



King County
Metropolitan King County Council
Committee of the Whole

STAFF REPORT

| | | | |
|-------------------------|---|-------------------------|--------------------------|
| Agenda Item No.: | 5-8 | Date: | November 22, 2010 |
| Motion No.: | 2010-0591 through 2010-0594 | Prepared by: | Kendall Moore |
| Invited: | Scott Johnson, PAO Sung Yang, Executive's Office | | |

SUBJECT

Council approval of funding mechanisms to purchase for \$36 million the 250 acres commonly referred to as the "Glacier Mine" site, located on Maury Island.

SUMMARY

Proposed Ordinances 2010-0591 and 0593 are identical and would amend an existing gravel extraction agreement the County has with Northwest Aggregates Co. Under the Executive's proposal, the County will forego royalties of the first 100,000 tons of gravel extracted each year for a period of 20 years. The agreed value of these royalty concessions is \$2.4 million.

Proposed Ordinances 2010-0592 and 0594 are identical and would make supplemental appropriations to (a) the Conservation Futures Capital Fund for \$19.1 million and (b) the Surface Water CIP for \$14.4 million.

Both of these appropriations, together with the County's royalty concessions and \$100,000 already appropriated to SWM CIP for the acquisition of this property would total the \$36 million agreed purchase price.

Negotiations regarding the final terms of the amendment to the extraction agreement and the purchase and sale agreement are continuing. As such, there is no action to be taken at this time. However, one of the material terms that CalPortland, Northwest Aggregates Co.'s parent company, is requiring is a closing date on the purchase by December 30, 2010.

BACKGROUND

Northwest Aggregates Co. ("NWA"), and a subsidiary of CalPortland, owns a 250-acre sand and gravel mine on the southeast shore of Maury Island. The property has over 4600 feet of relatively unadulterated shoreline. According the Executive staff, only about 100 feet of this shoreline is armored (i.e. bulkheaded),¹ meaning that the natural ecological functions along this shoreline are relatively intact. The aquatic area in front the shoreline is reported to be of significant value, providing feeding grounds for endangered species such as the Chinook salmon, Orca and Bull Trout.

The Executive reports that 4200 feet of bluff abutting the property's beach is classified either as exceptional feeder bluff or feeder bluff.² The bluffs are generally over 300 feet tall. Along the bluffs there is approximately 1,000 feet of high quality dense overhanging trees, along with 300 additional feet of dense trees adjacent to the shoreline. The rest of the site's vegetation along the beach is composed of shrubs and noxious weeds, providing both food and habitat for fish, fowl and animal.

In response to an inquiry from Council staff regarding the ecological value of the site, distinct from its shoreline, Executive staff reported that the upland area of the property represents a large swath of madrona forest and went on to state that:

"Large blocks of low elevation forest are increasingly rare in central Puget Sound. This large unfragmented forest provides a protected wildlife corridor between Quartermaster Harbor and Puget Sound. This madrona forest provides rich habitat for a wide diversity of birds, including priority species such as bald eagles, pileated woodpeckers, band-tailed pigeons, and olive-sided flycatchers. Existing disturbed areas provide excellent opportunities for habitat restoration and an overall increase in upland forest cover as well as carbon sequestration. Preserving the upland forest while restoring the former pit area will also provide increased protection for the sole source aquifer."³

Another benefit of intact forests is they act mediate both the flows and pollutants in stormwater to both Puget Sound.

The mine is located in the upland portion of the site. Active mining has occurred on only 40 of a potential 150-190 acres available for mining. Various owners have mined the site since the 1940s. In 1968, the then current owner built a barge-loading facility/dock. Barges were used to transport sand and gravel in 1968, 1969, 1971, and 1978. Production peaked in 1978 when the mine produced approximately 2.8 million tons of

¹ Removing this armoring is listed as a potential project in the WRIA 9 Salmon Plan.

² Also known as sea cliffs, bluffs are those areas along the marine shoreline that are actively contributing, or feeding, sediment to beaches. Bluff sediment is the primary source of beach sediment in Puget Sound and contributes to the ecological function of the shoreline. See online DNRP Glossary of Shoreline Ecology and Planning Terms.

³ Written response from Executive staff (WLRD) to questions posed by Council staff.

sand and gravel. The mine operators stopped using the barge-loading facility/dock in 1978 and it fell into disrepair. Since 1978, little has been extracted from the mine.

In the late 1990s NWA began pursuing the necessary permits to replace the old dock and install a new one and reactivate the mine. As part of that process, in 2008, it entered into a 30 year lease with the State for use of the bedlands waterward of the shoreline. Pursuant to the terms of that lease, NWA is authorized to construct and operate a barge loading dock facility in the area where remnants of the old dock remain.

Currently NWA has both the grading permit and surface mining permits to operate within the area previously mined. Mining permits for the proposed expanded mining operation are awaiting Ecology's approval of a remediation plan associated with the expanded mining. NWA also has the building and shoreline permits issued by the County to construct the new barge loading dock facility. However, NWA is enjoined⁴ from constructing that facility pursuant to a federal court order, pending completion of an Environmental Impact Statement ("EIS").

ANALYSIS

What is known about this proposed purchase is complicated by what is not known. This briefing sets out the elements that are known and raises issues with them. Because this is a fast moving project, the issues raised are intended to point out what is left to clarify and if possible solidify before the proposed waiver of the due diligence deadline.

1. Funding of the Purchase

As noted above, the Executive intends to use three different sources to fund the \$36 million purchase price. At closing, scheduled for December 30, 2010, NWA will receive \$33.6 million in cash, and will receive over the next 20 years what effectively is a credit for \$2.4 million as NWA extracts gravel from a mine it currently operates at the Maury Island Marine Park under an agreement with the County.

(a) \$19.1 million - Conservation Futures Fund: As indicated in the transmittal letter, the Executive proposes to use the bonding capacity of the Conservation Futures Fund ("CFF") to make up almost two-thirds of the purchase price. In order for the County to make the cash payment on the closing date, the Executive proposes an interfund loan to CFF and issue 20-year Long Term General Obligation bonds in the amount of the \$19.1 million plus the interfund loan interest of approximately \$234,000. Attachment 4. Although the transmittal letter indicates that the bonds may be issued within the next two years, fiscal note associated with the Proposed Ordinances and the

⁴In September 2008, Preserve Our Islands ("POI"), a community group opposed to the reactivation of the mine, filed a federal action against the issuance of the NEPA permit that the Army Corps of Engineers ("Corps") issued for the construction of the dock. The gist of POI's argument was that the Corps did not adequately consult with the necessary agencies regarding all of the endangered species (Chinook and Orcas) and its EIS determination was not defensible. The court ordered the Corps to undertake the formal consultation required under the endangered Species Act and to complete a full EIS.

CFF Financial Plan indicate that the bond prepayments would not start until 2012. See Attachments 4 & 5.

Issues

i. Appropriate use of CFF – The goal of conservation futures' program is to "maintain, preserve, conserve and otherwise continue in existence adequate open space lands and to achieve an equitable geographic distribution of funds from conservation futures over the long term." KCC 26.12.005. The criteria for consideration of allocating conservation future funds are set out in KCC 26.12.025 and include property's contribution to wildlife habitat; salmon habitat and aquatic resources; scenic resources; park or open space system addition; reduction in threat of loss of open space resources. As described above, this property meets several of the criteria set forth in KCC 26.12.025.

This purchase would add another 250 acres of open space to the County's system. It is of high quality ecologically. It provides almost a mile of predominately unadulterated shoreline. It backs up to the Dockton Forest and Park, providing wildlife corridors to either side of the island. It is just down the beach from the Maury Island Marine Park. According to the Executive's transmittal letter, the property has the potential of providing significant recreational opportunities, including scuba diving, trails, and equestrian uses.

Additionally, according to Terry Lavender, a chair of the CFF citizen oversight committee, the Glacier mine property has long been on the committee's radar as a potential open space purchase. See Attachment 7, areas of interest. Ms. Lavender was familiar with the proposal to use CFF revenues to finance a portion of the property purchase. She stated that she has received only comments of support from the other committee members regarding this purchase.

ii. 50% debt to revenues policy – Although there is no formal policy regarding the ratio of conservation futures tax revenues used to service debt, the program historically has limited the use of debt financing to 50% of estimated revenues. Using bond financing to furnish the \$19.1 million would cause the debt service ratio to revenues for 2012 to rise to 48.6%. As shown in Attachment 5, the debt to revenues ratio would remain in the high to mid 40s percentile throughout a six year planning period. If LTGO bonds are issued in 2012, with a 4% interest rate, it is estimated that the debt service for the next 20 years would be over \$1.4 million a year to finance the \$19.1 million CFF contribution to the purchase of this property.

iii. Eastside Rail - The Executive expects to also use CFF to debt finance the purchase of an "enhanced" easement for the Eastside Rail Corridor. The Executive is in negotiations on that purchase, but has conservatively estimated that the CFF contribution for that purchase could be up to \$2.5 million. The effect on the CFF debt to revenues ratio then increases for 2012 to 50%. The table below shows the effect of adding these two debt-financed purchases (Glacier Mine and Enhanced Eastside Rail Corridor) to the CFF program, and assumes 20 year bonds at 4% interest starting in 2012. However, the table only covers the first 18 years of the debt.

| year | debt % | | year | debt % | | year | debt % |
|------|--------|--|------|--------|--|------|--------|
| 2012 | 50% | | 2018 | 43% | | 2024 | 36% |
| 2013 | 49% | | 2019 | 42% | | 2025 | 19% |
| 2014 | 48% | | 2020 | 42% | | 2026 | 18% |
| 2015 | 46% | | 2021 | 41% | | 2027 | 18% |
| 2016 | 45% | | 2022 | 40% | | 2028 | 18% |
| 2017 | 44% | | 2023 | 40% | | | |

iv. Donations – In the transmittal letter, the Executive announces that the Cascade Land Conservancy, which played a pivotal part bringing the parties together on this deal, will spearhead a drive to garner \$2 million in private donations to offset the purchase price. In discussions with Executive staff, this money will be used to replenish the CFF. Executive staff report that no contributions have yet been received.

(b) \$14.5 million – Grant from Ecology: As part of last year's legislation session, the State appropriated \$15 million to the Department of Ecology "solely for the [department] to assist King County in the acquisition and remediation of property on Vashon and Maury Island." See ESHB 2836. This appropriation was partially funded out of the Asarco settlement fund (\$4.1 million) and partly out of the Sate Toxics Control fund (\$10.9 million). The property, like all of Maury Island is within the plume of the old Tacoma Asarco Plant and is contaminated by arsenic and lead from the old smelter plant. Based on the pre-purchase due diligence the Executive is undertaking, the property has not been found to contain levels of arsenic or lead uncommon from other areas throughout the affected area.

Part of the \$15 million is already encumbered. The Executive entered into an interagency agreement with Ecology to expend \$600,000 to study the feasibility⁵ of purchasing the property.

Issues

i. Time lag between closing the sale and obtaining the money from the State – Under the current interagency agreement between Ecology and the County, covering the \$600,000 that the County requested for pre-purchase investigation of the property, Ecology reimburses the County as the County expends funds and submits pay requests to Ecology. The Executive expects that \$100,000 of this \$600,000 will not be necessary for the pre-purchase feasibility study but for the actual purchase of the property. There is no written agreement as of yet between the County and the State regarding reimbursing the County for the remaining \$14.5 million the Executive expects to use towards the purchase the property. Executive staff are working with Ecology to formalize the process by which the State will transfer the \$14.5 million in order for it to be available on December 30, 2010. However, at this point there is no commitment from Ecology regarding the process or timing of releasing these funds.

⁵ Activities include: development of a Remedial Investigation/Feasibility Study ("RI/FS") work plan, site characterization and on-site monitoring, final RI/FS report and draft Cleanup Action Plan, title review and appraisal, and legal review.

ii. No money left from the State's \$15 million grant for remediation –

The legislation appropriating the \$15 million dollars to Ecology clearly stated that it was to assist King County in the acquisition and remediation of property on Vashon and Maury Island. Having already expended all of the money in pre-purchase investigation and actual purchase of the property, there will be nothing left of that \$15 million to actually remediate the property.

Under the State's Model Toxics Control Act ("MTCA"), the State can require property owners to "remediate" their property of hazardous substances such as arsenic. For the purposes of MTCA, remediation means acts taken to identify, eliminate, or minimize any threat posed by hazardous substances to human health or the environment. WAC 173-340-200. NWA and Ecology are in discussions regarding how the company would be required to remediate the property under its proposed expanded mining operations. In other words, Ecology has sought to formalize the development of NWA's plan to remediate the property

According to information provided by NWA to the County's consultants, arsenic contaminated soils appear to be limited to topsoils, no more than 18 inches deep. In NWA's proposals reviewed by the County's consultants, NWA did not propose to remediate unmined areas. The County's consultants theorized that remediation of these unmined areas would be more disruptive of the natural environment than the benefit gained by remediation.

As more fully discussed below, the County is assuming this remediation liability. At this point there are no County –identified funds to implement any remediation plan the State may require the County to undertake to operate the property as a passive recreational area. In the transmittal letter, the Executive posits that the County will seek grant funding to defray any remediation costs.⁶

(c) \$2.4 million in royalty concessions: The following table provides the amount of tonnage and royalties the parks received as a result of the gravel extraction agreement entered into with NWA in early 2004.

⁶ Cited at page 2 of the transmittal letter, the Executive identifies the following a potential sources of grant funding for remediation of the property: Recreation & Conservation Office; Aquatic lands Enhancement Account; Salmon Recovery Funding Bd.; Land & Water Conservation Fund; Ecology Remedial Action Grants; Wa. Wildlife & Recreation Program.

| Maury island Marine Park Gravel Mine | | |
|--------------------------------------|------------------|----------------|
| | <u>Tons</u> | <u>Revenue</u> |
| 2004: | no data provided | |
| 2005: | 75,683 | \$117,309 |
| 2006: | 73,569 | \$102,471 |
| 2007: | 46,185 | \$71,586 |
| 2008: | 51,848 | \$80,366 |
| 2009: | 33,893 | \$67,826 |
| 2010 YTD ⁷ | 26,706 | \$57,349 |

Under the terms of the 2004 agreement, NWA pays a minimum of \$2000 a month, regardless of what it extracts each month. So Parks is guaranteed at least \$24,000 a year under the current contract. At the time this contract was originally executed, NWA was paying \$1.55/ton extracted in royalties. In accordance with the escalation clause in the contract, NWA is now paying approximately \$2.15/ton.

The current contract provides runs until the sooner of 2020 or exhaustion of the gravel supply under the current permits. Ordinance 14371⁸ approved an extraction agreement extension with NWA's predecessor Vashon Sand and Gravel Co. back in 2002. As noted in the findings for that Ordinance, the County's intent was to shut down the mine in 2020, have the area reclaimed, and make it available for park purposes.

The proposed amendment to the agreement would extend the potential expiration date another 10 years, to 2030. At the end of the contract term, NWA still would remain responsible for reclaiming the mine.⁹ If approved by the State, reclamation would be performed according to the Park Reclamation Plan that is an exhibit to the original contract or to the Standard Reclamation Plan if the Park Reclamation Plan is not approved by the State. Also according to the current agreement, NWA is prohibited from marketing the gravel for use off the island

Based on information from both NWA and Executive Staff there is between 2 million and 2.7 million tons of aggregate left to be mined at this site, enough to extract 100,000 tons per year for 20 years. As reported by Executive staff, the gravel extracted at this mine has been sold on island only.¹⁰

Issues -

i. Loss of Revenue to Parks – The revenue generated from the extraction agreement funds the County's Parks Division. According to fiscal note

⁷ As of September 2010.

⁸ Additionally in that Ordinance, it noted that the County had declared the 2.5 million tons estimated to be present at that site, as surplus to Parks' needs.

⁹ Reclamation usually includes returning the site's contours to pre mining levels and revegetating the site. It may also require groundwater protection.

¹⁰ Whether the gravel, after it is sold to a third party, remains for use on the island is not known, but assumed. Currently, NWA does not truck the gravel off the island for sale.

prepared in support of this proposal, Parks is expected to lose \$70,000 (2010 dollars¹¹) a year in revenues as a result of forgoing the royalties for the next twenty years. \

This estimate appears to be too low. In 2004, when NWA extracted only 75,683 tons from the site, Parks received \$117,000 in revenues (at \$1.55/ton). Assuming NWA actually does avail itself of the right to extract 100,000 per year for the next 20 years, using the current rate of \$2.15/ton, the loss of revenue would be \$215,000 per year in current dollars. Albeit, for any tonnage extracted in excess of 100,000 tons in a year, NWA will pay royalties at the then going rate per ton.

When queried how Parks would make up the revenue loss, Executive staff stated: that one of the Division's areas of concentration in 2011 is to develop a "giving program," along the lines of the Seattle Parks Foundation. The King County Parks Foundation would focus on developing relationships with individual and corporations for sustained contributions. As reported in the Executive's transmittal letter, on a limited basis, since 2009, Parks has received several gifts to for the Parks. However, the Executive also admitted in the letter that corporate giving in the last few years has been limited, most likely the result of the region's economy.

ii. Never extracted 100,000 tons out of the mine - As the table above indicates, from the data provided by Executive staff, NWA has never extracted 100,000 tons in any one year from the Maury Island Marine Park location. In the 5 year period from 2005 through 2009, NWA extracted an average of about 56,000 tons. At the peak, NWA pulled out 75,683 tons; at the low (in 2009) just less than 34,000 tons. This calls into question what NWA plans to do with the 25,000 to 66,000 tons of excess capacity for island use it may have per year for the next 20 years.

iii. Maury Island Marine Park Gravel Pit Estimated Life – By extending this extraction agreement, the county is ensuring that this mineral resource will be maximized. By the estimates from both the Executive and NWA, there is a 2 – 2.7 million ton supply left at this site that can be extracted. While NWA is not prohibited from taking more than 100,000 tons a year, based on past years' totals that does not seem likely if it is to be sold only on the island. This site is listed on the County's Mineral Resource List as a resource of commercial significance.

2. Assuming liability for Glacier Mine

(a) Cost to remediate: At the time of this staff report, the terms of the PSA have not been finalized. However, it is anticipated that the County will be assuming the bulk of the costs to remediate the property. As discussed above, NWA was in the process of developing the plan to remediate the hazardous substances dropped on the property from the Asarco plume for Ecology's approval. It is important to note that the plan then under discussion assumed that the property would be fully developed as a mining operation, with at least 150-190 acres being mined. Therefore, the cost and

¹¹ As noted above, there is a price escalation provision in the extraction agreement, which ties a yearly increase in the price per ton to the annual Producer Price Index for sand and gravel.

extent of the remediation for the property as a fully developed mining operation would be expected to be considerable more expansive and costly than that of an open space park with passive recreational uses.

The executive branch has retained environmental experts to evaluate and prepare the necessary remedial studies and plans. Executive staff is also in consultation with the State regarding both the administrative process, as well as implementation expectations that will be required to meet the County's obligation to remediate the property for what now would be a completely different intended use – open space or park.

However, at this time, the exact extent of the liability to remediate the property is unknown. As a sufficient understanding of this issue requires advice of legal counsel, further discussion of this issue will be held in executive session.

(b) Cost to reclaim: It is anticipated that the County will be assuming the costs to reclaim the mined portion of the property. As with the issue of remediating the property for the arsenic and lead contamination, there are costs that will be incurred to reclaim that portion of the property that has been mined. Again, the Executive branch is in discussion with the State (DNR) and DDES¹² regarding the extent of the reclamation that will be required for the property in light of its future use. Once the extent of reclamation is better defined, costs to perform this work and the time table by which it must be undertaken can be better defined.

It is also unclear whether the State will require the County to remove the portions of the dock that have been installed by NWA.

However, at this time, the exact extent of the liability to reclaim the mine is unknown. As a sufficient understanding of this issue requires advice of legal counsel, further discussion of this issue will be held in executive session.

(c) Recreational Immunity: Like all other open space or parks owned by the County, this new acquisition would be subject to the recreational immunity provision found at RCW 4.24.210; whereby the County would not be liable for unintentional personal injuries suffered by recreational users of the property. However, the immunity extends to injuries suffered as a result of a known dangerous artificial latent condition for which warning signs have not been conspicuously posted.

According to the PAO, the Asarco plume contamination would probably not be the type of condition that would require signage. Additionally, causation of exposure to the hazardous substances on the property to a health related injury (cancer, asbestos, etc.)

¹²It is anticipated that the County will be assigned NWA's surface mining permit. As a condition of surface mining permits, the holder is required to reclaim a mining operation. RCW chapter 78.44 governs the permitting and reclamation of surface mining in the state. Pursuant to that chapter, many responsibilities for enforcement have been delegated to the counties. Therefore, in addition to the state requirements, a mine operator in King County also is required to comply with the mineral extraction requirements of KCC chapter 21A.22, including reclamation. DDES has NWA's reclamation plan for the property; but again that is aimed at a fully developed mining operation.

would be difficult if not impossible for a recreational user to establish. However, there are mining tunnels on the property that could be the type of hazards that would warrant signage or, to better prevent harm, sealing up. The costs for this action has not been determined.

3. Other Obligations

(a) State Lease: As noted in the Background section, in 2008, NWA entered into a 30 lease of the bedlands located in front of the property. The permitted use described in the lease is to construct and operate a barge loading dock facility. The cost per year of that lease is \$1550 plus all tax and assessments liability. Assignment of this lease is contingent on the State's consent. While it is not anticipated that this will be an issue, nevertheless, it is another element that needs to be resolved as part of this purchase.

(b) Cell tower leases: Currently NWA leases an area on the property to Verizon for cell towers. The underlying lease had an original termination date of 2000, with 4 – 5 year option extensions, with set escalation of lease payments set for each option period. Currently, the lease is in its second option period (set to expire July 2011) and can be extended by the tenant again for two more 5 year periods. After the last 5-year extension expires, the lease continues on a year-to-year basis. In 2010, the cell tower leases brought in \$18,435 in revenue to NWA.

Issue

i. Terms unknown – Council staff has not had the opportunity to review this aspect of the property purchase. Whether this revenue could be directed to the Parks Division to offset the loss of gravel extraction revenue will be further investigated.

4. Social Justice & Equity

In accordance with recently adopted Ordinance 16948 ("Fair and Just Principles"), the question was posed to Executive staff how this purchase aligns with promoting equity in acquisition of open space. Executive staff responded by acknowledging that the primary purpose of this purchase does not address equity issues related to underserved populations, but assert that numerous communities throughout the County will benefit from this open space. Executive staff pointed out that this site is "accessible via a short ferry ride, to many of the cities and unincorporated areas of south King County – from South Seattle down to Federal Way - an area currently underserved in respect to availability and accessibility to large open spaces." While the primary purpose of this acquisition serves more ecological policy considerations, Executive staff expressed it this way:

"...residents who may not be able to travel to destinations such as the San Juan Islands or Washington coast will be able to enjoy those same opportunities in their back yard at a fraction of the cost. The King County

acquisition programs are geared towards providing regional amenities to all residents of King County to enjoy. Access and proximity is one of several elements which are considered in making determinations or decisions within the division's capital improvement program."

Issue

i. Fulfilling Fair & Just Principles - On its face, this purchase will not directly alleviate the lack of large open space in portions of the County that are currently underserved. It is not located in an area that lacks open space. As seen in Attachment 8, Vashon/Maury Island has much in the way of parks and open space. However, this acquisition is being offered as a regional attraction that while not increasing the amount of open space in underserved areas, is a place that can provide "quality outdoor spaces, facilities and activities that appeal to the interests of all communities." Ordinance 16948, p.3, lines 56-57.

5. Status of PSA Purchase

To be discussed in executive session.

ATTACHMENTS

1. Proposed Ordinances 2010-0591 & 2010-0593
2. Fiscal note for 2010-0591 & 2010-0593
3. Proposed Ordinances 201-0592 & 2010-0594
4. Fiscal note for 2010-0592 & 2010-0594
5. CFF Financial Plan
6. Transmittal Letter
7. Map of areas of interest
8. Map of parks and public lands



KING COUNTY

Signature Report

November 19, 2010

Ordinance

Attachment
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Proposed No. 2010-0591.1

Sponsors Ferguson

1 AN ORDINANCE authorizing the King County executive
2 to amend a gravel purchase and extraction agreement as
3 partial consideration for the acquisition of property on
4 Maury Island known as the Maury Island Sand and Gravel
5 property, located in council district 8, from Northwest
6 Aggregates Co., an Oregon corporation.

7 **PREAMBLE:**

8 In March 2010, the Washington state Legislature appropriated
9 \$15,000,000 solely for the Washington state Department of Ecology to
10 assist King County in the acquisition and remediation of property on
11 Vashon and Maury Islands.

12 The Maury Island shoreline initiative project protects critical shoreline
13 along Maury Island in Puget Sound. As part of its Maury Island shoreline
14 initiative project, King County has negotiated the purchase of
15 approximately two hundred fifty acres of land on Maury Island owned by
16 Northwest Aggregates Co., an Oregon corporation ("NWA"). The
17 property ("the NWA property") has been developed as a sand and gravel
18 mine, including a conveyor system and dock for loading gravel onto
19 barges.

20 The NWA property has significant ecological value vital to the Puget
21 Sound ecosystem and recovery of species listed under the federal
22 Endangered Species Act.
23 More than seventy percent of Puget Sound's coastal wetlands and
24 estuaries have been lost to development and other shoreline modifications.
25 Permanent conservation of the NWA property will protect this valuable
26 nearshore habitat. The NWA property includes one mile of Puget Sound
27 shoreline adjacent to the Maury Island aquatic reserve.
28 Part of the consideration to be given to NWA for the NWA property is an
29 amendment to a Gravel Purchase and Extraction Agreement ("the gravel
30 agreement") between King County and Vashon Sand and Gravel ("VSG"),
31 which was authorized by the King County Council in Ordinance 14371.
32 The gravel agreement grants VSG the right to extract gravel from twenty-
33 six acres of county-owned park property on Maury Island. Ordinance
34 14371 authorized the sale of approximately one million to one million five
35 hundred thousand cubic yards (which is one million seven hundred to two
36 million five hundred and fifty tons) of sand and gravel from the twenty-
37 six-acre parcel.
38 The twenty-six-acre area was purchased by the county in 1994 along with
39 three hundred acres of adjacent property. The acquisition was for the
40 purpose of eventually establishing a park on the acquired property. The
41 property acquired by the county in 1994 is known as the Maury Island
42 regional park.

43 The twenty-six-acre area was being mined at the time King County
44 acquired the property, which was acquired subject to the right to continue
45 mining until 2004. The master plan for the Maury Island regional park,
46 adopted by Motion 11047, states that mining could continue on the
47 twenty-six acres until 2020 or some other date established by county
48 officials.

49 The gravel agreement allows VSG to extract sand and gravel until the
50 earlier of 2020 or until all the sand and gravel has been removed from the
51 property to the depths specified in the permits that regulate the mining and
52 the reclamation of the property. If King County gives timely notice, it
53 may terminate the gravel agreement before 2014.

54 The gravel agreement provides for a royalty payment to the county of 1.55
55 dollars for each ton of gravel extracted ("the royalty rate"), subject to an
56 annual escalation based on the consumer price index. The current royalty
57 rate is 2.17 dollars per ton.

58 VSG assigned the gravel agreement to Glacier Northwest, Inc., with King
59 County's consent, under an Assignment and Assumption Agreement dated
60 January 1, 2005.

61 As part of the transaction for the purchase of the NWA property, the
62 gravel agreement is to be amended to:

- 63 1. Eliminate the royalty payment to the county for the first one hundred
64 thousand tons of sand and gravel removed from the twenty-six-acre parcel

65 each year. Payment would be made at the then-current royalty rate for any
66 amount over one hundred thousand tons in a year;

67 2. Eliminate the county's ability to terminate the lease before its
68 expiration; and

69 3. Amend the time limit for removing the sand and gravel from 2020 to
70 2030.

71 An amendment reflecting these terms is found in Attachment A to this
72 ordinance.

73 The remaining terms of the gravel agreement will remain in force,
74 including the limitations regarding the area that can be mined and payment
75 of any leasehold excise tax that might be levied against the county as a
76 result of the gravel agreement.

77 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

78 SECTION 1. The King County executive is hereby authorized to execute the
79 amendment to the Gravel Purchase and Extraction Agreement in substantially the form of

80 Attachment A to this ordinance, and to execute any documents necessary to carry out the
81 amendment.

82

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Robert W. Ferguson, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: None



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

November 19, 2010

Ordinance

Proposed No. 2010-0593.1

Sponsors Phillips, Drago and Gossett

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10 assist King County in the acquisition and remediation of property on
11 Vashon and Maury Islands.

12 The Maury Island shoreline initiative project protects critical shoreline
13 along Maury Island in Puget Sound. As part of its Maury Island shoreline
14 initiative project, King County has negotiated the purchase of
15 approximately two hundred fifty acres of land on Maury Island owned by
16 Northwest Aggregates Co., an Oregon corporation ("NWA"). The
17 property ("the NWA property") has been developed as a sand and gravel
18 mine, including a conveyor system and dock for loading gravel onto
19 barges.

20 The NWA property has significant ecological value vital to the Puget
21 Sound ecosystem and recovery of species listed under the federal
22 Endangered Species Act.

23 More than seventy percent of Puget Sound's coastal wetlands and
24 estuaries have been lost to development and other shoreline modifications.
25 Permanent conservation of the NWA property will protect this valuable
26 nearshore habitat. The NWA property includes one mile of Puget Sound
27 shoreline adjacent to the Maury Island aquatic reserve.

28 Part of the consideration to be given to NWA for the NWA property is an
29 amendment to a Gravel Purchase and Extraction Agreement ("the gravel
30 agreement") between King County and Vashon Sand and Gravel ("VSG"),
31 which was authorized by the King County Council in Ordinance 14371.

32 The gravel agreement grants VSG the right to extract gravel from twenty-
33 six acres of county-owned park property on Maury Island. Ordinance
34 14371 authorized the sale of approximately one million to one million five
35 hundred thousand cubic yards (which is one million seven hundred to two
36 million five hundred and fifty tons) of sand and gravel from the twenty-
37 six-acre parcel.

38 The twenty-six-acre area was purchased by the county in 1994 along with
39 three hundred acres of adjacent property. The acquisition was for the
40 purpose of eventually establishing a park on the acquired property. The
41 property acquired by the county in 1994 is known as the Maury Island
42 regional park.

43 The twenty-six-acre area was being mined at the time King County
44 acquired the property, which was acquired subject to the right to continue
45 mining until 2004. The master plan for the Maury Island regional park,
46 adopted by Motion 11047, states that mining could continue on the
47 twenty-six acres until 2020 or some other date established by county
48 officials.

49 The gravel agreement allows VSG to extract sand and gravel until the
50 earlier of 2020 or until all the sand and gravel has been removed from the
51 property to the depths specified in the permits that regulate the mining and
52 the reclamation of the property. If King County gives timely notice, it
53 may terminate the gravel agreement before 2014.

54 The gravel agreement provides for a royalty payment to the county of 1.55
55 dollars for each ton of gravel extracted ("the royalty rate"), subject to an
56 annual escalation based on the consumer price index. The current royalty
57 rate is 2.17 dollars per ton.

58 VSG assigned the gravel agreement to Glacier Northwest, Inc., with King
59 County's consent, under an Assignment and Assumption Agreement dated
60 January 1, 2005.

61 As part of the transaction for the purchase of the NWA property, the
62 gravel agreement is to be amended to:

63 1. Eliminate the royalty payment to the county for the first one hundred
64 thousand tons of sand and gravel removed from the twenty-six-acre parcel

65 each year. Payment would be made at the then-current royalty rate for any
66 amount over one hundred thousand tons in a year;

67 2. Eliminate the county's ability to terminate the lease before its
68 expiration; and

69 3. Amend the time limit for removing the sand and gravel from 2020 to
70 2030.

71 An amendment reflecting these terms is found in Attachment A to this
72 ordinance.

73 The remaining terms of the gravel agreement will remain in force,
74 including the limitations regarding the area that can be mined and payment
75 of any leasehold excise tax that might be levied against the county as a
76 result of the gravel agreement.

77 **BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:**

78 **SECTION 1.** The King County executive is hereby authorized to execute the
79 amendment to the Gravel Purchase and Extraction Agreement in substantially the form of

80 Attachment A to this ordinance, and to execute any documents necessary to carry out the
81 amendment.

82

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Robert W. Ferguson, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: None

FISCAL NOTE

Ordinance/Motion No. 2010-XXXX
 Title: Maury Gravel Mine extraction agreement extension
 Affected Agency and/or Agencies: Water and Land Resources Division, Department of Natural Resources and Parks
 Note Prepared By: Tesia Forbes
 Note Reviewed By:

Impact of the above legislation on the fiscal affairs of King County is estimated to be:

Revenue:

| Fund/Agency | Fund Code | Revenue Source | 2010 | 2011 | 2012 | 2013 |
|-----------------|-----------|-------------------------------------|------|----------|----------|----------|
| Parks Operating | 640 | 36290 - Other Rents and Use Charges | | (65,000) | (70,000) | (70,000) |
| | | | | | | |
| | | | | | | |
| | | | | | | |

Expenditures:

| Fund/Agency | Fund Code | Department Code | 2010 | 2011 | 2012 | 2013 |
|--------------|-----------|-----------------|----------|----------|----------|----------|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| TOTAL | | | 0 | 0 | 0 | 0 |

Expenditures by Category

| | 2010 | 2011 | 2012 | 2013 |
|-----------------------|----------|----------|----------|----------|
| Salaries & Benefits | | | | |
| Supplies and Services | | | | |
| Capital Outlay | | 0 | 0 | 0 |
| Acquisition | 0 | | | |
| TOTAL | 0 | 0 | 0 | 0 |

Note: Extending Parks gravel and extraction agreement through 2030 is attributed for \$2.4 million toward the \$36 million acquisition. As a result, Parks will forgo royalty revenues collected on the first 100,000 tons of gravel extracted annually for the next 20 years. Royalty revenues fluctuate with the economy.

The total acquisition is funded as follows:

| | |
|-------------------|---|
| 14,400,000 | DOE grant revenue |
| 100,000 | DOE grant revenue (previously appropriated in ordinance #16312, project 3522GC) |
| 19,100,000 | interfund loan/CFT backed |
| 2,400,000 | extension of Parks gravel extraction agreement |
| 36,000,000 | |



KING COUNTY

Signature Report

November 19, 2010

Ordinance

Attachment
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

3

Proposed No. 2010-0592.1

Sponsors Ferguson

1 AN ORDINANCE making supplemental appropriations of
2 \$14,400,000 to the open space non-bond capital fund and a
3 \$19,100,000 appropriation to the conservation futures
4 capital fund, and amending the 2010 Budget Ordinance,
5 Ordinance 16717, Sections 120 and 122, as amended, and
6 Attachments B and D, as amended.

7 **PREAMBLE:**

8 In March 2010, the Washington state Legislature appropriated
9 \$15,000,000 solely for the Washington state Department of Ecology to
10 assist King County in the acquisition and remediation of property on
11 Vashon and Maury Islands.

12 The Maury Island shoreline initiative project protects critical shoreline
13 along Maury Island in Puget Sound. The project seeks to acquire a two-
14 hundred-fifty-acre site that has significant ecological value vital to the
15 Puget Sound ecosystem and recovery of species listed under the federal
16 Endangered Species Act.

17 More than seventy percent of Puget Sound's coastal wetlands and estuaries
18 have been lost to development and other shoreline modifications.
19 Permanent conservation of the site will protect this valuable nearshore

20 habitat. The site also includes one mile of Puget Sound shoreline adjacent
21 to the Maury Island aquatic reserve.

22 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

23 SECTION 1. Ordinance 16717, Section 120, as amended, is hereby amended by
24 adding thereto and inserting therein the following:

25 CAPITAL IMPROVEMENT PROGRAM - From the conservation futures capital
26 fund an appropriation involving the specific project identified in Attachment A to this
27 ordinance.

| 28 | Fund | Fund Name | Amount |
|----|-------------|------------------------------|---------------|
| 29 | 3151 | CONSERVATION FUTURES SUBFUND | \$19,100,000 |

30 SECTION 2. Attachment A to this ordinance hereby amends Attachment B to
31 Ordinance 16717, as amended, by adding thereto and inserting therein the projects listed
32 in Attachment A to this ordinance.

33 SECTION 3. Ordinance 16717, Section 122, as amended, is hereby amended by
34 adding thereto and inserting therein the following:

35 SURFACE WATER CAPITAL IMPROVEMENT PROGRAM - From the open
36 space non-bond capital fund an appropriation involving the specific project identified in
37 Attachment B to this ordinance.

| 38 | Fund | Fund Name | Amount |
|----|-------------|---------------------------|---------------|
| 39 | 3522 | OS KC NON BND FND SUBFUND | \$14,400,000 |

40 SECTION 4. Attachment B to this ordinance hereby amends Attachment D to

41 Ordinance 16717, as amended, by adding thereto and inserting therein the projects listed
42 in Attachment B to this ordinance.

43

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Robert W. Ferguson, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: A. General Government Capital Improvement Program, B. Surface Water Mangement
Capital Improvement Program

| <u>Attachment A: General Government Capital Improvement Program</u> | | | | | | | Total |
|---|-------------|-------------|-------------|-------------|-------------|-------------|--------------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2010 - 2015</u> |
| 3151/Conservation Futures Tax | 19,100,000 | | | | | | \$19,100,000 |
| 315231 Maury Gravel Mine Acquisition | 19,100,000 | | | | | | 19,100,000 |
| Total Fund 3522 | | | | | | | |

Total Attachment A: General Government 19,100,000

Attachment B: Surface Water Management Capital Improvement Program

3522/Open Space Non-Bond Fund
352V03 Maury Gravel Mine Acquisition

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Total 2010 - 2015 |
|-----------------|------------|------|------|------|------|------|----------------------|
| Total Fund 3522 | 14,400,000 | | | | | | \$14,400,000 |
| | 14,400,000 | | | | | | 14,400,000 |

Total Attachment B: Surface Water
Management

14,400,000



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

November 19, 2010

Ordinance

Proposed No. 2010-0594.1

Sponsors Phillips, Drago and Gossett

1 AN ORDINANCE making supplemental appropriations of
2 \$14,400,000 to the open space non-bond capital fund and a
3 \$19,100,000 appropriation to the conservation futures
4 capital fund, and amending the 2010 Budget Ordinance,
5 Ordinance 16717, Sections 120 and 122, as amended, and
6 Attachments B and D, as amended.

7 **PREAMBLE:**

8 In March 2010, the Washington state Legislature appropriated
9 \$15,000,000 solely for the Washington state Department of Ecology to
10 assist King County in the acquisition and remediation of property on
11 Vashon and Maury Islands.

12 The Maury Island shoreline initiative project protects critical shoreline
13 along Maury Island in Puget Sound. The project seeks to acquire a two-
14 hundred-fifty-acre site that has significant ecological value vital to the
15 Puget Sound ecosystem and recovery of species listed under the federal
16 Endangered Species Act.

17 More than seventy percent of Puget Sound's coastal wetlands and estuaries
18 have been lost to development and other shoreline modifications.

19 Permanent conservation of the site will protect this valuable nearshore

20 habitat. The site also includes one mile of Puget Sound shoreline adjacent
21 to the Maury Island aquatic reserve.

22 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

23 SECTION 1. Ordinance 16717, Section 120, as amended, is hereby amended by
24 adding thereto and inserting therein the following:

25 CAPITAL IMPROVEMENT PROGRAM - From the conservation futures capital
26 fund an appropriation involving the specific project identified in Attachment A to this
27 ordinance.

| 28 | Fund | Fund Name | Amount |
|----|-------------|------------------------------|---------------|
| 29 | 3151 | CONSERVATION FUTURES SUBFUND | \$19,100,000 |

30 SECTION 2. Attachment A to this ordinance hereby amends Attachment B to
31 Ordinance 16717, as amended, by adding thereto and inserting therein the projects listed
32 in Attachment A to this ordinance.

33 SECTION 3. Ordinance 16717, Section 122, as amended, is hereby amended by
34 adding thereto and inserting therein the following:

35 SURFACE WATER CAPITAL IMPROVEMENT PROGRAM - From the open
36 space non-bond capital fund an appropriation involving the specific project identified in
37 Attachment B to this ordinance.

| 38 | Fund | Fund Name | Amount |
|----|-------------|---------------------------|---------------|
| 39 | 3522 | OS KC NON BND FND SUBFUND | \$14,400,000 |

40 SECTION 4. Attachment B to this ordinance hereby amends Attachment D to

41 Ordinance 16717, as amended, by adding thereto and inserting therein the projects listed
42 in Attachment B to this ordinance.
43

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Robert W. Ferguson, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: A. General Government Capital Improvement Program, B. Surface Water Management Capital Improvement Program

FISCAL NOTE

Ordinance/Motion No. 2010-XXXX
 Title: Maury Gravel Mine Acquisition
 Affected Agency and/or Agencies: Water and Land Resources Division, Department of Natural Resources and Parks
 Note Prepared By: Tesia Forbes
 Note Reviewed By:

Impact of the above legislation on the fiscal affairs of King County is estimated to be:

Revenue:

| Fund/Agency | Fund Code | Revenue Source | 2010 | 2011 | 2012 | 2013 |
|----------------------|-----------|---------------------|-------------------|------------------|----------|----------|
| Open Space Non Bond | 3522 | DOE Grant 33429 | 14,400,000 | | | |
| Conservation Futures | 3151 | interfund loan | 19,100,000 | (19,233,700) | | |
| Conservation Futures | 3151 | Bond Proceeds 39110 | | 19,100,000 | | |
| TOTAL | | | 33,500,000 | (133,700) | 0 | 0 |

Expenditures:

| Fund/Agency | Fund Code | Department Code | 2010 | 2011 | 2012 | 2013 |
|--|-----------|--------------------------|---------------------|---------------------|--------------------|--------------------|
| Open Space Non Bond | 3522 | 0365 Open Space Non-Bond | (14,400,000) | | | |
| Conservation Futures | 3151 | 0349 CFT | (19,100,000) | | | |
| Conservation Futures (repayment of interfund loan with interest) | | 0349 CFT | | (19,233,700) | | |
| Conservation Futures Bond repayment | 3151 | 0349 CFT | | | (1,405,411) | (1,405,411) |
| TOTAL | | | (33,500,000) | (19,233,700) | (1,415,249) | (1,405,411) |

Expenditures by Category

| | 2010 | 2011 | 2012 | 2013 |
|-----------------------|---------------------|---------------------|--------------------|--------------------|
| Salaries & Benefits | | | | |
| Supplies and Services | | | | |
| Capital Outlay | | | | |
| Debt Service | | (19,233,700) | (1,405,411) | (1,405,411) |
| Acquisition | (33,500,000) | | | |
| TOTAL | (33,500,000) | (19,233,700) | (1,405,411) | (1,405,411) |

Notes

1. The Washington State Department of Ecology (WSDOE) has obligated \$15 million to the Maury Gravel Mine Acquisition Project. An existing Interagency Agreement with WSDOE provided \$600K for pre-acquisition activities including environmental assessment. The remaining \$14.4 million balance will be used for the acquisition and remediation phase of the project.

2. This fiscal note does not include the \$2.4 million attributed by extending Parks gravel and extraction agreement through 2030 and eliminating royalty collections.

3. The interfund loan will be repaid with interest (0.7%) when bonds are issued in 2011. Bonds will be repaid over 20 years, 4.0% interest.

The total acquisition is funded as follows:

| | |
|----------------------|---|
| \$ 14,400,000 | DOE grant revenue |
| \$ 100,000 | DOE grant revenue (previously appropriated in ordinance #16312 to project 3522GC) |
| \$ 19,100,000 | interfund loan/CFT backed |
| \$ 2,400,000 | extension of Parks gravel extraction agreement |
| \$ 36,000,000 | |

DNRP / Water and Land Resources
 2011 CIP Budget Request
 Conservation Futures Financial Plan
 2009 - 2016

Attachment 5

Updated: 08/09/10

| Beginning Fund Balance | 2009 Actual | 2010 Adopted | 2010 Revised | 2011 Estimate | 2012 Estimated | 2013 Estimated | 2014 Estimated | 2015 Estimated | 2016 Estimated |
|--|--------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------|
| Revenues | 29,815,079 | (2,946,631) | 23,068,085 | 129,887 | (0) | 0 | 0 | 0 | 0 |
| CF Levy Fund 3151 (showing % increase from prior year) | 3.5% | 2.0% | 2.2% | 1.7% | 1.8% | 2.0% | 2.1% | 2.2% | 2.3% |
| Conservation Futures Tax Levy ^a | 16,220,114 | 16,552,071 | 16,568,769 | 16,851,928 ^{M1} | 17,153,904 ^{M2} | 17,488,843 ^{M3} | 17,859,927 ^{M4} | 18,255,941 ^{M5} | 18,681,635 |
| Less Debt Service ^b | (798,750) | (798,750) | (591,489) | (742,510) | (742,510) | (742,510) | (742,510) | (742,510) | (742,510) |
| • 2009C Ref 93B LTGO - 1993B Various Purpose BI #1173-CFT | (2,106,234) | (2,104,431) | (2,104,431) | (2,099,842) | 0 | 0 | 0 | 0 | 0 |
| • 2003B LTGO Refunding Issue, Refunded 1999A Refunding | (977,250) | (977,250) | (977,250) | (977,250) | (3,015,000) | (3,008,000) | (3,015,500) | (2,924,375) | (2,929,500) |
| • 2005A LTGO Refunding 93B - \$19,545,000 | (533,114) | (531,214) | (531,214) | (532,614) | (530,874) | (530,154) | (532,704) | (530,342) | (531,130) |
| • 2003B LTGO Refunding (Treatment 80%-Acquisition) | (2,644,756) | (2,648,931) | (2,648,931) | (2,646,631) | (2,647,431) | (2,646,231) | (2,643,031) | (2,633,431) | (2,633,431) |
| • 2007D LTGO-(2006B BAN-OS, Forestry/Juanita Woodlands, Nearshore Initiative | 62,770 | 1,598,315 | 1,598,315 | (234,853) ^{K1} | (1,405,411) | (1,405,411) | (1,405,411) | (1,405,411) | (1,405,411) |
| • Fund 8400 Central Finance Debt Service Adjustment ^c | (6,997,334) | (7,060,578) | (5,255,000) ^D | (7,233,700) ^K | (8,341,226) | (8,332,306) | (8,339,156) | (8,238,319) | (8,241,982) |
| Total Debt Service Transfer (Central Finance) | | | | | | | | | |
| Conservation Futures Tax Net of Debt Service | 9,222,780 | 9,491,495 | 11,314,769 | 9,618,228 | 8,812,678 | 9,186,537 | 9,520,771 | 10,017,622 | 10,439,653 |
| Interest Income ^E | 733,500 | 372,825 | 152,000 | 183,317 | 542,000 | 732,000 | 902,000 | 968,000 | 968,000 |
| Other Misc Taxes and Revenue ^F | 39,281 | | | | | | | | |
| Contributions by Parks Acquisition/Development (Raging River) | 200,000 | | | | | | | | |
| Realized Loss-Impaired Investments | 0 | | | | | | | | |
| Unrealized Loss-Impaired Investments | 118,280 | | | | | | | | |
| Interfund Loan for Maury Gravel Mine Acquisition | | | 19,100,000 | | | | | | |
| Bond Proceeds (Maury Gravel mine) | | | | 19,100,000 | | | | | |
| Subtotal Revenues Net of Debt Service, Levy Fund 3151 | 10,313,842 | 9,864,320 | 30,566,769 | 28,901,545 | 9,354,678 | 9,888,537 | 10,422,771 | 10,985,622 | 11,407,653 |
| Expenditures | 10,313,842 | 9,864,320 | 30,566,769 | 28,901,545 | 9,354,678 | 9,888,537 | 10,422,771 | 10,985,622 | 11,407,653 |
| Levy Fund 3151 | | | | | | | | | |
| Central Finance Department Fund Charge ^G | (13,486) | (37,897) | (37,897) | (14,781) ^L | (11,242) | (11,242) | (11,242) | (11,242) | (11,242) |
| CFT Program Support | (148,681) | (161,879) | (161,879) | (171,600) | (180,180) | (189,189) | (198,648) | (208,582) | (219,012) |
| TDR Program Support | (68,713) | (73,541) | (73,541) | (80,580) | (84,609) | (88,839) | (93,281) | (97,945) | (102,844) |
| King County Administrative and Executive Adds | | | | | | 0 | 0 | 0 | 0 |
| King County Allocation | (6,602,964) | 100,000 | | | | | | | |
| Transfer of Development Rights Loan Repayment | (286,982) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Seattle Projects | (5,552,590) | | | | | | | | |
| Suburban Cities Projects | (4,387,419) | | | | | | | | |
| Citizen Oversight Committee Annual Allocation | | | | | | | | | |
| Maury Gravel Mine Acquisition | | (8,660,000) ^H | (8,660,000) ^H | (9,664,471) | (9,078,646) | (9,599,266) | (10,119,599) | (10,667,852) | (11,074,555) |
| Bond repayment (Maury Gravel Mine) | | | (19,100,000) | (19,100,000) | | | | | |
| CIP Carryover from Prior Year | | | (25,471,650) | | | | | | |
| Total Expenditures | (17,060,836) | (8,833,317) | (53,504,967) | (29,031,432) | (9,354,677) | (9,888,537) | (10,422,771) | (10,985,622) | (11,407,653) |

| | | | | | | |
|--|------------|-------------|---------|------|------|------|
| Ending Fund Balance Before Reserve for Debt. Svc. Adj. | 23,068,085 | (1,915,628) | 129,887 | (0) | 0 | 0 |
| EXPECTED FROM F8400 | 23,068,085 | (1,915,628) | 129,887 | (0) | 0 | 0 |
| | 1,918,576 | 1,918,576 | | | | |
| Reserve for Debt Service Adjustment | 24,986,661 | 2,948 | 129,887 | 0 | 0 | 0 |
| Designated Ending Fund Balance | 24,986,661 | 2,948 | 129,887 | (0) | 0 | 0 |
| Expenditure Percentage | 43% | 128% | 100% | 100% | 100% | 100% |

Conservation Futures Financial Plan Notes:

November 10, 2010

The Honorable Bob Ferguson
Chair, King County Council
Room 1200
COURTHOUSE

Dear Councilmember Ferguson:

I am pleased to submit for King County Council review and consideration two ordinances essential to the protection of critical shoreline habitat on Maury Island. These two ordinances authorize payment for the purchase from Northwest Aggregates Co. ("NWA") of 250 acres of property on Maury Island that includes shoreline and other vital habitat (the "Property"). The proposed real estate transaction consists of a cash payment and an extension of a right to extract gravel from King County property.

The first ordinance is for the appropriation of \$14,400,000 from the State of Washington for the Maury Island Shoreline Initiative Project and up to \$19,100,000 from the Conservation Futures Tax Levy fund. The second ordinance is for approval to extend the King County Gravel Purchase and Extraction Agreement dated February 26, 2004 (Gravel Agreement) for sand and gravel extraction on parcel 212203-9025 and portions of parcels 222203-9031 and 222203-9047 and to eliminate the royalty payment for the first 100,000 tons of sand and gravel extracted each year under the Gravel Agreement. Prior to finalizing the transaction, both parties will undertake extensive due diligence prior to being legally obligated to close on the transaction to ensure that the transaction will result in a benefit to each party commensurate with the value exchanged.

This project protects critical shoreline along Maury Island in Puget Sound. The Property has significant ecological value to the Puget Sound ecosystem and recovery of species, such as Chinook salmon and Orca whales, listed under the Endangered Species Act. More than 70 percent of Puget Sound's coastal wetlands and estuaries have been lost to development and other shoreline modifications.

The Honorable Bob Ferguson

November 10, 2010

Page 2

The Property also includes one mile of largely intact Puget Sound shoreline adjacent to the Maury Island Aquatic Reserve. The reserve was established to protect the ecological value of the shorelands. Besides the Maury Island Marine Park, this is the only other significant stretch of relatively high quality shoreline along Maury Island's eastern shore. Habitats found on this site include eelgrass beds, madrone forest, and herring spawning ground. Chinook salmon migration and orca winter feeding take place immediately offshore. The Property has significant recreation value for diving, walking and equestrian uses, but is currently zoned for mining. Public ownership and protection of this area will preserve these environmental qualities as well as provide passive recreation opportunities to residents and visitors of Puget Sound.

King County has negotiated a purchase price below the appraised value of the property. The appraisal was performed on behalf of King County with a concluded value of \$39,700,000. The purchase price is \$36,000,000. The compensation for the property will include \$33,600,000 in cash with the remaining \$2,400,000 attributed to the amendment of the Gravel Agreement.

Before and after the transaction closes, the County will seek \$2,000,000 from private contributions to offset some of the acquisition cost. Cascade Land Conservancy has agreed to coordinate efforts to raise up to \$2,000,000 in private funds to contribute to this important shoreline habitat acquisition project.

Northwest Aggregates has agreed to contribute \$500,000 toward the hazardous substance remediation of the Property. There are also many opportunities for King County to receive future grant funds for habitat restoration, hazardous substance remediation and parks development for this site. These grants include the Recreation and Conservation Office; the Aquatic Lands Enhancement Account program; the Salmon Recovery Funding Board; Land and Water Conservation Fund; Department of Ecology Remedial Action Grants; and the Washington Wildlife and Recreation Program.

Funding Appropriation:

The Washington State Department of Ecology (Ecology) recommended a \$15,000,000 appropriation to enable King County to pursue both acquisition and environmental cleanup of lands along the Vashon/Maury shoreline which are within the Tacoma Smelter Plume. In March of this year, the Washington State Legislature appropriated the \$15,000,000 solely for Ecology to assist King County in the acquisition and remediation of property on Vashon and Maury Islands. The King County Department of Natural Resources and Parks (DNRP) has

already obligated \$600,000 under existing spending authority to do preliminary environmental assessment and acquisition work on the project for which \$100,000 from this account will be used toward the \$33,600,000 cash contribution. In total, \$14,500,000 of the Ecology funds will be applied toward the purchase price for the Property.

Under the proposed ordinance, the balance of the cash contribution for the purchase would be financed with Limited Tax General Obligation (LTGO) bonds to be sold within the next two years. Debt service would be paid by the CFT fund. Interim financing would be supplied via an interfund loan until LTGO bonds are sold. The interfund loan requires approval of the Executive Finance Committee which is scheduled to meet December 1st. The LTGO bonds will require approval by the Council. The Finance Division will work with the Department of Natural Resources and Parks to develop a time schedule to complete the interfund loan and issue the bonds. Finance and administrative charges related to the interfund loan would be repaid from the LTGO bond proceeds.

Parks Gravel Purchase and Extraction Agreement Extension:

Pursuant to the authority granted by Ordinance 11467, King County Parks entered into a Gravel Purchase and Extraction Agreement, dated February 26, 2004, with Vashon Sand & Gravel, Inc. that authorizes sand and gravel extraction from a 26-acre area located on parcel 212203-9025 and portions of parcels 222203-9031 and 222203-9047 on Maury Island. Subsequently, the Gravel Agreement was assigned to Glacier Northwest, Inc. with the County's consent. This ordinance will extend the latest date by which gravel may be extracted under the Gravel Agreement from August 31, 2020, until December 31, 2030, and eliminate royalty payments on the first 100,000 tons extracted in any year in exchange for a lowered purchase price for the Property.

To offset the loss of revenue resulting from the amendments to the Gravel Agreement, in 2011 King County Parks and Recreation will be pursuing individual gift giving and planned estate giving. An initial and limited foray into development of this revenue source in 2009 resulted in several gifts, one of which exceeded \$10,000. As corporate contributions have been limited in recent years, King County Parks is finding the need to expand its base revenue sources to make up the difference.

I am pleased to present this opportunity to help preserve and clean up important lands vital to the Puget Sound ecosystem. I would like to thank the Cascade Land Conservancy, which has facilitated discussions with the property owner and provided valuable support for this project. If you have any questions, please contact Sung Yang, Director of External Relations and Government Affairs in the Executive Office, at 206-263-9613.

The Honorable Bob Ferguson
November 10, 2010
Page 4

Thank you for your consideration of this request.

Sincerely,

Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers
 ATTN: Tom Bristow, Chief of Staff
 Anne Noris, Clerk of the Council
Gene Duvernoy, President, Cascade Land Conservancy
Sung Yang, Director, External Affairs and Government Affairs, King County Executive
 Office
Dwight Dively, Director, Office of Management and Budget and Office of Strategic
 Planning and Performance Management
Christie True, Director, Department of Natural Resources and Parks (DNRP)
Bob Burns, Deputy Director, DNRP
Mark Isaacson, Division Director, Water and Land Resources Division, DNRP
Kevin Brown, Division Director, Parks and Recreation Division, DNRP

Maury 1011



 King County Parks
 Parcel



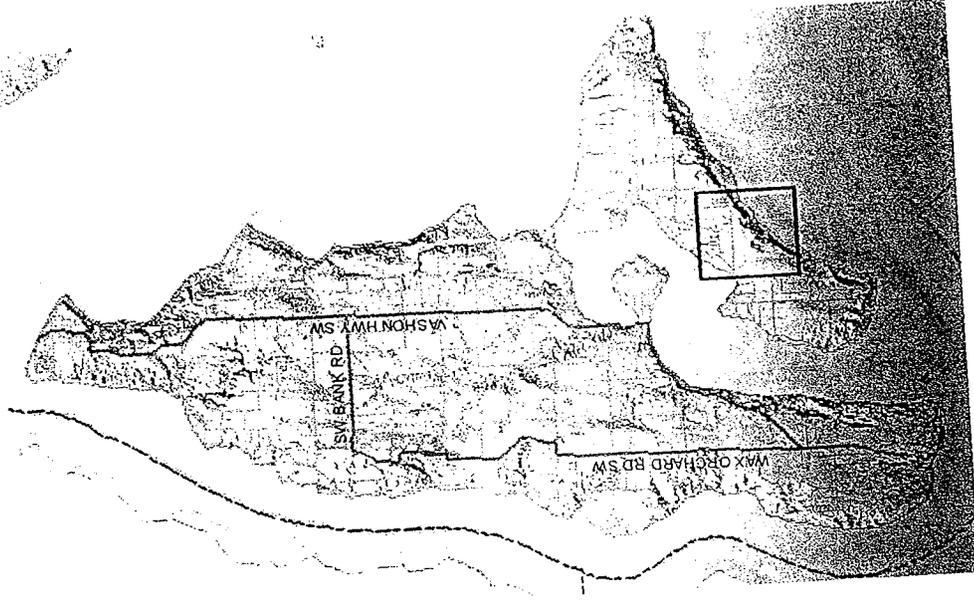
King County
 Department of
 Natural Resources and Parks
 Parks and Recreation Division

11/8/2010

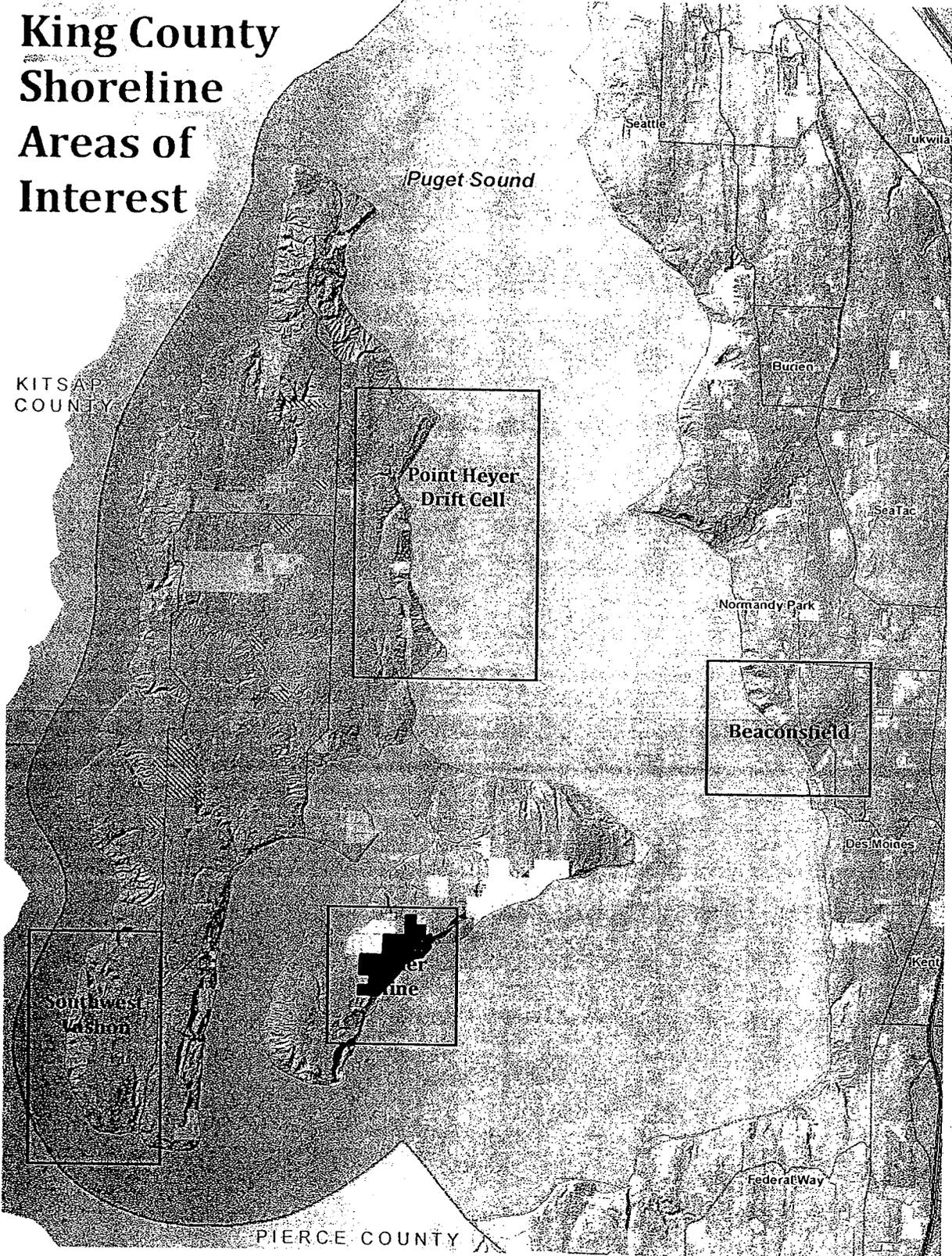
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Glacier Parcels - Vashon/Maury Island

-  Glacier Parcels
-  Public Lands



King County Shoreline Areas of Interest

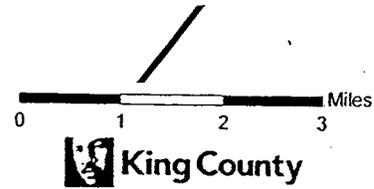


The majority of Puget Sound shoreline in King County is modified with bulkheads or other development. The future health of Puget Sound depends on protecting the remaining undisturbed shorelines and creating a network of healthy shoreline areas. This map illustrates currently protected Puget Sound shorelines and also identifies the high priority areas of interest for future protection.

-  Areas of Interest
-  Conservation Easements
-  Public Lands

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- Athletic Field
- Beach Access
- Bicycle Trail
- Bird Watching
- Dog Walking (Leash Required)
- Equestrian Trail
- Farmers Market
- Kayak/Canoe Launch
- Boat Launch
- Swimming Pool
- Walking/Hiking Trail

Vashon-Maury Island
PARKS & NATURAL LANDS

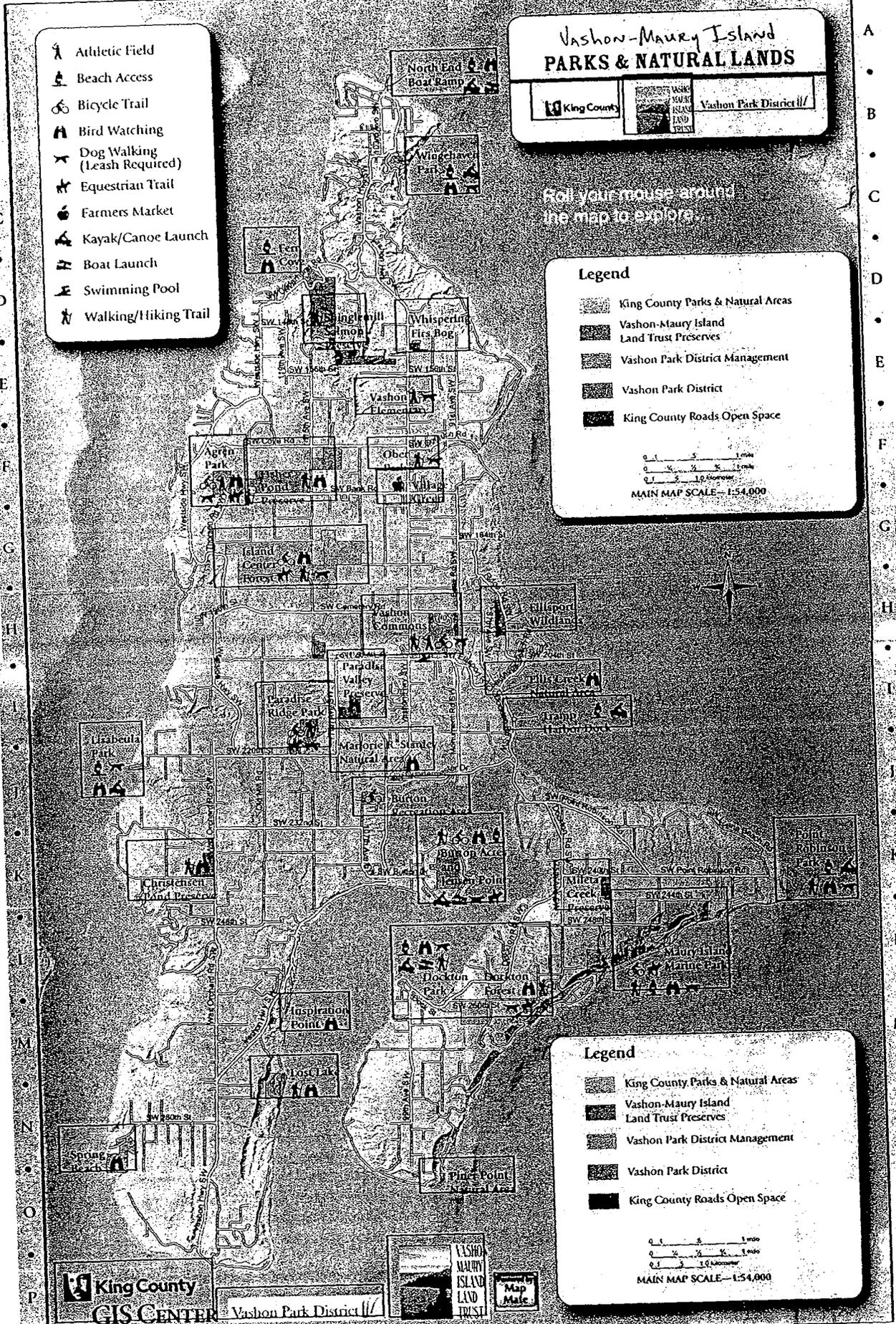
King County VASHON MAURY ISLAND LAND TRUST Vashon Park District

Roll your mouse around the map to explore.

Legend

- King County Parks & Natural Areas
- Vashon-Maury Island Land Trust Preserves
- Vashon Park District Management
- Vashon Park District
- King County Roads Open Space

0 1 2 3 4 miles
0 1 2 3 4 kilometers
0 1 2 3 4 5 10 20 meters
MAIN MAP SCALE - 1:54,000



Legend

- King County Parks & Natural Areas
- Vashon-Maury Island Land Trust Preserves
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0 1 2 3 4 miles
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King County GIS CENTER Vashon Park District VASHON MAURY ISLAND LAND TRUST Map Mate

