

APPENDIX D: FINANCING & INCENTIVES

Financing Programs

Federal & State Funding Programs

Land and Water Conservation Fund (LWCF)

Washington State Recreation and Conservation Office (RCO)

This is a federal program that is managed by the Washington State Recreation and Conservation office. The Land and Water Conservation Fund provides funding to preserve and develop outdoor recreation resources, including parks, trails, and wildlife lands. Eligible projects include land acquisition and development or renovation of facilities. All property acquired or developed with these grants must be kept forever exclusively for public outdoor recreation use.

Washington Wildlife and Recreation Program (WWRP) – Recreation Projects

Washington State Recreation and Conservation Office (RCO)

Cities, counties, and other local sponsors may apply for funding in urban wildlife habitat, local parks, trails, and water access categories. This program is governed by RCO. The WWRP program provides funding for a wide range of land protection and outdoor recreation opportunities including local parks and trails. The program focuses on two goals: acquire valuable recreation and habitat lands before they were lost to other uses and develop recreation areas for a growing population.

Youth Athletic Facilities (YAF)

Washington State Recreation and Conservation Office (RCO)

The YAF program provides grants to purchase land and develop or redevelop outdoor athletic facilities such as ball fields, athletic courts, and skate parks that serve youth through the age of 18. This program is through the RCO and strongly encourages grant recipients to design facilities to serve all ages and multiple activities. Facilities need to be outdoors and used for playing sports or participating in competitive athletics and doesn't include playgrounds, tot lots, vacant lots, open or undeveloped fields, and level open space used for non-athletic play.

Aquatic Lands Enhancement Account (ALEA)

Washington State Recreation and Conservation Office (RCO)

Washington State Legislature created ALEA to ensure that money generated from aquatic lands was used to protect and enhance those lands. Aquatic lands are all tidelands, shore lands, harbor areas, and the beds of navigable waters. ALEA grants may be used for the acquisition, improvement, or protection of aquatic lands for public purposes. They also may be used to provide or improve public access to the waterfront. The ALEA program is targeted at re-establishing the natural, self-sustaining ecological functions of the waterfront, providing or restoring public access to the water, and increasing public awareness of aquatic lands as a finite natural resource and irreplaceable public heritage. Applicants must provide a minimum 50 percent match for each project. For local agencies, at least 10 percent of the total project cost must come from a non-state, non-federal contribution.

Wetlands Reserve Program (WRP)

Natural Resources Conservation Service (NRCS)

The WRP provides landowners the opportunity to preserve, enhance, and restore wetlands and associated uplands. The program is voluntary and provides three enrollment options: permanent easements, 30-year easements, and 10-year restoration cost-share agreements. In all cases, landowners

retain the underlying ownership in the property and management responsibility. Land uses may be allowed that are compatible with the program goal of protecting and restoring the wetlands and associated uplands. The NRCS manages the program and may provide technical assistance.

Water Resources Development Act

Environmental Restoration Programs and Authorities

U.S. Army Corps of Engineers

The U.S. Army Corps of Engineers provides funds for environmental and/or ecosystem restoration projects under provisions of the Water Resources Development Act (WRDA), as amended. Section 306 of the WRDA of 1990 specifically authorizes environmental restoration as one of the primary missions of the Corps. Environmental and/or ecosystem restoration projects are intended to “improve the condition of a disturbed ecosystem, including its plant and animal communities, or portions thereof, to some prior ecological condition.” Various authorities and programs are established for these purposes. These include General Investigation Studies and “Continuing Authorities” under Sections 206 ('96), 1135 ('86), and 204 ('92) of the WRDA. Generally, projects require the support of a local sponsoring organization and some level of cost sharing is required.

Conservation Reserve Program (CRP)

United States Department of Agriculture – Farm Service Agency

The Conservation Reserve Program provides annual rental payments and cost-share assistance to help preserve and enhance sensitive habitat areas on qualifying agricultural lands. The program, established in 1986, is voluntary. Lands enrolled in the CRP must be used for riparian buffers, filter strips, shallow water areas for wildlife, or other uses that provide beneficial habitat values. Landowners enter into agreements that last 10 to 15 years. Unlike the 1998 CREP, the CRP is not limited to stream areas that support salmon runs listed under the federal Endangered Species Act.

Washington Conservation Reserve Enhancement Program (CREP)

United States Department of Agriculture – Farm Service Agency

This program is a federal/state partnership, authorized in 1998, that involves the retirement of farmland for conservation purposes. Washington CREP focuses on the preservation and restoration of riparian habitat that supports salmon listed under the Endangered Species Act. This voluntary program provides financial incentives to farmers and ranchers to remove lands from agricultural production. Eligible landowners enter into agreements for periods of 10 to 15 years. Landowners receive an annual rental payment and cost-sharing is available for habitat enhancements. The federal Farm Service Agency is the primary administrative agency.

Trust Lands Transfer Program

Washington State Department of Natural Resources

This program provides a mechanism to protect DNR-managed properties with significant natural, park, or recreational attributes while infusing money into the public school construction fund. The program has been in effect since 1989. The program identifies “common school trust lands” with significant park, recreation, and natural features, which are difficult to manage as income-producing properties for trust beneficiaries and transfers them to more appropriate ownership. The Legislature appropriates funds to “buy out” these properties from the School Trust Program. Revenues equal to the timber value on subject properties are placed in the Common School Construction Account, while the timber is not harvested. The Legislature also provides for the replacement of the land by appropriating the land value of the property to purchase other real property having better income potential for trust beneficiaries. The properties to be preserved may be transferred to local or state agencies. The selection process

involves a detailed evaluation system. Key features include: 1) properties must have a high timber value to land value ratio; 2) properties must be of statewide significance for park, recreation, or natural area uses; and 3) the properties must have significant difficulties (e.g., sensitive wildlife habitat) in managing the property for income to trust beneficiaries.

Jobs for the Environment (JFE)

Washington State Department of Natural Resources

The JFE program was created by the state Legislature in 1993. The program promotes the long-term, stable employment of dislocated natural resource workers in the performance of watershed restoration activities. The program provides minimum funding commitments for salaries and benefits for displaced workers, and funding is also available for training. Since its inception, the program has completed many in-stream, riparian, and upland restoration projects. Entities eligible to apply for funding include state and local governments, tribes, and nonprofit organizations. Funding proposals will focus on limiting factors and recovery strategies within all or a portion of a Water Resource Inventory Area (WRIA). Specific projects will then be identified, prepared, and approved for implementation over the life of the grant agreement.

Forest Legacy Program

Washington State Department of Natural Resources

U.S. Forest Service

This program provides funds to acquire permanent conservation easements on private forestlands that are at risk of being converted to non-forest uses such as residential or commercial development. Congress established the program in 1990, and DNR is the lead state agency for the program in Washington State. The program is intended to preserve “working forests,” where forestlands are managed for the production of forest products and where traditional forest uses are encouraged. These uses will include both commodity production and non-commodity values such as healthy riparian areas, important scenic, aesthetic, cultural, fish, wildlife and recreation resources, and other ecological values. Historically, the program focus has been on the I-90 Highway Corridor east of Puget Sound within the Mountains-to-Sound Greenway area.

Washington State Ecosystems Conservation Program (WSECP)

U.S. Fish and Wildlife Service (USFWS)

This WSECP was established in 1990 and is divided into federal- and state-managed components. The federal program focuses funds on projects that help restore habitat for threatened, endangered and sensitive species and, secondarily, for species of concern. In addition, the program attempts to concentrate funds within a limited number of watersheds to maximize program benefits. The program provides funds to cooperating agencies or organizations. These grants, in turn, can be distributed among project sites. The program requires a 50% cost-share from cooperating agencies, and individual landowners at project sites must enter into maintenance/management agreements that have a 10-year minimum duration.

Washington State Ecosystems Conservation Program (WSECP) – Upland Wildlife Restoration Initiative

Washington State Department of Fish and Wildlife (WDFW)

The Washington Department of Fish and Wildlife will purchase important upland habitat, or provide technical and/or financial assistance to protect, restore, or enhance such habitat on private property. The program emphasizes certain target species including pheasant, quail, and turkey, but also emphasizes protecting and enhancing habitats that support species diversity. The program covers the entire state, with an emphasis on eastern Washington. Private landowners who volunteer for this

program enter into agreements that outline protection and maintenance programs. The program includes both agricultural and forestlands.

Community Development Block Grants

U.S. Department of Housing and Urban Development

These funds are intended to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low and moderate income persons.

Local Funding Options

Excess Levy

Washington law allows cities and counties, along with other specified junior taxing districts, to levy property taxes in excess of limitations imposed by statute when authorized by the voters. Levy approval requires 60 percent majority vote at a general or special election. Excess levies by school districts are the most common use of this authority.

General Obligation Bonds

For the purposes of funding capital projects, such as land acquisitions or facility construction, cities and counties have the authority to borrow money by selling bonds. Voter-approved general obligation bonds may be sold only after receiving a 60 percent majority vote at a general or special election. If approved, an excess property tax is levied each year for the life of the bond to pay both principal and interest. Centralia has a maximum debt limits for voter-approved bonds of two and one-half percent of the value of taxable property in the city. The city has an additional two and one-half percent for municipal water, sewer and lighting facilities, and an additional two and one-half percent for acquisition and development of open space and park facilities.

Councilmanic Bonds

Councilmanic bonds may be sold by cities and counties without public vote. The bonds--both principal and interest--are retired with payments from existing county or city revenue or new general tax revenue, such as additional sales tax or real estate excise tax. For both cities and counties, the Legislature has set a maximum debt limit for councilmanic bonds of one and one-half percent of the value of taxable property in the city or county, respectively.

Revenue Bonds

Revenue bonds are sold with the intent of paying principal and interest from revenue generated by the improvement, such as fees and charges. For example, revenue bonds might be sold to fund a public water system that will generate revenue through utility charges to customers. Other funds may be dedicated to assist with repayment; however, it is desirable to have the improvements generate adequate revenue to pay all bond costs. Limits on the use and amount of revenue bonds are generally market-driven through investor faith in the adequacy of the revenue stream to support bond payments.

Development Impact Fees

Development impact fees are charges placed on new development as a condition of development approval to help pay for various public facilities the need for which is directly created by that new growth and development. Under the Growth Management Act of 1990 (ESHB 2929), counties, cities, and

towns may impose impact fees on residential and commercial "development activity" to help pay for certain public facility improvements, including parks, open space, and recreation facilities.

Utility Taxes

Cities are authorized to impose taxes on utility services, such as telephone, electric and natural gas. Legislative maximums limit the amount of tax that may be collected. For example, the maximum tax rate for electric and natural gas is six percent. Maximums may be exceeded for a specific purpose and time period with majority voter approval. City operated water and sewer utilities do not share the 6% limit.

Sales Tax

Washington law authorizes the governing bodies of cities and counties to impose sales and use taxes at a rate set by the statute to help "carry out essential county and municipal purposes." The authority is divided into two parts.

Cities and counties may impose by resolution or ordinance a sales and use tax at a rate of five-tenths of one percent on any "taxable event" within their jurisdictions. Cities and counties may also impose an additional sales tax at a rate "up to" five-tenths of one percent on any taxable event within the city or county. In this case, the statute provides an electoral process for repealing the tax or altering the rate.

Real Estate Excise Tax

Washington law authorizes the governing bodies of counties and cities to impose excise taxes on the sale of real property within limits set by the statute. The authority of cities and counties may be divided into three parts relevant to park systems.

A city or county may impose a real estate excise tax on the sale of all real property in the city or unincorporated parts of the county, respectively, at a rate not to exceed 1/4 of 1% of the selling price to fund "local capital improvements," including parks, playgrounds, swimming pools, water systems, bridges, sewers, etc. Also, the funds must be used "primarily for financing capital projects specified in a capital facilities plan element of a comprehensive plan . . . "

A city or county may impose a real estate excise tax on the sale of all real property in the city or unincorporated parts of the county, respectively, at a rate not to exceed 1/2 of 1%, in lieu of a five-tenths of one percent sales tax option authorized under state law. These funds are not restricted to capital projects. The statute provides for a repeal mechanism.

A city or county--in counties that are required to prepare comprehensive plans under the new Growth Management Act--are authorized to impose an additional real estate excise tax on all real property sales in the city or unincorporated parts of the county, respectively, at a rate not to exceed 1/4 of 1%. These funds must be used "solely for financing capital projects specified in a capital facilities plan element of a comprehensive plan."

Real Estate Excise Tax - Local Conservation Areas

Lewis County

Boards of County Commissioners may impose--with voter approval--an excise tax on each sale of real property in the county at rate not to exceed one percent of the selling price for the purpose of acquiring and maintaining conservation areas. The authorizing legislation defines conservation areas as "land and water that has environmental, agricultural, aesthetic, cultural, scientific, historic, scenic, or low-intensity recreational value for existing and future generations..." These areas include "open spaces, wetlands,

marshes, aquifer recharge areas, shoreline areas, natural areas, and other lands and waters that are important to preserve flora and fauna."

State-Distributed Motor Vehicle Fund

State law establishes requirements for planning, construction and preservation of trails and paths during the construction or reconstruction of both limited-access and nonlimited-access highways. It also authorizes cities and counties to expend state-distributed motor vehicle fund revenues for planning, accommodating, establishing and maintaining trails and paths. Qualified trails and paths must be served by highways or their rights-of-way, or must separate motor vehicle traffic from pedestrians, equestrians, or bicyclists to a level that will materially increase motor vehicle safety, and be part of the adopted comprehensive plan of the governmental authority with jurisdiction over trails.

Regular Property Tax - Lid Lift

Counties and cities are authorized to impose ad valorem taxes upon real and personal property. A county's maximum levy rate for general county purposes is \$1.80 per \$1,000 of assessed valuation. A city's maximum levy rate for general purposes is \$3.375 per \$1,000 of assessed valuation unless the city is annexed to either a library or fire district, in which case the city levy may not exceed \$3.60 per \$1,000 of assessed valuation. Limitations on annual increases in tax collections, coupled with changes in property value, causes levy rates to rise or fall. However, in no case may they rise above statutory limits. Once the rate is established each year under the statutory limit, it may not be raised without the approval of a majority of the voters. Receiving voter approval is known as a lid lift. A lid lift may be permanent, or may be for a specific purpose and time period. Other limits on taxing authority remain in effect, such as the aggregate levy rate limits of \$5.90 per \$1,000 of assessed value and 1% of true and fair market value.

Conservation Futures

Lewis County

The Conservation Futures levy is provided for in Chapter 84.34 of the Revised Code of Washington. Boards of County Commissioners may impose by resolution a property tax up to six and one-quarter cents per thousand dollars of assessed value for the purpose of acquiring interest in open space, farm, and timber lands. Conservation Futures funds may be used for acquisition purposes only. Funds may be used to acquire mineral rights, and leaseback agreements are permitted. The statute prohibits the use of eminent domain to acquire property.

Incentive Measures

Current Use Taxation

Lewis County

Lewis County's current use taxation program applies to lands in both incorporated and unincorporated areas. It provides tax reductions to land holders in return for maintaining their land in an undeveloped condition. The program derives its authority in the 1970 Washington Open Space Taxation Act (RCW 84.34, 458-30 WAC), which establishes procedures for tax deferments for agricultural, timber, and open space lands. Owners of such lands may apply to be taxed according to current use, rather than true market value--a considerable difference in some cases. When the property is removed from the program, the tax savings realized by the land owners for a period dating back up to seven years, plus interest, are collected. Tax savings dating back further than seven years may not be collected. If the

removal of classification or change of use occurs in less than ten years or if the owner fails to provide two years advance notification of withdrawal, an additional 20 percent penalty is imposed.

Density Bonuses

Density bonuses are a planning tool used to encourage a variety of public land use objectives, usually in urban areas. They offer the incentive of being able to develop at densities beyond current regulations in one area, in return for concessions in another. Density bonuses are applied to a single parcel or development. An example is allowing developers of multi-family units to build at higher densities if they provide a certain number of low-income units. For density bonuses to work, market forces must support densities at a higher level than current regulations.

Transfer of Development Rights

The transfer of development rights (TDR) is an incentive-based planning tool that allows land owners to trade the right to develop property to its fullest extent in one area for the right to develop beyond existing regulations in another area. Local governments may establish the specific areas in which development may be limited or restricted and the areas in which development beyond regulation may be allowed. Usually, but not always, the "sending" and "receiving" property are under common ownership. Some programs allow for different ownership, which, in effect, establishes a market for development rights to be bought and sold.

Regulatory Measures

A variety of regulatory measures are available to state and local agencies and jurisdictions. Clark County and Vancouver have exercised their regulatory authority under several programs. Programs available to state and local agencies include: State Environmental Policy Act (SEPA); Forest Practices - Conversion of Timber Lands, Washington Department of Natural Resources; Shorelines Management Program; and Hydraulic Code, Washington State Department of Fisheries and Department of Wildlife.

Other Methods & Funding Sources

Land Trusts

Land trusts are private non-profit organizations that traditionally are not associated with any government agency. Land trusts serving the region include the Nature Conservancy (TNC) and the Trust for Public Land (TPL).

Private Grants, Donations & Gifts

Many trusts and private foundations provide funding for park, recreation and open space projects. Grants from these sources are typically allocated through a competitive application process, and vary dramatically in size based on the financial resources and funding criteria of the organization. Philanthropic giving is another source of project funding. Efforts in this area may involve cash gifts and include donations through other mechanisms such as wills or insurance policies. Community fund-raising efforts can also support park, recreation, or open space facilities and projects.

Business Sponsorships/Donations

Business sponsorships for youth, teen, adult and senior programs are available throughout the year. Sponsorships and donations range from \$5 to \$1,000. In-kind contributions are often received, including food, door prizes and computer equipment.

Fundraising

Fundraising projects are used to support special projects and programs. Recycling drives, golf tournaments and candy sales are three examples of successful fundraising efforts.

Interagency Agreements

State law provides for interagency cooperative efforts between units of government. Joint acquisition, development and use of park, recreation and open space facilities has been successfully used by Centralia, Chehalis and Lewis County.

Public/Private Utility Corridors

Utility corridors can be managed to maximize protection or enhancement of open space lands. Utilities maintain corridors for provision of services such as electricity, gas, oil, and rail travel. Historically, some utility companies have cooperated with local governments for development of public programs such as parks within utility corridors.

Local Improvement District

Local Improvement Districts can be formed by local governments for capital projects. The capital project must directly benefit those properties that are assessed, and there must be a relationship between the benefit received and the assessment paid. Typically, these districts fund improvements to sewer, water or road systems through bonds that are subsequently paid back from special assessments that are levied on district members. LIDs are initiated by petition, or in the case of a citywide project, the city could initiate the project by resolution. A petition signed by property owners representing 60 percent of the affected area is necessary to stop a project. Funding for LIDs is usually spread over 10 years. Specific legislation covers use and operation of various LIDs.

Park and Recreation Districts***Independently elected park district commissioners***

Park and recreation districts may be formed for the purposes of providing leisure-time activities and recreation facilities. Authorized facilities include parks, playgrounds, public campgrounds, boat ramps, public hunting and fishing areas, bicycle and bridal paths, and "other recreation facilities." Park and recreation districts are explicitly authorized to acquire and hold real and personal property. Formation of a park and recreation district must be initiated by petition and requires voter approval.

Metropolitan Park District***Independently elected park district commissioners***

Metropolitan park districts may be formed for the purposes of management, control, improvement, maintenance and acquisition of parks, parkways and boulevards. In addition to acquiring and managing their own lands, metropolitan districts may accept and manage park and recreation lands and equipment turned over by any city within the district or by the county. Formation of a metropolitan park district may be initiated in cities of five thousand populations or more by city council or city commission ordinance, or by petition, and requires voter approval. The proposed district must have limits coextensive with the limits of the city, and must exclude cities of the fourth class.

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