

THURSTON CONSERVATION DISTRICT

Rates and Charges Report

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Introduction

Revised Code of Washington (RCW) 89.08.405 authorizes conservation districts to impose rates and charges as an alternative to the previous and continuing assessment approach. A rate is a charge intended to recover the cost of public programs based on services received or negative impacts customers impose. In a "rate construct", the relationship between the amount charged and the services received and/or impacts imposed may be indirect. Further, the rate may show consideration for "services furnished, to be furnished, or available to the landowner" or "benefits received, to be received, or available to the property" in addition to other factors. In 2025, RCW 89.08.405 (3)(a) was revised and now states:

"The system of rates and charges may include an annual per acre amount, an annual per parcel amount, or an annual per parcel amount plus an annual per acre amount. If included in the system of rates and charges, the maximum annual per acre rate or charge shall not exceed 10 cents per acre. The maximum annual per parcel rate shall not exceed \$25."

Previously, the cap on the per parcel rate was five dollars for any county with under four hundred eighty thousand people, ten dollars for any county under one million five hundred thousand people and fifteen dollars for any county over one million five hundred thousand people. The ten cent per acre cap remains the same for all counties in the most current revision.

The timber and forest land provision remains the same in both iterations, stating that forest lands used solely for the planting, growing, or harvesting of trees may be subject to rates/special assessments if such lands are served by the activities of the conservation districts. However, the per acre rate/assessment shall not exceed one-tenth of the weighted average per acre rate or charge/assessment on all other lands, and in lieu of a per parcel charge, a charge of up to three dollars per forest landowner may be imposed on each owner whose forest lands are subject to a per acre rate/assessment.

To approve the rates and charges, RCW 89.08.405 references RCW 89.08.400, which states that "(t)he supervisors of a conservation district shall hold a public hearing on a proposed system of assessments...shall gather information and shall alter the proposed system of assessments when appropriate."

The following section summarizes the rate analysis that has been developed for Thurston Conservation District. The goal of the analysis is to develop a rate structure and supporting rate that equitably recovers natural resource program costs within the constraints defined by RCW 89.08.405.

Rate Analysis

FCS, a Bowman company, (FCS) and Thurston Conservation District (TCD) staff have worked together to create a rate structure and supporting analysis that features distinct rates by land use, based on the benefits and services received from each District program. Each District service and associated cost is subject to a three-step allocation process to establish unit costs – the building blocks of rate development. Each service cost is first allocated between direct and indirect service/benefit provided. Next, per parcel and per acre cost recovery is determined for each service expense. Cost recovery is then finally allocated among customer classes based on the comparative amount of service/benefit enjoyed by each customer class from the service. The technical analysis in its entirety is provided in Appendix B.

General Approach

In order to facilitate application of the rate approach, TCD staff split services into five areas of resource management priority: Protect & Restore Natural Resources, Build Climate Resilience & Disaster Preparedness, Create Community, Access, & Equity, Invest in Organizational Excellence & Leadership, and Administrative Expenses. All of these natural resource priorities include multiple services that aid in the development of the overall program. The services and the benefits they provide are further defined [below](#):

Exhibit 1. Thurston CD Services

Protect & Restore Natural Resources

Key Goals

- Strengthen long-term land use policies to prevent overdevelopment and sprawl.
- Prioritize protection of forests, farmlands, wetlands, and salmon-bearing streams.
- Advance watershed health, water quality improvements, and habitat restoration.

Outcome

- Protect natural resources and enhance the natural landscape.

Success Indicators

- Acres conserved
- Projects completed
- Improved habitat
- Protected farm and forest land

Build Climate Resilience & Disaster Preparedness

Key Goals

- Integrate climate-smart farming and conservation practices to ensure future food and water security.
- Promote green infrastructure, stormwater management, and pollution prevention.
- Expand wildfire prevention, education, and fire mitigation practices.

Outcome

- Support climate adaptation and community preparedness.

Success Indicators

- Regenerative practice integration
- Disaster preparedness planning

Create Community, Access, & Equity

Key Goals

- Increase access to land, food, and gardens for low-income and underserved communities.
- Support community-led conservation and culturally relevant engagement.
- Build opportunities where gardens, farms, and natural spaces are everyday resources for all.

Outcome

- Strengthen stewardship and access to resources and learning.

Success Indicators

- Increased event and program participation.
- Community engagement and advocacy.

Invest in Organizational Excellence & Leadership

Key Goals

- Be a leader in conservation and facilitate regional policy collaboration.
- Increase organizational, board and staff technical capacity to meet growing community needs.
- Secure sustainable funding to maintain and grow programs.

Outcome

- Foster a healthy, growth-oriented and innovative workplace.

Success Indicators

- High staff retention.
- Diversification of funding.

Administrative Expenses

Key Goals

- Fund administrative and overhead expenses like salaries/benefits, facility maintenance, technology, vehicles, and insurance to allow for continuity and stability for all natural resource priorities of the District.

Outcome

- Maintain solvency within the district.

Success Indicators

- Staff retention.
- Staff hiring.

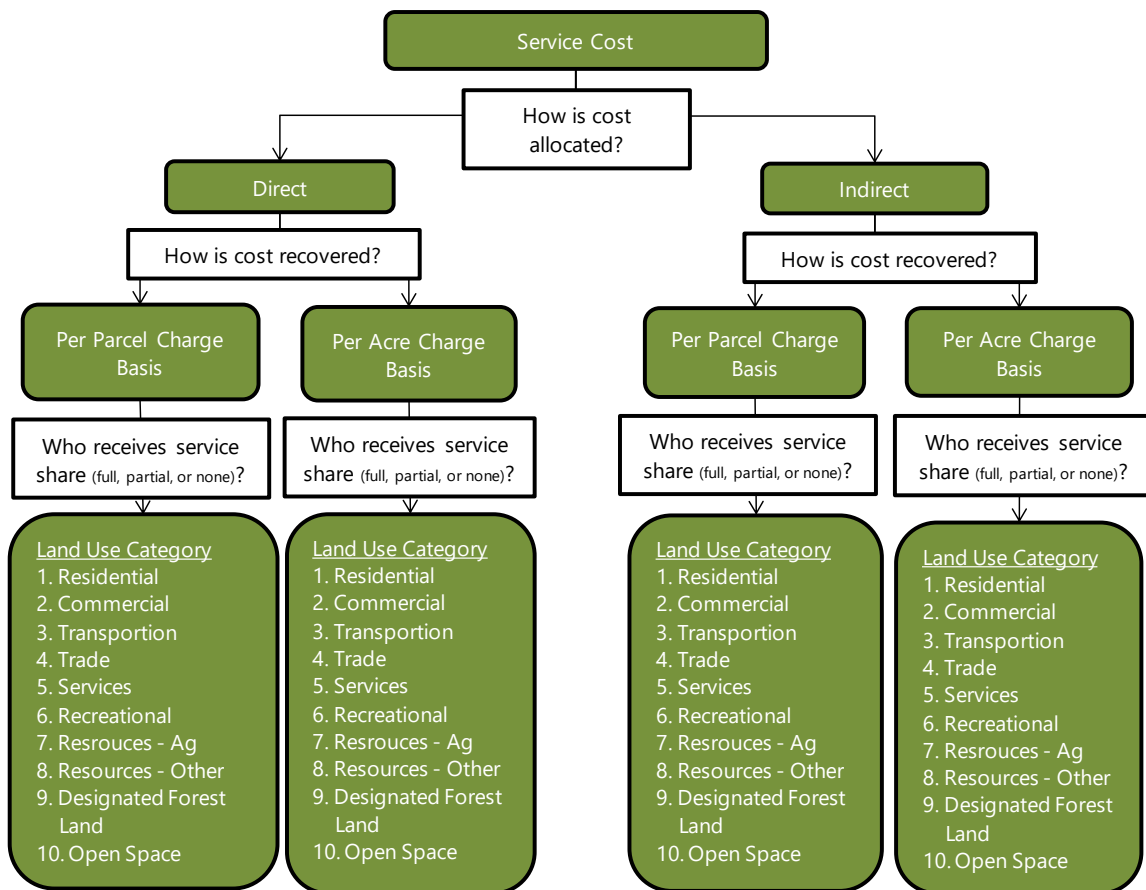
Using the collective expertise and judgment of TCD staff and the consultant team, each service cost was allocated between direct and indirect benefits provided. These decisions were reached after much discussion and based on the specific benefits each service provides. Many services provided by the District are of indirect benefit as the entire county’s population benefits when there is clean water, healthy soil, clean air, rich biodiversity, a strong agricultural economy and improved food access for all. Service costs assigned to direct benefit represent unique services that specifically target a subset of the customer base.

Cost recovery for both the indirect and direct services can be achieved through either the per parcel or per acre charge, or a combination of both. In determining this, each service is evaluated to determine whether the benefits received scale with the size of the property. If benefits increase with the size of the parcel, cost recovery may be reached through the per acre charge. If benefits remain the same regardless of the size of the parcel, cost recovery would then be achieved through the per parcel rate.

The direct and indirect benefit costs of each service are then allocated to each land use category. Each customer class is evaluated for the level of benefit/service received: no benefit, partial benefit compared to other classes, or full proportional benefit received.

The chart in **Exhibit 2** shows how these steps were followed for each service.

Exhibit 2. Allocation Process



Many of the services and their associated costs were allocated towards indirect benefits to the landowner. Some exceptions to this are the conservation technical assistance and design/engineering services, and food

processing/tools rentals and soil health testing services. The heavier direct allocation for these expenses is meant to identify that the benefit received from these activities was deemed to be more directly recognized by specific land use categories, however, in many cases, still benefiting all others indirectly.

Based on the types of activities the District performs it was determined that the large majority of the benefits are realized regardless of parcel size.

Budget

The District prepared a detailed 2027 program budget and worked with FCS to split and allocate the budget as shown in the following table.

Exhibit 3. 2027 TCD Program Budget

Natural Resources Priority	Total Cost	Allocation Percentages		
		Indirect	Direct	Total
Protect & Restore Natural Resources				
Working Lands Preservation Initiative	\$ 100,000	90.0%	10.0%	100.0%
Conservation TA	300,000	50.0%	50.0%	100.0%
Conservation Design & Engineering	200,000	50.0%	50.0%	100.0%
Conservation Implementation	500,000	90.0%	10.0%	100.0%
Working Lands Preservation Fund (Easement Match)	200,000	90.0%	10.0%	100.0%
Subtotal	\$ 1,300,000			
Build Climate Resilience and Disaster Preparedness				
Food Processing and Tools Rentals	\$ 40,000	50.0%	50.0%	100.0%
Soil Health Testing	45,000	50.0%	50.0%	100.0%
Forest Health and Wildfire	60,000	90.0%	10.0%	100.0%
Community Stormwater	30,000	90.0%	10.0%	100.0%
Drought and Flood	20,000	100.0%	0.0%	100.0%
Community Education (Including Climate and Agriculture Conference)	100,000	100.0%	0.0%	100.0%
Subtotal	\$ 295,000			
Create Community, Access, and Equity				
Farm Link and Land Access	\$ 30,000	90.0%	10.0%	100.0%
Conservation & Education Center	216,000	100.0%	0.0%	100.0%
District Communications	80,000	100.0%	0.0%	100.0%
Plant Sale	82,500	90.0%	10.0%	100.0%
Elections	22,000	100.0%	0.0%	100.0%
SS Green	80,000	100.0%	0.0%	100.0%
Envirothon	4,400	100.0%	0.0%	100.0%
Teens in Thurston Volunteer Program	2,750	100.0%	0.0%	100.0%
Information Accessibility	11,000	100.0%	0.0%	100.0%
Subtotal	\$ 528,650			
Invest in Organizational Excellence and Leadership				
Investing in Future Conservation	\$ 50,000	100.0%	0.0%	100.0%
Employee Recruitment	3,630	100.0%	0.0%	100.0%
Partnership Building	60,000	90.0%	10.0%	100.0%
Advocacy Activities	60,000	90.0%	10.0%	100.0%
Community Report on Investment	10,000	100.0%	0.0%	100.0%
Board-led Initiatives and Meeting Supplies	2,200	100.0%	0.0%	100.0%
Staff Conference & Training	27,000	100.0%	0.0%	100.0%
Board Conference, Training, and Travel	6,600	100.0%	0.0%	100.0%
Reserve Fund Savings	150,000	100.0%	0.0%	100.0%
Conservation Education Center Savings	150,000	100.0%	0.0%	100.0%
Subtotal	\$ 519,430			
Administrative Expenses				
Administrative Salaries & Benefits	\$ 371,800	100.0%	0.0%	100.0%
Professional Services	90,072	100.0%	0.0%	100.0%
Facility and Maintenance	134,286	100.0%	0.0%	100.0%
Technology	100,000	100.0%	0.0%	100.0%
Vehicles	64,511	100.0%	0.0%	100.0%
Supplies	12,065	100.0%	0.0%	100.0%
Insurance and Banking	42,213	100.0%	0.0%	100.0%
Subtotal	\$ 814,947			
TOTAL	\$ 3,458,027			

Customer Base

Thurston County parcel files have been used to determine the number of chargeable parcels and acres available to Thurston Conservation District. When charging a rate, it is recommended to charge all those who receive service/benefit. The only exceptions include 1) personal property parcels for which the underlying land will be charged through the real property parcel, 2) federal land, and 3) cities who have not opted into the District boundaries.

The parcel data provided by Thurston County identified hundreds of current land uses based on Department of Revenue (DOR) land use codes. The DOR codes were aggregated into eleven land use categories: Residential, Commercial, Transportation, Trade, Services, Recreational, Resource – Agricultural, Resource – All Other, Recourse – Designated Forest Land, and Undeveloped/Open Space. These land use categories were based on the present use of each parcel, which is available in the Thurston County tax assessment file. As described above, these land use categories were evaluated based on direct and indirect benefits received and were allocated either no benefit, partial benefit compared to other classes, or full proportional benefit compared to other classes.

Rate Calculation

As previously discussed, each line item in the budget is allocated based on the direct or indirect service/benefit provided, then allocated between the per parcel and per acre rate components, then among customer classes based on the comparative amount of benefit/service received. Initial per parcel rates range from a high of \$30.43 per parcel for Residential land uses to a low of \$29.26 per parcel for Commercial, Transportation, Trade, Services, and Recreational. Initial per acre rates range from a high of \$0.63 per acre for Resource – Agriculture land uses to a low of \$0.32 per parcel for Commercial, Transportation, Trade, Services, Recreational, and Resource – All Other. All calculated initial rates can be seen in the following figure.

Exhibit 4. Calculated Rates and Revenue Reconciliation

Land Use Category	Calculated Rates		No of Charge Units		Revenue Reconciliation		
	Per Parcel	Per Acre	No of Parcels	No of Acres	Parcel Charge	Acre Charge	Total
Residential	\$ 30.43	\$ 0.62	93,317	119,451	\$ 2,839,893	\$ 73,823	\$ 2,913,716
Commercial	\$ 29.26	\$ 0.32	143	1,290	4,184	413	4,597
Transportation	\$ 29.26	\$ 0.32	543	2,244	15,887	719	16,605
Trade	\$ 29.26	\$ 0.32	1,012	1,562	29,608	501	30,109
Services	\$ 29.26	\$ 0.32	2,326	8,498	68,052	2,723	70,775
Recreational	\$ 29.26	\$ 0.32	569	5,163	16,647	1,654	18,302
Resource - Agriculture	\$ 30.42	\$ 0.63	1,167	32,026	35,498	20,056	55,555
Resource - All Other	\$ 29.30	\$ 0.32	12	101	352	32	384
Resource - Designated Forest Land	\$ 30.21	\$ 0.34	504	78,923	15,228	26,439	41,667
Undeveloped/Open Space	\$ 30.32	\$ 0.62	9,249	41,608	280,429	25,888	306,317
TOTAL			108,842	290,866	\$ 3,305,777	\$ 152,250	\$ 3,458,027

Rate Adjustment

The rates shown above would cover total budget costs of \$3.5 million but the per parcel rate would exceed the twenty-five dollar per parcel cap and the per acre rate would exceed the ten-cent cap prescribed in RCW 89.08.405. To conform to this cap, the highest rate is decreased to twenty-five dollars per parcel, and all others are decreased proportionately. Similarly, the highest rate is decreased to ten cents per acre and all others are decreased proportionally. When the rates are decreased, the lowest rate becomes \$24.03 per parcel for Commercial, Transportation, Trade, Services, and Recreational uses. The lowest per acre rate becomes \$0.05 per

acre for Commercial, Transportation, Trade, Services, Recreational, and Resource – All Other land uses. **Exhibit 5** shows the District’s proposed rate schedule and resulting revenue after proportional reductions are incorporated.

Exhibit 5. Proposed Rates and Charges

Land Use Category	Calculated Rates		No of Charge Units		Calculated Revenues		
	Per Parcel	Per Acre	No of Parcels	No of Acres	Parcel Charge	Acre Charge	Total
Residential	\$ 25.00	\$ 0.10	93,317	119,451	\$ 2,332,925	\$ 11,788	\$ 2,344,713
Commercial	\$ 24.03	\$ 0.05	143	1,290	3,437	66	3,503
Transportation	\$ 24.03	\$ 0.05	543	2,244	13,051	115	13,165
Trade	\$ 24.03	\$ 0.05	1,012	1,562	24,323	80	24,403
Services	\$ 24.03	\$ 0.05	2,326	8,498	55,904	435	56,338
Recreational	\$ 24.03	\$ 0.05	569	5,163	13,675	264	13,940
Resource - Agriculture	\$ 24.99	\$ 0.10	1,167	32,026	29,161	3,203	32,364
Resource - All Other	\$ 24.07	\$ 0.05	12	101	289	5	294
Resource - Designated Forest Land	\$ 2.98	\$ 0.01	504	78,923	1,501	422	1,923
Undeveloped/Open Space	\$ 24.91	\$ 0.10	9,249	41,608	230,367	4,134	234,501
TOTAL			108,842	290,866	\$ 2,704,633	\$ 20,512	\$ 2,725,144

Conclusion

The rate schedule described above equitably allocates costs to different land use types based on services provided by the District. With the strategy in place, revenue generation from rates and charges by parcel and acre is forecasted at \$2.7 million annually. In order to close the gap between the revenue received through rates and charges and the budgeted annual needs of the District, Thurston Conservation District will need to continue to secure project-specific grants.

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Appendix A | Board Presentation

Appendix B | Technical Analysis