

October 23, 2017

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Briefing on the King County Land Conservation and Preservation Initiative

STAFF CONTACTS

Joyce Nichols, Intergovernmental Relations Director, 452-4225

Alison Bennett, Intergovernmental Relations Assistant Director, 452-2808

City Manager's Office

POLICY ISSUES

In 2016 King County Executive Dow Constantine developed a Land Conservation and Preservation Initiative that identified “high conservation value” lands in unincorporated King County, outlined potential acquisition costs and revenue sources, and established the King County Land Conservation and Preservation Advisory Committee (Advisory Committee) to review and make recommendations regarding the Initiative. The Advisory Group completed Phase 1 of its work at the end of 2016 and was reconvened in September with a charge to complete its work by the end of November 2017. Former Bellevue Councilmember Vandana Slatter was an original member of the Advisory Committee and participated in several meetings in Phase 1. Mayor Stokes has replaced her as Bellevue’s representative in Phase 2. One potential outcome of Phase 2 is a recommendation to place a countywide levy before the voters in 2018 that would raise the revenue needed to acquire the lands identified in the Initiative.

DIRECTION NEEDED FROM COUNCIL

ACTION



DIRECTION



INFORMATION ONLY



Council will receive a briefing by King County staff and will have an opportunity to ask questions, discuss issues and provide feedback to King County staff. In addition, Bellevue staff is requesting direction to guide Bellevue’s participation in the Advisory Committee.

BACKGROUND/ANALYSIS

King County staff will brief Council on the King County Land Conservation and Preservation Initiative (Initiative) that is being reviewed by the Advisory Committee. The Advisory Committee’s roster includes representatives from King County, cities, environmental organizations, real estate companies, businesses and various other nonprofit organizations. A list of the Advisory Committee members during Phase 1 is included as Attachment A. Attachment B is the list of Advisory Committee members during Phase 2. There were only a few changes to membership in Phase 2. The Advisory Committee has met three times since Phase 2 began in September and last met on October 19.

The Initiative was proposed by King County Executive Dow Constantine in response to King County Council Motion 14458 approved in 2015 requesting that the King County Executive develop a work plan for implementing a program to protect and conserve high value land and water resources

throughout the County. The Advisory Committee was tasked with reviewing and proposing refinements to the Initiative.

Overview of the Initiative

The Initiative's goal is to conserve and preserve remaining "high conservation value" lands throughout King County over the next 30 years. "High conservation value" lands are defined as:

- Lands with important natural or scenic resources, such as forests, streams, rivers, wetlands, soils, nearshore resources, beaches, and other types of fish and wildlife habitat;
- Lands that are important for species and biological diversity and important to support and recover threatened and endangered species;
- Lands that are important for habitat restoration or flood hazard reduction projects;
- Lands providing passive recreation or regional trail opportunities; and
- Timberland or agricultural lands supporting commercial production.

Based on this definition, King County proposed five categories of lands to be conserved or preserved:

- Natural lands
- Farmland
- Forestland
- River valley land
- Trail corridor connections

The lands identified in Phase 1 were primarily in unincorporated King County and resulted in a list of 5,500 parcels totaling 66,000 acres. Except for a few isolated parcels related to regional trail connections and rivers, Phase 1 did not include parcels in cities.

Phase 1 - Cost Estimates

King County developed a range of estimates for the cost to acquire, or protect and maintain, the identified lands. The range of estimates depends on varying assumptions about (1) how much land is acquired in fee versus easements, (2) if land that is in the Current Use Taxation Program¹ must be acquired to ensure its continued protection and (3) what level of maintenance funding is needed. In Phase 1, King County developed a cost estimate for the 30-year conservation effort, including both acquisition and maintenance, of between \$1.5 and \$1.8 billion.

¹ Under the Current Use Taxation Program, landowners receive a property tax reduction in exchange for voluntary preservation and stewardship of open space, farmland or forestland on their property. Once enrolled, the property is assessed at its current use instead of its highest and best use.

Phase 1 - Existing Funding Sources

Existing funding available to King County over 30 years is approximately \$1.26 billion, resulting in an estimated funding gap of between \$223 million and \$533 million to implement the Initiative. The following are the existing funding sources that were identified, listed from more certain to less certain:

Conservation Futures Tax (CFT) – King County portion	\$160 million
Real Estate Excise Tax (REET 1) – King County portion	\$ 35 million
King County Flood District and Federal Emergency Management Agency – only for Flood District acquisitions	\$150 million
Future CFT Bonding Capacity	\$160 million
Transfer of Development Rights	\$ 70 million
In Lieu Fee Mitigation	\$ 40 million
Salmon Recovery Funding Board – King County portion	\$ 80 million
King County Parks Levy – King County portion for acquisition	\$210 million
Current Use Taxation	\$261.5 million
Anticipated Future Ecosystem Service Markets	\$ 50 million
Anticipated Future Philanthropy	\$ 50 million
Approximate Total Revenues from Existing Sources	\$1.26 Billion

The cost estimates, existing revenue estimates and the funding gap have changed significantly since Phase 1 and are discussed in more detail below under “Phase 2 Work to Date.”

Phase 1 Advisory Committee Review of the Initiative

In Phase 1 the Advisory Committee endorsed the Initiative, provided a series of recommendations and requested that King County undertake Phase 2 to finalize a set of recommendations by the end of 2017. Attachment C is the King County Land Conservation Advisory Group Phase 1 Report, dated January 2017.

The following summarizes the primary recommendations from Phase 1:

- Add a sixth category of lands – urban green space.
- Work with cities to complete a list of urban priority lands and trails.
- Work to define and quantify revenue sources for restoration of urban green spaces already in public ownership, as well as city park land maintenance dollars.
- Incorporate equity and social justice considerations, including access and proximity as well as working with underserved communities.
- Refine cost assumptions, including city lands.
- Work to better communicate the broad range of benefits from the Initiative.
- Ensure that acceleration of funding could be available to preserve lands under threat of development.
- Develop a strategy for success of the Initiative as well as the upcoming County Parks Levy renewal in 2019.
- Consider four public funding sources, with the most support for the Conservation Futures Tax. There was less support for new real estate excise tax (REET) authority, another property tax levy or general obligation bonds.
- Undertake additional work regarding the role of private funding.
- Proceed with a sense of urgency.

Attachment D is a King County document that summarizes the four public funding options being considered by the Advisory Committee.

As noted above, the Conservation Futures Tax (CFT) was the funding option most favored by the Advisory Committee in Phase 1. In the early 1970s, the Washington State Legislature authorized the CFT at 6.25 cents per \$1,000 of assessed value (AV) for the purpose of acquiring conservation futures and other rights and interests in real property, and for maintaining and operating property acquired with these funds. In 1982, King County authorized the CFT at the rate of 6.25 cents per \$1,000 of AV, and over time the current tax rate has declined to 4.45 cents per \$1,000 of AV. The tax rate has declined because the total amount to be collected is set in the first year of a levy, and then the rate rises or falls each year, depending on King County's total assessed value, to ensure that the same amount is collected each year.

Annual CFT collections for King County are about \$18 million a year, with about \$2 million of that raised from Bellevue property owners. An owner of a property assessed at \$687,000, the median value for Bellevue, pays about \$28 per year; the owner of a property assessed at \$1 million would pay about \$41 per year.

King County voters could raise the rate back to the previously authorized 6.25 cents with a 51% affirmative vote. A change in state law would be required to raise the amount above 6.25 cents per \$1,000 of AV. Raising the rate back to the statutory limit of 6.25 cents would increase yearly collections by about \$7.5 million, to a yearly total of about \$25.5 million. At this level, Bellevue property owners would pay about \$3 million in total. The owner of a property assessed at the median value would pay \$43; the owner of a property assessed at \$1 million would pay about \$63 per year. The increased funding would also allow new capacity for the King County Council to bond against the funds.

Phase 2 Work to Date

After Phase 1 concluded, King County staff met with cities and other community organizations to seek feedback and solicit lists of city lands to include for consideration by the Phase 2 Advisory Committee. Cities provided feedback and questions on various details of the proposal, such as:

- what criteria would be appropriate for an “urban green space” category,
- what would “equity” mean in accessing funding (i.e., proportionate to what a city's taxpayers pay or a purely competitive funding system),
- whether maintenance funding would be included,
- whether funds would be available for restoration and development of public use opportunities,
- a desire to maximize private funding,
- concerns about the ability to “match” funds if required,
- the transfer of funds from urban to rural priorities, and
- concerns regarding taxpayer fatigue and erosion of the willingness of voters to approve ballot measures for local needs.

Several cities provided potential acquisition lands, and six cities (Seattle, Bellevue, Issaquah, Kent, Pacific and Algona) have not provided information as of this date. The additional city land cost was estimated by King County at \$410 million.

King County staff updated the financial model for the Initiative by refining the set of parcels included, adding the city priority lands, and including inflation. **The new total cost for the Initiative over 30 years is estimated at \$3.5 billion. The available funding is estimated at \$2.2 billion, leading to a gap of \$1.3 billion.** Please see Attachment E for a King County chart of these estimated costs, funding sources and gap.

Phase 2 – Updated Existing Funding Sources

The following table lists the existing funding sources identified in Phase 2, from more certain to less certain. These are also shown on the pie chart in Attachment E.

Conservation Futures Tax (CFT)	
• King County portion	\$181 million
• Cities Funding (CFT plus Match)	\$727 million
Real Estate Excise Tax (REET 1) – King County portion	\$ 20 million
King County Flood District and Federal Emergency Management Agency – only for Flood District acquisitions	\$150 million
Future CFT Bonding Capacity	\$220 million
Salmon Recovery Funding Board – King County portion	\$ 80 million
King County Parks Levy	\$504 million
Transfer of Development Rights	\$120 million
In Lieu Fee Mitigation	\$ 52 million
Ecosystem Service Models	\$ 33 million
Private Philanthropy	\$ 74 million
Approximate Total Revenues from Existing Sources	\$2.2 Billion

Next Steps

The Advisory Committee is scheduled to meet three more times in the next two months and provide a final recommendation to the King County Executive and the King County Council on the Initiative by November 16.

ALTERNATIVES

N/A

RECOMMENDATION

N/A

ATTACHMENTS

- A. Phase 1 Advisory Committee members
- B. Phase 2 Advisory Committee members
- C. King County Land Conservation Advisory Group Phase 1 Report, January 2017
- D. Public Funding Options Summary, provided by King County
- E. Available Funding – County and Cities, provided by King County