



PROPOSED: Acquisition Policy Changes

Public Comments requested by March 3, 2025

BACKGROUND

The Recreation and Conservation Office (RCO) last updated *Manual 3: Acquisition Projects* in August 2018. In January 2025, as part of a larger pending update to the acquisitions manual, the Recreation and Conservation Funding Board (board) provided direction on three proposed changes to acquisition policies related to:

- 1) **Existing Public Ownership** - Acquisition of property under existing public ownership or management
- 2) **Combination Project Timelines** - Timeline requirements for the acquisition component of a combination project
- 3) **Earnest Money** - Eligibility of earnest money or option payments for reimbursement when applied to the purchase price

A summary of the background, analysis, and presented options for each of these policy areas can be found [here](#).

#1 - EXISTING PUBLIC OWNERSHIP

Background & Current Policy

Currently, *Manual 3: Acquisition Projects* provides guidance regarding the acquisition of established outdoor recreation areas developed under ownership or management of a public agency. In short, these types of acquisitions are prohibited unless: 1) state law requires compensation, 2) the land was not originally acquired for recreation or conservation purposes, and 3) the land has not been managed for recreation or conservation purposes. This represents a long-standing policy meant to ensure that RCO investments provide new, additional acreage for recreation and conservation beyond what is already available.

Over the last year, the board waived portions of the policy multiple times and requested RCO staff to prepare alternate policy options for consideration. RCO staff provided the board with three options:

- Don't alter existing policy and continue to consider waiver requests on a case-by-case basis at the board level.
- Delegate authority to the RCO Director to waive portions of this policy where the acquisition would secure recreation or conservation benefits at a credible threat of loss.
- Remove current and past management as an eligibility restriction for acquisition projects.

Proposed Changes

The board directed RCO staff to move forward with public comment regarding a policy change that would remove current and past management as an eligibility restriction for acquisition projects. More specifically, this would allow an eligible applicant to propose acquisition of the underlying private land even if the property was being leased and managed for recreation and conservation by a public agency. Additionally, an eligible applicant proposing to acquire public land would only have to demonstrate that compensation is required, and that the land was not originally acquired for recreation or conservation purposes.

#2 – COMBINATION PROJECT TIMELINES

Background & Current Policy

Policies meant to increase the likelihood of success and timeliness of combination projects were first introduced by the board in 1999. For acquisition components of a combination project, the property must be secured via acquisition, be in escrow, or an option obtained at least one month prior to the board meeting when funding is approved. In 2000, this policy was expanded to include a requirement that the acquisition component must be closed or executed within 90 days of the board funding meeting.

Sponsor organizations have historically struggled to meet this ninety-day timeline requirement. Important due diligence steps such as appraisals and appraisal reviews are taking longer, putting further strain on this timeline. RCO staff presented options for increasing the 90-day requirement.

Proposed Changes

The board directed RCO staff to move forward with public comment on two options for extending the 90-day timeline to complete the acquisition component of a combination projects: 1) 12 months with director authority to extend an additional six months, and 2) 18 months, which would match the current timeline requirements for combination projects funded by the Salmon Recovery Funding Board.

#3 – EARNEST MONEY

Background & Current Policy

Currently, “earnest money” and “option payments” are listed as an ineligible cost in *Manual 3: Acquisition Projects*. These costs were added as part of a large update to acquisition policies during the fall of 2010. It is not uncommon for eligible entities to provide earnest money in a purchase and sale agreement, or to purchase an option on a property, prior to seeking public funding for an acquisition project. These approaches help provide needed surety for the buyer and seller and constitute an important due diligence step required by RCO policy, as consistent with [RCW 8.26.180](#). These payments can be structured such that the value of any earnest or option payment is applied toward the purchase price of the property at closing.

Proposed Changes

The board directed staff to move forward with public comment regarding a policy change that would make earnest or option payments an eligible incidental pre-agreement cost, which would become reimbursable provided they are applied to the reviewed, appraised value of the property at closing during the grant performance period.

HOW TO COMMENT

RCO is requesting public comment on these three proposed acquisition policy changes in this document. Comments can be submitted by completing the web form at this link:

<https://forms.office.com/g/aZvqcfXsNg>.

Comments will be accepted until **11:59 pm on Monday, March 3, 2025**.

QUESTIONS?

Questions about the proposed acquisition policy changes can be emailed to Nicholas Norton, Policy and Planning Specialist, at nicholas.norton@rco.wa.gov.

NEXT STEPS

RCO staff will utilize public feedback to inform the final proposed policy changes and associated staff recommendations to the board. The current timeline is for the board to review public comment, as well as staff recommendations, and make final decisions on these three policy items during their April 22-23 meeting. The public will also have an opportunity to comment on the final proposed changes during the board meeting.

Should the board adopt the proposed changes, RCO staff will then incorporate the new policy language, along with other administrative changes, into an updated acquisition policy manual that will be published as soon as possible on the RCO website.