

2015 Island County Conservation Futures Fund

Fakkema Farm Conservation Easement Acquisition

Sponsor: Whidbey Camano Land Trust

Contact: Ryan Elting

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Project Budget Summary:

| | |
|--|--------------------|
| - Total expected Conservation Easement Value: | \$3,500,000 |
| - Total Costs of Services (Staff time, Appraisal, Survey, Phase I Env, etc.): | <u>\$ 60,000</u> |
| - TOTAL Project Cost: | \$3,560,000 |

CFF Amount Requested: \$ 500,000 in 2015

\$ 500,000 in 2016

Parcel Numbers:

R13204-307-0770, R13204-373-0800, R13204-464-2060, R13204-468-0840, R13205-280-3300,
R13205-297-4630, R13205-329-1650, R13205-347-2320, R13205-347-3300, R13205-362-4630,
R13205-425-0340, R13205-425-0980, R13205-457-4630, R13205-458-2010, R13205-458-3300,
R13205-488-0350, R13205-488-0990

Landowner Names:

Richard Fakkema and Catherine Fakkema - husband and wife

Henry Fakkema and Karen Fakkema - husband and wife

Landowner Contact Information:

Primary Contact: Richard Fakkema
Mailing Address: 1570 Wieldraayer Road;
Oak Harbor, WA 98277

Project Description:

Fakkema Farm is one of Whidbey Island's most historic and recognized properties. It is also one of the last remaining large-scale, commercial farms on Whidbey Island. Covering 377 acres, the property stretches from the city limits of Oak Harbor to Swan Lake. It has been farmed for over 100 years and for many years supported a large, self-sufficient dairy operation. Since 2000, much of the property has been leased to Penn Cove Farms for growing feed crops that support its nearby dairy heifer operation. The landowner also raises beef cows on the property.

Fakkema Farm has been a recognized conservation priority since the early 2000's. In late 2014, the landowner's realtor approached the Whidbey Camano Land Trust ("Land Trust") to discuss the option of selling a conservation easement on the Farm to permanently protect the prime farmland and forest habitat. Around the same time, the landowner consulted and contracted with a development company for a residential development plan for the Farm. Consequently, the Land Trust engaged in discussions with this company which describes itself as "having a passion for creating desirable living spaces while emphasizing environmental stewardship."

Since the company holds the contract, the Land Trust has urged that development be limited to the least environmentally sensitive portions of the property, to protect the vast majority of the farmland and the most significant and intact wildlife habitat. The resulting proposal would protect 300 of the 377 acres, and limit all future development to the easternmost end of the property, by the city limits of Oak Harbor, which would be the least impactful to the Farm's conservation values. It is estimated that 60-65 home sites may be permitted under the County's Earned Development Unit rules. If not protected, the Farm will be logged and developed.

While much of the Island's farmland preservation has occurred in and around Ebey's Reserve, North Whidbey has an abundance of prime soils, good agricultural infrastructure, and excellent access to agricultural markets. Unprotected farmland on the north part of the Island is highly susceptible to conversion to residential subdivisions given the proximity to the County's only large city. This project would protect one of the Island's largest and most important farmland holdings, and a vital wildlife corridor (both east to west and north to south) that is identified as a protection priority in Element 7, Parks and Recreation, of the County's Comprehensive Plan.

This effort is likely the only opportunity to protect the majority of Fakkema Farm. Despite being off-limits to the public, the property is beloved by the community for its open space and wildlife habitat values. The proposed actions include the acquisition of a trail easement to allow future public pedestrian access from the City's edge, to the County's Swantown Lake conservation area and West Beach Road. A 2015 Natural Resources Conservation Service (NRCS) Agricultural Lands Easement (ALE) program application for \$800,000 is pending. Other matching funds are already secured through a partnership with the U.S. Navy.

ATTACHMENT B
ESTIMATED PROJECT BUDGET
 ISLAND COUNTY CONSERVATION FUTURES FUND
 PROPOSED PROJECT APPLICATION

| PROJECT NAME = | Fakkema Farm Conservation Easement | | YEAR | 2015 |
|--|------------------------------------|------------------------|------------------------|------------------------|
| Category | CFF | Other Funding Sources | | Total Funding |
| Planning | | | | |
| Salaries and Benefits | \$ - | \$ - | \$ - | \$ - |
| Consultants/Sub-Contracting | \$ - | \$ - | \$ - | \$ - |
| Goods and Services* | \$ - | \$ - | \$ - | \$ - |
| Travel & Per Diem | \$ - | \$ - | \$ - | \$ - |
| Other | \$ - | \$ - | \$ - | \$ - |
| Total Planning | \$ - | \$ - | \$ - | \$ - |
| Maintenance and Operations | | | | |
| Salaries and Benefits | \$ - | \$ - | \$ - | \$ - |
| Consultants/Sub-Contracting | \$ - | \$ - | \$ - | \$ - |
| Goods and Services* | \$ - | \$ - | \$ - | \$ - |
| Travel & Per Diem | \$ - | \$ - | \$ - | \$ - |
| Other | \$ - | \$ - | \$ - | \$ - |
| Total Maintenance / Operations | \$ - | \$ - | \$ - | \$ - |
| Management & Administration | | | | |
| Salaries and Benefits | \$ - | \$ - | \$ - | \$ - |
| Consultants/Sub-Contracting | \$ - | \$ - | \$ - | \$ - |
| Goods and Services* | \$ - | \$ - | \$ - | \$ - |
| Travel & Per Diem | \$ - | \$ - | \$ - | \$ - |
| Other | \$ - | \$ - | \$ - | \$ - |
| Total Management & Admin | \$ - | \$ - | \$ - | \$ - |
| Equipment | | | | |
| Technology Capital Items* | \$ - | \$ - | \$ - | \$ - |
| Technology Supplies* | \$ - | \$ - | \$ - | \$ - |
| Equipment* | \$ - | \$ - | \$ - | \$ - |
| Other | \$ - | \$ - | \$ - | \$ - |
| Total Equipment | \$ - | \$ - | \$ - | \$ - |
| Property Acquisition (does not include appraisal costs, survey, engineering or other technical services) | | | | |
| Conservation Easements | \$ 475,000.00 | \$ 2,965,000.00 | \$ 3,440,000.00 | \$ 3,440,000.00 |
| Other Acquisition Costs | \$ 25,000.00 | \$ 35,000.00 | \$ 60,000.00 | \$ 60,000.00 |
| Total Acquisition Costs | \$ 500,000.00 | \$ 3,000,000.00 | \$ 3,500,000.00 | \$ 3,500,000.00 |
| Total Budget | \$ 500,000.00 | \$ 3,000,000.00 | \$ 3,500,000.00 | \$ 3,500,000.00 |

* For all line items listed with "**", please provided an attached detailed list of items and costs

***Line-item budget descriptions:**

Conservation Easements: The Land Trust is requesting \$500,000 from Conservation Futures in 2015 (2015 CFF column), and \$500,000 from 2016 Conservation Futures (included in Other Funding Sources Column), for a total of \$1,000,000 from Island County. The remaining \$2.5M of matching funds will be secured from the NRCS, the U.S. Navy, and other grant sources.

Other Acquisition Costs: Direct costs include Land Trust staff time, costs for legal agreements, appraisal and appraisal review, land survey, Environmental Assessment, closing costs, and other allowable direct costs. It is noted that, for the 2015 CFF cycle, the County limits reimbursable costs to 50% of appraisal, survey, and title costs. Other grants have different criteria.

Project Narrative:

A. Conservation Values & Resources:

1. **Habitat:** Fakkema Farm has unique habitat significance for north Whidbey Island, forming an integral piece of a critical wildlife corridor identified in the Parks and Habitat Element of Island County's 2012 Comprehensive plan (Exhibit B). The Farm is immediately adjacent to Swan Lake, an Island County Habitat of Local Importance for its use by migratory birds, wetland dependent mammals, and breeding herpetofauna. The southern half of the Farm includes 150+ acres of contiguous forest, spanning over a mile and a half, and the property occupies a habitat corridor necessary for the movement of wildlife along the entire western side of north Whidbey Island, as well as from Swan Lake to the edge of Oak Harbor. Large-scale residential development would sever these critical habitat connections. Much of the past public opposition to development proposals for Fakkema Farm focused largely on the loss of this critical wildlife corridor.

According to the Washington Department of Fish and Wildlife (WDFW), the Fakkema Farm falls within a communal roosting area for the State Candidate species Townsend's Big-eared Bat as well as Big Brown bat. Three documented Bald Eagle nests are located approximately one-quarter of a mile from the southwest corner of the property and use the Farm heavily for feeding, especially during the harvest of feed crops. Bald Eagles are listed as a State sensitive species, and a Federal species of concern.

The Fakkema Farm is also a vital water conveyance area for the City of Oak Harbor, important for the adequate drainage of over 2,000 acres of surrounding lands. Swan Lake in turn drains into the Strait of Juan de Fuca where the State Candidate species, Pinto Abalone, has been identified by WDFW. The property is less than a quarter mile from the Strait. Protection of the Farm is important for maintaining water quality in these adjacent aquatic resources.

The proposed actions will ensure the permanent protection of the vast majority of this forest and farmland, and the connections between the County's Swan Lake property and the associated forest and wetland habitats on the Farm. These habitats support numerous species at critical parts of their lifecycles.

Fakkema Farm is adjacent to Island County's protected lands at Swan Lake, and close to other protected lands including Joseph Whidbey State Park and the 55-acre, Land Trust-owned, Del Fairfax Forest Preserve. It is also within a mile of the NAS Whidbey Island main installation. It is about 0.5 miles from the County's 40-acre Swantown trust land transfer conservation property which is located to the northeast.

Several other large properties north and south of the Farm may be also worthy of farmland and habitat protection. As the Land Trust has witnessed with other projects, nearby landowners are often motivated to protect land when their neighbors have done so. The Fakkema Farm is the keystone property to protect on north Whidbey Island.

- 2. Water Resources:** The Fakkema Farm comprises a large expanse of undeveloped land adjacent to the City of Oak Harbor which is extremely important for the protection of both surface and groundwater resources. The property serves to slow runoff, facilitate infiltration, and filter pollutants from City runoff, before it enters into Swan Lake and then Puget Sound. The Farm conveys water from over 2,000 acres in and around the City, and ensures adequate drainage of some of the Islands most important farms. Medium to large-scale development of the property, or clearing of the forest, would severely impact the Farm's capacity for infiltration and mitigating downstream surface water quality.

The Farm lies in an area of "moderate" to "high" aquifer susceptibility according to Island County's Water Resource Management Plan. By precluding development from the upland forest and low-lying areas that comprise the vast majority of the property, the conservation easement will maintain this critical area for aquifer recharge and flood abatement, and limit additional impervious surfaces. The farm's Resources Management Systems Plan, developed with input from the Whidbey Island Conservation District, also address best management practices (BMP's) to address resource concerns related to water usage and runoff, including.

- 3. Working Farm & Agricultural:** Fakkema Farm is one of the last remaining large-scale, commercial farms on Whidbey Island. As a single contiguous unprotected property, it is second in size only to the Arnold Farm in Ebey's Reserve. The Property includes 190 acres of Prime Farmland soils and 60 acres of Farmland of Statewide Importance. According to the Department of Agriculture, Prime Farmland soils are of national importance for meeting the nation's needs for food and fiber. These extremely fertile and productive soils, along with the uniformly mild marine climate at the Fakkema Farm, allow for an exceptionally long growing season, generally from March into November.

Historically, the Fakkema Farm supported pasture and feed for a successful dairy operation. The Landowner continues to raise several dozen beef cows on the property, but in recent years most of the land has been leased. Since 2000, Penn Cove Farms has produced triticale, alfalfa, grasses, and corn to support its nearby dairy operations, and has also grown potatoes. The Lessee reports that the soil at this site is much less rocky than other leased lands, a benefit to production and equipment maintenance.

Crops that are successfully grown nearby, and would be suitable on the Farm today or in the future, include a variety of berries, vegetables and seed crops.

4. **Working Forest:** Fakkema Farm includes approximately 150 acres of intact, mature, high-quality, working forest that spans over a mile and a half from east to west on the ridge line above the farmland. This represents the largest expanse of forest under single, private ownership in the vicinity. Clearing or conversion of this forest to housing would impact the viability of the farmland by increasing runoff and raising the groundwater level in the sensitive transition zone from wetlands to agricultural fields. All but a small fraction of this forest would be permanently protected as forest habitat as a result of the proposed actions.

B. Appropriate Public Use and Enjoyment:

The Fakkema Farm is a much loved, scenic pastoral landscape that comprises much of the view across Swan Lake from West Beach Road. Its proximity to the City of Oak Harbor and location between the County's major population center and West Beach, makes it one of the most recognized properties on the Island, despite remaining privately owned and off-limits to the public. This project would preserve this valued, scenic agricultural and natural setting forever.

Furthermore, the Whidbey Camano Land Trust will acquire a public trail easement as part of the conservation easement purchase, allowing future development of a public pedestrian trail from Wieldraayer Road to Island County's Swan Lake property (see Exhibit A). The trail would provide opportunities for wildlife viewing and offer dramatic views of Swan Lake, the Strait of Juan de Fuca, and the islands, as well as the historic farm cluster and barn. A small parking area would be located behind the church parking lot off of Wieldraayer Road. Trail users could also access nearby Joseph Whidbey State Park from Wieldraayer Road. It is envisioned that the trail across the Farm would be part of a larger trail system in the future.

C. Plan Consistency and Partnerships:

Protection of the Fakkema Farm furthers the following goals in Island County's Comprehensive Plan (ICCP):

- **Goal 2 – Rural Character:** To retain the county's rural quality and character.
- **Goal 5 – Agricultural Protection:** To conserve agricultural lands for the continued profitable production of crops, timber and livestock.
- **Goal 7 – Protection of Community Assets:** To protect natural scenic, cultural and historic resources as community assets.

The Fakkema Farm is an irreplaceable piece of a large wildlife corridor identified in the ICCP's Parks and Recreation Element as a high priority for the protection (Exhibit B), and previous proposals for development of the property sparked major public opposition focused largely on protecting this corridor. In addition, the ICCP's Natural Lands Element identifies priority open-space corridors for protection, the largest of these being the Swantown to SR20 open-space corridor of which Fakkema Farm forms the core (Exhibit C). The Natural Lands Element also promotes the protection of prime farmland, and a public survey conducted as part of the Plan, pointed out the public's support for efforts to protect agricultural lands.

D. Land Capacity Impact:

The Fakkema Farm is one of the largest single farmland ownerships on north Whidbey Island. The Farm's agricultural economic significance is considerable. Protection of its prime agricultural soils and maintaining the forest on the ridgeline above to absorb rain and runoff will ensure the security of local farm jobs and food supplies.

Once operated as a large, self-supporting dairy, the Fakkema Farm contains all necessary infrastructure for continued commercial farming, whether leased or owner operated. Large-scale commercial farmers on Whidbey Island rely on a combination of owned and leased land to maintain efficient and economically viable operations. When historically leased lands are sold and developed, these successful Island farm operations are put at risk. Conservation easements placed on the best and largest prime working farmlands, like Fakkema Farm, are significant for maintaining viable and productive farm operations.

The Fakkema Farm has excellent market accessibility and supports an array of agricultural markets, including nearby livestock operations (on and off-island) and feed mills as well as local food markets. The Farm can easily provide forage and grain to a growing number of small-scale operations throughout the island that are raising livestock, ranging from poultry to meat animals and dairy operations. The Farm is also within several miles of two major farmers markets serving the Oak Harbor and Coupeville populations. In addition, the proximity to the City of Oak Harbor, by far the largest population and commercial hub on Whidbey Island, will allow it to easily respond to the growing demand for local food as evidenced in area grocery stores, "Farm to School", and "Feed the Forces" initiatives.

The proposed project will also provide the opportunity for limited future residential development on the eastern part of the property. This area is the most appropriate area for growth, both in terms of proximity to existing infrastructure and amenities in Oak Harbor and because it will avoid ecologically-sensitive areas. For the reasons explained above, the property that will be protected under the proposed conservation easement will protect prime farmland

soils, forestlands that capture and reduce runoff and feed the water aquifer, scenic vistas and wildlife habitat and corridors.

E. Potential for Loss:

The potential loss of the significant conservation values present on the Fakkema is real and significant. In 2005, during the City of Oak Harbor's Comprehensive Plan Amendment process, the landowners proposed a 400+ housing development on the Farm and formally requested that the property be added into the City's Urban Growth Area. The request was approved by the City but later denied by Island County and, following years of litigation, the County's denial was upheld. While it is estimated that approximately 60 homesites may be permitted under the County's Earned Development Unit regulations, the proposed conservation easement will substantially reduce this number and result in limited residential development being located closer to the City, in the least environmentally sensitive areas of the property. If not protected, the property will very likely be logged and developed.

F. Assessment of Stewardship Viability:

The property will continue to be privately owned and managed, according to the terms of the conservation easement. Any future commercial forestry operations will require accordance with an approved forest management plan designed to improve forest health.

That said, due to the permanence of the conservation easement, its large size, and numerous neighboring ownerships, the Land Trust will assume substantial conservation easement monitoring obligations as a result of the proposed actions. As such, the landowners will be required to contribute to the Land Trust's Stewardship Reserve and Legal Defense Funds, which exist to permanently ensure the Land Trust's ability to monitor, manage and defend all of the lands it protects.

Development and maintenance of a public pedestrian trail and associated parking will be dependent on the Land Trust's ability to raise additional funds for that project. It is likely that many partnership opportunities exist in the Oak Harbor area and that a community effort would likely be a very successful venture.

G. Financial Strategies:

A combination of several funding sources will be required for the purchase of this large conservation easement. The Land Trust has submitted a 2015 Natural Resources Conservation Service (NRCS) Agricultural Lands Easement (ALE) program application for \$800,000 that is currently pending. Additional funding is already secured through a partnership with the U.S

Navy. These sources represent a significant leverage of the requested Conservation Futures Funds, as estimated match of about 71% of total project cost.

Approval by Island County of the 2015 and 2016 funding request will ensure the Land Trust's ability to acquire the Conservation Easement and protect the above-described conservation values, should an agreement be reached with the landowners.

BONUS POINTS:

H. Annual Commissioners Goals for Current Cycle:

This proposed conservation easement project satisfies all four of the County Commissioners' 2015 goals for the Conservation Futures program.

- 1. Jointly protects conservation and economic resources:** The project jointly protects the conservation and economic resources of the property by allowing a limited amount of residential development adjacent to existing, densely-developed areas in the Urban Growth boundary of Oak Harbor, while protecting the most significant and sensitive conservation values on the vast majority of the Farm's forest and agricultural lands. In this way, the project balances smart growth with smart conservation.
- 2. Protects areas in or adjacent to Urban Growth and Joint Planning areas:** The project will protect areas of great long-term rural significance near Oak Harbor and Naval Air Station Whidbey Island. The Fakkema Farm is an important farmland and beloved scenic property that comprises the majority of the expansive, pastoral view shed across Swan Lake. The project would protect area property that Island County has previously determined to be inappropriate for large-scale, dense development.
- 3. Enhances public access to existing protected areas:** The project includes a public pedestrian trail easement that would stretch from the west edge of the City of Oak Harbor to the County's Swan Lake protected area. This in-turn provides access to West Beach, and brings users within easy walking distance to Joseph Whidbey State Park. The trailhead and trail will be developed and opened by the Land Trust and its partners when funds are secured.
- 4. Provides access to the shoreline for public use:** As described above, the project will provide a pedestrian trail from the western edge of the City of Oak Harbor, all the way to the shoreline at West Beach and Joseph Whidbey State Park, via the County's Swan Lake property.

Exhibit A: Fakkema Farm - Protection and Public Access Map

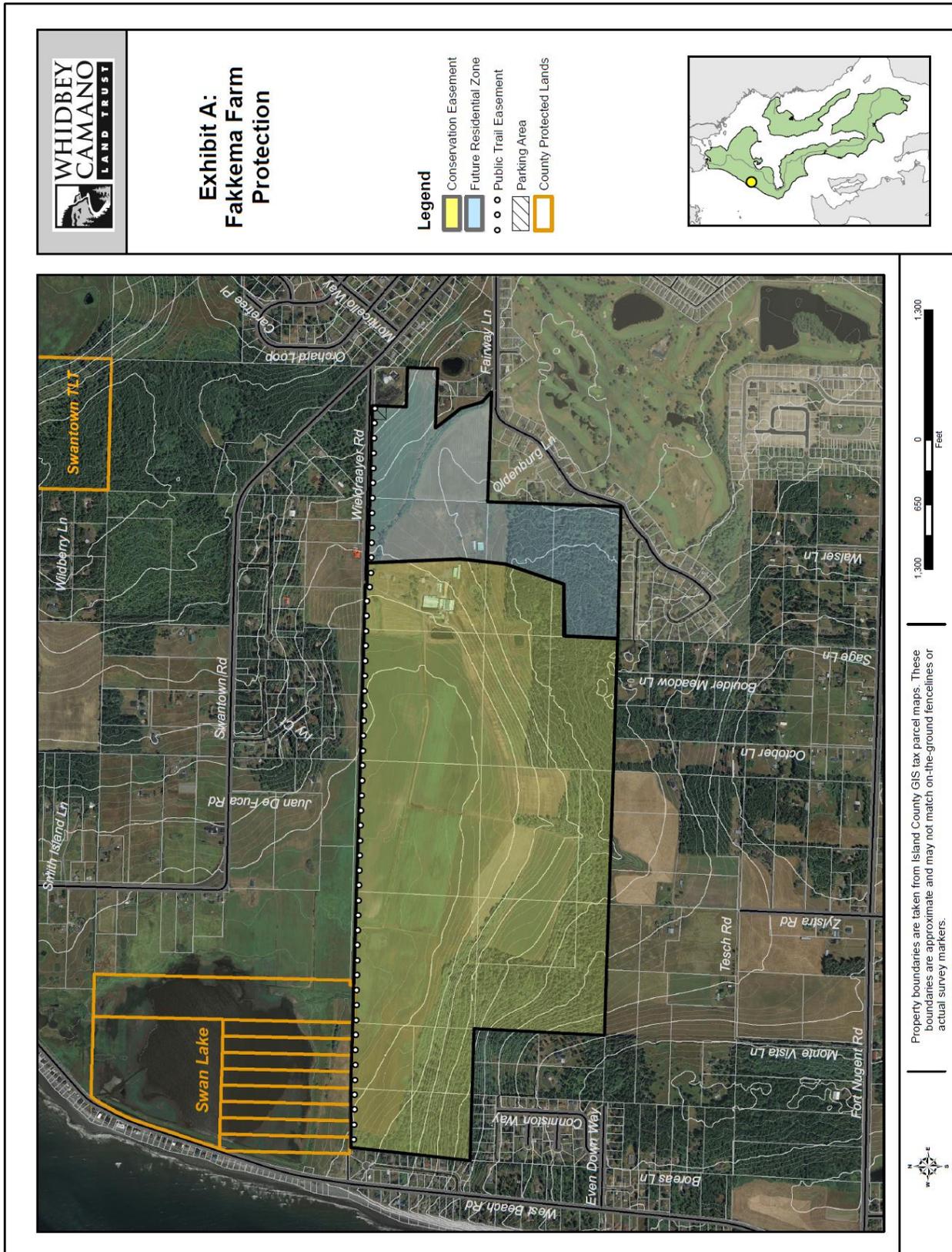


Exhibit B: ICCP Parks and Recreation Element - Priority Habitat Areas Map (p.46)

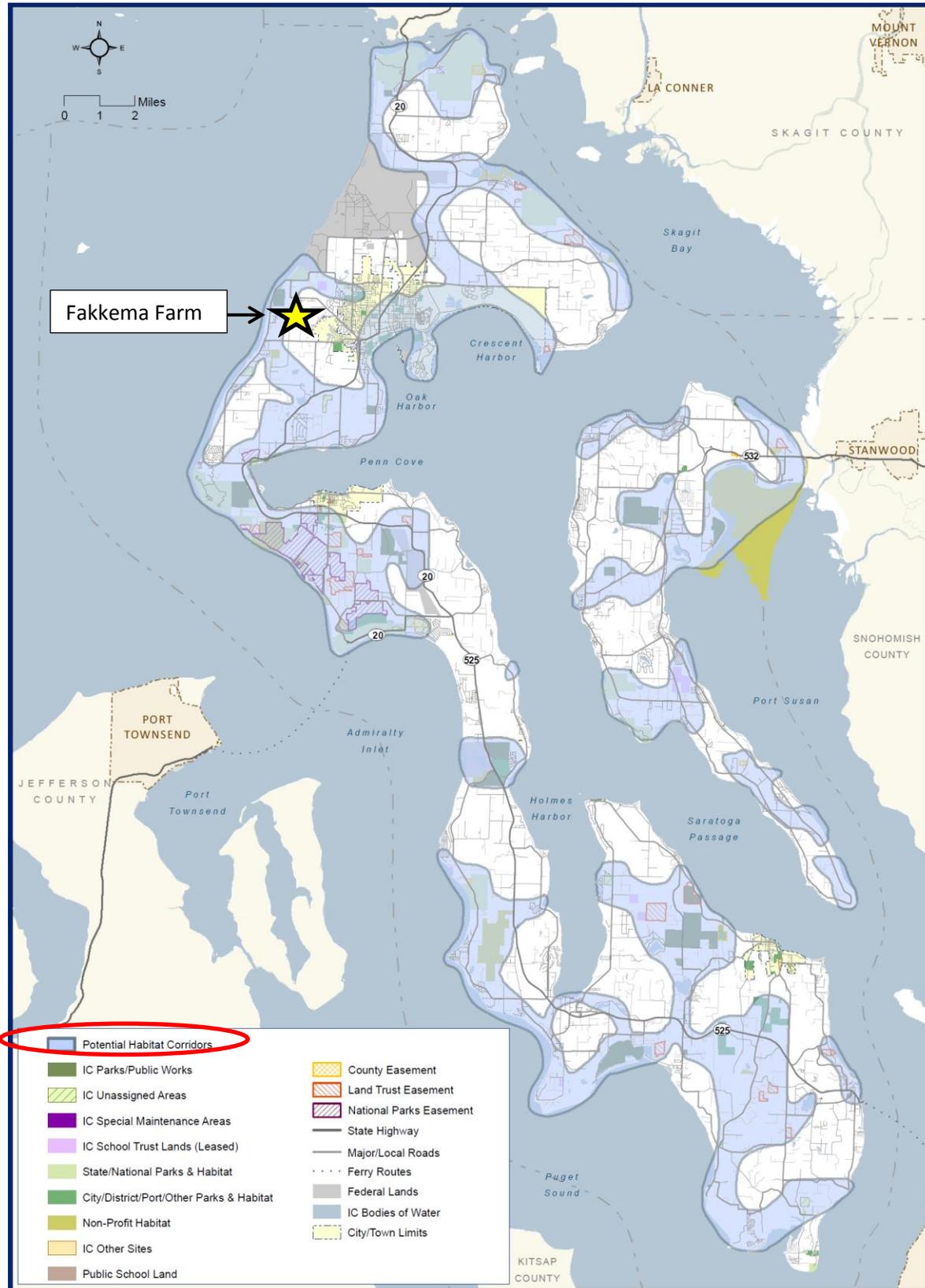


Exhibit C: ICCP Natural Lands Element - Open Space Corridors Map (p.10)

