱ

ⁱ Cedar River Group, *Foundations*.