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APPENDIX A: Identified Mechanisms

Description of 38 Mechanisms

The following descriptions of mechanisms that meet threshold criteria are provided in alphabetical order and categorized as described in Chapter 7: Taxes, Fees/Charges, Lowering Costs (recapturing revenues), Market/Voluntary, and Other. Further details on any one of these mechanisms can be accessed through references provided. State abbreviations are used (Washington:WA) throughout for brevity.

TAXES

1. CORPORATE GROSS RECEIPTS TAX

Assessed on the gross receipts of businesses. Based on the full size of the business.

Variations:

- A dedicated portion of tax revenues generated by targeted businesses or sectors (home improvement, wood products, etc.) could be dedicated to an environmental fund for forestry and watersheds.
- A dedicated portion of tax revenues could be routed to watershed budgets.

Features:

- Unless adjusted for, this tax creates a disincentive for improvement. Adjustments could be in the form of rebates based on select criteria (rotation age, retention levels, certification, etc.), but added administrative transaction costs could lower revenues.
- It is politically difficult to raise because of many reasons: States are positioning themselves for competitiveness, a supermajority is needed in the WA State Legislature, and WA State already has a disproportionate reliance on business taxes (WSTSC 2002).
- It burdens startup businesses since gross receipts are not a measure of company stability

Examples:

No examples were identified. It is used very infrequently for the environment (EFC 1999)

2. EXCISE TAX (Harvest)

Dedicate portion of harvest excise tax revenue stream towards forestry and stewardship program. See Section 3.1.2.

3. General Fund

Appropriated from Legislature or Council from General Fund. Combination of taxes.

Examples:

- WA State Salmon Recovery Funding (see Section 3.1.8)
- Very common. Most states relying on State General funds for a large portion of the funding for watersheds (or environmental protection) have a dedicated fund (e.g. New York Environmental Protection Fund).

4. LOCAL SALES TAX

Local sales taxes are in addition to State general sales tax. It is most common to see local taxes serving as dedicated revenue streams paying debt service to local general obligation bonds, revenue bonds, or specific programs (EFC 1999).

Features:

- Leverage for attracting matching funds (especially at the state or federal level)
- Higher potential for nexus between tax and environmental benefits at local level
- Revenue size depends upon the community (county) awareness and connection with the issue
- Unless the community in which the tax is applied has minimal variation in income, the sales taxes are generally regressive

Examples:

- Very common.
- NV: Carson City and Douglas County use a 1/4 cent "quality of life" sales tax add-on for open space and parks (EFC 1999).

5. REAL PROPERTY TAXES (Ad Valorem)

Taxes on commercial and residential property are based on the assessed value (fair market value) of the property (with the exception of incentive programs, such as King County's Public Benefit Rating System). Requires voter approval. Local and state statutory limits exist on rate changing and levels. Tax remains ongoing or is increased only for a defined time period. The two most common uses for real property taxes are: (1) earmarking a specific portion for a specific fund, (2) directing a specific increase or surcharge, temporary or permanent, to a specific purpose (TPL 2004).

Variations:

"Split-rate or two-rate property tax" where higher rate applied to "land values" and a lower rate is applied to "improvement values" such as buildings. The tax burden is then shifted from density development to "land-extensive" development. However – though this property tax measure is promoted to densify urban centers (a catalyst for the Transfer Development Program for example), it would have unintended consequences for premature forest conversion, unless adjusted for (Bengston, Fletcher et al. 2003)

Features:

- Typical increases are used for growth management; water quality improvements, public safety issues, education
- Frequently used because of its high revenue yield, its relative stability and broad-base, and its administrative ease in application
- Depending on total real estate transaction costs (including increased/new tax) relative to neighboring counties, an elasticity effect could occur over time, with homebuyers choosing other counties for residency.

Examples:

King County's Conservation Futures Tax is one variation (see Chapter 3).

6. REAL ESTATE TAX SURCHARGE

Increased recording fees for real estate transactions.

Variation

Could shift incentive structure by raising a surcharge outside the UGB, and lowering it within the UGB (or rebating it within the UGB). However, it's doubtful that this incentive would have a strong effect, because of the inelastic demand for inexpensive housing in the UGB, unless the surcharge was to be substantial.

Features:

Depending on total real estate transaction costs (including increased/new tax) relative to neighboring counties, an elasticity effect could occur over time, with homebuyers choosing other counties for residency.

Examples:

- MA: Uses real estate tax surcharge (MA_Legislature)
- FL: Uses a “documentary stamp tax” – an excise tax for recording real estate transaction documents (\$0.70 for every \$100 assessed value)
(McQueen and McMahon 2003).

7. REAL ESTATE EXCISE (transfer) TAX

Real estate transfer taxes are charged to the buyer and/or seller of real property at the time of sale, based on a percentage of sale value of the property, a flat deed registration tax, or a combination (TPL 2004). It is also called a “transfer” tax. See Chapter 3 (“REET”).

Features:

- It could be used to shift incentive structures by raising the tax outside the UGB, and lowering it within the UGB (or rebating it within the UGB).
- It may not be covered in closing fees of mortgages.
- It can provide leverage for large revenue streams with low rates.
- It may have inequitable distribution effects, so it should be structured to minimize this with close cost/benefit relationships.
- Depending on total real estate transaction costs (including increased/new tax) relative to neighboring counties, an elasticity effect could occur over time, with homebuyers choosing other counties for residency.
(TPL 2004)

Examples:

- King County has access to additional funds through the Real Estate Excise Tax, or REET (see Chapter 3). Snohomish County tried, but did not succeed, to leverage more funds for conservation through REET. However, their downfall is partly attributed to opposition by the real estate community. Whereas, in San Juan County, the only Washington county that has institutionalized this option, real estate agents were enlisted in the support for the REET addition. “The driving factor was more about their land ethic comments Dennis Schaffer, Director for the San Juan County Citizen Conservation Land Bank. The “quality of life” component was a

selling point. “Real estate professionals recognize it as one reason people want to purchase land on the islands,” (Schaffer 2004).

- NY: Dedicated portion of revenues from real estate transfer tax is directed towards New York’s Environmental Protection Fund (NYS 2002) .
- Utilized by the following states: AR, DE, FL, HI, IL, MD, NY, NC, PN, RI, SC, TN, VT (McQueen and McMahon 2003).
- MD: Assesses an agriculture land transfer tax only when agriculture land is converted to other uses
- MA: Almost enacted a transfer tax. Following strong opposition by real estate contingency, conservationists and real estate interests agreed upon a 3% property tax, instead (Gomes 2004).
- MD: Dramatically reduced/ eliminated taxes on transfer of new or rehabilitated homes in growth areas and dramatically increase, transfer taxes assessed on new homes in areas causing conversion of habitat. [Recommendations that emerged (but have not necessarily been acted on) from the Maryland's Smart Growth and Neighborhood Conservation program) (MDDNR 2004).

8. STATE SALES & USE TAX

A tax on sales of goods or services sold in retail stores. The rate is ongoing or increased for a defined time period. Revenues go to the General Fund (TPL 2004).

Variation:

A dedicated portion of tax revenues could be routed to special fund for watersheds.

Features:

- A few states apply sales tax to out-of-state catalog mail order sales, unless that store exists in the purchaser's state.
- Earmarking or a dedicated portion would make revenues more stable.
- Even small applications can generate significant revenues
- They are inherently regressive.
(EFC 1999)

Examples:

- AR: “In November 1996, Arkansas voters went to the polls and increased the sales tax by an eighth of a cent to make this a more beautiful state,” said Governor Mike Huckabee, 2000. It took a constitutional amendment. In five years the tax generated approximately \$213 million in revenue that was dedicated to the Arkansas Game and Fish Commission, the Department of Parks and Tourism, and the Keep Arkansas Beautiful Commission (SGA 2002).
- MO: Since a voter approved constitutional amendment in 1976, Missouri residents have paid a 1/8th –cent sales tax to fund fish, forest and wildlife conservation. There is no sunset clause, and has since generated \$1.32 billion . In addition, Missouri voters yet again passed a constitutional amendment in 1984 establishing a 1/10th –cent sales tax to preserve the soil and water of the state for conservation and productive purposes. The sunset date for renewal is in 2008 (SGA 2002).
- NC: 0.1% sales tax revenues dedicated to Wildlife Resources Fund;
- ID: 1.5%, and WA: 0.1% sales tax revenues to water pollution infrastructure funds
- There are an estimated 23 states that earmark a portion of State taxes to the environment, with wide variation
(EFC 1999).

9. SELECTIVE SALES TAX

A tax on sales of specified or targeted commodities or services (all sales and use taxes not applied to the general public). It is levied as a percentage of the sale price or as a flat charge per item. Some states selectively tax items at the producer or distributor level to increase administrative ease (though tax is passed on to consumers in price). It is also called an “excise” tax. It is often seen associated with an item that is associated with a negative effect (i.e. “sin” taxes on tobacco or liquor).

Variations:

- Specialty tax on closing/escrow fees for real estate sales of new developments outside UGB.
- Allocate percentage of timber harvest excise tax to special watershed/forest assistance &/or restoration fund (see #2).

Features:

- There is low administration adjustment in dedicating to specific programs relative to general sales tax earmarking.
- It could be structured to create inherent environmental incentives.
- Trade laws may create legal barriers (e.g. selective taxing non-Washington wood products).
- Selective sales taxes narrow the tax base.
- It is regressive, depending on the consumer of the selected good or service.
- The degree of tax revenues depends largely on the elasticity of demand for the selected good or service taxed.

Examples:

- Cigarette tax in CA, PN, TX, MN: \$0.02/pack towards Minnesota Future Resources Fund and generates approximately \$7 million/year (McQueen and McMahan 2003).
- Most common examples: Fertilizer/Pesticide Taxes (Agricultural Chemicals); Hard-to-Dispose Taxes
- LA directs fifteen cents of every dollar of the state’s oil royalty payments to coastal restoration.
- AL funds its Alabama Forever Wild Land Trust from a voter approved (1992) percentage of the interest income earned from their oil and gas severance tax. The percentage increases annually by 1% until it reaches a maximum of \$15 million per year (SGA 2002).

10. TAX CONTRIBUTIONS

Option for charitable contribution of tax refunds at point of tax returns. Usually towards dedicated source funds or specific programs.

Features:

- Public is receptive to voluntary donations
- Opportunity to leverage matching funds
- Administrative costs vary
- Voluntary programs are best suited to finance long-term, environmental programs that attract significant public interest and are highly visible
- Donations tend to fluctuate drastically with the economy (EFC 1999)

Examples:

- NY: Option of donating to the “Return a Gift to Wildlife Program” through state income taxes, since 1982. Expenditures have been limited and do not play a major role (NYS 2002)
- As of 1999, at least seven States, including AR, OH, NC, VA and WI used check-off boxes on the state income tax returns to allow taxpayers to earmark a portion of tax refunds for conservation programs (EFC 1999)
- CO: Landowners receiving income tax credits for donation of conservation easements are legally allowed to refund those credits and donate them or sell their credits to a third party. In 2001, the legislature allowed the sale of those tax credits to a third party. This is only allowed with the state is running a surplus budget. In the first year tax-credit trading was permitted, the Conservation Resource Center (Boulder, CO), brokered approximately 18 of the 28 trades, with net credit worth of \$1.5 million. The CRC forecasts an increase in trades (McQueen and McMahon 2003).

FEES & CHARGES

11. ADMINISTRATION FEE

Fees to cover administrative costs of public services (or transaction costs).

[E.g. When a person/business sells/buys land, jurisdiction responsible for recording the property transfer (often the county) levies a recording fee].

Variation:

A dedicated portion of tax revenues could be routed to special fund for watersheds.

Features:

- Typically these fees are charged *only* to cover expenses of administration service.
- Certain legal restrictions may prohibit charging more for the service or dedicating revenues indirectly.

Examples:

- SC: Titles their administration fees for transferring property titles are called “revenue stamps” and are affixed to the deed of real estate. These “deed recording fees” are based on \$1.30 per \$500 of value and \$0.10 of every \$1.30 per \$500 goes to their Heritage Land Trust Fund (SGA 2002). The latest estimate shows revenues of \$10,000,000 more or less *annually* (SCDNR 2004).
- Other states have similar programs to SC with substantial annual revenues (FL - \$300 million; NJ - \$500 million; GA - \$90 million; NC - \$100 million). The logic and support for the program stems from the knowledge that it costs much more to go back and [retroactively preserve] rather than be pro-active (SCDNR 2004).
- IL: Part of motor vehicle title transfer fees is dedicated to bicycle paths (McQueen and McMahan 2003).
- WA: Part of gas tax is dedicated to recreation programs and trails.

12. CONNECTION FEE

Fees are charged to property owners at the time they connect with the existing municipal utility serving their area of new occupation. Usually connection fees are the jurisdiction of local governments

[Distinction from access fees = connections fees are for hookup to existing utility with existing capacity and provide capital *after* the need is created].

Features:

- Equity is difficult to adjust for.
- A disincentive may result in suburban or rural households choosing to not join central systems. This may result in delinquency of waste treatment or water withdrawals.
- It creates a direct cost/benefit relationship.
- When no or low fees are used, such as with some businesses, those users are being subsidized from general residential tax revenue.
(EFC 1999)

Examples:

- MA, NJ and NV use drinking water connection fees averaging several hundred dollars for each residential hook-up. (EFC 1999).

13. IMPACT FEE

Impact fees are not generally viewed as a revenue raising mechanism. The purpose of imposing impact fees is to fund the construction of capital improvements necessary to accommodate new development (MRSC 1996; Missoula 2002). Typically these are one-time fees, paid by developers, to compensate (or support) the new infrastructure needs their new development causes (new infrastructure needs like roads, sewage, energy, etc.) (TPL 2004). They are typically a flat compensation negotiated between developers and the city. They are closely related to the development impact on infrastructure and facilities. They shift some of the cost of development from current residents to new residents. Because of this revenues generated should be used for future needs, not existing ones. These are also called “construction fees” or “exactions.”

Variations:

- Incorporation of the value of lost eco-services incurred by the new development and base fees off this assessment. However, unless a system or formula is developed for doing this, this approach would be technically difficult.
- Adjustment to a sliding scale, based on impervious surface area created by development
- Inclusion of a threshold (e.g. certain square footage of impervious surface area) above which a surcharge is applied – with the option to rebate that surcharge if certain development criteria are met (bioswales, water collection systems, etc.).

Features:

- The developer pays, but fees will likely be passed on to buyer.
- It is considered a growth management tool.
- These revenues are dependent on development (or conversion of undeveloped lands).
- It is a disincentive for development outside UGB because of less established infrastructure
- Many developers already feel they pay a lot for permitting.

Examples:

- King County Surface Water Management Fees (see Chapter 3).

14. LOCAL WATERSHED PROTECTION FEES

Issued charge or increase in charge (required or optional) to residents and businesses within watershed for watershed protection activities, under independent authority or through direct utility nexus. These are similar to “quality of life” or “conservation taxes” added on to local general sales taxes or property taxes. They are designed to correct market failures in streamside uses and impacts. (EFC 1999).

Features:

- Revenues can be dedicated to specific projects for a strong nexus and cost/benefit relationship

- Fees administered could also increase the incentive to conserve water.
- Their dual purpose serves to heighten public awareness and raise revenues for the aquifer
- Fees are easiest to administer as a flat rate, but this is regressive. A tiered rate structure based on water use may be more equitable, but low-income users are more likely to be ill equipped with new, residential, water-saving appliances.
- New fees or increases in fees may require voter approval.
- They should be designed to heighten environmental awareness as well as raise revenues. This helps to establish public support and raise the willingness to pay.
(EFC 1999) (TPL 2001)

Examples:

- WA: All Spokane residents are charged a \$15 annual “aquifer protection fee” and utility users pay a 3% surcharge on all water bills. See “King Conservation District” and the \$5 per parcel fee in Chapter 3.
- RI: All water customers pay a watershed protection surcharge of 1 cent per 100 gallons on regular water bills.
(EFC 1999)
- Colombia: Regulation requires the electric power companies to transfer 2% of their gross sales to direct investment in watershed management.
- Costa Rica: The water company is charged US\$6 million and the power company another US\$3 million per year to finance the conservation of some 1.3 million ha of forest in the watersheds supplying water to the city
- Ecuador: Quito established a Watershed Protection Fund. Funding is raised from water charges to electricity companies and private water users and from the public water authority.
(PROFOR 1999)

15. MITIGATION (FINANCING/BANKING)

One-time impact cost paid for by developer in the form of (a) direct payments to purchase replacement lands (with equivalent eco-services and benefits), (b) donated land, (c) mitigation credits, to those permitted, for set fees which may be banked for future use (otherwise known as “mitigation banking”). Mitigation land becomes a publicly owned and managed natural site. Fees should be based on impaired acreage or replacement cost of lost eco-service/benefit.

Variations:

- Allow for the purchase and donation of conservation easements (based on location and quality criteria) as mitigation option.
- Allow for specific mitigation banking related to forests and watersheds.
(EFC 1999)
(TPL 2004)

Features:

- See King County’s Critical Area Ordinance, Section 4.3.2
- The mitigation idea is used by governments to acquire areas, related or unrelated to the impacted area, to compensate for negative construction consequences.
- Requiring compensatory mitigation is consistent with, and advertises, the goal of protecting natural areas

- Governments can arrange for the banking and trading of mitigation credits to developing applicants. The transaction costs for this arrangement might be high.
- Mitigation banking may offer a more efficient and robust approach than case-by-case, off-site mitigation, because attention may be given to larger mitigation parcels; partnerships among conservation interests and governments may form for better management and priority setting.
- Mitigation, and mitigation banking, may reduce costly development delays, but it could unintentionally allow for expedited development of projects with no suitable replacement for the environmental loss.
- Ongoing management costs of mitigation lands must be factored adjusted for in revenue projections.
(EFC 1999)

Examples:

- [The Department of Ecology’s Watershed Planning Committee has discussed how environmental mitigation funds associated with major projects, such as transportation projects, are related to watershed management and considered how appropriate it is for mitigation funds from multiple projects to be “pooled” for use in areas of the watershed that can produce the greatest environmental benefits (WADoE-WPIC 2002)]
- WA: (1) Mitigation Bank run by the King County Department of Natural Resources and Parks, (2) Within the proposed Critical Areas Ordinance, a fee-in-lieu-of mitigation program requirements is included as an option (KCDNR 2004).
- FL: Cash Mitigation Program raises \$3-5 million annually from resource permit applicants that pay a fee rather than providing mitigation.
- CA: Marin County requires dedication of property for open space if land is to be subdivided and developed (e.g. for a new office building to be built by George Lucas, 800 acres dedication was required for permit approval) (McQueen and McMahan 2003).
- Corporations such as Disney and paper/pulp companies make voluntary mitigation donations to green their image.
(EFC 1999)

16. SPECIAL ASSESSMENT FEES

One-time or recurrent fees levied on property owners by local jurisdictions usually to benefit a sub-group of the jurisdictional population. If charges are to be incurred by the full jurisdiction, benefits to those outside the immediately benefiting sub-population must be demonstrated (e.g. higher property values, increased business activity, etc.). Some jurisdictions form special assessment improvement districts to better define the geographical boundary of the proposed improvement (e.g. 3 miles of new park) – this may require state approval. (EFC 1999).

Features:

- The revenue yield completely depends on the structure of the established assessment. It could be stable, sporadic, or just vulnerable to political opposition. However, the revenue yield could be substantial.
- Direct cost/benefit relationships should and can be established.
- Difficulties may arise when downstream users benefit from upstream watershed improvements (or vice versa).

- When benefits can clearly demonstrating increasing property values, "Tax Increment Financing" (TIF) can be used.

Example:

- CA: Marin County, Santa Clara County, Simi Valley and Ventura County have all created "benefits assessment districts" to exact fees for open space (MRCA 2004). Santa Clara County residents voted to approve a \$20-per-house assessment to raise funds for parks and open space through use of benefits assessment districts (McQueen and McMahon 2003) (Grippi 2004).
- CA: In 2002, property owners in the City of Los Angeles portion of the Santa Monica Mountains zone voted to establish two separate assessment districts under the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915. Property owners assessed themselves to no more than \$40.00 per year, over thirty years. Revenues go to the acquisition and preservation of nearby open space and parkland, and to reducing fire hazards in acquisition area. The amount varies by the purchase price of the property in question, though property owners have the option to pay the total fixed lien assessment up front or on their property tax bills. The ballot measures were approved by a weighted majority of 77.3% in District One and 68.1% in District Two (MRCA 2004).

17. REGISTRATION FEES

Fees charged for registration of vehicles or other items of personal property that may have some association with the environment. (e.g. guns, watercraft, snowmobiles, etc).

Features:

- Not likely to be a significant source of revenue.

Examples:

- IL: Part of its snowmobile registration fees are used for trail corridor and land acquisition. (McQueen and McMahon 2003).

18. UTILITY FEES

Fees that fully cover the cost of utility services – otherwise known as "full cost pricing." Many previously subsidized services are and have transitioned to full cost pricing - recovering all the costs associated with providing services (i.e. capital, operations, maintenance, enhancement, and replacement). Full-cost pricing keeps demand for these services proportionate with the cost of supply, creating a self-sustaining operation. User fees are charged regularly to all customers, industrial, commercial and residential. (EFC 1999) (TPL 2004).

Features:

- Full cost pricing can be difficult and troublesome to quantify, determine, rate, administer, and translate.
- Assuming quantification and rate setting is low relative to potential revenues, small rate increases can raise significant revenues and could potentially be adjusted for equity.
- Water meters and ongoing development of indicators of watershed health increasingly allow more sophistication in billing procedures and rate structures based on volume and customized indicators.

- Disclosing pricing details to customers provide opportunity for awareness and education component.
- The full-cost pricing services that benefit or harm eco-services and benefits may also encourage users to better conserve valuable or limited natural resources.
- In smaller communities, agencies often lack general, in-house expertise in determining these costs due to economies of scale.
- Statutory constraints may exist at the state and local level regarding rate setting; public receptivity may also be an issue
- Subsidization of certain services may be a priority of local governments to achieve some other public policy goal

Examples:

- FL: (1) Everglades Trust Fund receives partial funding from highway toll revenues (McQueen and McMahon 2003), (2) A 3,636 acre ranch and a 6,700 acre property to build the Suncoast Parkway was acquired with public funds and toll revenues (brokered by the Trust for Public Lands) (EFC 1999).
- MN: Scott County considered a stormwater utility fee, based on runoff generated, as one financing option in their Comprehensive Water Management Plan (Scott_County 2004).

RECAPTURE REVENUE

19. LAND MATCH

Local-State, or Private-Local land (donation) matching. Incentivizes donation of land preservation and reduces cost of purchase.

Features:

- It only lowers costs (and recaptures revenues) if easements would not have been otherwise donated and lands in the program were targeted for purchase.

Examples:

- MN: Critical Habitat Match Program since 1986 administers matching donations (based on Legislative appropriations) for private donations of land or easements to protect habitat (McQueen and McMahan 2003).

20. LOW-INTEREST LOAN & EASEMENT EXCHANGE (fund)

Used in a variety of ways to partner with landowners and provide low-cost loans or equity investments while saving the loaning entity in easement costs.

Variations:

- Bridge loans are provided to landowners who donate development rights to loaning entity. Tax deductions from reassessed value of land or revenue from the grant of a conservation easement can free up unrealized capital appreciation of the property, providing new funding for conservation rather than development.
- The fund can provide working capital at below-market interest rates for forest owners to refinance high-cost loans, as part of a landowner's transition to long-term sustainable management. Long-term improvements to management are secured by a grant of a conservation easement.

Example:

- Pacific Forest Trust launched their “Strategic Opportunities Conservation Fund” in 2000 with an initial \$5M foundation money. PFT encourages the use of management funds to go towards certifying lands with Forest Stewardship Council certification. The \$2.2 million in proceeds from the "bargain sale" of a conservation easement worth an estimated \$6 million paid off their SOCF loan freed one owner from all debt and is providing long-term working capital for operations. In addition, the family's capital gains tax bill from the sale of the easement was reduced thanks to the gift value of the less-than-fair-market easement price (PFT 2004).
- New Jersey: The New Jersey Environmental Infrastructure Trust, which is dedicated to preserving New Jersey's water quality and water supply, issued a low-interest loan to the New Jersey Green Acres land acquisition and conservation program in 2001 marking the first time trust funds were used to help finance open space acquisition (NJDEP 2003).

21. REFINANCING

Refinancing of state and public authority obligations is used to reduce interest payments when market conditions exhibit lower interest rates than at the time of the original loan or bond.

Typical loan refinancing would involve changing the loan maturity date. Extending the date can reduce annual repayment costs, in the short term. Typical bond refinancing, or “advanced refunding,” would involve selling bonds to provide funds to retire outstanding debt on existing bonds (with higher rates) (EFC 1999).

Features:

- There is high potential for recouping revenues through refinancing.
 - Loan refinancing is much less complex than bond refunding. With bond refunding, constraints exist from contracts to return specified financial returns to bond investors.
 - Refinancing can be administratively burdensome (especially for small borrowers), and new financing costs should be associated.
- (EFC 1999)

Examples:

- NY: Refinancing as one method in leveraging funds for their Environmental Protection Fund. A “comprehensive refinancing package” was proposed for cleanup of State Superfund and brownfield sites (NYS 2002).
- Refinancing is a common strategy for recapturing revenues among prudent financial managers.

22. “ADOPT A WATERSHED”

Program that solicits individuals and corporations to identify animals or habitats that need help or improvement and sponsors it through a fee.

Variations:

Adopt a stream or a forest or a watershed or a [greenway] foot

Features:

- The program is only a revenue raiser if the cost of the program (mainly administrative and marketing) is substantially less than the adoption fees contributed.
- The program could enlist businesses.
- There is potential for matching donors.
- This type of mechanism is very outreach and education focused requiring start up capital and expertise for educational messaging and marketing.
- Usually options like these provide a self-supporting opportunity to communicate to public the importance of watersheds and/or working forestlands (as opposed to the alternative)

Examples:

- KY: A local initiative started the High Point Greenway “Buy-a-Foot” campaign raising citizen funds - \$25 per “one linear foot” (LFUCPC 2001).
 - CA: Their Adopt-a-Beach program, sponsored by the California Coastal Commission, the California State Parks Foundation, and private corporate sponsors, provides community outreach to schools and youth groups via special curriculum promoting conservation of natural resources (EFC 1999).
- *Note: Citibank has instituted a policy to invest in sustainable forestry (Citigroup 2004) .

23. CARBON MANAGEMENT

Selling carbon credits stored by designated forests and managing forests for carbon storage. Managing for carbon takes two general forms: “Sink creation” and “sink enhancement.” Where forests already exist (e.g.. lands managed for timber), “sink enhancement” is the form. Carbon is managed for through the prevention or reduction of deforestation and land use change (e.g., through conservation projects), or reducing the damage inflicted on existing forests (e.g., intensive forestry). Soils also store substantial amounts of carbon. Management practices that promote an increase in soil organic matter can also have a positive carbon sequestration effect. (PROFOR 1999).

Variations:

- See also: License Plates.
- Setting a cap of emissions among an identified group of emitters, then allowing the trade of emissions to occur beneath that cap, so long as the aggregate does not exceed the cap. Incorporation of forests must be explicit and carefully designed and monitored.
- Allowing new carbon emitters to obtain emissions credits from existing emitters to offset new emissions. Incorporation of forests must be explicit and carefully designed and monitored.

- Allowing storage of emission reduction credits for future use or trade. (EFC 1999).

Features:

- King County commissioned a project with the University of Washington in 2002 to produce both a current and near-term future inventory of carbon sequestered in trees on forested landscapes in King County, stratified by ownership (Turnblom; Mariano; et al.).
- The carbon market is still new and continues to develop and adjust.
- Europe is playing an increasing role in the carbon market.

Examples:

- CA: Regulation that all major carbon emitters (e.g. power plants, manufacturing facilities, etc) mitigate a percentage of their carbon emissions. Mitigation can include an arrangement for carbon credits through forestland management (and conservation easements). Pacific Forest Trust manages for the carbon and holds the easement in trust. Originally, the statute didn't allow for forest storage to be part of the program – an amendment was made subsequent to initial enactment (CA_Legislature 2002).
- MT: The Confederated Salish and Kootenai tribes in Montana will fund their reforestation of 250 acres of the Montana Flathead Reservation by exchanging greenhouse gas (GHG) emission reductions for cash, with Sustainable Forestry Management, a London-based firm (EFC 1999).
- WA: HB 2119 and SB 5954, a bill to establish the Washington Climate Action Registry was introduced in the 2003-2003 Washington Legislature (WA_Legislature 2004).

24. ECO-LABEL: MARKET SHARE

Product label that incurs more demand for product or increased market share. An incentive for producer to continue forestry and/or employ additional stewardship activities

Variations:

- See also: #43
- *Stewardship Label*
 - Evidence that eco-labels for wood products draw a premium upon the sale of those products varies depending on type of wood. Hardwoods draw a premium, but there is little evidence that structural softwoods are (Taylor 2002).
 - There is at least one study that depicts eco-labeled wood products drawing a higher demand, when prices are equal (label v. no label) (Anderson and Hansen 2002).
 - Certification costs and opportunity costs from stewardship logging create a barrier to certification.
- *WA Wood Label*
 - Considerable market research would need to be done to identify whether wood bought at local retail outlets is currently locally grown, or imported.
 - An accompanying marketing and education campaign would be needed and could prove costly.
 - The chain-of-custody and label program could be administratively technical and costly.
 - Wood products and forestry trade associations might be interested in paying membership fees.

Examples:

- WA: The King County “Puget Sound Fresh” program has been a successful driver for increased demand of locally produced agriculture (Evans 2002)
- OR: A local program labeling products deemed “salmon-safe” depending on types of practices incurred in the production of that labeled commodity (Salmon_Safe 2004)

25. FOREST BANK

A forest bank would operate like a CD, where the forest “banker” maintains the right to grow, manage, and harvest trees; the landowner receives guaranteed minimum annual dividends (4 to 4.5%) based on the timber’s value. The landowner also has the option to withdraw the cash value of the timber while retaining ownership, so s/he can use the land for other purposes such as hunting or hiking.

Features:

- The most feasible bank would comprise forestlands that are contiguous or in very close proximity to each other

Examples:

- VA: The Nature Conservancy operates a forest bank (<http://nature.org/forestbank/index.html>) (Muller and Cameron 2001).

26. LICENSE PLATES

Revenues are raised and routed to dedicated environmental fund through the sale of license plates with environmental designs on them (e.g. Yosemite plate routes money to Yosemite National Park in California). Plates are reissued annually, through renewal fees with “environmental design premium.”

The purchasing of specially designed plates is completely voluntary.

Variation:

Rather than environmental vanity plates, *climate plates* (with a forest design) could be sold, combining the license plate mechanism with the carbon management mechanism. Fees could be based at a set rate (like traditional vanity plates) or based on a carbon emissions formula that relates specifically to the carbon emitted by the licensed driver and the cost of mitigating for that carbon (the cost of conservation easements in the region and rates of carbon sequestration the forests are managed for). Calculating the rate would be difficult primarily because of the varying cost range of conservation easements.

Features:

- Since the program is voluntary, it’s very equitable. However, those paying into the program may be paying for a public good – and those not may be considered “free riding” while enjoying the benefits of that public good.
- Marketing and awareness would be a cost of the program. However, because every driver in WA state must register their car through the Department of Licensing, interagency partnerships could alleviate administration difficulties.
- Caution must be taken in considering voluntary sales. If administrative costs exceed revenues raised, the program is not advisable (despite educational component).

Examples:

- At least 25 states sell license plates that raise revenues for environmental programs ranging from manatee protection activities (in Florida) to deposits in the Tahoe Conservancy Account for preservation and restoration projects in the Lake Tahoe area (California).
- For instance, the Trust for Public Land estimates that California's environmental license plate program (3 plates) has raised \$500 million in plate revenues since 1970. However, it is unknown whether this estimate includes the costs of administering the program (TPL 2004).
- See **Appendix K**: License Plates (no carbon license plates were identified).

27. INVESTMENT FUNDS TIED TO BEST MANAGEMENT PRACTICES

Investment fund that targets investments within corporations or projects that meet certain environmental criteria. Successful funds usually operate like independent foundations by investing their assets and using the interest to fund programs (like endowments). (PROFOR 1999).

Features:

- Legal barriers exist to startup depending on tax status and type of entity. A partnership or host company is needed.
- It would require large initial capital.
- Established Environmental Funds have the potential to stabilize recurrent cost financing and moderate the volatility of funding.
- Typical features include a governing board of trustees, the capability of receiving and managing money from a variety of resources, the ability to make grants or loans to beneficiary organizations that meet criteria.

Examples:

- EcoTrust, a nonprofit based in OR, created the Natural Capital Fund (Von_Hagen 2004). The Fund makes investments in businesses and projects that “significantly enhance the capacity for appropriate development and conservation in the coastal temperate rain forest region” by focusing on fisheries, farming, forestry, and real estate development. The Fund is intended to “serve as a catalyst, leveraging other investments through partnerships, joint ventures and other collaborations.” They anticipate most growth in the fund to be in timberland investment. Their projected allocation of funds through 2006, in real estate and forestlands, is \$30 million. Specifically, their Venture Fund investments included EcoTimber (now Hayward Lumber), an EcoTrust created distributor of FSC certified wood products (with clients such as The Gap, Gibson Guitars, and Disney). With their Venture Fund, EcoTrust is strengthening the market for FSC certification. In 2002 the Natural Capital Fund began pursuing the ownership and management of timberland, to raise revenues in support of EcoTrust programs and support sustainable forestry as a key “conservation economy sector,” (EcoTrust 2004).
- WV: The Conservation Fund in West Virginia started the Natural Capital Investment Fund that raises money from the private sector, invests in secondary and certified forest products and businesses (“value-added”), and prioritizes keeping people working on the land. They are facing strong pressures to convert forests because, according to Martin Jenkins, Director of the fund, West Virginians “want development” there (Jenkins 2004)
- National Environmental Funds may be more common than local funds (PROFOR 1999).

28. SPONSORED CREDIT CARDS

A private organization can create a partnership with a bank or other financial institution to establish a major credit card (on a local, state, or national basis) that is structured to dedicate dollars to a specified environmental fund through initial card issue and through a small percentage on the cards' spending.

Features:

- Regional foundations are good venues for such a credit card and fund.
- Start up and marketing costs may be high.
- Competition with other specialty cards exists.
- Revenues would mostly likely be moderate.

Examples:

- The Chesapeake Bay Foundation has issued a regionally based green credit card to help finance projects and activities in the Bay watershed.
 - National Wildlife Federation have developed green credit cards directed at existing and potential members.
- (EFC 1999).

29. STATE LOTTERY

Percentage of state lottery revenues from lottery ticket sales dedicated to specified environmental fund or program. Lotteries are usually operated for the benefit of State or local government, while retaining a portion of the revenue for a dedicated use. Lottery games can be designed to appeal to particular demographic groups, and state lotteries are frequently redesigned in appearance as a marketing strategy.

Variations:

- Short-term lottery redesign to benefit specific environmental program/fund (i.e. watersheds or salmon recovery).
- Temporary or permanent dedication of percentage of lottery revenues towards environmental program.

Features:

- Redesigning the lottery program, either on a short-term or long-term basis, may access new players and new revenues for the lottery.
 - Though lottery revenues may substitute taxes, they may be controversial because they encourage gambling.
 - John Hereford, Executive Director of GOCO (see below): "We have locked in a yearly revenue source that's not dependent on year-to-year appropriations by the legislature. It's such a huge advantage for Colorado. We can take strategic, long-term, multi-year view of land conservation and recreation."
- (McQueen and McMahon 2003)

Examples:

- CO – Most State Lottery proceeds go towards natural areas programs within Colorado. The allocation of lottery proceeds in Fiscal Year 2001-2002 was 40% (\$44 million) to the Conservation Trust Fund for distribution to local governments and park and recreation districts; 10% (\$11 million) to the Division of Parks and Outdoor Recreation for state park and outdoor recreation projects; \$46.5 million to the Great Outdoors Colorado (GOCO) Trust Fund (50% up to \$35 million annually adjusted for inflation); and \$8.5 million to the State Public School Fund for facility improvements (spillover from GOCO cap). The Great Outdoors Colorado (GOCO) Trust Fund was created in 1992 following a citizen’s initiative passed by a 58 % voter majority. The GOCO Constitutional Amendment - Article XXVII that redirected the portion of lottery proceeds to GOCO also created the GOCO Trust Fund Board to oversee funds distribution. In FY 2001/2002, \$24.7 million was “put to work” for outdoor areas of Colorado. However, even though proceeds are significant, in FY 2001-2002, “requests for GOCO dollars in its competitive grant programs outpaced dollars available by more than 3 to 1” (GOCO 2003).
- MN – At least 40% of net lottery proceeds go to the Environmental and Natural Resources Trust Fund.
- ME – Majority of lottery profits are dedicated to the Outdoor Heritage Trust.
- KS - Small, fixed percentage of lottery proceeds dedicated to wetlands and nonpoint source control. (EFC 1999).
- Additional states that dedicate a portion of state lottery funds to the environment: AZ, IA, NE, OR (McQueen and McMahon 2003).

30. TIMBER MANAGEMENT

Forests can be managed for timber production, raising revenues to fund further acquisition or stewardship activities.

Features:

- King County currently owns working forestlands in WRIA 7
- In order to manage for timber with ecological forestry and still remain competitive (or unsubsidized), operations will probably need to market other forest attributes (i.e. special forest products, habitat for hunting, carbon, etc.) (Von_Hagen 2004)..
- Public entities can acquire new lands, financed with “tax-free bonds,” if the purposes of the operation are clearly for the “public good.” Pending legislation in the U.S. Congress may allow use of “tax free” bonds for this purpose by private entities (see Appendix L).
- The biggest challenge, or as noted by Tom Tuchmann, Director of US Forest Capital, “the biggest crystal ball” are future prices predictions in making the timber management – conservation model work (Tuchmann 2004).

Examples:

- See also #36 (waste management)
- WA: Department of Natural Resources has proposed “Recreation Trust Lands” where forest lands would be managed to raise revenues specifically for the purposes of recreation projects on other DNR lands.
- WA: Evergreen Forest Trust model of issuing a private activity bond, managing lands for timber, and paying debt service with timber revenues (see Appendix L).

- EcoTrust Forest Capital LLC (Timber Land Investment Organization) on the Olympic Peninsula in WA (Von_Hagen 2004) (See Mechanism #27).

31. TRANSFER DEVELOPMENT RIGHTS PROGRAM

Transfer Development Right programs allow for the trade of development rights on lands that meet certain environmental criteria, with lands that are under certain growth management restrictions. Essentially, forest owners may want to sell their development rights, and developers may want to buy them so transfer development rights programs essentially facilitate “gains from trade.” The transaction and the conditions of who can sell their development rights and where a developer can then use those rights depends on growth management regulations (zoning, districting, limits to growth within and outside growth boundaries) and individual, negotiated arrangements with local governments.

Variations:

Incentive program for cities to participate in TDR process and establish interlocal agreements (cities have to allow density beyond existing code).

Features:

- The sale of the development right raises revenue for the landowner, allows them to remain on their land and work their land, provides them with lower assessed values of their land and thus lower property taxes, but keeps their land in a forested landscape. The consumer of the development right allows a developer to develop in an area that would normally have been limited to no more growth – creating a denser framework that accommodates growth (rather than promoting sprawl).
- TDR markets can generate high transaction costs. Careful attention must be given to the net benefits of the transactions.
- See Chapter 3 for more details.

Examples:

- WA: King County has a successful TDR program (see Chapter 3) but it may be underutilized.
- MD: Landowners of agriculture land must first form land preservation districts of 50 acres or more. Then they are eligible for state purchase of development rights (McQueen and McMahon 2003).
- NJ: Pinelands Development Credit Bank which can buy and sell credits, guarantee loans using credits for collateral, and maintain a registry of credit owners and purchasers. The gap between supply of credits and demand for them (i.e. demand for growth) is expected to create a stronger market for the credits (NJPC 2004).

32. VOLUNTARY FEE – GOVERNMENT SPONSOR

Voluntary fees are those that are offered at time of purchase or registration for a government-administered process that already charges a fee.
(Similar to #10 and #27).

Variation:

Local, voluntary Aquifer Protection Fees (see #14 above)

Features:

- Revenues would be dependent on reoccurrence of purchase or registration.
- Marketing could be a major expense, but awareness component would probably be necessary.
- Interagency coordination could be necessary.
- The charitableness of consumers fluctuates with the state of the economy.

Examples:

- VA: Motor Vehicle Registration Fee with optional \$2 donation for environmental programs (McQueen and McMahon 2003).
- WA: Voluntary fees for green energy purchase on energy utility bills.

33. VOLUNTARY FEE – PRIVATE SPONSOR

A charitable donation system administered by a private entity that does not directly benefit from the revenue.

Variations:

- Option to pay extra towards local forestry stewardship activities (or specified fund) at a time of private purchase at sponsoring vendor (e.g. home improvement center).
- Voluntary donation of specified amount from company for every consumer purchase (e.g. website portals).

Features:

- Dependent on sponsorship of private company.
- Marketing contributes to reputation of storeowner and materials they sell; draws attention to materials they may stock in their stores (i.e. FSC or “local” wood).
- Most likely a short-term or pilot program

Examples:

- With every online Eddie Bauer purchase customers and store associates were invited to add \$1 or more to their in-store, catalog, or online purchases for “memorial trees.” Revenue went towards American Forest’s efforts to restore and protect forestland. In four years, \$4.7 million was raised (American_Forests 2004)
- Smith & Hawken, Patagonia, REI and other private businesses have a fund where a % of their profits are put towards various environmental programs.
- American Forests' Patriot Trees for America Campaign, hosted by "Your Hometown Proud Supermarkets", a leading national grocery chain with more than 1600 stores in 48 states. From April 27- May 10, cashiers at 1,282 IGA Stores nationwide asked customers to make donations to the Campaign.
- Normandy Mortgage Inc. (Seattle, WA) offers members of Puget Consumer Co-Op a savings of 0.25% on their origination fee (\$250 per \$250,000 borrowed), \$200 off their appraisal fee, and a 20% discount to their Escrow Fee for loans closed through Normandy Escrow (NormandyMortgage 2004).
- Web site shopping portal called myCNY.com connects to over 125 national online merchants who agree to provide a rebate to mycny.com for every purchase that comes from mycny.com’s site. The shopper pays nothing for using the portal service. myCNY.com donates 95% of the

rebate money to six children's charities in Central New York, with only 5% dedicated to operating expenses (myCNY.com 2004).

34. WASTE MANAGEMENT

Forestry managers consume fertilizers and use distribution systems for their use. Solid Waste Divisions supply, treat, deposit, and manage waste "biosolids." Opportunity for trade is established and coordinated through forest owners, the county, and solid waste utilities. Savings to the landowner comes from decreased cost in purchase and distribution of fertilizer. Savings to the utility comes from management of biosolids.

Variations:

The new Brightwater facility in Snohomish County poses an additional participant for interagency coordination.

Features:

- It requires coordination between divisions to establish gains from trade, to the landowner and county that would not otherwise be utilized.
- Care must be taken to manage wastes appropriately and minimize organic overloading on forests.
- Ongoing interagency and private landowner coordination and permitting require administration.
- Program must be administered far enough from residential areas – the program is vulnerable to fluctuations in public perception.

Examples:

- WA: WA State Biosolids Program, in King County, has resulted in a net gain to waste managers and to forest managers (Konigsmark 2004).

35. EPA WATERSHED INITIATIVE

This is not technically a "mechanism" in and of itself. Instead it is a funding resource dependent on the use of a market-based mechanism.

Following the completion of its inaugural year, EPA announced the continuation of its Watershed Initiative by issuing a second call for nominations of watershed proposals. The Watershed Initiative is a competitive grant program designed to support studies of a series of approaches to watershed protection and restoration to determine if those approaches produce short-term environmental results and have the potential for long-term maintenance in a watershed. The President's fiscal year (FY) 2004 budget incorporated a request for \$21 million for the Watershed Initiative. Through a EPA competitive process 20 watersheds are selected nation-wide for grants. One of the two emphasis areas for consideration in FY 2004 was "market-based approaches to water quality protection and restoration," (EPA 2004).

36. CONSERVATION DESIGN PLANS

A developer purchases X acres of forestland to develop Y houses. At least Z% of X acres remains undeveloped in perpetuity (still developing Y houses) – with either a designated natural resource agency or a conservancy maintaining the conservation easement in trust. Following the sale of the property, the easement remains in trust, with either the homeowners, the developer, or a third-party managing the land under the arrangement of the easement.

Variations:

- Cluster zoning ordinance (Bengston, Fletcher et al. 2003).

Features:

- To avoid a distortion towards more sprawl, these arrangements should only be considered when landowners or developers are already planning to subdivide a property.
- Conservation Developments should be specifically designed according to the physical and visual character of the community.
- Difficulty exists in finding the right balance between permitting flexibility and prescribing how the project should be designed. All aspects of an ordinance need to be reviewed against other growth criteria and goals to assure that new standards are compatible.
- Incentives can be considered to encourage conservation development designs (e.g. accelerated approval process for permitting that meet conservation development criteria).
- The “Forest Bank” mechanism could be utilized in conjunction (see #26).
- Goals for conservation developments and affordable housing are not incompatible, but prices of homes in conservation developments might be more expensive unless purposely adjusted for (Flinker 2003) (MLT 2001).

Examples:

- RI: Under State Law, any open space created through the Conservation Development process must be owned by a homeowner’s association, a NGO, deeded over to the town, or retained in private ownership restricted to farming, forestry or habitat use. If it remains private, permanent conservation restrictions must be placed on the open space that prevent further development, in perpetuity (Flinker 2003).
- MN: 14 cities or counties have specific districts or ordinances that incorporate conservation design. Most do not mandate it, but they do provide incentives (MLT 2001) .

37. “BUY LOCAL” STATUTE

Ordinances, at the State, County, or City level, that require or prioritize the use of locally grown structural building materials (i.e. in-state or in-county timber).

Features:

- Direct substitutes for wood in construction and building is steel, cement, and plastics.
- Steel requires high levels of energy from the electric grid, whereas wood requires energy from the sun.
- Such an ordinance may increase market share, competitiveness, and stability of local forestry operations – an incentive to maintain lands in forest.

- See #24 (“EcoLabel: Buy Local”)

Examples:

No examples identified.

APPENDIX B: State Sources

Watershed Planning Implementation Committee

departmentofecology/2-01-345/report/appf.xls

December 30, 2002

Agency	Funding Type	Funding Name ⁽¹⁾	Description ⁽²⁾	Funds Available	Typical Award
U.S. Department of Agriculture - Forest Service & Washington State Department of Natural Resources	Grant	<u>Forest Stewardship & Stewardship Incentive Program</u>	Technical and financial assistance to non-industrial forest owners for a variety of forest stewardship projects, including riparian, wetland and fisheries habitat enhancement.		\$10,000 to \$300,000
State					
Washington Interagency Committee on Outdoor Recreation	Grant	<u>Boating Facilities Program</u>	Funding for both shoreline and upland acquisition or development projects along fresh or saltwater are eligible, including launch ramps, transient moorage, and support facilities. Open to all non-federal governments.	Local- \$1,423 State- \$3,467	Varies
Washington Interagency Committee for Outdoor Recreation	Grant	<u>Riparian Habitat Program</u>	This pilot program provides matching grants for projects that protect habitat on privately owned land through less than fee simple acquisition methods. Projects must help implement a watershed plan and be identified in the plan or accomplish a cited objective.	\$1,134	\$500,000
Washington Interagency Committee for Outdoor Recreation	Grant/ Technical Assistance	<u>Salmon Recovery Funding Board</u>	The Salmon Recovery Funding Board (SRFB) created by the 1999 Legislature, is a ten-member board. Composed of five citizens appointed by the Governor and five state agency directors.		Varies
Washington Interagency Committee for Outdoor Recreation	Grant	<u>Washington Wildlife and Recreation Program (WWRP)</u>	Program funding supports acquisition and development of outdoor recreation and conservation lands. Eligible projects include important local and state parks, water access sites, trails, critical habitat, natural areas, and urban wildlife habitat.	Undetermined	Varies
Washington Military Department - Emergency Management Department	Grant	<u>Hazard Mitigation Grant Program</u>	Reduce the cost that the government incurs from natural disasters. Projects that reduce or eliminate future losses can be funded such as habitat restoration after a flood disaster; acquisition of property in the floodplain following a flood; seismic retrofit.		Varies
Washington State Department of Community Development	Grant	<u>Community Development Block Grant General Purpose</u>	Financial and technical assistance for infrastructure projects to benefit low and moderate-income persons. Eligible projects: water pollution control (domestic wastewater and stormwater), drinking water, housing, road, street and bridge projects.		\$ 750,000 MAX
Washington State Department of Community Development	Grant/Loan	<u>Community Economic Revitalization Board Rural Program</u>	Assistance in financing growth-related infrastructure in designated timber and salmon-impacted areas. Sanitary and storm sewer, domestic and industrial water, access roads, bridges, railroad spurs, electricity, natural gas, general purpose industrial building.	\$0	\$500,000 Max

(1) Underlined programs from www.intrafunding.wa.gov. Non-underlined programs from Watershed Funding Workshops - WSDOE, et al.

(2) Information provided from sources cited above.

Agency	Funding Type	Funding Name ⁽¹⁾	Description ⁽²⁾	Funds Available	Typical Award
Washington State Department of Community Development - Public Works Board	Loan	<u>Public Works Trust Fund Capital Facilities Planning Program</u>	Provides low-interest loans to finance capital facilities plans (CFPs). Eligible projects: Bridges, roads, domestic water, sanitary and storm sewer, and solid waste/recycling systems. Prefer comprehensive plans (which include a CFP or multi-system CFP)	\$250,000	\$300,000
Washington State Department of Ecology	Grant	<u>Aquatic Weeds Management Fund</u>	Provide grants, technical assistance, and public education materials to reduce propagation of freshwater aquatic weeds and manage problems caused by weeds in Washington State. Eligible projects: Development of integrated aquatic vegetation management plan.	\$300,000	Varies
Washington State Department of Ecology	Grant/Loan/Technical Assistance	<u>Centennial Clean Water Fund</u>	Projects which will prevent and control water pollution.	Depends on Current Legislation	\$250,000 Max for activities up to \$5 million
Washington State Department of Ecology	Grant	Coastal Protection Fund (CPF)	Designed to restore natural resources injured by oil spills in state waters. Habitat restoration (including wetlands) is often a component. The program can support direct clean-up, restoration, acquisition of conservation easements, leases, management agreements, etc., but the highest priority of the program is restoration and enhancement activities.	Annually over \$100,000 available	NA
Washington State Department of Ecology	Grant	<u>Coastal Zone Management Program</u>	In Washington's fifteen coastal counties for improving coastal zone management. Including education and information, preservation, restoration, pollution prevention, scientific research/monitoring, public access, critical area shoreline planning.	\$20,000	\$19,000 to \$29,000
Washington State Department of Ecology	Grant/Loan	<u>Drought Emergency Water Supply</u>	Agricultural and fisheries emergency projects to alleviate low water supply conditions in drought areas. Eligible projects: Measures to conserve water during drought or develop alternate water supplies. Example: pumpback to main canal from return flows.		Varies
Washington State Department of Ecology	Grant	<u>Federal Clean Water Act - Section 319</u>	Fund comprehensive prevention and control activities, which are watershed-based, for non-point source pollution. Implementation activities only. Examples: Non-point pollution; river restoration; implement agricultural and forest best management practices.		Varies
Washington State Department of Ecology	Grant	<u>Flood Control Assistance Account Program</u>	Develop Comprehensive Flood Control Management Plans and Flood Control Maintenance projects. Funds also available for emergency flood control maintenance work. Eligible projects: Measures to prevent or lessen damage from future floods.		Varies

(1) Underlined programs from www.intrafunding.wa.gov. Non-underlined programs from Watershed Funding Workshops - WSDOE, et al.

(2) Information provided from sources cited above.

Agency	Funding Type	Funding Name ⁽¹⁾	Description ⁽²⁾	Funds Available	Typical Award
Washington State Department of Ecology	Grant	<u>Model Toxics Control Act</u>	Provides financial and technical assistance to restore habitats and services in areas that have been damaged by releases of hazardous substances.		Not Established
Washington State Department of Ecology	Technical Assistance	<u>Puget Sound Wetland Restoration Program</u>	Restore wetlands that help solve ecological problems and meet community needs. The program identifies and evaluates hundreds of wetlands restoration sites at a time for watershed scale assessments.		
Washington State Department of Ecology	Grant/Loan	<u>Referendum 38 Emergency Water Supply</u>	Permanent repairs of agricultural water supply system when breaks occur during irrigation season. Eligible projects: Breaks must be sudden and create an emergency shortage of water threatening loss of property and/or public safety.		Varies
Washington State Department of Ecology	Grant	<u>Remedial Action Grant Program</u>	Help local governments investigate and clean up public sites contaminated by hazardous waste. Eligible projects: Remedial Investigation/ Feasibility Study (RI/FS); Remedial Design (RD); Interim Remedial Measures (IRM); Remedial Action (RA).		Varies
Washington State Department of Ecology	Grant	<u>Safe Drinking Water (Hazardous Waste Sites)</u>	Help local governments provide safe drinking water to areas where identified hazardous waste sites have contaminated drinking water. Eligible projects: Extend existing water systems into contaminated areas; drill for new water sources; treat water systems.		\$80,000 Max
Washington State Department of Ecology	Grant	<u>SEA Watersheds Program</u>	NA		
Washington State Department of Ecology	Grant	<u>Site Hazard Assessment (Hazardous Waste Sites)</u>	Help health departments and districts investigate suspected hazardous waste sites. Eligible projects: Collecting hazardous substance release and site characterization data for use in Ecology's site ranking and cleanup priority-setting process.		Varies
Washington State Department of Ecology	Grant/Loan/ Technical Assistance	<u>Toxic Clean-up Program</u>	Grant program for the cleaning up of contaminated, publicly owned or acquired, properties. Clean-up must be conducted in accordance with the Model Toxics Control Act.		
Washington State Department of Ecology	Loan/Technical Assistance	<u>Washington State Water Pollution Control Revolving Fund</u>	This program helps local governments finance water quality projects by providing low interest loans to public entities. Project examples: wastewater treatment facilities, nonpoint source water pollution control, wetlands acquisition, estuarine management.	None	This is a Loan
Washington State Department of Ecology	Technical Assistance	<u>Water Reclamation and Reuse - DOE</u>	Promote and facilitate the use of reclaimed water to replace potable water in non-potable applications. Eligible projects: Technical assistance for project planning and regulatory approvals.		

(1) Underlined programs from www.intrafunding.wa.gov. Non-underlined programs from Watershed Funding Workshops - WSDOE, et al.

(2) Information provided from sources cited above.

Agency	Funding Type	Funding Name ⁽¹⁾	Description ⁽²⁾	Funds Available	Typical Award
Washington State Department of Fish and Wildlife	Grant	<u>Regional Fisheries Enhancement Groups</u>	Regional Fisheries Enhancement Groups receive funds from this program for salmon habitat restoration and enhancement projects. Fish enhancement projects that can receive funding include stream-side fencing, construction of off-channel rearing habitat.		\$10,000 to \$40,000
Washington State Department of Fish and Wildlife	Grant	<u>Upland Wildlife Restoration Program</u>	This program focuses on upland habitats and riparian areas in agricultural lands by establishing long-term agreements (10 or more years) with willing landowners. These agreements are for habitat improvement and increased public access on private lands		Varies
Washington State Department of Health	Technical Assistance	<u>Public Water System Technical Assistance Program</u>	Technical assistance available to help public drinking water quality and quantity problems.		
Washington State Department of Health	Technical Assistance	<u>Water Reclamation and Reuse - DOH</u>	Promote and facilitate the use of reclaimed water to replace potable water in non-potable applications. Eligible projects: Technical assistance for project planning and regulatory approvals.		
Washington State Department of Health/ Washington Public Works Board	Loan	<u>Drinking Water State Revolving Fund</u>	Low-interest loans intended to improve drinking water systems and protect public health. Eligible projects: Address existing water system problems that may cause the system to exceed health standards as defined by the Safe Drinking Water Act (SDWA).		\$100,000 to \$3,000,000
Washington State Department of Natural Resources	Grant	<u>Aquatic Lands Enhancement Account (ALEA)</u>	Increase of public access (non-motorized, pedestrian-oriented public access to water, water-related recreation opportunities, and interpretive signs or displays of aquatic resources) and habitat improvement projects.	\$4- \$6 million	\$10,000 to \$1,000,000
Washington State Department of Natural Resources/ Fish and Wildlife	Grant	<u>Jobs for the Environment Program</u>	Restore watersheds; improve fish and wildlife habitat; promote watershed planning and local stewardship; and train/employ dislocated timber workers and fishers.		\$300,000 Max
Washington State Department of Transportation	Grant	<u>Fish Passage Barrier Habitat & Restoration Program</u>	NA		
Washington State Office of Community Development	Grant	<u>Community Development Block Grant Community Investment Fund</u>	Fund top priority projects selected from Washington's Community Economic Revitalization Team (WA-CERT) pre-application or from federally-designated rural enterprise communities. Eligible projects: CDBG eligible activities, including water, wastewater.	\$3,000	No Max

(1) Underlined programs from www.intrafunding.wa.gov. Non-underlined programs from Watershed Funding Workshops - WSDOE, et al.

(2) Information provided from sources cited above.

Agency	Funding Type	Funding Name ⁽¹⁾	Description ⁽²⁾	Funds Available	Typical Award
Washington State Office of Community Development	Grant	<u>Community Development Block Grant Planning Only</u>	Grants for planning. Must principally benefit low- and moderate-income persons. Eligible Projects: Comprehensive plans, infrastructure planning, feasibility studies and pre-engineering reports (not final design).	\$300,000	\$24,000 Max \$40,000 Max for Multiple Jurisdictions
Washington State Office of Community Development	Grant/Loan	<u>Community Economic Revitalization Board Traditional Program</u>	Assistance in financing growth-related infrastructure in economically disadvantaged communities that will result in specific private development or expansions in manufacturing, industrial assembly/distribution, processing, or warehousing.		\$100,000
Washington State Office of Community Development - Public Works Board	Loan/ Technical Assistance	<u>Public Works Trust Fund Construction Loan Program</u>	Revolving low interest (0.5%-2% depending on local match) loan fund to help local governments finance critical public works needs. Eligible projects: Repair, replace and improve bridges, roads, and systems for domestic water, sanitary and storm sewer.	\$ 235 Million per Biennium	\$10 Million Max per Biennium
Washington State Office of Community Development - Public Works Board	Loan/ Technical Assistance	<u>Public Works Trust Fund Pre Construction Loan Program</u>	Low interest loans for the pre-construction phase of infrastructure projects.		Max \$1 Million per jurisdiction
Washington State University Cooperative Extension Energy Program	Grant	<u>Resource Efficiency Management - Total Efficiency Network</u>	To provide information, training and support necessary to save money and resources through efficient resource management at large public and private facilities. Eligible projects: Energy and Resource Efficiency Programs.		Equal to Fee Charged for Services

APPENDIX C: Federal and Salmon Specific Grants
(WBCC 2003)

Federal Assistance Programs that benefit Salmon in Washington State

Sponsor	Program	Authority	Purpose	2003 Funding Total (WA)	2004 Funding Request	Rating ¹
Army Corps of Engineers (ACOE) (Seattle District)	(1) Puget Sound Nearshore Project, (2) Puget Sound & Adjacent Waters (early action program), (3) Stilliguamish Rest., (4) Duwamish-Green Rest., others?	Multiple authorities, including Water Resources Development Act, section 206.	Cost-share programs that present leveraging opportunities (generally 65:35 fed-state split). Purpose is to identify significant ecosystem degradation in the Puget Sound Basin, evaluate potential solutions, and restore and preserve critical nearshore habitat.	Multi-year watershed restoration projects, ranging between \$30-100 million each total cost.		A A B B
ACOE (general)	Flood Control Studies	Water Resources Development Act, section 205	Fund studies for flood damage prevention. Eligible projects: Studies which may lead to the design and construction of flood damage prevention measures, both structural and non-structural, including flood warning systems.			
ACOE (Seattle)	Centralia Flood Damage Reduction Project	Flood Control Act of 1986, section 401(a). HR Resolution 2581 requesting a review of past Corps recommendations to see whether limiting factors for salmon can be addressed while reducing flood damage.				

¹ Note: A – Existing or proposed priority; line item appropriation
 B – Programmatic or formula funds appropriated through federal agencies
 C – Opportunities for State/Local governments/entities to access funds
 D – Not interested; low priority
 E – Foundations

ACOE (general)	Planning Assistance to States	Water Resources Development Act of 1974, section 22; Public Law 93-251, as amended; 42 USC 1962d-16.	The Army Corps of Engineers provides technical assistance to states under two programs: the Section 22 Planning Assistance to States (PAS) and the Flood Plain Management Services (FPMS) programs. Under both programs, the Corps' technical staff will carry out appropriate studies. Many different types of planning studies are possible, including but not limited to: environmental, economic, mapping, hydraulic, and geotechnical services.			
ACOE (Walla Walla)	Columbia River Fish Mitigation Program	1989 Energy and Water Development Appropriations Act; P.L. 100-371.	This program funds adult and juvenile fish bypass research and construction at the Corps' 8 lower Snake R. and lower Columbia R. mainstem dams. BPA ratepayers repay the Treasury ~75 percent of this program.	Project costs to date are \$438 million (total costs est. at \$778.4 million).		B
ACOE (Portland)	Lower Columbia River Ecosystem Restoration	ESA . Federal Columbia River Power System Bi-Op (2000) calls for actions to avoid jeopardy for listed species. Funded through P.L. 106-457 (2001-2010)	Actions to rebuild productivity for Columbia River populations, including protection and enhancement of 10,000 acres of tidal wetlands.	[2004 request for \$2.25 million - will cost an est. \$30 million]		B
ACOE (Walla Walla)	Walla Walla Watershed	Resolution by the Senate Committee on Public Works adopted July 27, 1962 (Columbia River and Tributaries).	Control flood damage and rebuild base flow in Walla Walla River.	[2004 request for \$440,000 to complete feasibility study]		B
Bonneville Power Administration (BPA)	<i>Fish and Wildlife Program</i> for which NWPC provides oversight	Northwest Power Act	Program includes habitat projects, fish production, mainstem Columbia and Snake river habitat expenditures, fish harvest programs, research and evaluation, monitoring, regional coordination, and administration.	2002 Funded salmon projects in WA sub-basins: \$33.1 million (est.), plus (?) \$4.5 million for one-time 2 year allocation for sub-basin planning (BPA set \$139 million cap for 2003)		B

Bureau of Reclamation (BOR)	Columbia-Snake R. Salmon Recovery Project	ESA (2000 Federal Columbia River Power System Bi-Op calls for actions to avoid jeopardy for listed species)	Primarily for hydro-related activities, including water acquisition, and priority sub-basin improvements. [BOR does not have authority to engage in construction in these areas and is currently seeking such authority.]	\$15 million		B
Environmental Protection Agency (EPA)	Clean Water State Revolving Fund	Clean Water Act, as amended (33 USC 1251-1387)	Grants to states to capitalize water quality loan programs. ² Can also fund projects identified in state's non-point source program or National Estuary Program protection efforts.	Ecology expects to have the following funds available for state FY 2005 cycle: Centennial - \$11.2 million; SRF - \$73.5 million; Section 319 - \$2.2 million.		
EPA	Non-point Source Implementation Grants	Clean Water Act, section 319(h)	Non-point source pollution reduction projects can be used to protect source water areas and the general quality of water resources in a watershed	\$2.2 million provided by ECY for competitive grants, 10 contracts, 14 grants		C
EPA	The Watershed Initiative	Bush Administration Initiative	To provide needed resources to those watershed organizations whose restoration plans are ripe, and who are anxious to achieve quick, yet tangible environmental change	20 watersheds targeted for assistance in 2003. Lower Columbia only one in WA.		C
EPA	National Estuary Program	Clean Water Act Amendments of 1987, as amended	To address a range of water quality problems within the estuary through development and implementation of an inclusive estuary management plan.	Puget Sound (administered by PSAT), Lower Columbia River Estuary Program (bi-state)		A
EPA	Regional Geographic Initiatives		A small grant program that funds unique, geographically based projects to fill critical gaps in the EPA's ability to protect human health and the environment. Funding began in 1994.	In 2003, twelve grants were funded out of 100 applications (4 in WA, including monitoring for Jimmycomelately restoration).		

² Federal funds provide funding for three programs administered by the Washington Department of Ecology: The Centennial Clean Water Fund (Centennial), the State Revolving Loan Fund (SRF), and Section 319 Nonpoint Source Grants Program (Section 319).

EPA	Wetlands Program Development Grants	Sec. 104(b)(3) of CWA	To carry out projects to develop and refine comprehensive wetland programs.			
Federal Highway Administration	Transportation Equity Act for the 21 st Century Funding Programs	Public Law 105-178. TEA-21 authorizes the Federal surface transportation programs for highways, highway safety, and transit for the 6-year period 1998-2003.	Funds five major programs, of which only one – the Surface Transportation Program – may provide opportunities for funding of environmental projects. STP monies go to cities and counties, which can use up to 10 percent (i.e., \$12 million in WA) for transportation “enhancements.” This could include environmental projects, but very competitive. (source: Peter Downey, WSDOT)	Transportation Improvement Board has developed new list of projects for funding under 6-year TEA-21 reauthorization beginning in 2004		A
Fish and Wildlife Service (FWS)	Cooperative Endangered Species Conservation Fund	Section 6 of ESA, 16 USC 1535	Includes three grant programs: Habitat Conservation Planning Assistance Grant Program, Habitat Conservation Plan Land Acquisition Grant Program, and the Recovery Land Acquisition Grant Program.	\$16.9 million for 3 programs in 2003 (See Section 6 Table for details)		B
FWS	National Coastal Programs - Puget Sound Program (1 of 4 Western Washington Restoration Programs for FY 2004)	Fish and Wildlife Act of 1956, USC 442(a)-754; Fish and Wildlife Coordination Act of 1958, 16 USC 661-667(e)	To conserve fish and wildlife and their habitats to support healthy coastal ecosystems. Funds are used for habitat assessments, acquisition, and restoration of coastal habitats on private or public lands.	Puget Sound, also Willapa Bay & Grays Harbor		A/B
FWS	Federal Aid in Sport Fish Restoration	Federal Aid in Sport Fish Restoration Act of 1950 (“Dingell-Johnson”)	Formula grant program to states for docks, piers, boating access, habitat projects.			A
FWS	National Wildlife Refuge Challenge Cost Share Program (Refuge Operations Support)		Funds for USFWS Refuge properties and limited financial and technical assistance to private landowners for enhancing or restoring degraded or converted wetlands, riparian areas or other critical habitats.			
FWS	National Coastal Wetlands Conservation Grant Program	The Coastal Wetlands Planning, Protection, and Restoration Act (Title III of P.L. 101-646)	To acquire, restore, manage, or enhance coastal wetlands through a matching grants program.	6 projects funded in 2003 (\$4.2 million)		B
FWS	North American Wetlands Conservation Fund	North American Wetlands Conservation Act, 16 USC 4401	To acquire land or water to protect, enhance, restore, and manage an appropriate distribution and diversity of wetland ecosystems and other habitats for migratory birds and other fish and wildlife.			

FWS	Landowner Incentive Program (non-tribal)	Multiple authorizations, including Department of the Interior and Related Agencies Appropriations Act of 2002	To establish or supplement landowner incentive programs. Funds are derived from the Land and Water Conservation Fund.	\$1.56 million in landowner incentive grants will be distributed by WDFW in 2004 for "species at risk" on private property.		B
FWS	Partners for Fish and Wildlife Program (1 of 4 Western Washington Restoration Programs for FY 2004)	Fish and Wildlife Act of 1956, 16 USC 742(a)-754; Fish and Wildlife Coordination Act, 16 USC 661-667(e); Partnerships for Wildlife Act, 16 USC 3741	Habitat restoration grants in partnership with landowners. 50% match.			B
FWS	Jobs in the Woods (1 of 4 Western Washington Restoration Programs for FY 2004)	Northwest Forest Plan (1994)	Projects must employ displaced natural resources workers. Goals include restoration of watershed processes and functions on non-federal lands.			
FWS	Private Stewardship Grant Program		Provides grants and other assistance on a competitive basis to individuals and groups engaged in private conservation efforts that benefit species listed or proposed as endangered or threatened under the ESA, candidate species, or other at-risk species on private lands within the United States.	\$438,000 (6 projects)		
FWS	State Wildlife Grant Program		To develop a comprehensive Wildlife Conservation Plan or Strategy by 2005 (Fish?)	\$1,185,000		
FWS	Multi-state conservation grants	Multiple authorizations	Funds may be used for sport fisheries and wildlife research projects, boating access development, hunter safety, aquatic education, habitat improvements, and other projects consistent with the purposes of the enabling legislation.			B
FWS	Chehalis Fisheries Restoration Program (1 of 4 Western Washington Restoration Programs for FY 2004)	The Chehalis Basin Fishery Resources Study and Restoration Act of 1990 (Public Law 101-452)	Restoration of salmon on the Chehalis River.			B
FWS	Columbia River Basin Initiative	ESA	Multiple activities to restore fish populations in Columbia Basin (four Hs – four states)	\$11,690,000, including screens below [4 states]		B

FWS	Fish Screen Construction Program	Fish Restoration and Irrigation Mitigation Act of 2000 (FRIMA)	To construct irrigation diversion screens	10 projects in WA		
Forest Service	Forest Legacy Program	Food, Agriculture, Conservation, and Trade Act of 1990, Public Law 101-624, as amended.	(Through DNR) Complements state efforts to protect environmentally sensitive forest lands by focusing on the acquisition of fee or less-than-fee interests in privately owned forest lands	\$10.5 million, 11 projects (2002), plus 1 project in 2003 – (Skykomish R.) \$914,000		
Forest Service	Forest Land Enhancement Program	Reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill) [Replaced the Stewardship Incentives Program and the NRCs Forestry Incentives Program]	Provides educational, technical, and financial assistance to help private forest landowners implement their sustainable forestry management objectives.	\$1.9 million, 9 easements		B/C
Forest Service	Pacific Coastal Watershed Partnership		The mission of the Pacific Coast Watershed Partnership (PCWP) is to create a network of intact, naturally functioning watersheds that provide habitat for salmon, migratory birds, and many other species. Very little funding.	Skagit, Dungeness, and Lower Columbia are priority watersheds in WA.		
Forest Service	NWFP Aquatic Strategy PACFish, INFish	NFMA, ESA, and Northwest Forest Plan – Clinton Admin.	USDA appropriations to fund restoration work on national forests.			
Forest Service	Title I	Secure Rural School and Community Self-Determination Act of 2000 (PL 106-393)	Six-year revenue-sharing program is alternative to “25-percent fund.” Chosen by all eligible counties in WA. Benefits schools and roads.	\$36.1 million to 27 counties in 2002		
Forest Service	Title II	Secure Rural School and Community Self-Determination Act of 2000 (PL 106-393)	Title II funds projects on national forests through Resource Advisory Committees. There are 11 RACs in Washington.	\$3.1 million to Forest Service in 2002 [of direct benefit to salmon]		
Forest Service	Title III	Secure Rural School and Community Self-Determination Act of 2000 (PL 106-393)	Title III appropriations are generally for community projects and programs, and can serve as match for the non-federal cost-share req. of sec 9 of the Coop. Forestry Assist. Act (urban/comm. forestry)	\$3.58 million to counties in 2002		

Forest Service	National Forest Dependent Rural Communities	National Forest Dependent Rural Communities Economic Diversification Act of 1990, as amended	Helps resource-dependent rural communities to develop strategic action plans to diversify their economic base and improve the economic, social, and environmental well-being of rural areas.			
DOI National Park Service	Land and Water Conservation Fund ³	16 USC 4601-4, et seq.	Provides matching grants to states for recreation planning, land acquisition, and facility development.			
National Oceanic and Atmospheric Administration (NOAA)	Pacific Coastal Salmon Recovery Fund	Pacific Coast Salmon Treaty Act, Pacific Coastal Salmon Recovery - Public Law 106-113, Public Law 99-5, 16 USC 3634, 16 USC 3641.	To support the following project areas: salmon habitat protection and restoration, salmon research, recovery planning, and salmon enhancement. 25 percent match required.	\$27,503,700 awarded by NOAA through SRFB on cost-reimbursement basis		A
NOAA	Coastal Zone Management Administration Awards	Coastal Zone Management Act of 1972, as amended	To implement approved CZM plans			
NOAA	<i>Community-Based Restoration Program</i> through NOAA's Restoration Center ⁴ Two grant programs: (1) Individual Project Grants, and (2) National and Regional Partnership Grants – Separate appropriations (see below)	Multiple authorizations, including the Fish and Wildlife Coordination Act; CERCLA; Oil Pollution Act; Clean Water Act; Marine Protection, Research, and Sanctuaries Act	Funds can be used by recipients to support a wide variety of research, habitat restoration, construction, management, and public education activities for marine and estuarine habitats, especially for species currently under, or proposed for, future Federal or Inter-jurisdictional management.	Program has provided funding for approximately 100 projects in Washington through individual and partnership grants. >1:1 non-federal match strongly encouraged.		C

³ The Conservation and Reinvestment Act (CARA)(H.R. 701) was introduced in the 106th Congress (2000) to: (1) provide higher and more certain funding for resource protection programs; (2) fund the state grant portion or the entire LWCF each year; and (3) dedicate a large portion of offshore oil and gas revenues to resources protection. The House and Senate passed two different versions of H.R. 701, but they were not reconciled. The Clinton Administration also proposed higher funding for various natural resource protection programs through its "Lands Legacy Initiative," first proposed in 1999 and then through budget submissions in FY 2000 and 2001. Negotiations on the Consolidated Appropriations for FY 2000 (H.R. 3194) resulted in an additional \$197.5 million to implement aspects of the Lands Legacy Initiative, including \$10 million for restoring the Elwha River ecosystem. State grants for the LWCF were also funded for the first time since FY 1995. In FY 2001 after CARA failed to pass, Congress and the Administration agreed to a framework for increased funding through the Interior appropriations process. This agreement creates the Conservation Spending Category and sets a ceiling that increases annually for 5 years for a suite of programs funded through appropriations. The category also includes coastal and ocean programs under the jurisdiction of Commerce Appropriations. Also in FY 2001, the Administration revised its initiative by adding a Coastal Impact Assistance Fund, the Pacific Salmon Recovery Fund, and grants to states for non-game wildlife; all programs that would have been funded through CARA. [source: CRS]

⁴ The NOAA Restoration Center is authorized to assess and claim damages for injuries to trust resources in marine and coastal settings as a result of discharges of oil or hazardous substances or other human-induced environmental disturbances. The Center uses recovered damages to restore, replace, or acquire the equivalent of injured resources. The Center includes the Damage Assessment Restoration Program (DARP), which has collected over \$ 230 million in damages

NOAA	<i>Regional Restoration Efforts</i> through NOAA's Restoration Center		The NOAA Restoration Center has several Congressionally directed programs that serve as examples of regionally focused restoration efforts.	Possible future opportunity		B
NOAA	<i>National and Regional Partnership Grants</i> through NOAA's Restoration Center		NOAA leverages funding with partners, including American Rivers, the American Sportfishing Association, Earthcorps, Ocean Trust and the National Fisheries Institute, Trout Unlimited, the National Fish and Wildlife Foundation, and The Nature Conservancy to provide small grants.			
NOAA	Coastal Services Center Cooperative Agreements	The NOAA Coastal Services Center annually issues a Broad Area Announcement detailing the availability of competitive funding from the Center.	To fund assessments and studies on coastal issues, such as landscape characterization, GIS integration and development, and coastal remote sensing.	Several projects funded in Washington		B
NOAA	Hatchery operations and fish screens	Mitchell Act Funding, 16 USC 755-757	Pass through to WDFW for conservation of fishery resources in the Columbia River Basin.	\$5,741,789		A
NOAA	Hatchery operations and fish screens	Mitchell Act Funding, 16 USC 755-757	Columbia River hatcheries O&M: \$11.5 million Screens (Construction): \$3.4 million Hatchery Reform: \$1.7 million	[Sub-total for Columbia River Basin salmon: \$27.6 million]		A
NOAA	Portfields Initiative	Small Business Liability Relief and Brownfields Revitalization Act of 2002	Portfields is part of the <i>Brownfields Federal Partnership Action Agenda</i> that focuses on the redevelopment of brownfields in port communities.	Port of Bellingham chosen as one of 3 ports nationwide for contamination cleanup (\$30,000 plus federal services)		

through numerous cases and initiated restoration efforts around the country. The Center also engages in a number of non-litigation-related activities, such as wetland restoration in Louisiana under the Coastal Wetlands Planning, Protection, and Restoration Act (also known as the Breaux Act)(WA not eligible), the Community Based Restoration Program, and regional restoration efforts.

NOAA	Saltonstall-Kennedy Grant Program	Fisheries Development and Utilization R&D grants and Cooperative Agreements Program, 15 USC 713c(3)(1)	Supports projects aimed at helping fishing communities prevent overfishing, rebuild fisheries and ensure conservation, while realizing the full potential of fishery resources.			
National Park Service (Olympic)	Elwha River dam removals					
Commodity Credit Corporation	Grassland Reserve Program	Reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill)	The purpose of the program is to assist landowners with restoring and conserving grassland, rangeland, pastureland, and certain other lands.	\$400,000, 2 easements		B
Farm Service Agency (FSA), with support from NRCS	Conservation Reserve Program	Reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill)	Encourages farmers to convert erodible cropland to vegetative cover in exchange for annual payment. In Washington,	\$67 million in annual rental payments provided to 4100 farms (1.3 million acres enrolled).		B
FSA	Conservation Reserve Enhancement Program	Reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill)	The Conservation Reserve Enhancement Program (CREP) is a voluntary land retirement program that helps agricultural producers protect environmentally sensitive land, decrease erosion, restore wildlife habitat, and safeguard ground and surface water.	\$1,280,000 in annual rental payments provided to ~400 farms.		B
FSA	Conservation Easement Program		A portion of FSA loan secured by real estate may qualify for cancellation in exchange for a conservation easement to protect environmentally sensitive features of the property.			
FSA	Trade Adjustment Assistance for Farmers		Salmon fishermen may now apply for tech assistance (through Sea Grant) and cash benefits (through FSA) if an increase in [farmed salmon] imports has contributed importantly to a decline in price and loss of income. Fishermen may receive 5.6 cents/pound for salmon they landed in 2002.			
Natural Resources and Conservation Service (NRCS)	Environmental Quality Incentive Program - WA	Reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill)	Promote conservation practices on farm and ranch land, including conservation of habitat for at-risk species.	\$10 million, 245 contracts (In WA, 2000 applied for a total of \$85 million)		B

NRCS	Wetland Reserve Program (WRP)	Reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill)	Provides landowners the opportunity to protect, restore, and enhance wetlands on their property through a 30-year or permanent conservation easement, or a cost-share restoration agreement	\$7 million, 10 easements		B
NRCS	Wildlife Habitat Incentives Program (WHIP)	Reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill)	Encourages creation of high quality wildlife habitats, including riparian and aquatic areas, through technical assistance and up to 75 percent cost-share assistance.	\$480,603, 15 contracts		B
NRCS	Farm and Ranch lands Protection Program		Prevent conversion of high quality farmland			
NRCS	Grazing Lands Conservation Initiative		To maintain and improve the management, productivity, and health of the Nation's privately owned grazing land.			
NRCS	Conservation Security Program	Reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill)	Provide financial rewards for landowners who practice the highest standards of conservation and stewardship	Not funded		
NRCS	Soil and Water Conservation Assistance (SWCA)	?	Provides cost-share and incentive payments to farmers and ranchers to voluntarily address threats to soil, water, and related natural resources, including grazing land, wetlands, and wildlife habitat.			
American Farmland Trust	Farm Legacy Program		A bequest program in which farms may be donated to AFT, conservation easements are then attached to the farm, and the farms are then sold to young farmers.			E
Bonneville Environmental Foundation	Model Watershed Program		Provides essential financial and scientific support to structure, develop, and sustain 10-year restoration and monitoring programs in selected priority watersheds.	Signed agreement with Sea Resources, Chinook R. watershed for minimum of \$250,000 total over 10 years. Open to 3-4 more watersheds in WA.		E

National Fish and Wildlife Foundation (NFWF)	General Challenge Grants, Small Grant Program, and Special Grant Program. Special grant program includes the Columbia Basin Water Transactions Program (4 eligible entities in WA), the King County Community Salmon Fund, Bring Back the Natives, the Five Star Restoration Program, and others.	National Fish and Wildlife Foundation Establishment Act (16 USC 3701, as amended)	NFWF funds projects that conserve and restore fish, wildlife, and native plants through matching grant programs.	\$2.5 million for projects and RFEG support in 2002		C/E
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Five Star Restoration Challenge Grant Program. The Five Star Restoration Program provides modest financial assistance on a competitive basis to support community-based wetland, riparian and coastal habitat restoration projects that build diverse partnerships and foster local natural resource stewardship through education, outreach and training activities. In 2003, 56 projects received grants of on average \$10,000 out of approximately 240 applications received.

APPENDIX D: Incentives
(WBCC 2003)

Appendix D

Landowner Stewardship Incentive Programs in Washington State

A number of federal, state and local programs are used by conservation agencies and organizations to secure, restore or enhance fish and wildlife habitat and areas with important biodiversity. Below is a matrix containing summary information about many of these existing programs. The Washington Biodiversity Council will likely want to continue this review, making sure this matrix is complete. To be thorough, here are other suggested criteria to be used in evaluating those programs: source of funding, how marketed, level of participation, relative ease of participation, support available to participants, overall effectiveness.

<i>PROGRAM</i>	<i>LEAD AGENCY</i>	<i>INCENTIVE TYPE</i>	<i>PROGRAM EMPHASIS</i>	<i>WHO IS ELIGIBLE?</i>	<i>LIMITS</i>	<i>INCENTIVE AMOUNT</i>
Backyard Forest Stewardship	WDNR	Tech Asst	Information and tech assistance for forests	Open		No pmts
Chehalis Fisheries Restoration	USFWS	Tech. Asst Direct Pmt.	Salmon habitat restoration	Stream landowner	Chehalis River	\$1 - \$60 K
Conservation Dist. Technical Asst.	WCC (Farm Bill)	Tech. Asst.	Highest priority water quality problems	Any landowner		varies
Conservation Easement Program. (CEP)	Farm Services Agency (FSA)	Direct Pmt.	Protecting sensitive features on property with conservation easement	FSA borrower		Portion of FSA debt canceled
Conservation Reserve Enhancement (CREP)	WCC (Farm Bill)	Direct Pmt.	Cost share for restoring salmon spawning habitat on streams adjacent to agricultural lands	Agricultural land adjacent to stream	Critical & depressed spawning areas	Varies
Conservation Reserve Program (CRP)	FSA (Farm Bill)	Direct Pmt.	Cost share and/or rental payments to protect environmentally sensitive farmland from erosion	Agricultural	Cropland is sensitive	Max. \$50 K per year – per farm
Conservation of Private Grazing Land	NRCS (Farm Bill)	Tech. Asst.	Assistance for livestock producers to improve grazing land and environmental features	Livestock producers		
Current Use Taxation/ PBRs	Local Gov't.	Tax Relief	Retained open space - property tax reduction	Natural, Ag, Timber land		Varies
Environmental Quality Incentive (EQIP)	NRCS (Farm Bill)	Direct Pmt.	Addresses point and non-point pollution problems on farms/ranches	Commercial agricultural producers		Max. \$10K per year – per farm
Five Star Restoration Challenge Grants	USEPA	Direct Pmt	Community based watershed protection efforts such as riparian & wetlands protection.	Communities, NGO's, local gov't.	5 or more partners	\$5 -\$20K
Forest Legacy	USFS DNR	Direct Pmt.	Protecting working forests by purchasing conservation easements	Private forest owners	King, Pierce, Snohomish Counties.	Very low funding
Forest Riparian Easement Program	WDNR	Direct Pmt	Easement to not harvest riparian buffer areas for 50 years	Riparian forest owners	>20 acres with water feature	50% stumpage value plus compliance costs

<i>PROGRAM</i>	<i>LEAD AGENCY</i>	<i>INCENTIVE TYPE</i>	<i>PROGRAM EMPHASIS</i>	<i>WHO IS ELIGIBLE?</i>	<i>LIMITS</i>	<i>INCENTIVE AMOUNT</i>
Forest Stewardship & Forest Land Enhancement (FLEP)	USFW DNR	Tech. Asst. Direct Pmt.	Managing lands for forest production and multiple resource benefits of riparian, wetland, and fisheries habitat enhancement.	Non-industrial forest owners	Min. 5 acres of forest land	?
Grassland Reserve Program	NRCS (Farm Bill)	Direct Pmt.	Grassland protection & restoration for grazing or plant & animal biodiversity. Easement & rental agreement options.	Landowners & agricultural operators	Grasslands & areas with forbs & shrubs	
Habitat Conservation Plan (HCP)	USFWS	Legal/ Statutory	Pre-requisite for authorizing an Incidental Take Permit on T & E sps.	All landowners		None
HCP Assistance Grants	WDFW USFWS	Direct Pmt. Legal/ Statutory	To plan & develop a HCP for federal incidental take permit actions on ESA species	All landowners	Related to permitting	~ \$1 million in '02
HCP Land Acquisition	WDFW USFWS	Direct Pmt.	To purchase land or conservation easements that complement permitted HCP by providing species or ecosystem conservation.	Private individual, state or local gov't. NGO, etc.		~ \$20 million in '02
Jobs in the Woods	USFWS	Tech. Asst.	Restores degraded watershed functions while employing dislocated forest workers	Sponsor: NGO, local govt.		Min. \$300K
Landowner Incentive Program	WDFW	Direct Pmt.	Restoration of fish and wildlife habitat	All landowners	W. WA	\$1.3 million
Marsh Program	Ducks Unlimited (Private)	Tech. Asst. Direct Pmt.	Restores wetlands and wetland associated habitats for waterfowl	Sponsor: NGO, local gov't.		\$5 -\$20K /project (\$75K Ann.)
Migratory Waterfowl Artwork Program	WDFW	Direct Pmt.	Enhancement or restoration of waterfowl nesting habitat	Landowners of 10 acres or >		\$500 - \$5K (\$10K Ann.)
National Wetland Refuge Challenge Cost Share	USFWS	Tech. Asst. Direct Pmt.	Limited support to private landowners for enhancing or restoring degraded wetlands and other critical habitats	Landowners	Adjacent to refuge or refuge sps.	Varies (~\$25K A.)
NRCS Technical Assistance	NRCS	Tech. Asst.	Help to conserve soil, water and natural resources.	Landowners - usually agric.		None
North American Wetlands Conservation Act (NAWCA) Small Grants	USFWS	Direct Pmt.	Preserve, restore, enhance, and/or manage wetland ecosystems and the fish and wildlife that depend on them.	Landowners and groups		\$50 K
Partners for Fish & Wildlife	USFWS	Tech. Asst. Direct Pmt.	Restoring fish and wildlife habitats	Landowners		Max. \$25K
Pheasant Habitat Enhancement Grants	WDFW	Direct Pmt	Cash grants on agric. land to improve pheasant habitat for hunting	Ag lands with pheasant habitat	E. WA	To \$5,000
Puget Sound Urban Resources Partnership	Multi-Agency	Direct Pmt.	Protecting or rehabilitating degraded natural areas in urban settings	Sponsor: local community		\$200 -\$300K / project
Recovery Land Acquisition	WDFW USFWS	Direct Pmt.	Purchase land or easements that support approved recovery plans for listed species. (not for HCPS)	Private individual, state & local gov't, NGO, etc.		~ \$2 million in '02
Regional Fisheries Enhancement Groups	WDFW	Direct Pmt.	Projects benefiting salmon habitat on private lands with little to no cost to landowners	Sponsor: RFEG		\$10-\$40K annually to each of 12 RFEGs
Resident and Anadromous Fish and Wildlife Mitigation Program.	BPA	Direct Pmt.	Mitigation program for resident fish, anadromous fish, and wildlife affected by Columbia River basin federal dams. Restoration projects in mainstem or tributaries.	Anyone, but sponsorship by agency or CD is preferred		Varies

<i>PROGRAM</i>	<i>LEAD AGENCY</i>	<i>INCENTIVE TYPE</i>	<i>PROGRAM EMPHASIS</i>	<i>WHO IS ELIGIBLE?</i>	<i>LIMITS</i>	<i>INCENTIVE AMOUNT</i>
Resource Conservation & Development Program (RC&D)	NRCS (Farm Bill)	Tech. Asst.	Helping community economies by conserving local natural resources.	Anyone	Some areas of WA excluded	No direct
Riparian Open Space Grants	WDNR	Direct Pmt.	Landowner compensation for channel migration zones off limits to harvest.	Owner of channel migration zone		Varies (\$500K/yr)
Rocky Mountain Elk Foundation Grants	RMEF (Private)	Direct Pmt.	Protection and enhancement of elk habitat			
Transfer of Development Rights (TDR)	Local Gov't.	Legal/ Statutory	Allow transfer of densities between developments	Local govt decision	Local option	No pmts
Upland Wildlife Restoration Program	WDFW	Agreement	Habitat agreement for habitat improvement & public access on upland habitats & riparian areas	Agric. Landowner	Mainly E. WA, Min. 50 acres or >	Varies
Volunteer Cooperative Fish and Wildlife Enhancement Program	WDFW	Tech. Asst. Direct Pmt.	Working with volunteer organizations to enhance fish and wildlife habitat on private lands.	Landowners, Corporations, Local Gov't.		Aver. \$5K
WA Natural Heritage Register	WDNR	Recognition	Acknowledgement for landowners managing their land for the protection of Natural Heritage quality features.	Any landowner		None
WA State Ecosystem Conservation	USFWS	Tech. Asst. Direct Pmt.	Restore and enhance previously impacted wetlands, riparian, and upland habitats on private lands	Any landowner		Varies – \$500 - \$26K
Wetlands Mitigation Program.	WDOT	Tech. Asst. Direct Pmt.	Assistance to restore, enhance, and possibly create wetlands on private land to compensate for wetlands lost to transportation development.	Any landowner	Land located in area with need to mitigate	Varies
Wetlands Reserve Program	NRCS and Ducks Unlimited (Farm Bill)	Tech. Asst. Direct Pmt.	Payment to landowner for protection of wetlands with conservation easement and/or restoration of wetlands	Agricultural landowners		Varies with appraised agric. Value
Wildlife Forever Grants	Wildlife Forever (Private)		Protection and enhancement of wildlife habitat and recreation			> \$25K
Wildlife Habitat Incentives Program (WHIP)	NRCS (Farm Bill)	Tech. Asst. Direct Pmt.	Enhance and restore priority fish and wildlife habitat in areas impacted by agriculture & with a min. 15 yr. agreement.	Any landowner, NGO, local gov't., tribe		Max. \$10K

APPENDIX E: Search Engines

Further Searching for funding sources

Institutional arrangements

1. Border Environmental Cooperation Commission
2. Circuit Riders
3. Cooperatives
- *4. Cooperative Extension Systems
- *5. Drinking Water SRF Capacity Development
- *6. Environmental Finance Center (EFC) Network
7. Region 6 EFC at the University of New Mexico
8. Region 3 EFC at the University of Maryland
9. Region 2 EFC at the Maxwell School, Syracuse University
10. Region 9 EFC at California State University at Hayward
11. Region 5 EFC at Cleveland State University
12. Region 10 EFC at Boise State University
13. Region 4 EFC at the University of North Carolina
14. Region 4 EFC at the University of Louisville
- *15. EPA: Environmental Finance Program: <http://www.epa.gov/efinpage/guidbkpdf.htm>
16. EPA: Environmental Financial Advisory Board
- *17. Finance Charrettes
- *18. National Technical Assistance Programs (Non-profit)
19. Retired Volunteers
- *20. Rural Community Assistance Corporation
- *21. Self-Help
- *22. West Virginia University Environmental Services and Training Division

Electronic Services

- *1. Catalog of Federal Domestic Assistance
- *2. EPA: Environmental Finance Program Home Page
3. EPA: Environmental Financing Information Network
- *4. EPA: Home Page
- *5. FinanceNet
6. Long Distance Learning
- *7. Rate Models
- *8. The Environmental Hotline, Earth's 911
- *9. World Wide Web
10. Plan2Fund™

(EFC 1999)

(*) Indicate those that are highly recommended by EFC.

Additional Resources

- Conservation Assistance Tools – Sonoran Institute: <http://cat.sonoran.org>
- National and Minnesota - <http://www.nextstep.state.mn.us/resources.cfm?type=Grant/loan>

APPENDIX F: Districting

Title 54 RCW PUBLIC UTILITY DISTRICTS

RCW 54.04.020

Districts authorized.

Municipal corporations, to be known as public utility districts, are hereby authorized for the purposes of chapter 1, Laws of 1931 and may be established within the limits of the state of Washington, as provided herein.

[1931 c 1 § 2; RRS § 11606.]

Purpose -- 1931 c 1: "The purpose of this act is to authorize the establishment of public utility districts to conserve the water and power resources of the State of Washington for the benefit of the people thereof, and to supply public utility service, including water and electricity for all uses."

[1931 c 1 § 1.]

RCW 54.16.070

District may borrow money, contract indebtedness, issue bonds or obligations -- Guaranty fund.

(1) A district may contract indebtedness or borrow money for any corporate purpose on its credit or on the revenues of its public utilities, and to evidence such indebtedness may issue general obligation bonds or revenue obligations; may issue and sell local utility district bonds of districts created by the commission, and may purchase with surplus funds such local utility district bonds, and may create a guaranty fund to insure prompt payment of all local utility district bonds. The general obligation bonds shall be issued and sold in accordance with chapter [39.46](#) RCW. A district is authorized to establish lines of credit or make other prearranged agreements, or both, to borrow money with any financial institution.

(2) Notwithstanding subsection (1) of this section, such revenue obligations and local utility district bonds may be issued and sold in accordance with chapter [39.46](#) RCW.

[1991 c 74 § 1; 1984 c 186 § 44; 1983 c 167 § 144; 1959 c 218 § 1; 1955 c 390 § 8. Prior: 1945 c 143 § 1(f); 1931 c 1 § 6(f); Rem. Supp. 1945 § 11610(f).]

RCW 54.16.080

Levy and collection of taxes -- Tax anticipation warrants.

A district may raise revenue by the levy of an annual tax on all taxable property within the district, not exceeding forty-five cents per thousand dollars of assessed value in any one year, exclusive of interest and redemption for general obligation bonds. The commission shall prepare a proposed budget of the contemplated financial transactions for the ensuing year and file it in its records, on or before the first Monday in September. Notice of the filing of the proposed budget and the date and place of hearing thereon shall be published for at least two consecutive weeks in a newspaper printed and of general circulation in the county. On the first Monday in October, the commission shall hold a public hearing on the proposed budget at which any taxpayer may appear and be heard against the whole or any part thereof. Upon the conclusion of the hearing, the commission shall, by resolution, adopt the budget as finally determined, and fix the final amount of expenditures for the ensuing year. Taxes levied by the commission shall be certified to and collected by the proper officer of the county in which the district is located in the same

manner as provided for the certification and collection of port district taxes. The commission may, prior to the receipt of taxes raised by levy, borrow money or issue warrants of the district in anticipation of the revenue to be derived from the levy or taxes for district purposes, and the warrants shall be redeemed from the first money available from such taxes. The warrants shall not exceed the anticipated revenue of one year, and shall bear interest at a rate determined by the commission.

[1981 c 156 § 18; 1973 1st ex.s. c 195 § 60; 1955 c 390 § 9. Prior: 1945 c 143 § 1(g); 1931 c 1 § 6(g); Rem. Supp. 1945 § 11610(g).]

RCW 54.16.083

Community revitalization financing -- Public improvements.

In addition to other authority that a public utility district possesses, a public utility district may provide any public improvement as defined under RCW [39.89.020](#), but this additional authority is limited to participating in the financing of the public improvements as provided under RCW [39.89.050](#).

This section does not limit the authority of a public utility district to otherwise participate in the public improvements if that authority exists elsewhere.

[2001 c 212 § 19.]

RCW 54.16.020

Acquisition of property and rights -- Eminent domain.

A district may construct, condemn and purchase, purchase, acquire, lease, add to, maintain, operate, develop, and regulate all lands, property, property rights, water, water rights, dams, ditches, flumes, aqueducts, pipes and pipe lines, water power, leases, easements, rights of way, franchises, plants, plant facilities, and systems for generating electric energy by water power, steam, or other methods; plants, plant facilities, and systems for developing, conserving, and distributing water for domestic use and irrigation; buildings, structures, poles and pole lines, and cables and conduits and any and all other facilities; and may exercise the right of eminent domain to effectuate the foregoing purposes or for the acquisition and damaging of such property and rights, or property of any kind appurtenant thereto, and for the purpose of acquiring the right to make physical connection with plants and plant facilities of all persons and municipalities.

The right of eminent domain shall be exercised pursuant to resolution of the commission and conducted in the same manner and by the same procedure as is provided for the exercise of that power by cities and towns of the state in the acquisition of like property and property rights. It shall be no defense to a condemnation proceeding that a portion of the electric current generated or sold by the district will be applied to private purposes, if the principal uses intended are public: PROVIDED, That no public utility owned by a city or town shall be condemned, and none shall be purchased without submission of the question to the voters of the utility district. In a condemnation proceeding, the court shall submit to the jury the values placed upon the property by the taxing authority for taxation purposes, and in respect to property, plants, and facilities of persons using public highways for furnishing public service without franchises, shall consider in determining the value thereof the fact that the property, plants, and facilities are subject to be removed from the highways by reason of being so operated without a franchise.

[1955 c 390 § 3. Prior: 1945 c 143 § 1(b); 1931 c 1 § 6(b); Rem. Supp. 1945 § 11610(b).]

APPENDIX G: Sample Questions

PROJECT:

The over-arching question of this project is:

What sustainable financial mechanisms can King County utilize in the short and long-term, specifically in WRIA 7 (a region with minimal tax base), to protect working forested watersheds on rural (but urbanizing) private lands?

“Financial mechanisms” may include, but are not limited to: taxes, appropriations, federal grant programs, incentives, exactions/impact fees, eco-service fees/payments, sustainable markets, etc.

Be as brief or thorough as you feel necessary or have time for and feel free to include URLs to direct me to references.

(1) Has your county/region currently (or in the past) had challenges in maintaining active forestlands or protecting forested areas?

(*challenges may include residential development, roads, fragmentation, etc.)

(2) What are the primary strategies your county/region is employing to maintain and protect forested areas and deter conversion to other uses?

(e.g. growth ordinances, development right transfers, easement acquisition, etc.)

*[Feel free to refer me to specific URLs or reports]

*** (3) What financial mechanisms have funded these strategies?**

*** (4) What financial mechanisms have been considered but not used? What financial mechanisms have *not* been considered – but you feel *should* be considered or explored?**

*** (5) Of the financial mechanisms identified above, which do you see as being most *sustainable* for forestland (watershed/open space) conservation? In other words, which do you see providing funds for the long-term? Why? (i.e. political feasibility, social acceptance, etc.)**

(8) What other county agencies (in or out of state), non-profits, or private entity examples have you modeled your mechanisms after (or recommend investigating)?

*Specific references to funding sources in sections of planning documents or reports are appreciated in lieu of your time on these questions.

APPENDIX H: Interviews

Interviews/discussions took place with the following professionals:

- **Len Barson*, Legislative Director, The Nature Conservancy, Washington State Chapter
- **Michelle Conner*, Vice President of Conservation, Cascade Lands Conservancy
- **Sujata Goel*, Program Analyst, King County, Water Land Resources Division, Policy Direction and Performance
- **Gerry Gray*, Director, American Forests
- **Jenna Fletcher*, Policy Analyst, Minnesota Forest Resources Council
- **Brian Howard*, Washington Dept of Ecology, Clean Water State Revolving Fund
- **Martin Jenkins*, Director, West Virginia Natural Capital Investment Fund, Conservation Fund
- **Ken Konigsmark*, Board Member, Mountains to Sound Greenway and Issaquah Alps Trail Club
- **Melissa Laird*, Planned Giving Officer, The Nature Conservancy (WA)
- **Larry McCallister*, title, Oregon Department of Environmental Quality
- **Jay McLaughlin*, Director, Mt. Adams Resource Stewards
- **Chris Modisette*, Southern New England Forestry Consortium
- **Kimberly Ordon*, Tullalip Tribe
- **Phil Pearl*, Washington Associate, *Pacific Forest Trust*
- **Tim Raphael*, Northwest Conservation Finance Director, Trust for Public Land (WA)
- **Carole Richmond*, Special Assistant to IAC Director, Washington Office of the Interagency Committee
- **Dennis Schaffer*, Director, San Juan County Citizen Conservation Land Bank
- **Mark Soledo*, Manager, King County, Transfer of Development Rights Program
- **Peter Stein*, CEO, Lyme Timber Company
- **Zach Stevenson*, Title, World Wildlife Fund (www.wwf.us.org/klamathsiskiyou)
- **Tom Tuchmann*, Director, U.S. Forest Capital
- **Michelle Tucker*, Clean Water State Revolving Fund Coordinator, EPA – R10
- **Benj Wadsworth*, Outreach & Forest Commission Coordinator, King County Department of Natural Resources, Forestry Division
- **David Zumeta*, Director, Minnesota Forest Resources Council

Additional information was provided by the following individuals:

- Mila Alvarez*, Director of Forest Policy, American Forests
- Whitney Beals*, Director of Land Protection, New England Forestry Foundation
- Jim Catlin*, King County, WLRD Finance Dept (Operating Budget)
- Martin Goebel*, Director, Sustainable Northwest
- Rob Ethridge*, Chief, Montana Department of Natural Resources and Conservation, Forestry Division
- Ikeda Jared*, Water Resource Agency, Monterey County, CA
- Steve Klusman*, King County, Rural Drainage SubFund (SWM)
- Scott Millar*, Rhode Island, Dept of Environmental Management, Office of Sustainable Watersheds
- James W. "Chip" Price*, Director, Program Open Space, Maryland Department of Natural Resources
- Harry Reinert*, Special Projects Manager, King County, Department of Development and Environmental Services
- Richard Rice*, Business and Finance Officer, King County, Water and Land Resources Division, River Improvement Fund
- Ben Solvesky*, Project Learning Tree
- Ted Sullivan*, PBRS and Timberland Coordinator, King County, Public Benefit Rating System
- David Tieman*, Open Space Planner, King County, Water and Land Resources Division

APPENDIX I: List of Bonds

Excerpt from: *April 1999 EFAB/EFC Guidebook*

LIST OF BONDS

(In Alphabetical Order)

1. Advance Refunding Bonds
- *2. Anticipation Notes
3. Appropriation-Backed Bonds
4. Asset-Backed Revenue Bonds
5. Capital Appreciation and Zero Coupon Bonds
- *6. Certificates of Participation
7. Derivatives
- *8. Double-Barrel Bonds
- *9. General Obligation Bonds
10. Mandate Bonds (Environmental)
11. Mini/Baby Bonds
- *12. Moral Obligation Bonds
- *13. Mortgage Lease-Back Revenue
- *14. Private Activity Bonds
- *15. Revenue Bonds
- *16. Short-Term Municipal Bonds
- *17. Special Assessment Bonds
- *18. Special Tax Bonds
- *19. State Revolving Fund (SRF) Revenue Bonds
20. Structured Municipal Bonds
21. Tax Increment Bonds

[**Special Note:** We received writeups for two innovative new bond tools after this section was completed.]

Please see the write-ups for **Better American Bonds** and the **EPA: Environmental Bond Guarantee Program** in Appendix A, on pages A-2 and A-3, respectively.]

* Stars indicate most highly rated mechanisms as described in the Comparison Matrix at the end of the narratives. See Introduction to the *Guidebook* for a description of the criteria used. Ratings of “High”, “Moderate”, and “Low” are for comparison purposes only, as some ratings are necessarily subjective and data are incomplete.

COMPARISON MATRIX FOR BONDS

Criteria/ Bond	Actual Use	Revenue Size	Revenue Cost/ Savings	Admini- strative Ease	Equity	Financial Leverag- ing	Environ- mental Benefits
Advance Refunding	High	High	High	Low	Low	Mod.	Low
*Anticipa- tion Notes	High	High	High	High	Mod.	High	High
Appro- priation- Backed	Low	Low- Mod.	Low	Mod.	Low	Mod.- High	High
Asset- Backed Revenue	Mod.	Mod.	Mod.	Mod.	Mod.	Mod.	High
Capital Apprecia- tion/Zero Coupon	High	High	High	Mod.	Low	Mod.	Mod.
*Certifi- cates of Partici- pation	High	Mod.	Mod.	Mod.- High	High	High	Mod.- High
Derivatives	Mod-	High	High	Low	Low	Mod.-	Low
*Double- Barrel	Mod.	High	High	Mod.	Mod.	High	High
*General Obligation	High	High	High	Low	Mod.	Low	High
Mandate	N.A.	N.A.	High	Mod.	High	Low	High
Mini/ Baby	Low	Low	High	Low	High	Mod.	High

COMPARISON MATRIX continued

Criteria/ Bond	Actual Use	Revenue Size	Revenue Cost/ Savings	Admini- strative Ease	Equity	Financial Leverag- ing	Environ- mental Benefits
*Moral Obligation	Mod.	High	Mod.	Mod.	Mod.	Mod.	High
*Mortgage Lease- Back Revenue	Mod.	Mod.	Mod.	Mod.	Mod.	High	High
*Private Activity	High	Mod. - High	High	Mod.	Mod.	Mod.	High
*Revenue	High	High	Mod.	Mod.	Mod.	Mod.	High
*Short- Term Muni	High	High	High	Mod.	Mod.	High	High
*Special Assessmen t	High	High	Mod.	Mod.	High	Mod.	High
*Special Tax	Mod.	Low- Mod.	Mod.	Low	Mod.- High	High	High
*SRF Revenue	High	High	High	Mod.	High	High	High
Structured Municipal	Low	Mod.	Mod.	Low	Mod.	Mod.	Low
Tax Increment	Low	Low	Mod.	Low	High	Mod.	High

High - High Use (over 25 States, many localities or private sector); revenue over \$2 billion annually nationwide; criteria score well (low interest rates, straight forward, flexible, specific)

Mod. - Moderate use (10-25 States, many localities/private); criteria score in medium range

Low - Low or rare usage; criteria score poorly

* Star indicates best rated mechanisms

APPENDIX J: List of Loans

Excerpt from: *April 1999 EFAB/EFC Guidebook*

LIST OF LOANS

(In Alphabetical Order)

1. Agriculture: Rural Business-Cooperative Service -- Economic Development Loans
2. Agriculture: Rural Housing Service (RHS) – Community Facilities Loans
3. Agriculture: RHS – Housing Site & Self-Help Housing Land Development Loans
4. Agriculture: Rural Utilities Service -- Water and Waste Disposal Systems Loans
- *5. CoBank (National Bank for Cooperatives Loan Program)
- *6. Co-Funding
- *7. Commercial Loans
8. Direct Source (Equipment) Financing
- *9. EPA: State Revolving Funds - Clean Water
- *10. EPA: State Revolving Funds - Drinking Water
11. Federal Financing Bank
12. Federal Loan Programs
- *13. North American Development Bank
- *14. Private Investment
15. State Loan Programs
- *16. State Revolving Fund (SRF) Pre-Financing and Short-Term Loans
- *17. SRF Private Beneficiary Loans - Clean Water

* Stars indicate most highly rated mechanisms as described in the Comparison Matrix at the end of the narratives. See Introduction to the *Guidebook* for a description of the criteria used. Ratings of “High”, “Moderate”, and “Low” are for comparison purposes only, as some ratings are necessarily subjective and data are incomplete.

COMPARISON MATRIX FOR LOANS

Criteria/ Loan	Actual Use	Revenue Size	Revenue Cost/ Saving	Administrative Ease	Equity	Financial Leveragng	Environmental Benefits
Agriculture: RB-CS Economic Development	Low	Low	Mod.	Mod.	High	High	Low-Mod.
Agriculture: RHS Community Facilities	Low	Low	High	Mod.	High	High	Low
Agriculture: RHS Housing Site & Self-Help Housing	Low	Low	Mod.	Mod.	High	Mod.	Low
Agriculture: RUS Water/ Waste Disposal	High	Mod.	High	Mod.	High	High	High
*Co-Bank	Mod.	Low	Mod.	Mod.	High	High	High
Co-Funding	Low	Low	High	Low - Mod.	High	High	High
*Commercial Loans	High	High	Low	High	Low	Mod.	High
*Direct Source Financing	High	High	Mod.	High	Mod.	High	High
*EPA: SRFs - Clean Water	High	High	High	Mod.-High	High	Mod.	High

COMPARISON MATRIX continued

Criteria/ Loan	Actual Use	Revenue Size/ Stability	Revenue Cost/ Savings	Admini- strative Ease	Equity	Finan- cial Lever- aging	Environ- mental Benefits
*EPA: SRFs Drinking Water	High	High	High	High	High	Mod.	High
Federal Financing Bank	Low	High	Low - Mod.	Mod.	Mod - High	Low	Low
Federal Loan Programs	Low	Low	Mod.	Low	Mod.	Mod.	Low
*NAD-Bank	Low	Low	Mod. - High	Low - Mod.	High	High	High
*Private Investment	Mod.	Mod. - High	Low	High	Low	High	High
State Loan Programs	Low	Low	Mod.	Mod.	Mod. - High	Mod.	High
*SRF Pre- Financing	Low	Low	High	Low- Mod.	High	Mod.	High
*SRF (CW) Private Beneficiary	Low	Low	High	Mod. - High	Mod.	High	High

High - High use (over 25 States, many localities/private sector); criteria score high (low cost, accessible, flexible, project specific)

Mod.- Moderate use (10-25 States, many others); criteria score in medium range

Low - Low or rare use (under 10 States, few localities and private sector); criteria score poorly

* Star indicates best-rated mechanisms




APPENDIX K: License Plates

Examples of conservation license plates around the country.

CALIFORNIA

http://www.dmv.ca.gov/vr/vr_info.htm#BM2517

Retention Fees: Environmental and Special Interest License Plate owners are required to pay an annual fee to retain their personalized configuration when the plates are removed from the vehicle for future use, or when the vehicle is placed on planned non-operation status. If the retention fee is not paid prior to the registration expiration date, priority to the personalized configuration will be forfeited and the plates must be surrendered to DMV (the plates cannot be kept as souvenirs). California was the first state to initiate these plates in 1971. It is estimated that environmental plates yield \$25 million annually for environmental programs (McQueen, 2003, p.68). All revenues are deposited in the California Environmental License Plate Fund. Fifty cents (\$0.50) of the amount collected from each applicant is used in marketing.

Description	Plate
<p>“Coastal” Initial Cost: \$90. Annual Renewal: \$65. The proceeds from the sales and renewal of the Whale Tail License Plate, sponsored by the California Coastal Commission, help protect and restore the priceless resources of California's coast and ocean.</p>	
<p>“Tahoe” Initial Cost: \$90. Annual Renewal: \$65. The proceeds from the sales and renewal of the Lake Tahoe License Plates are deposited in the Tahoe Conservancy Account for preservation and restoration projects in the Lake Tahoe area.</p>	
<p>“Yosemite” Initial Cost: \$90. Annual Renewal: \$65. The proceeds from the sales and renewal of the Yosemite License Plates benefit Yosemite National Park and help towards managing wildlife, restoring habitat, repairing trails and other park projects.</p>	
<p>Other non-environmental plates exist as well. For example the “Memorial” plate renders \$90(\$65), the “Art” plate renders \$70(\$40), and the “Kids” plate renders \$50(\$40).</p>	

OKLAHOMA

<http://www.deq.state.ok.us/mainlinks/eetag.htm>

- Plates for environmental education
- \$25 plus a \$2 handling fee.
- \$24 goes toward environmental education grants for Oklahoma students.



NEW JERSEY

<http://www.nj.gov/dep/parksandforests/forest/community/plate.html>

- “Funding the planting and care of these natural treasures will improve wildlife habitat, reduce energy costs, improve water and air quality and increase community pride.”
- The one time cost of plates is \$50, with an annual renewal fee of \$10, in addition to their regular registration renewal fee.



ILLINOIS

<http://www.sos.state.il.us/depts/vehicles/envirop1.html>

- “The environmental, or “E,” plate, first introduced in April, 1994, has raised over \$1 million for a fund to maintain and preserve Illinois parks. It was Illinois' first permanent fundraising plate.
- If current standard plates are being replaced, the fee for vanity environmental plates is \$115 which includes the \$94 fee for a vanity plate, \$25 for the Department of Natural Resources State Park Fund, and \$15 to cover administrative costs of producing the plate.
- The annual renewal fee is \$118, with \$25 going to state parks.



- If current plates are being replaced, the fee for personalized environmental plates is \$54. The annual renewal cost is \$105, with \$25 going to state parks.

NEW YORK

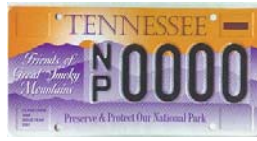
<http://www.dec.state.ny.us/website/opensp/plates.html>

- \$25 goes directly into the State's Environmental Protection Fund, dedicated for conservation projects identified in New York's Open Space Plan. Since 1995, 8,469 plates have been sold.
- The initial cost for the Bluebird Plate is \$39.50, including the \$25 annual service charge. (NYSOSCP, 2002)



TENNESSEE

<http://www.tennessee.gov/safety/licen36.html>













- Annual Fee: \$56.50. Of that, \$31.00 is deposited in the following funds: State Parks, Agriculture, Smokey Mountains National Park, Watchable Wildlife Endowment Fund.
- TN Offers more than 75 specialty license plates. These plates represent colleges and universities, branches of the military, etc. Most of these plates are issued through the local county clerk's office.

FLORIDA

<http://www.hsmv.state.fl.us/specialtytags/specialindex.html>

By far, Florida has the most extensive array of vanity plates and environmental plates.

	Special Fee	Cumulative Amount Generated (including renewals)	Amount Generated in 2003	
Conserve Wildlife	\$15 annual fee (plus registration fees)	\$1,662,094.00 (since 1998)	\$462,360.00	
Everglades River of Grass	\$20 annual fee (plus registration fees)	\$848,138.00 (since 1998)	\$251,940.00	
Indian River Lagoon	\$15 annual fee (plus registration fees)	\$3,414,907.00 (since 1995)	\$392,657.00	
Large Mouth Bass	\$25 annual fee (plus registration fees)	\$3,274,714.00 (since 1997)	\$530,450.00	
Manatee	\$20 annual fee (plus registration fees)	\$31,222,762.00 (since 1990)	\$1,708,260.00 (Distribution: 100% Save the Manatee Trust Fund)	
Florida Whales	\$25	\$192,475.00 (since 2002)	\$192,475.00	
Reefs	\$25 annual fee (plus registration fees)	\$14,375.00 (since 2003)	\$14,375.00	

Panthers	\$25 annual fee (plus registration fees)	\$37,755,252.00 (since 1990)	\$2,514,625.00 (85% Florida Panther Research and Management Trust Fund to protect panther, 15% Florida Communities Trust Fund).	
Dolphins	\$20 annual fee (plus registration fees)	\$6,054,549.00 (since 1998)	\$1,666,140.00 (100% Harbor Branch Oceanographic Institute, Inc.)	
Sea Turtle	\$17.50 annual fee (plus registration fees)	\$4,952,348.50 (since 1998)	\$1,195,670.00	
Tampa Bay Estuary	\$15 annual fee (plus registration fees)	\$421,550.00 (since 1999)	\$145,305.00	
State Wildflower	\$15 annual fee (plus registration fees)	\$686,880.00 (since 1999)	\$248,970.00	
		TOTAL:	\$9,323,227	

Additional States with Environmental License Plates include the following:

Arizona
Connecticut
Delaware
Florida
Georgia
Iowa
Kentucky
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
New Hampshire
North Carolina
Ohio
Pennsylvania
South Carolina
Texas
Utah
Virginia
West Virginia
Wisconsin

(McQueen, 2003)

APPENDIX L: Options for Phase II of Mechanism Search

Public Authorities in Washington

Local Air Authority

RCW 70.94.162

Annual fees from operating permit program source to cover cost of program.

(1) The department and delegated local air authorities are authorized to determine, assess, and collect, and each permit program source shall pay, annual fees sufficient to cover the direct and indirect costs of implementing a state operating permit program approved by the United States environmental protection agency under the federal clean air act. However, a source that receives its operating permit from the United States environmental protection agency shall not be considered a permit program source so long as the environmental protection agency continues to act as the permitting authority for that source. Each permitting authority shall develop by rule a fee schedule allocating among its permit program sources the costs of the operating permit program, and may, by rule, establish a payment schedule whereby periodic installments of the annual fee are due and payable more frequently. All operating permit program fees collected by the department shall be deposited in the air operating permit account. All operating permit program fees collected by the delegated local air authorities shall be deposited in their respective air operating permit accounts or other accounts dedicated exclusively to support of the operating permit program. The fees assessed under this subsection shall first be due not less than forty-five days after the United States environmental protection agency delegates to the department the authority to administer the operating permit program and then annually thereafter.

Public Stadium Authority

RCW 36.102.020

Public stadium authority -- Creation -- Powers and duties -- Transfer of property.

- (1) A public stadium authority may be created in any county that has entered into a letter of intent relating to the development of a stadium and exhibition center under chapter 220, Laws of 1997 with a team affiliate or an entity that has a contractual right to become a team affiliate.
 - (2) A public stadium authority shall be created upon adoption of a resolution providing for the creation of such an authority by the county legislative authority in which the proposed authority is located.
 - (3) A public stadium authority shall constitute a body corporate and shall possess all the usual powers of a corporation for public purposes as well as all other powers that may now or hereafter be specifically conferred by statute, including, but not limited to, the authority to hire employees, staff, and services, to enter into contracts, and to sue and be sued.
 - (4) The legislative authority of the county in which the public stadium authority is located, or the council of any city located in that county, may transfer property to the public stadium authority created under this chapter. Property encumbered by debt may be transferred by a county legislative authority or a city council to a public stadium authority created to develop a stadium and exhibition center under RCW [36.102.050](#), but obligation for payment of the debt may not be transferred.
- [1997 c 220 § 102 (Referendum Bill No. 48, approved June 17, 1997).]

Tax Free Bonds & Timber Revenue Debt Service

Tax free bonds combine the timber management financial mechanism (#30) with funds to purchase forestlands up front. Debt service on the bonds would be paid with harvest revenues. The exemption from taxes is critical to affordability of the venture. It would contribute to the feasibility of sustainable forestry.

It is dependent on legislation that is currently pending in Congress: S 1381 and HB 1310 – To amend the Internal Revenue Code of 1986 to modify certain provisions relating to the treatment of forestry activities. At print time, Senate Bill 1381 passed the Senate. House Bill 1310 was awaiting a vote. In 2003, both bills passed the House and Senate and awaited conference.

Two private organizations, the Evergreen Forest Trust and U.S. Forest Capital, are spearheading this tool.

Self-Liquidating Bonds

Self-liquidating bonds are repaid by borrowers in a specified program and at no cost to the state or the state taxpayer. Borrowers pay an application fee and a loan processing fee. The loan processing fee is a flat rate or a percentage, whichever is greater, up to a designated amount (e.g. \$10,000). Borrowers pay closing costs and bond issuance costs. Funds to finance the project are then obtained through the issuance and sale of the self-liquidating bonds.

These provide borrowers with a flexible, easy to use program. A first lien on real estate is required security for all loans. Other security may include a first lien on assessments or other revenue pledged for repayment and personal property financed by the loan.

This tool is used in Oregon. Eligible projects with the OR Water Resources Department must be one of the following: drainage project, irrigation project, community water supply project, fish protection project, watershed enhancement project, multipurpose project (ORDWR 2004).

Special Assessment District

This tool constitutes an authority to leverage revenues. Special Assessment Districts are independent government entities that manage specific resources and provide governmental services within defined boundaries. They typically raise revenues to finance improvements that will benefit residents within that area through property taxes, user fees, or bonds (TPL 2001). Typically, special districts can issue bonds. Examples typically include Sewer Districts; Water Districts; Stormwater Management Districts; Regional Solid Waste Authorities; Water Resource Authorities; Regional Port Authorities; and Regional Air Quality Management Districts. However, special districts are not directly accountable to the electorate (Porter, Lin et al.).

Boulder County, Colorado, is cooperating with county neighborhoods in the formation of special taxing districts for additional open space and park facilities (BCLUD 1995)

A *Water Resource District* has been suggested, in Washington, as a new type of special district to be authorized in state law, to administer implementation of watershed plans. According to the Watershed Plan Implementation Committee:

State law authorizes formation of special districts for a variety of purposes. It would be valuable to provide the option for local governments to form a new type of special district, that could administer implementation of a watershed plan in the geographic context of a full WRIA. Key aspects would include: formation as a local option by citizen vote; a jurisdiction aligned with the WRIA boundaries; taxing authority to the extent granted by citizen vote; a board whose members are either elected locally or appointed by local elected officials; and the legal authority to administer implementation of watershed plans.
(WADoE-WPIC 2002)

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