

WHATCOM COUNTY
PURCHASE OF DEVELOPMENT RIGHTS
PROGRAM



Photo Courtesy of Farm Friends

Photographer: Jon Brunk

PROGRAM GUIDELINES

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I. INTRODUCTION

These Program Guidelines are authorized under WCC Title 3.25A and serve as rules and procedures for administering the Whatcom County Agricultural Purchase of Development Rights Program.

The Guidelines serve two functions:

- A. To provide an overview of the farmland preservation process for the property owner. Specifically, this information can be found in Section V.
- B. To establish the rules and operational procedures that the PDR Oversight Committee and the Administrator must follow when operating a Purchase of Development Rights program.

II. PDR PROGRAM OBJECTIVE AND PRINCIPLES

Responding to the loss of County farmland, Whatcom County Executive initiated the development of a Purchase of Development Rights (PDR) program in September of 2001. A PDR Advisory Committee comprised of farmers, citizens and conservation organizations were instructed to assist County staff in developing a proposal for County Council consideration.

A. Objective

In conjunction with other tools for protecting farmland, the Whatcom County Purchase of Development Rights Program will contribute to sustaining the farming enterprise in Whatcom County.

B. Principles

The PDR Program is to provide a strategic tool to protect critically located County farmland.

1. Contribute to the Preservation of the County's Agricultural Land Base

Encourage the retention of a critical mass of agricultural land to sustain the farm-related businesses and activities that are necessary to support the agricultural industry in Whatcom County. The PDR Program emphasis will be:

- a. Provide a buffer to encroachment of the agricultural core;
- b. Consolidate and protect large areas of agricultural land; and
- c. Address unique and regionally important farming activities outside the agricultural core that are under pressure of development.

2. Develop Effective Program Design

Create a voluntary tool for the preservation of productive agricultural land in the County that will:

- a. Provide farmers with the market based economic value for agricultural land without selling the land;
- b. Support and promote ongoing agricultural activity by offering an attractive option for farmers and landowners; and
- c. Provide for ongoing monitoring and enforcement.

3. Leverage Program Impact and Efficiency

Enhance and support a coordinated approach to the preservation of the agricultural land that will:

- a. Create community support for agricultural preservation initiatives;
- b. Complement and foster other County programs and policies to preserve farming and agricultural lands; and
- c. Leverage other public and private fund sources and provide or increase property owner incentives.

III. ELIGIBILITY CRITERIA

A. Priority Consideration

Areas around the county have been identified to receive priority consideration for PDR Program participation.

Twelve PDR Target Areas (shown in Appendix A) are priority farmlands that are located within designated areas of Everson, Beard Road, Ten Mile Road, east Hemmi Road, Laurel, south Custer, north Custer, Stein Road, west Lynden, north Lynden and northeast Lynden. Preservation of these areas can establish a perimeter of PDR farmlands against development encroachment into large blocks of agricultural lands.

Nine Rural Study Areas (shown in Appendix B) are priority farmlands that are located in Rural-zoned areas of Guide/Aldrich, Ten Mile, Loomis Trail, Custer, Harksell, East Badger, Minaker, Lawrence, and South Fork. These lands, due to their soils, land use, and proximity to core agricultural areas, are also deemed priority farmlands for program participation.

In addition, the lands zoned Agricultural in Whatcom County are also priority farmlands for program participation. Lands immediately adjacent to Ag lands or Rural Study Area lands will also be given priority through the selection process.

B. PDR Program Eligibility

Applications for PDR acquisition will be limited to the twelve PDR target areas during the first two selection rounds (over a period of 1 year to 18 months). Following the completion of two rounds, the eligibility criteria will be reviewed to determine whether to purchase land outside the target areas. Two factors will be important in this decision: 1. Availability of funding to expand the program and 2. Advancement of PDR Program objectives. PDR target areas will continue to receive preference over other farmland through weighted selection criteria.

All applicants for PDR Program participation must be within an Agriculture or Rural zoning designation. Properties located in Urban Growth Areas are ineligible to participate in the program.

IV. SITE SELECTION CRITERIA

All valid applications will be reviewed to determine if the acquisition of development rights will promote the PDR program’s goals and priorities. Selection criteria have been developed to guide, but not control, the review and assessment of eligible properties during each selection round.

In all selection rounds, valid and accepted offers on eligible properties of greater points shall be considered for purchase with available funds before properties receiving lower scores. The criteria, which will be used to evaluate the applications, are outlined below.

Rating instructions: The selection criteria allow for a score of up to 100, with all five criteria sections assessed. Each criteria section is rated and assigned a point value. Then each section is assigned a weight factor. The five weight factors add up to 1.0. When total point values for a section are multiplied by the weight factor, a score will be reached for that section. The total of the 5 section scores result in the final applicant score. Staff performs the ranking, with review and adjustment by the PDR Oversight Committee.

1. Land Evaluation

Productive farming and associated activities depend on soil capability (the suitability of soils for most types of field crops). Therefore, emphasis should be placed on the property’s soil characteristics. The scoring system uses the NRCS Prime Farmland classifications, LESA classifications and APO soils classifications. Higher points are assigned to better soils and lower points to poorer soils. Points are also assigned based on the productivity and/or characteristics of the soil (profile, texture, slope, other).

In addition, five points are added to the total soils score for each soil if the property has drainage tiles, flood protection or soil improvement infrastructure. If water rights are available on the property five more points are added.

Below is a table detailing the soil point system:

LESA Rating	APO or Non-APO Prime 1	Non-APO - Prime 2-6	None
1	90	80	0
2	85	75	0
3	80	70	0
4	75	65	0
No Rating	70	60	0
For all rows and columns add five points (not to exceed 100) if property has drainage tiles, flood protection, or soil improvement infrastructure.			
For all columns and rows, add 5 points (not to exceed 100) if water rights <u>are</u> available on property.			

Once a point value for the section is determined, it is multiplied by a weight factor to indicate the importance (weighted factor for Land Evaluation section has been 0.33, but is subject to ongoing review by the Committee).

2. Site Evaluation

The points for each criteria are based on a 100 point scale. Higher points are given to site characteristics that are more desirable, such as parcel size, characteristics that reflect a site's threat of conversion, such as proximity to high traffic roads or UGA, and characteristics that make a site more desirable to farming, such as available water rights.

1. Total size of parcel(s) (nominal acres)

a. <10	0 pts
b. 10-29	20 pts
c. 30-49	40 pts
d. 50-79	60 pts
e. 80-100	80 pts
f. >100	100 pts

2. Number of existing development rights offered under current zoning

a. 1-2	20 pts
b. 3	40 pts
c. 4	60 pts
d. 5	80 pts
e. >=6	100pts

3. Adjacent land is conserved by easement or other means (Whatcom Land Trust or NRCS CREP Program)

a. >1 mile	0 pts
b. ½ to 1 mile	25 pts
c. ¼ to ½ mile	50 pts
d. < ¼ mile	75 pts
e. Adjacent	100 pts

4. Percent of parcel actively farmed

a. 0-25	25 pts
b. 26-50	50 pts
c. 51-75	75 pts
d. >75	100 pts

5. Proximity to high traffic roads

- | | |
|----------------|---------|
| a. >1 mile | 0 pts |
| b. ½ to 1 mile | 25 pts |
| c. ¼ to ½ mile | 50 pts |
| d. < ¼ mile | 75 pts |
| e. Adjacent | 100 pts |

6. Proximity to UGA or city limits

- | | |
|----------------|---------|
| a. >1 mile | 0 pts |
| b. ½ to 1 mile | 25 pts |
| c. ¼ to ½ mile | 50 pts |
| d. < ¼ mile | 75 pts |
| e. Adjacent | 100 pts |

7. Percent of parcel surrounded within ½ mile by more intensive uses

- | | |
|----------|---------|
| a. >75 | 0 pts |
| b. 51-75 | 33 pts |
| c. 26-50 | 66 pts |
| d. <25 | 100 pts |

8. Number of platted lots

- | | |
|---------|--------|
| a. 0-2 | 20 pts |
| b. 3 | 40 pts |
| c. 4 | 60 pts |
| d. 5 | 80 pts |
| e. >= 6 | 100pts |

9. Water Rights available

- | | |
|--------|---------|
| a. Yes | 100 pts |
| b. No | 50 pts |

Once a point value for the section is determined, it is multiplied by a weight factor to indicate the importance (weighted factor for Site Evaluation section has been 0.33, but is subject to ongoing review by the Committee).

3. Special Considerations

1. Site contains heritage/historical significance
 - a. Yes 50 pts
 - b. No 0 pts
2. Site contains conservation values (viewsheds, wetlands, wildlife habitat, other)
 - a. Yes 50 pts
 - b. No 0 pts

Once a point value for the section is determined, it is multiplied by a weight factor to indicate the importance (weighted factor for Special Considerations section has been 0.03, but is subject to ongoing review by the Committee).

4. Bargain Sale Opportunity

1. Sale below market value
 - a. 81%-Full Value 0 pts
 - b. 65%-80% 33 pts
 - c. 50%-64% 66 pts
 - d. < 50% Full Value 100 pts

Once a point value for the section is determined, it is multiplied by a weight factor to indicate the importance (weighted factor for Bargain Sale Opportunity section has been 0.09, but is subject to ongoing review by the Committee).

5. Bonus Points

1. Increases the amount of preserved farmland in priority areas to:
 - a. Not in target area 0 pts
 - b. <25 25 pts
 - c. 25-50 50 pts
 - d. 51-75 75 pts
 - e. >75 100 pts

Once a point value for the section is determined, it is multiplied by a weight factor to indicate the importance (weighted factor for Bonus Points section has been 0.22, but is subject to ongoing review by the Committee).

6. Final Score

The points for each section are added up and multiplied by a weight factor, which indicates the importance that is placed on a particular characteristic. The weighted scores are then added to provide an overall score (0-100). The higher the score, the more closely the property meets the goals of the program and hence is a higher priority for purchase and preservation.

List of High Traffic Roads* State Highway or Major Collector-Rural (as defined by Whatcom County Engineering).

State Highway:

Guide Meridian Road
East Badger Road
East Pole Road
Grandview Road
Blaine Road

Major Collector-Rural:

East Axton Road
West Axton Road
Birch-Bay Lynden Road
Hannegan Road
East Smith Road
West Smith Road
West Badger Road
Portal Way
Enterprise Road
North Enterprise Road
West Pole Road
Haynie Road
Sunrise Road
Northwest Drive
Vista Drive
Hovander Road
Mountain View Road
Rainbow Road
Kickerville Road (part)
Lake Terrell Road
Everson Goshen Road
Hampton Road
Van Buren Road
H Street Road
Sweet Road

* This is not a complete list. However, it includes most roads that apply to the PDR Program.

V. OVERVIEW OF PDR PROGRAM PROCEDURES

A. Selection Round Announcement

Step 1: The County shall begin each selection round by giving notice in one newspaper of general circulation in each area where eligible lands are located which may be acquired. The notice shall include the properties eligible to participate in that selection round, the application process and applicable timeframes and extensions.

The Administrator may identify each property with potential development rights within the twelve target areas and provide written notification to the property owners.

B. Application and Ranking

Step 2: Voluntary pre-application screening. Interested property owners may meet with the County PDR Program Administrator (Administrator) to review their eligibility and special circumstances, if any.

Step 3: Application. An owner of land eligible for PDR Program participation submits an application for County acquisition of development rights. The application must be submitted on the form provided by the County, on or before the closing of the selection round.

Step 4: The Administrator reviews each application for completeness, determines if the subject property meets minimum eligibility criteria and assigns a preliminary score based upon the PDR site selection criteria.

Step 5: Upon closing of the selection round, the PDR Oversight Committee reviews PDR Program applications and prioritizes proposed development rights acquisition utilizing the selection criteria. Recommendations for development right acquisition are prepared and forwarded to County Council to approve, deny, or recommend modification.

Step 6: County Council confirms, denies or modifies the ordered list of parcels for PDR acquisition and forwards the list to the Administrator for action.

Step 7: The Administrator estimates the number of appraisals that can be initiated based on available funds and chooses the top ranked parcels from the County Council's list of parcels. The property owner is notified in writing of eligibility status.

Step 8: Property owners disputing their ranking may request a reconsideration of their ranking to the PDR Oversight Committee within 14 days after receiving written notice. The Committee shall review the reconsideration request at the next regularly scheduled meeting. Special consideration will be given if applicant modifies the original offer to include a bargain sale. The PDR Oversight Committee may, at its discretion, change the site's rank, recommend the site for subsequent selection rounds, or deny the request.

C. Title

Step 9: The Administrator initiates a title search. Closing is conditioned on the resolution of all unapproved title exceptions, within the County's sole discretion, which may require the receipt of subordination agreements or payoff letter.

D. Negotiation and Appraisal

Step 10: The Administrator or designee initiates the informal negotiation process with the property owner. At this time, the property owner may indicate a minimum expected value. However, the application may be denied if the administrator and the Oversight Committee determine the minimum value to be unsupportable.

Step 11: The Administrator commissions an appraisal by a County authorized appraiser to appraise the development rights value of the land proposed for development rights sale. The development rights value is the difference between the market value of full ownership of the land excluding buildings, and the agricultural value.

Step 12: The appraiser submits the completed appraisal to the Administrator and the Oversight Committee for their review.

Step 13: The Administrator or designee meets with the property owner to review the appraisal, state the offer, review the conservation easement provisions, agreement terms and conditions, and to answer the property owner's questions.

Step 14: If the property owner believes that the farmland has not been adequately appraised, the owner may, within the time allowed in the selection round schedule, commission an appraisal at the owner's expense.

E. Offer to Purchase Easement and Agreement

Step 15: A written offer to purchase development rights based on appraised value is made to the property owner following approval by the County Council.

Step 16: Within 30 days, the property owner accepts, rejects or makes a counter offer. Counter offers will be reviewed and evaluated by the Oversight Committee and the County's authorized appraiser.

Step 17: Property owners desiring to sell their development rights sign a Purchase and Sale Agreement.

F. Adjacent Property Owner Notification

Step 18: Neighboring property owners are notified that adjacent land is in the process of being preserved.

G. Approval

Step 19: Review materials are presented to County Council for their review and approval, rejection, or recommendation for modification.

Step 20: Review materials are sent to other participating entities for partially or wholly funded conservation easements several days prior to any deadline.

I. Settlement

Step 21: Settlement will occur following County Council approval of transaction terms and is contingent upon a title search and any other evidence, such as a land survey, that may be necessary to establish clear title.

Step 22: Payment will be in full at time of settlement unless the County and property owner agree to an installment sale.

Step 23: Checks are requested from the Finance Manager and settlement is scheduled within a week or two of approval. Federal money is dispersed according to federal regulation.

J. Recording

Step 24: The conservation easement will be recorded at the County Auditor's office. The County or its designee will monitor the properties under easement at least annually to ensure compliance with the easement.

VI. CONSERVATION EASEMENTS

A. Description

A conservation easement is a legally binding document, which is recorded by the County Auditor, forever restricting the property to agricultural and directly associated uses, and for which compensation may be paid. As an easement in gross in perpetuity, restrictions are binding upon the owner and future owners, and run with the land.

B. PDR Program Conservation Easements

At the time of acquisition of development rights from a participating property, a conservation easement is placed on the property permanently restricting development of the site and protecting/preserving the agricultural values associated with the site. The conservation easement must be signed by both the property owner(s) and the County Executive or his/her designee and recorded with the property records for the property.

1. Conservation Easement Requirements

Conservation easements shall be on a form approved by the Whatcom County Prosecuting Attorney and shall meet the following basic requirements:

- a. The deed shall be in recordable form and contain an accurate legal description setting forth the metes and bounds of the farmland area subject to the easement;
- b. Restriction is granted in favor of Whatcom County, or if designated by the organizations as defined in RCW64.04.130;
- c. Restriction is granted in perpetuity, and shall bind existing and future property owners; and
- d. Unless specifically provided for, nothing in the restrictions shall be construed to convey to the public a right of access or use of the property, and the owner of the property, his/her heirs, successors and assigns shall retain exclusive right to such access or use subject to the terms of the easement.

2. Filing

After the conservation easement is signed and notarized, it must be recorded with the Whatcom County Auditor's Office.

C. Conservation Easement Conveyance

Conservation easements may be either donated or sold, or a combination of both.

1. Conservation Easement Donation

- a. A donation of a total parcel will not be subject to eligibility except as below in section c. Partial parcel donation shall be considered under the same rule as for development rights sales. Notwithstanding the eligibility of the property, acceptance of a fee interest or partial donation is within the discretion of the County Council.
- b. Whatcom County will accept voluntary donations or bequests of agricultural development rights as perpetual easements in gross if meeting eligibility criteria (except target area criteria) and within the discretion of the County Council.
- c. All properties offered for development rights donation must meet the following minimum eligibility criteria:
 1. The PDR Oversight Committee will consider each offer on a case by-case basis, considering the property's consistency with current and future land uses, and
 2. The farm property must be at least 10 acres in size, and
 3. Be in agricultural use or has not been irrevocably devoted to a use inconsistent with agricultural uses, and that has a high potential for returning to commercial agriculture, and
 4. Consist primarily of productive agricultural soils (APO soils) and,
 5. Cannot be located within an Urban Growth Area.

2. Conservation Easement Sale

- a. Whatcom County will purchase perpetual conservation easements on qualified properties in accordance with the policies and procedures of the Whatcom County Agricultural Purchase of Development Rights Program, with Federal, State, County, and/or private funds and any combination thereof.
- b. All properties offered for conservation easement sale must meet minimum eligibility criteria as contained in Section III.

VII. OPERATIONAL PROCEDURES FOR ACQUIRING CONSERVATION EASEMENTS

A. Selection Schedule

In the first and second selection rounds, eligible farmland within the twelve target areas shall be eligible for purchase. Following the first two selection rounds, the County Council will be determine whether other County farmland will be eligible to participate in the PDR Program. (See Section III A&B).

B. Selection Round Announcement

Each selection round shall begin by providing notice in one newspaper of general circulation. Application opening and closing dates will be determined by the PDR Oversight Committee. The Committee shall have the discretion to extend selection round deadlines and will provide public notice of the extension.

C. Application and Ranking

1. Property owner(s) voluntarily submits an application(s) to the County during a publicized open selection round. The application must be submitted to the County on the form provided by the PDR Program on or before the closing date stated in the relevant selection round notice. Applicants are to include at a minimum:
 - a. Name(s) and address(es) of the property owner(s) of the site;
 - b. Legal description and parcel number(s);
 - c. Copy of the property deed and title;
 - d. Total acreage of farmland to be included in the PDR Program;
 - e. Current land use and APO soils;
 - f. Number of dwelling units;
 - g. Description of the farming operation;
 - h. Other information necessary to evaluate property eligibility; and
 - i. Acknowledgement of intent to grant to Whatcom County a conservation easement in a form provided by the County.
2. The Administrator shall review each application to determine completeness and eligibility.
3. Upon closing of the application period, applications meeting all minimum eligibility criteria shall be evaluated and scored by the administrator and Oversight Committee according to the site selection criteria. (See Section IV)

4. The PDR Oversight Committee shall provide the County Council with a recommended list, ranking all eligible applications for acquisition during the selection round. County Council shall make the final prioritization of the parcels.
5. The Administrator shall then arrange appraisals of eligible farmland applicants in the priority order determined by the County Council.

D. Appraisal

Appraisals for eligible properties shall be conducted to determine the value of development rights of parcels in the order of its acquisition priority until acquisition funds are expended in the selection round.

1. The appraisals are to be made by an independent appraiser qualified to appraise agricultural land for development rights purchases. An appraiser is deemed qualified if he or she possesses a State of Washington certification as a State Certified General Real appraiser, MAI designation by the Appraisal Institute (or equivalent), and at least five years agricultural lands appraisal experience. Appraisers shall supply a narrative or UAAR form report, which contains information as required by the Uniform Standards of Professional Appraisal Practice (USPAP) and as specified in any contract with the County.
2. An appraisal report is an objective report of market facts. The appraisal report must estimate both the unrestricted fee market value of the land only, excluding the value of buildings, and the agricultural value of the land only, of which the difference is the development rights value.
3. Both values shall be based primarily on an analysis of comparable sales. If comparable sales data is not available for agricultural lands, the appraiser may use local farmland rental values or capitalized production values to determine the agricultural values of the land.
4. A description of the buildings or other improvements shall appear in the appraisal report; however, the buildings will not be valued and therefore will not be considered in determining the development rights value.
5. The appraiser shall report whether the subject property has any land use restrictions, public or private and/or physical attributes, which limit the developmental capability of the land.
6. The appraiser shall be advised that conservation easements are perpetual. The perpetual nature of the easement shall take precedent over any agricultural zoning status.

7. The appraisal shall be in writing and may be discussed with the owners prior to the submission of written offers.
8. If the property owner believes the property has not been adequately appraised, the owner may, within the time allowed in the selection round schedule, request that a review appraisal be made at the owner's expense. This appraisal must be completed in accordance with the guidelines set forth herein. If the review (owner's) appraisal is not completed within the allotted time, the application will be delayed to the following selection round. If a review appraisal is completed, the appraisals will be reviewed by the County's Appraiser. The County's Appraiser in consultation with the Program Administrator and the PDR Oversight Committee will accept, modify or reject the review appraisal. The determination of the County's Appraiser is final.
9. The maximum value of development rights purchased by the County shall be no more than the easement value contained in an appraisal report. The easement value is the difference between the farmland's market value and its agricultural value.

E. Title and Survey Issues

1. The Administrator shall request a title report confirming that applicant is the owner of the property and has unrestricted legal right to transfer the development rights (i.e. there must be clear title to transfer the property). The title report will be provided to the County Attorney for review.
2. All encumbrances (including but not limited to: liens, mortgages and judgments) against the property must be subordinated, satisfied or removed prior to development rights acquisition. Mortgage and/or lien holder subordination and releases may be required acknowledging that a conservation easement will be placed on the property and subordinating their interest in the property to the deed restriction.
3. At settlement for a County or joint development rights purchase, the PDR Oversight Committee shall provide a title insurance policy issued by a title insurance company authorized to conduct business in Washington State by the Washington State Office of Insurance Commissioner. The cost of such title insurance shall be a cost incident to the development rights purchase and is a reimbursable expense from the County's Conservation Futures Fund.
4. It is the property owner's responsibility to survey (or provide a legal description that meets specific standards) any exceptions from the easement and any graveyards or cellular towers that may be located on the property. It is the property owner's responsibility to provide a legal

description for any commercial operation on the farm that is not incidental to the overall farming operation, in order to exclude it from the easement. Surveys shall be conducted by a licensed surveyor in accordance with state and federal regulations.

F. Development Rights Value and Purchase Price

1. The maximum value of development rights purchased by the County shall be no more than the easement value contained in an appraisal report. The easement value is the difference between the farmland's market value and its agricultural value.
2. Development rights may only be purchased in perpetuity.

G. Recommendation of Development Rights Purchases by the PDR Oversight Committee

1. The PDR Oversight Committee, in making recommendations concerning applications and purchase offers, shall consider the following:
 - a. Evaluation according to the site selection criteria.
 - b. Consistency with County Comprehensive Plan (Rural and Agriculture zoning designations).
 - c. Cost relative to total allocations and appropriations.
 - d. Proximity to other land subject to agricultural protection easements.
2. Upon receiving the recommendations of the PDR Oversight Committee and the Administrator, the County Council shall review the recommendations and shall take final action to authorize or deny proposed purchase terms and offers.
3. If a farm is approved for development rights purchase, the Administrator will meet with the property owner and review the terms, conditions and amount of the County's offer. A written offer will be provided to the property owner. Written notice shall also be provided to farmland not approved for development rights purchase during the current application round.

4. Within 30 days of receipt of a written offer from the County an applicant must indicate in writing which of the following actions they intend to pursue:
 - a. Accept the offer.
 - b. Reject the offer.
 1. Reject offer outright
 - a. no further action
 - b. participate in next round
 2. Submit a counter offer within 90 days of written notice of offer by the County.
 - c. Failure to notify the County within 30 days shall constitute rejection of the offer.
5. If the offer is accepted, the Administrator shall prepare a Purchase and Sale agreement. USDA Funds must be paid as lump sum. The method of payment shall be specified from the options listed below:
 - a. Lump Sum
 - b. Installment Purchase Agreement (IPA)
 - c. Like-Kind Exchange
 - d. Or a combination of the above
6. For development rights purchase utilizing the Installment Purchase Agreement (IPA) program, the County Council at settlement shall provide an opinion of legal counsel that the County's obligations to make installment payments of principal and tax-exempt interest over time are legal, valid, and binding. And that such payments are a general obligation of the County for which its full faith, credit, and taxing power are pledged. Interest paid by the County is exempt from federal income taxes.
7. All Agreements of Sale and Conservation Easements require the County Council's approval.

H. Grant of the Agricultural Protection Conservation Easement

Before the purchase of development rights can be finalized, a conservation easement in a form approved by the County Attorney and consistent with the policies of the PDR Program guidelines, must be placed on the property permanently restricting development of the site and preserving its agricultural values.

The principal interest of the County is to ensure that agricultural lands are preserved and subsequently stewarded in a manner that maintains and enhances their farmland values. There may be some instances where there is a public interest in another public entity or non-profit organization to hold the conservation easement, for continued stewardship and protection of the land. The County will consider:

1. The preferences of the donor or seller;
2. Administrative, monitoring, and enforcement issues associated with the conservation easement and the resources available to address these issues;
3. Requirement of Federal, State or County funding sources utilized to purchase development rights.

I. Development Rights Purchase Recommendations/Submission Requirements

1. County Council: Each recommendation for development rights purchases with County funds, State funds, Federal funds or a combination of funds shall be presented to the County Council at a regularly scheduled public meeting.
2. Letters of Notification: Letters of notification for development rights purchases will be sent to adjoining property owners by the Administrator.
3. All eligible applications not selected for PDR Program participation may choose to be reviewed during the next application round or withdrawn. Within 30 days following receipt of written notice from the county, the property owner must notify the administrator in writing requesting review in the next selection round.

VIII. CONSERVATION FUTURES FUND

A. Intent

This fund was established in 1992 to be used solely to acquire right and interests in open space land, farm and agricultural land, and timber land, so as to protect, preserve, maintain, improve, restore, limit the future use of, or otherwise conserve the property for public use and enjoyment.

B. Fund Sources

This Conservation Futures Fund is funded by a real property tax applied to all real property within Whatcom County at a rate of six and one-quarter cents per \$1,000 of assessed valuation.

C. Fund Source Accounts

Council shall annually consider an allocation of Conservation Futures Fund to be placed in a Purchase of Development Rights Account.

D. Installment Payment Fund

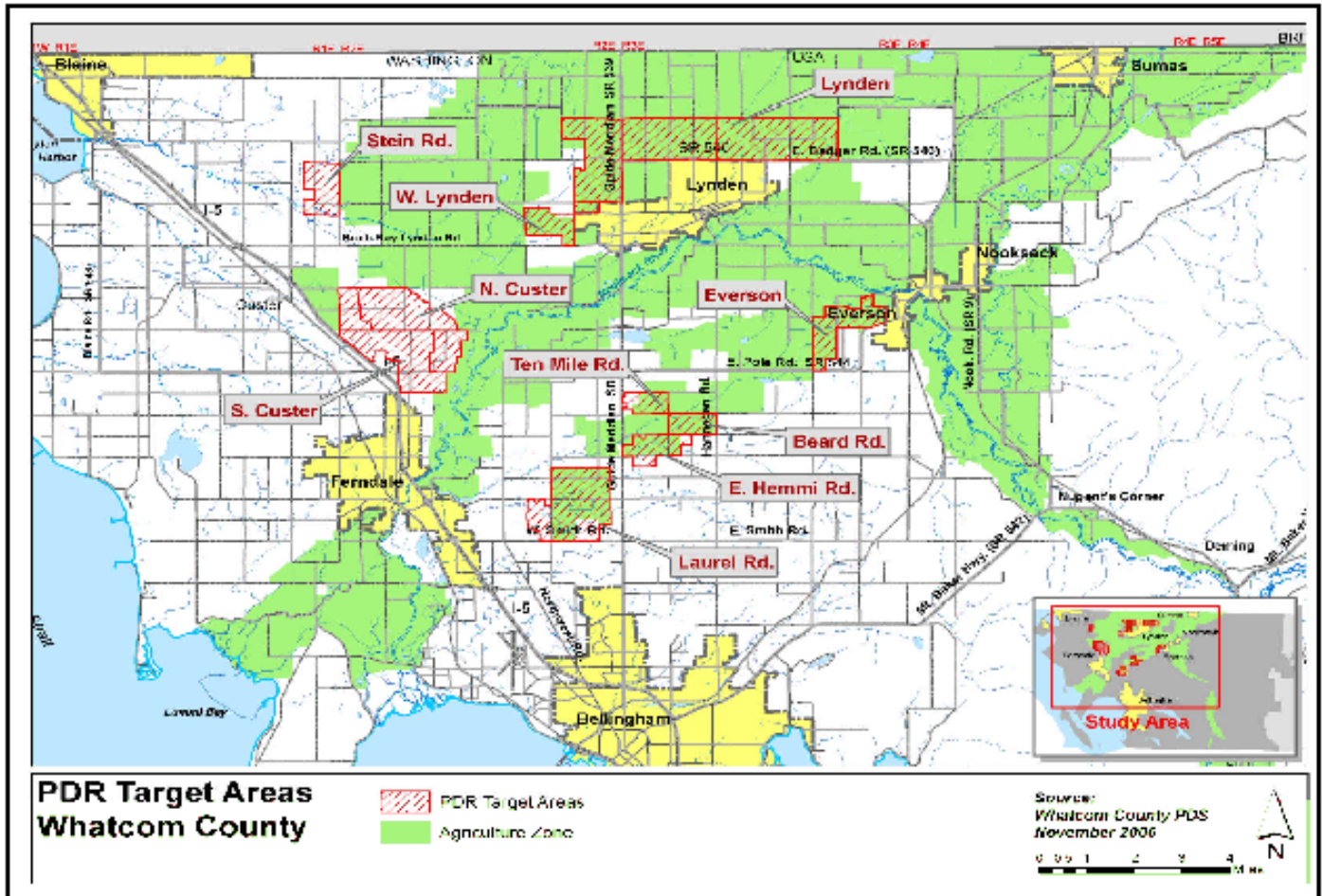
1. The intent of installment payment funds, which are established by the County, is to encumber and invest committed funds for which recipient property owners have elected annual installment payments for a period, which may vary according to the wishes of the property owner.
2. The full consideration of any transaction for which installment payments of five years or less have been elected shall be placed in the fund, less the amount of any first installment to be paid at settlement. This amount shall be invested and annual installment payments shall include the interest accrued.
3. Annual installment payments shall be made on or before January 20th of each year.
4. A property owner may enter into an Installment Purchase Agreement for fifteen (15) to thirty (30) years at an interest rate to be negotiated between the property owner and the County. The property owner will receive semi-annual interest payments that are tax exempt. Principal will be paid in one lump sum at the end of term. The property owner will also receive a security representing the Installment Purchase Agreement. The property owner may sell or assign this Agreement.

E. Public Expenditures

1. All public expenditures from the Conservation Futures Fund are subject to approval by Whatcom County Council and will be made in accordance with approved disbursement procedures.
2. Expenditures from the PDR Program Account shall be limited to interests in qualified agricultural land participating in Whatcom County's Agricultural Purchase of Development Rights Program.
3. The annual appropriation to the PDR Program by the County Council shall be available for the calendar year in which the appropriation was made and or the subsequent calendar year.

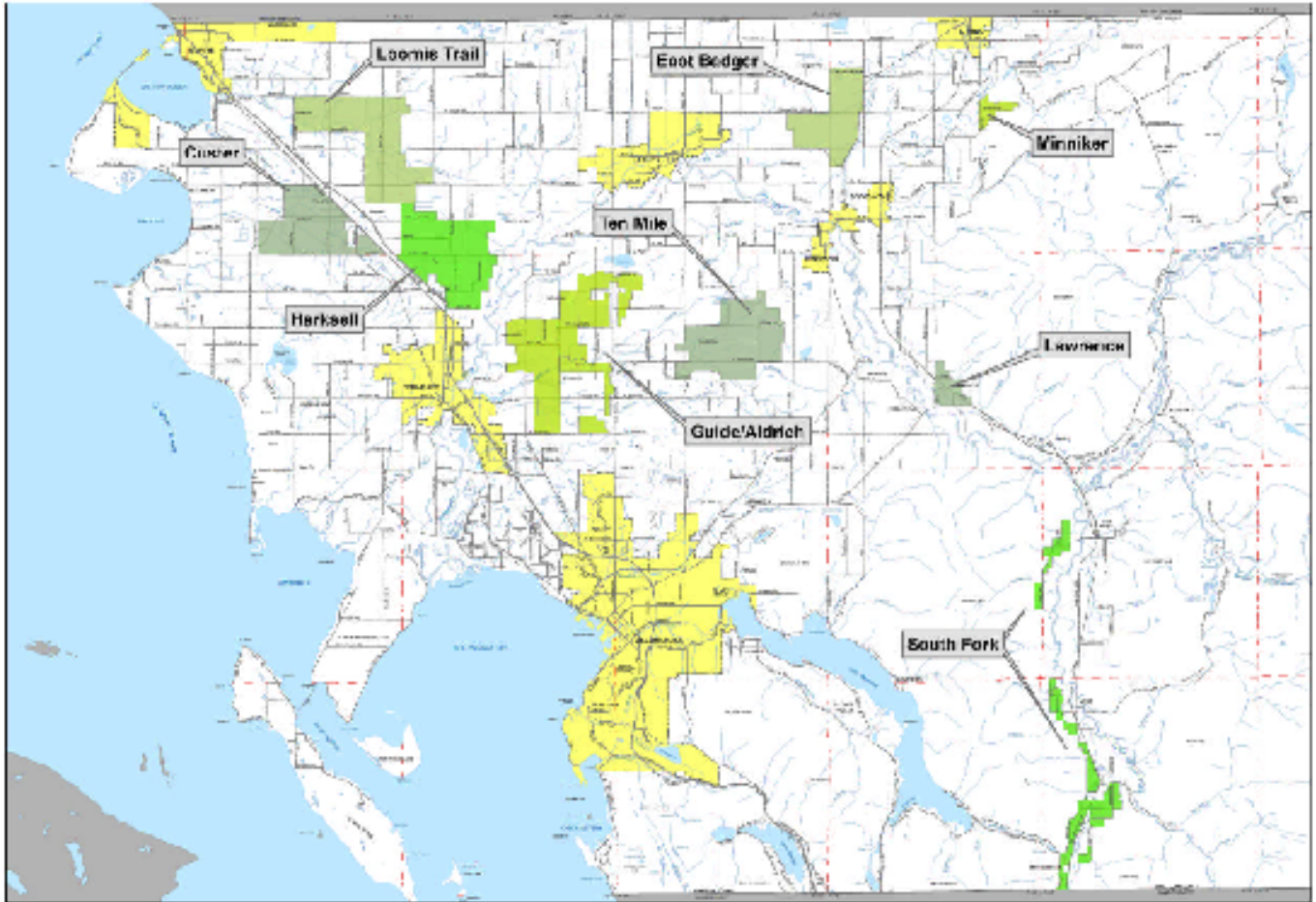
APPENDIX A

Target Areas



APPENDIX B

Rural Study Areas



Rural Study Areas
-Study Area Locations

