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WHATCOM COUNTY COUNCIL
Planning and Development Committee

July 22, 2003

The meeting was called to order at 3:05 p.m. by Committee Member Laurie Caskey-Schreiber in the Council Chambers, 311 Grand Avenue, Bellingham, Washington.

Present:

Dan McShane
Seth Fleetwood

Absent:

None

Also Present:

Barbara Brenner
Sharon Roy

COMMITTEE DISCUSSION

1. DISCUSSION REGARDING THE PURCHASE OF DEVELOPMENT RIGHTS PROGRAM – FUNDING ROUND I APPLICATIONS (AB2003-198A)

Kraig Olason, Senior Planner, stated that as soon as they find out the funding situation with the U.S. Department of Agriculture (USDA), they will know more. Whatcom County will get much less than they hoped. There are reasons to move ahead with purchasing the three properties. There is only one Council meeting in August. He wants to ensure that they can get at least one appraisal done this summer. The appraiser has an opening in October.

The Purchase of Development Rights (PDR) Committee encouraged him to go back through the target areas since they've found out there is not enough speculative market value over the farmland value to get the farmers through the door. Rural land is what's left.

McShane asked if the value is so speculative that the development right doesn't have much value at all if the land hasn't been zoned for more than one house per 80 acres. Olason stated that is what the appraiser is saying, in the agriculture zone. If someone is adjacent to Lynden, there is more value. There is one application, the Mouw property, that is adjacent to Lynden. The question will be how the Mouw appraisal will come out. They did a survey to get an idea of the range of values.

The Gorseigner property, which rated number two, is the one the USDA rated as the highest property that Whatcom County submitted. It is rated fifth out of 29 farms overall that made application. He doesn't know if there will be enough money

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1 to fund that farm. They have almost run out of money, and will hopefully find
2 additional funds. They felt confident that there may be some money available.
3

4 Caskey-Schreiber stated it sounds like it will take time before they find out if
5 there are additional federal funds. She is hesitant about putting the program on
6 hold. Olason stated it won't take months. The County has until September 30 to
7 get a completed agreement with the federal government. If they don't appropriate
8 the money, it goes back into the fund and gets lost. It could happen the end of this
9 week or the end of this month.

10
11 Brenner stated the federal contribution is not a total match. She asked if that
12 would make the rules more flexible. The farmers would rather get paid in
13 installments. Olason stated that if the County takes payment from the federal
14 government, it has to be done according to USDA rules, which is in one lump
15 payment. The County could consider installment payment options for the other two
16 properties. When staff got together with the PDR committee, the committee
17 members were concerned that the County doesn't stall too long on moving forward.
18 Round two is open right now. He's only received one call regarding round two.
19 Everyone is waiting to see how this round goes. The committee recommended
20 taking all three applications and starting the program off strong. Then look at
21 funding issues as they relate to Conservation Futures funds.
22

23 Caskey-Schreiber asked if the PDR Committee looked at implementing
24 payment options. Olason stated he has information (*on file*) on costs. He met with
25 the Finance Division and Treasurer's Office about doing this. The costs in his
26 handout are based on a survey that estimated the cost range from high to low. He
27 chose the high numbers for the cost estimates on this handout. These numbers
28 could be adjusted once they receive the appraisals.
29

30 The cost estimates for all three properties total \$1.8 million. Additionally,
31 there are appraisal fees the County would have to pay. There is also the contract
32 with the Whatcom Land Trust. That money will go into an account for the long-term
33 legal monitoring and enforcement for the conservation easement. It is a one-time
34 cost, estimated at six percent of the first \$100,000 and four percent of the
35 remaining value.
36

37 Brenner asked if there is any chance they can renegotiate the contract
38 amount for the Whatcom Land Trust. That number looks very high. She asked if
39 that cost can come out of the Conservation Futures fund. Olason stated it could.
40 This one-time contract payment is for many years of annual monitoring with
41 enforcement responsibility that the County won't have. They will have to go out
42 every year to make sure the easement hasn't been violated. The easement's
43 overall intent is to maintain the land so it's viable for agricultural use in perpetuity.
44

45 Brenner stated a percentage doesn't feel accurate. She asked if they could
46 renegotiate.
47

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1 Roy stated this is a one-time payment for the Whatcom Land Trust to manage
2 this property forever. When you look at it that way, it doesn't look like that much
3 money.
4

5 McShane stated the County is lucky that the Land Trust is doing this. Their
6 board is also taking a gamble. Olason stated a study was done that showed the
7 average cost for handling a violation being between \$30,000 and \$60,000. There is
8 a dispute resolution process in the easement.
9

10 Brenner stated the amount seems reasonable if they have to pay for a
11 lawsuit.
12

13 Olason stated there might be some other fees in the closing and escrow
14 process. They would also have to be accounted for. He provided a handout that
15 identifies the installment option (*on file*) as an alternative to a lump sum payment.
16 The Gorsegrner property won't be eligible for the installment option. It will be just
17 for Mouw and Holz.
18

19 The handout shows the different estimates for three different levels of
20 interest. The installment payments don't require the headaches that bonding
21 requires. When they discussed bonds, they looked at general obligation bonds and
22 revenue specific bonds. Brad Bennett generated the remaining pages of the
23 handout.
24

25 Brenner stated the payments over a certain amount of years would not
26 deplete the Conservation Futures fund as quickly.
27

28 Caskey-Schreiber stated that is correct, but it will cost the County to do that.
29

30 Olason stated they could also weigh the land appreciation value. Time is
31 money. Snohomish County is bonded and uses its Conservation Futures fund to pay
32 for the bond. Different counties have done this. They could roll the installment
33 payment monies into the bond after the fact. Considering the fact that they will
34 have a lot of fees with bonding, the simple interest option may be a better deal.
35 Bonds have a lot more limitations.
36

37 Caskey-Schreiber asked if the PDR Oversight Committee, Finance Committee,
38 or Executive have expressed a recommendation. Olason stated the original PDR
39 Committee included it as an option to work on. The PDR Oversight Committee is
40 fine with it. The question for the County is whether it is worth it for the extra
41 interest costs.
42

43 Brenner asked what Brad Bennett's recommendation was. Olason stated Brad
44 Bennett didn't think it would be that big of an issue. They would track it as a
45 liability against the Conservation Futures fund. There would be allocated liabilities
46 against the annual fund amount.
47

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1 McShane stated there will be a County debt policy that will come before the
2 County Council at some point in the future. There has been some discussion about
3 bonding in that context.
4

5 Olason stated it is an open space issue. There will be other Parks, PDR, and
6 other requests. There was some talk about having an overall plan for the County.
7 The more active the programs are, the bigger the issue will be.
8

9 McShane stated they need flexibility in the debt policies to take advantage of
10 opportunities. Olason stated Snohomish County came out with \$22 million from its
11 bond. They wanted to move forward with a large list of items.
12

13 Fleetwood asked the percentage of their overall program that money was able
14 to buy. Olason stated he would find out. They purchased more than agricultural
15 land.
16

17 Troy Holbrook, Program Coordinator, stated Snohomish County has an
18 established Conservation Futures program with a screening process and oversight
19 committee. They take in applications once per year, as do many other counties, go
20 through a screening process, rank them, and fund them according to their ability.
21 Seven years ago, the Snohomish County Council decided to fund all the projects,
22 which required the County to bond. The projects ranged from parkland to open
23 space. They are two years away from paying off that bond and making new
24 acquisitions.
25

26 Fleetwood asked if that was an annual deal. Holbrook stated they would wait
27 until the bonds are paid off and more funds accumulate into their Conservation
28 Futures fund.
29

30 Brenner asked how much there is in Whatcom County's Conservation Futures
31 fund now. Holbrook stated there is approximately \$2.2 million now. They receive
32 approximately \$750,000 annually.
33

34 Caskey-Schreiber asked if the County has a choice in interest rates. Olason
35 stated they would go with the market rate. An attorney will write up an installment
36 purchase agreement they can use. The market was previously at about one and a
37 half percent. It's not at three percent now. That may be an incentive for people to
38 get it paid off in five years instead of ten years. They won't have to pay five
39 percent.
40

41 Fleetwood asked about the Farm and Ranchland Protection Program. He
42 asked how long it has been in place. Olason stated it has been at least three or four
43 years.
44

45 Fleetwood asked if they can get a sense of the trend of how much they are
46 paying Washington State. Olason stated the number of states taking advantage of
47 the Act went up to 44 from 33. More states are participating. The Farm Bill allows

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1 for up to a certain amount annually to go into these programs. The amount they
2 authorized was reduced, and there were more participants.

3
4 The ranking criteria that USDA used for adjacency to other protected
5 properties is biased against a new program that isn't adjacent to anything. When
6 they target areas, every time they move to a new area, they are not going to have
7 anyone adjacent to anyone else. That will continue to be a problem. The ranking is
8 fairly competitive, so it's a big issue.

9
10 Fleetwood asked what they mean when they say they must demonstrate a
11 commitment to the program. They can obviously demonstrate commitment by
12 funding the whole thing. He asked the importance of funding everything, and if it
13 will increase the likelihood that they are eligible for money in the future. Olason
14 stated he didn't know. He would think they would try to encourage more programs,
15 but they chose to stick with known commodities. For Whatcom County's program,
16 the question is whether they are going to have a program that is based too solely
17 on the USDA funding. The successful programs are primarily funded through local
18 and state governments. Skagit County has a successful program in a way, but they
19 might not be able to continue if the USDA funds dry up.

20
21 Fleetwood asked how they differentiate in their decisions next year from this
22 year, assuming all the conditions are the same for round two. He asked when they
23 would decide that they would put the Conservation Futures funds to a park instead
24 of to this. Olason stated that goes back to a discussion of needing an overall,
25 countywide approach to open space. This is one program. They are going to have
26 to make those decisions.

27
28 Caskey-Schreiber stated the timing is crucial for these applications because
29 the areas are already zoned for development. These people have been waiting a
30 long time. This is different from how they might go about it in the future. That's
31 the impetus for acting now. It would encourage the agricultural community and let
32 them know that this program is important to the County and that the County wants
33 to keep as much acreage as possible in agriculture.

34
35 Brenner stated she supports buying the three properties. She would like to
36 wait and see if they get extra money from the USDA. Olason stated he would take
37 any extra money he can get.

38
39 **McShane moved** to recommend to the full Council that staff proceed with
40 the appraisals on the Holz and Mouw properties so the County can go ahead with
41 the three Round I purchases. Unfortunately, committing to farmland open space is
42 not free. They need to think beyond just the current program if they are really
43 going to be committed to this.

44
45 **Motion carried unanimously.**

46
47 Brenner stated she supported the motion.

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2 Roy stated she also supported the motion.

3
4 **OTHER BUSINESS**

5
6 There was no other business.

7
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9 **ADJOURN**

10
11 The meeting adjourned at 3:45 p.m.

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15 _____
16 Jill Nixon, Minutes Transcription

17
18 ATTEST: WHATCOM COUNTY COUNCIL
19 WHATCOM COUNTY, WASHINGTON

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24 _____
25 Dana Brown-Davis, Council Clerk

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24 _____
25 Seth Fleetwood, Committee Chair