## STAFF REPORT

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| **Agenda Item:** |  | **Name:** | Christine Jensen |
| **Proposed No**.: | PO 2014-0437 | **Date:** | November 17, 2014 |

**SUBJECT:**

An ordinance relating to the imposition of a natural resource conservation rate and charge in the King Conservation District and authorizing the Executive to enter into an interlocal agreement between King County and the King Conservation District.

**SUMMARY:**

Proposed Ordinance 2014-0437 would authorize five years of resource conservation funding for the King Conservation District through a system of rates and charges. The ordinance would also authorize the Executive to enter into an interlocal agreement (ILA) with the King Conservation District (KCD) to implement the District’s work program.

**BACKGROUND:**

The King Conservation District is a natural resources assistance agency authorized by Washington State and guided by the Washington State Conservation Commission. The agency’s mission is to promote the sustainable use of natural resources through responsible stewardship. A publically elected five-member Board of Supervisors is responsible for all District programs and activities.

Since 1993, the County Council has been responsible for regularly adopting conservation assessments for the KCD and agreements for the use of those funds. The most recent iteration of this was in Ordinance 17474, where the Council adopted a two year rate and charge and ILA with the KCD for 2013 and 2014.

As required by the ILA in Ordinance 17474, the County and KCD convened a multi-jurisdiction Conservation Panel and Task Force in April 2013 to evaluate current resource conservation programs, identify unmet needs, and identify programmatic and funding opportunities to respond to those needs. At the conclusion of the panel and task force’s efforts, the Executive and KCD transmitted the resulting report and recommendations to the Council in December 2013.[[1]](#footnote-1) The report included a recommendation that the KCD reconvene a reconstituted Advisory Committee to complete some of the unresolved work of the task force and continue to work with the Advisory Committee on a regular basis regarding the KCD’s annual program of work and budget. The report also identified recommendations for current and future program opportunities for: rural small lot and urban forest canopy, rural farmer plans, urban agriculture, expanded landowner incentive program, shoreline education, and regional food system.

The reconstituted Advisory Committee, and its executive committee, met multiple times in 2014 to evaluate and provide input on the proposed rates and charges and the KCD Program of Work and Budget for 2015. On July 23, 2014, the Advisory Committee voted to support the 2015 Program of Work and Budget and rates and charges.

The KCD Board of Supervisors approved the recommended 2015 Program of Work and Budget on July 28, 2014 in Resolution No. 14-003. The Board also adopted Resolution No. 14-004, which proposes to King County the KCD rates and charges for 2015-19.

**ANALYSIS:**

***Rate structure***

The proposed ordinance would impose a per-parcel KCD natural resource conservation rate and charge for five years based on land classifications.[[2]](#footnote-2) The Executive’s proposed rates are consistent with the rates proposed in KCD’s Resolution No. 14-004. If adopted, this would be an increase from the 2013-14 rates in all categories, except for forested lands. The following table shows a comparison of the current and proposed rates.

|  |  |  |
| --- | --- | --- |
| **Land Classification** | **2013-14****Annual charge****per parcel** | **2015-19****Annual charge****per parcel** |
| Agriculture |  $5.38  |  $10.00  |
| Residential |  $5.18  |  $9.45  |
| Institutional or public |  $5.08  |  $9.25  |
| Commercial |  $5.06  |  $9.23  |
| Open Space |  $5.05  |  $8.93  |
| Vacant or undeveloped |  $4.72  |  $7.70  |
| Forested |  $0.00  |  $0.00  |
| **KCD annual revenue** |  **$3.80M**  |  **$6.15M**  |

When approving a system of rates and charges, state law[[3]](#footnote-3) allows for the county to consider information provided by the conservation district in their proposed rate structure. In developing the proposed rate structure in Resolution No. 14-004, the KCD hired FCS Group to complete a rate structure study and develop a rate model that allocates the direct and indirect costs of services provided by KCD to various classes of property.[[4]](#footnote-4) Additionally, the KCD considered services furnished or available to a landowner by the District; benefits received or available to a property from the District; land use categories; and impacts of proposed District programs on categories of lands, including burdens offset and benefits received both directly and indirectly. It was determined that there are sufficient differences in services and/or benefits received or available from the KCD to warrant different rates for different classes.

It is worth highlighting the proposed $0.00 charge for forest lands. RCW 89.08.405 states that forest lands may not be charged on a *per parcel* basis, and may be charged on a *per acre* basis only if the proposed system of rates and charges includes a per acre charge for non-forested classes of property. The KCD considered a per acre charge for the other six classes of property, but determined that a per acre charge could result in miscalculation and confusion among ratepayers. As a result, KCD chose to not to pursue a per acre charge at this time. Since the proposed system of rates and charges does not include a per acre charge for non-forested classes of property, forested lands are also not charged on a per acre basis. The result is that forest lands would receive no charge, on either a per acre or per parcel basis. Despite this, KCD will continue to provide services to forested lands; this is because ratepayers adjacent to and in the vicinity of forested lands receive multiple benefits from the presence of forests, and therefore those non-forest properties receive benefits and burden offsets from the KCD’s management activities and programs on forested lands.

Properties owned by federally recognized Native American tribes or members of such tribes that are located within the historical boundaries of a reservation would continue to be exempt from the rate and charge.

If the proposed rate and charge are adopted, the ordinance also includes an appeals process for KCD rates and charges. As noted in Section 4, the KCD Board adopted Resolution No. 14-005, which established a process for providing landowner appeals of individual rates and charges applicable to a parcel or parcels.[[5]](#footnote-5) Appeals must be filed by the land owner with the District no later than 21 days after the date property taxes are due. The decision by the District’s Board regarding any appeal would be final and conclusive.

In order to be reflected in the 2015 property tax bills, the ILA would need to be signed and filed with the Council Clerk by December 31, 2014. Meeting this deadline would be required by the ordinance, if adopted.

***Interlocal Agreement (ILA)***

The proposed ILA provides a framework for the County and KCD to continue to cooperatively undertake and fund natural resource conservation programs, projects, and activities that are consistent with and reflective of the priorities recommended by the Conservation Panel and Task Force Report and by the Advisory Committee.

The ILA specifies the uses of rates and charges revenues through inclusion of the KCD 2015 Program of Work and Budget as Exhibit A to the ILA. The Program of Work and Budget includes the six program areas identified in the Conservation Panel and Task Force’s report[[6]](#footnote-6) as areas of focus for both funding and level of effort. The ILA stipulates that, while the Program of Work and Budget attached to the ILA is for 2015 only, annual Programs of Work and Budgets in future years would need to retain these same priority focus areas and similar funding levels. (Section III.A.1)

Additionally, the Member Jurisdiction Grant & Services program would continue throughout the five years of the agreement consistent with the funding levels in the 2015 Program of Work and Budget,[[7]](#footnote-7) and would continue to apply the current pro-rata funding allocation model. Implementation of the grant program would utilize the streamlined grant application and award process that was developed by a subcommittee of the Conservation Panel and Task Force. If a jurisdiction’s grant funds are not spent within three years from when they were awarded, the District would be able to utilize the funds for other programs after providing advance notice to the jurisdiction. (Section III.A.3)

The following table shows the funding levels included in the 2015 Program of Work and Budget.

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| --- | --- | --- |
| **Program/Service** | **Current Funding** | **2015 Funding** |
| Forestry[[8]](#footnote-8) | $17,000 | $320,000 |
| Local food system[[9]](#footnote-9) | $21,000 | $1,096,000 |
| Rural farm planning | $572,000 | $726,000 |
| Urban farm planning | $14,000 | $192,000 |
| Shorelines | $675,000 | $1,279,000 |
| Landowner incentive program[[10]](#footnote-10) | $277,000 | $837,000 |
| Member jurisdiction grants | $1,280,000 | $1,296,000 |
| Community Engagement[[11]](#footnote-11) | $218,000 | $405,000 |
| **Total** | **$3,799,000**[[12]](#footnote-12) | **$6,151,000** |

The ILA would require that the KCD continue to work with the reconstituted Advisory Committee on a regular basis, including coordination on implementation of the annual programs and for development of future annual Programs of Work and Budgets. The Advisory Committee would also be required to brief the Council on the KCD’s annual Program of Work and Budget by August 1 of each year. (Section III.A.4)

As noted above, the Program of Work and Budget attached to the ILA is only for 2015. In light of this, the ILA would also require that the KCD submit a new annual Program of Work and Budget by no later than September 1 of each year. As part of that submittal, KCD would also need to provide an annual report detailing work completed the prior year, including progress achieved towards work plan goals and any barriers towards achieving those goals. (Section III.A.5)

The ILA would require the KCD, with input from the Advisory Committee, to work with the County and the Washington State Conservation Commission and the Washington Association of Conservation Districts to address an electoral process for the District Board of Supervisors that is more reflective of voter participation in other County general elections. (Section III.A.6)

While the ILA and the rates and charges are for a period of five years, the County would retain the ability to modify or repeal the rates and charges in future years if the County determines that the public interest, health, safety, or welfare is not being served by the work program activities funded by the rate and charge. This determination may include a finding that the activities do not provide an adequate amount of burden offsets, or direct or indirect benefits sufficient to warrant the continuation of the rate system. (Section III.B.2)

The County Department of Natural Resources and Parks (DNRP) would continue to be the ongoing point of contact for communications with the District. However, the ILA also identifies that the District and the County would work together to establish a process that will provide for communications and discussions between the KCD Board and the Council. (Section III.B.4)

Both the rate and charge and the ILA would terminate on December 31, 2019.

***Reasonableness***

There appears to be transparent justification for the applicability of the proposed rate structure on the various land classifications. Additionally, there are proposed programs, services, benefits, and burden offsets that would be available to both urban and rural properties throughout the county. The review and support by the Advisory Committee of the rates and charges and Program of Work and Budget, as well as the inclusion of the six areas of focus recommended by the Conservation Panel and Task Force, indicates regional support of the proposal. Lastly, the proposed ILA and required annual reporting provides the Council meaningful oversight to evaluate the effectiveness of the imposition of the rate and charge from year to year.

**ATTACHMENTS:**

1. Proposed Ordinance 2014-0437 with attachments:

Attachment A - Interlocal Agreement

1. Transmittal letter dated October 15, 2014
2. Fiscal note
1. Conservation Panel and Task Force Report: <http://www.kingcd.org/pdf/conservation-panel-and-task-force-common-set-of-recommendations.pdf> [↑](#footnote-ref-1)
2. As defined by the County Assessor’s property classifications. [↑](#footnote-ref-2)
3. RCW 89.08.405. [↑](#footnote-ref-3)
4. The FCS Group Rate Study Report is included as Exhibit B of the ILA. [↑](#footnote-ref-4)
5. In accordance with RCW 89.08.405(5). [↑](#footnote-ref-5)
6. Rural small lot and urban forest canopy, rural farmer plans, urban agriculture, expanded landowner incentive program, shoreline education, and regional food system. [↑](#footnote-ref-6)
7. Which is also consistent with 2013-14 funding levels at $1.2M annually. [↑](#footnote-ref-7)
8. Small lot rural forestry and urban tree canopy. [↑](#footnote-ref-8)
9. Also referenced as “regional food system” in the work program [↑](#footnote-ref-9)
10. Cost-share program to landowners to promote stewardship of natural resources through implementation of best management practices on private property. [↑](#footnote-ref-10)
11. Includes outreach and presentations to city councils, as well as county councilmembers and committees. [↑](#footnote-ref-11)
12. Includes other overhead expenses not noted in the table, such as administration, elections, and conservation panel task force costs. [↑](#footnote-ref-12)