

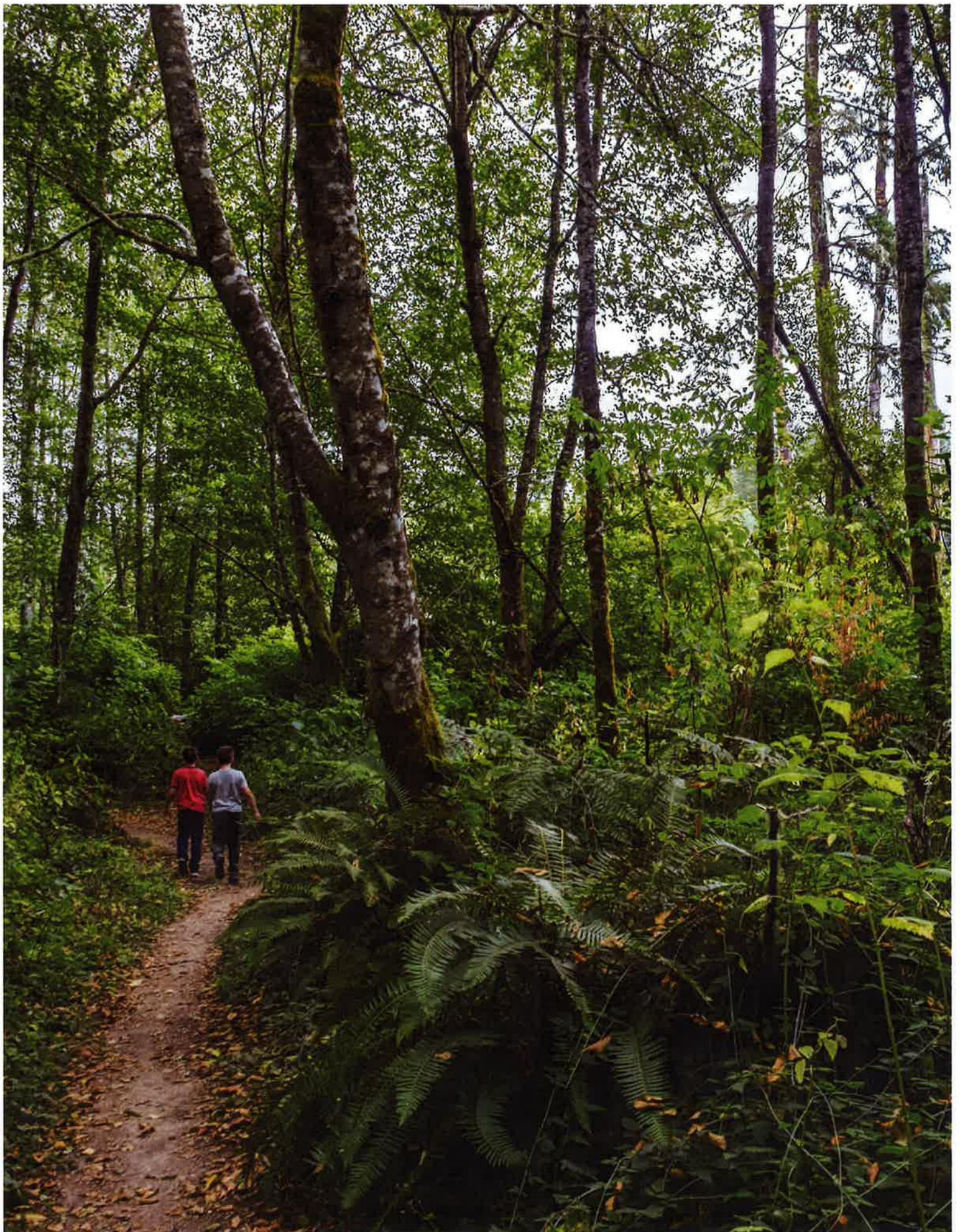
KING COUNTY LAND CONSERVATION ADVISORY GROUP

FINAL REPORT

December 2017

kingcounty.gov/land-conservation







EXECUTIVE SUMMARY

We live in a place of spectacular natural beauty, yet our region is changing quickly. We all feel it. Whether newcomers, or rain-soaked natives, we value our parks, natural resources, and open space. Being outdoors, in a community park or in the wilderness, is a way of life for us all. It helps us to de-stress, it brings us peace of mind, and makes us healthier and our neighborhoods more livable – and these benefits are ever more important as our cities grow and densify.

King County Executive Dow Constantine has proposed a countywide initiative to “finish the job of protecting our great places forever.” The Land Conservation Initiative (“Initiative”) sets forth the goal of conserving and preserving remaining high conservation value lands throughout King County within a generation, that is, within the next 30 years.

The Initiative is the next, and perhaps final, step in a long tradition in this county to preserve conservation lands which will be enjoyed by generations of us to come. This work is grounded in an inter-generational agenda to preserve and protect our natural resources and the quality of life in our region. It is based on a thoughtful and thorough assessment of what it will take to protect the quality of life for all to enjoy. It builds on our city and county conservation successes over the last fifty years, starting with the Forward Thrust bond program of the 1960s, to the Farmlands Preservation Program of the 1980s, the Open Space Bond efforts of the late 1980s and early 1990s, and the series of regional County parks levies beginning in 2002.

The County, cities, non-profits, and other partners have invested a great deal of work over the decades to create the system of protected open spaces that we enjoy today.



photo: Mountains to Sound Greenway

This Initiative builds on this heritage and strives to carry this momentum forward into the 21st century. Our generation has more to do to ensure that all communities can access green spaces - particularly those most impacted by a historic and unequal lack of investment in this important piece of neighborhood infrastructure. We have more to do to ensure farms and working forests continue to provide local food, wood, and jobs. We have more to do to protect the rivers, streams, and natural areas that connect our communities providing recreation, respite, and habitat for wildlife.



Whether we live in dense core cities, mid-size suburban cities, or rural areas, we all directly benefit from ecological services our healthy ecosystems provide – such as clean air, clean water, and resiliency to a changing climate. These are essential services which we as a region must steward and uphold by preserving what we can of our natural systems and green spaces.

We are inspired by the generations before us who rose to meet the challenges of their day. We believe our action today will leave lasting impacts and similarly inspire our children and grandchildren to take action so our landscape will continue to sustain us – all of us, in all our neighborhoods.

This Advisory Group was convened by the Executive in September 2016 and tasked with reviewing and proposing refinements to the Executive’s proposed Land Conservation Initiative. During its two phases of work in fall 2016 and in fall 2017, the Advisory Group has had the opportunity to work closely with King County staff to develop a set of recommendations on the Executive’s proposed Initiative.

Over the last two years the County and its cities have mapped, priced, and prioritized 65,000 acres of land remaining to protect. These lands fall into six categories: natural areas, farmland, forests, river land, urban green space, and trail corridor connections. These are the highest ecological value, most at risk lands that exist in and around our cities and towns and rural areas. When accounting for existing funding sources and 30 years of real estate appreciation, the additional funding needed to protect these lands is \$1.9 billion. We have recommended a funding source to fill this gap that would cost the owner of a median-value home in King County an additional \$10 per year.¹

¹ The actual additional cost per home will vary by geography and individual assessed home values. For example, the cost would be \$12 for the median assessed value home in Seattle, \$15 for the median assessed value home in Bellevue, and \$6 for the median assessed value home in Federal Way. \$10 is based on the median assessed value home countywide in 2017 (\$450,000). (<http://www.kingcounty.gov/depts/assessor/Reports/annual-reports/~media/depts/assessor/documents/annualreports/2017/17AVByCity.ashx?la=en>)

We recognize there are multiple issues demanding attention in our region, including homelessness and housing affordability. We believe that this Initiative can be part of the solution to solve our region's affordability challenge. If the region is to significantly and rapidly increase the supply of housing, then we need to ensure new dwelling units are built in neighborhoods where people across all incomes levels will enjoy living. These



neighborhoods need to be where everyone chooses to live because they want to, not because they are forced to out of economic necessity. This Initiative targets investments in neighborhoods lacking basic open space infrastructure. It will broaden the areas of housing desirability beyond those that exist today. To succeed, these investments need to be paired with smart affordable housing policies and participation of the community to ensure existing residents are not displaced.

We believe the region has the vision and ability to act on this Initiative alongside and simultaneous with action on multiple pressing issues. Open space is infrastructure. Investing in our natural infrastructure is part of the solution package, and will yield dividends well beyond its up-front cost, just as investments in utilities, affordable housing, and transit.

Having deliberated for the last sixteen months upon the vision and the work plan to accomplish the Initiative we issue this final report and provide the following final recommendations:

VISION

- We endorse the goals and strategies of the Executive's Initiative to protect and secure the 65,000 acres of remaining high conservation value lands within the next 30 years.

EQUITY

- Equity must be an over-arching theme across this entire Initiative. Land protection is a region-wide benefit; the County and cities must ensure these benefits accrue to all residents.
- Set a base level of investment in open space equity by dedicating at least \$160 million specific to the task of eliminating disparities in access to public open spaces and trails in communities with the greatest and most acute needs. This dedicated funding is in addition to all the rest of the funding raised in the Initiative for which these priority areas are equally eligible.

- Advance Open Space Equity work early next year to engage cities and communities about the opportunities through this Initiative, and to establish community readiness in two or three initial priority areas.
- Establish an Open Space Equity cabinet to set policy, and oversee and monitor progress towards the addition of green spaces in priority areas.

OPERATIONS & MAINTENANCE

- Provide funding in the King County Parks Levy to adequately fund operations and maintenance (O & M) of newly acquired lands to ensure new lands acquired by the County and by cities retain their conservation value, are clean, safe, and welcoming to the public; funding should be adaptable to the County's and cities' unique needs.

ONGOING WORK WITH CITIES

- Work with city partners to identify the remaining city acquisition priorities.
- In partnership with cities, develop a fair and transparent system of allocating funding that balances the need to bring funding forward through bonds to accelerate major acquisitions, with the need for continued flexibility to respond to emergent acquisition opportunities.
- Continue on-going County-city dialogue regarding implementation of the Initiative that is beyond the scope of this Advisory Group's recommendations.

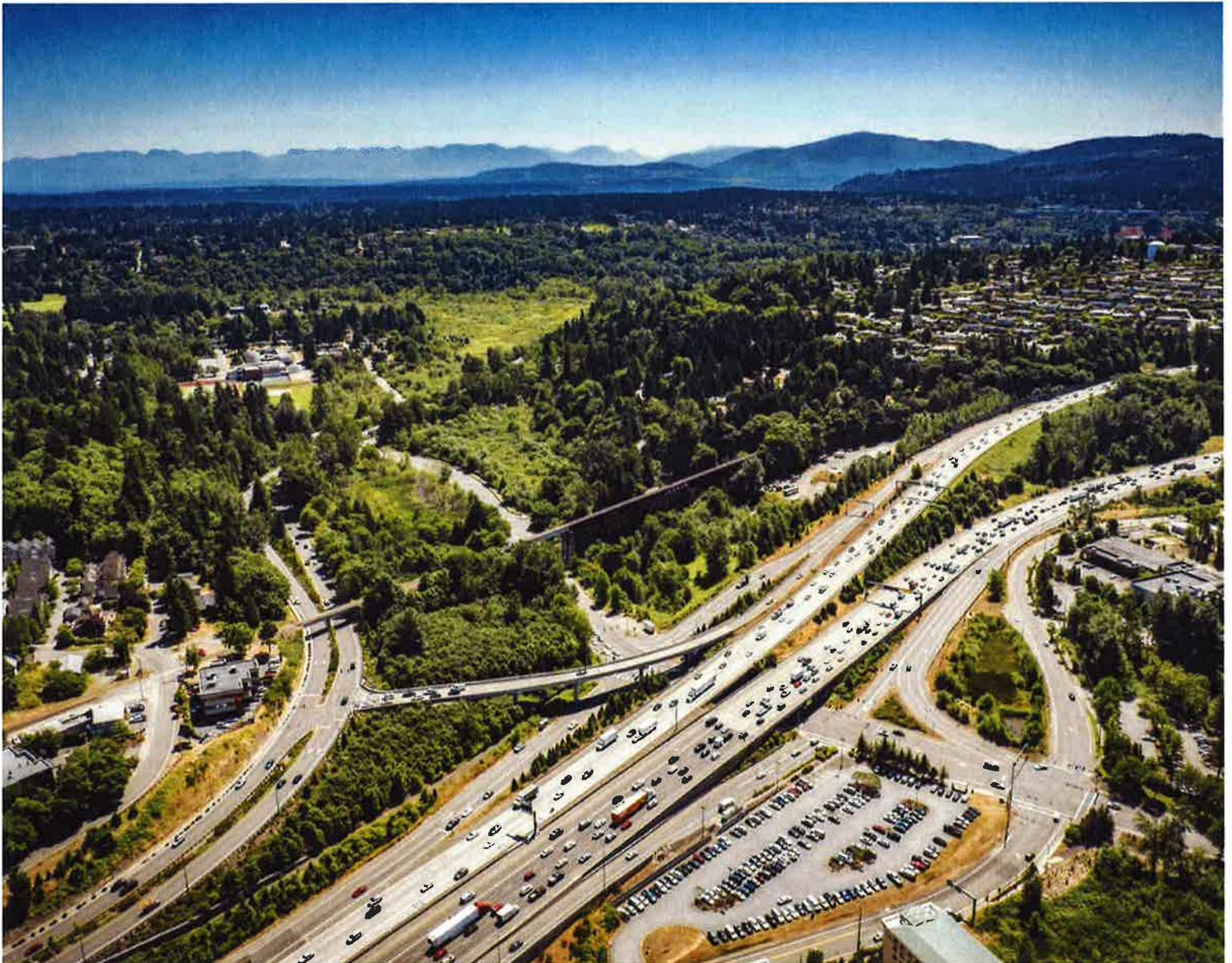
FUNDING & PACE

- Pursue all available opportunities to further accelerate the acquisition pace, as real estate prices rise and development pressures continue to grow, including updating the King County Conservation Futures Tax Levy (CFT) policies to allow bonding against more than 50% of CFT revenue. Accelerating the pace to within 30 years will save an estimated \$15 billion and make it possible to secure these lands before they are lost.
- Rely on the Current Use Taxation (CUT) program as a strategy for protecting high conservation value lands that are not immediately at risk of development and implement a CUT "enrollment drive" for high conservation value lands that may not be immediately available for conservation acquisition; prepare to act swiftly if a CUT-enrolled property becomes vulnerable to withdrawal from the CUT program.
- Leverage public dollars from the Initiative to help steer philanthropic and other private funding to this Initiative in partnership with non-profit organizations.



- Reset the CFT levy to its original 6.25 cents/\$1,000 assessed value (AV), and consider up to two additional future resets of CFT to fill the funding gap. This will have a \$10 per year impact to the median value home in King County.

In summary, we are blessed with a strong community ethic in this region. We understand the need to come together across many jurisdictions, in all our diversity, to protect this very special place where we live. We can protect the livability, health, and ecological integrity of our region—for everyone—if we act now. We choose action. And we are convinced that the people who live here today and in generations to come – with their great energy, engagement, and dedication – will agree.



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King County Land Conservation Advisory Group

Final Report

December 2017

The residents of King County have a long record of supporting bold initiatives to advance the quality of life in our region—from the Forward Thrust bond program of the 1960s, to the Farmlands Preservation Program of the 1980s, the Open Space Bonds effort of the late 1980s and early 1990s, and the series of regional County parks levies beginning in 2002. The County, the cities, non-profits, and other partners have invested a great deal of work over the decades to create the system of protected open spaces that we have today. Building on this heritage, King County Executive Dow Constantine has now offered up another bold initiative, one that will, in his words, “finish the job of protecting our great places forever.”

Having deliberated for the last sixteen months upon this vision and the work plan to accomplish it, we issue this report endorsing the goals of the Executive’s Land Conservation Initiative, and providing our final recommendations.

I. THE LAND CONSERVATION AND PRESERVATION WORK PLAN

The King County Council unanimously adopted Motion 14458 in November 2015, requesting that the King County Executive develop and transmit a work plan to implement a program to conserve high value land and water resources throughout the county. Motion 14458 states in part: *“It is the policy of the County to ensure that King County remains one of the greenest metropolitan areas in the world by protecting and conserving land and water resources that will enhance our quality of life, strengthen our region’s economy, enhance biodiversity, provide recreational opportunities and promote sustainable forestry and farming and locally grown food.”*

The Executive transmitted the “Land Conservation and Preservation Work Plan” (referred to in this document as the “Work Plan”) to the King County Council in March 2016, in response to Council Motion 14458. The Transportation Economy and Environment Committee received a briefing on the Executive’s Work Plan in spring of 2016.

The Work Plan set forth the goal of conserving and preserving remaining high conservation value lands throughout King County within the next 30 years, in both unincorporated areas and in cities. The initial Work Plan has been refined by staff work based on recommendations made by the Land Conservation Advisory Group during 2016 and 2017. In this report, we refer more generally to this conservation effort as the “Land Conservation Initiative” or “Initiative” representing its refinement beyond the original

Work Plan. Further details of the Work Plan and subsequent refinements are discussed in Section III below, following the summary of the Advisory Group Process and Mission.

II. SUMMARY OF THE ADVISORY GROUP PROCESS

The Advisory Group was convened by Executive Dow Constantine in September 2016, after close consultation with County Councilmembers. The Executive appointed former King County Councilmember Larry Phillips and Tukwila City Councilmember De'Sean Quinn to serve as our Co-Chairs. A list of our members is presented at **Exhibit A**, and includes professionals from local businesses, real estate companies, environmental non-government organizations, investment firms, as well as local philanthropists, local farmers, rural foresters, former county councilmembers, and representatives from cities.

Our mission was to review the Executive's proposal to protect remaining unprotected high conservation value lands in King County within a generation and make recommendations for a preferred approach or approaches to implement the proposal. More specifically, we were asked to offer our recommendations on:

- Any refinements proposed to the Executive's proposal
- The expected benefits of, and challenges associated with, implementation of the proposal, in particular considering the health and quality of life for county residents and equity and social justice considerations
- A preferred timeline for implementation, including consideration of options to accelerate the pace of land acquisition
- The amount of private funding that can reasonably be anticipated
- Strategies for engaging private, nonprofit and NGO agencies in King County with similar land conservation goals and programs to integrate and leverage efforts where appropriate
- Preferred public funding option(s)
- Implementation strategies
- How high conservation value lands within cities should be addressed
- Implications for the County's Parks Levy, which is up for renewal in 2019

The Advisory Group has had two phases of work. Phase 1 consisted of nine meetings between September 2016 and January 2017, with our group composed of 27 county residents. In Phase 1, the Advisory Group reviewed the original Land Conservation and Preservation Work Plan; received updates from staff on analyses performed after the Work Plan; and we heard from subject matter experts such as medical professionals, philanthropic leaders, and non-profit conservation partners. We developed a Phase 1 Report that was submitted to the King County Executive and the King County Council. The Executive Summary of the Phase 1 Report is provided in **Exhibit B**, and the group's Phase 1 recommendations are referenced throughout this report. In our Phase 1 Report, the

Advisory Group endorsed the Initiative, recommended some adjustments to the proposed scope, and requested that the County undertake a second phase of work, including a second round of Advisory Group meetings to be reconvened in the fall of 2017 to complete a final report and set of recommendations before the end of 2017.

Phase 2 consisted of six meetings between September 2017 and December 2017, with the Advisory Group composed of 22 members, most of whom served on the Phase 1 Advisory Group. During the Phase 2 meetings, we were briefed on the additional work we asked King County staff to complete; we received updated financial projections and scenarios for land conservation; and we developed the recommendations contained in this report.

III. LAND CONSERVATION INITIATIVE – REFINEMENTS & RECOMMENDATIONS

In this main body of this Report, we review the key elements of the Land Conservation and Preservation Work Plan; we reference recommendations from the Phase 1 Report; we identify updates made during 2017; and we make our group's final recommendations.

A. The Vision

We endorse the Executive's Land Conservation Initiative and vision of protecting our most important open spaces before they are lost. Preserving our most important open spaces and ensuring every community has access to green space is a critical investment in our region. This effort is similar to investments in transportation, utilities, and affordable housing, all of which are needed to maintain a high quality of life for our residents.

The vision seeks to improve equity across all communities in access to natural areas and green spaces by directly investing dollars in communities that currently do not have green spaces, so that every resident of King County can reap the many benefits that come from accessing nature. The vision reinforces our region's longstanding commitment to preserving our working farms and forests. It is key to implementing our commitment to salmon recovery and species diversity in our natural areas. Protecting our forest lands and completing land protections in river and stream corridors will protect water quality by storing and filtering water, and conserving rural and urban green spaces will protect the natural capital benefits we experience today, and expand opportunities for green stormwater infrastructure. The vision allows completion of our regional trail network, improving recreational opportunities, enhancing mobility and reducing pollution. It promotes a thriving economy and the competitiveness of local businesses by making this a place people want to live, and that businesses will want to call home. The vision furthers our commitment to address the impacts of climate change locally. We believe it can also be a launching platform for broader, regional preservation and conservation work with our neighboring Puget Sound counties. Identifying and preserving open space – from pockets of green space in urban areas, to our working farms and forests, to the last

best wild and natural areas of our county – advances the health and quality of life of each and every resident of King County.

We recognize there are other competing issues demanding attention in our region. We believe the region has the vision and ability to act on this Initiative alongside and simultaneous with action on other pressing issues. We believe the Land Conservation Initiative can be implemented in a way that will continue to grow jobs and opportunity for residents, and maintain livable and affordable neighborhoods. As our population grows, the need to preserve open space and urban green spaces becomes more important. The time to act is now, before these last precious wild areas and green spaces are lost to us forever.

B. High Conservation Value Land Categories

High conservation value lands were defined as follows in the original Work Plan, grouped into five categories (also see **Figure 1²**):

- *Natural lands* for wildlife, clean air, recreation, clean water, and resilience in an uncertain future.
- *Farmland* for healthy local food and a thriving agricultural economy.
- *Forestland* for wildlife, recreation, clean water, and a sustainable timber industry.
- *River valley land* for salmon, flood safety, recreation, and a healthy Puget Sound.
- *Trail corridor* connections to complete a world-class regional trail network to increase mobility and reduce pollution.

During Phase 1, the Advisory Group recommended the addition of the category of Urban Green Space, described as follows:

- *Urban Green Space* protecting conservation lands, green spaces, trails, and forests within cities, with opportunities for passive recreation and community gardening.

C. County Land Priorities

The Work Plan and Phase 1 Report documented the County’s extensive work over several years to identify priority conservation lands in the unincorporated area (and a few parcels inside cities). As of the Phase 1 Report, the County had identified approximately 5,500 parcels totaling approximately 66,000 acres as “county priority lands” to conserve. However, there was a range regarding which lands would be pursued in easement or in fee, which resulted in a range of potential costs to preserve the land. In the Advisory Group Phase 1 Report, we recommended that the County “undertake additional parcel-by-parcel work to assess the best way of preserving these lands.”

² Throughout this report, we incorporate work products from the County that help illustrate the Initiative.

FIGURE 1. OVERVIEW OF THE LAND CONSERVATION AND PRESERVATION INITIATIVE



The County reviewed the county priority lands in parcel-by-parcel detail during 2017 to increase the precision in the data – identifying whether to conserve sites in fee or easement, and whether entire or partial parcels could be conserved. As a result, in Phase 2 the county priority lands now total 5,400 parcels totaling approximately 60,600 acres, with parcel-specific preferences for accomplishing protection through fee or easement acquisition.

The County has identified natural land and river valley acquisitions that will help complete protection of riparian corridors along rivers and streams to preserve and restore ecological processes and functions, preserve natural upland corridors for wildlife movement, reduce flood risk to river valley communities, and offer opportunities for people to access nature. Passive recreational opportunities will be expanded through acquisition of new trailheads, additional backcountry trails linkages, and a system of regional trails connecting communities throughout the county. Easements to remove development rights from working forests will keep land in production and hold a green

line against sprawl. Preserving farmland with easements will help keep farmland affordable and active, supporting local food production. We support the many types of conservation work proposed by the County, recognizing the associated ecological, economical, and community benefits.

D. City Engagement and Land Priorities

During Phase 1, we recognized the importance of working with the cities to identify city lands to conserve. The level of development threat is likely higher for in-city lands, so we emphasized that there was real urgency to this work. The Advisory Group Phase 1 Report recommended that County staff work with cities to identify city priorities for conservation. During 2017, the County met with all 39 cities, holding more than 70 meetings in total with city representatives. The County gathered feedback from cities on many questions associated with the Initiative. **Exhibit C** summarizes feedback County staff received during meetings with cities in more detail. Generally, representatives from cities shared the following views:

- An “Urban Green Space” category of lands is useful in recognizing the distinction between conservation in rural and urban landscapes
- Advancing “Open Space Equity” is an important element of the Initiative with benefits to all residents of the region
- Funding for *both* acquisition *and* maintenance and operations is important
- Funding for acquisition and maintenance of new conservation land should be distributed across cities in a fair and transparent way

At its meetings with cities, County staff requested that city representatives identify acquisition priorities within each city. During the Phase 2 work process, 25 cities shared acquisition priorities; 8 cities stated they had no priorities to identify; and six cities had not yet shared their priorities. The “city priority lands” identified during the Phase 2 work process total 2,160 acres comprising 900 parcels.

To ensure that the funding measure can accommodate acquisitions for the six cities which had not yet shared priorities, we are including an additional cost factor that would protect approximately an additional 500-1,000 acres of city priority lands (acreage depends on actual cost of lands to be acquired). During the writing of this report, we received data from one additional city. This additional information – plus any further data from the five cities who had not previously submitted priorities – will be incorporated by County staff into updated financial estimates in late 2017 and early 2018.

The city priority lands include urban green spaces that protect important natural areas within an urban setting, lands that offer opportunities for passive recreation, places for families to gather and play, community gardening locations, preserve urban tree canopy in increasingly developed areas, and many other benefits. These open spaces have been

selected by cities to implement their visions of their city's future, to serve their community needs, and to protect the areas cherished by their current and future residents.

We recognize that the open space needs of cities may be different than those of the County, and will vary city by city. Cities' needs include varied types of green space in urban areas such as street trees, park streets, or green stormwater infrastructure. We acknowledge how each city has unique and varied needs for funding of their respective open space infrastructure. Acquisition of new lands is indeed important, but also maintenance and capital development funding are important city needs as well.

The Advisory Group recognizes that the County and city partners will work together in the months ahead to identify the remaining six cities' priorities, develop a fair and transparent system of allocating funding and working together to achieve conservation in urban areas of King County.

E. Open Space Equity

While we live in a region with a strong history of protecting open spaces, not all of our communities have experienced the benefits of past investments. There are many neighborhoods in which the past history of inequities, discrimination, injustices, and limited regional investment is evident today and affects the daily life of the residents.

As our region works to ensure that all have opportunities to live their best lives (working on issues such as affordable housing, access to health care, schools, employment) we believe that providing access to open spaces is a critical infrastructure investment for our neighborhoods. This open space infrastructure provides communities with a place to gather, recreate, experience nature, find peace, and grow food. It is a key regional issue and should be addressed under this Initiative.

We feel strongly that inequities in open space access harms us all, as a region, and that addressing these disparities will benefit us all, as a region. We continue to see a clear nexus between the benefits of this Initiative and improved equity and social justice outcomes across our County and its cities. Research shows that regular nature contact improves physical and mental health³ which translates directly into significant and measurable improvements in health outcomes, and into economic benefits in terms of better health outcomes.⁴ Many residents in communities with limited access to open space regularly experience shorter life expectancies and worse health outcomes. We

³ Howard Frumkin et al., 2016. Nature Contact & Human Health: A Research Agenda.

⁴ Kathleen L. Wolf, 2017. Nature's Riches: The Health and Financial Benefits of Nearby Nature. (<https://www.nature.org/ourinitiatives/regions/northamerica/unitedstates/washington/natures-riches-washington.pdf>) and House, E., C. O'Connor, K. Wolf, J. Israel, & T. Reynolds. 2016. Outside Our Doors: the benefits of cities where people and nature thrive. The Nature Conservancy, Washington State Chapter. (<http://www.washingtonnature.org/cities/outsideourdoors/>)

believe that providing improved access to green spaces that offer nature contact and community gathering opportunities in dense urban environments is an important equity strategy, a smart public health strategy, and fosters stronger community connections.

We recognize that many of the Initiative’s regional investments to protect our natural systems will have ecosystem services benefits for all residents, such as clean air, clean water, healthy local food, and flood and stormwater attenuation.⁵ But we also want to ensure that we work directly within communities with the most need to provide local access to greenspaces. (And though it may be outside the direct focus of this Initiative, we also recognize the importance of improving access of our urban residents to visit our rural parks and resource lands as well). In Phase 1, we recognized the important role the Initiative may have to address equity and social justice needs around open space access. During the 2017 Phase 2 work, the County refined mapping of priority open space equity areas, discussed these concepts with cities and community groups, and convened a work group consisting of Advisory Group members and external partners. The County retained independent consultants with extensive experience working with these communities to conduct in-depth and independent community engagement and outreach work on this topic in fall 2017 – which produced valuable work that has helped shape the open space equity implementation strategy.

In our Phase 2 process we asked the question – “What is the appropriate equity objective and subsequent funding level to achieve the objective?”

We voted unanimously for the following five components, as brought forward to us by the County, to be included in the Initiative.

(i) Policy Objective

We agreed to the following policy objective to guide the open space equity work of the Initiative:

“King County, in partnership with cities and communities, should allocate specific funding within the Conservation Initiative to eliminate disparities in access to public open spaces and trails in communities with the greatest and most acute needs. The pace of acquisition should match or exceed the pace of other land categories under the Conservation Initiative.”

(ii) Priority Areas

For the purposes of this report we define communities with the greatest and most acute needs (“Priority Areas”) as households that simultaneously lack access to open spaces,

⁵ *Ibid.*

are lower income, and have a higher incidence of poor health outcomes (see **Figure 2**).⁶ More specifically, Priority Areas are defined as households with the following characteristics:

- (1) Access: Not within ¼ mile (a proxy for a 10-minute walk) of a publicly owned and accessible park, greenspace, or trail⁷;
- (2) Income: In the lowest 1/3 of all King County census tracts for household income; and
- (3) Health: In the highest 1/3 of all King County census tracts for rates of chronic disease that can be, in part, mitigated by physical activity.⁸

Priority Areas represent neighborhoods where targeted investments to create readily accessible public open spaces and trails will have a significant impact on open space equity. GIS analysis was used to map Priority Areas for the purpose of understanding the general geography of the need and estimating the scale of funding needed. The map below is only a general guide; it is dynamic and will change over time as additional work is integrated as the County works with city and non-profit organizations on potential refinements⁹ and incorporates data updates over the years.

(iii) Funding Level

We unanimously agreed that the Initiative should dedicate \$160 million¹⁰ solely to the task of eliminating disparities in open space access by acquiring new public parks, green spaces, or trails in Priority Areas. In addition, the Initiative should provide funding to

⁶ Staff revised the approach to mapping during Phase 1 and Phase 2, working with feedback from the Advisory Group to identify the elements important to represent on the maps. Factors considered in addition to the three elements identified in the text above include: language diversity, racial diversity, neighborhood greenness, variation in the distance from open spaces in urban and rural areas; the approach also test mapping open space needs based on serving the entire census tracts vs. serving household distribution. After iterations in internal staff work and with the advisory group, the three variables noted above were selected as ones to inform the current priority map.

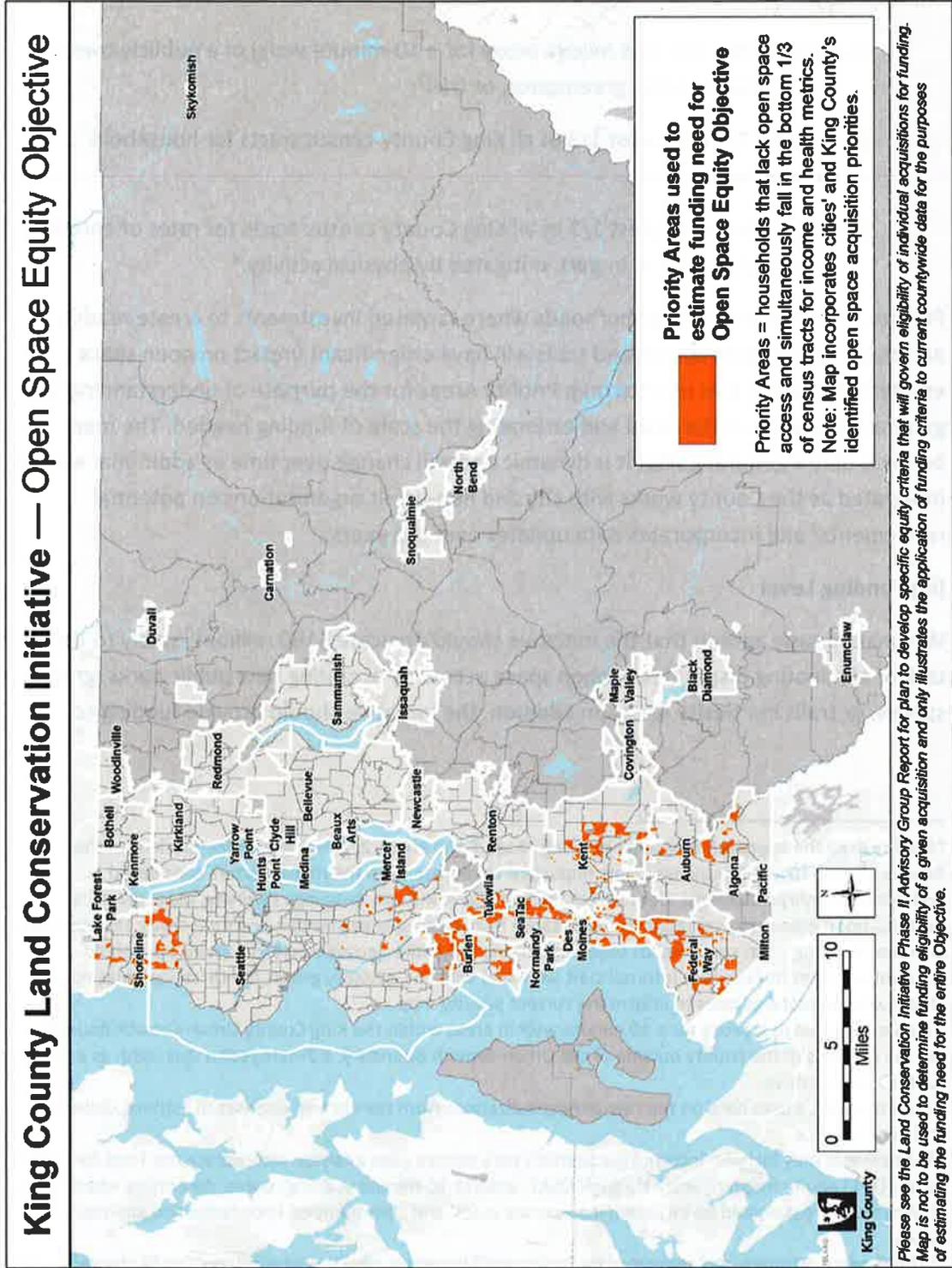
⁷ ¼ mile was used as a proxy for a 10 minute walk in areas within the King County Urban Growth Boundary. For the portions of the county outside of the Urban Growth Boundary, a 2-mile radius was used, as a proxy for a 10-minute drive.

⁸ Current analysis uses data on the rate of hospitalizations from the chronic diseases of asthma, diabetes, and heart disease.

⁹ Refinements may include: incorporate Seattle's park service gaps analysis; incorporate the Trust for Public Land's (TPL) equity mapping work through OSAT; analyze 10-minute walking routes; determine whether any employment areas should be included; incorporate cities' and communities' knowledge and analyses of needs.

¹⁰ This funding estimate was generated by County staff based on a basic analysis of how to fill the gaps with 1/4-acre-sized parks (based on assessed values of property in the priority areas, and standard additional cost factors applied). The analysis was presented as a proxy method for generating a funding level, and that the actual size and distribution of parks may vary city by city and community by community.

FIGURE 2. OPEN SPACE EQUITY PRIORITY AREAS MAP



Last updated: 12/11/2017

enable the County and cities to operate and maintain these new open spaces into the future.

Several of our members suggested that there could be a higher level of dedicated funding toward open space equity work, to ensure that urban green spaces are adequately distributed and/or appropriately sized to offer real value to the surrounding communities. It is important to recognize that the effective amount of funding spent in Priority Areas will likely be much larger than just these dedicated funds. This is because jurisdictions where Priority Areas are located will be able to apply for *all* of the other funding raised by the Initiative beyond this \$160 million earmarked herein. As such the \$160 million serves as a floor or base level of investment in open space equity.

(iv) 2018 Planning Process

We agree with the County's equity consultant that in order for the open space equity effort to succeed there will need to be strong understanding, engagement, and willingness from cities, their parks departments, and community partners. We support the proposed equity-focused community planning process in 2018 as an opportunity to demonstrate successful community and city engagement on this topic and ensure that communities understand the potential benefits in advance of a ballot decision. Given what we heard from the County regarding Private Funding in Section H of this Report, we believe this equity-focused planning process could be wholly or partially funded by private philanthropic sources.

During 2018, the County should work with two or three cities within Priority Areas.¹¹ In partnership with city parks departments, the County should conduct broad-based community participation ('deliberative democracy,'¹² is one option for such engagement), and apply resources to effectively engage communities of color and non-English-speaking communities. Through this process, participants would identify specific locations and types of open space investments that are accessible and aligned with community needs, and desired additional capital improvements to activate new park lands.

¹¹ The Communities of Opportunity effort lead by the Seattle Foundation and KC Public Health would be one of many key partners the County should engage in the equity-focused planning process.

¹² Deliberative democracy (or "citizens-" or "community assembly") is participatory method that generates buy-in and legitimacy for a final plan. The process recruits 30-40 randomly selected participants, with special attention to achieving a body that is demographically reflective of the general population. Participants would be given meaningful compensation (e.g. financial stipend, transportation, vouchers, food, and childcare) to ensure full participation. Over the course of three weekends, the assembly would learn about the challenges, assess potential strategies to advance open space equity, and deliberating on a final set of recommendations for the plan.

This process will help prepare initial communities to implement open space equity acquisitions, and may foster greater empowerment in historically marginalized communities. Additionally, this work will help identify common challenges and shape the methods for how to work across all Priority Areas during the implementation phase.

(v) Implementation Plan

The County should create an Open Space Equity Cabinet staffed by King County.¹³ The Equity Cabinet would act as a convener to establish a forum for cities, the County, community groups, residents of Priority Areas, non-profit organizations, businesses, and healthcare providers to work together to advance the open space equity Policy Objective. There may be opportunity to leverage private funding in support of this work. Roles and responsibilities of the Open Space Equity Cabinet would be to:

- (1) Develop specific equity criteria for eligible projects informed by the work of the 2018 equity-focused planning process;
- (2) Act in an oversight capacity holding the County and cities accountable for measurable progress towards achieving the Initiative's open space equity Policy Objective;
- (3) Act as a thought leader and strategic advisor for the open space equity effort and leverage its membership to create opportunities and eliminate barriers; and
- (4) Engage in a concerted messaging campaign to eligible cities.

Cities and communities where Priority Areas are located face pressing public health and safety issues that take priority over creating new open spaces with local funding that is already stretched thin. The County should consider ways to assist open space equity acquisition work in those cities such as providing technical support for acquisitions; and seeking private philanthropic funding from foundations, businesses, and healthcare providers to contribute to the costs of acquisition and/or capital investments to activate the new parks after acquisition.

Eligible open space equity projects should be:

- (1) located within Priority Areas (with analysis of Priority Areas to be regularly updated with best available data) and/or meeting specific equity criteria developed by the Open Space Equity Cabinet;
- (2) submitted by a city, or by a non-profit organization on behalf of a city, or submitted by the County; and
- (3) have a high level of community readiness (*i.e.*, willingness and engagement from community partners and city).

¹³ Members of the Cabinet should include representative from the Priority Areas.

Distribution of funds to eligible projects should be made by the CFT Citizens Oversight Committee. No match should be required on open space equity projects funded with the \$160 million in dedicated funds. The \$160 million does not represent all of the funding that Priority Areas may receive; rather it should serve as a floor or base level of funding for open space equity investments. All jurisdictions within which Priority Areas are located would be eligible to apply for the broader acquisition funding in the Initiative through standard application processes.

By targeting investments towards open space infrastructure in neighborhoods lacking this basic amenity, the County and cities need to take precautions to not displace existing residents. To succeed, these investments need to be paired with smart affordable housing policies and participation of the community.

F. Public Outreach and Engagement

In addition to the city outreach noted above, between the first and second phases of the Advisory Group there have been more than 60 meetings about the Initiative with communities and organizations located throughout King County's cities and rural areas – as well as regionally with Pierce County and the Puget Sound Regional Council. County staff presented at unincorporated area councils, community service areas, and other geographically focused local forums; at the King County Agriculture and Rural Forest Commissions; at watershed resource inventory area forums; and at several meetings of regional leaders organized by the Sound Cities Association. Local environmental groups such as South King County Sierra Club, Trout Unlimited, Water Tenders, and land trusts were engaged in discussions about the Initiative, as were recreational interest groups such as Evergreen Mountain Biking Alliance and Issaquah Alps Trails Club.

Most of the groups the County spoke with were very interested in the promise of the Initiative to make a real difference to the environmental protection and recreational opportunity in our region. Many people were interested in focusing in on what lands would be protected in their area of interest. There was recognition of the challenges of competing priorities and additional taxes, but encouragement of the County to move this effort forward. This type of public outreach is important to let individuals and community groups know about the Initiative and the potential community benefits of this work.

In Phase 1, we recommended that staff refine messaging on the Initiative and the benefits of this work. During 2017, the County engaged the consulting firm Pyramid Communications to work on communications concepts. We heard from Pyramid Communications early in the Phase 2 process about their work to help effectively communicate the Initiative to the general public and decision-makers. Their work with the County is ongoing at the time of writing, and we have discussed with Pyramid

messaging concepts and a PowerPoint that will help our Advisory Group members and staff tell the story of what this Initiative is and why it is important. We believe that the work by Pyramid Communications is an important opportunity to distill this complex proposal into clear, resonant messages that can effectively communicate this effort to decision-makers and the public.

G. Real Estate and Development Community

We believe that a successful Land Conservation Initiative facilitates economic growth, supports the health and well-being of our communities, *and* is compatible with expansion of our housing supply to meet demand and secure affordability. Since conception of this Initiative, King County has sought to collaborate with the real estate and development community to ensure the Initiative can achieve compatibility with our region's housing needs. To this end, the County's core staff team for the Initiative has been working with representatives from the real estate and development community since the beginning of the Advisory Group process. Organizations with which the staff have met include Seattle King County Realtors, Master Builders Association, and other leaders in the development and real estate sector.

With input from representatives of the real estate and development community, and in collaboration with cities' planning staff, the County has conducted a thorough, quantitative analysis of the impact this Initiative will have on the supply of buildable lands, suggesting an impact of approximately 2.5-3% of the total countywide development capacity.¹⁴ We as the Advisory Group believe that the results of this analysis indicate that the Initiative will not significantly hinder our region's ability to meet housing demand and secure affordability.

Green spaces, parks, and trails are a form of infrastructure (often termed "natural infrastructure") that directly improves livability. Currently, there are areas in King County less well served by these amenities and thus with lower livability, which contributes to the concentration of jobs and new housing development in core areas with more of these

¹⁴ In the Phase I of the Advisory Group process, preliminary analysis indicated a < 1% impact on King County's total residential development capacity due to the conservation of priority lands in the unincorporated area. This analysis has been updated and expanded to address the conservation of priority lands in the urban unincorporated area and in cities. While cities' submission of data is still ongoing, extrapolation from information in-hand suggests a total impact of approximately 11,000 – 13,000 units removed from future supply over 30 years, countywide, including net gain in supply from transfer of development rights into urban areas (necessary for achieving the conservation vision). This is equivalent to 2.5% - 3% of total countywide residential development capacity. If, upon finalization of cities' analyses, the revised impact estimate varies significantly from the this figure, the issue of compatibility of conservation and housing needs should be re-examined by the County, in collaboration with real estate and development community representatives.

amenities and higher livability – and this ultimately exacerbates the affordability problem in the core. The Initiative, by addressing disparities in “natural infrastructure” across the county, can be one tool for tackling this challenge. We discussed a potential risk of displacement if local property values rise disproportionately due to additional neighborhood amenities. Most of the group believe that if open space investments are done thoughtfully by cities, with community participation, and in partnership with other social investment strategies, neighborhoods throughout the county can become more green and livable while retaining affordability for their residents.

Based on these findings to date, and the work that the County and its partners are committed to continuing, we, the Advisory Group believes that the Land Conservation Initiative will be compatible with, and even supportive of, our region’s housing needs.

H. Private Sector Engagement and Funding

We believe this Initiative will be stronger and have a greater chance at success gaining public support and realizing the vision if private sector funding is pursued and secured. Therefore, in Phase 2 we were very interested in having County staff test how much private funding may be available and to explore mechanisms by which private funding could be incorporated into the Initiative.

During 2017 the County conducted outreach to businesses, foundations, and non-profit development directors, educating individuals and organizations about the Initiative, seeking feedback on the potential to draw private funding to support the Initiative. These discussions provided important feedback on the opportunities and limitations of private funding in order to scale the private funding estimates. This work led to a 30-year funding estimate of \$71-86 million from corporate, individual, foundation, and healthcare sector contributions.

The County also assessed the potential for private sector funding to be generated by ecosystem services credit programs, through both existing programs and potential future ones. Updated future revenue projections for the existing Transfer of Development Rights program are \$120 million, and \$53 million for the existing mitigation reserve program. For all potential new future ecosystem services credits programs updated projections are for approximately \$33 million.

Overall, this produced an estimate of \$277-292 million from private funding over 30 years. However, in order to generate this amount of private funding a great deal of work, as outlined below, would need to occur by the County and its non-profit partners at the outset of the 30-year period, and continue in earnest throughout. To achieve this level of philanthropic funding a concerted capital campaign is needed, and would need to be

renewed and re-catalyzed every seven to ten years. To achieve this level of TDR funding, the County and a broad cross section of cities will need to partner in earnest on transferring growth into designated urban areas. And finally, to achieve new funding from ecosystem service credits, regulatory or policy changes may be required at the county and state levels.

The following pages of this section describe how the County arrived at the dollar amounts for private funding described above.

Corporate, Foundation, and Non-Profit Engagement & Philanthropic Contributions

The County’s intent in its private sector outreach was to build awareness of the Initiative and gain insight and understanding to the following question: “*Would a coalition of leading private sector organizations partner with King County, its cities, and non-profit partners to invest private money towards this Initiative?*”

Private philanthropic funding can come from three sources: corporations, individuals, and foundations. Non-profit organizations are the conduits or channels of philanthropic funding from these three sources to project-level work to affect change and on-the-ground outcomes. Since the County cannot legally accept private contributions, private sector participation would require a partnership between the County and non-profit partners and/or external foundations to receive the funds.

The County’s private sector engagement involved direct meetings with over thirty businesses and foundations, and direct conversations with development directors of the region’s leading non-profit land conservation organizations.

The County’s answer to the Advisory Group question is shown in **Table 1** – considering what is *likely* to come from the private sector (that is, what is obtainable with a high degree of confidence, not necessarily what is *possible*).

TABLE 1. PRIVATE SECTOR PHILANTHROPY

Donor Type	30-Year Total
Corporations	\$14 million
Individuals	
<i>Existing donor base</i>	\$20 million
<i>New donors</i>	\$0 - \$15 million
Foundations	\$21 million
Healthcare Providers	\$ 16 million
TOTAL	\$71 – 86 million

The availability of this funding is contingent upon the region's leading land conservation non-profit organizations to align their on-going work with the goals of the Initiative in partnership with the County and cities. The matching power of this Initiative's public dollars with philanthropic dollars should help in this alignment, as it will appeal to non-profit donor bases. A majority of this philanthropic funding could be directed to programmatic work implementing the Initiative, such as transaction related costs; a minority amount would be directed to real estate acquisition funding that is received by sellers of high conservation value properties.

The results summarized in **Table 1** were derived from five key findings from the County's private sector engagement; these findings are summarized in Exhibit D in the Appendix.

Impact Investing & Other Uses of Returns-Seeking Private Capital

"Impact investing" generally describes investments made with the intent to generate social or environmental impact alongside a financial return – a tool used in land conservation efforts nationally and globally. Most applications of private capital serve an acceleration function (*i.e.*, solve a timing problem with philanthropic or public funds), although there are some applications where such capital substantially reduces the overall need for public or philanthropic dollars ("fill the gap").

The County and its partners have explored a number of strategies for drawing on private capital to help achieve the vision of this Initiative. The most promising of these are described in **Exhibit E** and include using *private capital to buy and hold lands* until public funds are available for the partial or full conservation purchase, *providing loan guarantees* to reduce public borrowing costs, and *directly providing conservation on working forests* in exchange for a lower cost of debt.

There are also discussions ongoing about the potential for a non-profit partner to tackle conservation of all of this Initiative's working forest priorities by drawing solely on private debt capital. This proposal has been envisioned in the context of advancing the tri-county (Pierce, King, and Snohomish) Forested Foothills Initiative towards completion. Under discussion is the potential for a non-governmental entity to acquire and permanently own and operate the remaining 500,000 acres of unprotected working forest across the three counties, including King County's conservation priorities. This could be an opportunity to simultaneously protect forestry-based rural economies, secure control of environmental outcomes from the management of our forests, and ensure that profits from our forested foothills ultimately get re-invested in this region. This concept is currently only at the phase of preliminary discussions, but is worth further investigation on the part of the County and its partners.

So, we expect that the County and cities will continue to use existing private capital-based acceleration and "fill-the-gap" strategies, as well as explore a range of new ones.

Together, we expect acceleration strategies may improve the success of acquisition efforts over the duration of the Initiative. And, these acceleration strategies, in concert with "fill-the-gap" private capital strategies, could collectively save the public coffer millions in achieving the visions of the Initiative. However, given the relative scale of the strategies that have been assessed (see **Exhibit E**), their potential complexity, and the lack of certainty of success at this point in time, *we do not recommend assuming any substantial funding from these strategies collectively.*

Ecosystem Services Credit Programs

Open spaces, such as those being protected by this Initiative, provide a wide range of ecosystem services to our communities and economy, ranging from purifying our water, to sequestering carbon, to mitigating floods, and many more. New private funding streams for conservation can be created if these ecosystem services, either individually or bundled together, can be quantified and translated into units that can be bought and sold ("credits") – and if there exists either voluntary or regulation-driven demand for these credits in the private sector.

In order to fully fund the Initiative, King County should vigorously pursue the expansion of its existing ecosystem services credit programs (TDR and MRP), with a particular focus on meeting private sector demand. Additionally, the County should pursue creation of new programs that can generate conservation funding from private buyers for other types of ecosystem services credits, such as carbon and stormwater. Specific recommendations are provided below.

Transfer of Development Rights (TDR)

The County's established Transfer of Development Rights (TDR) program enables purchase of unused development rights from rural and resource lands areas and subsequent sale of the development rights to urban developers who can build higher density projects. This is achieved by placing a permanent conservation easement on private lands ensuring the land is protected from future development.

The County's Phase 2 updated TDR contribution, based on several assumptions,¹⁵ is \$120 million toward acquisition costs.

¹⁵ This amount was determined through an analysis of several factors affecting the TDR market in King County:

Mitigation Reserves Program (MRP)

The Mitigation Reserves Program (MRP) enables developers whose projects create an environmental impact to pay a fee to King County in lieu of completing their own offset project; King County then uses the money to restore habitat to offset impacts; a portion of fees can be used to acquire new restoration sites or protect intact habitat.

Based on projections from past operations and projected future program growth, the County estimates a potential range of approximately \$26 to \$79 million¹⁶ over a 30-year period that could support acquisitions of high conservation value lands. The Advisory Group recommends an assumed contribution of \$53 million toward acquisition costs (the mid-point of the cost range).

New Ecosystem Services Credit Programs

There are many potential ecosystem services markets that may come into existence over the next 30 years, both with and without facilitation by local governments. Forecasting the potential to harness private funding for conservation priorities from these future

-
- The potential for new Interlocal Agreements (ILAs) with cities to absorb TDRs. Over the last 10 years the County has had five TDR ILAs, with four currently active. The King County-Seattle TDR agreement is the largest in scale (in excess of \$20 million) while the other four are smaller (\$1 million or less). The County assumed it would be able to develop 10 new ILAs in the next 30 years and these would be, on average, at the \$8 million scale.
 - TDR supply that could be generated through protection of the high conservation value lands is nearly 7,000 TDRs; and
 - The avoided cost associated with protecting high conservation value lands resulting from the transaction of TDRs paid for with funding from private sources (i.e. developers or private TDR enrollments). The County estimates \$40 million in avoided cost from expansion of the TDR market.

¹⁶ Over the first 5 years of operations, MRP collected an average of \$400,000 in Land Fees annually and spent an average of over \$1.2 million annually to support acquisitions (spending some funding nominally allocated for project construction on acquisitions). When inflated using projected Unincorporated KC AV growth, these amounts equate to a potential range of approximately \$29 to \$79 million. \$29 million is based on projection of accrued land fees; \$79 million is based on projection based on acquisition expenditures. Several assumptions are relevant:

- Most or all of the Land Fees collected are likely to fund acquisition of identified high conservation value lands;
- Land fee rates paid by permittees are likely to increase through time;
- It is likely that a portion of funds intended to pay for restoration will contribute to acquisitions of conservation lands, as has been the case in the first 5 years of the program; and
- In the face of increasing development pressure and increasing scarcity of open space for habitat and ecological function, regulatory agencies are likely to increasingly accept protection of high conservation value property as a mitigation strategy.

markets is difficult. There is an opportunity for the County, alongside city and non-profit partners, to develop new policies and programs that could bring about substantial new funding streams. The County has already begun preparatory work to realize carbon- and stormwater-based funding streams.

Forest carbon projects in both rural and urban areas can produce internationally recognized 'credits' (i.e. carbon emission offsets) by preventing conversion of forests to other uses, and by guaranteeing forest stewardship. Thousands of acres of unprotected forests which are prioritized for conservation by this Initiative may be eligible to produce carbon credits (equaling nearly a million tons of CO₂ equivalent (CO₂e), by County estimates) if the lands are enrolled in a carbon project that is created by the County, cities, or third parties as part of or prior to the conservation acquisition. Such a program can attract private funding for land conservation from organizations looking to offset emissions. And, carbon credit purchase may be one of the only mechanisms through which many companies would consider making significant contributions directly to land protection (as opposed to supporting other, non-acquisition aspects of this Initiative).

Stormwater credits are another potential funding source if regulatory standards for stormwater increase in the future (as is predicted due to stormwater concerns in the region and anticipated regulatory changes). The County or a partner could create a program to sell off-site stormwater credits to meet development needs. Many thousands of acres prioritized for conservation by this Initiative may have the potential to produce stormwater credits.

Based on analysis presented by the County, we recommend pursuing the development of these carbon credit and stormwater credit funding streams, and planning on approximately \$33 million (range \$24 - \$49 million) of private funding for conservation priorities *from all potential future ecosystem services credit programs* over the multi-decade timeframe of this Initiative. This projected funding cannot be realized without new efforts by the County and its partners in the near-term; these next steps are summarized in **Exhibit F**.

I. Updated Financial Model

Between when we last convened as an Advisory Group and the end of 2017, the County has updated and refined the financial model supporting this Initiative in response to the recommendations we provided in our Phase 1 Report. The updated cost estimate for preservation of county priority lands includes the parcel-by-parcel assessment described earlier in this report. The updated cost estimate also includes the cost to acquire and maintain priority lands identified by cities, a placeholder for cities who have yet to identify lands, and additional lands targeted to eliminate disparities in access and

proximity to open spaces and trails in communities with the greatest and most acute needs. Lastly, the figures presented in Phase 1 represented all costs in 2016 dollars and did not account for cost and revenue growth factors over time. All Phase 2 costs have been updated to include cost and revenue growth factors.

Assessed value of land in King County has grown on average seven percent annually since 1991, outpacing the increase in the region's consumer price index and existing revenue streams, despite the downturn from the Great Recession. More recently, strong income and population growth within the region as well as increased competition for land has led to historic increases in land costs, even in the unincorporated area.¹⁷ Review of the updated financial model and rapid rate at which land prices rise emphasizes the need to move with urgency.

In our Phase 1 Report, we asked the County to further examine options for protecting lands enrolled in the Current Use Taxation program as well as funding options for the maintenance of lands. The refined proposals and our recommendations described in the following sections result in a total cost for this Initiative to be summarized in Section L.

J. Current Use Taxation

During the Phase 1 process, we discussed ways in which there could be a cost savings to the Initiative by retaining enrolled properties in Current Use Taxation (CUT) programs rather than acquiring them. In our Phase 1 Report, we recognized that while CUT is a valuable tool for land preservation, additional work was needed during 2017 to refine a proposal about how to appropriately use CUT as a conservation tool in this Initiative.

Participation in a CUT program provides a property tax reduction to the landowner and requires landowners to keep land in farming, forestry and/or open space land uses, which is consistent with the goals of the Initiative. To withdraw from a CUT program, landowners must pay a compensating tax or pay back some of the taxes saved, plus interest and potentially a penalty. Approximately two-thirds (by acreage) of the identified high conservation value lands are enrolled in a CUT program. Since exit rates from CUT program are less than 3% historically, participation is likely to continue for a portion of CUT-enrolled identified high conservation value lands. We also recognize that the exit rate may change as property values rise and generational shifts in ownership occur, which means that this is not an entirely reliable means of conservation for all properties.

¹⁷ The King County Office of Economic and Financial Analysis is an independent agency of King County that produces semi-annual economic and revenue forecasts and economic studies for King County King County Forecast Council which is comprised of two King County Councilmembers, the King County Executive, and the King County Budget Director. Information is taken from the [July 2017 Forecast Presentation](#) as well as historical information requested from the agency.

Allowing CUT enrollment to function as the means of protection for some portion of the lands will reduce costs of acquiring and maintaining lands, thereby reducing the overall funding gap. However, since participation in a CUT Program is not *permanent* protection, it is the opinion of this Advisory Group that CUT should only be relied upon for protection of properties at relatively lower risk of exiting the CUT programs.

We worked with County staff to understand risk of exits of properties with limited development potential that are distant from roads and existing development or properties within floodplains. County staff identified four categories of risk of exit (Low, Medium-Low, Medium-High, and High); and within the High and Medium-High categories they identified the parcels within floodplains and Channel Migration Zones.¹⁸

As a group, we voted at a consensus recommendation level to adopt the following proposal. However, some of us were interested in leaving a higher number of lands in CUT beyond what was recommended by the group in order to achieve more cost savings and leave more land in private ownership. We had differences of opinion on the risk of exit of CUT-enrolled properties.

We recommend that we rely on a cost savings for CUT enrollment proportionate to allowing CUT participation to serve as the means of protection for the following lands: lands which are in the “Low” and “Medium-Low” risk of exit categories; and also the floodplain-affected properties in the Medium-High and High risk-of-exit categories. This suggests that CUT enrollment will achieve the goals of the Initiative and serve as the means of protection for approximately 20,000 acres for the next 30 years, avoiding acquisition and operations and maintenance costs of approximately \$500 million over a 30-year period.

Furthermore, we recognize that the risk of exit analysis is based on objective spatial data available in 2017 and does not account for the motivations of individual landowners; nor can the analysis predict future development patterns or new enrollments. Therefore, we suggest the County should retain the ability to review decisions regarding acquisition of CUT properties on a case-by-case basis rather than relying on a map-based method of assessing actual risk of exit. In effect, the recommendation is to set the avoided cost amount (i.e. funding gap reduction) based on the risk of exit analysis, but to retain strategic agility to prioritize acquisitions in real time.

Finally, the advisory group recommends that the County encourage landowners currently participating in CUT programs to stay enrolled, and to seek new enrollments in CUT of Initiative lands which are not presently participating. The group recommends that the

¹⁸ Details available in PowerPoint at: <https://your.kingcounty.gov/dnrp/library/water-and-land/land-conservation/meeting-11-16-2017/powerpoint-current-use-taxation-11-16-2017.pdf>

County explore whether any changes in CUT program implementation, county code, or state statute could help retain enrolled properties, or could increase the opportunity for the County to work with landowners before they withdraw to achieve conservation goals. Specific strategies and recommendations regarding how to implement these measures is beyond the scope of the Advisory Group's work.

K. Operations and Maintenance

During the Phase 1 process, the County presented four potential levels of operations and maintenance (O & M) funding that could be provided for newly acquired lands. We agreed that maintenance funding is important, as acquired lands will not retain their conservation value without maintenance.

In Phase 2, we reviewed four potential levels of O & M funding. The estimated costs associated with the funding levels are representative of 30-year O & M estimates, including inflationary assumptions. The four levels of O & M funding provide varying levels of service ranked as Levels 1 through 4, which were based on levels of service provided by King County Parks on its properties.¹⁹

We believe that Level 4 is the preferred level of funding in order to provide basic day-to-day level of service. This level of funding ensures that lands are generally clean, safe and open; noxious weeds are controlled; staffing levels are sufficient to respond to the concerns of the public and stakeholders; there are resources available to help with property management issues such as encroachments, easements and boundary disputes; there is an ability to provide management oversight and administrative support to the field staff as well as resources for enforcement to protect health and safety; field staff has adequate training and other support in the form of vehicles, supplies and equipment in order to maintain the lands. Level 4 does not include funding for restoration of the lands or capital improvements such as trailhead access or parking lots for increased public access. Level 4 represents the level of funding at which King County Parks currently maintains its lands; this is not an increase or a decrease in funding based on park standards.

Anything less than Level 4 means that some or many of these outcomes are not achieved, and that key maintenance activities would need to be prioritized to make sure that the public and staff are safe. For instance, Level 3 would diminish the ability to be responsive to the concerns of the public and stakeholders, and would not include sufficient resources for property management, oversight, or administrative support. Level 2 would result in an even lower level of service where the lands would not appear to be clean, safe, or

¹⁹ Details available in PowerPoint at: <https://your.kingcounty.gov/dnrp/library/water-and-land/land-conservation/meeting-11-16-2017/powerpoint-o-and-m-11-16-2017.pdf>

welcoming, and noxious weeds would not be controlled. Level 1 would result in an undesired level of service wherein even the basic needs such as adequate training, supplies, and vehicles for field staff would not be affordable.

The policy objective that we agreed upon to guide this work is as follows:

It is not enough to simply acquire high conservation lands and take them into public ownership. Preservation and protection is an ongoing effort. It includes day-to-day efforts such as regular site inspections for safety and cleanliness, managing appropriate public access, deterring harmful use of the land, and monitoring the health of native species. How we maintain the lands we acquire directly affects the public’s experience when visiting these lands.

We believe that it is important to adequately fund the operations and maintenance to ensure new lands acquired by the County and by cities are clean, safe, and open to the public. For the purposes of this recommendation, “adequately funding” operations and maintenance equates to Level 4. We recognize that maintenance funding and standards vary across every jurisdiction. We used King County Parks’ data to determine the right order of magnitude of O & M funding, and set a standard per-acre funding level that could be awarded to cities as they acquire land. As discussed further in Section L, the O & M funding source is recommended to be the King County Parks Levy.

L. Funding Gap

Taking into account the refined land costs since Phase 1, recommendations for Current Use Taxation, and an open space equity program, the land acquisition costs for this 30-year effort is estimated by the County at \$4.14 billion, broken out in **Table 2**. An additional \$530 million is estimated for operations and maintenance over the 30 years for county, city, and equity program lands (not accounted for in **Table 2**).

TABLE 2. 30-YEAR ESTIMATED COST BREAKDOWN

County-Identified Priorities	Land Costs	\$2,150,000,000
	Regional Trail Corridor Acquisition	\$150,000,000
	Transaction-Related Costs and Staffing	\$100,000,000
	Total County-Identified Priorities	\$2,400,000,000
City-Identified Priorities + Placeholder	Submitted Land Costs	\$1,075,000,000
	Placeholder Land Costs	\$500,000,000
	Transactions (Submitted + Placeholder)	\$5,000,000
	Total City-Identified Priorities	\$1,580,000,000
Open Space Equity	Open Space Equity	\$160,000,000
Total Estimated Costs (2019-2048)		\$4,140,000,000

*This cost estimate assumes the operations and maintenance of the newly-acquired lands will be funded through the King County Parks Levy.

We stated in our Phase 1 Report that the array of existing funding available to support the Initiative is impressive, but insufficient. The County updated their estimates of existing funding to reflect the latest economic forecast and a thorough assessment of private philanthropy, advancements with the Transfer of Development Rights and Mitigation Reserves programs, and advancements with future ecosystem service markets. The county funding source “wheel” (**Figure 3**) illustrates the updated funding estimates towards the Initiative over thirty years. This, coupled with our recommendations on maintenance and Current Use Taxation, leads to an updated funding gap also represented in **Figure 3**.

King County estimated the existing city funding available to acquire city lands and developed a similar funding source “wheel” for cities (**Figure 4**). **Figure 5** combines the county and city estimated funding to result in the total estimated 30-year funding gap for land acquisition of \$1.89 billion.

After considering approaches to fund this Initiative, we recommended King County evaluate options to include the \$530 million in operations and maintenance costs through the King County Parks Levy. There is concern that due to the King County Parks Levy limited to six-year terms, the maintenance of these lands will have to go back to the voters frequently. However, we believe this will keep the delivery of services accountable which is valuable to earn the trust of the voters. This also allows the other funding sources identified in the Initiative, primarily Conservation Futures Tax, to be dedicated towards acquisition purposes.

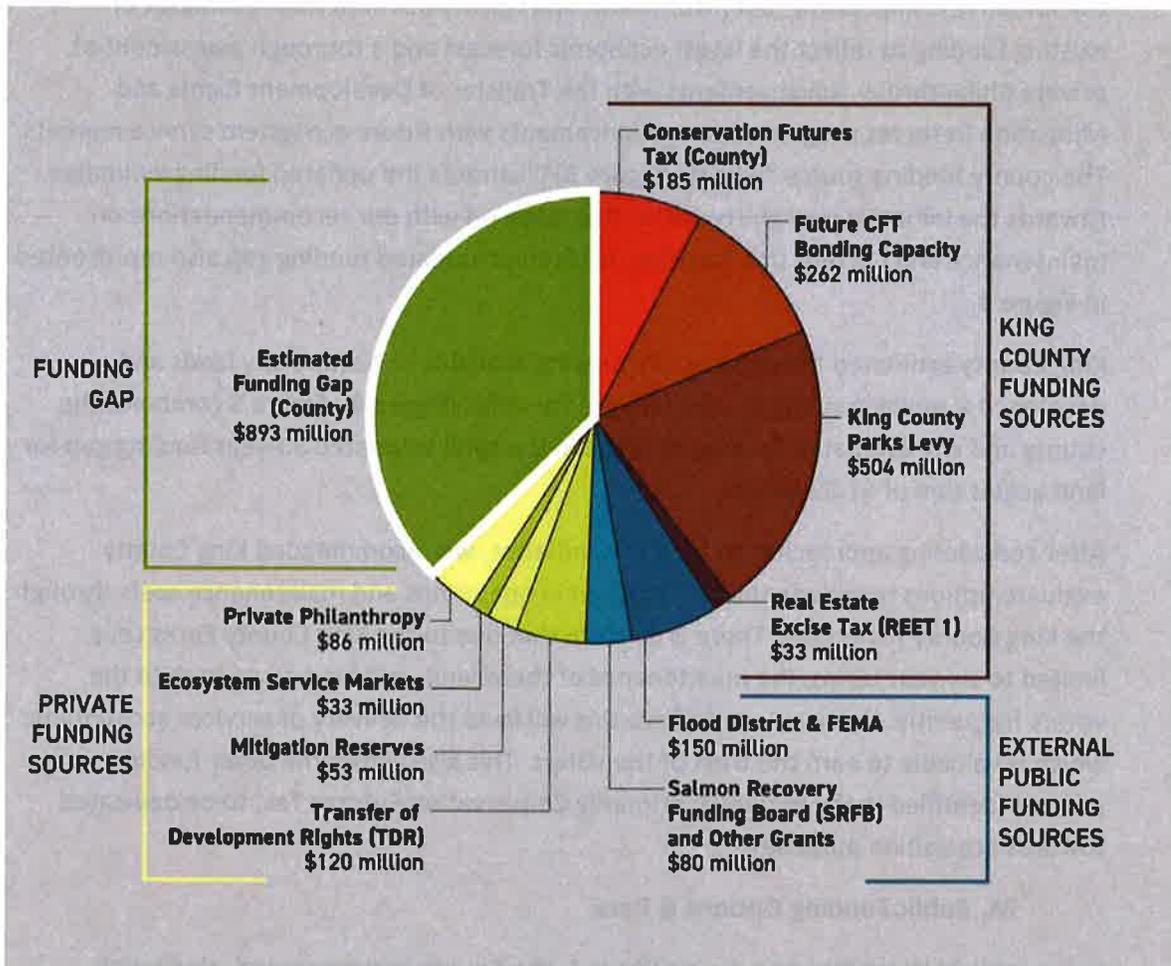
M. Public Funding Options & Pace

In the original Work Plan and during Phase 1, the County had presented, along with private funding contributions, four public funding options to fill the funding gap:

- Restoring the existing Conservation Futures Tax (CFT) to its maximum levy rate of 6.25 cents per \$1,000 of assessed value
- Establishing a new Real Estate Excise Tax (REET 3)
- Implementing a property tax lid lift
- Issuing general obligation (G.O) bonds backed by a property tax increase

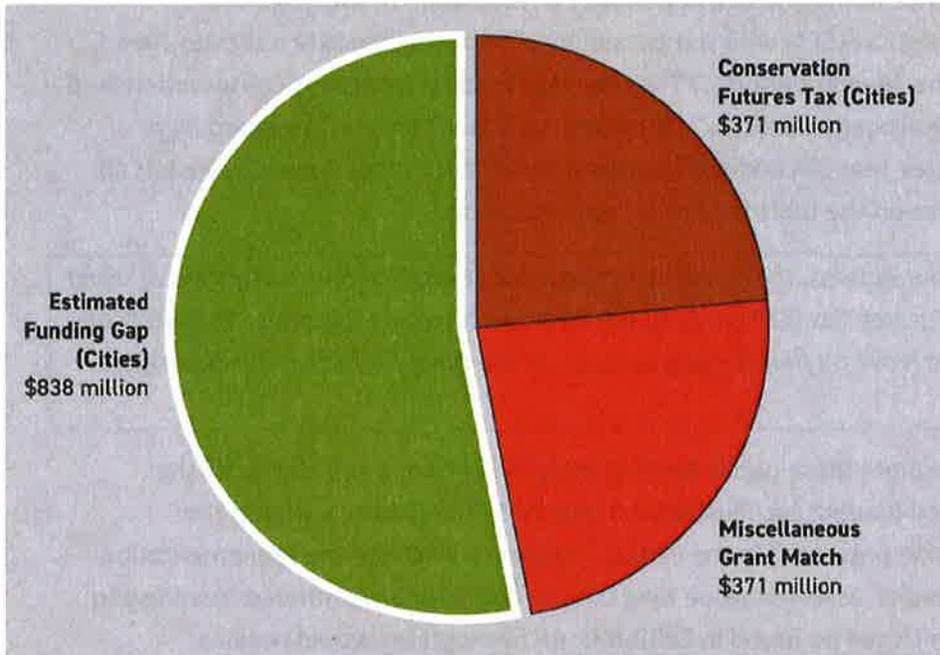
In Phase 1, all cost and revenue estimates were in 2016 dollars without consideration of future inflationary factors. During Phase 2 all cost and revenue figures were updated to a 2017 base year and incorporate future growth and inflation factors. To identify how each of the four public funding sources could fill the gap, See **Exhibit G**.

FIGURE 3. EXISTING AVAILABLE COUNTY FUNDING AND THE ESTIMATED COUNTY FUNDING GAP



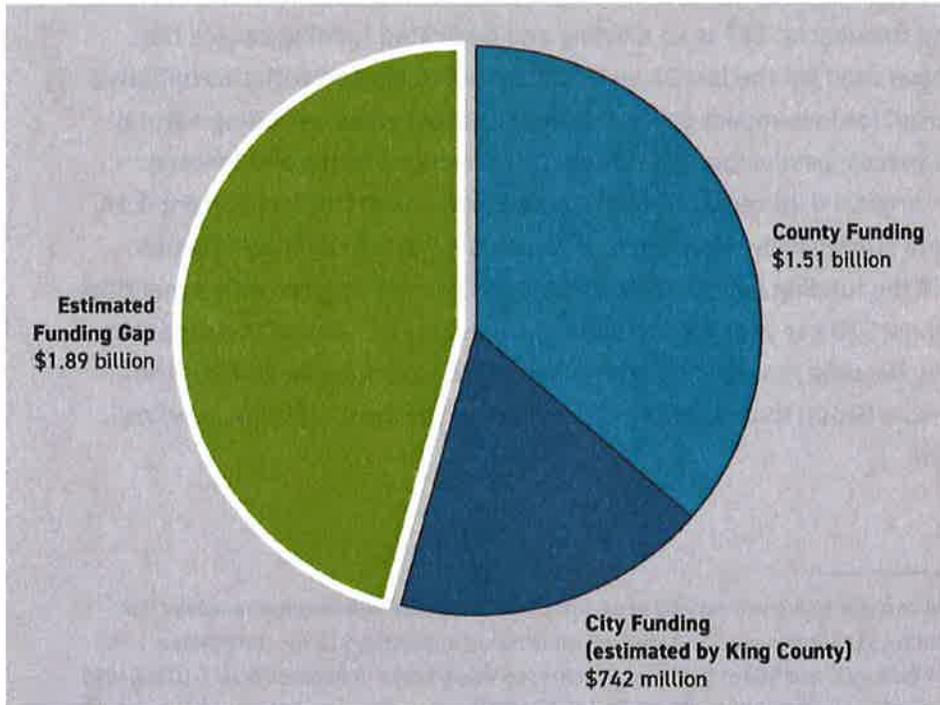
Note: The estimated funding gap does not include operations and maintenance of County-purchased lands or the Open Space Equity Program. This chart is in a different order than the version used in Phase 1 Report: this chart clusters *King County funding sources* (CFT through REET 1), *external public funding sources* (Flood District, grants), and *private funding sources* (TDR through Private Philanthropy). The cost savings from leaving lands enrolled in CUT is no longer shown as revenue, but is counted as an avoided cost in the financial model.

FIGURE 4. EXISTING AVAILABLE CITY FUNDING AND THE ESTIMATED CITY FUNDING GAP



Note: The estimated funding gap does not include operations and maintenance of City-purchased lands or the Open Space Equity Program.

FIGURE 5. EXISTING AVAILABLE COMBINED FUNDING AND THE TOTAL ESTIMATED FUNDING GAP



Note: The estimated funding gap in Figure 5 also includes the Open Space Equity Program estimated cost. It does not include the estimate cost of operations and maintenance of newly-acquired lands which will be funded separately through the King County Parks Levy.

Our stated preference in the Phase 1 Report was a restoration of the original Conservation Futures Tax (CFT) with the possibility of restoring the rate a second time midway through the 30-year period. CFT is a familiar funding source for conservation land acquisition and the allocation process is built around a grant process reviewed by a citizen-led committee that can address emergent needs over time. However, we left all four funding sources on the table for further consideration.

“As between the four options, the Advisory Group most strongly supports the idea of using the Conservation Futures Tax (CFT) to fund the Land Conservation Initiative. That said, at this time, we would leave all four funding sources on the table for further consideration.”
– Phase 1 Report

We continued to explore these public funding options in Phase 2 in order to fill the remaining estimated funding gap illustrated in **Figure 5**. The County updated the summary information presented in the Phase 1 Report to illustrate the implementation and impact on a median assessed value King County home for an estimated funding gap of \$1.89 billion, which can be found in **Exhibit G**. All four options would require countywide voter approval, and the proceeds of all four would be remitted to the County for allocation regionally. Three of the options are property tax based.

We believe all four public funding options are viable tools to fund the Initiative. Each has its own benefits and drawbacks. CFT is an existing and dedicated funding source the County and cities have used for the last 35 years for purposes aligned with this Initiative (conserving lands used for low-impact passive recreational activities, including natural areas, urban green spaces, passive parks, regional trails, working farms and forests). Resetting CFT to its original 6.25 cents/\$1,000 assessed value (AV) from its current 4.14 cents/\$1,000 AV, and strategically resetting to 6.25 cents up to two additional times would effectively fill the funding gap to achieve the goals of the Initiative with a marginal impact of an additional \$10 per year for the median value home.²⁰ Any of the other three funding sources may become more viable given changing circumstances, but it is the opinion of the Advisory Group that resetting CFT would be the most effective funding strategy at this point.

²⁰ The actual additional cost per home will vary by geography and individual assessed home values. For example, the cost would be \$12 for the median assessed value home in Seattle, \$15 for the median assessed value home in Bellevue, and \$6 for the median assessed value home in Federal Way. \$10 is based on the average assessed value home countywide in 2017 (\$450,000).
(<http://www.kingcounty.gov/depts/assessor/Reports/annual-reports/~media/depts/assessor/documents/annualreports/2017/17AVByCity.ashx?la=en>)

With regard to the pace of the Initiative we applaud the County's goal of finishing the job in 30 years. At the current pace of acquisition, it could take more than seventy years to acquire all the lands identified in this Initiative and cost at least \$20 billion, and too many opportunities would be lost over that timeframe to truly finish the job. By targeting 30 years, the region would save \$15 billion and we would lose far fewer opportunities. After further studying the issues during Phase 2, particularly the rate at which land prices escalate over time relative to revenue streams, we strongly encourage King County to pursue completion of the Initiative faster than 30 years, because it will save the region money and it will preserve more opportunities before they are lost.

As described earlier in our report, the County worked with cities to identify the cities' priorities for high conservation lands as well as incorporate equity and social justice considerations into the Initiative. Since establishing the initial 30-year timeframe for protecting 60,000 acres in the unincorporated area, the Initiative has added \$160 million to address Equity needs, and \$1.58 billion to address 3,200 acres of conservation priorities inside cities. With these additions, the County demonstrated how it is still possible to fund the work within 30 years or less through the four public funding options.

Acceleration below 30 years saves money but changes the annual cash flow needs. Many of the existing land conservation revenues cannot reliably be pulled forward or bonded against, for example REET, grants, TDR revenues, philanthropy, and other private revenue. This means nearly all the accelerated cash flow needs have to be covered by the revenue from the public funding source filling the gap. With any of the four public funding options, the ultimate targeted timeframe will drive the Initiative's total cost and the amount of public funds needed to be raised. There is a trade-off between recommending a public funding option with a higher annual household cost in order to save total costs in the long run. We understand that with the current economic and real estate climate, land prices will continue to rise and acquiring lands sooner will reduce the overall costs.

For three of the four funding options (REET 3, levy lid lift, G. O. bond), acceleration can be achieved by simply setting the rate to match the funds needed in the specific time period. For example, a 15-year acquisition strategy contains 15 years of existing land conservation revenue streams and would need an associated rate proposed to raise the rest through the recommended public funding option as illustrated in **Table 3**.

TABLE 3. COMPARING THE COSTS AND PUBLIC FUNDING OPTIONS BETWEEN 30- AND 15-YEAR TIME PERIODS

Acquisition Pace	30 Years		15 Years	
Estimated Total Cost	\$4.14 billion		\$2.95 billion	
Total Available Funding	\$2.25 billion		\$0.92 billion	
Funding "Gap"	\$1.89 billion		\$2.03 billion	
	Public Funding Options to Raise Funds	Estimated Impact on \$450,000 AV House or Real Estate Transaction	Public Funding Options to Raise Funds	Estimated Impact on \$450,000 AV House or Real Estate Transaction
REET III (%)	0.09%	\$405/transaction	0.26%	\$1,170/transaction
Levy Lid Lift (cents)	7.92 cents	\$36/year	20.47 cents	\$92/year
G.O. Bond (size of bond)	\$1.89 billion	\$80/year	\$2.03 billion	\$89/year

Accelerating the pace using our preferred funding option – CFT – is more complex. From the work completed in Phase 1, we know that the CFT levy rate can only be restored up to 6.25 cents/\$1,000 AV as set in state law. The County could not simply set the CFT rate at whatever level is needed to match the funds needed in a specific time period. One benefit of that cap is the annual impact to the median value household remains \$10/year regardless of the acceleration strategy. Analysis by the County shows us that funding O & M through the King County Parks Levy, resetting the CFT rate three times rather than twice, and adjusting CFT policies to allow for more bonding against CFT will allow us to “fill the gap” within 30 years or less.

As noted in the Funding Gap section above, we recommend shifting the O & M associated with the newly acquired lands to the Parks Levy. Doing so has the added benefit of aiding the CFT funds’ ability to accelerate the pace by focusing it on acquisitions. We acknowledge that there are risks to having a potential vote on CFT in 2018 followed by a Parks Levy vote in 2019 (as well as relying on subsequent Parks Levy renewal votes every six years), but we are reassured by the high degree of confidence voters have shown in King County Parks as the last levy passed by more than 70%. We strongly encourage the County to pursue all available opportunities to further accelerate the pace. In order to further create the ability to accelerate the pace faster than 30 years, we recommend the County also consider the following:

- Remove the County CFT debt policy cap of 50% of CFT revenues to enable additional bonding to maximize the amount of capital pulled forward.
- Instead of resetting CFT twice over a 30-year period as contemplated in Phase 1 Report, reset CFT three times over a 20 to 25-year period.

IV. IMPLEMENTATION GUIDELINES AND PROCESSES

While we reached consensus on a set of recommendations advising the King County Executive and King County Council on how to proceed with the Land Conservation Initiative, we recognize there is much work ahead for King County, city government agencies, and other organizational partners to establish specific implementation guidelines and processes. Although developing recommendations about implementation is beyond the scope of our work as an Advisory Group, we urge the County and partners to work in a collaborative and transparent way to ensure the Initiative results in widespread on-the-ground success as expediently as possible. This is an opportunity to demonstrate good government and inter-governmental collaboration so the benefits of the Land Conservation Initiative accrue to all communities in King County in a timely way.

Below is a list of key areas we expect the County and partners to continue working in the months and years ahead:

- Continue conversations between county and city governments regarding identification of opportunities to conserve urban green space, including parcel specific data and detailed cost estimates when possible. To the maximum extent possible, the County and city partners should seek to align goals of the Initiative with the conservation goals of city and non-profit organization partners.
- Develop a fair and transparent system for allocating new funds, building on the existing CFT Citizen's Oversight Committee process.
- Engage communities directly to understand how to best address disparities in access and proximity to green space.
- Explore how to ensure newly acquired urban green space is well loved and well used; this may involve continued engagement with the private sector to support programming at newly acquired urban green spaces.
- Reach common understanding with city partners regarding distribution of Parks Levy funding for operations and maintenance.

The list above is by no means exhaustive or complete. We are encouraged that conversations along these lines are underway now and strongly recommend they continue.

V. SUMMARY

Having deliberated for the last sixteen months upon the vision and the work plan to accomplish the Initiative, we issue this final report and provide the following final recommendations:

Vision

- We endorse the goals and strategies of the Executive's Initiative to protect and secure the 65,000 acres of remaining high conservation value lands within the next 30 years.

Equity

- Equity must be an over-arching theme across this entire Initiative. Land protection is a region-wide benefit; the County and cities must ensure these benefits accrue to all residents.
- Set a base level of investment in open space equity by dedicating at least \$160 million specific to the task of eliminating disparities in access to public open spaces and trails in communities with the greatest and most acute needs. This dedicated funding is in addition to all the rest of the funding raised in the Initiative for which these priority areas are equally eligible.
- Advance Open Space Equity work early next year to engage cities and communities about the opportunities through this Initiative, and to establish community readiness in two or three initial priority areas.
- Establish an Open Space Equity cabinet to set policy, and oversee and monitor progress towards the addition of green spaces in priority areas.

Operations & Maintenance

- Provide funding in the King County Parks Levy to adequately fund operations and maintenance (O & M) of newly acquired lands to ensure new lands acquired by the County and by cities retain their conservation value, are clean, safe, and welcoming to the public; funding should be adaptable to the County's and cities' unique needs.

Ongoing Work with Cities

- Work with city partners to identify the remaining city acquisition priorities.
- In partnership with cities, develop a fair and transparent system of allocating funding that balances the need to bring funding forward through bonds to

accelerate major acquisitions, with the need for continued flexibility to respond to emergent acquisition opportunities.

- Continue on-going County-city dialogue regarding implementation of the Initiative that is beyond the scope of this Advisory Group's recommendations.

Funding & Pace

- Pursue all available opportunities to further accelerate the acquisition pace, as real estate prices rise and development pressures continue to grow, including updating the King County Conservation Futures Tax Levy (CFT) policies to allow bonding against more than 50% of CFT revenue. Accelerating the pace to within 30 years will save an estimated \$15 billion and make it possible to secure these lands before they are lost.
- Rely on the Current Use Taxation (CUT) program as a strategy for protecting high conservation value lands that are not immediately at risk of development and implement a CUT "enrollment drive" for high conservation value lands that may not be immediately available for conservation acquisition; prepare to act swiftly if a CUT-enrolled property becomes vulnerable to withdrawal from the CUT program.
- Leverage public dollars from the Initiative to help steer philanthropic and other private funding to this Initiative in partnership with non-profit organizations.
- Reset the CFT levy to its original 6.25 cents/\$1,000 assessed value (AV), and consider up to two additional future resets of CFT to fill the funding gap. This will have a \$10 per year impact to the median value home in King County.

In summary, we are blessed with a strong community ethic in this region. We understand the need to come together across many jurisdictions, in all our diversity, to protect this very special place where we live. We can protect the livability, health, and ecological integrity of our region—for everyone—if we act now. We choose action. And we are convinced that the people who live here today and in generations to come – with their great energy, engagement, and dedication – will agree.

EXHIBITS

Exhibit A. King County Land Conservation Advisory Group Members & Support Staff

Phase 2 Advisory Group Members

Larry Phillips – Co-Chair, former King County Councilmember and State Legislator

De'Sean Quinn – Co-Chair, Tukwila Councilmember and Forterra Board Member

Jesús Aguirre/Christopher Williams, Seattle Parks and Recreation Department

Lylianna Allala, Seattle Parks District Oversight Committee

Marc Berejka, REI

Tom Dean, Vashon-Maury Island Land Trust

Patti Dill, Community Member

Gene Duvernoy/Leda Chahim, Forterra

Ken Hearing/Matt Larson, Mayor of North Bend/Mayor of Snoqualmie

Jon Hoekstra, Mountains to Sound Greenway Trust

Leann Krainick, King County Agriculture Commission

Terry Lavender/Mark Johnsen, Conservation Futures Citizens Oversight Committee

Hank Margeson, Redmond City Council

Nelson Mathews/Richard Corff, Trust for Public Land

James McNeal, Bothell City Council

Louise Miller, former State Representative and King County Councilmember

Michael Orbino, John L. Scott Real Estate

Alanna Peterson, Washington Trails Association

Steve Shestag, The Boeing Company

Mike Stevens/Mo McBroom, The Nature Conservancy

John Stokes, Mayor of Bellevue

Steve Whitney, Bullitt Foundation

Support Staff

Advisory Group Facilitator:

Barbara Cairns, Pyramid Communications

King County Department of Natural Resources & Parks (DNRP) staff:

Christie True, Director

Bob Burns, Deputy Director

Charlie Governali, Land Conservation Project Manager

Darren Greve, Project Manager

Doug Hodson, Finance Manager / Funding Strategist

Jennifer Lehman, Parks Initiatives Financial Modeler

Ingrid Lundin, Conservation Futures Program Coordinator

Michael Murphy, Transfer of Development Rights & In-Lieu Fee Mitigation Program Mgr.

Phase 1 Advisory Group Members

Larry Phillips – Co-Chair, former King County Councilmember and State Legislator

De'Sean Quinn – Co-Chair, Tukwila Councilmember and Forterra Board Member

Jesús Aguirre/Christopher Williams, Seattle Parks and Recreation Department

Lylianna Allala, Seattle Parks District Oversight Committee

Marc Berejka, REI

Tom Dean, Vashon-Maury Island Land Trust

Tamara "TJ" DiCaprio, Microsoft

Patti Dill, Community Member

Gene Duvernoy/Leda Chahim, Forterra

Jon Hoekstra, Mountains to Sound Greenway Trust

Greg Johnson, Wright Runstad & Company

Martha Kongsgaard, formerly of Puget Sound Partnership Leadership Council

Leann Krainick, King County Agriculture Commission

Paul Kundtz, Trust for Public Land

Terry Lavender, Conservation Futures Citizens Oversight Committee

Hank Margeson, Redmond City Council representing Sound Cities Association

James McNeal, Bothell City Council

Louise Miller, former State Representative and King County Councilmember

Michael Orbino, John L. Scott Real Estate

Alanna Peterson, Washington Trails Association, Pacifica Law Group LLP

Steve Shestag, The Boeing Company

Vandana Slatter, former member, Bellevue City Council

Mike Stevens/Mo McBroom, The Nature Conservancy

Nate Veranth, King County Rural Forest Commission

Steve Whitney, Bullitt Foundation

Support Staff

Advisory Group Facilitator:

Karen Reed, Karen Reed Consulting LLC

King County Department of Natural Resources & Parks (DNRP) staff:

Christie True, Director

Bob Burns, Deputy Director

Michael Murphy, Transfer of Development Rights & In-Lieu Fee Mitigation Program Mgr.

Ingrid Lundin, Natural Lands Planner

Charlie Governali, Land Conservation Project Manager

Exhibit B. Phase 1 Advisory Group Report – Executive Summary

“The Advisory Group endorses the Initiative, recommends some adjustments to the proposed scope, and requests that the County undertake a second phase of work. The Advisory Group requests to be reconvened in the fall of 2017 so it can issue a final set of recommendations before the end of 2017. Final endorsement of the Initiative is dependent upon the Advisory Group’s review of the Phase 2 work and further deliberation on the issues noted in this report.

The Advisory Group’s main Phase 1 recommendations include:

- Adding a sixth category of lands to the Initiative: *urban green space*. This category should be generally consistent with the County’s five land categories identified above and should be defined through work with cities and historically underserved communities in the next several months before the Advisory Group is reconvened.
- Working with cities to complete a list of urban priority lands and trails in the next six months, and to ensure ongoing funding is available to cities to preserve both high value conservation lands and urban green space that cities may identify later.
- Working to better define and quantify the interest of some cities in finding revenue sources for restoration of urban green spaces already in public ownership, as well as city needs for park land maintenance dollars.
- Incorporating equity and social justice considerations into the Initiative, including addressing disparities that exist amongst some communities regarding access and proximity to open space and green space, and working with historically underserved communities to identify the types of urban green spaces that they value most.
- Refining cost assumptions with respect to the 66,000 acres of identified King County priority land, and the acreage yet to be identified inside cities.
- Working to better describe and effectively communicate the broad range of environmental, human health, community resilience, and economic prosperity benefits that could be derived from this Initiative.
- Ensuring that acceleration of funding is available so that quick action can be taken to preserve lands under threat of development.
- Developing a strategy that will ensure both success of the Initiative as refined over the next several months, and renewal of the current County Parks Levy.
- Leaving four potential public funding sources on the table for now, pending further work to refine the scope and cost of the Initiative. Of the four public funding options discussed, the Advisory Group is most strongly supportive of Conservation Futures Tax. The group expressed a lesser degree of support for new real estate excise tax authority, another property tax levy or general obligation bonds as Initiative funding sources.

- Doing additional work to test the assumptions about the role of private funding in supporting the Initiative.
- Proceeding with a sense of urgency, as development pressures continue to grow.
- The Advisory Group requests work proceed over the next several months, with the County working in concert with cities and other stakeholders, to address the items outlined above, in order that the Advisory Group may be reconvened early in the third quarter of 2017 to review the results of this work and issue a final report and recommendations before the end of 2017.
- The Advisory Group believes that by preserving the remaining natural areas and open spaces in our rural and urban areas, ensuring accessible green spaces in every community, strengthening our region's commitment to preserve working farms and forests, and completing our trail networks, we can ensure King County remains one of the best places in which to live and work for generations to come."

Exhibit C. City Feedback

The following high-level summary of feedback from more than 70 meetings County staff held with all 39 cities in King County was presented at Meeting 1 of the Phase 2 Advisory Group. A more detailed summary is on the Land Conservation Advisory Group website under Meeting 1 materials.

1. “Urban Green Space” Category?

- *“Conservation lands, green spaces, trails and forests within cities which contain many of the community & ecological benefits of the preceding categories. These lands offer opportunities for public use such as walking, picnicking, community gardening, or other nature-based, passive recreation activities.”*
- Cities were supportive of this category
- Several cities want to add land for both active & passive uses

2. Open Space Equity?

- Generally supportive, as long city and county-identified priorities are adequately funded and it’s not too large a share of the whole
- Mapping of underserved areas may not reflect all issues (e.g. walkability, pockets of limited access, low quality sites). Consider criteria as well as map?
- Potential philanthropic focus on addressing inequities with regard to open space distribution

2a. Other Interpretations of “Equity”

- Equitable distribution of funds between cities and King County.
- Varied perspectives on cities’ “share” of funds:
- Interest in receiving funds proportionate to what their taxpayers pay (often larger cities).
- Interest in the opportunity to compete for funding based on project merit, beyond what a certain city’s taxpayers contribute (often smaller cities).
- Supporting jurisdictions with fewer financial resources (e.g. reduced match).
- The need for open space/parks may be lower in rural areas; however cities in a rural setting feel they serve regional recreational needs without receiving regional compensation.

3. Funding Maintenance on Newly Acquired Lands?

- Most cities supported maintenance funding for new – and existing – lands. A few cities believe they have adequate funding.

4. Additional Capital Funding Needs?

- Most cities supported funding for ecological restoration and development of public use trails/opportunities both on existing and newly acquired lands (programming opportunities also were mentioned).
- Varied responses about prioritizing maintenance vs. acquisition
- Focus first on maintaining and restoring/redeveloping the lands that they already own.
- Focus on protecting new lands now before they're gone (typically those cities valued funding for *both* acquisition and capital work).

5. Funding Options?

- **Property Tax, General Obligation Bond:**
 - Concerned that cities rely on levies and bonds for local needs
 - Levy suppression issues for junior taxing districts
 - Higher approval level needed for a bond a potential concern
- **Conservation Futures**
 - General support for this option
 - Questions about how to accommodate more intensive uses
- **REET 3:**
 - Curious about REET 3 as a new approach to funding
 - Noted potential complications of initiating a new revenue source
- **Parks Levy:**
 - Interest in receiving more flexible Parks Levy funds
 - Expand Parks Levy rather than try for a separate measure?

5. Funding Options – Additional Feedback

- Match is a challenge (zero match or reduced match?)
- Funding distribution
- Distribute based on collections or by merit?
- Accommodating urgent or emergent priorities?
- Maximize private funding
- Concern that urban residents contribute the most funding, and funds are transferred to rural priorities
- How to select a funding source that does not negatively impact those with the least resources?

6. Other Funding Sources Used for Conservation?

- CFT, RCO, Parks Levy

- REET, general fund, SWM
- City levies or bonds
- Park impact fees, dedications, zoning, TDR, current use taxation

7. Additional Feedback

- Concern about rapid development and loss of open space
- Need for walkable urban greenspaces to compete for employers & employees – land conservation relates to cities' economic growth
- Heavy local tax burden already (Sound Transit & State budget)
- Competing issues (e.g. homelessness, housing)
- Opportunities for inter-jurisdictional coordination
- Concern about state-managed growth targets
- Education needed about importance of natural land and passive uses
- "Go big or go home – be audacious!"

Exhibit D. Private Philanthropy Findings

Finding #1

Generally speaking, the majority of philanthropic funding comes from individual donors. Foundations are a distant second and corporations an even more distant third. Despite a handful of generous businesses across the Puget Sound region, it is important to have realistic expectations about philanthropic giving towards this Initiative, especially from corporations. Assumptions regarding corporate philanthropy should trend lower rather than higher.²¹

Finding #2

Philanthropic funding tends to focus on advocacy and capacity building and much less on outright land acquisition – this theme holds true for individuals, corporations, and especially so for foundations. Few foundations, environmental or otherwise, fund outright land acquisitions in a significant way; they did 15-20 years ago, but now much less so. High costs of real estate steer foundations away from land acquisitions towards trying to make broader impacts across large geographic areas through programmatic and capacity building work.

Some corporate, individual, and foundation donors may fund the real estate acquisition aspects of this Initiative, but to a very limited degree. It is important to be conservative in assumptions regarding the amount of private philanthropic funding that would go towards direct acquisition of real estate. It is better to assume the majority of philanthropic funding would help pay for programmatic and transaction-related work to secure and protect lands.

Finding #3

We should not expect this Initiative to induce a great deal of additive potential or additional philanthropic giving from the existing base of individual, foundation, or corporate conservation donors. \$50 million in additional giving from the current base of conservation donors is unlikely. No matter what the scale, whether you are an individual, corporation, or foundation there is a budgeted annual amount of dedicated giving that is not often exceeded. There are many local issues, such as affordability and homelessness, that would compete alongside this Initiative for the philanthropic dollar; this Initiative is not a topic or issue that would induce a great deal of giving beyond amounts already given by traditional donors to non-profit organizations for land conservation. However there are some promising areas of new potential – which is about expanding the donor base beyond the established base of conservation donors, as described in Finding #4 below.

²¹ Local conservation non-profit organizations report that 90% of giving is from individuals, not corporations; and most capital campaigns focus on a large base of individual donors year after year and less on corporations and foundations.

Finding #4

The Initiative offers some potential to broaden the base of conservation donors and access new channels of private philanthropy. There are two areas of opportunity. The first is new wealth in the region – at both the individual and corporate levels. However the potential from this source is a big question mark that all local non-profit organizations are seeking, but no one knows with any certainty how much is really available.

The second, and more promising, area of opportunity lies in establishing partnerships with healthcare providers. Because this Initiative can successfully make the connection between better human health and mental health through more and better access to urban open spaces (especially in the Priority Areas outlined in Section E for open space equity) there is strong potential to partner with healthcare providers to deploy their private contributions towards health-related outcomes. Healthcare providers are 501.c.3 organizations; as such they have a fiduciary obligation to deploy a certain amount of funds annually to maintain tax exempt status. They do so through their “Community Benefit” funding. Most healthcare providers, and the thirteen area hospitals, contribute a portion of their Community Benefit funds to “healthy lifestyle programs” like walkability and physical activity programs which is an especially relevant channel of giving that this Initiative is well poised to access. ²²

Finding #5

As mentioned in Finding #3, additional giving from the existing conservation donor base will be limited. Therefore, harnessing the matching power of the public dollar to help steer some of the existing philanthropic funding to this Initiative will be important. The key becomes aligning some of the work of non-profit partners to the vision and goals of this Initiative. The philanthropic strategy becomes, in part, about sponsoring a “non-profit - local government partnership.”

The matching potential of this Initiative’s public dollar to the private philanthropic dollar (at 10:1 or 5:1 ratios) can multiply impacts and outcomes on the ground, and should help with non-profit alignment, as it creates a compelling story to individual, corporate, and foundation donor bases.

²² In 2015 Seattle hospitals spent \$600 million on Community Benefits, most of which goes to unreimbursed Medicare/Medicaid services and uninsured patient care. However, of this 2015 amount a subset of 8 of the 13 area hospitals spent \$41 million on community health programs specifically on healthy lifestyle programs. If the Initiative were able to access 1% of this annual deployment of \$41 million for Community Benefit healthy lifestyle programs, the Initiative could attract \$400k/year. And, the Group Health Community Foundation is expected to deploy \$90 million/year for community health and health related outcomes. If this Initiative were able to access just 0.5% of GHCF’s expected annual giving that would translate into \$450k/year.

Exhibit E. Summary of Strategies Considered for Utilizing Impact Investing and Other Returns-Seeking Private Capital

Private capital can be drawn upon by non-profit and for-profit partners who use it to make acquisitions and hold acquired interests until the County or cities assemble the public funding necessary to purchase those interests. The County already has, and frequently makes use of, agreements with non-profit partners who source private capital to act quickly on threatened lands and do short-term holds. For large-scale, revenue-generating properties, such as working forestland, there is also potential for for-profit partners like Lyme Timber, Ecotrust Forest Management, and others to conduct longer-term buy-and-holds for the County. Additionally, discussions are underway about the potential for non-profit partners to raise from private sources a large (>\$100M) equity fund to purchase a large number of priority parcels and hold them longer-term before purchase by the County. The County would need to weigh the strategic benefits and financial costs of this partnership relative to issuing its own bonds to front-load acquisitions in time. The rate and pace of landowner willingness should be one of the major factors in this consideration. However, a partner buy-hold-sell-to-the-County strategy could help improve the overall conservation success rate for the Initiative and particularly improve the chances of success for partial acquisitions without the County having to undergo its costly surplus process.

There is also potential for foundations whose missions align with the Initiative to utilize their assets directly in support of the Initiative. One way this may be done is via program-related-investments (such as low-interest bridge loans), though research conducted by County staff suggests that this will have relatively limited applicability to the County's own acquisition efforts. Foundations (as well as impact investors) with large balance sheets may also support the Initiative by using their assets to provide loan guarantees if the outcome is for a public benefit that aligns with the mission of the foundation / impact investor. This is an increasingly common tool for local governments to lower their costs of borrowing. The loan guarantee (or line of credit) creates a reduced-risk environment for the institutional lender who is lending to the local government, which can translate into interest rates that are 0.5% below the municipal bond markets. This approach has applicability to this Initiative if the County were to bond against future revenues to accelerate the rate of land acquisitions.

County staff have also presented several "fill-the-gap" strategies for using private capital to permanently protect working forests. The County, or city governments, may be able to borrow from the Clean Water State Revolving Loan Fund (CWSRF) and lend these dollars on to returns-seeking timberland investors at below-market rates – in exchange for incremental donation of conservation easements on a priority timberland property that the investor acquires ("conservation-in-lieu-of-interest" loan). Many enabling conditions must be in place for this to be feasible, but success in other states, and recent beneficial changes to the Washington

CWSRF rules, indicate there is potential for this in King County. There are also discussions ongoing between the County and non-profit partners about the potential for a non-profit partner to take the lead in protecting all of the working forestland identified by the Initiative – through debt-funded aggregation scheme that would eliminate the need for public acquisitions funding.

Exhibit F. Recommendations for Realizing the Projected Private Funding From New Ecosystem Services Credit Programs

In order to realize the projected private funding from new ecosystem services credit programs, new efforts will need to be undertaken by the County and its partners:

- The County should allocate the necessary resources as quickly as possible to complete assessments of viability for private funding streams based on carbon credits (both rural and urban) and stormwater credits (specifically, low-impact development flow-control credits).
- Presuming no adverse findings in the completion of these assessments, the County should move forward with urgency in creating the necessary policies and programs. For carbon, in particular, continuing to conserve lands without considering carbon credit generation off these lands risks leaving behind substantial private funding.
- For both carbon and stormwater, city governments' participation is critical to achieving the projected private funding streams for land conservation. Cities and the County should work together to take full advantage of this opportunity. Non-profit partners will also be critical, particularly so for carbon.
- Given that carbon credit purchase is one of the only mechanisms through which many companies may make significant contributions directly to protecting priority lands, the County and its non-profit partners should make outreach about carbon purchase a key part of ongoing business community engagement for the Initiative.
- The County, cities, and non-profit partners should collaborate in reaching out to the real estate development community with regards to development of stormwater credit programs. Properly structured, offsite purchase of stormwater credits could be a tool for developers to minimize negative stormwater impacts but also maintain development flexibility when standards are raised in the future.
- The County and its partners should continue to explore opportunities for other types ecosystem services credits to be created wherever such credits offer the opportunity for substantial generation of private funding for the conservation of this Initiative's priority lands.

Exhibit G. Public Funding Options Summary

Source	Implementation Mechanics	Revenue Generated	Potential Cost for \$450,000 AV home ²³
Conservation Futures Tax (CFT)	50% voter approval; no minimum voter turnout. Originally authorized at 6.25¢, has eroded to 4.14¢ in 2017, and will continue to erode as AV is projected to rise.	Restore to 6.25¢ in 2019 generates an additional \$15 million in year 1 and an additional \$618M over 30 years . Additional restorations to 6.25¢ can generate new revenue as the restored rate erodes. Bonds can then be sold against the additional revenue generated.	Increase of \$10 per year (from \$18 per year to \$28 per year) on a \$450K home.
REET 3	50% voter approval; no minimum voter turnout. Can be authorized at rate of up to 1%. It is a tax on the property buyer. Both REET 1 and 2 are in effect in King County; these are taxes on the property seller.	A 0.09% tax would generate \$1.89B over 30 years .	At 0.09%, buyer pays \$405 on a \$450K transaction; \$9,000 on \$9M transaction.
Property Tax Lid Lift	50% voter approval; no minimum voter turnout. Structure can vary as to years imposed, rate imposed. King County Parks Levy authorized in 2014 at rate of 18.77¢ per \$1,000 of assessed value and expires in 2019. Could reduce the taxing capacity of junior taxing districts such as parks districts.	Options here could include: A shorter term, higher tax rate levy. More money available for acceleration. Higher rate costs property owners more per year, for a shorter duration. Levies of up to 6 years can include inflation adjustor (exempting receipts from 1%/year growth limit) A longer-term, lower tax rate levy. Cannot bond against a levy longer than 9 years – limits money available to accelerate purchases. Lower rate costs property owners less in any single year.	In 2019, a countywide 1¢ property tax levy is estimated to generate \$5.7 M, and cost \$4.50 per year for a median homeowner (home value of \$450,000). A 30-year levy lid lift with a year 1 rate of 8.23¢ generates \$1.89B over 30 years, and would cost a homeowner \$37 per year on a \$450K house.
General Obligation Bonds	60% voter approval Validation requirement	Assumes the funding gap is raised in year 1 with a 30-year bonds to generate \$1.89B .	A 30-year bond at 3.7% costs \$83 a year on a \$450K home.

²³ Median assessed home value county-wide in 2017

For more information please visit: <http://www.kingcounty.gov/land-conservation>



**So many things we can't
do anything about,
THIS ONE WE CAN.**
