



King County
Metropolitan King County Council
Committee of the Whole

STAFF REPORT

Agenda Item No.: 6

Date: April 22, 2009

Proposed Ordinance No.: 2009-0283

Prepared by: Mike Reed

SUBJECT RAGING RIVER DEVELOPMENT RIGHTS ACQUISITION PROJECT

BACKGROUND

The King County Executive, is proposing a disappropriation/reappropriation ordinance to support the purchase of development rights for a project referred to as the "Raging River" project, in partnership with the Washington State Department of Natural Resources. The proposal would support the acquisition of development rights on about 4000 acres located near the town of Preston, south of Interstate 90 and east of Highway 18. The development rights acquisition is part of a larger 7000 acre acquisition by the state Department of Natural Resources to be used as 'working forest'. The county's development rights acquisition will be channeled through the county's Transfer of Development Rights program, resulting in the retention by the county of development rights for the 4000 acre portion of the property, to be protected forever from development.

Raging River Headwaters

This property is characterized as having regional significance by the Citizens Oversight Committee of the Conservation Futures program; it has been identified as an important target for protection by regional resource and environment advocates for years. In particular, these lands include the headwaters to the Raging River, which is a tributary to the Snoqualmie River; these headwaters are considered one of the most important Chinook salmon habitat areas in the region. The Raging River headwaters area is also a significant open space connector and wildlife corridor between publicly protected natural lands on Rattlesnake Mountain and Tiger Mountain. It is also a significant scenic feature that is visible from the I-90 corridor, and contributes significantly to the Mountains to Sound Greenway. Additionally, the acreage serves as important habitat for wildlife such as black bear, cougar, bobcat, and birds such as pileated woodpeckers and bald eagle.

Protection of Development Rights

The State Department of Natural Resources has led the negotiations for this project, seeking to acquire in fee simple the title to the larger 7000 acre area from the current owners, the Fruit Growers Supply Co. King County became party to the process when a project partner to State DNR pulled out of negotiations recently, and the opportunity for county participation became available to fill a funding gap. With that opportunity, the county's involvement brought to the transaction the concept of a conservation easement to protect the development rights on 4000 of

the 7000 acres. The county's funding contribution amounts to \$3,687,446 from a number of sources; in exchange, the county receives protection from residential/commercial development on the 4000 acre portion of the property in perpetuity. That protection, the Executive indicates, will come in the form of a contractual agreement with the owners to forever prohibit development on the 4000 acre portion of the property. Mechanically, the county will enter into a protection of development rights transaction with Fruit Growers Supply Co., establishing the development protections; State DNR will immediately thereafter purchase the 7000 acres, with the development rights constraints in place, from Fruit Growers Supply Co. State DNR will operate the property as working forest, including selective timbering and resource management, with attention given to protection of conservation values in timbering operations.

The transmittal package from the Executive notes specifically that negotiations between the Fruit Growers Supply Co. and the state Department of Natural Resources have not been completed, though conclusion is anticipated soon. As a result, final agreement elements, including total package costs, have not been announced; additionally, final transaction documents have not yet been provided to Council.

Funding Proposal:

If approved, Proposed Ordinance 2009-0283 would appropriate \$2,787,446 in the Conservation Futures Tax (CFT) Fund. This funding is proposed from the cancellation of six projects and the sale of another parcel. The Executive also proposes to use \$400,000 from a 2005 CFT allocation for the Raging River, as well as \$500,000 from the Transfer of Development Rights (TDR) bank. The total proposal would provide \$3,687,446 for the purchase of development rights to preserve approximately 4,000 acres of forest land. Table 1 below shows the general contributions to support the proposal.

Table 1. Raging River Proposed Contributions

Contributions	Amounts
Reprogramming of 2009 CFT projects	\$ 2,787,446
2005 CFT Project 315173 – Raging River	400,000
TDR Bank – Project 369002	500,000
Total	\$ 3,687,446

Council staff has just received this proposal. During the next week, staff will analyze this funding package to examine the feasibility of the proposal.

Timeline

The Executive is requesting that the Council review and act on this package on an expedited timeline, driven by the understanding that the Fruit Growers Supply Co. has a federal tax consideration that requires funding for the project be available before May 20, 2009. In order to accord with that target date, the Executive is requesting that Council action occur to accord with the following timeline:

WDNR/Fruit Growers Supply Co.—conclude negotiations:	anticipated in short term
Council Review/Approval of Disappropriation/Appropriation Ordinance:	May 4, 2009

State Department of Natural Resources Board Approval	May 5, 2009
Complete Transaction/Funds Available:	May 20, 2009

This proposal includes a number of complex elements that are associated with a multiplicity of Council interests and concerns. In that light, a Council staff team has been assembled to analyze this proposal; participating are Marilyn Cope (Conservation Futures/Open Space); Amy Tsia (funding/revenue); Polly St. John (funding, Conservation Futures); Saroja Reddy (team assembly/coordination) Mike Reed (Open Space, team coordination) Rebecha Cusack (budget/intergovernmental concerns) John Resha (transportation revenue); in addition, other staff may be brought in as needed. The staff team is identifying areas where additional clarification is needed, including the following:

- Funding Package
- Sequencing of supporting pieces
- Transfer of Development Rights element
- Value of Conservation Easement/appraisal
- “Working Forest” harvest considerations
- Legal analysis
- Conservation Futures considerations

The staff team seeks input from Council regarding areas of inquiry that Council members would be interested in. Please direct questions to Mike Reed, by email or directly.

SUMMARY OF THE PROPOSED LEGISLATION

The proposed ordinance disappropriates/reappropriates funding within the Conservation Futures subfund to provide \$2,787,446 to the Raging Rivers Headwaters proposal.

ATTACHMENTS

1. Proposed Ordinance 2009-0283 with attachment
2. Transmittal letter dated April 20, 2009
3. Fiscal Note
4. Vicinity Map: Raging Rivers Headwaters project



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

April 21, 2009

Ordinance

Proposed No. 2009-0283.1

Sponsors Dunn, Phillips and Constantine

1 AN ORDINANCE making a combination of
2 disappropriations and an appropriation resulting in a net
3 \$271,000 increase of appropriations to the Conservation
4 Futures capital fund and a \$2,787,446 supplemental
5 appropriation for the Raging River acquisition project
6 acquisition; amending the 2009 Adopted Budget
7 Ordinance, Ordinance 16312, Section 125, as amended,
8 and Attachment B, as amended.

9
10 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

11 SECTION 1. Ordinance 16312, Section 125, as amended, is hereby amended by
12 adding thereto and inserting therein the following:

13 From the conservation futures capital improvement project funds a combination
14 of project disappropriations and an appropriation involving the specific projects identified
15 in Attachment A to this ordinance.

<u>Fund</u>	<u>Fund Name</u>	<u>Amount</u>
3151	Conservation Futures Subfund	\$ 271,000

Ordinance

18 SECTION 2. Attachment A to this ordinance hereby amends Attachment B to
19 Ordinance 16312, as amended, by adding thereto and inserting therein the projects listed
20 in Attachment A to this ordinance.
21

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

ATTEST:

APPROVED this ____ day of _____, ____.

Attachments A. Adopted Ordinance 16312, Section 125: General Government Capital Improvement Program

Adopted Ordinance 16312, Section 125: General Government Capital Improvement Program

<u>Fund</u>	<u>Project</u>	<u>Description</u>	2009	2010	2011	2012	2013	2014	Total
3151		Conservation Futures Subfund							
	315168	Boise Creek Dairy Farm	(201,998)						(201,998)
	315122	Middle Fork Snoqualmie	(293,830)						(293,830)
	315136	Paramount Park Addition	(50,000)						(50,000)
	315763	Shoreline - Paramount Park Addition	(21,500)						(21,500)
	315734	Wetlands Passive Nature Park	(249,118)						(249,118)
	315173	Raging River Headwaters	2,787,446						2,787,446
	315758	Eastside Rail Trail	(1,700,000)						(1,700,000)
		Total Fund 3151	271,000						271,000

2009-283


King County

Ron Sims
 King County Executive
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 TTY Relay: 711
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 CLERK
 KING COUNTY COUNCIL

2009-283

April 20, 2009

The Honorable Dow Constantine
 Chair, King County Council
 Room 1200
 COURTHOUSE

Dear Councilmember Constantine:

I am pleased to submit for King County Council review and consideration an ordinance making a supplemental appropriation to the Raging River acquisition and partnership with the Washington State Department of Natural Resources (State DNR) for \$3,687,446. King County is proposing to purchase development rights and permanently preserve working forest land and habitat in the Raging River headwaters. King County's contribution is made possible in part by a Conservation Futures Tax (CFT) Citizens Committee reallocation of existing project budgets and anticipated proceeds from the proposed sale of the Mullen Slough property to the City of Kent. The proposed Mullen Slough property sale ordinance was transmitted to council on March 26, 2009. In combination with \$900,000 in prior CFT and Transfer of Development Rights (TDR) commitments, this proposal significantly increases the total resources available for the Raging River acquisition.

Background

Permanent public ownership and protection from development of the Raging River headwaters forest has been a high priority for the Executive, the King County Council, and many local and regional environmental organizations for at least a decade. The area is highly productive for timber growth, and it also contains the headwaters of the Raging River, one of King County's most important rivers for endangered Chinook habitat, according to Watershed Resources Inventory Area (WRIA) 9. It is a key piece of land to complete the Mountains to Sound Greenway.

The State DNR announced in fall 2008 that it was pursuing the purchase of over 7,000 acres of working forest land in the primary headwaters of the Raging River, east of State Route 18 and south of Interstate 90 in unincorporated King County near Preston.

When State DNR initiated the acquisition of "the Fruit Growers property" in the fall of 2008, the agency had a private partner interested in buying a portion of the 7,000 acres. This would have lowered overall acquisition cost thereby helping the State meet the sale price. In February 2009 this private party pulled out of the deal.

In order to make the acquisition feasible, the State DNR invited King County to be a 2009 partner in the acquisition. This created the opportunity for King County to step in and assume a partnership role with the State in its acquisition of the Fruit Grower's property, and ensure the land is permanently protected. Thanks to the creativity of King County staff and the leadership of the Citizens Advisory Committee for Conservation Futures, King County is able to reprioritize existing CFT funds to protect forever a major portion of this forestland from development.

King County has been quietly working hard with the State DNR to support their negotiations for this transaction and we believe a deal is near. Because the structure of the deal changed so recently, and the window of purchasing opportunity will close soon, there is urgency associated with this ordinance. King County must have the funds available for purchase of the Raging River property before May 20, 2009, in order to meet a critical tax deadline of the property owner.

The Transaction and CFT Funds

I must emphasize that State DNR has not yet concluded its negotiations for the property. It is our hope that King County's contribution will make it possible for State DNR to purchase the entire property as School Trust Land from Fruit Growers Supply Co. in fee simple ownership. However, land owned by the State as School Trust Land is not permanently protected working forest. In the future the property could be sold by the State for its highest and best use value as development. For this reason King County is interested in seeing the property permanently protected as a working forest and preserved forever from development. King County, through its partnership, is simultaneously able to reduce the overall acquisition costs for State DNR, and obtain a conservation easement that permanently restricts development over a significant portion of the property, by purchasing development rights from the current owner using the TDR Program.

King County currently has approximately \$900,000 in approved funds for the project: \$400,000 from a previous 2005 CFT allocation to the Raging River Project and \$500,000 from the TDR bank. The \$2,787,446 provided by this ordinance, along with the previous \$900,000, will provide a total of \$3,687,446 towards gaining the funds necessary for the proposed TDR purchase on approximately 4,000 acres.

In addition King County will be working with the CFT committee in the future to determine if any additional funds are needed to secure additional acreage.

The Honorable Dow Constantine

April 20, 2009

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The King County CFT Citizens Committee has reviewed this proposal and made it the top priority for 2009. I concur. The CFT Committee recommends the reallocation of remaining funds from the Boise Creek Dairy Farm and Middle Fork Snoqualmie CFT open space acquisition projects to the Raging River CFT acquisition project. If King County Council approves this proposal, the CFT Citizens Committee will also recommend reallocation of remaining funds from the Paramount Park, the Wetlands Passive Nature Park, and \$1.7 million of the Burlington Northern Santa Fe (BNSF) Eastside Rail Trail acquisition and easement projects to the Raging River CFT project.

Reallocating BNSF CFT dollars for King County's trail easement is a difficult decision. However, we believe the BNSF CFT contribution can be replaced by \$1.5 million federal Surface Transportation non-motorized dollars programmed for King County by the Puget Sound Regional Council (PSRC) for the purchase of the BNSF Eastside Rail Corridor in 2006. There are details related to this PSRC programming that will need to be discussed in future conversations regarding the acquisition of the BNSF Corridor in partnership with the Port of Seattle. But the important message today is that reprogramming the CFT BNSF monies should not significantly impact King County's commitment towards the acquisition of the BNSF Corridor.

I am pleased to present this opportunity to help preserve important natural resource land in the Mountains to Sound Greenway.

This potential acquisition by the State is the single largest unprotected block of land remaining in King County's portion of the Mountains to Sound Greenway, which stretches for more than 100 miles along Interstate 90 from Puget Sound to eastern Washington and encompasses protected working forests, farms, rivers, trails, wildlife habitat and many communities.

Protecting the upper Raging River will also connect large blocks of existing public lands, which include the 94,000 acre Cedar River Watershed, 13,000 acre Tiger Mountain State Forest, 1,800 acre Taylor Mountain County Forest, and the 2,000 acre Rattlesnake Mountain Scenic Area.

Today's proposed legislation to support the State's acquisition is the latest in a series of major transactions that have preserved natural resource jobs, along with vital open space and habitat across King County since I became King County Executive.

We first preserved 1,800 acres on Taylor Mountain. This was followed by the Black Diamond Agreement which protected 1,600. The Snoqualmie Preservation Initiative saved another 1,000 acres and protected the spectacular and sacred view of the Snoqualmie Falls forever. King County acquired the development rights to more than 90,000 acres of the Snoqualmie Tree Farm in 2004. Finally, in late 2008, the county successfully acquired more than 45,000 acres of Plum Creek forestland and open space in the upper Green River Watershed at no cost to taxpayers by using the county's Transfer of Development Rights Program.

The Honorable Dow Constantine

April 20, 2009

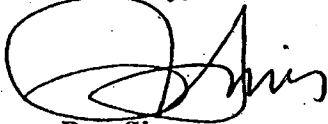
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If the proposed Raging River acquisition is approved by the State, King County will have helped permanently preserve more than 155,000 acres of forestland and open space. This is far and away the most successful open space conservation record of any county in the nation.

I would like to thank all the council for their early interest in this property and in particular Councilmember Reagan Dunn for his recent encouragement to make this historic acquisition a priority. In addition, I want to thank the Cascade Land Conservancy, which has engaged in discussions with the owner to preserve this property, as well as the Mountains to Sound Greenway Trust and other local environmental groups that support this important transaction. In the face of our region's continued long-term growth, King County's cooperative partnership with the State DNR is a creative solution which will continue to protect these important headwaters and forest lands. If you have any questions about this ordinance, please feel free to contact Rod Brandon, Director of Environment and Sustainability, at 206-263-9605 or Bob Burns, Deputy Director of the King County Department of Natural Resources and Parks, at 206-263-6296.

Thank you for your swift consideration of this urgent request.

Sincerely,



Ron Sims
King County Executive

Enclosures

cc: King County Councilmembers

ATTN: Tom Bristow, Interim Chief of Staff

Saroja Reddy, Policy Staff Director

Anne Noris, Clerk of the Council

Frank Abe, Communications Director

Rod Brandon, Director of Environmental Sustainability, King County Executive Office

Bob Cowan, Director, Office of Management and Budget (OMB)





Beth Goldberg, Deputy Director, OMB

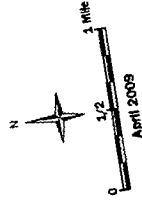
Theresa Jennings, Director, Department of Natural Resources and Parks (DNRP)

Bob Burns, Deputy Director, DNRP

Mark Isaacson, Director, Water and Land Resources Division, DNRP

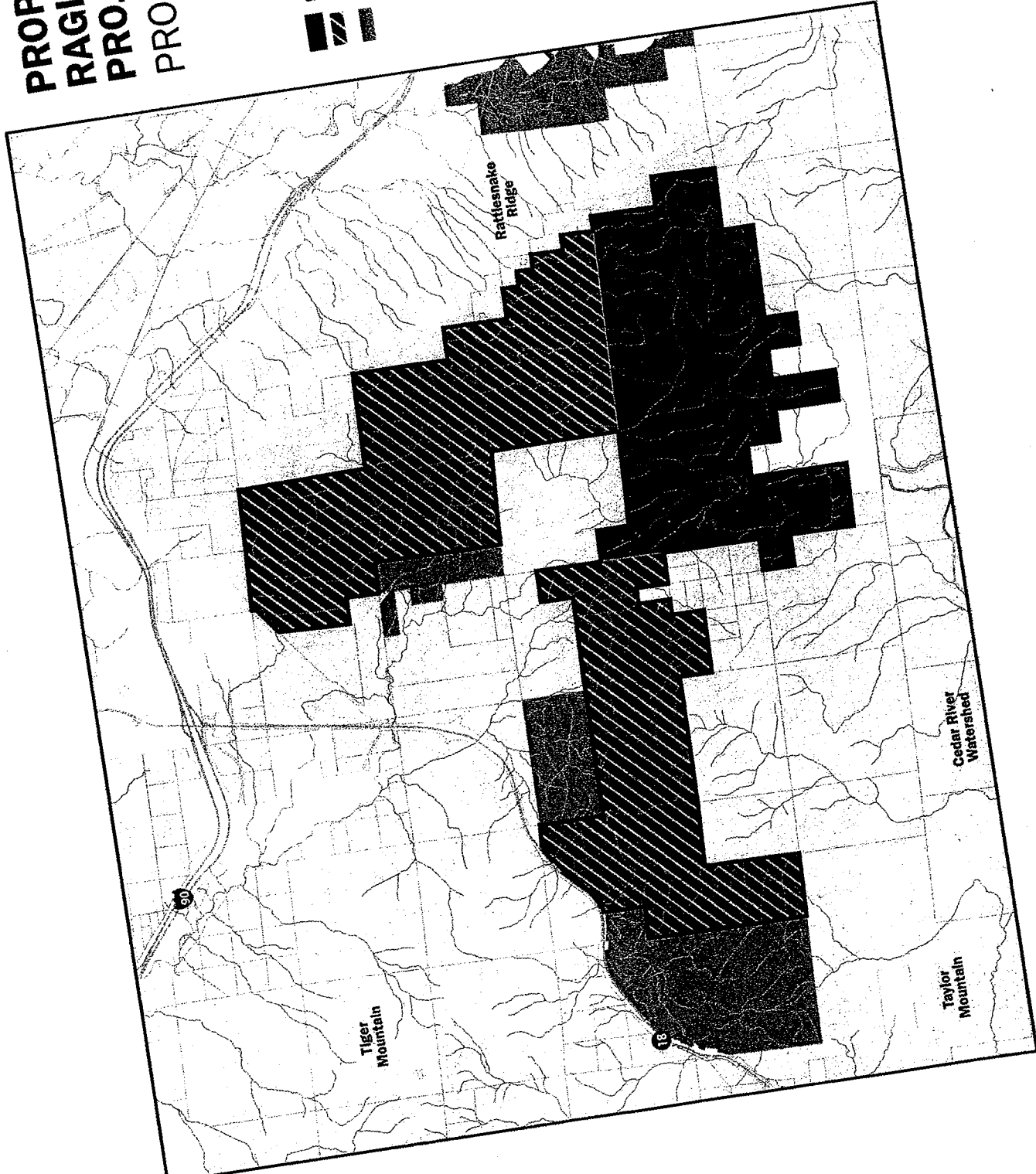
PROPOSED RAGING RIVER PROJECT AREA PROJECT MAP

-  Proposed WA DNR Acquisition
-  Proposed KC Conservation Easement
-  Permanently Protected TDR Lands/Conservation Easement
-  Public Lands



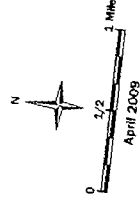
Department of
Natural Resources and Parks
Water and Land Resources Division

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PROPOSED RAGING RIVER PROJECT AREA AERIAL MAP

Proposed WA DNR Acquisition

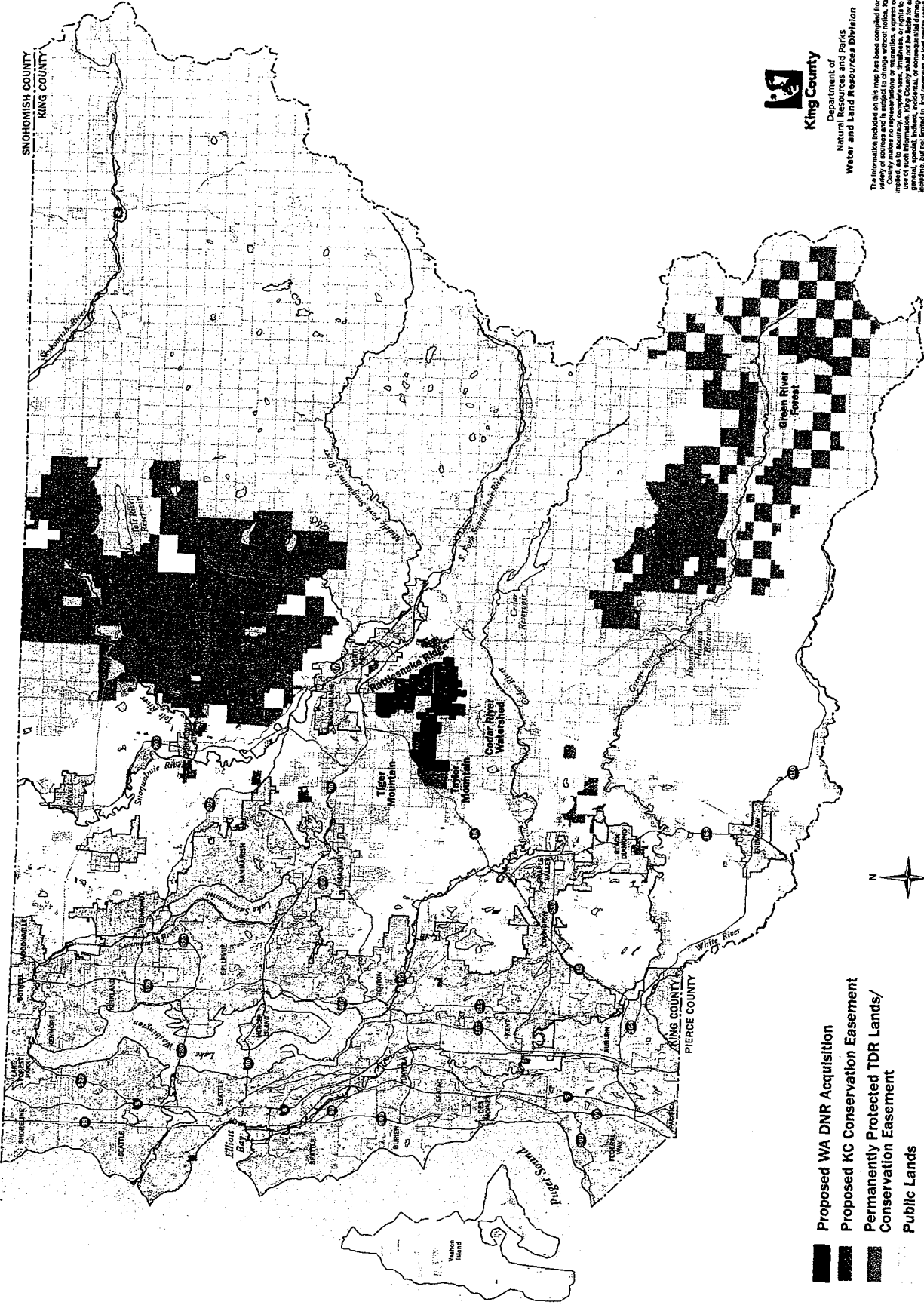








Kling County
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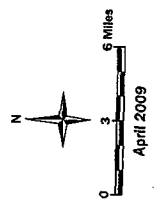
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PROPOSED RAGING RIVER PROJECT AREA VICINITY MAP



-  Proposed WA DNR Acquisition
-  Proposed KC Conservation Easement
-  Permanently Protected TDR Lands/
Conservation Easement
-  Public Lands
-  Urban Growth Area Boundary
-  Urban Areas



King County
 Department of
 Natural Resources and Parks
 Water and Land Resources Division

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