

Conservation Incentive Programs in Washington State: Trends, Gaps, and Opportunities

Prepared for the Washington Biodiversity Council
By Evergreen Funding Consultants

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1. Introduction

Background

Conservation incentive programs are a popular means of engaging private landowners to improve and protect wildlife habitat and biodiversity. In Washington, these programs range from federal and state financial assistance programs to local government tax relief to private recognition and technical assistance programs. The Washington Biodiversity Council hired Evergreen Funding Consultants (EFC) to help investigate conservation incentive programs in Washington in support of their work to prepare a Biodiversity Plan for the Governor in 2007. This project builds upon several earlier assessments of conservation incentive programs by Defenders of Wildlife, which resulted in a list of programs in the state for the Biodiversity Council's 2003 report.

Goals

There are four goals for this project:

- (1) Identify creative incentive programs such as recognition programs, technical assistance, tax benefits, and market incentives that had not made the initial list in 2003;
- (2) Provide more data about the use and distribution of awards for several of the larger financial assistance programs;
- (3) Summarize key findings about trends in spending, types of programs available, and ability of programs to meet demand;

- (4) Outline next steps the Biodiversity Council may want to consider in developing its recommendations on conservation incentive programs for the Biodiversity Plan.

What are conservation incentives?

Conservation incentives are inducements offered by government or private providers to encourage private landowners to undertake voluntary conservation actions on their property. While there are many ways to categorize incentives, this report divides the inducements into six categories:

1. Financial assistance: grant, loan, and lease programs that provide cost-share funding for, or reduce expenses of, conservation actions
2. Technical assistance: advice, hand-on help, and training for landowners on conservation tools or techniques
3. Tax relief: tax reductions for landowners undertaking conservation actions
4. Marketing: programs to add market value to products that support conservation on private land
5. Recognition: identification and promotion of landowners undertaking conservation actions
6. Conservation banking: financial assistance to landowners provided as a condition of permitting for construction projects

Structure of the report

There were two major deliverables in the Biodiversity Council's contract with Evergreen Funding: identifying and describing ten non-financial assistance programs that had not previously been identified by the Council and examining at least ten incentive programs in further detail to understand their funding patterns. The Council also requested any general findings and recommendations that were possible based on the cursory analysis allowed in the tight budget and schedule for the project. The first section of the report identifies 35 incentive programs that were not on the Council's 2003 list and attempts to categorize the entire list by incentive type and sector. Descriptive information on 11 of these programs is found in Appendix A. The second section identifies the 14 programs that were evaluated in fuller detail, with much of the detail in Appendix B and C. The third and final section of the report consists of findings and recommendations based on this analysis.

Acknowledgements

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2. Understanding the Universe of Incentive Programs

In their 2003 report, the Biodiversity Council identified more than 42 incentive programs in use in Washington State to encourage biodiversity conservation actions on private land. It turns out that this was just scratching the surface. In the course of research on this report, the authors identified an additional 35 incentive programs, and there are categories of incentives that are still under-explored. The list could easily exceed 100 programs in time.

In the interests of making this universe of programs a bit more comprehensible to the Council, the list was divided by the type of incentive and target community sector and arrayed in table 1. Programs in *Italics* are programs identified in the Biodiversity Council's 2003 report and programs in normal font are newly identified in this report. Twelve of the newly identified programs are profiled in Appendix A and they are indicated by (A).

Table 1. Washington incentive programs by type and sector

Incentive Type	Sector			
	Agriculture	Timber	Urban/Suburban	Multiple
Financial Assistance	<i>Conservation Reserve Enhancement Program (CREP)</i>	<i>Forest Land Enhancement Program (FLEP)</i>	<i>Puget Sound Urban Resources Partnership</i>	<i>Five Star Restoration Challenge Grants</i>
	<i>Conservation Reserve Program (CRP)</i>	<i>Forest Legacy Riparian Open Space Program</i>	City and county grant programs (Seattle neighborhood matching fund, KC Waterworks, etc.)	<i>HCP land acquisition and assistance grants</i>
	<i>Grasslands Reserve Program (GRP)</i>	<i>Rocky Mountain Elk Fd grants</i>		<i>North American Wetlands Conservation Act (NAWCA) small grants</i>
	<i>Wetlands Reserve Program (WRP)</i>	<i>Uplands Wildlife Restoration Program (also ag)</i>		<i>Resident and Anadromous Fish and Wildlife Mitigation Program</i>
	<i>Environmental Quality Incentive Program (EQIP)</i>	<i>Forest Riparian Easement Program (FREP)</i>		<i>Wildlife Habitat Incentives Program (WHIP)</i>
	<i>Conservation Easement Program (CEP)</i>	<i>Family Forest Fish Passage Program</i>		<i>Landowner Incentive Program (LIP)</i>
	<i>Conservation Security Program (CSP)</i>			<i>Community Salmon Fund (CSF)</i>
	<i>Farm and Ranchlands Protection Program (FRPP)</i>			<i>Land Trusts</i>
	<i>Farmland Protection Program (FPP)</i>			<i>Private Stewardship Grants</i>
	<i>WWRP Ag Program</i>			<i>Private foundation grants (Bullitt, Brainerd, etc.)</i>
<i>AFT Farm Legacy Program</i>				

Technical Assistance	<p><i>Conservation District assistance</i></p> <p><i>NRCS technical assistance</i></p> <p><i>Resource Conservation and Development Service assistance</i></p> <p>WSU Small Farm Teams (A)</p>	<p>WA Forest Protection Association</p> <p>Special Wildlife Management Plan assistance</p> <p>Coop Habitat Enhancement Agreements</p> <p>WSU Forest Stewardship (A)</p> <p>DNR Forest Stewardship Program (A)</p>	<p><i>Backyard Forest Stewardship Program (timber also)</i></p> <p>Urban and Community Forestry Program (A)</p> <p>City and county programs (KC Small Habitat Restoration Program, etc)</p>	<p><i>Regional Fisheries Enhancement Groups</i></p> <p><i>Volunteer and Cooperative Fish and Wildlife Enhancement Program</i></p> <p><i>Partners for Fish and Wildlife</i></p> <p>County watershed and basin stewards</p>
Tax Relief	Farmland preservation programs			<p><i>Public Benefit Rating System</i></p> <p><i>Current Use Taxation</i></p> <p><i>Transfers of Development Rights</i></p> <p>Purchase of Development Rights</p>
Market Incentives	<p>Organic certification (A)</p> <p>Salmon Safe (A)</p> <p>Food Alliance certification</p>	<p><i>Forestry Stewardship Council certification</i></p> <p><i>Sustainable Forestry Initiative</i></p> <p>Smart Wood certification (A)</p>	Envirostars certification (A)	
Recognition	<p>Farming and the Environment Vim Wright Award (A)</p> <p>Producer group awards (WA Dairy Fed, etc.)</p>	<p><i>Stewardship/Forest Recognition Program</i></p> <p>Healthy Forests/Healthy Communities</p>	<p>Sustainable Community Leadership Awards (Sustainable Seattle)</p> <p>Earth Heroes (A)</p>	<p><i>WA Natural Heritage Register</i></p> <p>Founders of a New Northwest (Sustainable NW) (A)</p>
Conservation Banking				<p>WDOE wetland mitigation bank pilot projects</p> <p>Entrepreneurial banks</p>

With regard to understanding the entire universe of conservation incentives, this table is probably fairly complete on major financial incentives, a reasonable start on tax incentives and technical assistance, and just scratching the surface on market incentives and recognition. In particular, the authors assume that there are far more urban/suburban incentive programs – many offered in individual

jurisdictions – than are identified. It is also likely that many producer or industrial groups have recognition programs that could be listed.

As will be touched on later in the findings section, it is also notable that it is challenging to find all of the public and private programs that provide incentives for landowner conservation actions, even through a determined and systematic search. It seems likely that many prospective applicants are unaware of the assistance that is currently available.

3. Examining Several Key Incentive Programs

The Council requested further detail on at least ten conservation incentive programs in order to understand more about the distribution of awards, demand for assistance, and consequence of the program. The goal in selecting programs for this evaluation was to capture many of the larger, better funded financial assistance programs and, with the list as a whole, represent the variety of providers, incentive types, and sectors addressed. In collaboration with Council staff Lynn Helbrecht and Carole Richmond, the following programs were selected:

- Forest Reserve Easement Program
- Grasslands Reserve Program
- Environmental Quality Incentives Program
- Wildlife Habitat Improvement Program
- Community Salmon Fund
- Conservation Reserve Enhancement Program
- Conservation Reserve Program
- Wetlands Reserve Program
- Landowner Incentive Program
- Public Benefit Rating System
- Current Use Taxation
- Conservation Districts
- Watershed Stewards
- Land Trusts

Each will be discussed in summary form in the following text. Detail and statistics on each program are found in Appendix B.

Financial Assistance to Farmers

Six of the programs are focused on financial assistance to farmers. They were established or revised substantially in the 2002 Farm Bill as part of the major new federal commitment to conservation on farmlands. Some have cited the emergence of these programs in the Farm Bill as the beginning of a transition from commodity subsidies to conservation incentives, a trend worth watching in negotiations on the 2007 Farm Bill reauthorization. Many conservation groups will be lobbying to maintain and increase this substantial new focus on incentives for conservation. Collectively, these programs have brought more funding to conservation incentives in Washington state than any other source. The six programs are:

Environmental Quality Incentive Program (EQIP) – this program primarily funds agricultural BMPs and infrastructure improvements that effect water quality, e.g. drainage ditch improvements, fencing. It is well funded, at \$13M/year in Washington, and has clear benefits to aquatic species.

Wildlife Habitat Incentive Program (WHIP) – WHIP is the Farm Bill program most applicable to biodiversity conservation, as it pays landowners to implement wildlife habitat improvements and has a great deal of local flexibility. It is not well funded, though, with under a million dollars going to projects in Washington each year. In the last few years, funds have been targeted as match for other incentive programs, such as the Washington DNR's Family Forest Fish Passage Program.

Wetland Reserve Program (WRP) – WRP pays landowners to take wetland areas out of production and put them under conservation easements. It has an obvious connection to biodiversity goals and it is one of the better-funded NRCS programs, distributing approximately \$8M to landowners in Washington in recent years. Funds tend to go to a limited number of fairly large easements (often over \$500k).

Grasslands Reserve Program (GRP) – the GRP is a new Farm Bill program based on the WRP model. It pays farm and ranch owners to keep areas of native grassland out of production. In Washington, it has averaged around \$1M a year.

Conservation Reserve Program (CRP) – the CRP is NRCS's largest incentive program by far, providing over \$70M in payments to Washington landowners per year. The program is focused broadly on plant ground cover to reduce soil erosion. The majority of the 1,400,000 acres enrolled in CRP is in cover crops, but nearly 15% (approx 200,000 acres) is registered as being planted as wildlife habitat and riparian buffers.

Conservation Reserve Enhancement Program (CREP) – the CREP program is a spin-off of the CRP program that allows states to customize the conservation practices they fund. It is administered by FSA and the Washington State Conservation Commission. In Washington, it funds short-term conservation easements and habitat improvements on agricultural riparian buffers, with a focus on salmon habitat on farms.

A seventh Farm Bill program, the Conservation Security Program, compensates farmers for conservation improvements on their property. It was not profiled in this report due to the limited scope the program in Washington, consisting of a single pilot program in the Moses Coulee watershed in 2004. However, the program appears to be expanding, with twelve Washington watersheds eligible for awards in 2005, and future evaluations should consider the program.

Other Financial Assistance Programs

Financial assistance to non-farm landowners is not quite as generous, as there is nothing quite like the Farm Bill for forest landowners or urban areas. However, the authors profiled three programs that are substantial contributors:

Forestry Riparian Easement Program - This program, administered by the Washington Department of Natural Resources, helps compensate small forest landowners for timber left standing in the riparian buffer. These buffers are mandated by law, but the program help compensate landowners for successful compliance and good conservation management plans. The program has been active for about 5 years and has enrolled over 200 landowners. Only 80 landowners have received payments to date, partly because of budget cuts in the last biennium, but in the 2005-07 budget, the program received a significant boost to \$8M.

Landowner Incentive Program - The Landowner Incentive Program (LIP) is a relatively new national program modeled after a popular program in Texas. It provides pass-through funding of \$1-1.5M per year from the US Fish and Wildlife Service to state wildlife agencies, who have the flexibility to set up local grant programs that fit their state wildlife conservation priorities. In Washington, the WDFW has selected particular types of habitats each year to focus grants. It has also partnered with other programs such as NRCS's WHIP program and the state DNR's Family Forest Fish Passage Program. While it is a relatively small program, but very applicable to biodiversity goals, and there appears to be flexibility in its application.

Community Salmon Fund - The Community Salmon Fund is a new grant program administered by the National Fish and Wildlife Foundation and several county and state agency partners. It provides funds for habitat restoration on private property along salmon-bearing streams and shorelines. Although the program's focus is salmon, it has benefits for multiple species in riparian corridors, freshwater aquatic habitat, and nearshore areas. The program has been available for landowners of all types in King and Pierce Counties for several years; last year, it expanded through much of Puget Sound and this year into watersheds across Washington. The bulk of projects to date have been in suburban and exurban areas, with a significant number on ag land. Now that the program has expanded out of the Puget Sound, we will likely see a greater number on resource lands. Funding for the program is expected to be approximately \$2-3M/year. Landowners themselves are not eligible applicants, but can apply in partnership with nonprofits or local governments.

Tax Incentives

There are two programs in Washington that provide conservation incentives to landowners by reducing property taxes for conservation land uses: Current Use Taxation (CUT) and the Public Benefit Rating System (PBRs). Both are set up and administered at a county level and both assess beneficial land uses at reduced levels.

Current Use Taxation - Current Use Taxation (CUT) is in use in all thirty-nine counties in Washington State. The CUT program offers tax deferral and/or partial tax reduction to landowners by allowing farm, timber, and open space parcels to be assessed at their current use, rather than at their highest and best use. The farm and timberland categories require that the parcel has been devoted to these practices, whereas the open space lands includes parcels that provide conservation and enhancement of natural resources, stream protection, soil conservation, or enhancement of recreation activities. Ag land makes up 98% of the more than 11 million acres enrolled in CUT programs.

Public Benefit Ratings System - The Public Benefit Rating System (PBRs) was established in 1979 to provide added tax relief for qualifying open space lands. It is administered at the county level and provides a tax reduction of up to 90% based on a point system that rewards parcels with high conservation value – properties with higher conservation value receive larger tax reductions. 15 of the 39 Washington counties have implemented PBRs in addition to their CUT programs, with nearly three-quarters of these in western Washington.

These eleven financial assistance and tax relief programs profiled in this report are summarized in table 2 and fully described in Appendix B.

Table 2. Summary table of profiled financial assistance programs

Program Name	Lead Agency	Annual Awards (\$ millions)	Species Focus	Habitat Focus*	Geographic Distribution	Ability to Meet Demand	Sector (Land Use)
EQIP	NRCS	\$14.7	Aquatic	Medium	Mostly eastern Washington	~30% of applicants receive funding	Ag
WHIP	NRCS	<\$1.0	Multiple	High	Statewide	~30% of applicants receive funding	All
Wetlands Reserve program	NRCS	\$8.3	Multiple	High	Statewide (mostly western)	30-40% of applicants receive funding	Ag

Grasslands Reserve Program	NRCS	\$1.2	Multiple	High	Statewide	<10% of applicants receive funding	Grazing
Conservation Reserve Program	FSA	\$73.3	Multiple	Medium	Statewide	>90% of applicants receive funding	Ag
Conservation Reserve Enhancement Program	WCC	\$1.6	Aquatic	High	Mostly eastern WA and North Puget Sound	All eligible applicants receive funding	Ag
Forest Riparian Easement Program (FREP)	WDNR	\$1.9	Multiple	High	Statewide	~50% of applicants receive funding	Timber
Landowner Incentive Program	USFWS/WDFW	<\$1.0	Multiple	High	Statewide	~50% of applicants receive funding	All
Community Salmon Fund	NFWF	~\$2.0	Salmon	High	Mostly western (expanding east in 2005)	~70% of applicants receive funding	All
Current Use Taxation programs	Local Govts.	NA	Multiple	Medium	Statewide	All eligible applicants receive tax relief	Ag
Public Benefit Rating System	Local Govts.	NA	Multiple	Medium	15 Counties, mostly western WA	All eligible applicants receive tax relief	All

**Habitat Focus indicates the degree to which a program targets wildlife habitat conservation. Programs expressly established to preserve or restore wildlife habitat are listed as having a “High” degree of habitat focus; programs for which habitat conservation is an important corollary benefit but not the primary focus are listed as “Medium”.*

Technical Assistance

In addition to financial assistance, many state and federal agencies, local governments, and special purpose districts provide technical assistance to landowners to encourage conservation activities. The principal providers of technical assistance to landowners (by sector) are:

- Agricultural landowners: Conservation Districts, NRCS, WSU Cooperative Extension
- Timber landowners: WDNR Small Forest Landowner Office, industry associations such as WFFA
- Urban and suburban landowners: local governments, nonprofit and community organization
- All: land trusts, community organizations

Some of the most far-reaching and successful technical assistance efforts in the state are provided through conservation districts, state and local watershed stewards, and local and regional land trusts. These are profiled at length in Appendix C.

Conservation Districts - Washington's 48 Conservation Districts (CDs) are the state's principal providers of technical assistance for agricultural landowners. These quasi-governmental special purpose districts, organized loosely by county boundaries, have close relations with many landowners and are often a trusted source of advice and assistance. CDs receive funding for program activities through a variety of sources, mainly direct grants from the Washington State Conservation Commission, special purpose district assessments, and other federal and state grants. Outreach and assistance activities vary broadly by CD and are left largely to the discretion of local staff and program partners. Because they have a local presence and ties to the community, the CDs provide much of the on-the-ground technical assistance for NRCS programs such as CREP and CRP. They often apply as fiscal agents on behalf of landowners to state and federal financial assistance and grant programs.

Watershed Stewards - A number of local governments and state agencies have some form of Watershed Steward program. These programs vary from agency to agency – in some cases, they are paid staff, in others volunteer landowners – but all stewards work with landowners and watershed planners in their basin to provide technical advice and help connect proposals with financial assistance. Three of the most visible examples of watershed stewardship programs include the King and Snohomish County basin stewards, WSU Cooperative Extension steward program, and the WDFW Watershed Stewards.

Land Trusts – Land trusts play a critical role in the conservation of high priority land in Washington. There are 32 land trusts in Washington, providing a range of services from technical assistance to landowners, fundraising and financial assistance to purchase easements, long-term stewardship and restoration of preserved properties, and brokering multi-agency partnerships to preserve large properties of regional importance. Land trusts differ widely in size, geographic scope, revenue sources, and scope of activities – from larger trusts focused on landscape-scale preservation and properties of regional importance (Cascade Land Trust, Columbia Land Trust), to local trusts working principally on residential easements and small greenspaces in areas of rapid development (Bainbridge Land Trust, Capitol Land Trust, Whidbey-Camano Land Trust). Land trusts have been highly enterprising in their approach to protecting land, and are often at the forefront of conservation practices, working closely with a wide variety of agency partners and landowners.

4. Findings and Observations

This report is the result of a very brief assessment over a six-week period. While the authors have some prior experience with incentive programs, particularly in the agricultural arena, most of the findings, observations, and recommendations in the report are based on a quick snapshot of the programs. The authors have attempted the appropriate level of interpretation, neither ignoring obvious patterns nor trying to build a pattern of random data, but this general caveat should be kept in mind.

Findings on the universe of conservation incentives (as summarized in Table 1)

1. The availability of incentives appears to vary greatly by sector. Farmers seem to have the best access to financial incentives based on the number and size of programs. Urban and suburban homeowners seem to be at a disadvantage, but this may be due to most programs being offered by individual government agencies.
2. The federal government appears to be the most generous funder of conservation incentives, with major commitments to the Farm Bill programs, to forest incentives, and to broad-spectrum programs such as the Community Salmon Fund.
3. Foundations and non-profits play a critical role in a variety of incentive programs, particularly with non-monetary incentives like recognition, certification, and market incentives. Groups such as Salmon-Safe, Northwest Natural Resources Group, Farming and the Environment, and American Farmland Trust are at the forefront of market incentives and recognition programs. Land trusts have become the principal brokers of conservation easements in the state. Other non-profits such as the regional fisheries enhancement groups provide a great deal of technical assistance.
4. It is frustratingly difficult to find information on conservation incentives. Programs are dispersed widely among agencies and organizations and there is little common information or knowledge on the variety of incentive programs available. Information on incentives is spread largely on a word-of-mouth basis among key agency personnel such as the conservation district staff.

Findings on programs profiled in greater detail

1. With the exception of habitat grants, financial assistance appears to be distributed broadly across the state, with funding patterns for individual programs loosely reflecting the sector that they target. Larger agricultural programs such as EQIP and CRP are most active on the east side of the mountains, while timber incentives such as the Forest Reserve Enhancement Programs provide most awards in southwest and western Washington. Over 75% of the land enrolled in tax relief programs is ag

land east of the Cascades, although nearly three-quarters of PBRS programs are in western Washington counties. There is no clear pattern of any geographic area being favored.

2. Habitat grant programs have a higher percentage of awards in the more populous areas of the state, perhaps because populated areas such as the central Puget Sound tend to have a larger and more active complement of local groups working with landowners.
3. The flow of funding does appear to be influenced by program staff, local brokers like conservation district staff, and local groups that work with landowners to apply for funding. In areas where there are particularly active and enterprising local groups or conservation districts, such as in Whatcom County, it is common to see a higher concentration of funding.
4. Most statewide habitat grant programs also appear to exhibit funding patterns that follow population density. The most likely explanation is that all grant programs are responsive to applicant demand, and populated areas such as the central Puget Sound tend to have a larger and more active complement of local groups working with landowners.
5. There is a healthy diversity of types of conservation activity funded by the financial assistance programs: conservation easement programs (WRP, GRP, land trusts), habitat restoration programs (CSF, WHIP, LIP), support for Best Management Practices (EQIP), and leasing programs (CREP, CRP).
6. Ecological monitoring is inconsistent among the programs surveyed. Most programs have some level of implementation monitoring (whether or not a project was completed) and are able to measure the acreage of habitat protected or restored, but few have a way of measuring the biological effectiveness or ecological results of funded projects. Several programs have recently developed – or are in the process of developing – evaluation protocols, but these will take time to generate measurable results.

Broad interpretations, musings, and conjecture

1. Few if any of the programs are offered at a scale that is commensurate with potential need. The best funded of the ag financial incentive programs has an annual budget of \$73 million, an impressive level until it's compared against the 15 million acres of potentially eligible agricultural land in Washington state. Most incentive programs are funded at pennies per acre of eligible land.
2. At current funding levels, there are likely to be more cost-effective alternatives to distributing funding than doing so on demand, a common practice with many existing programs. Until funding levels increase, it may be more effective to focus on specific landscapes, landowners, or incentive types to maximize the benefits of limited funding.

3. Conservation incentives that rely on market forces – market incentives, certification, and conservation banking – may have the greatest potential for scaling up to meet total needs because they spread the cost of conservation to markets and consumers. While they are few in number and not well supported at the moment, they have excellent potential for promoting biodiversity.
4. A more strategic approach to targeting incentives would also require a more consistent way to evaluate benefits to biodiversity. Conservation incentive programs vary in geographic scope, eligible activities, clientele and partners, and it would be useful to have clearer criteria to determine which are most important for biodiversity. In addition, some consistency in monitoring procedures among programs would ensure that promised benefits are actually delivered.
5. Most programs seem to depend on direct contact between the landowner and the incentive program sponsor (or a broker like the conservation district), and are highly dependent on the enthusiasm and availability of program staff. It is unfortunate that landowner access to programs is so dependent on the quantity and quality of program staffing. At the same time, the popular idea of “one-stop shopping” does not seem to reflect the reality of how these services are delivered.
6. The bewildering variety of incentive programs does not bode well for a landowner looking for an incentive program, or even an agency staff person trying to connect a landowner with the right program. This seems to be both a communications and a program design issue.

5. Possible Next Steps for the Biodiversity Council

There is a large and growing commitment to conservation incentives on the part of government agencies and private organizations in Washington and there is every reason to be confident about their contributions to restoring and preserving biodiversity in the future. There are a few things that could be done to accelerate progress towards this goal.

Refine the role of incentives in the statewide biodiversity strategy: Given the voluntary nature and modest funding levels of incentive programs, it is best not to rely on them for preservation of critical habitats or landscapes. Nor does it make sense to invest in incentives on land that is destined to quickly convert to other land uses. Incentives should serve as a complement to other management tools such as land acquisition, refuge management, and growth management, used where their contributions can have the most influence on voluntary, long-term stewardship. Developing a more strategic approach to the use of incentives would be a good short-term project for the Council.

Maximize the effectiveness of current programs: The key first step in maximizing effectiveness is to determine how to measure it. This requires criteria for

evaluating benefits to biodiversity with metrics that allow the prediction of benefits and measurement of the performance of completed incentives. Based on these evaluative tools, the Council could work with program providers to focus funding on locations, partnerships, and project types that are most likely to succeed. These tools might also allow the Council to evaluate the incremental benefits of increased funding when applied to a variety of programs and projects, a useful way to prioritize funding requests.

Investigate market-driven approaches to scaling programs up: As indicated previously, market-driven tools are the most promising for getting quickly to the scale of the conservation need, which encompasses virtually every private land parcel in large areas of the state. Several groups and agencies are developing models for conservation banking, certification, and other market-driven methods and the Council may want to evaluate these models to determine which are most adaptable to the biodiversity strategy.

Work on delivery mechanisms that ensure access: This brief analysis indicates that the delivery mechanism plays a crucial role in the effectiveness of incentive strategies. There is a delicate balance between wholesale work on funding, program development, and research and development and the retail delivery of direct services that needs careful thought. A fully centralized model (“one-stop shopping”) probably works no better than the fully decentralized approach this is in current use, and the Council may want to give serious thought to a hybrid that achieves the best of both models.

Appendix A: Table of New Non-Financial Incentives

See attached Excel spreadsheet.

Appendix B: Results from Detailed Assessment of Financial Assistance Programs (Task C)

See attached Excel spreadsheet.

Appendix C: Detailed Assessment of Non-monetary Assistance Programs (Task C) – Conservation Districts, Watershed Stewards, Land Trusts

Conservation Districts

Washington's 48 Conservation Districts (CDs) are the state's principal providers of technical assistance for agricultural landowners. These quasi-governmental special purpose districts, organized loosely by county boundaries, have close relations with many landowners and are often a trusted source of advice and assistance.

Organization and funding: CDs receive funding for program activities through a variety of sources, mainly direct grants from the Washington State Conservation Commission, special purpose district assessments, and other federal and state grants. Data from a 2001 fiscal survey of Washington CDs highlights the following characteristics:

- They employ between 2 and 13 staff, averaging about 5.
- Revenue ranges from under \$50k to several million, about half of it from a variety of Conservation Commission grant programs.
- 9 Conservation Districts use a special purpose assessment to generate additional revenue.

Activities and accomplishments: Outreach and assistance activities vary broadly by CD and are left largely to the discretion of local staff and program partners. Because they have a local presence and ties to the community, the CDs provide much of the on-the-ground technical assistance for NRCS programs such as CREP and CRP. The extent ties with FSA and NRCS staff depend on the district; most share offices with them and the balance of work in promoting farm plans or the Farm Bill programs (EQIP, CRP, WRP, WHIP) divides itself in different ways by district. The CDs enroll participants or help administer a variety of additional programs, including state landowner and forest stewardship incentive programs, salmon recovery board funding, and CREP. They often apply as fiscal agents on behalf of landowners to state and federal financial assistance and grant programs.

The Conservation Commission runs several grant programs that funds CDs' programmatic activities and project implementation. For example, the Water Quality Implementation Grant Program passes funds to the districts to participate in watershed planning and coordinate water quality monitoring activities for high priority water quality problems – including outreach activities, and technical and financial assistance to landowners for implementation of best management practices.

Several of these grant programs compile information about the results of CD technical assistance. For example, in a single year of the Water Quality implementation program (\$3.3 million in grants to districts), participating CDs recorded the following outcomes:

- 236,000 contacts with individuals (including indirect contacts such as mailings and meeting attendance)

- 762 contacts with individuals initiating conservation practices on their own
- 1,280 individuals taking advantage of district technical assistance
- 703 conservation / farm plans completed
- 1,208 cooperating landowners implementing BMPs
- 748,000 acres removed from groundwater pollution as a result of BMPs
- 725 stream miles protected through BMPs

Watershed Stewards

A variety of local governments, Washington State University, and the Washington Department of Fish and Wildlife all have some form of Watershed Steward program. These programs vary from agency to agency, but all stewards work with landowners and watershed planners in their basin to provide technical advice and help connect proposals with financial assistance. Three of the most visible examples of watershed stewardship programs include:

County Watershed Stewards: In the Central Puget Sound, King and Snohomish County employ watershed stewards, who respond to citizen inquiries, facilitate voluntary BMPs by property owners, implement watershed improvement projects, and maintain community partnerships. King County has 6 basin stewards and Snohomish County has 3 watershed stewards. In Snohomish County's 2003 annual report, the stewards reported a budget of \$734k and listed the following accomplishments:

- 2,949 responses to technical assistance from landowners
- \$229,848 of volunteer support generated (approx 20,000 hours)
- Supported the implementation of 156 citizen-based watershed projects.
- Contracted with the Snohomish Conservation district to provide outreach to agricultural landowners.

WSU Watershed Stewards: WSU Cooperative Extension runs several watershed steward programs in collaboration with King, Pierce, and Clark Counties. These programs provide a curriculum of watershed stewardship classes for interested landowners, teaching them about watershed ecological processes and restoration techniques. In exchange, participants commit to invest 50-300 hours of volunteer time in community watershed projects from planting and invasive removal to cleanup and landowner outreach.

WDFW Watershed Stewards: Washington Department of Fish and Wildlife employs 14 Watershed Stewards to provide technical assistance and interagency coordination in watersheds around the state. These biologists work principally with watershed planners and stakeholder agencies, providing technical review of plans, technical assistance identifying and implementing restoration projects, and help linking projects and planners with the appropriate sources of technical assistance.

Land Trusts

The 32 land trusts in Washington play a variety of roles in the conservation landscape, including:

- Providing technical assistance to landowners in obtaining conservation easements,
- Raising funds or serving as a conduit for financial assistance from major donors, foundations, government grant programs to purchase easements,
- Serving as long-term stewards to protect and restore trust lands,
- In some cases, acting as lead brokers and fundraisers in multi-agency partnerships to preserve large properties of regional importance, which often end up in public ownership.

All land trusts are nonprofits and all use conservation easements acquisitions to preserve land; beyond that, they differ widely in size, geographic scope, revenue sources, and scope of activities. Washington's land trusts have been established to address several types of conservation needs:

- Larger trusts focused on landscape-scale preservation and properties of regional importance (Cascade Land Trust, Columbia Land Trust),
- Local trusts with a portfolio of residential easements and small greenspaces in areas undergoing rapid development (Bainbridge Land Trust, Capitol Land Trust, Whidbey-Camano Land Trust),
- Trusts focusing on preserving ag or forest land uses (Skagitonians to Preserve Farmland, Pacific Forest Trust, PCC Farmland Fund).
- Trusts set up to oversee recreational greenways (Tapteal Greenway, Yakima Greenway),
- National or regional trusts with field offices in Washington (TNC, TPL)

According to the Land Trust Alliance's 2003 Land Trust Census, Washington Land Trusts had preserved a total of 84,741 acres (cumulatively), of which 34,077 was in conservation easements. The Census also reported that the total acres under conservation in the Northwest had increased over 100% between 1998 and 2003. Of the State's 32 land trusts, 18 are focused on the Puget Sound, 10 in Central and Eastern Washington, and a handful on the Pacific Coast and Lower Columbia. The Cascade Land Conservancy has 20 paid staff, while several of the smaller trusts have a single paid staff person.

Several land trusts at a glance:

Cascade Land Conservancy is the largest land trust in Washington. In 2003, they helped protect nearly 10,000 acres of habitat. Their focus now is mostly larger parcels of regional importance, such as large tracts of forestland. They fund their projects with a combination of member donations, government grants, and creative land agreement such as transfer of development rights.

Capitol Land Trust is a small, new, but successful land trust based in the Olympia area. In 2004, they completed 6 projects, including 4 conservation easements, preserving a total of 178.5 acres. Their operating budget is under \$200k (they have a staff of two), but their capital activities involved over \$1.8M in grant funding. They were also engaged in restoration activities on their properties. They have preserved a total of 11 properties to date.

Columbia Land Trust is one of the larger land trusts in the state with a staff of 8. In 2004, their accomplishments included:

- Conservation of 1,600 acres, a 34% increase in lands conserved.
- Restoration and stewardship of over 4,000 acres of critical habitat.
- Grant funding totaling \$1,300,000 for conservation and restoration of land.

Appendix D: Other Types of Incentives: Certification and Marketing Programs, Recognition Programs, and Conservation Banking

Certification and Marketing Programs

Overview of programs in Washington

Market incentives and certification programs attempt to get the market and consumers to recognize the added value of sustainable and conservation-minded production. There are a variety of these programs, but they are still incipient in Washington. Consensus among program managers is that success will depend on an increased willingness among retailers and consumers to pay a premium for certified products. Once there is a market for conservation-friendly products, producers will have an incentive to enroll. Interestingly, the bulk of efforts at certification have been from the nonprofit sector. Local, state, and federal agencies have played a role in encouraging direct marketing, but so far have not focused directly on conservation goals, perhaps out of an unwillingness to give one sector of the ag or timber community preferential treatment.

One area where there appears to be a gap in market incentives and certification programs is for the business community. There are a variety of programs to certify businesses for energy efficiency and green building, but so far little effort to certify them for habitat conservation.

Certification for timber landowners: Forest Stewardship Council and Sustainable Forestry Initiative

One of the oldest and best-known certification programs is the Forest Stewardship Council. This program is well established in Europe and parts of the developing world, but is only just beginning to take hold in the US. One of the challenges with this program is that certification for a landowner can cost up to several thousand dollars per year, making it prohibitive for all but larger timber companies. One creative effort to make this certification program available to smaller landowners is through a nonprofit called Northwest Natural Resource Group, which operates as a cooperative to amortize the costs of certification. NNRG pays the FSC certification costs each year and in turn becomes licensed to certify multiple individual landowners, significantly reducing costs for participating landowners. At this point, the organization has certified several thousand acres, but its goal is to have 60,000 acres under FSC certification by the end of 2007.

The timber industry has also initiated its own program, the Sustainable Forestry Initiative, which certifies producers who have developed timber management plans. There are currently over 136 million acres enrolled in the SFI program nationwide.

According to WDNR's Small Forest Landowner Office, the outlook for timber certification programs has brightened with the recent popularity of LEED building certification, which awards points for sustainably harvested timber. This year, state legislators passed a bill requiring that all new state buildings be LEED certified, which will create a significant market for certified wood products. In the

private sector, the retailer Home Depot recently announced that they would begin requiring suppliers to provide certified timber.

Certification for ag landowners: Organic foods and Salmon Safe

There have been many attempts to support local, small farm, or sustainable agriculture through certification programs. The most successful to date has been the organic certification movement, which provides some benefits for biodiversity. Most attempts at direct marketing for farm products have focused on connecting local producers to urban and suburban markets (the Puget Sound Fresh program, local farmers markets, and Community Supported Agriculture programs) without an explicit focus on conservation activities. Recently, the nonprofit Farming and the Environment has been working to establish a Stewardship Farmers Market. The nonprofit Salmon-Safe has just established a program in Washington to provide green labeling for ag landowners using salmon-friendly farming practices in riparian areas.

Recognition Programs

Overview of programs in Washington

There are many programs in Washington that recognize landowners for conservation achievements, but most are informal. For example, a conservation group or industry association recognizing a landowner who has made outstanding contributions to local conservation efforts. Sometimes these awards are accompanied by cash. For example, every year the nonprofit Farming and the Environment offers a \$2500 Vim Wright Stewardship Award for a Washington farmer who has been a pioneer in conservation and stewardship. There are also a few such programs run by local agencies, e.g. King County's Earth Heroes program.

Another type of recognition program popular with local governments are landowner skills and certification programs such as Seattle's Backyard Habitat program or WDNR's Backyard Forest Stewardship Program. Landowners complete a short course or qualify by using certain BMPs, reducing pesticide use, etc. and in exchange receive a certificate or a sign for their yard. These programs are particularly popular among urban and suburban landowners, and we have the impression that they are in fairly wide use by city and county governments.

Conservation Banking

Overview of programs in Washington

One emerging tool for rewarding conservation work on private land is conservation banking. This offshoot of wetland mitigation banking borrows many of the fundamental characteristics of wetland banks. Environmental impacts of construction on wetlands must be mitigated under state and federal regulations. Wetland mitigation banks allow the project applicant to contribute to an off-site restoration project instead of restoring wetlands on the project site. In the more complicated banks, a third party may be involved in getting the construction agency and restoration provider together, pooling "credits" that will be transferred to restoration sites, and holding credits for later release to construction agencies.

These techniques often result in larger, better located, and more successful restoration projects.

Conservation banks would apply these methods to the mitigation of a wider range of resources, including riparian and upland habitat, ESA species, and other fish and wildlife populations. The first conservation banks were developed in California in the mid-1990s and there are more than 35 in operation today.

Conservation banks are useful as incentives for biodiversity because they provide a market for restoration “products”, some of which may be produced on private lands. For instance, a road-building agency could be encouraged to contribute funding to (or purchase) restoration work on a privately owned farm or forest parcel instead of mitigating habitat or species impacts on the road project site. Conservation banking has the potential of turning resources that have been previously viewed by many rural landowners as liabilities, such as wetlands, sidechannels, and stream buffers, into assets to be restored at a profit.

There are several wetland banks in operation or under development in Washington State and the Department of Ecology has recently released draft rules that liberalize their use in mitigation of wetland impacts. Conservation banks for terrestrial species are in active use elsewhere in the country but none have been permitted in Washington State. However, the leaders of the Puget Sound Shared Strategy, a group working on a salmon recovery plan for the Sound, have adopted conservation banking as an element of their funding strategy and it seems likely that there will be further action on this promising concept in the coming year.

Appendix E: Contacts and Resources

Contacts/Interviewees

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