

DRAFT FOR PUBLIC REVIEW

Revisions to the Project Ranking Process and Criteria for the Skagit Farmland Protection Program

Recommendations of the American Farmland Trust to the Skagit County Conservation Futures Advisory Committee

April 2011

The Need for Change?

The Skagit Farmland Protection Program is the best local government farmland protection program in Washington in protecting farmland for future generations. The Board of County Commissioners' leadership in targeting the Conservation Futures Tax (CFT) to farmland protection and the Conservation Futures Advisory Committee's careful allocation of those funds to qualifying farms have made this a tremendously effective program. In addition, the broadly accessible approach used to select parcels for funding has made the program very popular in the farm community, a key factor in continuing popular and political support for funding. We do not feel that a substantial revision of the program is warranted.

At the same time, circumstances have changed since the establishment of the program in 1997 and adjustments are necessary to keep it effective and relevant. Most importantly, applications have outstripped the availability of funding in recent rounds, and the Committee is forced with tough choices about which proposals to approve. This has surfaced some issues with the selection criteria and points system, and particularly in the ability of the Committee to justify funding decisions based on a transparent and objective process. In addition, there are some considerations that have arisen over time, such as the availability of matching funds, which have become far more important than is reflected in the 1997 selection criteria and point system.

At the March 17 meeting, the Committee, representatives of Skagitonians to Protect Farmland, and the County's Agricultural Advisory Group had another opportunity to explore the extent of change that is needed. Our consultant team, aided by the County's GIS group, suggested two options for concentrating program funding based on the overall goals for the program. One, the *edge* option, would focus on preventing urban sprawl into farmland, while the other, the *core* option, focused attention on protection of a contiguous group of farms in the center of the Delta.

We understand that the Committee feels that both goals are essential and is not inclined to make a choice between them, particularly if it means that some of the farmers that currently support the program would no longer be eligible to participate. We feel that it would be most effective to combine the best aspects of each, and have used this to construct our latest proposal.

In summary, based on our discussions with the Committee and other ag interests, we feel that the program is on a sound strategic path with a clear emphasis on maintaining support for funding of the program in the ag community and with the Board of County Commissioners, and that modest changes in the project selection process should accommodate the changing circumstances since 1997 and the evolution to a more competitive program in the future.

Issues to be Addressed

We feel that the following issues should be addressed in updating the selection process for CFT funding.

1. Different proposals get similar ratings: The criteria and scoring system tend to rate very different proposals within a narrow rating band. Projects on the urban edge tend to score well under Threat of Conversion criteria but poorly under Quality of Farmland¹, while projects further from urban areas do the opposite. The two sets of criteria tend to cancel each other out and result in ratings in a narrow 30 to 50 point band.
2. Discretionary points lack rigor: The discretionary points that could serve as a tie-breaker do not have the rationale and transparency of the rest of the scoring system. It would be difficult to justify their use in a competitive process.
3. Matching funds are a very high priority: The ability to attract partnerships and matching funds for projects are bigger priorities to the Committee than is indicated in the scoring system. The Financial Considerations criteria are under-valued.
4. Proximity is also very important: The proximity of other protected parcels also seems more important than the scoring system would indicate. The value of protection will be significantly improved if protected parcels are clustered. Proximity is worth a maximum of five points under current criteria.
5. An easement pricing formula no longer seems necessary: The original expectation was that the scoring system would be used to help calculate the price of the easement. This no longer seems necessary due to the need for appraisals for most matching fund sources.

¹ We propose that the term “Quality of Farmland” from the 1997 criteria be changed to avoid the connotation that smaller parcels near the urban growth boundary are inherently of lower quality, which is contrary to the sense of the Committee.

6. Threat of Conversion and Quality of Farmland criteria could be tightened up: Both are a bit generic given current thinking about threat and quality. Proximity to major highways and the urban growth boundary is probably a more serious issue in determining threat, while farm size and distance *from* developed areas may be bigger factors than indicated.
7. Some factors are hard to rate: The three that seem most difficult are economic productivity, critical areas, and scenic value, all of which seem as if they would be either subjective or difficult to substantiate.

Proposed Selection Process

Selection Rounds

We recommend collecting proposals in one or two selection rounds per year in order to facilitate the comparison of proposals with one another. We suggest that rounds be scheduled in relation to deadlines for the Farm and Ranchland Protection Program, the Washington Wildlife and Recreation Program, and other matching funding sources. Deadlines for the selection rounds should be widely advertised in the community.

Eligibility

We do not recommend any change in eligibility. The sole requirement that a property be zoned as Agricultural Natural Resources Land seems to be working well.

Proposal Rating

The biggest issue with the current scoring system is that it does not distinguish the great proposals from the merely good ones. A great proposal on the urban fringe will typically score well for threat and poorly for farmland quality (defined in the 1997 criteria as a product of soils, farm size, income, and proximity to protected land), and a great proposal in the agricultural heartland of the county will score well for quality and poorly for threat. In practice, these factors cancel each other out and elevate the average project.

We recommend different criteria for the review of proposals on the urban edge than those used for central blocks of farmland. Our current thinking is to use *edge* criteria to rank parcels in the *edge* area and *core* criteria in *core* areas. The initial rating step would involve determining which area the proposal is within using the following map (Figure 1) or a substitute. The edge is shown in light green and the core in orange.

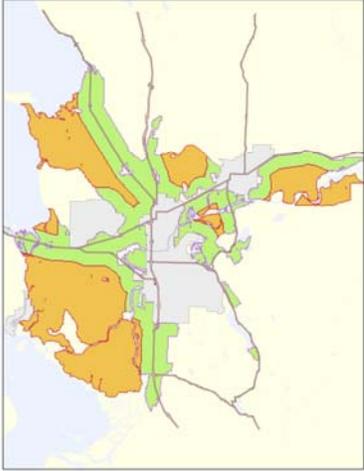


Figure 1: Map of Core and Edge Areas

Note that the criteria for defining the boundary between the edge and core arise directly from the existing program criteria based on proximity to the urban growth boundary and major highways.

Proposals would be rated using existing program criteria but with a revised scoring system intended to more effectively differentiate proposals. The proposed scoring system is shown in Figure 2 below.

Figure 2: Proposed Scoring System

CRITERIA	Existing	Core	Edge
QUALITY OF FARMLAND²	25	55	25
Soil Quality			
75%+ is prime soil	5	5	5
50-75% is prime soil	3	3	3
<50% is prime soil	0	0	0
Size of Farm			
100+ acres	10	20	5
70-100 acres	7	10	3
40-70 acres	4	4	2
25-40 acres	1	1	1
Economic Productivity			
Yield > \$30K/yr gross	5	5	0
Yield < \$30K/yr gross	0	0	0
Proximity to Protected Land			
Adjacent	5	25	15
Within 1,500 ft	3	10	8
Within 2,500 ft	1	1	3

² Renamed to “Characteristics of Farmland” in the proposed criteria.

THREAT OF CONVERSION	40	30	60
Proximity to Urban Development			
Within 600 feet of UGB or commercial zone	10	0	25
600 to 1,500 feet to UGB or commercial zone	7	0	10
1,500-2,500 feet to UGB or commercial zone	4	0	3
>2,500 feet to UGB or commercial zone		10	
Proximity to Major Highway Intersections			
Within 1,500 feet of intersection of I-5, SR 20, or SR 534	10	0	15
Within 1,500 feet of intersection of other highways	8	0	8
Fronts on a major highway	6	0	6
Within 2,500 feet of major highway	4	0	4
>2,500 feet to major highway		10	
Availability of Sewer Service			
Sewers to the property	10	0	10
Within 1,500 ft	7	0	7
Within 2,500 ft	4	0	4
Within 4,000 ft	1	0	1
> 4,000 ft away		10	
Urgency of Sale/Ease of Conversion			
Imminent sale, septic suitability, substandard lots	10	0	10
SCENIC & ENVIRONMENTAL	10	10	10
Critical Areas			
Large wetland or habitat w/exceptional value	5	5	5
Moderate critical area with some value	3	3	3
No critical area	0	0	0
Scenic Value			
Exceptional scenic view from highway or other public viewpoint	5	5	5
Some scenic view from highway or other public viewpoint	3	3	3
No scenic view from highway or other public viewpoint	0	0	0
FINANCIAL CONSIDERATIONS	10	0	0
Bargain Sales and Leveraging	0	0	0
Price <50% of full value	10	0	0
50-70% of full value	6 to 9	0	0
70-90% of full value	2 to 5	0	0
90-99% of full value	0 to 1	0	0
COMMITTEE DISCRETION	20	10	10
Total Points Possible	105	105	105

Note that the major category is shown in all capitals, with subcategories shown in lower case.

Several of the proposed changes deserve explanation. The criteria in the *core* area emphasize size of farm, adjacency of protected land, and distance *from* developed areas. This should result in clustering of large blocks of protected land in core agricultural areas over time. The *edge* criteria also boost point for adjacency to other protected parcels, but concentrate on proximity to urban development and major highways. Over time, these should block up protected land on the urban edge.

We have suggested that Financial Considerations be dropped from the scoring system and instead dealt with as a separate step, which will be described in further detail below.

No changes have been suggested in the scoring of Scenic and Environmental, although we feel that a tightening of the criteria would be appropriate to address the very subjective nature of these factors in the current scoring system.

We are recommending that the Committee Discretion category be retained but that points be reduced and criteria tightened in order to underscore that this is essentially a tie-breaker between very deserving proposals. We anticipate a continued emphasis on strategic value of individual parcels, which we will refine in future drafts.

Financial Considerations

Financial considerations have taken on far more importance over time than is indicated in the current project selection process. There are two factors that are crucial: the willingness of a property owner to sell development rights below market value and the availability of matching funds. Both can multiply the effectiveness of existing CFT funds and keep the program moving forward.

Our current thinking is to evaluate financial considerations after the scoring of proposals in the preceding step in order to separate the analysis of the intrinsic characteristics of the land from the financial issues of the ability to purchase the land. This will allow the emphasis on financing that the issue deserves without completely skewing the scoring process. In addition, this approach will avoid the temptation to pursue a substandard proposal simply because it's a bargain.

We are recommending that the Committee rank all proposals using the scoring system described above and then evaluate financial considerations for all of the top-ranked projects, using the scoring system in the following table (Figure 3) in this separate step.

Figure 3: Financial Considerations Scoring

CRITERIA	POINTS
FINANCIAL CONSIDERATIONS	50
Potential for a Bargain Sale	
Owner has committed to a greater than 50% reduction in price	30
Owner has committed to a 30 - 50% reduction in price	20
Owner has committed to a 10 - 30% reduction in price	10
No owner commitment	0
Availability of Matching Funds	
Matching funds of at least 50% of price are committed	20
Matching funds of at least 50% of price are very likely	10
Matching funds of at least 50% of price are likely	5
Matching funds are unlikely or possible at less than 35% of price	0

The scoring for Potential for a Bargain Sale would be completed following a discussion with the landowner, while Availability of Matching Funds would be based on the Committee’s recent track record with matching fund sources.

The result of this step would be a further ranking of the project list that will determine which proposals to pursue into contract negotiations and pursuit of matching funds.

Likely Outcomes

Our hope in proposing these changes is that to the revised program will preserve the essential aspects of the current program, particularly the accessibility to all farmers in the area and the high levels of public and political support, while dealing with issues that could decrease the effectiveness of the program over time. We would not expect any wholesale change in the location or type of parcels that are the focus of the program. Changes in process would be slight, with the most significant being the use of selection rounds. In general, the program should look and feel much like the one that the community now supports.

However, we hope that the subtle changes will accomplish some significant improvements. First, we think that the revised approach to scoring will be better at differentiating the great proposals from the merely good ones, and will do so through a more objective process. This is particularly important given the added public scrutiny that is likely in a more competitive process.

In addition, we feel that the increased emphasis on financing mirrors the change that has already happened within the Committee to try to increase the buying power

of the Conservation Futures funding. We would hope that this emphasis increases the likelihood of success with bargain sales and matching funds.

Finally, over time we would expect a subtle shift in the pattern of protected lands, with increased clustering of large parcels in the core farm areas and of crucial parcels in the path of urban development. We look forward to discussing these proposed changes with the public and to continued work refining a proposal for consideration by the Board of County Commissioners.