MANAGING IN-LIEU FEE RISK AND UNCERTAINTY IN KING COUNTY WASHINGTON

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Program Overview
(Since 2012)

- 21 credit transactions
- 9 acres of impact
- $17.7 million in revenue
- 17 acres restored
- 23 acres of restoration pending
- 24 acres acquired
  (11 acres for preservation, 13 acres to be restored)
What is risk?
What is uncertainty?

Former U.S. secretary of defense Donald Rumsfeld wrote:

“*There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we know we don’t know. But there are also unknown unknowns. These are things we don’t know we don’t know.*”

Risks are known unknowns.
Uncertainties are unknown unknowns.
Risk
(Known Unknowns)
• Credit demand
• Timing of credit purchase
• Increases in construction costs
• Land availability
• Lift potential
• Accurate credit pricing
• Natural risks (beavers, weed management, plant survival)
• Vandalism, unauthorized activities
Uncertainty
(Unknown Unknowns)

- Climate change
- Regulatory uncertainty
- Political relationships
- Natural disasters
- ...???
Managing ILF Risk & Uncertainty

- Identify site and concept before credit sale
- Engage area experts
- Credit pricing based on actual project at identified site
- Construction contingency
- Land fee
- Program account by service area: project, contingency, long term management, admin.
- Having the right staff
Managing ILF Risk & Uncertainty

• Collect data
• Design with climate change in mind
  • Floods
  • Temperature
  • Rainfall
• Begin planning and design as soon as funds are available
• “Lessons Learned”
• Relationships
Thanks!

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