



CITY OF KIRKLAND
Department of Public Works
123 Fifth Avenue, Kirkland, WA 98033 425.587.3800
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MEMORANDUM

To: Dave Ramsay, City Manager

From: Jenny Gaus, Senior Surface Water Utility Engineer
Daryl Grigsby, Public Works Director

Date: Friday, September 22, 2006

Subject: King Conservation District Assessment

RECOMMENDATION: It is recommended that the City Council develop and approve a position on the KCD assessment re-authorization and allocation, so that the Council's representative to the Suburban Cities Association Public Issues Committee (PIC) subcommittee can present this position at the October 11th meeting.

POLICY IMPLICATIONS:

- The PIC will be voting on a position on the KCD issue at their October 11th meeting, and will subsequently send a letter to the County Council noting and explaining the position.
- The King County Council will be voting "yes" or "no" on the KCD assessment by December 1st
- The proposed KCD allocation would reduce funding that goes directly to WRIA 8 for salmon recovery projects, while increasing funding for KCD programs and local government salmon recovery projects/programs.

BACKGROUND DISCUSSION:

The King Conservation District (KCD) provides services and funds for natural resources conservation within King County. KCD is funded through a special assessment on each tax parcel, which was set at \$10 for 2006. The King County Council has authority to authorize the amount of the assessment, while the KCD has authority over allocation of funds collected through the assessment. KCD has presented a package to the King County Council that proposes keeping the assessment at \$10 per parcel for each of the next 5 years, that proposes an allocation of funds for 2007, and that proposes methods for allocating funds in future years. The allocation portion of this proposal has created controversy, as the 2007 proposal is significantly different than the 2006 allocation, specifically in the amount of money that is dedicated to WRIA salmon recovery efforts. Mayor Lauinger sent a letter to KCD in July (Attachment A) expressing some specific concerns about the allocation, and recommending development of a compromise proposal. KCD did not develop a compromise, and proceeded with their original allocation proposal (Attachment B).

The Suburban Cities Association PIC met to discuss this issue on September 13th. The attached issue paper (Attachment C) summarizes the situation and recommends a position on the proposed KCD assessment. The PIC chose to continue to continue discussion of this issue, and will take a vote on a position at the October 11th meeting. The proposed SCA position is of concern, because a "no" vote on re-authorization of the KCD assessment would mean that KCD would need to curtail operations, and that no funds would be collected for either WRIA 8 or local government projects in 2007. Council members Burleigh and McBride are working with other parties to develop

alternatives to the recommended position. Results of those efforts, including a proposed position, will be hand-delivered to the Council prior to the October 3rd meeting. The hope is to develop a solution that would provide funding for KCD and WRIA 8 in a way that is congruent with the mission of KCD.

Attachments:

- A – Letter from Mayor Lauinger to the King Conservation District
- B – King Conservation District 2007 Proposed Allocation of Funds
- C – Suburban Cities Association “ Briefing for SCA Public Issues Committee on the King Conservation District Assessment Re-authorization”

July 14, 2006

King Conservation District Board of Supervisors
Written Public Comments
935 Powell Avenue SW, Ste D
Renton, WA 98055



RE: KCD 2007 Proposed Special Assessment

Dear King Conservation District Board of Supervisors:

The City of Kirkland has reviewed the District's Preliminary 2007 Special Assessment Proposal and has several comments and concerns regarding proposed allocation of funds and administration and management of programs.

Before reciting these concerns, please know that the City greatly appreciates the work of the King Conservation District (KCD) on natural resource protection especially including the regional salmon conservation efforts. We further support reauthorization of the special assessment at \$10 per parcel for 5 years. The discussion over allocation of special assessment funds has become polarized, and we feel that it is important to step back, take a deep breath, and revisit common ground that exists between the KCD and member jurisdictions. We all stand to lose should the reauthorization be denied. The tight timeframe allowed for member jurisdiction comment on the allocation proposal has created friction, and the suggestions below present a compromise that would set aside time for development of a mutually beneficial proposal.

As we understand it, the current Preliminary Special Assessment Proposal states that funds be allocated each year based on a work program developed by the KCD. We feel that an allocation plan providing multi-year certainty to jurisdictions and to WRIA 8 over the life of the assessment would be more beneficial. At the same time, we recognize that there is not sufficient time between now and August 1st (when the special assessment must be presented to the King County Council) to determine what this allocation should be. We therefore propose that one of the tasks to be completed during the first year of the assessment be to determine, in communication and consultation with member jurisdictions, the allocations for the remaining 4 years of the special assessment. KCD does have final authority over the allocation proposal, but the KCD must develop a proposal that the majority of member jurisdictions can support in order to be successful in fulfilling its mission. The 2006 allocation (\$2 KCD, \$2 member jurisdictions, \$6 WRIAs) could be continued for 2007, with alterations to the allocation for 2008-2011 as directed by KCD in concert with member jurisdictions.

The success of WRIA 8 salmon conservation and recovery is critical to the ecological and economic well-being of the Puget Sound Region. It is laudable that KCD has recognized this and has proposed allocation of 71% of funds be used for salmon recovery purposes, proposes to provide funds to WRIA 8-recommended projects/programs, and proposes creation of an independent grant

program. At the same time, the City is concerned that the structure accompanying this allocation may duplicate effort. We therefore request that you consider the following

- Do not create an independent grant program. If there are issues with the WRIA 8 recommendation/allocation process, such as the amount of involvement by non-governmental organizations, these can be addressed through grant program criteria and dialogue with the newly formed WRIA 8 guiding body.
- Send salmon recovery proposals through WRIA 8 for review and recommendation. This body is well-prepared to determine the concurrency of proposals with the WRIA 8 Chinook Salmon Conservation Plan, and creation of a separate process within KCD would be inefficient and would cause confusion. Develop a process to dedicate funds to each of the 3 Tiers of priorities in the WRIA 8 plan in order to satisfy the needs of jurisdictions attempting to implement programs and regulatory actions that will support project actions in Tier 1 areas.
- Do not restrict funds allocated directly to member jurisdictions to salmon recovery (whatever that allocation may be), but rather recognize that these funds can go toward natural resource conservation efforts, such as urban forest management, that will contribute indirectly to salmon recovery. As suggested above, funds dedicated to salmon recovery should be allocated through the WRIA 8 guiding body.
- Recognize that KCD is first and foremost a source of funding for regional initiatives. Individual member jurisdictions should not depend on KCD money where local sources such as utility enterprise funds could be used for local programs.

In closing, the City of Kirkland supports reauthorization of the special assessment at \$10 per parcel for 5 years, especially with consideration of the alterations suggested above. We support the independence of KCD, and look forward to working with you to develop an allocation and administration process that will achieve our mutual natural resource protection goals.

Sincerely,



James Lauinger, Mayor
City of Kirkland

Cc:

Joan McBride, Deputy Mayor and WRIA 8 Forum representative for Kirkland
Daryl Grigsby, Public Works Director
Rob Jammerman, Development Engineering Manager
Jenny Gaus, Senior Surface Water Utility Engineer

King Conservation District
 2007 Special Assessment Proposal Summary
 Approved July 24, 2006
 Figures based on 586,774 assessed parcels

ATTACHMENT B

DETAIL

Assessment Duration, Amount, & Land Classifications

5 years; \$9.98 per parcel, plus \$0.00 annual rate for parcels < 1 acre, \$0.01 annual rate for parcels that are 1 to 5 acres, and \$0.02 annual rate for parcels > 5 acres; all lands except those classified forestry

Estimated Assessment Collections (before fee deductions) \$ 5,856,759.99

Estimated Allocation Calculations (adjusted by fees)	Member Jurisdiction Partnerships	WRIA Forum Partnerships	Conservation Partnerships Grants & Contracts	All Other KCD Services/Programs	Total Dollars by Initiative	Percent Total Assessment
Salmon Recovery Initiatives ¹	\$ 1,524,007.57	\$ 1,754,046.45	\$ 339,888.85	\$ 472,224.57	\$ 4,090,167.45	0.71
Landowner Assistance & BMP Implementation	-	-	138,182.26	1,163,208.30	1,301,390.56	0.22
Sustainable Agriculture Initiatives	143,774.30	-	-	88,588.20	232,362.50	0.04
Natural Resource Conditions Monitoring & Evaluation	57,509.72	57,509.72	-	59,252.44	174,271.88	0.03
	<u>\$ 1,725,291.59</u>	<u>\$ 1,811,556.17</u>	<u>\$ 478,071.11</u>	<u>\$ 1,783,273.52</u>	<u>\$ 5,798,192.39</u>	<u>1.00</u>

¹ Salmon Recovery Initiatives includes Implementation of capital projects and initiatives included in the salmon recover plans for the three King County WRIA Forums; implementation of member jurisdiction priorities that are congruent with WRIA Forum salmon recovery plans; implementation of marine and freshwater shoreline protection and restoration projects; implementation of forest health and enhancement projects; and implementation of water quality enhancement projects.

SUMMARY

Estimated Allocation by 2007 Program of Work Priorities & Initiatives

Salmon Recovery Initiatives (includes KCD fee)	\$ 4,090,167.45	71% of total assessment
Landowner Assistance & BMP Implementation	1,301,390.56	23% of total assessment
Sustainable Agriculture Initiatives	232,362.50	4% of total assessment
Natural Resource Conditions Monitoring & Evaluation	174,271.88	3% of total assessment
	<u>\$ 5,798,192.39</u>	

Estimated Allocation by Stakeholder/Partnership Program

Member Jurisdiction Partnerships (less Assessor & KCD fees)	\$ 1,725,291.59
WRIA Forum Partnerships (less Assessor & KCD fee)	1,811,556.17
Conservation Partnerships Grants/Contracts (less Assessor & KCD fee)	478,071.11
Other King CD Programs & Services (less Assessor & plus KCD KCD Fee)	1,783,273.52
	<u>\$ 5,798,192.39</u>

Estimated WRIA Forum Allocations ("Proposed" is based on WRIA 7, 8 & 9 ILA fees)

	Proposed	2006 (Estimated)	2005 (Actual)
WRIA 7 Watershed Forum (28.654% of total ILA fees)	\$ 519,086.90	\$ 685,894.78	\$ 342,947.39
WRIA 8 Watershed Forum (41.132% of total ILA fees)	745,130.46	1,371,789.60	685,894.80
WRIA 9 Watershed Forum (30.214% of total ILA fees)	547,338.81	1,371,789.60	685,894.80
	<u>\$ 1,811,556.17</u>	<u>\$ 3,429,473.98</u>	<u>\$ 1,714,736.99</u>

Estimated Member Jurisdiction Allocations

	Proposed	2006 (Estimated)	2005 (Actual)
KING COUNTY	\$ 416,828.69	\$ 283,428.12	\$ 141,714.06
ALGONA	3,419.57	2,190.22	1,095.11
AUBURN	34,083.96	22,404.88	11,202.44
BEAUX ARTS	367.54	243.18	121.59
BELLEVUE	114,589.37	76,503.94	38,251.97
BLACK DIAMOND	5,092.60	3,336.00	1,668.00
BOTHELL	15,201.35	9,930.98	4,965.49
BURIEN	31,240.69	20,645.00	10,322.50
CARNATION	2,022.93	1,339.32	669.66
CLYDE HILL	3,340.18	2,202.08	1,101.04
COVINGTON	17,118.43	11,237.76	5,618.88
DES MOINES	27,362.43	17,926.78	8,963.39
DUVALL	6,356.93	4,101.67	2,050.84
HUNTS POINT	605.70	401.24	200.62
ISSAQUAH	22,046.37	13,422.34	6,711.17
KENMORE	19,899.95	13,069.58	6,534.79
KENT	63,222.33	41,411.46	20,705.73
KIRKLAND	50,434.97	33,219.16	16,609.58
LAKE FOREST PARK	14,627.99	9,734.48	4,867.24
MAPLE VALLEY	20,155.76	12,396.68	6,198.34
MEDINA	3,731.24	2,489.56	1,244.78
MERCER ISLAND	24,680.88	16,390.64	8,195.32
NEWCASTLE	10,646.83	6,990.84	3,495.42
NORMANDY PARK	7,415.44	4,901.54	2,450.77
NORTH BEND	4,604.51	3,019.52	1,509.76
REDMOND	43,404.71	28,366.86	14,183.43
RENTON	53,292.94	34,377.86	17,188.93
SAMMAMISH	44,125.08	29,322.28	14,661.14
SEATAC	20,161.64	13,210.14	6,605.07
SEATTLE	554,561.16	365,964.10	182,982.05
SHORELINE	52,931.28	35,037.00	17,518.50
SNOQUALMIE	8,712.11	5,092.08	2,546.04
TUKWILA	17,065.50	11,015.04	5,507.52
WOODINVILLE	10,682.11	6,998.34	3,499.17
YARROW	1,258.45	839.26	419.63
	<u>\$ 1,725,291.59</u>	<u>\$ 1,143,159.93</u>	<u>\$ 571,579.97</u>

Briefing for SCA Public Issues Committee
on the
King Conservation District Assessment Re-authorization
September 13, 2006

Issue:

The King Conservation District has requested approval by the King County Council to re-authorize the existing special assessment of \$10 per parcel, which was approved in 2006, for a 5-year period and has proposed a new assessment allocation of funding.

Background:

The King Conservation District (KCD) is a special purpose district within King County that is allowed by State law to assess up to \$10 per parcel to fund the KCD programs. Prior to 2006 the KCD assessment was \$5 per parcel. In 2005, the King County Council approved a one-year assessment of \$10 per parcel for 2006. The KCD is now requesting re-authorization of the \$10 per parcel assessment along with changes as to how the funding would be allocated. The estimated total revenue to be generated in 2007 by the \$10 per parcel assessment is \$5.87 million.

The revenue from the new 2007 assessment is proposed to be allocated to the following programs in the KCD work program, as compared to the existing 2006 KCD assessment, is as follows:

Stakeholder/Partnership Program	2007 Allocation of Funding	2006 Allocation of Funding
Member Jurisdiction Partnerships	\$1,725,291	\$1,112,523
WRIA Forum Partnerships	\$1,811,556	\$3,337,570
Conservation Partnerships Grants/Contracts	\$478,071	\$0
Other King Conservation District Programs & Services	\$1,783,274	\$1,112,523
Total	\$5,798,192	\$5,562,616*

*The difference between 2006 and 2007 total allocations are due to estimated revenue amounts and change revenue due to the increase in the number of parcels within the County.

The existing KCD 2006 funding for the WRIA Forum Partnership is distributed to each WRIA, with WRIA 7 receiving 20% and WRIA 8 and 9 each receiving 40% of the funding (20-40-40).

The changes in the 2007 assessment from the 2006 assessment are as follows:

- 50% increase in funding to the County and cities that are members of the King Conservation District.
- \$440,000 dedicated to implementation of the Conservation District Strategic Initiatives related to salmon recovery, sustainable agriculture and response monitoring.
- \$478,071 dedicated to a new competitive grant program, which will allow non-profit groups and local governments to apply for funds to implement projects related to salmon recovery, sustainable agriculture and response monitoring.
- A 12.5% increase in funding for the Conservation District activities due to the increased workload that has resulted from the passage of the County's new Critical Areas Ordinance and partially replaces contact funds for this purpose that

used to come from King County. This funding is primarily used to help property owners with the development of a farm plan that protects water quality and salmon habitat.

- The WRIA Forum’s funding would be reduced by 46% below the level of funding that was provided to the WRIA Forum’s through the 2006 KCD assessment to fund projects identified in the WRIA 7, 8 and 9 Salmon Habitat Plans. In addition, the proposed 2007 KCD assessment would change the distribution of WRIA Forum funding from the current WRIA Forum funding distribution (20-40-40). The KCD proposes to change the distribution of funding between the WRIA 7, 8 and 9 to be approximately 29%, 41% and 30% respectively (29-41-30).
- The following table shows the change in the amount and distribution of funding to each of the WRIA Forum’s:

Comparison WRIA Forum Allocations (Based on KCD preliminary 2007 Special Assessment Stakeholder)						
WRIA Forum	Proposed 2007 Allocation	Percentage of 2007 WRIA Forum Allocations	Current 2006 WRIA Allocation	Percentage of 2006 WRIA Forum Allocation	Variation (2007 vs. 2006)	Percentage Change
WRIA 7	\$519,086.90	29%	\$667,514	20%	(\$148,427)	-22%
WRIA 8	\$745,130.46	41%	\$1,335,028	40%	(\$589,897)	-44%
WRIA 9	\$547,338.81	30%	\$1,335,028	40%	(\$787,689)	-59%
Total	\$1,811,556.17	100%	\$3,337,570	100%	(\$1,526,013)	-46%

In summary, the 2006 KCD \$10 per parcel assessment was allocated with WRIA Forums getting \$6, Member Jurisdictions getting \$2 and the KCD also getting \$2 (6-2-2). The proposed 2007 KCD \$10 per parcel assessment would be allocated with the WRIA Forums getting \$3, Member Jurisdiction getting \$3, the KCD getting \$3 and a new competitive grants program getting \$1 (3-3-3-1). In addition to each WRIA Forum getting less funding, the distribution of funding between WRIA Forums 7, 8 and 9 would be changed from 20%, 40% and 40% respectively to 29%, 41% and 30% respectively

Policy Issues:

1. The 46% (over \$1.5 million) reduction of funding to the WRIA Forums will significantly reduce their ability to implement the priority projects. These projects have been identified for implementation in each of the Salmon Habitat Plans developed for WRIA’s 7, 8 and 9 and ratified by the County and the cities within each of the WRIA’s. The WRIA Forums could submit project to the KCD as part of the new competitive grants program, but it would create additional work, another layer of review, and unnecessary bureaucracy. Each jurisdiction that is a member of the KCD could use their 50% increase in funding to fund projects identified in the WRIA Salmon Habitat Plans, but there is no guarantee that jurisdictions would do that and again it creates additional work, another layer of review, and unnecessary bureaucracy.

The jurisdictions within the WRIA worked together over the last six years to produce the WRIA Salmon Habitat Plans and implement projects in response to the Endangered Species Act listing of Chinook salmon and bull trout. These

plans are an integral part of a Salmon Recovery Plan for the Puget Sound Evolutionary Significant Unit that is being developed by NOAA Fisheries and the USFW Services, in coordination with Shared Strategy. The KCD funding is important to show the federal agencies that the actions identified within the WRIA plans will be implemented over a reasonable time period.

The WRIA Forums are ramping up implementation of the ratified WRIA Salmon Habitat Plans and the reduction in funding will hurt this effort. The reduction in funding could result in the need for individual jurisdictions to contribute more to the implementation of the WRIA plans, slow down or stop project implementation. It also may have an impact on the new 9-year interlocal agreement being developed to fund the administrative and project management costs associated with implementing the WRIA plans. Jurisdictions may not approve a new WRIA interlocal agreement, if there is reduced funding to implement projects due to the concern that the funding shortfall may have to be made up by the jurisdictions that are part of the new WRIA interlocal agreement.

2. The changes in the distribution of funding between WRIA Forum's also changes the ability of the different Forum's to implement projects. The 2006 WRIA Forum funding was proportioned to meet the needs of each WRIA Forum to implement projects.
3. The total proposed allocation distribution provides a lot of funding for salmon recovery, but it would be distributed so broadly that the regions ability to address the significant habitat improvements that are necessary to increase salmon population, distribution and diversity would be decreased.
4. Each member jurisdiction would get a 50% increase in the funding that they could submit non-competitive grant applications to the KCD for projects that meet the KCD funding criteria. This may be beneficial to individual jurisdictions to fund other programs and efforts. The increase in funding to medium and small cities is not very much and may not be enough to do anything of value. In addition, there is still the administrative work of getting approval of a grant by the KCD, the legislative approval of an agreement with the KCD for the grant and, reporting that offsets the benefits of the incremental increase in funding.
5. The KCD assessment has to be approved by the King County Council, which can only approve or reject the KCD proposed \$10 per parcel assessment and assessment allocation. The County Council cannot change how the KCD assessment is allocated.

Options:

The following are options that the SCA can consider:

1. Support the re-authorization of the proposed KCD \$10 per parcel assessment, the proposed assessment allocations (3-3-3-1) and the distribution of funding between the WRIA 7, 8 and 9 Forum's (29%-41%-30%).
2. Support the re-authorization of the proposed KCD \$10 per parcel assessment, but not the proposed assessment allocation and distribution between the WRIA Forum's. Support the assessment allocations and WRIA Forum funding

distribution that was approved in 2006, or develop an alternative assessment allocation.

3. De-annex from the King Conservation District and be removed from the district assessment.

Recommendation:

Recommend that the SCA support the proposed King Conservation District \$10 per parcel assessment re-authorization, but not the proposed assessment allocation of 3-3-3-1 or the proposed WRIA 7, 8 and 9 Forum funding distribution of 29%, 41% and 30% respectively. Recommend that the SCA request the King County Council to reject the proposed KCD assessment and funding allocation plan, unless the King Conservation District revises the proposal to include an assessment allocation that is similar to the 2006 assessment allocation of (6-2-2) with the same percentage distribution of WRIA Forum funding (20-40-40) that was proportioned to meet the needs of each WRIA Forum to implement the salmon recovery actions, as identified in each WRIA Forum Salmon Habitat Plan.

Submitted by:

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