Practical Guide:

Incentives to Help Meet Priority Shoreline Restoration and Protection Objectives

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Dean Patterson, Heather Trim, and Tim Trohimovich
Futurewise

This practical guide is one of a series of guides addressing protection of shorelines in the Puget Sound region.

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Executive Summary

Shorelines of the Salish Sea basin are fragile narrow ribbons that support our marine ecosystem in vital ways, from serving as the nursery areas for many aquatic species, to being the migration corridor for outgoing juvenile salmon and the sources of land-based nourishment to the water. In 1972, citizens in Washington State passed a referendum which adopted the Shoreline Management Act. The Act is designed to guide the management and use of shorelines of the state while protecting its natural resources and allowing for responsible development and public access. Under the Act, cities and counties in Washington are required to adopt, update and implement local Shoreline Master Programs (SMPs), which are land use policies and regulations designed to manage shoreline use.

Importance of incentives

The success of shoreline management depends on both the quality of each SMP and the ability of local jurisdictions to implement their SMPs. Cities and counties have been increasingly under financial pressure resulting in staff cutbacks and lack of funding for technology upgrades, on-the-ground restoration work, and enforcement. Streamlining innovative techniques, providing quick easy tips, and sharing lessons learned are ways to help enhance local implementation of SMPs.

One essential element in facilitating the transition towards less environmentally damaging shoreline activities and towards improving already degraded shoreline areas is a coherent and favorable framework for influencing property owners to recognize and value environmental shoreline stewardship. Within such a framework, it is important that governments and property owners act in a coherent way while seeking to improve shoreline conditions and rewarding environmental stewardship. Incentives can be used to preserve natural areas and motivate stewardship and can be especially helpful to increase the amount of shoreline restoration. Many existing restoration efforts already incorporate the use of incentives, and these techniques and others could be leveraged to significantly increase the acreage of preserved and restored areas within local jurisdictions.

This guide and toolkit

To assist and inform the use of incentives for stewardship, better knowledge on incentives is required and a reliable basis for assessing performance needs to be developed. With this in mind, Futurewise, with funding support from Washington State Department of Fish and Wildlife through the Environmental Protection Agency, developed this practical guide and incentives toolkit to assist with and to increase the use of incentives in protecting and restoring shoreline ecosystems.

Methodology

The approach in developing this guide and toolkit has been a combination of literature review and expert consultation through interviews. The literature review involved a review of existing incentive approaches from around the world. This process identified a variety of incentives in use in Washington State, other areas of the US, or internationally. The data on incentives and views from literature were then enriched through Puget Sound stakeholder interviews with local planners and state and federal agency staff. 29 incentives are presented in the toolkit.

Key Findings and Conclusions

This study was structured around a series of research questions. Our findings are set below, under these questions, although some have been grouped together to aid clarity.

What is the nature of behavior change and actions induced by incentives?

- *The process of behavior change is complex and can start with small changes but lead to larger scale process changes.*
- *Transparency about regulation or standards can either drive systemic change or be an obstacle.*
- *Shoreline restoration improvements are often costly and return on investment is longer term, but financial incentives can help reduce these barriers.*

Which incentives have the largest potential to increase environmental protection and restoration on our shorelines by property owners?

While regulation remains an important driver of environmental behavior for many property owners, its effectiveness can be enhanced with incentives. Financial incentives are clearly important as well as those that increase awareness.

In a review of the 7 funding tools and 22 incentives included in this toolkit, the most effective existing and potential tools and incentives for shoreline private property owners appear to be those listed below. Tools and incentives highlighted in orange are currently underutilized or undeveloped and offer strong promise:

- *Shellfish Protection District*
- ***Conservation District***
- ***Lake and Beach Management District***
- ***Lower Interest Loans***
- *Restoration Auctions*
- ***Offering Local Award Funding***
- ***Current Use Tax Assessment and Public Benefit Rating System***
- *Tax Reduction for Restoration Improvements*
- *Tax Incentive for the Donation of Land or Conservation Easements*
- ***Restoration in Trade Established in Code***
- ***Permit Process Streamlining or Waiving Fees for "Green Projects"***
- ***Technical Assistance and Education Programs***
- ***Recognition, Awards or Certification Programs (e.g., Green Shores for Homes)***

In addition to those above, there is an additional suite of incentives, many of which are underutilized, which are effective for public lands or large private holdings:

- ***Conservation Futures Tax***
- ***Flood Management Tax District***
- ***Park and Recreation District***
- ***Conservation Reserve Enhancement Program (CREP) - stewardship and cost share program***
- ***Grant awards***

What are the success factors for effective incentives?

Design features of incentives that help improve their effectiveness in terms of property owners and local governments improving the environmental performance of shorelines include:

- *There is no "one size fits all" incentive.*
- *Financial incentives are most effective when they are simple and the benefits are tangible and rapid.*
- *Marketing is key to success – many incentives are unknown to potential users.*

What are the obstacles for taking advantage of incentives?

- *Financial footing for local and state governments is still not ideal.*
- *Difficulty in accessing financing is an issue and has intensified with the recent economic crisis.*
- *A financially challenging environment makes it difficult for local governments to raise taxes to fund restoration and protection projects.*

Current and Potential Funding Tools and Incentives (toolkit)

	Incentive Name *Current and potential incentive programs*	**Suitable for armor removal?** Yes or No	**Available for use on private and/or public land?** Private and/or Public	**Local staff resources to implement incentive?** High, Med, Low	**Extent of current use in Puget Sound?** Widespread, Limited, None
	Funding Tools				
	Conservation Futures Tax	Y	P/Pr	L	W
	1% Conservation Area Real Estate Excise Tax (REET)	N	Pr (P limited)	L	L
	Flood Management Tax District	Y	P/Pr	M	W
	Shellfish Protection District	Y	P/Pr	L	W
	Park and Recreation District	N	Pr (P limited)	L	W
	Conservation District	Y	P/Pr	L	W
	Lake and Beach Management District	Y	P/Pr	L	L
	Financial Incentives				
	Federal Tax Credit	Y	Pr	L	N
	Current Use Tax Assessment and Public Benefit Rating System	Y	Pr	L	W
	Tax Reduction for Restoration Improvements	N	Pr	L	L
	Tax Incentive for the Donation of Land or Conservation Easements	N	Pr	M	W
	Conservation Reserve Enhancement Program (CREP) - stewardship and cost share program	Y	Pr	L	W
	Agricultural Conservation Easement Program (ACEP) Wetland Reserve Easements - stewardship and cost share program	Y	Pr (P limited)	L	W
	Forestry Riparian Easement Program (FREP) - stewardship program	N	Pr	L	L
	Direct Funding	Y	P/Pr	M	W
	Offering Local Award Funding	Y	P/Pr	M	L
	Packaged Proactive Funding	Y	Pr (P limited)	H	L
	Lower Interest Loans	Y	Pr	M	N
	Grants Awards (e.g., federal, state grant programs)	Y	P/Pr	L	W
	Restoration Auction	Y	P/Pr	L	N
	Non-Financial Incentives				
	Technical Assistance	Y	P/Pr	H	W
	Education Programs	Y	P/Pr	H	M
	Recognition, Award, or Certification Programs	Y (indirect)	P/Pr	M	L
	Permit Process Streamlining or Waiving Fees for "Green Projects."	Y	P/Pr	L	N
	Regulatory Transfer of Restoration Credits for Later Mitigation	Y	Pr	L	L
	Legislative Rolling Easements or Erosion Easements	Y	P/Pr	L	N
	Restoration In Trade for Projects	Y	P/Pr	L	L
	Restoration In Trade Established in Code	Y	P/Pr	L	L
	Safe Harbor Agreements	Y (indirect)	Pr	H	L

FUNDING TOOLS		
Conservation Futures Tax A Conservation Futures Tax is a special property tax that can be used to acquire land and maintain and often restore that land for conservation purposes.	**1% Conservation Area Real Estate Excise Tax (REET)** A 1% Real Estate Excise Tax (REET) for Conservation Areas is a special tax on property sales, which can be used for purchase of land or easements and maintenance for conservation.	**Flood Management Tax District** A Flood Management Tax District is used to prevent or repair damage due to flooding through land acquisition, restoration, and levee setbacks, funded by a special property tax and other fund sources.
Shellfish Protection District A Shellfish Protection Districts is a special district that addresses water pollution sources and can do some types of restoration work related to shorelines to improve water quality and conditions for shellfish growing.	**Park and Recreation District** A Park and Recreation District is a special district, which may or not be funded with a tax, that focuses on parks and their facilities and can acquire ecologically important shorelands.	**Conservation District** A Conservation District is a special district, funded in a variety of ways that conducts activities to protect air and water quality for farms, natural resource lands, and other lands, and can conduct restoration work.
Lake and Beach Management District Lake and Beach Management District are special districts, funded by local taxes or fees, set up to protect lakes and beaches, usually focusing on aquatic weed control but can be extended to do restoration work.		
FINANCIAL INCENTIVES		
Federal Tax Credit A Federal Tax Credit is a direct reduction of taxes owed, whether for income, estate, excise or other tax.	**Current Use Tax Assessment and Public Benefit Rating System** A Public Benefit Rating System program gives a landowner a property tax reduction if they agree to steward and preserve some of their land as open space.	**Tax Reduction for Restoration Improvements** A Tax Reduction for Restoration Improvement provides for future tax reductions for voluntary conservation improvements.
Tax Incentive for the Donation of Land or Conservation Easements A tax incentive for a donation of land or conservation easement is available to landowners who are willing and able to make such donations.	**Conservation Reserve Enhancement Program (CREP) – stewardship and cost share program** The Conservation Reserve Enhancement Program (CREP) provides cost-share and restoration auction funding for restoration work as well as stewardship funding to encourage beneficial practices for help improve water quality by restoring riparian areas along streams.	**Agricultural Conservation Easement Program (ACEP)- Wetland Reserve Easements. (Formerly Wetland Reserve Program (WRP)) – stewardship and cost share program)** The Wetland Reserve Easement Program obtains easements and provides funding and cost-share funding for restoration of wetlands.
Forestry Riparian Easement Program (FREP) – stewardship program The Forestry Riparian Easement Program (FREP) is a conservation easement program for small landowners that produce timber, providing compensation for trees required to be left next to streams, wetlands, seeps, or adjacent unstable slopes.	**Direct Funding** Direct funding – the use of budgeted funds or general funds – by organizations or agencies is a way to directly fund projects or provide financial incentives to property owners to do desired restoration or protection work.	**Offering Local Award Funding** A program offering local award funding, typically small awards, is an approach to directly promote restoration activities by landowners in targeted activities through cost-share, small grants or other financial tools.

Packaged Proactive Funding Packaged proactive funding for restoration projects is an effective way to quickly leverage partnerships and funding from multiple sources to do high ecological value projects, often on private land, when opportunities arise	**Lower Interest Loans** Lower interest long-term loans (15 to 30 years), funded by tax exempt nonrecourse revenue bonds, revolving loans, or a loan loss reserve program, are provided to property owners to replace bulkheads with soft shore stabilization measures and enhanced shoreline habitat.	**Grants Awards (e.g., federal, state grant programs)** A grant award is a significant amount of funding received by an entity to perform preservation or restoration work and is often available to support work on shorelines.
Restoration Auction A restoration auction is a program in which landowners bid for grants to conduct restoration work.		
NON-FINANCIAL INCENTIVES		
Technical Assistance A technical assistance or education program increases awareness of landowners about science, regulations, and opportunities related to shoreline protection and restoration.	**Education Programs** An education program increases awareness of landowners about science, regulations, and opportunities related to shoreline protection and restoration.	**Recognition, Award, or Certification Programs** A recognition, award, or certification program is a public acknowledge of a landowner that motivates or provides positive feedback that motivates that landowner and other landowners to take additional restoration and protection actions.
Permit Process Streamlining or Waiving Fees for "Green Projects" Permit streamlining or waiving fees promotes inclusion of voluntary restoration ("green projects") in development projects by landowners in order to speed up their permitting or reduce their permitting costs.	**Regulatory Transfer of Restoration Credits for Later Mitigation** Regulatory Transfer of Restoration Credits for Later Mitigation allows banking of credit for use to mitigate future development projects, thus promoting early restoration work.	**Legislative Rolling Easements or Erosion Easements** A legislative rolling easement or erosion easement is an easement line that changes horizontally as the waterline changes due to erosion, changes in water level and other reasons.
Restoration In Trade for Projects Restoration in Trade for projects is an approach in which a small development item is allowed for a landowner in exchange for doing a significant restoration project.	**Restoration In Trade Established in Code** Restoration in trade established in code allows for reductions in requirements (such as setbacks) in exchange for ecological enhancements such as removing bulkheads.	**Safe Harbor Agreements** Safe Harbor Agreements give landowners the assurance that they will not be required to protect threatened or endangered species on newly restored land, if they do a restoration project.

Thank you

We gratefully would like to acknowledge the assistance and information provided in creating this series of guides. Shorelines and planning work in Washington State is the work of many!

As a note: We thank many people here rather than reference them in the text in order to preserve confidentiality of our interviews. While we reflect individual opinions in specific segments of the guide, the persons listed below do not necessarily support the views, findings, or recommendations of this entire document.

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Lac La Belle Management District
Solar Federal Tax Credit
King County and Thurston County PBRS
Conservation Plan Format
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CREP - Whatcom County's Welcome Valley Project
Klingel Salt Marsh Restoration, Hood Canal
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"Living with the Coast" Program: Preventing Shoreline Armor in Port Susan
Whatcom County Conservation District: Lake Terrell Dam Project
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Stewardship Network of the San Juans – Good Stewardship Awards
British Columbia Green Shores Rating Program
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Kitsap County SMP (draft) – Bulkheads and Exemptions
Pierce County draft SMP: Mitigation Transfer
South Carolina's Rolling Easements
Kirkland Restoration Incentives in SMP
Bothell Restoration Incentives in SMP
Port Blakely Tree Farms Cooperative Habitat Enhancement Agreement

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1. Incentives: Driving Improvement of our Shoreline Environment

Introduction

Shorelines of the Salish Sea basin are fragile narrow ribbons that support our marine ecosystem in vital ways, from serving as the nursery areas for many aquatic species, to being the migration corridor for outgoing juvenile salmon and the sources of land-based nourishment to the water. In 1972, citizens in Washington State passed a referendum which adopted the Shoreline Management Act. The Act is designed to guide the management and use of shorelines of the state while protecting its natural resources and allowing for responsible development and public access. Under the Act, cities and counties in Washington are required to adopt, update and implement local Shoreline Master Programs (SMPs), which are land use policies and regulations designed to manage shoreline use. The Washington Department of Ecology (Ecology) is charged with assisting local governments in carrying out the Act and with approving locally adopted SMPs. In recent years, local jurisdictions have been updating their SMPs to incorporate new guidelines developed by Ecology in 2003, new science, and local priorities and information.

The success of shoreline management depends on both the quality of each SMP and the ability of local jurisdictions to implement their SMPs. Cities and counties have been increasingly under financial pressure resulting in staff cutbacks and lack of funding for technology upgrades, on-the-ground restoration work, and enforcement. Streamlining innovative techniques, providing quick easy tips, and sharing lessons learned are ways to help enhance local implementation of SMPs.

One essential element in facilitating the transition towards less environmentally damaging shoreline activities and towards improving already degraded shoreline areas is a coherent and favorable framework for influencing property owners to recognize and value environmental shoreline stewardship. Within such a framework, it is important that governments and property owners act in a coherent way while seeking to improve shoreline conditions and rewarding environmental stewardship. Incentives can be used to preserve natural areas and motivate stewardship and can be especially helpful to increase the amount of shoreline restoration. The need for on-the-ground restoration to help recover the health of the Puget Sound ecosystem is well documented (Schlenger, et al., 2011). Many existing restoration efforts already incorporate the use of incentives and these techniques and others could be leveraged to significantly increase the acreage of preserved and restored areas within local jurisdictions.

To assist and inform the use of incentives for stewardship, better knowledge on incentives is required and a reliable basis for assessing performance needs to be developed. With this in mind, Futurewise, with funding support from Washington State Department of Fish and Wildlife through the Environmental Protection Agency, developed this practical guide and toolkit to assist with and to increase the use of incentives in protecting and restoring shoreline ecosystem.

Research questions

The primary purpose of this practical guide and toolkit is to improve understanding of the types of incentives available for *local* governments for shoreline protection and restoration projects that will improve shoreline

ecosystems. Underlying questions are related to understanding how the different incentive tools work, what are the factors in their success and failure, what can be learned from other communities that have adopted them, how do incentives relate to the regulatory reality, the potential application of incentives, and specifically how can this inform a local government's role under the Shoreline Management Act to achieve no net loss and meet restoration requirements.

Specific research questions answered in this guide are:

- What are the different types of incentives available to local governments to improve shoreline ecosystems?
- What are the success factors for effective incentives?
- What is the nature of change induced by incentives?
- What type of measures (preventative, protective, restorative, maintenance) do the incentives trigger?
- Which incentives are more likely to drive continuous improvement instead of on-off actions?
- What obstacles/disincentives for adopting an incentive or improving environmental performance can be identified?

Methodology

Step 1: Literature review

Literature review

To provide a comprehensive list of existing incentives, we researched and analyzed a range of key reports and articles in this field. The general insights and conclusions from this review make up our incentives and case study reports.

Database of incentives

The comprehensive literature review enabled the creation of a database of over 29 incentive approaches.

Step 2: Verification and gap filling

In order to verify the findings from literature review and attempt to fill any gaps in the information on each incentive, we carried out expert and stakeholder interviews with those aware of, and involved in, these incentives.

Consultation interviews

We carried out interviews with different types of stakeholders from local government planning staff to federal, state and conservation organization staff to learn about:

- Their experience with regard to key elements and drivers for property owners and local governments to implementing incentive tools;
- Their opinions and experiences with incentives and why it would or would not be most effective; and
- Success factors and barriers to adoption and/or implementation of incentive tools.

Step 3: Analysis

This step consisted of:

- Analyzing the information gathered from the interviews;
- Analyzing the information from the literature on the short-listed incentives; and
- Identifying the success factors of effective incentives;

Analysis of success factors

Key success factors of the different incentive types have been identified from the interviews and the existing literature. Any factors specific to an incentive have been associated with the corresponding incentive type. The aim of the interviews was to collect insights on all of the incentive types. This was intended to enable the identification of common success factors and which factors are most important with regard to maximizing specific outcomes.

Underpinnings of incentives

Incentive – a definition: *a thing that motivates or encourages someone to do something. Alternatively it can be a payment or concession to stimulate greater output or investment* (Oxford English Dictionary).

Incentives seek to encourage an outcome through application of a reward – the proverbial "carrots." In contrast, regulations seek to encourage an outcome through application of a rule -- the proverbial "sticks." Thus incentives are usually considered a good thing. They can accomplish things that regulations alone may not be able to accomplish. Specifically, they can accelerate the Shoreline Management Act (SMA) goal of restoring ecological functions to areas that have been historically degraded.

Basic characteristics of incentives include:

- ***Incentives give one thing for another***. An incentive entices, encourages or motivates one party to do something another party wants.
- ***Incentives are voluntary.*** Since incentives are an offering of something to obtain something, they are inherently voluntary.
- ***Incentives have no inherent purpose***. Purpose must be provided by the adopter of the incentive.

Lessons from elsewhere

In the development of this paper we reviewed national and international incentive assessment studies. Some of them are described below to provide context for the recommendations later in this document.

Summary of American programs. Of particular use in identifying various incentive programs was Defenders of Wildlife's 2002 *Conservation in America: State Government Incentives for Habitat Conservation* (George, 2002). In addition to the specific incentives in Washington State, the document provides insight into a wide variety of incentives found around the nation which could provide models for Washington.

Comparison of International programs. Between 2000 and 2005, the Australian government and research community did extensive research on the use of incentives for environmental purposes. This assessment provides a consolidated source of material that is well organized, provides practical guidance, and is written for non-experts.

One key report that came out of that work was a guide titled, Choosing *Between Incentive Mechanisms for Natural Resource Management: a practical guide for regional NRM bodies in Queensland* (Comerford and Binney, 2005). This short document provides useful information including:

- A concise description of the thought process for choosing an incentive to address a particular problem; summarized in more detail below.
- A description of a number of different types of incentives.

- A summary table of different incentives with side-by-side comparisons.
- Useful bibliography references to assist in a broader bibliography search.
- Some tips on choosing an incentive for a specific situation.

Their recommended approach for developing incentives to solve a specific problem is to think through these steps:

- *What is the problem and what is the desired change?* Is the problem in a particular area or widespread? Is the source of the problem diffuse or can it be pinpointed?
- *What is the current management situation and what needs to be changed?* Is there a substantial amount of biophysical information about the problem?
- *Who is the target audience for an incentive?* Are there many or few potential participants?
- *What are the basic responsibilities of individual landholders and the community?* Is the desired condition in excess of that?
- *Is there capacity to design and deliver the incentive, including staff time, funds, access to resources?* Is there a set funding timeframe?

When these characteristics of the situation are understood, one can begin choosing incentive options that can solve the problem.

Addressing human behavior related incentives

Another useful article is Stephanie Stern's *Encouraging Conservation on Private Lands: A Behavioral Analysis of Financial Incentives*, from the *Arizona Law Review* (Stern, 2006). This article summarizes a number of problems with the typical manner of implementing incentives, recommends changes to improve them, and provides useful bibliographic references. Some of the key findings are:

- ***Financial incentives are good***. Regulating to conserve or enhance conservation values has limits. Efforts to change attitudes toward conservation do not necessarily change behavior. Financial incentives have the opportunity of changing people's behavior more readily than changing their attitudes toward conservation. But incentives must be carefully crafted to overcome their inherent limits. They also cannot take the place of regulations and often a combination of regulations and incentives is the most effective approach.
- ***There are distinct audiences***. Understanding landowners' attitudes is critical for designing incentives and marketing them. This can range from agricultural owners who hold a more utilitarian attitude toward the land, to wealthy second home owners and recreationists who hold a more "nature for nature's sake" attitude.
- ***Need to consider actual motivators.*** To be most effective, incentives must be designed to account for human behavior and use measures that actually motivate people over the long term.
- ***Continue payments over time.*** Most financial incentives focus on a single payment, often up-front, for a defined period. Over time the effect of the incentive decreases, increasing the chance that the desired behavior stops or is reduced. To address this:
    - Design incentives to reinforce the desired action by periodic payments over the relevant time period.
    - Recognize that upfront payments fail to reinforce behavior, and invite opportunism by cheaters.

    - Build in repetition because new purchasers have little commitment to the behavior without additional incentive payments.

- ***Need to ensure that the incentive doesn't squash voluntary actions***. One concern with financial incentives comes from the fact that some desired behavior is voluntary. If financial incentives pay for that behavior, it may tend to crowd out the voluntary impulse. If a voluntary behavior becomes a paid behavior, then when the payment stops there is a likelihood that the voluntary behavior will fail to re-establish. However, the crowd-out effect is small for many audiences.
- ***Don't go too big.*** Incentives should not be too large or they become psychologically perceived as the sole motivator and the personal motivator is lost. The same thing happens when the incentive imposes few stewardship requirements – personal motivators are lost. To address this, payments should be proportional to behavioral costs and performance; or alternatively, competitive bidding can be used to arrive at the correct payment amount.
- ***Take a positive approach***. A voluntary impulse may be crowded out if the program is based on a negative or mistrustful perspective – failure reduces one's voluntary impulse. Therefore, it is best to ground incentives in positive performance feedback and voluntary choices that are reinforced by the program's administrative style and feedback.
- ***Include social marketing***. Ensuring high levels of participation in conservation programs requires effective "social marketing" of incentives. Specifically, if the audience doesn't know about the program it will be ineffective. Marketing generates a large applicant pool for the incentive to draw the best outcomes. Better marketing can provide better outcomes than offering bigger incentives. An example of social marketing is to provide the opportunity to associate with a representative that is held in high esteem by the target audience. The chance to serve on advisory boards could serve this function.

2. Understand the Drivers and Barriers

Decisions made by property owners around shoreline protection or restoration are subject to various internal and external drivers and barriers. These drivers and barriers influence whether an incentive will be taken and the resulting behavioral change.

Table 1. Shoreline Protection and Restoration: drivers and barriers

	Internal Factors	External Factors
Drivers	• Financial benefits • Community culture, history, norms, and leanings • Individual ethics • Operational risk	• Government, regulation/policy • Image, reputation, and associated risk • Media, NGO/Interest groups, wider society • Insurers and other financial institutions
Barriers	• Lack of finance • Culture, norms, structure, learning, and communication • Demand on personal and financial resources • Access to information/ lack of knowledge • Lack of acceptance	• Regulations • Consumer behavior/real estate buyers • Access to finance

In general, incentives complement these drivers and barriers, acting to both accentuate and empower drivers while minimizing or mitigating the influence of barriers. Their role is to change the weight of drivers and barriers as applied to the decisions property owners make. Conceptually, property owners can be incentivized to make improvements in the environmental performance of their shorelines through making the drivers more powerful, e.g., improving the potential for financial gains or offering more opportunities to be a leader in their community; and/or by reducing the barriers, for example by improving access to information or creating 'smart' regulation. In this way, incentives may help property owners to make the 'right' decision in terms of improving shoreline environmental performance.

This report examines a selection of incentives which appear to be the most promising for use in the Salish Sea region. For purposes of this report, both financial and non-financial incentives were considered.

Having discussed the main drivers and barriers to how property owners change their behavior, this section now focuses on incentives.

Incentives empower drivers and reduce barriers

The role of incentives is to change the weight of drivers and barriers in the decisions property owners make regarding their protection and restoration activities on shorelines. The idea is to empower the drivers, i.e., improve the potential for financial gains; or to reduce the barriers, for example by improving access to information. In doing so, incentives help property owners and local governments make decisions that will improve shoreline health.

What is the nature of behavior change and actions induced by incentives?

The process of behavior change is complex and often starts with small changes that lead to larger scale process changes. The behavior of individuals and organizations changes according to a dynamic interaction between internal and external drivers. Patience and a long-term approach is critical given the time horizon for securing sufficient funding, informing communities, and getting buy in.

Transparency about regulations or standards can either drive systemic change or be an obstacle to it. The outcome will depend on the level of legislation/standard foreseen, with the nature of the response driven by a combination of the options available and the attitudes of the property owner. When presented with a clear and rigorous timetable of planned environmental legislation individuals with a pro-active 'beyond legislation' attitude may well decide to change their behaviors early and radically. In the same situation, a property owner who seeks lower cost solutions may look to the least-cost compliance route.

Shoreline restoration improvements are often costly and the return on investment is longer term, but financial incentives can help reduce these barriers. Incentives which effectively reduce the payback period, e.g., grants and other economic incentives can help reduce the barriers to such investments. There are parallels here with the incentives given to encourage innovation in the private sector -- another type of investment where the returns can be long term. Financial incentives coupled with an initial outlay of private investment used to support shoreline improvement need to be shown to significantly reduce future cost to the property owner.

Data are lacking on the nature of change induced by incentives; further research would be valuable. Our literature review and consultations revealed a lack of detailed and comparable data on changes to environmental behavior brought about explicitly by incentives. It is difficult to separate out the effect of incentives from other factors that induce change. Theory, literature and consultations suggest that it varies by type of incentive and nature of property owner. The change process within individuals and organizations is multi-faceted. It can start with incremental changes and then becomes systemic. It is also affected by a wide variety of internal (e.g., community culture and ethos) and external (e.g., regulations and economic climate) factors. The lack of data and complexity involved here suggests that further specific research in this area may be beneficial.

Why incentives are needed

Local governments and property owners have increasingly been taking up a number of measures to improve the shoreline ecosystem. Many property owners and local governments are beginning to accept that improving environmental conditions has benefits such as reduced environmental risk, reduced regulation, and reduced long-term costs.

This raises the question of what makes property owners decide to invest to improve their environmental conditions. How far are they willing to go in investments of this nature? Are they willing to invest only to the

level where they can meet the minimum requirements, making only incremental changes? Or are they willing to go the "extra-mile" by investing more and making more fundamental changes? These are important questions that help our understanding of why incentives are needed and what incentive structures need to be in place to make drivers sufficiently powerful for property owners to invest in shoreline habitat protection and/or restoration.

Most effective Incentives

Which incentives have the largest potential to increase environmental protection and restoration on our shorelines by property owners?

This question focuses on the fundamental effectiveness of incentives in changing the behavior of property owners.

Regulation remains an important driver of environmental behavior for many property owners and its effectiveness can be enhanced with incentives. When regulations are effectively enforced they cause a person or organization to achieve minimum levels of environmental performance. Although many property owners are instinctively against further regulation, most acknowledge that it plays an important role in their behavior, and that it serves a necessary purpose. However, many regulations do not help achieve continuous improvement. Combining regulations with incentives can help achieve a positive cycle of improvement. For example, property owners are not required to restore or enhance their shorelines above its existing conditions. They may be incentivized, however, to improve them via a financial incentive to do so. Put another way, an effective incentive package must dovetail with associated regulatory drivers.

Financial incentives are clearly important, as well as those that increase awareness.

Success factors for effective incentives

What are the success factors for effective incentives?

These points illustrate what our literature review and consultations suggest are the design features of incentives that help improve their effectiveness in terms of property owners and local governments improving shoreline health.

There is no "one size fits all" incentive. *The list of incentives is comprehensive because local governments and other stakeholders will have to consider a number of factors in developing an approach that their communities will be receptive to and use.*

Financial incentives are most effective when they are simple and the benefits are tangible and rapid. There are a number of examples where the complexity and time lag between action and reward appears to impact negatively on an incentive's effectiveness.

Marketing is key to success – many incentives are unknown to potential users. Many incentive programs are underutilized. For example, money is left on the table in Washington State for federal Farm Bill programs in some years.

Obstacles

What are the obstacles to taking advantage of existing incentives?

Despite all the positive points discussed above, keep in mind that incentives are only one influence on behavior and there are a number of other influences and factors, which can counter their positive impact and actions taken.

Financial picture for local and state government is still not ideal. Shoreline restoration improvements often require relatively large upfront investments and are often perceived as high risk. Personal decision-making processes are typically based on protecting property value and maximizing rates of return; although environmental improvements often pay off in the medium to longer term, most people still have short term horizons for returns. Financial incentives therefore have a crucial role to play in overcoming this significant barrier. The perception, however, of long rates of return and high risk is far from being universally true. This highlights the need to maintain and increase efforts to inform individuals and organizations about the rapid returns and/or low risk investments that do exist and the ecosystem and property value benefits that are available.

***Difficulty in accessing financing is an issue and has intensified with the economic crisis*.**
Long-standing difficulties accessing the resources to finance improvements in environmental performance have increased as banks and governments continue to address economic pressures.

Challenging environment for local governments to raise taxes to fund restoration and protection projects.
Residents have often been reluctant to support tax increases. In the recent economic downturn, many local governments have had to cut staff and programs.

Cautions in using incentives in regulations

The Shoreline Management Act includes policies and requirements to protect our shorelines. The sidebar on this page outlines some of the basic requirements and practical outcomes of these requirements. Incentives provide an opportunity to support shoreline polices, and conversely should not undercut those policies (for example, by causing unintended damage). Unintended damage might occur, for example, if a jurisdiction offers incentives for better pollution and stormwater control by allowing them in a buffer.

Protection and restoration incentives need to be clearly understood as distinct from requirements to protect ecological functions. Because incentives are voluntary, they cannot substitute for protection regulations. All SMPs must protect ecological functions. This includes the use of Mitigation Sequencing – avoiding impacts that can be avoided, then minimizing the impacts, and finally compensating for the remaining impacts. Incentives for restoration cannot substitute for protection of ecological functions, nor can they substitute for mitigation sequencing. In addition, voluntary programs in general will not provide the protection adequate to

prevent a loss of ecological function. However, used correctly, incentives can provide additional enhancement of functions beyond protection regulations.

Considerations in selecting and developing the right incentive program

This practical guide aims to encourage jurisdictions to undertake development of an incentives program or programs. But doing so requires that a program be developed to implement both the start-up and operations phases of the incentives. There are a number of important elements of an incentive program that need consideration: (1) program configuration and staffing, (2) funding sources, and (3) non-financial incentive options.

SIDE BAR: Key Shoreline Management Principles

The Shoreline Management Act (SMA) limits development and alterations that are undertaken on the shorelines of the state and provides preferences for preferred uses. These provisions also affect the implementation of incentives. Below is a brief summary of basic shoreline policy and requirements.

- The SMA policy is to protect public health (including minimizing pollution), protect navigation, and protect "the land and its vegetation and wildlife, and the waters of the state and their aquatic life." Thus, development is allowed, but it must protect these characteristics. This is the foundation for the concept of no net loss of shoreline ecological functions in the Shoreline Master Program (SMP) Guidelines.
- The SMA policy requires that uses shall "minimize, insofar as practical, any resultant damage to the ecology and environment." This establishes the concept of mitigation sequencing described in the SMP Guidelines, which accomplishes no net loss by first avoiding impacts, then minimizing impacts, then compensating for impacts that remain.
- Mitigation sequencing requires that adverse impacts be avoided, and that development that can be located where it causes no or fewer impacts be placed in that location.
- The no net loss requirement includes a requirement that the SMP must fairly allocate the burden of accounting and compensating for impacts. They cannot be shifted unfairly to others not responsible for the impacts, nor can they be shifted to restoration projects that others are paying for.
- A major role of mitigation sequencing is the designation of intact areas with protective environments (such as the "Natural" shoreline environment) and to limit uses therein to those of very low intensity. These designations are applied to parts of the shoreline to help manage them. Compensating for the loss of shorelines that are performing important functions is nearly impossible, and in reality there are few opportunities to enhance fully functioning areas with compensatory mitigation.
- Vegetation provides many upland ecological functions. So establishing buffers capable of protecting vegetation is a major step in protecting ecological functions and in implementing mitigation sequencing in SMPs.
- Shoreline science shows that almost all development has impacts that need to be managed. Converting intact areas of native vegetation has impacts, as does even minor development allowed in buffers. Small buffers will not prevent all impacts, nor can applying minimization standards prevent all impacts.
- Compensatory mitigation should be provided for almost all development to offset adverse impacts.
- SMPs include a restoration element which is designed to improve shoreline habitats and functions and result in a net increase in beneficial shoreline functions.

As a note: Incentives are mentioned twice in the SMP Guidelines (See Appendix 2).

3. Incentive Tools

The following toolkit pages give descriptions of incentive programs (existing or conceptual) that can help advance the restoration objectives of Shoreline Master Programs, which are summarized in Table 2.

Guide to Toolkit Categories

In the next section of this guide, to help target the user to the best incentive approach for a program, each incentive is described in the following categories in the table on the top of each page:

- **Incentive or Funding Tool Type** (for example: Continuous funding source)
- **Purpose Used** (for example: restoration)
- **Program Approach** (for example: provide funding to others), and
- **Typical Users** (for example: counties)

These categories are described in more detail below.

Incentive Type

The incentives in this document are grouped as financial incentives or non-financial incentives. Incentive approaches have one of the two primary orientations focusing on actually *performing* restoration or acquisition projects or focusing on offering incentives to *encourage others* to undertake projects. It is possible for a program to do both equally, but almost all programs focus on one or the other. Most project programs focus on obtaining funds from existing funding sources or developing their own funding sources to pay for projects. Most programs that offer incentives focus on providing non-funding incentives, though of course funding sources to operate the program are still important.

An important characteristic of restoration and protection programs is that they usually use several specific incentives rather than just one.

Program Configuration and Staffing

Program configuration and the staff are the management activity that connects the funding source to the specific incentives that are offered. Programs can use a variety of different funding sources and use a variety of different incentive options. Below are several common incentive program configurations. In considering the program configuration, note the distinctions between the project oriented programs (the first 3), and programs that offer incentives (the last 3). This is because the choice of program configurations is strongly tied to funding and long-term staffing needs. It is possible for two or more configurations to be melded together, especially within a large program.

- **Simple Project Effort** –Generally short-lived efforts that are established for one or a limited number of projects. They are not really incentive programs themselves, but rather utilize other funding incentive programs to fund their projects. They mostly use grant or cost share funding.
  Example: Traditional restoration projects are often Simple Project Effort configurations.

- **Multi-Project Programs** – Ongoing versions of the simple project effort. They generally implement their own projects, which are often developed in a planning document. They usually use a continuous funding source, but might also use award funding from other incentive programs.

Example: Many county flood management programs and tribal fisheries programs use this configuration.

- **Spontaneous Small Project Programs** – Ongoing programs with undefined physical or purchase projects that are undertaken as opportunities arise from inquiries to or from landowners. They would usually need a continuous stream of funds, which are pooled and used as projects come along.
  Example: Rain Garden programs often use this configuration.

- **Grant and Cost Share Distribution Programs** – Acquire funds and distribute them according to certain criteria. Funds are obtained from grants and passed through the program, or distributed from a continuous funding source. Most of these programs are state and federal grant and cost share programs, but local jurisdictions can develop their own as well.
  Example: Larger federal/state cost-share programs (such as CREP) use this configuration.

- **Assistance Programs** – Some programs specialize in providing assistance, including assisting with the use of other programs. They typically do not implement their own projects, but rather focus on other incentives to encourage restoration and protection. Any funding can be used that pays for the staff to provide the assistance.
  Example: Conservation Districts provide farmers assistance with the CREP program.

- **Self-implementing Program** – Require little effort to operate once the intial set up phase has been accomplished. The operations work is usually done by agency staff in the course of their duties. There are limited incentives that can be self-implementing. A block of temporary funding is needed for start-up.
  Example: Many of the tax related programs (such as Current Use Taxation), and most of the regulatory incentives (such as permit streamlining) use this configuration.

The program's configuration drives staffing characteristics. Keep in mind that adequate staffing is needed for incentive programs - not just for the fundamental incentive work, but also for promoting the program to ensure its success. Staff duties include a promotion element that includes marketing, outreach engagement efforts, and an award/recognition effort. Even those incentives that can be operated with low staffing levels under a self-implementation configuration need to adequately marketed so they will be fully used by the target participants.

Funding source

Some incentives function with little funding and some can be implemented by adding to duties of existing staff once the program is established. The most effective protection and restoration programs, however, have consistent funding. This requires either a continuous funding source, or a concerted and successful effort at applying for award funding. Thus funding sources can be considered in two categories:

- ***Continuous Fund Sources*** are either budgeted for ongoing agency operations established by local governments or voters through targeted taxes and districts. Program developers can lobby their agency/organization for budgetary funding, which may be difficult for local governments to provide. Jurisdictions can also establish a continuous funding source through targeted taxes and districts, though that requires legislative action, which is subject to the political environment.
- ***Award Based Funding*** consists of grant, cost-share, or stewardship programs. It is a secondary level of funding that distributes a continuous fund source. For example, budgeted funds are the source of many federal and state award programs, or possibly local award programs. Funds are passed through the agency to recipients using specific program criteria and a competitive application process. Most awards

require the recipient to contribute in the form of a grant match, cost share, or restoration project proposal and implementation.

Any program configuration can work with any funding source, but certain combinations tend to be common. Programs that directly implement restoration and protection (acquisition) projects tend to use funding incentives from other programs and focus less on offering other incentives. Such programs usually need major funding and consume most of the funding incentive funds. Long-term projects tend to need continuous funding sources, though a good grant development staff can do the same using award funding. Programs that focus on non-funding incentives have lower cost and can successfully operate using smaller award funds. When funds are limited, programs tend to focus on encouraging others to do the work using non-funding incentives.

Purpose Used

Funding tools and financial and non-financial incentives (like tax breaks) have limits on how the money can be used. An early step of establishing an incentive program is to decide the purpose of the program, then potential funding sources and incentive options can be chosen. The program can have multiple purposes and approaches in different combinations, but the limits of the funding source need to be matched to the desired purposes and approaches of the program.

Funding tools and incentives in this guide focus on restoration and protection purposes.

Program Approach

The purpose of the program can be achieved using different approaches, such as acquisition of property or development rights, performing physical projects, encouraging projects by others, providing funding to others, or a combination of these. The first two tend to be used by project programs while the second two tend to be used by incentive programs. In addition, some approaches are heavily (but not exclusively) associated with a specific purpose. For example, acquisition is heavily associated with protection of intact areas; while physical projects are heavily associated with restoration of degraded areas.

Typical Users

The information about typical users is included to help program developers identify funding tools and incentives most useful to their situation.

Funding tools and incentives

In a review of the 7 funding tools and 22 incentives included in this toolkit, the most effective existing and potential tools and incentives for shoreline private property owners appear to be those listed below. Tools and incentives highlighted in orange are currently underutilized or undeveloped and offer strong promise:

- *Shellfish Protection District*
- ***Conservation District***
- ***Lake and Beach Management District***
- ***Lower Interest Loans***
- *Restoration Auctions*
- ***Offering Local Award Funding***
- ***Current Use Tax Assessment and Public Benefit Rating System***
- *Tax Reduction for Restoration Improvements*
- *Tax Incentive for the Donation of Land or Conservation Easements*

- ***Restoration in Trade Established in Code***
- ***Permit Process Streamlining or Waiving Fees for "Green Projects"***
- ***Technical Assistance and Education Programs***
- ***Recognition, Awards or Certification Programs (e.g., Green Shores for Homes)***

In addition to those above, there is an additional suite of incentives, many of which are underutilized, which are effective for public lands or large private holdings:

- ***Conservation Futures Tax***
- ***Flood Management Tax District***
- ***Park and Recreation District***
- ***Conservation Reserve Enhancement Program (CREP) - stewardship and cost share program***
- ***Grant awards***

Table 2. Current and Potential Funding Tools and Incentives (toolkit)

	Incentive Name *Current and potential incentive programs*	**Suitable for armor removal?** Yes or No	**Available for use on private and/or public land?** Private and/or Public	**Local staff resources to implement incentive?** High, Med, Low	**Extent of current use in Puget Sound?** Widespread, Limited, None
	Funding Tools				
	Conservation Futures Tax	Y	P/Pr	L	W
	1% Conservation Area Real Estate Excise Tax (REET)	N	Pr (P limited)	L	L
	Flood Management Tax District	Y	P/Pr	M	W
	Shellfish Protection District	Y	P/Pr	L	W
	Park and Recreation District	N	Pr (P limited)	L	W
	Conservation District	Y	P/Pr	L	W
	Lake and Beach Management District	Y	P/Pr	L	L
	Financial Incentives				
	Federal Tax Credit	Y	Pr	L	N
	Current Use Tax Assessment and Public Benefit Rating System	Y	Pr	L	W
	Tax Reduction for Restoration Improvements	N	Pr	L	L
	Tax Incentive for the Donation of Land or Conservation Easements	N	Pr	M	W
	Conservation Reserve Enhancement Program (CREP) - stewardship and cost share program	Y	Pr	L	W
	Agricultural Conservation Easement Program (ACEP) Wetland Reserve Easements - stewardship and cost share program	Y	Pr (P limited)	L	W
	Forestry Riparian Easement Program (FREP) - stewardship program	N	Pr	L	L
	Direct Funding	Y	P/Pr	M	W
	Offering Local Award Funding	Y	P/Pr	M	L
	Packaged Proactive Funding	Y	Pr (P limited)	H	L
	Lower Interest Loans	Y	Pr	M	N
	Grants Awards (e.g., federal, state grant programs)	Y	P/Pr	L	W
	Restoration Auction	Y	P/Pr	L	N
	Non-Financial Incentives				
	Technical Assistance	Y	P/Pr	H	W
	Education Programs	Y	P/Pr	H	M
	Recognition, Award, or Certification Programs	Y (indirect)	P/Pr	M	L
	Permit Process Streamlining or Waiving Fees for "Green Projects."	Y	P/Pr	L	N
	Regulatory Transfer of Restoration Credits for Later Mitigation	Y	Pr	L	L
	Legislative Rolling Easements or Erosion Easements	Y	P/Pr	L	N
	Restoration In Trade for Projects	Y	P/Pr	L	L
	Restoration In Trade Established in Code	Y	P/Pr	L	L
	Safe Harbor Agreements	Y (indirect)	Pr	H	L

Funding Tools

Conservation Futures Tax
1% Conservation Area Real Estate Excise Tax (REET)
Flood Management Tax District
Shellfish Protection District
Park and Recreation District
Conservation District
Lake and Beach Management District

Conservation Futures Tax

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Continuous funding source / Budgets and targeted taxes	Protection - usually Restoration - sometimes	Provide funding to others	Counties

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private and Public	Low	Widespread

What is it?

A Conservation Futures Tax is a special property tax that can be used to acquire land and maintain and often restore that land for conservation purposes.

Background and description

In 1971 the legislature authorized the **Conservation Futures** tax (in RCW 84.34.200 - 250) to allow counties to adopt a property tax to promote conservation. The program can be administered by cities, counties, metro organizations, nature conservancies and some special districts.

How high can the tax be?

The Conservation Futures tax can be up to 6-1/4 cents per $1000 of assessed value for the real property in a county (RCW 84.34.230). This levy rate, 6-1/4 cents per $1000, is not subject to the maximum levy limits in RCW 84.52.043, which means that a county does not have to worry that property tax collections of junior taxing districts will be adversely reduced due to the tax.

What can the tax be used for?

Funds raised by the tax can be used for almost any form of acquisition (full purchase, easement purchase, partial or full gifts, etc.), excluding the use of eminent domain. Tax funds can also be used for purchase and lease-back options. The tax can also fund the purchase of development rights to lands in the current use taxation program.

Can the funds be used for maintenance, operation and restoration?

Conservation futures funds can be used to maintain and operate properties acquired using Conservation Futures funds. Conservation Futures tax funds are allowed (RCW 84.34.240) to maintain any land acquired under the program. Funding is limited, however, to 15% of the Conservation Futures funds raised in the prior year for maintenance and operations of parks and recreational land. Conservation Futures funding may also be used for ***restoration*** projects on lands acquired with Conservation Futures funding. Some county programs use Conservation Futures funding to actively partner with other organizations and entities on restoration projects – especially on the acquisition step in preparation for later restoration projects (e.g., see Jefferson County projects).

How flexible is the program?

The county commission or council may establish the levy on their own. Voter authorization is not required. A jurisdiction has considerable leeway in establishing criteria for use of the funds. Many different kinds of projects have been accomplished using these funds. By far the most common use is to protect an ecologically

valuable area, such as those described below in the King and Thurston County case studies. It is worth noting that counties are encouraged under RCW 84.34.230 to use some conservation futures funding as one tool "for salmon preservation purposes." A number of counties also use conservation futures to fund their farm preservation activity, such as Skagit and Whatcom Counties. Some counties use the funds for their parks program – for example, Kitsap County.

How are the programs administered?

Conservation Futures funds are administered in a variety of ways. Most jurisdictions distribute the funds to themselves, similar to other county spending, and adopt policies, regulations, procedures and criteria for allocating funding and administering the program. Many also acquire the properties themselves. Jurisdictions sometimes have a dedicated program to manage the funds (such as in King and Thurston Counties), while some pass the funds on to another administering entity (such as the San Juan County Land Bank; see also REET funding incentive on page xx). Some jurisdictions set up programs to award funds as a grant program to others wishing to perform projects (such as King and Thurston Counties. (See also Offering Local Award Funding incentive on page xx). Still other jurisdictions use the funds less formally, allowing funds to accumulate until opportunities arise

Where the incentive works best

Conservation Futures programs are one of the most popular programs. They are almost always politically popular once they are established. They have been long lived, and they are often approved in repeated elections. For example, Spokane County voters even voted to recommend eliminating their program's sunset date. Conservation Futures programs are popular and highly recommended.

Examples of use

Most Puget Sound counties (listed below) have a Conservation Futures Tax program in place. Only Clallam and Mason Counties do not.

- **Island**: www.islandcounty.net/code/documents/ICC03.pdf. See Chapter 3.22/ 3.22A
- **Jefferson**: www.co.jefferson.wa.us/commissioners/Conservation/conservation.asp
- **King**: www.kingcounty.gov/environment/stewardship/conservation-futures.aspx.
- **Kitsap**: www.codepublishing.com/WA/kitsapcounty. See Section 4.70. Funds Park Department acquisitions, especially the major "heritage" parks.
- **Pierce**: www.co.pierce.wa.us/index.aspx?NID=1477
- **San Juan - Funds the San Juan County Land Bank:** www.sjclandbank.org; and www.codepublishing.com/wa/sanjuancounty (see funding in Section 2.120.090).
- **Skagit - Called the Farmland Legacy Program**: www.skagitcounty.net/Departments/ConservationFutures/main.htm
- **Snohomish**: www1.co.snohomish.wa.us/Departments/Executive/Information/ConservationFutures.htm
- **Thurston**: www.co.thurston.wa.us/planning/natural-res/natural-conservation-futures.htm
- **Whatcom** - Funds both the Agriculture Purchase of Development Rights program and the parks and recreation acquisition program: www.codepublishing.com/wa/whatcomcounty (see Section 3.25 and 3.25A).

Case studies

- **King County Conservation Futures Program**
- **Thurston County Conservation Futures Program**

For more info

- **Conservation Futures section of state law**: http://apps.leg.wa.gov/RCW/default.aspx?cite=84.34.200

How to start or increase the use of this funding option

How does a Conservation Futures tax get established?

The county commissioners or county council may adopt the levy on their own, without an election. A jurisdiction can take the temperature of their community before moving forward as in the case of Spokane County which included its Conservation Futures tax in an advisory ballot. The tax applies countywide, in the unincorporated area as well as in cities and towns. It can also be spent countywide. Establishing any tax program requires careful preparation. To counter the unpopularity of a new tax, a careful outreach and marketing effort for the proposed program is needed. Some jurisdictions adopting a levy before have completed an assessment of need and benefit to set forth a clear purpose and value for their community. This is essentially a planning effort to focus on the community's desires and to communicate the benefits, trustworthiness and effectiveness of a potential program.

What are the basic steps for passing and establishing a Conservation Futures levy?

1. **Strategic/feasibility analysis**. An initial strategic planning process includes a feasibility study that examines which incentive financing tools would work and whether they can pay for needed conservation work in the county.
2. **Green Infrastructure Watershed Plan.** A green infrastructure watershed plan (1) sets forth the best areas to protect and restore naturally functioning ecosystems on private and public property, (2) proposes solutions that improve water quality, (3) enhances recreation opportunities, (4) recommends implementation strategies, (5) develops a context plan for individual conservation easements, and (6) improves riparian zone protection, flood mitigation, wetland protection, and habitat value. This step helps establish goals, objectives, and best areas for performance for the Futures program, and it helps secure buy in from the community. While developing a green infrastructure watershed plan is not necessary before establishing the levy, it often helps with the public outreach effort.
3. **Public visioning.** To determine what is important to the community undertake a public visioning process to include the community in identifying goals and objectives for Conservation Futures and for presentation to county legislators or voters.
4. **Tax amount determination.** Based on the green infrastructure watershed analysis, public visioning, and discussions with county legislators, decide on the amount of tax to propose.
5. **Administration model determination.** Decide on a program configuration to administer the funds based on goals and objectives, the community context, and jurisdictional resources and capacity.
6. **Community outreach and communications plan development.** A community outreach and communications plan is important to build public support and to show how the Conservation Futures funds will be used effectively and efficiently. The perspective and orientation of the plan may be different if there will be an advisory ballot, although ultimately the county commissioners or county council will have to approve the property tax levy.
7. **Public campaign.** Involve community organizations and citizens who support Conservation Futures funding and undertake a public campaign to get the proposed tax approved.

8. **Program startup**. After approval authorizing the program, establish the organization and mechanisms for administering the funds, including office staffing, and additional resources.

Suggested current use taxation provisions that target restoration are in Appendix 4 of this document. An example is Snohomish County's current use taxation provisions which can be found in Appendix 6 of this document.

Success factors and challenges

Addressing public concerns about adding a new tax

In order to establish a Conservation Futures tax in a county, the county council or county commission will have to create the fund and adopt a levy. The major barrier to establishing a Conservation Futures tax, therefore, is building community support to adopt the tax levy. In the past these programs seemed to be easily established by county legislators, as in the case of King and Thurston Counties, but today given the debate around taxes, some county councils or commissions may be reluctant to approve a Conservation Futures tax. An advisory election, as in the case of Spokane County, can increase the elected officials comfort in adopting the tax as they know it is supported by the voters if the advisory proposition is approved. Putting a proposition on the ballot, however, costs money and election campaigns are more costly than a planning process or community outreach approach. In either case, to secure a Conservation Futures tax, the county council or commission and the public will need to be supportive.

Establishing a new program countywide can be a barrier

In recent years, there have been efforts to pass state legislation to allow a Conservation Futures Tax program for portions of counties, rather than countywide. Currently, only 13 counties have the program and the barriers for some counties have been the distribution of population and support for conservation funding as well as variation in location of lands targeted for preservation. The specific proposal in the 2012 (SB 6165) legislative session was to:

- Allow counties that are not participating in a Conservation Futures Program to create one based on a smaller-than-countywide scale, thereby providing a more precise tool for land retention that reflects the needs of local communities.
- Allow incorporated towns and cities to create community-based Conservation Futures Programs as long as the cumulative tax rate of their Conservation Futures levy and any overlapping county-administered Conservation Futures levy does not exceed the statutory maximum (WA DNR, 2012).

Operations barriers

Once established there are few barriers to operating the fund, since it is collected every year. Adoption may include a sunset date, which necessitates repeating the approval process.

Helpful hints: effectively using this funding option

Demonstrate effectiveness of the program

A tax program survives if the program administrators are able to maintain the support of legislators and the public, especially when the program is subject to periodic renewal. Ways to show the effectiveness of the program include:

- Prepare a strategic green infrastructure and watershed plan plus a policy and operations plan to guide the program.

- Show success soon after start up when the program is untested and has no track record. Have a project that is easy to accomplish ready for implementation once sufficient funds have built up. Make sure the first project is one that has strong community support, quick win potential, and a lower price tag to reduce delay.
- Begin ongoing marketing to demonstrate the value and return on investment.
- Be diligent and transparent about operations and accounting.

Rank projects
Develop a robust project ranking process to use funds for those projects with the greatest benefit and that best meet state requirements. This is true whether the county purchases the land itself, offers project grants, or uses the funds in some other way. Note that a green infrastructure watershed plan develops project ranking criteria.

Leverage funding through partnerships
Find partners that have complementary strengths and access to complementary incentives. This greatly expands the influence of program funds, and expands success story.

The King and Thurston County examples provide additional recommendations to successfully implement a Conservation Futures program:

- Take care in funding projects that require significant ongoing maintenance and operations, such as urban parks with infrastructure. Maintenance and operations costs can accumulate over time and should be carefully balanced with available maintenance and operation funds.
- In addition to funding acquisition areas with intact vegetation, consider acquisition and restoration of properties needing restoration. Conservation Futures funding can be used to leverage additional funding – which often requires matching dollars -- to undertake some or all of restoration work on these sites.
- Avoid putting onerous of restrictions on the use of Conservation Futures funding for a project. For example, by requiring a dollar for dollar match for projects spearheaded by others, the King County Conservation Futures program is able to leverage funds from cities, other agencies and non-profits. This approach, however, may not work well in a county without organizations (e.g., land trusts, conservation districts, etc.) with significant resources. Funding only projects where a funding match is provided may mean that higher priority sites without a match are not acquired.

Case Study: King County Conservation Futures Program

The King County Conservation Futures levy was the first program adopted in Washington State after the 1971 law was passed. Adopted in 1982, the levy is a property tax of about 5 cents per $1,000 assessed value, and has generated over $300 million dollars through 2012. Funds are almost exclusively used for purchase of land or easements, resulting in permanent protection of 111,000 acres of forests, shorelines, greenways, and trails.

Each year, the County, the cities within King County, and nonprofit groups sponsored by a local government may apply to fund eligible projects. Each project application must provide a minimum of dollar-for-dollar match. Eligible projects include acquisition of farm and forest land conservation easements, salmon and wildlife habitat, urban greenways, trails, and other open spaces. On occasion, major projects are funded by bonding against future revenue, which consumes a portion of future tax revenue. A citizens committee makes annual funding recommendations and decisions are made by the County Executive and County Council.

In addition to helping fund major parks in King County such as Cougar Mountain, the levy tax has been used for many smaller projects including those along the Duwamish River, Salmon Bay, Richmond Beach, Burien, and numerous creeks.

How the program has evolved

As competition for funds increases, the program has moved toward more focused decision criteria, such as inclusion within a larger planning process. Experience has found that funding open space projects goes much further than urban park projects because the maintenance costs of urban parks build quickly. In addition, acquisition is preferred because restoration and maintenance funds are more easily obtained from other sources than are the acquisition funds. Over time, the program has tended to move from building a system to filling gaps in the system.

Maury Island Gem

In 2010, after more than a decade of effort to protect 250 acres of shoreline adjacent to the Maury Island Marine Park and the Maury Island Aquatic Reserve, King County joined the State Department of Ecology and local conservation groups to help purchase the Maury Island Gravel Mine site from CalPortland. King County contributed $19.1 million in Conservation Futures bond funding toward the total price tag of $36 million.

Photo: King County

The site is now managed by King County Parks, and combined with the Marine Park represents the largest public holding of protected marine shoreline in all of Puget Sound. The site contains pure Madrone forests and a mile of mostly undeveloped shoreline.

Sources: Ott, Jennifer. (2012 March 12). *King County Conservation Futures Program.* HistoryLink.org Essay 10057. Retrieved from http://www.historylink.org/index.cfm?DisplayPage=output.cfm&file_id=10057
King County. Maury Island Site. Retrieved from www.kingcounty.gov/recreation/parks/naturalresources/naturallands/ mauryislandsite.aspx
King County. *Conservation Futures.* Retrieved from www.kingcounty.gov/environment/stewardship/conservation-futures.aspx

Case Study: Thurston County Conservation Futures Program

One of the key goals of Thurston County's Conservation Futures Program is to create contiguous blocks of land to protect and preserve rural lands, regional parklands, areas of cultural significance, and to prevent the fragmentation of quality habitat. Set up in 1989, the Conservation Fund has been used to set aside about 2,661 acres for conservation purposes for a total of over $12.5 million through 2011. In 2009, property owners paid 3.85-cents per $1,000 assessed value (the limit is 6.25-cents per $1,000). The levy is subject to the statutory limit of 1% per year.

Potential projects are evaluated through the following criteria:

1. Meets Conservation Futures Program goals and policies: Yes / No
2. Rank this project in how acquisition of this site fits the objective of the plan(s): Max. 1-5 points
3. Is time of the essence in acquisition? 1-5 points
4. Does this site preserve:
    a. Unique or critical habitat: 1-5 points (e.g., habitat for Endangered Species Act (ESA) or state listed species)
    b. Unique natural features and or natural resources: 1-5 points (e.g., Mima Mounds)
    c. Historically or culturally significant lands or markers: 1-5 points
    d. Critical/sensitive lands (e.g., wetlands): 1-5 points
    e. Desirable agricultural and forest working lands characteristics: 1-5 points
5. Certainty of project success: 1-5 points
6. Amount of leverage: 1-5 points
7. Addresses public access: 1-5 points
8. Partner and project support: 1-5 points

Deschutes Falls Park

Photo: Thurston County

The fund has been used for numerous riparian and shoreline projects, including in 1992 one of the most beautiful locations in the county – the Deschutes Falls park, which is a lush gorge and adjacent pasture that had previously been part of a sheep farm. The park will be open to the public in the future.

How the program has evolved

When started, the county used these funds for additions to the county parks system, especially regional parks. Later it added an agricultural element by purchasing conservation easements. In recent years, the nature of the program has changed from acquiring land and rights to providing grants to applicants who use the funds to acquire land and conservation easements. The program developed a strategic plan, a competitive application process, ranking criteria to rank projects, and a ranking committee. The county commissioners review the project ranking, but retain the option of choosing the projects to fund. The current system improved the transparency of the process and improved the assessment of benefits to the county.

Photo: Greg Richards, Capitol Land Trust

Black River Ranch easement project

Thurston County's Conservation Futures fund recently contributed to the purchase of a 510-acre permanent conservation easement for the working farm portion of the 721-acre Black River Ranch and a purchase of 211 acres of riparian forest along the Black River. This project was the result of a partnership between conservation land trusts, agricultural land trusts, local government, tribal government, private landowners, and state and federal agencies. The total Thurston County Conservation Futures funds contribution for both the 510 acres of conservation easement and 211 acres of riparian buffer was $58,801 and the total project cost was $2,063,828.

Sources: Thurston County. *Natural Resources Planning-Conservation Futures Program.* Retrieved from www.co.thurston.wa.us/ planning/natural-res/natural-conservation-futures.htm and www.co.thurston.wa.us/planning/natural-res/docs/conservation-futures-program-annual-report-2012.pdf

Capitol Land Trust. (2012) *Black River Farm.* Retrieved from http://www.capitollandtrust.org/pages/conservedland/Black-River- Farm.html

1% Conservation Area Real Estate Excise Tax (REET)

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Continuous funding source / Budgets and targeted taxes	Protection - mostly Restoration - some	Provide funding to others	Counties

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
No	Private & Public (limited)	Low	Limited

What is it?

A 1% Real Estate Excise Tax (REET) for Conservation Areas is a special tax on property sales, which can be used to purchase land or easements for maintenance for conservation.

Background and description

In 1990, the Washington legislature (in RCW 82.46.070) authorized counties to impose an additional real estate excise tax (REET) on the sale of real property of up to one percent of the sales price. The tax must be limited to a defined period of time. The tax is paid by the purchaser.

How may the funds be used?

Proceeds from the tax are used exclusively for acquisition (including easements and other lesser interest) and maintenance of conservation areas, which are defined (RCW 36.32.570) as:

> "land and water that has environmental, agricultural, aesthetic, cultural, scientific, historic, scenic, or low-intensity recreational value for existing and future generations, and includes, but is not limited to, open spaces, wetlands, marshes, aquifer recharge areas, shoreline areas, natural areas, and other lands and waters that are important to preserve flora and fauna."

How is the program administered?

Tax funds must be expended in conformance with the county's REET plan, but the plan and revisions to it do not have to be approved in an election. The plan must use the funds in conformance with state law, but may do so with flexibility – including the administration of the funds. Administration of REET funds requires some level of organization, which can vary. The county may establish an in-house program under a department, it may pass on the funds to another entity (like a land bank) that in turn may have to be created, or the elected officials may retain operations themselves with less formal organization.

Where the incentive works best

Like most conservation acquisition programs, a REET program will generally focus on acquisition of largely ecologically intact properties. Acquisition consumes most funds, but maintenance costs are allowed as well. This can include some administrative costs and some restoration work as it relates to maintenance. Care should be exercised in staying within established limits of what constitutes maintenance but it can include activities which are in the broader arena of restoration work such as weed control, removal of derelict structures, removal of pollution sources such as dump sites or creosote pilings, etc.

Examples of use

Many counties have tried to pass REET ballot measures, but there is only one example in existence at this time in Washington State – San Juan County.

- **San Juan County Conservation Area Real Estate Excise Tax** (also known as the Land Bank Excise Tax) www.sjclandbank.org

Case studies

- **San Juan County 1% REET and Land Bank**

For more info

- **State enabling act and definition**: http://apps.leg.wa.gov/RCW/default.aspx?cite=82.46.070
- **MRSC webpage on REET**: www.mrsc.org/subjects/finance/reetweb.aspx#conservation

How to start or increase the use of this funding option

How does a Real Estate Excise Tax (REET) get established?

In order to establish a REET special tax, the county must initiate an election and also must periodically renew the tax by vote (for defined periods) by county voters through:

- a resolution from the county legislative body, in which case a plan for use of the funds must be prepared before the election, or
- a petition from 10% of the voters, in which case the plan may be developed after the election.

Thus, a political campaign will generally be needed in order to generate public support for a REET ballot measure. Before starting a political campaign to establish a REET, it is beneficial to investigate the local circumstances as well as research conservation priorities among local residents and the real estate community to determine the likely support for this incentive and the reliance of the real estate market on the natural landscape character. As the San Juan County Case Study on page xx shows, public outreach, education and marketing can overcome opposition to the program when support for conservation values is high in both groups. While much more difficult, such work could make a campaign viable where conservation values are high but support of the local real estate community is lacking.

What are the basic steps for establishing a Real Estate Excise Tax (REET)?

1. **Initial assessment.** Analyze real estate market conditions and determine preliminary community conservation priorities.
2. **Green Infrastructure Watershed Plan.** A green infrastructure watershed plan (1) sets forth the best areas to protect and restore naturally functioning ecosystems on private and public property, (2) proposes solutions that can improve water quality, (3) enhances recreation opportunities, (4) recommends implementation strategies, (5) develops a context plan for individual conservation easements, and (6) improves riparian zone protection, flood mitigation, wetland protection, and habitat value. This step helps establish goals, objectives, and best areas for performance for the Futures program, and it helps secure buy in from the community. While developing a green infrastructure watershed plan is not necessary before establishing the conservation futures levy, it can help with the public outreach effort.
3. **Public Visioning.** Undertake a strong public visioning effort to include the community in identifying goals, objectives and priorities.

4. **Community outreach and marketing.** Undertake a strong public outreach, education, and marketing effort to gain support of the local residents and real estate community.
5. **Determination of tax term, amount and administrative model.** Based on discussions, decide on term and amount of tax to propose and decide on the administrative program to propose.
6. **Establishment of a REET Plan.** Develop a plan for use of the funds that incorporates the above efforts. The plan may not be required but will allow the campaign to focus on what the community desires, and to convince the community of the trustworthiness of the program.
7. **Determination of pathway to the ballot.** Decide on and pursue the desired path to follow for gaining a ballot measure such as a resolution approved by the county council or county commissioners or a petition from voters.
8. **Implementation of campaign.** Undertake a public campaign to get proposed REET approved.
9. **Establishment of program.** Initiate the organization and mechanisms for administering funds, including offices, staff and additional resources.

Success factors and challenges

Establishing a new tax in normal real estate market conditions

A 1% REET may be more difficult to gain voter approval in real estate markets with normal conditions as market drivers (i.e., proximity to urban centers, job centers, etc.) as opposed to unique locations like San Juan County in which views and high-quality natural environments are key market drivers.

Need for real estate community support

As both the San Juan County example (see Case Study on page xx) and failed efforts elsewhere show, a real estate excise tax may be difficult to establish without the support of the local real estate community. Convincing the voters to establish a new tax is a major task that is made more difficult if there is opposition from the real estate community.

Showing success in order to renew voter approval

Once established there are few barriers to operating the fund, as it is generally automatic, until the renewal election comes due, at which time some of the steps described for establishment will need to be revisited. The only real ongoing challenge is showing success and reliability of the ongoing operations so that the renewal campaign can be successful.

Helpful hints: effectively using this funding option

Demonstrate effectiveness

A tax program survives if the program administrators are able to maintain the support of local legislators and the public, especially when the program is subject to periodic renewal. Ways to show the effectiveness of the program include:

- To guide the program, prepare a strategic green infrastructure and watershed plan and a policy and operations plan.
- After start-up, if the program is untested and has no track record, it is important to show success soon after start up. This likely means having a project ready for implementation once sufficient funds have built up. Make sure the first project is one that has strong community support, quick win potential, and a lower price tag to reduce delay.
- After projects are ongoing, marketing is important to demonstrate the value and return on investment.
- Be diligent and transparent about operations and accounting.

Rank projects
Develop a robust project ranking process to use funds for those projects with the greatest benefit and that best meet program requirements. This is true whether the county purchases the land itself, whether it offers project grants, or uses the funds in some other way. Note that a green infrastructure watershed plan develops project ranking criteria.

Leverage funding through partnerships
Find partners that have complementary strengths and access to complementary incentives. This greatly expands the influence of program funds, and expands your success story.

Case Study: San Juan County 1% REET and Land Bank

The San Juan County Conservation Area Real Estate Excise Tax (also known as the Land Bank Excise Tax) was approved by voters in 1990 and extended for an additional twelve years in 2011. The program is managed by the San Juan County Land Bank. As of December 2010, the San Juan County Land Bank has collected a total of $49 million from the real estate excise tax and owns a total of 3,180.42 acres plus 2,078.88 acres in conservation easements.

While several other counties were unable to pass a REET, San Juan County's success may be attributed to a number of factors. The very specific nature of the tax, being on real estate, usually generates concerns from both the local real estate community and the state real estate association. But San Juan County has a very non-traditional real estate market that is heavily dominated by tourism related vacation homes and second homes. Since the local tourism industry is heavily dependent on the high quality and the natural character of the landscape, a program that protects these characteristics was more acceptable than it might have been in other real estate markets.

How the tax passed and the program succeeded

In addition to convincing voters, the San Juan County REET supporters worked hard at convincing the local real estate community to support the effort, who could in turn influence the state real estate association. A major community outreach effort was undertaken to build broad support and develop a plan of action. This included visioning workshops and meetings to find out what the community supported – ranging from shore access to ecological values. The resulting action plan was responsive to those wishes with clear priorities and ground rules.

Once established, the program found that demonstrating success was critical to building and maintaining ongoing community support, especially since the program had to be renewed by voters. This required getting projects going early and advertising them so the community members could see the program's progress. One of the important elements of marketing a successful project is building partnerships to extend the scope and scale of the projects. Working with partners allows the land bank to offer other incentives such as:

- Income tax reduction for donations with assistance from the San Juan Preservation Trust.
- Recognition via newsletter and stewardship awards via the Stewardship Network of the San Juans.
- Accessing other project funding sources, such as restoration funds, through assistance from partners.

Deer Harbor Waterfront Preserve, Orcas Island

A 2-acre property with 650 feet of low-bank marine shoreline and associated tidelands, located just north of the Deer Harbor Hamlet, was purchased in 2006 for $1,050,000. The site includes mixed forest and an area of open meadow, public access, and wildlife such as bald eagles, osprey, kingfishers and hummingbirds. The Land Bank has undertaken restoration to improve shoreline processes and habitat function.

Photo: San Juan Land Bank

Sources: Municipal Research and Services Center. (2011). *Real Estate Excise Tax*. Retrieved from www.mrsc.org/subjects/finance/reetweb.aspx#conservation

Journal of the San Juans and Islands' Sounder. (2011, October 6). Land bank committee seeks to renew excise tax: history, pros and cons. *San Juans and Islands Sounder.* Retrieved from www.islandssounder.com/news/131255854.html

San Juan County Land Bank. *San Juan County Land Bank.* Retrieved from www.sjclandbank.org

Flood Management Tax District

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Continuous funding source / Budgets and targeted taxes	Protection & Restoration	Provide funding to others	Counties

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private and Public	Medium	Widespread

What is it?

A Flood Management Tax District is used to prevent or repair damage due to flooding through land acquisition, restoration, and levee setbacks, funded by a special property tax and other fund sources.

Background and description

Special districts for flood control are authorized by Title 86 RCW in several different chapters for use by local jurisdictions to authorize a flood control tax assessment. The use of one of these chapters - ***Flood Control Zone District*** (Chapter 86.15 RCW) - provides a program that can be an effective incentive for land acquisition and restoration projects.

What are the funding models?

While a Flood Control District can be established without a tax, this is not a highly desirable route because flood control requires funding, and without additional funding sources it is not possible to effectively undertake a comprehensive flood management program that fixes past damage and current problems and addresses future needs. If a jurisdiction chooses to forgo a tax district or desires additional funding, non-tax approaches include:

- A fee-for-service or utility approach (often through a surface water management program) can be used for flood management activities. For example, fees based on impervious surfaces that generate runoff and cause drainage and other problems. Project locations must be tied to the locations that pay the fees. The Pierce County Case Study (see page xx) shows an example of this approach.
- Special benefit zones can charge fees to those that benefit from a specific project or program. It operates like a local improvement district (LID) or diking district, but is established differently. Many traditional flood districts use this approach.
- General funds can be used to support minimal staffing levels with a reliance on grants for most activity and projects.

While establishing a flood tax to fund the district is desirable for generating significant funds for flood control work, it remains a junior taxing district. Junior taxing districts can have their tax levies prorated if total property taxes in the taxing district reach the maximum levels set in state law. Even if the levy is prorated, however, it will still raise meaningful levels of funding to address flooding problems.

Why Flood Control Zone Districts?
Of the choices of flood control districts in Title 86 RCW, most jurisdictions use the flood control *zone* district option (MRSC webpage). Ongoing attention and updates by the state legislature have made this option the most flexible in its assessment mechanism, administration, county council or commission oversight (rather than a separate board), inclusion of storm water control, and, especially, incorporation of modern flood management issues including ecological functions and restoration opportunities. Flood Control Zone Districts are formed by action of the county council or commission, either on their own, or in response to a petition to form the district (RCW 85.15.020). The County can levy up to 50 cents per $1000 of assessed value, as well as the non-tax funding options described above and in RCW 86.15.160.

What Kind of Shoreline Work is within a Flood Control Zone District's authority?
A flood control zone district funds the operation of a local flood hazard planning and management program, which develops and carries out the locally developed flood plan. Almost all projects and programs that a flood district undertakes will be in the plan, including restoration projects. Some examples of possible restoration projects include:

- Proactive purchase of flood hazard land to prevent development and thereby prevent (1) subsequent damage by floods, (2) future need for expensive flood control structures, and (3) loss of flood water storage areas.
- Removing water-line levees and replacing them with setback levees to restore flood water storage capacity and flood plain functions.
- Vegetating degraded areas to provide erosion control instead of using expensive erosion control structures.
- Reducing flooding caused by artificial constrictions of flood waters on rivers by replacing inadequate bridges and culverts or relocating roads.
- Replacing artificial flow control and erosion control structures (weirs, armor, etc.) with wood debris structures and other "softer" approaches.
- Re-introducing wood debris to rivers to replicate more natural conditions in order to provide roughness and reduce erosion power.

Where the incentive works best
Flood control zone districts are able to focus on preventing new damage caused by development and infrastructure, rather than the more traditional approach of building control structures that cause ecological damage. Thus, these districts work best for shoreline protection and restoration in communities that will support prevention and alternative approaches.

Examples of use
- **King County Flood Control District**: www.kingcountyfloodcontrol.org/default.aspx
- **Pacific County Flood Control Zone District No.1**: www.co.pacific.wa.us/flood%20control/index.htm
- **Pierce County Flood Control Zone District**: www.mrsc.org/ords/P5o2011-95.pdf
- **Whatcom County Flood Control Zone District**: www.co.whatcom.wa.us/boards/flood_zone.jsp

Case studies

- **Pierce County Flood Control Zone District - Overcoming hurdles**
- **King County Flood Control Zone District - Cedar River Project at Rainbow Bend**
- **Yakima County Flood Program - SR-24 Bridge Enlargement & Levee Setback**

For more info

- **Washington flood control laws**: http://apps.leg.wa.gov/RCW/default.aspx?cite=86
- **MRSC webpage on flood planning**: www.mrsc.org/subjects/pubsafe/emergency/ps-flood.aspx
- **MRSC webpage list of flood districts**: www.mrsc.org/subjects/governance/spd/spd-floodlist.aspx

How to start or increase the use of this funding option

How is a Flood Control Zone District established?
A Flood Control Zone District is established in a county through adoption of local legislation by the county council or commissioners. The passage of a tax means that a public outreach and marketing campaign will generally be needed.

What are the basic steps for passing and establishing Flood Control Zone District?

1. **Creation of a flood plan**. While developing a flood plan is not necessary before establishing the district, it can help with the public outreach effort. A comprehensive plan is costly and time consuming, and it may be possible to obtain grants to do the work. These plans are usually written under direction of the County Engineer, who is normally responsible for flood management activities in the County. A less expensive and simpler alternative is an action plan of a lesser scope that can be used to help convince the public of the need for the district.
2. **Public visioning.** Undertake a public visioning effort for presentation to the legislators and voters to determine what is important to the community and the acceptable amount of tax to propose.
3. **Public petition.** In some counties, it may be advisable to initiate a petition to the legislators in order to demonstrate public support.
4. **Adoption of legislation**. Undertake the formal process to get the proposed tax approved.
5. **Establishment of program.** Initiate the organization and mechanisms for administering funds, including offices and staff.

Success factors and challenges

How flood control districts have evolved to be more compatible with habitat protection
Historically, flood management (mainly structures and clearing) has been one of the primary causes of river degradation. However, modern flood management has improved on several fronts because current practices:

- Better ***understand natural functions***, such as channel migration zones, sediment transport, and riverine habitat.
- Better understand the damage caused by structural methods.
- Realize that natural processes cannot be controlled with certainty, ***they can only be managed;*** implying certainty to constituents is misleading.
- Find that managing natural processes ***costs less*** than controlling flooding, so funding goes further.

- Better understand that structural approaches (while sometimes unavoidable) often result in a ***long-term escalation of hazards*** (in spite of the short-term protection) that places the community at greater risk – which is contrary to the purpose of flood management.
- Realize that reducing risk will often require ***restoring the damage*** done in the past.

Choice of district type
Under Title 86 RCW there are two additional options beyond a flood control zone district; a flood control district (Chapter 86.09 RCW) or a county flood control maintenance account (RCW 86.12.010). These options are less desirable for shoreline protection and restoration. They reflect the more traditional approach to flood control that was prevalent at the time of the enabling legislation (in the early 1900s) with a resultant focus on structural alterations and channel alterations. These historic practices have created ecological harm to river systems. While it is possible to undertake modern flood management using these district options in a way that de-emphasizes structural methods and emphasizes natural functions and restoration, doing so is more challenging. If an existing district type in a county is one of these options, it is recommended that the county change to a Flood Control Zone District to have more flexibility in use of the funds for shoreline protection and restoration, both of which result in greater benefits to flood control management.

Counties with major rivers are good candidates for flood control zone districts
Counties with flood control tax districts, and those that are good candidates for establishing districts are those with major rivers that cause flooding that is extensive enough to generate public willingness for a special tax. Timing is important for success in passing legislation to establish a special tax – major flooding has this effect. For this reason, many flood districts are established shortly after a major flood event.

Tax rate
There seems to be a threshold of acceptability of about 10 cents per $1000 of assessed value, based on review of the districts that are in place.

Importance of a well-designed Flood Plan
A major barrier to establishing a Flood Control Zone District tax is the success of a public campaign to convince county legislators, interested stakeholder groups, and local residents. As seen by the Pierce County Case Study (see page xx), a major element of this task is addressing concerns from local cities that may feel they will receive no benefits or that they have no flood problems. A well-conceived plan shows how the cities will benefit from the program.

Helpful hints: effectively using this funding option

Include restoration projects in the flood control plan upfront
Because a flood control program follows an approved Flood Plan, restoration projects need to be included upfront. Consequently, parties interested in restoration should be active in the flood planning effort to both ensure that protection elements are incorporated in the plan, and to help develop specific restoration projects to be included in the plan. Flood planning efforts will also identify and rank specific projects, including restoration projects. For existing traditional plans, amendments may be needed to reduce any emphasis on new structures and increase emphasis on preventing new development in hazardous areas as well as restoring lost functions where possible.

Take advantage of land acquisition opportunities
In addition to acquiring property for specific projects, a flood district should also look for other acquisition opportunities that fulfill its mission. This includes acquiring land in tax-default status that meets flood protection criteria by paying off the tax obligation and placing the property under conservation. This happens often on hazardous river bottom land. It also includes acquiring road rights-of-way that are being vacated when that serves to protect or restore ecological functions. By monitoring tax default property rolls in the county, and monitoring the vacation of county owned rights of way or other lands, the program can acquire and thus act as a permanent or temporary holding agent for ecologically important lands in shoreline areas.

Leverage funding sources
One of the major reasons for establishing a tax district that provides a consistent funding source is that it provides leverage for securing additional funding from outside sources. Many award funding sources require a significant match from the recipient, so consistent funding sources at a local government's disposal enables them to compete for funding opportunities. The governmental nature of a Flood Control Zone District also provides competitive advantages described in the Receiving Grant Awards incentive, such as planning documents and partnerships (see Yakima County Case Study on page xx).

Demonstrate success of the program
To maintain community support for a flood management program it is important to undertake planning efforts, implement projects in a timely way, and share successes with the public.

Case Study: Pierce County Flood Control Zone District - Overcoming Hurdles

The Pierce County Flood Control Zone District was established as a county-wide district in 2012 by county legislators. The district levies 10 cents per $1,000 of assessed value. District staff are currently working on a comprehensive flood plan, which is based on a previous county flood plan. This 2-year process was initiated because of recent floods and inadequate levees.

Costly levee repairs

The previous organization and funding practices of the district were inadequate to address large-scale impacts and regional consequences of a number of major floods in recent years. Flood control was accomplished through several localized flood control districts. Many of the flood control activities were funded through surface water management funding, especially those outside of flood districts. The County found that this level of funding was inadequate, that the county's finances were stressed during flood events, and that flood impacts often caused regional disruption. The smaller districts were dissolved and a new district formed.

Bank protection on Lower Puyallup River using log and dolo matrix. Photo: Pierce County Rivers Flood Hazard Management Plan

In recent years (especially since Hurricane Katrina), the Corps of Engineers has been actively recertifying levees around the country. The Corps found many Puget Sound levees inadequate and prepared to decertify them. Hundreds of millions of dollars were needed to maintain the levees and other improvements, but the County had no way to pay for them.

The Corps was developing a plan for making improvements and could bring funding to bear for the levees, but the County needed to have completed its own planning process in order to qualify for match funding from the Corps.

Challenges in getting a district approved

The first attempt to pass the new district was opposed by several cities, some of whom sued before the district could be passed. Their objections focused around having minimal flood problems, and not getting value from a county-wide tax. After negotiation with cities in the county a number of concessions were made:

- A 15 member advisory committee was established, on which each city held a position.
- An "opportunity fund" was established in which part of the funds generated from a city would be distributed back to the city for its direct control of flood projects.

Experience found that the biggest needs throughout the two year adoption effort were public education and outreach. Most people didn't understand the size of the flooding problem and the threat to regional productivity and local government finances, nor the solutions that were needed to fix problems. This applied to cities as well. Some felt flooding did not impact them, yet the economies of the region were inter-related. Significant effort was needed to demonstrate the benefits of the program.

Source: Pierce County. *Pierce County Flood Control Zone Tax District.* Retrieved from www.piercefloodcontrol.org

Case Study: King County Flood Control Zone District - Cedar River Project at Rainbow Bend

King County established a countywide Flood Control Zone District in 2007, thereby dissolving its other districts and replacing them with a county-wide district. King County faced funding issues and problems of potential levee decertification by the Army Corps. Prior to the formation of the district, the county could afford about two or three projects a year. In 2008, 55 projects were started. The district levies 10 cents per $1,000 of assessed value and raises about $35 million a year. In 2006, a flood plan was adopted with the new district, and is being updated in 2013. Projects are designed to reduce risks to public health and safety, protect infrastructure, and provide habitat restoration. The district is staffed by the County's Department of Natural Resources and Parks.

Cedar River Floodplain Reconnection Project

In partnership with Seattle Public Utilities, the King County Flood Control District is in the midst of implementing a flood hazard management project in the Rainbow Bend reach of the Cedar River. The site consists of sixteen parcels with 56 homes. The project will remove approximately 1500 feet of toe rock and 900 feet of levee, grade within the floodplain to reconnect historic side channels, and add floodplain roughness elements (wood and plants).

The project is also intended to improve fish and wildlife habitat by allowing the river to widen and create side channels and slow water areas where fish can take refuge during high flow events. The proposed restoration of natural processes (e.g., channel migration, flooding, flow interactions with large wood and sediment) is expected to improve the quality of existing side channel and backwater habitat and to create new off-channel and edge features throughout the site. This project was identified as a high priority habitat project in the WRIA 8 for increasing Chinook salmon productivity in the Cedar River.

Photos: King County

Rainbow Bend was originally developed as a small neighborhood with 12 single family homes and a 50-unit mobile home park. It is located entirely in the 100-year floodplain and has experienced severe and repeated flooding. The project will eliminate the flood risks to over 50 families and provide long term protection to a major regional transportation corridor.

Sources: King County. *King County Flood Control District.* Retrieved from www.kingcountyfloodcontrol.org
King County. Water and Land Resources Division. *Cedar River Project at Rainbow Bend - A levee removal and floodplain reconnection project in three phases.* Retrieved from www.kingcounty.gov/environment/wlr/sections-programs/river-floodplain-section/capital-projects/rainbow-bend.aspx

Case Study: Yakima County Flood Program - SR-24 Bridge Enlargement and Levee Setback

In response to major flooding in 1996 and 1997, Yakima County created a countywide Flood Control Zone District in 1998 funded by a countywide property levy tax of 10 cents per $1,000 of assessed value. Three flood plans on specific rivers or segments include many projects and programs that support restoration activities: channel migration zone mapping, bridge replacement, setback levees, repetitive loss buyout and restoration, and acquisition target areas.

SR-24 Bridge Enlargement

The original SR 24 Bridge in Yakima was damaged during a major 1996 flood. Early in the permit process to replace the bridge, Washington Department of Transportation (WSDOT) met with state and federal agencies and levee setback ideas were presented. In addition, WSDOT wanted to increase the bridge's flood capacity. Both efforts needed an update of the local flood plan to facilitate coordination and funding. The bridge was subsequently designed to accommodate levee setback efforts, and was completed in 2007. The bridge is highly resistant to flood damage and will function during major flood events.

New SR 24 Bridge on the Yakima River. Photo: Yakima Flood Control Zone District

Levee setback

Before, during and after bridge construction, easements and land were purchased for the upstream levee setback project, partly with federal Bureau of Reclamation mitigation funding. The levee was designed to tie into the new bridge and facilitate the setback of the downstream levee. Work was completed in 2012 and added 20 acres of riparian zone and active floodplain through the city, removed structures in the floodplain, and improved the levee alignment to reduce backwater effects. Planning is underway for the downstream levee setback which will increase capacity in a tightly constricted reach by reconnecting over 400 acres of high grade floodplain with the river, including riverine habitat. It will also reduce pressure and flood levels on the levee protecting the Cities of Yakima and Union Gap, and on I-82. The project will certify the deficient levee in a new location.

Money flows to money

This project demonstrates the importance of having consistent tax district funding to provide a match for major projects. Flood plans and agency partnerships also provided competitive advantages such that the project could attract far more money than just local tax funds. Where a restoration project alone may have a hard time securing funding, packaging it with another project (such as a structural project) made the larger project more attractive for award funding, and got the restoration work done.

Sources: Yakima County. Yakima Flood Control District. Retrieved from www.yakimacounty.us/surfacewater/Flood_Control_Projects/Map.pdf and www.yakimacounty.us/surfacewater/FCZD.htm and www.yakimacounty.us/surfacewater/CFHMP.htm

Shellfish Protection District

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Continuous funding source / Budgets and targeted taxes	Protection & Restoration	Provide funding to others	Counties

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private and Public	Low	Widespread

What is it?

A Shellfish Protection District is a special district that addresses water pollution sources and can do some types of shoreline restoration work to improve water quality and conditions for shellfish growing.

Background and description

Many different types of special districts are available under state law. Of these, shellfish protection districts especially have good potential to contribute toward restoration work if established with a broad scope and adequate funding base. Shellfish protection districts (Chapter 90.72 RCW) focus on improving water quality - they are often called clean water districts. County councils or commissions in counties with shellfish tidelands may establish shellfish protection districts to address nonpoint pollution threatening water quality affecting shellfish farming or harvesting. These districts should encompass areas that depend on the continuation or restoration of shellfish farming or harvesting.

Like a local improvement district, a shellfish protection district (also called a "clean water district") is authorized under RCW 90.72 to protect or restore water quality in areas with shellfish tidelands.

What kind of shoreline work can a shellfish projection district do?

While the emphasis of shellfish protection districts is on reducing distinct sources of pollution, such as septic systems, animal waste, and stormwater pollution control, restoration activities are also included. Restoration can range from removing hydromodification structures and planting vegetation to shellfish planting projects.

How are Shellfish Protection Districts administered and funded?

A common setup is for a shellfish protection district to be formed with little funding and to conduct limited direct on-the-ground work. Generally a District serves as a central point for coordination and planning for partner agencies to focus their actions on improving water quality.

Shellfish Protection Districts may be funded (RCW 90.72.070) through county tax revenues, inspection fees and similar fees for services, charges or rates specified in its shellfish protection program, or federal, state or private grants. Charges or rates give district the authority to raise new money to address water quality problems including those that contribute to restoration. Counties have very broad authority to collect these charges and rates. Shellfish protection districts, however, cannot assess fees to fund programs or services that are substantially similar to those already funded by other charges. Clean water districts can be established and administered under counties' larger water quality programs such as stormwater utilities, flood districts, or sewer districts.

A good example of assessing rates or charges to support a clean water district program is the Stillaguamish River Clean Water District - a part of the Snohomish County Surface Water Management program that collects service charge revenue. In 2010 it collected $2.2 million of which over $600,000 was under the shellfish protection district authority. The Skagit County Clean Water District is county-wide and administered under the county's surface water program. The surface water program assesses funds and raises over $1 million per year for clean water district activities.

Where the incentive works best

Shellfish protection districts or clean water districts can be leveraged to improve shoreline conditions best if the water quality work is strongly complimented with other restoration activity. A good example of using the district in this non-traditional way is Skagit County (see Case Study on page xx), which funds a wide variety of water quality projects, including restoration work that benefits water quality. This program also provides a nice example of an Offering Award Funding incentive (see page xx). Another way that these districts can significantly improve shoreline ecological health is through shellfish planting projects such as in the Stillaguamish program. Work conducted by the district can be done on private land.

Examples of use

- **Whatcom County shellfish:** http://whatcomshellfish.whatcomcounty.org
- **Thurston County shellfish protection**: www.co.thurston.wa.us/planning/natural-res/shellfish-home.htm
- **Stillaguamish River Clean Water District**: www1.co.snohomish.wa.us/Departments/Public_Works/Divisions/SWM/WQ/StillyCWD.htm
- **Stillaguamish River Clean Water District shellfish protection program**: www.co.snohomish.wa.us/documents/Departments/Public_Works/SWM/WQ-StillyShellfishProtectProg-Mar2011.pdf
- **Skagit County Public Works Clean Water Program**: www.skagitcounty.net/Common/ASP/Default.asp?d=publicworkswaterresources&c=General&p=cleanwater.htm
  www.skagitcounty.net/Common/ASP/Default.asp?d=publicworkscleanwater&c=General&p=main.htm

Case studies

- **Skagit County's Clean Water Fund Program - Landowner Restoration Projects**

For more info

MRSC webpage on water resources (search for shellfish):
www.mrsc.org/subjects/environment/water/water.aspx
Puget Sound Partnership brochure:
www.psparchives.com/publications/our_work/misc/Fact_sheets/shellfish_protection_dist_05.pdf

How to start or increase the use of this funding option

How does a Shellfish Protection District (Clean Water District) get established?

In order to establish a Shellfish Protection District (Clean Water District), the county council or commissioners may create the district themselves, or put it to voters in an election (where voters also have an opportunity to repeal legislators' independent action). The legislators serve as the governing body, but may appoint a local advisory council. They must create a district if the Washington State Department of Health determines that a shellfish growing area has been degraded due to nonpoint pollution.

What are the basic steps for establishing a Shellfish Protection District (Clean Water District)?

1. **Initial assessment.** Determine need for the district and whether an election will used.
2. **Strategic plan.** Undertake a strategic planning process involving the public and the county council or commission to identify the problems and solutions the district would address, including restoration. This process will likely be more extensive for those districts that are to be established through an election. Determine what is important to the community.
3. **Feasibility study**. Conduct a feasibility study to determine what funding tools would work, the district boundary, whether enough funds can be generated for the necessary work, and which style of district is best.
4. **Community education and outreach campaign.** Undertake a campaign to educate the community about the problems, the benefits and the solutions – including identified funding solutions. Secure community support for the proposed district.
5. **Adoption of legislation**. Undertake the formal process to obtain approval.
6. **Establishment of program.** Initiate the organization and mechanisms for administering funds, including offices and staff.

Success factors and challenges

Determining boundaries in order to generate adequate funding

Wherever possible, draw district boundaries as broadly as possible to generate a useful amount of funds and ensure the ability to address the need. Boundaries should encompass the watershed of the marine area to provide adequate funds, as in the Stillaguamish district or even better, county-wide, like the Skagit County district. The Skagit County Clean Water District (See Case Study on page xx) provides an excellent example of focusing on water quality. For ***funding***, the county-wide district was set up within an existing surface water management program. The shellfish district's authorization for generating revenue is used for charging properties within the county an additional surface water fee.

Incorporating shoreline restoration activities upfront

In order to use a shellfish district for restoration activities, the issues must be described broadly to encompass ecological relationships to water quality. In turn, activities must be identified in the program, either the initial program or an amended program, that address the big picture issues. For example, the Skagit County Clean Water District (see page xx) addresses water quality broadly and recognizes the benefits of riparian vegetation and other natural features, the existing problems with riparian vegetation and natural features, and actions to improve them. The Stillaguamish district explicitly includes shellfish bed planting activities.

Helpful hints: effectively using this funding option

Funding mechanism is critical

The Skagit County effort that resulted in its Shellfish Conservation District developed an excellent document that reviews the benefits and drawbacks of the different fundraising alternatives. Reviewing it provides useful insights for establishing a funding program.

Incentivizing vegetation extent/cover as a factor in fees and funding

Shoreline vegetation planting can have significant water quality benefits (WDFW, 2010). Therefore it may be desirable to set the district fee for properties based on their riparian vegetation character – with no charge for intact native vegetation wide enough to protect water quality. In addition, funds can be used to provide minor grants (possibly in partnership with other programs) for restoring degraded riparian areas. Both of these approaches provide an incentive to landowners to restore their marine and stream riparian areas.

Education is a key feature of the district's activities

A shellfish protection program can include any elements needed to address non-point pollution affecting shellfish tidelands, including, but not limited to, storm water runoff, on-site sewage systems, animal grazing, manure management, and educational and public involvement programs. The funding of these programs can be leveraged to help generate broad voluntary protections by shoreline landowners.

Case Study: Skagit County's Clean Water Fund - Landowner Restoration Projects

Many of the Shellfish Protection Districts in Washington primarily focus on water quality from human and animal waste, and they also have the potential for shoreline restoration. The Skagit County Shellfish Protection District embodies this broader approach. The program addresses non-point pollution and enhances water quality through educating the public, controlling storm water pollution, developing water quality monitoring plans, and restoring habitat. The District establishes funding authority for a surface water program to assess properties for the Clean Water Fund. The fund generates approximately $1 million per year to pay for septic monitoring and corrections, and other water quality projects. One of the County's goals is to allocate $250,000 of the Fund per year for salmon recovery work, part of which is allocated to the Natural Resources Stewardship Program (See Case Study on page xx).

Landowner restoration projects, including Bulson Creek

The Natural Resources Stewardship Program recruits landowners to participate in restoration projects ranging from livestock fencing to riparian vegetation planting to in-stream habitat improvement. 26 projects have been undertaken to improve over 6 miles of stream.

A restoration success story is the Bulson Creek Re-route Project, which covered 0.5 acres with multiple landowners on Bulson Creek, east of Conway. The Natural Resources Stewardship Program and partners designed, obtained permits, and paid for the project with additional funding and support from the National Fish and Wildlife Federation, Washington State Department of Ecology, and Skagit Fisheries Enhancement Group.

The Bulson Creek Re-Route project was intended to stop erosion to increase fish habitat by creating a new channel. Bulson Creek was eroding towards a dairy, causing concerns about property damage and bacterial pollution. The project re-routed ~400 feet of channel, installed 12 large woody debris structures to increase channel complexity for fish, planted almost 2400 native plants, and removed blackberry along 640 linear feet of stream. A large portion of the project area was enrolled in the Conservation Reserve Enhancement Program (CREP) (see page xx).

Sources: Skagit County. *Natural Resources Stewardship Program.* Retrieved from www.skagitcounty.net/Common/Asp/Default.asp?d=PublicWorksNaturalResourcesManagement&c=General&p=stewardship.htm
Skagit County. *Skagit County Public Works.* Retrieved from www.skagitcounty.net/Common/ASP/Default.asp?d=publicworks cleanwater&c=General&p=main.htm
Skagit Watershed Council. *Skagit Watershed Council.* Retrieved from www.skagitwatershed.org

Park and Recreation District

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Continuous funding source / Budgets and targeted taxes	Protection & Restoration	Provide funding to others	Counties and cities

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
No	Public	Low	Widespread

What is it?

A Park and Recreation District is a special district, which may or not be funded with a tax, that focuses on parks and their facilities and can acquire ecologically important shorelands.

Background and description

Park and recreation districts (Chapters 36.68 & 69 RCW for county parks, and chapter 35.61 RCW for cities) can be used to undertake acquisition (but not restoration) which can be added to natural areas of park systems.

There are many park and recreation districts around the state, and often multiple districts within a county. These districts are often closely associated with a city. Four different types of districts are possible under state law.

Formation of a park and recreation district does not require the establishment of a tax and many are funded through the jurisdiction's general fund. Others that do have a tax use it to fund only maintenance and operations. These taxes are often short-term levies (such as for 4 or 6 years).

What kind of shoreline work can a park and recreation district do?

Park and Recreation Districts tend to focus on facilities. Funding restoration projects is often outside the direct mandate of a district, but purchasing lands to add to the park system is allowed. Thus ecologically intact land can be purchased and added to the park system. Land in need of restoration could also be purchased, but restoration work would likely have to use other sources of funding.

Where this mechanism works best

Park and recreation districts can serve a valuable role in purchasing and preserving important shore properties, especially those with critical habitat. These districts can be used anywhere and are especially useful wherever there are intact lands to acquire. One advantage is that there is no defined assessment maximum, other than general levy limits. Funds can be used for maintenance which would include such activities as invasive plant removal. In addition, district commissioners can establish local improvement districts which levy special benefit assessments for the benefited properties for up to 20 years. District commissioners can also issue revenue bonds to pay for outstanding bonds.

Examples of use

- **Anacortes Park and Recreation District**: www.cityofanacortes.org/parks.asp
- **Clark County, The Greater Clark Parks District**: www.clarkparks.org

- **Bainbridge, Island Metro Park and Recreation District acquisition program**: www.biparks.org/aboutus/pacgeneralinfo.html
- **San Juan County Park and Recreation District**: www.co.san-juan.wa.us/parks/

Case studies

- **Bainbridge Island Metropolitan Park & Recreation District: Acquisition and restoration activities**

For more info

- **MRSC webpage on park and recreation districts**: www.mrsc.org/subjects/parks/prdistricts.aspx
- **MRSC webpage comparing different districts**: www.mrsc.org/subjects/parks/prcompare.aspx

How to start or increase the use of a program using this mechanism

How does a Park and Recreation District get established?

Formation of a Park and Recreation District is initiated by a petition of 15% or more of the registered voters. The petition is submitted to the county legislators for a hearing on the proposal. The legislators then set an election on the proposal, which is to include the necessary information about the proposed district. Districts can be formed "for the purpose of providing leisure time activities and facilities and recreational facilities." Facilities are defined to emphasize structural and high intensity facilities. The district is formed by election.

What are the basic steps for passing and establishing a Park and Recreation District?

1. **Initial assessment and strategic plan.** Determine need for district and if there is likely enough public support to establish a district. Determine what is important to the community.
2. **Initiation of petition.** A core group of residents, a community nonprofit group, or others spearhead a petition process in order to generate petition signatures of at least 15% of the registered voters within the district area.
3. **Authorization of election, including specifics.** Legislators set a date and language for an election. The election includes several elements: formation of the district, approval of any proposed funding sources, and election of district commissioners. The election of funding sources can include excess levies, a 6-year levy, or bonds with bond retirement levies.
4. **Community outreach and education campaign.** Undertake a community outreach and education campaign to get the proposed district approved by voters.
5. **Establishment of program.** Initiate the organization and mechanisms for administering funds, including offices and staff.

Success factors and challenges

Large enough boundary to generate adequate funds

Draw boundaries of a park and recreation district to encompass the county or sub-region in order to provide adequate funds for those districts that include a tax. Existing districts should be expanded or new ones established around them. Include a program or policy for acquisition of lands with high levels of ecological functions in the election to establish the boundaries.

Ensuring a focus on acquisition and maintenance that improves habitat
The distinct focus by Park and Recreation Districts on structural improvements creates a barrier that limits the usefulness of this funding source for restoration. Funds can, however, be used for acquisition as long as purchases are implemented within the context of building the acreage of the park system. There may be a need to convince the District Commissioners (and by extension the landowner voters) within the district to undertake acquisition. This is potentially more of a challenge for existing districts than initially establishing a district, since existing districts already have defined purposes and plans. Maintenance funds can be used to focus on improving riparian corridors, though that does mean the likely construction of trails, with the associated trail and human presence impacts to these natural areas.

Helpful hints: effectively using this option

Adding a tax district to support maintenance and acquisition
A tax could be proposed to fund acquisition as well as any maintenance that is needed in those cases where a district is established but not funded through a tax. As an example, the Greater Clark Parks District was formed due to a severe lack of maintenance and operations funding, even though Clark County already had adequate impacts fees to fund the acquisition and development of parks. The Greater Clark Parks District election established a levy of 27 cents per $1000 of assessed valuation for maintenance and operations.

Passing a levy to support land acquisition
The underfunded nature of parks around the state means that district funds are likely to be already dedicated to staffing, operations, maintenance, and repair. Funds are unlikely to be available for additional acquisition. If a tax is already levied, it is possible for an additional levy amount to be added for acquisition purposes, or for a local improvement district to be formed for such purposes, as described in the law. The Bainbridge Island Metro Park and Recreation District recently approved an additional levy for acquisition purposes.

Case Study: Bainbridge Island Metropolitan Park & Recreation District - Acquisition and restoration activities

Parkland Acquisition Committee/acquisition priorities

The Bainbridge Island Metropolitan Park and Recreation District established a Parkland Acquisition Committee early in 2009 after Island voters approved the Park District's levy lid lift in November 2008. The Committee is responsible for making recommendations to the District Board of Commissioners about which properties to acquire and develop for future parks with funding from the levy lid lift. Acquisition priorities for the Park District, several of which are related to shorelines, include:

- **Winslow Core** – Land for parks, additions to existing parks, sites for a multi-generational community center
- **Neighborhood Service Centers** – Land for community parks in and adjacent to the Centers
- **Trail Connections** – Recreational trail easements that connect parks, schools or trails
- **Existing Park Expansions** – Opportunities to add to existing parks outside the Winslow Core or Centers
- **Shoreline Access** – Properties that provide access to shorelines in areas where no access exists, and expansion of shorelines where public access exists
- **Unexpected Opportunities** - Properties that offer unusual opportunities

Joint City/Park District shoreline restoration at Strawberry Plant

In 2009, the Park District and City of Bainbridge Island began a shoreline restoration work at the 4.7 acre Strawberry Plant Park on Eagle Harbor. The Park District led the planning for the upland portions while the city led the in-water work, including plans for removal of manmade jetties and concrete bulkheads, and replacing them with salmon habitat, and a pier and a non-motorized boat haulout.

A fish-bearing creek empties into Eagle Harbor along the east boundary of Strawberry Plant Park. Photo: Tad Sooter

The work was funded by conservation grants, the city and the Washington state Department of Natural Resources creosote removal program.

The Strawberry Plant Park is still a work in progress.

Sources: Bainbridge Island Metropolitan Park & Recreation District. *Parkland Acquisition Committee.* Retrieved from www.biparks.org/ aboutus/pacgeneralinfo.html
Bainbridge Island Review. (2009). *Bainbridge City Council, park board OK shoreline restoration at Strawberry Plant.* Retrieved from www.bainbridgereview.com/news/40295893.html

Conservation District

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Continuous funding source / Budgets and targeted taxes	Protection & Restoration	Provide funding to others	Counties and cities

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private and Public	Low	Widespread

What is it?

A Conservation District is a special district, funded in a variety of ways, that conducts activities to protect air and water quality for farms, natural resource lands, and other lands, and can conduct restoration work.

Background and description

Conservation Districts (Chapter 89.08 RCW for counties, extended to allow city participation in RCW 89.08.010(4)) can be formed for the protection of farm land, soil, natural vegetation, water quality, air quality, and fish and wildlife. The law and districts themselves are oriented to farming and the broad implication farming has on the environment, but districts also work with all types of property owners, including urban landowners.

The broad authority of conservation districts allows them to undertake a range of activity for the benefit of most areas of natural resources management, including air and water quality, and fish and wildlife habitat. Much of this work historically has a relationship to agriculture. Consequently, within the mandate of farming and soil management, conservation districts have great potential to undertake protection and restoration activities – both by direct performance and through facilitation.

The Washington Conservation Commission oversees and assists local conservation districts. It also has access to resources from other agencies to assist it in its duties.

What kind of shoreline work can a Conservation District do?

Conservation districts perform two categories of work which serve as incentives for shoreline preservation and restoration. They often have excellent relationships with farmers, ranchers, and land owners and are a good way to deliver technical assistance and other programs and incentives to these groups. For example, some districts offer workshops and follow-up technical assistance (and cost share) to shoreline property owners. Conservation districts can also adopt an assessment to fund their work to conduct restoration projects. This funding is often leveraged into bigger projects with additional funding sources. King County's District, for example, has a member jurisdiction grants program through which cities can gain funding for shorelines on public or private property.

How are Conservation Districts funded?

Conservation Districts can be funded from a variety of sources, including budgeted funds from the Commission and federal government (often called grants), regular grant applications, and fees for services. In addition, the local county council or commission may establish a funding source for the conservation district. The flexibility of this incentive tool was expanded in 2012. County legislators may establish “special

assessments" (RCW 89.08.400) for up to 10 year increments to support the Conservation District or alternatively, the county legislators can set "rates and charges" (RCW 89.08.405) using the same process as for "assessments."

Consistent funding for Conservation Districts can be authorized by the county legislators based on per parcel and per acre amounts, but is not automatically obtained. Other funding sources are also authorized (mainly grants) and are the primary funding for most conservation districts.

There are 47 conservation districts in Washington, but only 15 receive county funding, according to the League of Women Voters study in 2011 (see below). Most major urban counties (especially in the Puget Sound) have assessments in place. Examples of local assessments are:

- King Conservation District - $10 per parcel (generating approximately $3.2 million/yr.)
- Pierce Conservation District - $5 per parcel (generating approximately $1.2 million/yr.)
- Whidbey Island Conservation District - $5 per parcel + $.05 per acre (generating approximately $200,000/yr.)
- San Juan Islands Conservation District - $4.95 per parcel + $.07 per acre

These assessments can apply district-wide, including incorporated cities and towns. King County's assessment, for example, applies to the cities and towns in the county along with the unincorporated areas in the district.

Where this mechanism works best

Conservation Districts can be used to raise funding that can then be leveraged with other funding sources for larger projects – but the district must be established as broadly as possible in order to accomplish this (see North Yakima Conservation District Case Study (see page xx).

Examples of use

- **Whidbey Island Conservation District**: www.whidbeycd.org
- **King Conservation District**: www.kingcd.org/home.php
- **Pierce Conservation District**: www.piercecountycd.org/home.html

Case studies

- **North Yakima Conservation District - Yakima Tributary Access Habitat and Implementation Grant Programs**

For more info

- **Link to conservation districts law**: http://apps.leg.wa.gov/RCW/default.aspx?cite=89.08
- **League of Women Voters study on Conservation Districts – 2011**: www.lwvwa.org/pdfs/studies/LWVWA_WAConservationDistrictsStudy_May2011.pdf
- **MRSC webpage of state court decisions** – search for Cary v. Mason County: www.mrsc.org/subjects/legal/decs.aspx

How to start or increase the use of a program using this mechanism

How does a Conservation District get established?

Formation and funding of conservation districts is complicated. Creation is a multi-stage process performed by a state agency – the Conservation Commission. After creation, the district is run by a locally elected Board of Supervisors who must own property (typical agricultural) within the area served by the distinct.

Formation of a district is initiated by a petition to the Commission of 20% or more of the registered voters in the proposed district. The Commission then holds a hearing, makes a determination, holds an election (if the district is determined warranted and practicable), makes a decision on the creation of the district, forms a Board of Supervisors, and thereafter holds an election to add members to the Board.

What are the basic steps for passing and establishing a Conservation District?

1. **Initial assessment and strategic plan.** Determine need for district and if there is likely enough public support to establish a district.
2. **Initiation of petition.** A core group of residents, a nonprofit group, or others spearhead a petition process in order to generate petition signatures of at least 20% of the registered voters within the proposed district area.
3. **Commission hearing.** The Conservation Commission sets a hearing on the proposed district.
4. **Commission alters proposal (optional).** Before or after the hearing, the Conservation Commission may alter the proposed district as deemed appropriate.
5. **Commission Decision #1.** After the hearing, the Conservation Commission considers whether the district is warranted and practicable. If so, they then set an election to obtain the opinion of the electorate.
6. **Authorization of election, including specifics.** Conservation Commission sets date and language for election.
7. **Community outreach and education campaign.** Undertake a community outreach and education campaign to get the proposed district approved by voters.
8. **Commission Decision #2.** Upon a positive election result, the Conservation Commission makes a decision on the creation of the district.
9. **Formation of Board of Supervisors.** If the Conservation Commission decides to form the district, they then form the Board of Supervisors, of which two are Commission appointees. They also set an election for three more members.
10. **Supervisor election.** Election for three members of the Board of Supervisors is held.
11. **Establishment of program.** After the election of Supervisors, the Board administers the district (including future elections). The organization and mechanisms for administering funds, including offices and staff is established.

Success factors and challenges

Special assessments can provide long-term funding

County legislators may establish "special assessments" (under RCW 89.08.400) for up to 10 year increments to support the Conservation District. The Board of Supervisors holds a hearing to gain information and refine the proposal. Then the county council or commission also holds a hearing, may modify the proposal, and then makes a final decision on the assessment. The special assessment is based on land characteristics and on a rate per acre (up to 10 cents), and may also include a flat rate per parcel (up to $5, or $10 for populations over 1.5 million). The recent Washington State Supreme Court decision in *Cary vs. Mason County* (see MRSC link on page xx) found that the rate must include a non-zero rate per acre charge for benefited properties – the rate per parcel charge is optional.

Rates and charges can be set

Alternatively, the county legislators can set "rates and charges" under RCW 89.08.405 using the same process as for "assessments." It is largely similar to the system described for "special assessments", but includes some differences. It can be initiated by the county council or commission on their own (though they may consider information from the district) and does not require that the land be classified, other than special rules for forest lands.

Ensuring funds for protection and restoration projects

While existing assessments are likely consumed by current operations, there is opportunity for counties to adopt an assessment that establishes additional funding for specific protection and restoration efforts. In the case of existing assessments, funding rates that are less than the limit in state law can be increased to the limit level for a defined purpose stated in the periodic funding renewal. The most common existing assessment is only a per parcel amount; thus the "per acre" amount could be added. Similarly, if there are no assessments authorized yet, those can be established for the purpose of protection and restoration efforts, in addition to the district's other work.

Most agricultural areas of the state already have Conservation Districts, though some areas may still have untapped opportunity. Remaining areas can benefit from starting a Conservation District. Providing funding for the Conservation District to do restoration work will require participation of both the county legislators and the Board of Supervisors. There are two barriers to additional funding. (1) Most urban areas already have an assessment, so increasing it may not generate much additional funding. Rural areas inherently will not generate significant funding. (2) The primary barrier will be getting the Board of Supervisors (and by extension the landowner voters within the district) to agree to restoration programs. Those that have agricultural and environmental communities that co-exist well have the best chance at success.

Helpful Hints: effectively using this mechanism

Maximizing restoration and protection work programs

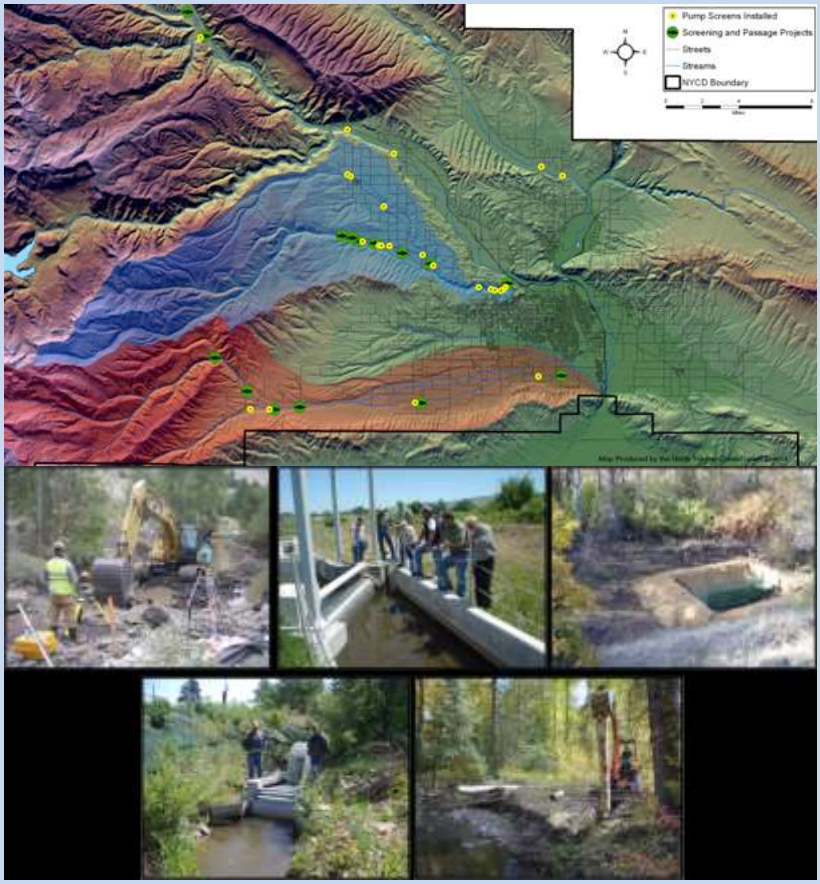
Conservation Districts are already established in most areas of Puget Sound. Using Conservation Districts to aid restoration work presents a unique challenge beyond convincing voters or legislators of the benefit of a district. It is important to make the case to the Supervisors that restoration and preservation work will benefit agricultural landowners. Concerns for Washington's agricultural community include the loss of autonomy over their lands and the need to maintain water supplies in a changing climate. The Klamath River basin provides an important example as farmers there face significant limitations on their use of water. They have an intense self-interest in preventing limitations, and are realizing that restoration and protection programs often improve water quantity. Restoration work ranges from water quality improvements, to barrier and screening improvements, to water efficiency improvements that boost stream flows, to on-the-ground restoration projects. Similar arguments can be made for residential and other landowners.

Extend policies to include restoration work

If the district policies can be amended to include restoration work and funding can be approved, this funding source can help with undertaking restoration work. The additional funds may be in small amounts, but they can be used to leverage other resources. The technical assistance, expertise, and partnership-making orientation of a conservation district make it very effective at leveraging small amounts of funding into funding for much larger restoration projects.

Case Study - North Yakima Conservation District, Yakima Tributary Access Habitat and Implementation Grant Programs

Most conservation districts in Washington have a highly focused orientation on strictly agricultural issues. Some, however, have broadened their focus to environmental issues or place additional focus on recruiting participation in cost share and grant programs. A district may undertake restoration oriented programs such as salmon recovery and restoration work.



Yakima Tributary Access Habitat Program

The North Yakima Conservation District has taken this approach and created the Yakima Tributary Access Habitat Program. This program, funded by grants from the Bonneville Power Administration and other sources, helps private landowners improve habitat. Anadromous salmonid fish runs are restored by removing fish barriers, screening water diversions, and restoring in-stream and riparian habitat.

Implementation Grant Program

The district's Implementation Grant Program provides technical assistance and leverages incentive funding for the establishment, enhancement and protection of riparian areas and surface water quality. Environmental benefits of this program include a strategic ten year reduction of stream temperature, fecal coliform levels, and related water quality impairments as listed in the Washington Department of Ecology's 303(d) list and as identified in the TMDL process.

Source: North Yakima Conservation District. *Yakima Tributary Access Habitat Program.* Retrieved from http://northyakimacd.wordpress.com/projects-and-program/yakima-tributary-access-habitat-program-ytahp

Lake and Beach Management District

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Continuous funding source / Budgets and targeted taxes	Protection & Restoration	Provide funding to others	County or City residents

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private and Public	Low	Limited

What is it?

A Lake or Beach Management District is a special district, funded by local taxes or fees, set up to protect lakes and beaches, usually focusing on aquatic weed control but can be extended to do restoration work.

Background and description

Lake management districts or beach management districts (Chapter 36.61 RCW for counties, extended to cities by RCW 35.21.403) are special purpose districts which are formed to fund a variety of lake protection or restoration activities. They typically focus on water quality improvements and invasive aquatic plant control, but they can be broader in scope – including the water quality aspects of riparian areas.

What kind of shoreline work can a lake or beach management district do?

The broad eco-system mandate for lake or beach management districts allows them to undertake a range of work that benefits water quality. Districts can work to protect lake and beach ecosystems (RCW 36.61.010) by using long-term strategies that focus on reducing nutrient inputs from human activities affecting the aquatic ecosystem (such as stormwater, fertilizers, pet waste, on-site septic systems), promoting the use of vegetative borders and the protection of riparian areas, and working to retain organic debris including vegetation, driftwood, seaweed, and kelp.

Consequently, within the mandate of improving water quality, lake and beach management districts have great potential to undertake protection and restoration activities. Many lake management districts exist in Washington State, but no beach management districts. Most of the lake management districts focus on water quality and invasive species control, which are forms of restoration activity. Much of this work is done in response to highly degraded existing conditions, which are very expensive to correct. Consequently, little funding is available for other restoration work, such as structure removal and revegetation of riparian areas.

How are lake and beach management districts funded?

The legislation for lake and beach districts is somewhat complicated and creates a strict relationship between district formation, work program, and funding mechanisms that make periodic renewal a *de facto* requirement for an on-going program that completes projects and develops new projects over time.

Assessments or fees and charges may be used to fund district work (RCW 36.61.020), including the issuance of bonds to be paid by future revenue. Assessments are established in the same manner as through a local improvement district. Amounts can be calculated based on a number of different factors that fairly reflect benefit to the property - for example, water frontage, acreage, and extent of improvements.

There does not appear to be a specific funding limit in the legislation, other than general limits that apply to all levies and charges. Consequently, local residents can set their own charges. Examples are:

District	Annual Fee		
	Lakefront	Upland lots with lake access	Other lots in the lakeshed
Lake Lawrence District in Thurston County	$261	$65	none
Long Lake District in Thurston County	Rate based on water frontage rate, a dwelling unit rate, and vacant land rate		none
Lake Sutherland District in Clallam County	$50		
Deer Lake District in Stevens County	$40.50	$20.25	
Barnes Lake District in Tumwater, Washington	$240	Variable rates	
Beaver Lake District in Sammamish, Washington	$230	$23	

Where the mechanism works best

Beach and lake protection districts can be used to take in small amounts of funding that are leveraged for larger projects. These districts have potential beyond the typical current use – particularly in three situations:

- Lakes that are not highly degraded and thus requiring high levels of funding for water quality treatment and invasive species control. Moderately degraded lakes can benefit from less costly actions that include a variety of other restoration work to improve water quality.
- Lakes whose water quality problems would benefit from reestablishing natural processes, such as fringe wetlands that filter pollutants and provide habitat.
- All marine areas can benefit from beach districts. Since water quality and invasive species problems are tied to vast marine areas, expensive systems and efforts are not usually attempted as they are in lakes. Thus funding could more readily address other restoration efforts, within the mandate of benefiting water quality. As no beach districts currently exist in Puget Sound, these districts could be established.

Examples of use

- **Thurston County - two lake management districts**: www.co.thurston.wa.us/waterresources/lakes/lakes-home.html
- **Clallam County Lake Sutherland District**: www.clallam.net/weed/eurasian_milfoil.html
- **Stevens County resolution for Deer Lake District**: www.co.stevens.wa.us/commissioners/Commissioners%20Documents/Resolutions/2011/25-2011%20intent%20to%20create%20lake%20management%20district%20at%20Deer%20Lake%20&%20setting%20hearing.pdf
- **Barnes Lake Management Plan, Tumwater**: www.ci.tumwater.wa.us/BLMD/BLMD%20Aquatic%20Veg%20Mgmt%20Plan.pdf
- **City of Sammamish Beaver Lake Management District**: www.ci.sammamish.wa.us/projects/BLMD.aspx

Case studies

- **Lac La Belle Management District: restoration work**

For more info

- **MRCS (**includes a list of Lake Management Districts in Washington): www.mrsc.org/subjects/environment/water/spd-lake.aspx
- **North American Lake Management Society** (NALMS): www.nalms.org
- **Washington State Lake Protection Association** (WALPA): www.walpa.org

How to start or increase the use of a program using this mechanism

How does a Lake or Beach Management District get established?

Lake or beach management districts are formed following a process initiated by either a "resolution of intent" by the county legislators, or a petition by landowners of 15% of the acreage in the proposed district, resulting in a county "resolution of intent," a hearing, potential changes by legislators, a determination of feasibility by legislators, and a vote.

What are the basic steps for establishing a lake or beach management district?

1. **Initial assessment and strategic plan.** Determine need for district and if there is likely enough public support to establish a district.
2. **Initiation of petition.** A core group of residents, a nonprofit group, or others spearhead a petition process in order to generate petition signatures from landowners of at least 15% of the acreage within the proposed district area.
3. **County *resolution of intent*.** County legislators adopt a *resolution of intent* either after a successful petition or indirectly (without a petition).
4. **County hearing.** The county council or commission then sets a hearing date, and provides notice to all landowners in the proposed district.
5. **County legislators alter proposal (optional).** During and after the hearing the legislators may change the proposal, though additional notices or hearings may be needed to do so.
6. **County legislators' decision.** After the hearing, the legislators consider the feasibility of the district. If they decide favorably, they submit the proposal to the landowners of the proposed district through an election.
7. **Authorize election, including specifics.** County legislators set date and language for election. Each dollar of proposed charge on a property counts as one vote available to its owner.
8. **Public campaign.** Undertake a public campaign to get the proposed district approved by voters.
9. **Public vote.**
10. **Establishment of program.** If the vote is favorable, the legislators create the district and the funding mechanism.
11. **Subsequent actions.** Substantial increases in funding may require another election. Decisions regarding funding must be made during public hearings. The organization and mechanisms for administering funds, including offices and staff is established.

Success factors and challenges

Extent of district to include adequate funding
Draw boundaries for either a lake or beach management district as broadly as possible, preferably including the entire watershed or catchment area. A small district cannot generate enough funding to do restoration work. This means that the program for the district must also be established broadly, beyond just invasive species and specific water quality sources (septic systems, etc.), in order to justify the larger boundary. Include at least the immediate catchment of a lake and the immediate drainage area for a marine beach. The Deer Lake and Barnes Lake districts (see web links on page xx) both extend assessments to non-water access lots, though in a limited way. The Barnes Lake example recognized the view benefits of fixing the lake's problems, and extended the boundary to view lots, though it still includes only 100 lots.

Drawing a larger boundary requires establishing broad issues of concern that extend to the larger area such as was done for the Beaver Lake Management District (see web link on page xx). Water quality impacts from the full watershed were recognized and the boundary drawn appropriately. Issues include stormwater and erosion control, land runoff, and tributary water quality. Consequently, the boundary was drawn to be slightly larger than the immediate watershed. The resultant funding raises $40-50,000 per year – better than other districts, but still only adequate for leveraging funds from other sources.

Multiple areas can be grouped
Counties may create lake or beach management districts with great flexibility to include single or multiple features, using single or multiple districts (RCW 36.61.020). Presumably, lakes and marine areas can be grouped together as well. Lake bottoms and marine areas that lie below the ordinary high water mark may be included; but they are not considered benefitted and not subject to funding charges or voting rights (RCW 36.61.010). Adjacent lands can be included (RCW 36.61.020), and since underwater areas are not "benefited", substantial adjacent lands need to be included. There is no defined limit on this, but a nearby catchment is probably acceptable, while a large watershed may not be acceptable.

Carefully crafted "resolution of intent"
The *resolution of intent* is an important step. It must include extensive information that describes proposed activities, proposed funds to be raised, duration of the district and funding sources, and boundaries of the district. This information is the basis for operating and funding the district. Duration of both the life of the district and length of funding may be limited (RCW 36.61.025 and others). Furthermore, this is necessary for an ongoing program because the program is limited to the scope of activities and funding that is set out in the "resolution of intent." Fund charges are directly tied to costs of the activities described in the resolution, and expenditures of more than those described in the resolution are not allowed. Consequently, changing the activities, program duration, or extending funding all require changes to the "resolution of intent", which requires a new election.

Aquatic plant or vegetation control requires environmental plan
If a beach management district intends activities for "controlling and removing aquatic plants or vegetation," it must prepare a plan that limits damage to the environment, as listed in RCW 36.61.280.

Including restoration work
There are two barriers to this funding source for restoration work: getting the landowner voters within the district to agree to restoration programs that extend beyond water quality treatment and invasive aquatic plants and getting the district boundaries to extend to the catchment rather than just properties with water access so that enough funds can be generated to do substantive projects. Water quality and invasive plants and view issues can help extend the boundary of the district.

Districts with highly degraded water quality or extensive invasive plants likely cannot undertake restoration since those problems will consume the limited funding. Choosing moderately degraded locations for new districts will allow them to use the funding for other restoration work.

Helpful Hints: effectively using this mechanism

Funds can be spent on a wide range of activities, including restoration

Beach or lake management district funds can be spent on seven activities (RCW 36.61.020), many of which allow for restoration activity consistent with the legislative intent. Currently, most of the lake districts in Puget Sound do not undertake all activities allowed for habitat restoration, but this possibility is available:

- Controlling or removing aquatic plants and vegetation
- Improving water quality
- Controlling water levels
- Treating and diverting stormwater
- Controlling agricultural waste
- Studying lake or marine water quality problems and solutions
- Cleaning and maintaining ditches and streams leaving or entering the lake or marine waters or leaving the lake
- Monitoring air quality
- The related administrative, engineering, legal, and operational costs, including the costs of creating the lake or beach management district.

Use district funds to encourage voluntary revegetation

Many jurisdictions face intense opposition to potential requirements that landowners revegetate existing degraded riparian areas. Beach or lake management district funding could be used to undertake riparian revegetation efforts throughout the district, though it may need to demonstrate an ability to be comprehensive rather than benefiting certain landowners. The Lac La Belle Management District (see Case Study on page xx) in Wisconsin provides grants for doing restoration projects along the lake shore. District funding could also be used to identify sources of erosion and/or pollution to degraded riparian areas, and focus work on revegetating them.

Potentially establish a surcharge to do restoration work

Assuming that the boundary and program are broad enough to generate adequate revenue and allow restoration work, a broad range of restoration activity can be undertaken. Examples include vegetation planting, removing armor or other structures, etc. However, no districts have been found in Washington that have undertaken restoration work. The Beaver Lake District recommends restoration and acquisition, but relies on the City of Sammamish to implement those recommendations.

A recommended approach would be to charge properties a surcharge based on their riparian vegetation character – with intact native vegetation wide enough to protect water quality having no surcharge. In addition, district funds can be used to provide small grants (possibly in partnership with other programs) to restore degraded riparian areas. Both of these would provide an incentive to landowners to restore their marine and stream riparian areas.

Use district to address invasive species (in addition to nuisance weeds)
Another potential use is similar to invasive species control for lakes. Some marine areas are infested with *Spartina alterniflora*, or other species. Some freshwater areas are infested with zebra mussels, carp, or invasive snails. District funding could be used to help fund species control efforts when they can be linked to water quality.

Extend protections to tributaries
This funding source can be used near any lake or marine water. Districts can be extended to tributary streams, though doing so for larger rivers may be a difficult case to make.

Case Study: Lac La Belle Management District - restoration work

Many of the lake management districts in Washington focus primarily on management of milfoil and other invasive aquatic plants, but they also have the potential to also do shoreline restoration.

Small grants for restoration

The mission of the Lac La Belle Lake Management District states that they seek "to promote environmentally conscious and fiscally responsible decisions by providing education, enhancing a healthy lake ecosystem, and ensure safe use of Lac Labelle for today and tomorrow."

The Lake District, located in Wisconsin, has offered small grants to property owners for individual shoreline restoration projects and has also partnered with the county to reduce excess sediment coming into the lake by funding stream bank restoration work as well as buffer strips, buffers along agricultural areas, and a pond to catch runoff. They are also removing invasive plants.

The Shoreline Restoration Grant Program is designed to support lake owners in restoring the shoreline to a natural state. Several $2,000 grants were awarded based on criteria such as size, visibility, and the need for habitat improvement.

Shoreline restoration plantings. Photo: Lac Labelle Management District

Sources: Brunclik, Paige. (2011, January 26). Creek restoration eyed to reduce lake sediment. *Living Lake Country.* Retrieved from www.livinglakecountry.com/oconomowocfocus/news/114666009.html
Lac Labelle Management District. *Lac Labelle Management District*. Retrieved from www.llbmd.org

Financial Incentives

Federal Tax Credit
Current Use Tax Assessment and Public Benefit Rating System
Tax Reduction for Restoration Improvements
Tax Incentive for the Donation of Land and Conservation Easements
Conservation Reserve Enhancement Program (CREP) - stewardship and cost share program
Agricultural Conservation Easement Program (ACEP) Wetland Reserve Easements - stewardship and cost share program
Forestry Riparian Easement Program (FREP) - stewardship program
Direct Funding
Offering Local Award Funding
Packaged Proactive Funding
Lower Interest Loans
Grants Awards (e.g., federal, state, grant programs)
Restoration Auction

Federal Tax Credit

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Tax Break	Restoration	Physical Project	Property owners use program

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private	Low	None

What is it?

A Federal Tax Credit is a direct reduction of taxes owed, whether for income, estate, excise or other tax.

Background and description

This incentive does not exist at this time. The intent of this potential incentive is that taxpaying parties can undertake shoreline restoration projects and be eligible for a direct reduction of taxes owed. This incentive is widely used in the area of energy conservation.

Examples from the federal income tax system that likely are widely known in their application include:[1]

- Child Care Tax Credit
- Earned Income Credit
- Hybrid Car Tax Credit
- Residential Energy Efficient Property Credit.

Washington State does not have an income tax, which would be the most widely accessible tax and tax credit for all residents. Consequently, income tax credits are only available for federal income tax at this time. The state does have tax credits,[2] but most people are not aware of them. They are mainly used by businesses, including: Low-Income Housing Tax Credit, Employee Training B&O Credit, Renewable Energy System Cost Recovery Credit, and Commute Trip Reduction Credit.

What are potential models and proposals?

A new shorelines tax credit could be modeled on existing restoration and protection tax credits offered within the United States. Examples of proposed or existing credit programs are:

> ***Endangered Species Recovery Act Tax Credit***
> In 2009, a federal tax credit for certain land conservation measures was proposed to be included in an expansion of the Endangered Species Recovery Act of 2010 (Federal Tax Credit Description, Endangered Species Recovery Act 2010 at www.govtrack.us/congress/bills/111/s3146) to encourage restoration for "threatened" and "endangered" species (plus limited other instances). The credit would not be eligible for compliance with government requirements, such as project mitigation.

[1] For an overview of tax credits, see this link: http://taxes.about.com/od/deductionscredits/qt/energytaxcredit.htm. Specific tax credits can be found in IRS publications at www.irs.gov

[2] See the WA State webpage on tax credits: http://dor.wa.gov/content/findtaxesandrates/taxincentives/def_credits.aspx

Under the proposal, landowners would be able deduct all expenses directly from their taxes, including (1) restoration planning, (2) restoration activities, and (3) percentage of land value lost due to any easement (based on duration of easement). The tax credit would be certified by the appropriate ESA agency (US FWS or NOAA Fisheries). In addition, there would be a program limit on the aggregate amount of tax credits given within a year; so priority criteria would be applied to rank and approve applications by highest priority until the aggregate limit is reached. Unused credits could be carried over and reapplied in the next year. The limit would be about $400 million per year, which would dwarf all the other incentive budgeted limits.

The proposed tax credit would require entering into a protection agreement using 3 choices: Perpetual easement, 30 year (or longer) easement, or a non-easement agreement. Easements would be given to certain federal agencies and longer duration would determine the percentage of expenses allowed toward the credit. The agreement would require the development of a Habitat Management Plan to restore/enhance habitat for or reduce threats to the species and must be consistent with the species approved Recovery Plan. As with other federal incentive programs, resource agencies would provide technical assistance to develop the management plan.

An **easement credit** would be given for the lost land value based on its duration – 100% for perpetual easements, 75% for 30-year easements, and none for no easement. The credit would be reduced by any payment for the easement. A separate **restoration credit** would be given for all expenses incurred "pursuant to" the plan (mainly implementation costs), based on the easement duration - 100% for perpetual easements, 75% for 30-year easements, and 50% for no easement - and would be reduced by the federal agency expenditures on the restoration work. If an agency pays for other project costs rather than reimbursing the landowner, this could mean that the landowner must match the federal contribution dollar for dollar before the tax credit kicks in.

Arkansas Private Wetland Riparian Zone Creation and Restoration Incentive Act

In 1995 Arkansas passed legislation that allows a credit for any taxpayer engaged in the development or restoration of wetlands and riparian zones (ARK. CODE ANN § 26-51-1501). The purpose is to encourage private landowners to restore and enhance existing wetlands and riparian zones, and create new wetlands. The program is administered by the Arkansas Soil and Water Conservation Commission and Private Lands Restoration Committee. In order to qualify, the landowner must agree to maintain a given practice for ten years. The amount of credit for a taxable year must not exceed $5,000/taxpayer. Any unused portion of the credit may be carried over for nine years. Costs eligible for credit are professional services required for project development and maintenance and establishment of permanent vegetative cover, construction of enclosures, bank stabilization and construction of berms and water control structures (George, 2002).

California Natural Heritage Preservation Tax Credit Program

California's tax credit program provides income tax benefits in exchange for the ***donation*** of land to state resource departments, local governments, and nonprofit organizations (Cal. Fish and Game Code §37000). The program focuses on open space, agricultural lands, and wildlife habitat and is administered by the Wildlife Conservation Board. The program is designed to encourage the donation of property for conservation purposes, but it is not designed to accept applications directly from private landowners. Instead, landowners must coordinate the preparation of an application package with an eligible donee. The property must provide corridors or reserves for listed species in order to aid that species' recovery as well as public access to the extent that public access is consistent with the purpose for which the donation was accepted. Landowners receive a state tax credit in an amount equal to 55 percent of the appraised fair market value of the contribution. The tax benefit applies to

landowners with more than 150 acres of land put under contract with any agency of the federal or state government limiting the use of lands for a period of 10 or more years to habitat for native or migratory wildlife and native pasture (George, 2002).

Idaho Natural Resources Conservation Tax Credit
Idaho's tax credit was established in 1998, and provides income tax credits in exchange for habitat improvement or restoration on riparian habitat, and habitat for threatened, endangered or sensitive plants or animals (Idaho Code §63-3024B). The program is administered by local Soil Conservation Districts with assistance from other state departments. Expenditures which are eligible for income tax credits include removal of barriers to fish passage and installation of devices to prevent fish from entering into areas where their ability to survive is limited. The tax credit is equal to half the eligible expenditures made during a taxable year and cannot exceed $2,000 per landowner in a taxable year (George, 2002).

Kenai Peninsula Borough Habitat Protection Tax Credit
Alaska's tax credit program provides landowners with a property tax credit as partial reimbursement for habitat protection and restoration projects within 150 feet of the anadromous water bodies protected under the Kenai Peninsula Borough Habitat Protection District. A limited number of projects qualify for the tax credit. For the first three consecutive tax years following completion of the project, the borough will provide a credit of up to 50% of the land tax assessment or the cost incurred in the project, whichever is less. The tax credit is not transferable should the property be sold. This is a Kenai Peninsula Borough credit and it does not apply to any city tax portion (www.kenairivercenter.org/river-center/restoration/488-tax-credit-tax-exemption).

Where the incentive works best

A tax credit will be most effective as an incentive for those landowners that have substantial tax burdens. The high costs of restoration projects mean that those costs cannot be recovered through a tax credit unless the normal taxes owed are of comparable size, including the ability to roll the credit to the next year when allowed under the law.

Examples of use

- **Federal Endangered Species Recovery Act of 2010 tax credit law**: https://www.govtrack.us/congress/bills/111/s3146
- **Arkansas wetland/riparian tax credit**: http://anrc.ark.org/divisions/water-resources-management/wetlands-riparian-zone-tax-credit
- **California Natural Heritage Preservation tax credit**: www.wcb.ca.gov/Tax/
- **Kenai Peninsula Borough property tax credit**: www.kenairivercenter.org/river-center/restoration/488-tax-credit-tax-exemption.

Case studies

- **Solar Federal Tax Credit**

For more info

- **State Conservation website (for California) summarizing ESA tax credit program:** www.stateconservation.org/california/article.aspx?id=132&sid=5&sn=organizations%2C+professionals

How to start or increase the use of a program using this incentive

In order to promote restoration and preservation of shoreline areas, local and regional agencies and organizations can assist landowners with accessing a tax credit incentive where available. Of particular usefulness may be the ESA federal income tax credit.

Other local and state tax credits will have to be developed before people can use them. Using models from other states can be beneficial.

How can the federal ESA tax credit be improved?

Use of a federal ESA tax credit is potentially a good incentive for funding restoration projects. There are three widespread ESA listed fish species that can be the impetus to access this tax credit: Salmonids, Rockfish, and Pacific Smelt. All three can benefit from shoreline restoration such as armor removal, other structure removal, revegetation, aquatic bed enhancement, etc. Other listed species can also benefit from restoration projects.

- **WDFW and others should energize federal agencies.** WDFW and local organizations have a more immediate stake in getting local restoration projects to happen. They could work with US FWS and NOAA Fisheries to get them to assign staff to perform the technical assistance and certification of the habitat management plans that are required for the tax credit. An alternative would be to get the federal agencies to allow WDFW to do the work, with final approval by the agencies. Either way, the federal and state agencies will likely need to reallocate staff or hire new staff to assist with the work.
- **Determine acceptable restoration activities.** The agencies need to determine the acceptable restoration activities that can qualify for the tax credit. Most of these are easily determined and obvious. However, the line needs to be drawn between restoration projects and "green projects." The issue is that proponents of structure reconfiguration projects will be looking to use the tax credit as well. The agencies also need to identify the construction practices they want used for different restoration activities in order to streamline the development of management plans – many of the practices are probably already developed for other purposes.
- **Develop or gain access to appraisal capabilities.** Appraising land for the easements is time consuming, so contingencies need to be in place to streamline that step.
- **Develop boilerplate documents.** Developing agreements and easements is time consuming work. Developing boilerplate documents reduces the work to editing for the specific situation.

How can new tax credits be created?

Creating a federal tax credit will involve work with national partners to develop broad support. Potential partners include Louisiana (Mississippi delta restoration), California (Sacramento Bay restoration), Virginia and Maryland (Chesapeake Bay restoration). A tax credit needs to be carefully crafted to encourage the intended actions. For example, the proposed ESA tax credit does an excellent job of encouraging perpetual easement restoration projects in preference to lesser duration easements.

Local tax credits on property taxes (or perhaps some others like excise taxes) can be used to focus restoration activity on highly specific local issues. Local tax credits will have to go through the local regulation amendment process, which will be a political process, though incentives are less likely to be opposed than regulations.

Success factors and challenges

Seek professional tax advice
The most important aspect about tax credit incentives is that the landowner is ultimately responsible for their own taxes. Agency staff is not knowledgeable about taxes and should not give tax advice. While the agency staff best encourages restoration projects by providing good information, they should recommend that the landowner involve their accountant or tax attorney. There are usually tax credit limits, but excess can also usually be carried to future tax years.

Tax incentive reduces income to the government
Tax credits more directly reduce government revenues even more than tax deductions, so they need to be efficient in inducing highly valuable restoration activity.

Subsequent buyers might not honor easement conditions
Easements can create challenges, in that subsequent purchasers who buy properties that are constrained by conservation easements may not comply with the easement. Having an obvious and beneficial restoration project on the easement areas may reduce encroachments.

Availability of funds fluctuates
Authorization for a federal tax credit may expire or vary from year to year. Legislative attention will be needed to generate support for continued and steady funding.

Helpful hints: effectively using this incentive

Consider the landowner when marketing the program
The tax situation of the landowner will affect the incentives usability based on the size and cost of the project compared to the landowner's tax burden. If the project cost vastly exceeds the owner's tax burden, the remainder may be lost. Less wealthy landowners will tend to be limited to doing smaller projects, while wealthy landowners are more able to do larger projects.

Creating long-term positive feedback
Behavioral research shows that people are more willing to maintain environmental beneficial behaviors if they are intermittently rewarded. So Stern and others have suggested that conservation easement donors receive a property tax reduction commensurate with the reduction in the fair market value due to a conservation easement, to make the property owner more likely to comply with the easement.

A tax credit incentive (if it includes an easement) would benefit from being packaged with other incentives such as:

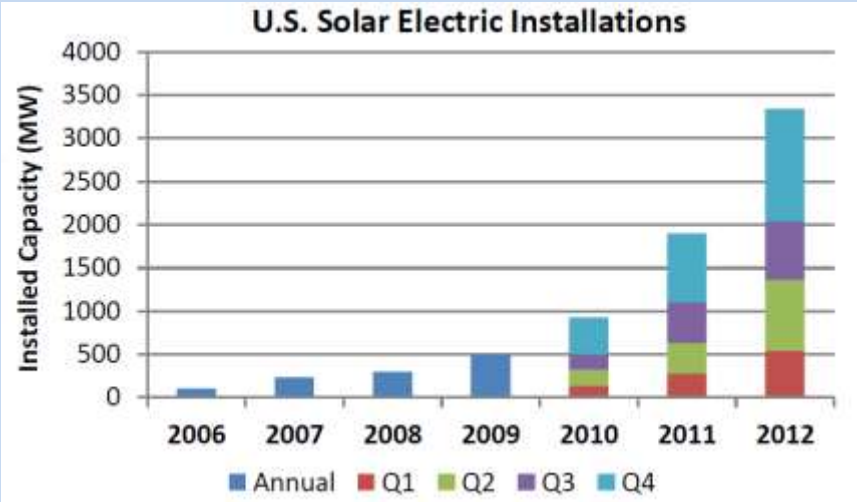
- Current Use Taxation and PBRS – Entering into an agreement to reduce property taxes for the conservation easement area provides an on-going benefit, especially if it is visible as an itemized part of the tax statement.
- Tax Reductions for Restoration Improvements – Changing the use of the area from a production use may allow the assessor to assign a different assessment value, but is dependent on local assessment rules.

Case Study: Solar Federal Tax Credit

Established by The Energy Policy Act of 2005, the solar federal tax credit is a good example of a successful program to incentivize high-ticket environmental actions by private landowners. Initially, the credit applied to solar-electric systems, solar water heating systems and fuel cells for residences. The Energy Improvement and Extension Act of 2008 extended the tax credit to include small wind-energy systems and geothermal heat pumps and also extended the credit to December 31, 2016, allowed homeowners to apply the credit against the alternative minimum tax, and removed a $2,000 credit limit for solar-electric systems beginning in 2009.

How the credit works

Taxpayers may claim a credit of 30% of qualified expenditures for residential systems. The credit covers labor costs for on-site preparation, assembly or original system installation, and piping or wiring to interconnect a system to the home. If the federal tax credit exceeds tax liability, the excess amount may be carried forward to the succeeding taxable year until 2016, but it is unclear whether the unused portion of the tax credit can be carried forward after then. Specific criteria apply to each type of technology.



Success of the tax credit

In the first year after the tax credit was approved (for 2006-2007), solar installations were dramatically increased leading to a doubling of installed solar electric capacity by 2007. By 2012, the annual compound growth rate since 2006 was 77% (see chart). Furthermore, the credit spurred job creation so that the solar industry grew from 15,000 employees in 2005 to more than 119,000 in 2012.

Sources: United States Department of Energy. *Residential Renewable Energy Tax Credit.* Retrieved from http://energy.gov/savings/residential-renewable-energy-tax-credit

Solar Energy Industries Association. (2012, May 17). *The Case for the Solar Investment Tax Credit (ITC*). Retrieved from http://www.seia.org/sites/default/files/resources/The%20Case%20for%20the%20Solar%20Investment%20Tax%20Credit%2004%2030%202014.pdf

Current Use Tax Assessment and Public Benefit Rating System (PBRS)

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Non-funding / Tax Break	Protection Restoration - sometimes	Encourage projects by others	Counties operate the program Property owners use program

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private	Low	Widespread – general use Limited - shorelines

What is it?

A Current Use Tax Assessment or a Public Benefit Rating System program gives a landowner a property tax reduction if they agree to steward and preserve some of their land as open space.

Background and description

Current Use Tax Assessment and Public Benefit Rating System (PBRS) programs incentivize landowners to preserve and steward open space on their property through a property tax reduction. Rather than pay taxes based on the "highest and best use" assessment value, a lower "current use" value is established for the acreage of land qualifying for the program. These programs are administered by county assessor offices and are sometimes managed jointly with other municipal departments.

What are the current use opportunities?

Washington voters approved an amendment to the state constitution in 1968, which first established Current Use Taxation and in 1970 the legislature enacted the Open Space Taxation Act (RCW 84.34). Most property tax assessments are based on the highest and best use of the property, which meant that open space, forest and farmlands with access to road or water infrastructure were assessed at their potential development value. The 1968 amendment allowed for a reduction in this tax burden by directing the assessment of the land to be based on its current use. The goal was to reduce the economic pressure for landowners to develop their land and instead encourage voluntarily conservation of open space, forest and farmland resources. The benefit to the public is that the land remains in its current use. There are four property tax reduction programs: Three are considered "current use programs": Open Space Land (which may be reviewed under a PBRS program if adopted by a county), Farm and Agricultural Land and Timber Land (Chapter 84.34 RCW) as well as Forestland (Chapter 84.33 RCW). While the Farm and Agricultural Land, Timber Land and Forestland categories may be useful for protecting shoreline resources in specific locations, the Open Space program (or PBRS) is the most effective of these incentive programs at encouraging and rewarding protection of shoreline ecological functions. The state law allows counties to adopt and design their own unique PBRS programs.

It should be noted that Timber Land (RCW 84.34.020(3)) may not be classified as such when it is within 200 feet of a marine shoreline, i.e., under jurisdiction of the local SMP.

How is open space defined?

The Open Space Taxation Act, in part, defines Open Space Land as:

- land designated for open space or conservation purposes by a local comprehensive plan,

- land considered to be traditional farm and agricultural *conservation* land, and
- land that, if preserved in its present use, would conserve important scenic, historic, recreation, and natural resource values. This third criterion is most applicable to restoration incentives.

How do PBRS programs work?
PBRS programs by definition allow local governments an opportunity to select resources for which to give varying levels of reductions in assessed value depending on the benefit to the public. Thus participating counties can give property tax reductions to owners of qualified properties which are helping to reduce flood damage, protect salmon habitat, or providing other environmental benefits as described in a particular jurisdiction's program.

Through the use of a public benefit rating system, the property tax reductions can be used as an incentive to encourage and reward landowners to voluntarily protect shoreline ecological functions such as: water quality, wetlands, buffers, extensive areas of native vegetation, channel migration zones and floodways, and geologically unstable lands (steep slopes, landslide hazards, etc.). PBRS enrollment and associated tax savings are based on a point system determined by each county. Points are awarded for each PBRS resource category that a property qualifies for and the total points awarded for a property's PBRS resources. In many counties this translates into as much as a 90% reduction in the land assessed value for the portion of the property enrolled.

How widespread are PBRS programs in Puget Sound?
Nine of the Puget Sound twelve counties have developed independent PBRS programs that define open space resource categories (and criteria) for which a property can qualify for program enrollment (See Appendix 7).

Where the incentive works best

Public Benefit Ratings Systems currently in place around Puget Sound are most effective for incentivizing property owners to preserve open space and ecological features in situations where a *significant* amount of area can be enrolled. The tax benefit for small areas is generally not large enough to encourage participation in the program. For this reason, the Green Shoreline Forum participants (see page xx) recommended enhancing public benefit rating systems as a high priority.

Examples of use

Appendix 7 displays characteristics of all of the Public Benefit Rating Systems that are currently in place in Puget Sound counties (9 of 12 counties).

- **Thurston County**: www.co.thurston.wa.us/planning/open_space/open_space_home.htm
  Thurston County's Open Space Tax Program (and PBRS) includes an eligibility criteria checklist that places emphasis on protecting functioning shoreline and critical areas features, but only minor emphasis for restoration. When protecting at least 3 points worth of eligible resources, the property receives a 50% tax reduction, and additional points can increase it to 70% (for 7 points) or 90% (for 12 points) reduction. The system gives points for resources of different priority – high, medium, and low. These include water features and buffers, geologic hazards, and other fish and wildlife habitat, which are mostly high priority (3 points). It gives 1 point for restoration of a priority resource. Bonus points are given for public access and easements. Experience has found that staffing shortages can greatly impact an open space program, as those requests become very low priority – perhaps even to the point of not being acted on. Few open space applications (as opposed to farming or timber) are submitted. No recent applications have been submitted that include restoration possibly because it only awards 1 point.

- **Island County**: www.islandcounty.net/planning/documents/ICC3.40.pdf
  Island County's PBRS is a well-developed system that is highly focused on shoreline and critical areas features although it includes other open space as well. When protecting at least 5 points worth of eligible resources, the property receives a 10% tax reduction, though 40 points can provide a 90% reduction. The system gives points for resources of different priority – high, medium, and low. These include water features and buffers (when larger than the regulatory buffer), geologic hazards, and other fish and wildlife habitat. It also gives 5 bonus points for restoration activity and 1-5 bonus points for additional buffer widths. A super bonus of automatic 90% reduction is given for giving public access and an easement.

- **King County**: www.kingcounty.gov/environment/stewardship/sustainable-building/resource-protection-incentives.aspx
  King County has a well-developed program that gives points for a wide variety of resources. When protecting at least 5 points worth of eligible resources, the property receives at least a 50% tax reduction, although it can increase to 90%. The system gives points for protecting streams and fish and wildlife habitat. It also includes points for buffers of protected resources, when the buffer exceeds the regulatory requirements. It includes points for different types of open space that have native vegetation, which can be of sizable area. The system also provides 5 bonus points for the restoration of eligible resources, and providing extra buffer widths (at least an extra 10%) of native vegetation. However, options with a stewardship plan can't "double dip" with the restoration option (which uses a restoration plan), which makes the restoration option more attractive for small projects. The system also awards major points for public access or easements.

Case studies

- **King County and Thurston County PBRS**

For more info

- **RCW for Current Use Taxation law**: http://apps.leg.wa.gov/RCW/default.aspx?cite=84.34
- **RCW for Public Benefit Rating System requirements**: http://apps.leg.wa.gov/RCW/default.aspx?cite=84.34.055
- **Green Shorelines for Lake Washington and Lake Sammamish**: www.govlink.org/watersheds/8/action/GreenShorelines

How to start or increase the use of a program using this incentive

How does a Public Benefit Ratings System program get established?

Since the open space taxation program is required by state law, it is in operation statewide and thus it is not necessary to start-up an open space taxation program. It can include restoration of resource features – even without a Public Benefit Rating Systems (PBRS). Adopting a PBRS by a county requires a planning effort to set up the system. The PBRS allows the jurisdiction to target specific resource elements as it desires, within the requirement that it "shall give priority consideration to lands used for ***buffers that are planted with or primarily contain native vegetation***" and include eligibility and maintenance criteria for buffers. Thus, the PBRS should include elements to encourage restoration of water features and their buffers.

A Public Benefit Rating System program is initiated when county commissioners or county council direct the planning commission (and planning office) to develop an Open Space Plan and PBRS. The plan and PBRS must be approved by the legislators to be effective. The Open Space Plan includes land eligibility criteria, the process for establishing a PBRS, and an assessed valuation schedule developed by the assessor that sets percentage of market value based on the PBRS.

When a new PBRS is approved, landowners with existing open space classification are automatically included in the system; but their lands are rated and assessed under the PBRS, and they have the option of withdrawing with no penalty.

What are the basic steps for passing and establishing a Public Benefit Ratings System program?

1. **Strategic/feasibility analysis**. Residents, city officials, or others work with county legislators to initiate consideration of a public benefit rating system and the desired values (features to be incentivized).
2. **Planning commission sets priorities**. The county legislative authority then directs the county planning commission to set open space priorities including an Open Space Plan and conduct a public hearing. The Open Space Plan includes land eligibility criteria, the process for establishing a PBRS, and an assessed valuation schedule developed by the assessor that sets percentage of market value based on the PBRS.
3. **Planning commission hearing**. The county planning commission conducts a public hearing
4. **Planning commission adopts program.** Planning commissions adopts, after a public hearing, an open space plan and a public benefit rating system program.
5. **Development of program.** County staff develops a proposed program which considers:
    - Features to be incentivized.
    - Specific open space categories to include. Per RCW 84.34.020, open space can include: "a) any land area so designated by an official comprehensive land use plan; or b) any land which preserved in its present state would (i) conserve or enhance natural or scenic resources, (ii) protect streams or water supply, (iii) promote conservation of soils, wetlands, beaches, or tidal marshes, (iv) enhance the value to the public of abutting or neighboring parks, forests, wildlife preserves, nature reservations or sanctuaries or other open space, (v) enhance recreation opportunities, (vi) preserve historic sites, (vii) preserve visual quality along highway, road, and street corridors or scenic vistas, or (viii) retain in its natural state tracts of land not less than one acre situated in urban areas and open to public use; or c) any land meeting the definition of farm and agricultural conservation land."
    - The reduction rate the open space classification will have on the landowner's property taxes, including a formula for points and the criteria on which points will be based.
    - Administration of the program, including application fees.
6. **Public campaign.** Undertake a public campaign to get the proposed program approved.
7. **Adopt legislation**. Undertake the formal process to get the proposed rating system approved.
8. **Program startup**. After the program is authorized, establish the organization and mechanisms for administering the program, including offices and staff. Designate staff resources to administer the program, including advertising the program.
9. **Establishment of advisory council.** Some jurisdictions establish a citizen advisory council to help implement/oversee the program.

Updating or amending an existing program

- An existing public benefits rating program can be amended or changed at any time. In King County, for example, this requires a change to county code.
- An update will require a re-assessment of properties already classified in the program considering the new criteria, and a subsequent adjustment in property tax valuation

Success factors and challenges

Open process
A major advantage of this incentive is that the application is an open process and all property owners are able to apply and subsequently enroll property, if it meets program criteria.

PBRS does not have to be based on land area
One of the advantages of a PBRS system is that the reductions in assessed valuation do not have to be based on the land area protected or restored. For example, a PBRS could give a reduction in assessed valuation, and therefore taxes, for an enhanced buffer planted in native vegetation that was greater than the proportion that the buffer makes up of the lot. So a buffer that makes up ten percent of the lot area could, if it were restored and wide enough, be given a percentage reduction in assessed valuation and taxes greater than ten percent of the assessed valuation.

Application process takes time
Applications are reviewed, and if approved, the enrolled portions of properties are then assessed at a current use value with the level of tax reduction determined by a property's public benefit rating. The approval can address all or part of properties, and can include requirements to ensure that certain public benefits are provided as required.

<u>Typical application process</u>

1. An application is filed, including justification for award of each category being requested showing how the land is protecting a qualified resource (such as special habitat).
2. County staff review the application and conduct a site visit.
3. If applicable, a resource restoration plan is reviewed and approved by staff.
4. Staff creates a report and recommendation to be presented at a scheduled public hearing (if property is in unincorporated county area, then at least one hearing is required. If property is located in a city, then both the city and county must approve an application; this normally occurs through two hearings, one by the city and a separate hearing by the county council.
5. Affirmative vote for approval by council is required to enroll a property (if the property is in unincorporated county area, then vote by County Council/Commission. If the property is located in a city, then both the city and county must approve the application for enrollment to take place).
6. An Open Space Taxation Agreement is executed.
7. Staff completes legal description and final administrative actions.
8. Formal enrollment occurs once the signed Open Space Taxation Agreement is recorded, which directs the Assessor's office to adjust the tax roll.
9. An application received in 2013 that is subsequently approved will initially impact an owner's 2015 tax bill.

Shift of tax burden
A current use taxation program, like PBRS open space, shifts a small amount of tax burden to properties located in the same tax district that are not enrolled in the program, in order to keep the total tax revenue for the county at a constant level. The tax shift absorbed by an adjustment to the various levy rates that make up the tax within that particular property's district (levies such as county, city, schools, public safety, state, etc.). This is an issue specifically discussed in the Island County program ordinance. Using this incentive requires a policy commitment that the benefits are worth the taxation effects. Given the relatively small proportion of a taxing district's total assessed valuation represented by properties in the current use taxation program, this tax shift is unlikely to be significant except in the smallest of taxing districts. In addition, agriculture and forest

uses, which generally make up the largest proportion of the current use taxation program, pay more in taxes than the cost of public services they use (WA State Department of Agriculture Strategic Plan 2009 at http://agr.wa.gov/fof). Fields and forests do not need schools, for example. So one could argue that the other taxpayers benefit from keeping these lands in agriculture and forestry even if they are paying less in taxes.

Penalty when leaving the program early

The program is generally not appropriate for use by owners who cannot make the 10-year commitment required by the state law, or are concerned about selling a property with the need for transfer. In addition, owners should have no development plans for the protected parts of the property before committing to enrollment. Execution of an Open Space Taxation Agreement authorizes the assessor to reduce the land value according to a property's PBRS qualification. This agreement is not term limited; there is no set end date to a property's participation in the program. However, if a change of use occurs on the enrolled land that disqualifies all or a portion of it, or a participant no longer wishes to take part in the program, all or a portion of participating area of the property can be removed or withdrawn. If removed, the owner would be responsible for paying a compensating tax, which is calculated by determining the difference between the amount of tax paid as open space and the amount that would have been paid for those years had the land not been in the program (the savings) for up to a maximum of seven years, plus 1% interest/month, and may incur an additional 20% penalty. If the land has been participating for ten years or more and the owner has given two years written notice of withdrawal to the Department of Assessments, the 20% penalty is excused (RCW 84.34.070 and 84.34.108).

Periodic inspections may be needed

In King County, an owner of property enrolled in the program may be required to submit a monitoring report on an annual or less frequent basis as requested by program staff. Otherwise, staff monitor property as needed on an on-going basis, although not annually. In some counties, there has not been sufficient staff to inspect properties to ensure that conditions of the enrollment in the public benefit rating system have been maintained. Periodic inspections or other approaches to ensure compliance are needed.

Buffers are especially prioritized in RCW

RCW 84.34.055(1)(b) and (c) provides that PBRSs "shall give priority consideration to lands used for buffers that are planted with or primarily contain native vegetation." This means that the PBRS system is to at least "establish[] classification eligibility and maintenance criteria for buffers meeting the[se] requirements." Including wetland, fresh water and marine riparian buffers, and wildlife habitat buffers in the PBRS system can be a powerful incentive to reestablish and protect buffers.

Restoration can add complexity leading to withdrawal from program

Experience in the King County program has found that a common issue is that applicants often underestimate the complexity of restoration work. It also adds staff workload for progress checks and compliance follow-up work. This is in addition to the monitoring checks that all approved sites need to ensure the site is maintained with natural vegetation. Compliance issues are approached flexibly to work with owners, but the potential penalties and back taxes motivates owners to complete the work. Occasionally, an applicant bites off more restoration work than they can chew or personal situations change that prevent restoration work from being completed. These people usually simply withdraw and pay the taxes and penalties.

Making the benefit worth the effort

Going through the process of gaining current use taxation benefits takes months and takes effort in filling out forms (along with any required reports and management plans). Consequently, effectively generating interest in the program requires that the tax benefits be worth the time and effort. A strong program provides a sizable starting tax reduction similar to those offered by the King and Thurston County programs. These

programs provide a 50% reduction for initially qualifying land, with additional reductions (up to 90%) for protecting or restoring additional land. Island County's program starts with only a small reduction, and requires stacking many points for different resources to reach the higher reductions.

Helpful hints: effectively using this incentive

Changing PBRS to incentivize more green shoreline features

There has been quite a bit of discussion about the possibility of making some changes to local PBRS programs to help make the program more of an incentive for targeted shoreline restoration and stewardship activities, such as voluntarily removing bulkheads. The PBRS could be targeted to not only protect intact areas (a common objective), but to restore shoreline ecological functions, such as water quality, wetlands, buffers, extensive areas of native vegetation, channel migration zones and floodways, and geologically unstable lands (steep slopes, landslide hazards, etc.). To change the programs to successfully address more shoreline features, some of the current barriers would need to be addressed. For existing public benefit rating system systems, potential barriers to landowner involvement include:

- Not enough financial incentive for small amount of preserved area.
- Lack of awareness about the program.
- Requirement that public access be included (in some county programs).
- Requirement that enrolled areas be ≥ 5 acres (in some county programs).
- Regulatory buffers areas are excluded (in some county programs)
- Application process can be confusing and burdensome.

<u>Green Shoreline Forum Recommendations for enhancing public benefit rating systems to incentivize green features on shoreline properties</u>

The participants in the Green Shorelines Forums (2009) recommended that this program be used as an incentive to encourage restoration along Lake Washington properties by broadening the King County Public Benefit Rating System. Recommendations from the Green Shorelines Working Group Forums for changes to the public benefit rating system that would allow it to more widely apply to lake and marine shoreline restoration, include:

- For urban areas, it may be important to increase the number of points for restoration under the public benefit rating system.
- Need a study/assessment to see if smaller projects would fit within a public benefit rating system. For example, look at how shoreline specific projects fit into the public benefit rating system.
- The scale is key as right now it works well for larger projects but not so well for smaller shoreline restoration projects.
- Agencies need assurance that restoration will stay where the incentive was provided and not be developed later if, for example, a new property owner acquires the property.
- Clarify the process of applying for a tax incentive through public benefit rating system to make it easier for cities, property owners, and contractors to understand and use the program (King County, 2010).

An effort, however, to enhance public benefit ratings systems in any given county may face hurdles, including:

- Resentment by non-shoreline property owners that a great tax burden has been shifted to them.
- A county may not want to change their program.
- Changes will require county legislative action and thus, potentially, a public campaign.

Restoration benefits could be increased

Restoration work is difficult and expensive. In order for the program to effectively generate use of the restoration element by participants, the benefits of the restoration work need to be sizable. As the Thurston County example shows, a minimal benefit (1 point) will not encourage restoration activity, or be used. Even the King and Island County examples only provide modest benefits for restoration (5 points). Most PBRS's award large bonus points for providing public access and easements. It is recommended that large bonus points be provided for restoration work as well. Alternatively, a super bonus for restoration could be used, such as Island County's public access bonus that provides an automatic 90% reduction.

Addressing buffers

The King and Island County examples both state that the buffers that are required by regulations (shorelines or critical areas laws) are ***ineligible*** for the program. Protection or restoration must be larger or more extensive than the required buffer to some degree for the buffer to qualify. This approach works well for intact buffers as existing (and required) protected areas should not also be awarded tax reduction. The approach, however, can be different for landowners who are willing to voluntarily restore degraded buffers, and the system could accommodate that effort flexibly. For example, if a buffer is restored when it had been degraded of its native vegetation by 10% or more, then it could qualify for a tax reduction. It could even be tiered, with a different point award for highly degraded buffers (say 0-25% native vegetation). There could be a minimum width of restored vegetation set, but otherwise the width will self-regulate the amount of tax benefit. This can even work in urban areas where buffers are largely eradicated, and setbacks from the water are smaller. The PBRS system can include requirements to maintain the buffers to maintain eligibility for the tax reduction (RCW 84.34.055(1)(c)).

Marketing is needed

Many property owners do not know about the program. Marketing efforts with photos and success stories are helpful to convince property owners that the PBRS programs are viable for their properties. A significant amount of public education will help enroll more parcels.

Streamlining or batching applications to be more efficient

When the PBRS process is designed, attention should be given to streamlining the process as much as possible. A typical process for open space is similar to a planning effort, where the application is submitted to the planning office for review by the planning staff; the staff takes it to the planning commission for their recommendation to the county commission or council for approval. The process should be set up to fit within the normal and on-going planning or permit review process.

Island County batches applications each year to be reviewed after the end of the year. Then the applications are reviewed and approved applications get the reduced tax benefit the next year. Only a few applications are reviewed per year possibly because of the process timeline. If batching is used, the deadline should be set with plenty of time to finish the review and hearings before the end of the year – possibly early October to allow three months during holiday seasons. This allows the tax benefit to begin with the next year.

Working with assessor's office

Island County's experience has found that staffing in both planning and assessor offices can affect implementation of the program. Clearly structuring the process within the code, and careful coordination between the two offices can help with this - for example cross training to help staff answer tax and planning questions in either office.

Staffing needs to be adequate

Staffing issues are important in effectively using this incentive because the problem is typically a self-implementing program. Adequate staffing is needed for not only basic operation of the program but effective

operation. The open space application review should be part of the normal planning or permitting process to ensure the basic operation of the program, so it is not subject to complete cessation of work and minimizes applications being put on the back burner. If possible, it is desirable that applications be assigned to a consistent staff person who can have specialized training or experience. The best option is to have a dedicated staff person that can perform other specialized program functions too.

Work that might need to be staffed includes:

- **Technical assistance for participants.** Applications that include restoration need extra attention, because the average person does not know how to effectively undertake a restoration project. Technical assistance by program staff might be adequate to help landowners with small scale or simple restoration work. More complicated restoration work may need to have coordination and assistance from resource agencies or a conservation district. A county could also develop standard planting plans for buffer restoration. Alternatively, a consultant might be required. To some extent, the county's natural resource experts may be able to help.
- **Monitoring and compliance work**. All approved lands that receive a tax reduction should be checked occasionally to ensure they are being maintained in the approved state. Restoration work will require additional progress checks and communication with applicants. To some extent, the county's permit compliance process may be able to help with this work. To reduce the monitoring and compliance work, it can be helpful to have the physical restoration work be completed and receive a sign-off before the associated tax reductions are implemented by the assessor. This provides a financial incentive for the landowner to complete the restoration work, and reduces staff work. The point system could even include a "completion bonus," similar to the Island County example.
- **Program marketing.** Some means of program marketing needs to be implemented to increase its visibility and participation.

Offering restoration option

King County receives 60 to 80 applications per year, of which 6-12 may include the restoration option. The restoration option is most often used in conjunction with a standard protection application in order to increase the acreage of tax reduction; but it can also be used solely for restoration areas. The program allows areas that would not normally be eligible due to lack of native vegetation to be made eligible through restoration. Restoration work requires a "restoration plan." Tax reduction can be obtained for the restoration area right away, but it requires follow-through and monitoring of plan implementation and success.

Offering a completion bonus

The process is also administered by Island County flexibly to encourage restoration. This includes offering a sort of "completion bonus" to encourage timely completion of the restoration work.

Pilot efforts to update programs to incentivize shoreline armor removal and other green features

The Regulatory Reform Subcommittee of the Puget Sound Partnership's Ecosystem Coordination Board has been investigating the potential for amending existing PBRS programs for use as incentives for shoreline armor removal or armor avoidance. The specific recommendations from the committee are that an amended program should consider:

- An inclusive parcel size requirement (i.e., no minimum size requirement);
- Incentives for permanent protection (8 of 9 Puget Sound County programs give bonus points for permanent easements);
- Tax relief commensurate with the level of restoration required (i.e., reward a more intensive project with higher tax relief);

- County-specific criteria common to shoreline properties (awarding points for features specific to shoreline areas); and
- Outreach or marketing efforts.

Whatcom and King county staff have participated in the committee and are considering beginning the work of proposing amendments to their PBRS programs in order to make the programs more attractive as incentives for shoreline restoration. In the existing King County program an equal amount of points are given for planting native vegetation or a much more expensive project such as removing a bulkhead. Adding bonus points for armor removal would add significant opportunity for tax reduction, although more beneficial for properties with longer waterfront footage (Puget Sound Partnership 2014).

Case Study: King County and Thurston County PBRS

Public Benefit Rating System (PBRS) programs have good promise as tools to incentivize landowners to steward and protect shoreline open space areas. A key challenge is the range in how criteria points are awarded and the range of existing tax obligations for given parcels. The three examples below demonstrate the range of how the PBRS's apply under current conditions.

Olympia, Thurston County

Annual tax for land reduced to $204 instead of $2,041
The parcel qualified for 90% reduction (5 points + Conservation Easement) applied to 15 acres

Vashon Island, King County

Annual tax for land reduced to $694 instead of $1,678
The parcel qualified for 50% reduction (10 points) applied to 3.83 acres.

Seattle, King County

Annual tax for land reduced to $2342 instead of $5855
The parcel qualified for 60% reduction (15 points) for 0.65 acre.

Sources: King County. *King County PBRS program*. Retrieved from www.kingcounty.gov/environment/stewardship/sustainable-building/ resource-protection-incentives.aspx
Thurston County. *Thurston County PBRS program.* Retrieved from www.co.thurston.wa.us/planning/open_space/docs/ Open_Space_Rating_System.pdf

Tax Reduction for Restoration Improvements

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Non-funding / Tax Break	Restoration	Encourage projects by others	State and counties operate the program. Property owners use the program

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
No	Private	Low	Limited

What is it?

A Tax Reduction for Restoration Improvements provides for future tax reductions for voluntary conservation improvements.

Background and description

Local agencies and organizations can help guide landowners and project proponents towards these tax reduction programs.

A tax reduction is available for landowners when they make taxable improvements. This can occur in two ways: removal of taxable improvement from the tax rolls, or a property tax exemption when work is done under a conservation plan.

How do improved and restored areas get removed from property assessment?

Taxable improvements can be removed from the future property tax rolls. In those instances where an improvement is removed, the County Assessor must be informed so that the assessed value is adjusted to reflect the removed improvement.

The County Assessor also taxes land based on real use potential, not on blind acreage calculations. For example, a 10-acre property lying in a river and channel migration zone that has only a small area outside the zone isn't taxed as if it is agricultural land. Rather it might be counted only as a home site (if suitable) or a small field or wood lot. Landowners who do restoration projects that remove land from functional use under a tax assessment should also request suitable assessment changes from the assessor.

How do conservation plan property tax exemptions work?

Washington law (RCW 84.36.255 & RCW 89.08.440) includes a broad property tax exemption for improvements to fish and wildlife habitat, water quality, and water quantity. While this incentive is typically used for water quantity purposes (dams and irrigation improvements), it can also be used to encourage land owners to undertake voluntary restoration improvements. The use of this incentive requires the participation of the local conservation district, and is similar to some other, usually farm-related, tax exemptions for which the conservation districts assist land owners. A written conservation plan must be approved by the conservation district.

What are additional gains from these tax benefits?

- Incentive for partial restoration: This tax benefit provides a potential incentive to make improvements to taxable structures and improvements that reduce their harm. Since many funding sources and

incentives are focused on establishment of natural ecological functions, simply making a physical improvement better and more protective may not qualify for them.
- Foster goodwill: While the initial financial benefits are small, when work must be done on an improvement that will have to be upgraded to meet current laws, this incentive can foster goodwill in a strained situation.

Potential uses of tax reduction opportunities
Some potential examples are provided below. Many of them are likely not taxed by the assessor; landowners should contact the local assessor to determine their local assessment rules. It should be noted that required mitigation of a project's impacts that result in improvements do not qualify for the tax break:
- Converting a structural bulkhead or sea wall to a hybrid armored structure.
- Converting a bulkhead to bioengineering or other soft shore protection.
- Installing or improving a fish screen or fish ladder at an irrigation diversion or dam.
- Replacing a private bridge or culvert of inadequate size so that it passes flood flows.
- Correcting or replacing a structure causing a fish blockage, such as a road culvert.
- Perhaps the most likely instance that might qualify is repairing or replacing a dock or pier deck to reduce shading surface area. This can be through reducing deck area, or replacing it with a light passing surface (grating, etc.).
- A rare instance that might successfully use this incentive is relocating a house or structure to reduce flood obstruction, or to allow vegetation or habitat restoration.

Where the incentive works best
These tax exemptions incentive work best used in instances where a structure must be upgraded to meet ecological protection laws – specifically the new structure needs to be a taxable item for this incentive to have a benefit. This might be when a fish blockage must be corrected, when a water or sewer facility must be upgraded, or when repairs are needed to an old or damaged structure.

Examples of use
- Not available

Case studies
- **Conservation Plan Format**

For more info
- **Conservation plan exemptions** - RCW 84.36.255 and RCW 89.08.440: http://apps.leg.wa.gov/RCW/default.aspx?cite=84.36.255 and http://apps.leg.wa.gov/RCW/default.aspx?cite=89.08.440
- **Green Shorelines Workshop Report**: www.govlink.org/watersheds/8/action/GreenShorelines/GreenShorelinesWorkshopReport.pdf

How to start or increase the use of a program using this incentive
In order to promote restoration and preservation of shoreline areas, local and regional agencies and organizations can assist landowners with this incentive.

How does a landowner successfully apply for and receive tax exemptions?
In order to successfully apply for the ***removal from tax rolls*** of restored areas in which taxable improvements have been removed, a landowner needs to put in a request to the assessor.

In order to successfully apply for ***tax exemptions for work done under conservation plans***, individual landowners start by contacting the local conservation district and assessor's office. It will be necessary to work with the local conservation district to write a conservation plan.

The promotion of these tax reduction incentives for landowners does not require a dedicated program. Existing programs can include these incentives in its toolbox to entice landowners to do projects. They can be used by any landowner doing eligible improvements that have a final taxable state.

What are some effective tips for successful application of the tax reduction incentives?

- **Working with assessors.** It may be helpful for staff education from the assessor on how the rules are applied. Many local or organizational staff may not have knowledge or training on the tax regulations.
- For conservation plan exemptions:
    - **Establish partnership**s. Programs that wish to use this incentive would benefit from establishment of a partnership with the conservation district and assessor's office. Using this incentive is best implemented through a systematic arrangement that is established between the county assessor and the conservation district, though some assessors may prefer to not be involved other than receiving the "OK" to apply the exemption. Local conservation districts may have similar arrangements for other tax exemptions for which they assist property owners. One or more coordination meetings could be helpful in order to discuss:
        - what potential projects are likely to qualify,
        - what best practices should be applied to the project to qualify,
        - the steps for the owner to take in order to obtain the tax exemption, and
        - the forms and documents needed by the assessor.
    - **Ensure structures are assessed and are eligible**. This incentive might apply to a variety of structures, but only if they are assessed, for example: docks, armor, private levees, private bridges, structures that are moved away from the water for ecological reasons, etc.

Success factors and challenges

For removal of improvements qualifying for property tax reduction

- ***The assessor makes the determination***
  Reducing the tax assessment of a property by removing taxed improvements or by reducing the use potential of an area can be used on any restoration project that removes taxable improvements. The decision on allowing such reductions is up to the local assessor, based on its rules of valuing property for tax assessment purposes.

- ***Focus on improvements***
  The focus of this tax incentive on ***improvements*** places limits on the usefulness, but at the same time makes it an incentive that may be usable when other incentives cannot.

For conservation plan exemptions

- ***The exemption doesn't apply to certain structures***
  Care should be taken to ensure that the tax reduction is not used for simply meeting regulations the project would normally have to meet. These include projects that install new structures or that replace structures due to end of life problems. These instances normally have to meet current construction requirements. However, the incentive can be effective in getting structures that are in good working condition to be replaced to improve water and habitat conditions.

- ***The exemption may not alone be a big enough motivator***
  The main challenge is that the tax exemption doesn't apply well to all restoration projects since many improvements related to fish and wildlife are not even assessed for taxation. There are specialized instances where it might be used with substantial benefit. The tax reduction for improvements that benefit fish and wildlife habitat or water quality/quantity is not limited in where it can be used, but rather is limited to situations where improvements are installed that have benefits for fish and wildlife or water. The improvement must be taxable for there to be a benefit and there may be few or none related in water and riparian restoration projects. The small financial benefit is unlikely to be a big motivator, but it can supplement other incentives.

- ***Conservation improvements must remain in place***
  The exemption remains in effect only if improvements identified in the written best management practices agreement are maintained as originally approved or amended.

- ***Mitigation activities are ineligible***
  Improvements made as a requirement to mitigate for impacts to fish and wildlife habitat, water quality, or water quantity are not eligible for exemption under this section.

- ***Annual paperwork as well as ongoing coordination and maintenance is required***
  A claim for exemption may be filed annually. The landowner must certify each year that the improvements for which exemption is sought are maintained as originally approved. The project must be coordinated with the conservation district both before construction and annually through recertification.

- ***Focus on Improvements may not add value to the tax reduction***
  Most restoration projects do not include extensive improvements that are taxable. Many even focus on removing improvements, though that too is a tax benefit that should be pursued. Taxes are only reduced on the certified improvement, not on other improvements or the land value. The small savings is probably minor compared to the much larger expense of the improved facility so the benefit is small, though it is ongoing year to year and accrues in benefit.

- ***As landowner, non-taxed restoration organizations don't benefit***
  Much restoration is undertaken by organizations that are exempt from paying real and personal property taxes. This includes local governments, special tax districts (i.e., flood control), land banks, etc. This provision will have little or no benefit for them.

Another potential tax program: Sales tax reductions for green restoration

The participants in the Green Shorelines Forums (2009) proposed a state sales tax rebate or exemption for "green shorelines" restoration work. Materials and professional services associated with green shoreline projects would be exempt from the sales tax. This would be similar to the Renewable Energy Sales and Use

Tax Exemption (RCW 82.08.962) for machinery and equipment used in generating renewable electricity) (King County, 2010).This incentive does not exist in Washington State.

This incentive would have a small financial benefit and only applies to those property owners that pay taxes. Thus it has many of the same limitations and benefits described for the property tax reduction. The initial benefit would be larger, at about 8% (depending on the specific location taxes), but would exclude those items not taxed. The incentive would only be a one-time benefit rather than on-going like the property tax incentive.

Helpful hints: effectively using this incentive

For conservation plan exemptions

- ***Program needs to be marketed more extensively***
  The tax reduction appears to be used informally on an *ad hoc* basis in Washington. No defined programs have been found that use it and market its availability to increase participation. Rather, landowners (usually farmers) hear about it and approach their local conservation district or are referred there by the local assessor's office. Currently, it does not appear to be used much for restoration purposes. The most common use seems to be in conjunction with on-farm water conservation improvements. Conservation districts have other programs to assist with water system conversion for conservation purposes. In these instances, they might recommend this incentive and assist owners with obtaining it. This incentive seems to be mostly used on the arid side of the Cascade Mountains due to the need for water conservation.

- ***Plan ahead***
  The tax exemption cannot be used as an after the fact benefit when construction is already done. The conservation district must be part of the initial project planning so they can inform the planning stages to include required best practices. A conservation plan must be developed that includes the improvements. They will also help prepare any required plans, documents, and forms to obtain the tax reduction.

Case Study: Conservation Plan Format

In 2009, in response to a need to standardize formats of conservation plans, the following format was developed by Conservation Districts (WADE) training group. This format shows the various categories of information needed as well as the complexity of conservation plans – demonstrating why these plans are usually done for larger restoration projects.

Conservation Planning Format

Location of elements within a Conservation plan

Heading I

Administrative

- ✓ Summary Sheet/Page – Cooperator Objectives & Needs
- ✓ Table of Contents
- ✓ Contact Information
- ✓ Signature/review sheets
- ✓ Cooperator agreement
- ✓ Livestock Plan Summary and Update Sheet
- ✓ Planning & Implementation Assistance Notes *(office copy ONLY)*
- ✓ DNMP *Addendum*

Heading II

Inventory & Evaluation

- ✓ Soils, Water, Air, Plants, Animals, Human (SWAPA+H) Inventory & Evaluation
- ✓ Plan Narrative of Inventory, Concerns, Selected Alternatives, Evaluation,
- ✓ Evaluation (working) Maps (optional)

Heading III

Maps

(the type and number of maps depends in part on the size and complexity of the planning unit)

- ✓ Vicinity or Location Map
- ✓ Site Aerial Photograph
- ✓ Planned Practices Map
- ✓ Resource Inventory and Evaluation Map(s)
  - Soils Map & Description
  - Topographic Map
  - Buffers/Resources Map
  - Critical Areas Map
  - Other Maps

Heading IV

Practices Implementation

- ✓ Record of Decisions
- ✓ Job Sheets
- ✓ Best Management Practice Specifications
- ✓ Cost-share and/or construction designs/drawings specifications
- ✓ Operation & Maintenance Specifications
- ✓ Operation & Maintenance Signature sheets
- ✓ Emergency Response Plan

Heading V

Assessment Tools & References

- ✓ Inventory Tools & Checklists
- ✓ Assessment Worksheets
- ✓ Resource Condition Documentation
- ✓ Cultural Resource search summaries
- ✓ Species/habitats searches
- ✓ Soil test results
- ✓ Farm Records
- ✓ Well logs/searches
- ✓ Technical Notes & Extension Bulletins *(photocopies of front pages only for office file)*
- ✓ Other as needed

Heading VI

Business

- ✓ Correspondence (optional)
- ✓ Cost-share documents
- ✓ Program Applications
- ✓ Agreements, Certifications, and Contracts
- ✓ Inspection Reports
- ✓ Forms

Source: Conservation Planning. *Proposed Policy Conservation Planning Format & Protocol.* Retrieved from http://conservationplan.files.wordpress.com/2009/12/conservation-planning-format-briefing-paper-11-20-09-final.pdf

Tax Incentive for the Donation of Land or Conservation Easement

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Non-funding / Tax Break	Protection - Most often Restoration – when used as initial step	Acquisition	Land conservancy Parks department Flood control district

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
No	Private	Medium	Widespread

What is it?

A tax incentive for a donation of land or conservation easement is available to landowners who are willing and able to make such donations.

Background and description

Land trusts or similar land holding entities and governments can take donations of land or easements that in turn provide a tax deduction for landowners. A well-structured federal tax deduction can make undertaking a protection or restoration project more attractive to a landowner and increase participation in a program. This tax deduction incentive differs from the payment of money for land or easement in that it is generally initiated by a landowner who is willing to give the land or easement as a gift (the incentive acts as a reward) or is willing to take a reduced financial benefit in the form of paying less taxes.

When is this incentive typically used?

The use of this incentive is typically limited to instances where the landowner has non-financial reasons for giving the land away – such as personal legacy, environmental conscience, or other altruistic reasons. Its use may be as much a reward for the donation as it is an incentive to spur action. Another version of this incentive is a donation/purchase hybrid called a "bargain sale," in which the owner sells the land at a reduced price, and uses the difference in a tax deduction.

The incentive most often applies to income tax reductions for gifts of land or gifts of conservation easements.

How is the tax deduction determined?

While it can be complicated, essentially the land's or easement's market value can be deducted from the persons' gross income subject to certain limits reducing the taxable income of the taxpayer. Any unused part of the market value can be carried forward for five years. Similarly, the incentive applies to estate tax and inheritance reductions; but those have much more complex rules.

In this incentive, the landowner typically places the land or a conservation easement in the hands of a government agency or non-profit organization that does not pay property taxes. However, where the donor donates a conservation easement, but retains the land, the property taxes may be reduced to the extent the conservation easement reduces the value of the land.

How is the tax deduction used to offset sale of land for conservation?
This incentive is often used in situations where part of the land, or a conservation easement, is sold for conservation and part of the land or easement is donated. The tax deduction can then be used to offset the income from the sale. This is helpful where the owner is sensitive to the increase in income and the associated tax implications. But concerns about estate taxes and inheritance taxes can also motivate a donor.

Where the incentive works best

This tax deduction incentive works best for instances in which landowners are already interested in giving their land away or creating a conservation easement. Some landowners that are on the fence can be convinced by the tax deduction. This incentive also works best with landowners that have enough income that the tax deduction can make a difference.

Examples of use

There are many examples of land trusts, park programs, and other land holding entities that accept land donations that qualify for a tax deduction.

- **Great Peninsula Conservancy**: www.greatpeninsula.org/where/klingel.html
- **Whidbey Camano Land Trust**: www.wclt.org/

Case studies

- **Whidbey Camano Land Trust**

For more info

- **Land Trust Alliance**: www.landtrustalliance.org/conservation/landowners/conservation-easements
- **US House of Representatives law page for USC Title 26 Chapter 1 Section 170(h):** http://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title26-section170&num=0&edition=prelim
- **IRS web pages addressing the estate tax**: www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Estate-and-Gift-Taxes
- **Land Trust Alliance information on the use of federal and state tax deductions**: https://www.landtrustalliance.org/policy/tax-matters/rules/conservation-donation-rules
- www.landtrustalliance.org/policy/tax-matters/campaigns/state-tax-incentives
- **Open Space Protection Collaborative information on the federal income tax deduction**: www.openspaceprotection.org/tax_fed.htm#BENEFIT
- **North Carolina Conservation Tax Credit for income tax**: http://portal.ncdenr.org/web/ctc/home

How to start or increase the use of a program using this incentive

How does a tax deduction program get established?
Reducing federal income taxes through Section 170(h) provides income tax incentives to landowners to protect environmentally and historically significant property. To qualify, the donation of land or an easement must be in perpetuity and donated to a public charity or government entity with the resources and commitment to steward the property. Land trusts are one of the suitable charitable organizations. There are criteria for public benefit and eligibility that must be met. These organizations already have broader programs

related to land holding for conservation purposes. Accepting donations will normally fit well within the normal operations of the organization.

What are some effective tips for successful use of the tax deduction incentive programs?

- **Maintain land holder status.** An important rule for a land trust or other qualifying donation recipient (non-government) is that they must establish and maintain their status as a qualified land holder under the federal tax law.
- **Develop expertise and market it.** The tax implications for income, estate, and inheritance taxes are very complex. So some land trusts and other qualified land holding entities have created programs to allow them to effectively market and use these deductions.
- **Appraise easements.** For conservation easements especially, appraising their value can be complex. This is best done by an appraiser with experience in the field.

Success factors and challenges

Seek professional advice

The most important aspect about tax reduction incentives is that the donor is ultimately responsible for their own taxes. While the donation recipient best encourages donations by providing good guidance on the transaction, it is prudent that they also recommend that the donor involve their accountant or tax attorney and make those issues the responsibility of the donor. Since donations are a minority of land transactions, local governments and land trusts will have to decide if it worthwhile to maintain the expertise to engage in those transactions, use outside experts when they need them, or forgo the transaction. There are tax reduction limits, but excess can be carried to future tax years.

Washington's estate tax includes exemptions for gifts

State tax laws vary and are summarized by the Land Trust Alliance (see above). Some states provide income tax incentives for donating land or conservation easements, but Washington does not. Washington State's estate tax does include some exemptions for gifts, though the effect can be highly variable based on the situation. Washington should consider adopting a specific tax incentive to encourage conservation easement donations, especially one that provides a reduction on the estate tax.

This incentive reduces income to the government

Tax deductions reduce revenues available to the federal government and (if they provide them) state and local governments, so they need to be efficient in inducing conservation behaviors.

Subsequent buyers might not honor easement conditions

Easements can created challenges in that subsequent purchasers who buy properties that are constrained by conservation easements may not comply with the easement.

Helpful hints: effectively using this incentive

Require donation that covers additional costs

Although the land is donated, there are costs for the recipient such as real estate transaction, stewardship activities (monitoring, fence maintenance, weed control, etc.) and possibly legal expenses. To address this, many land trusts require that donated land be accompanied by a donation to cover these expenses. Many potential donors are surprised by this and it may deter the donation. It is helpful to have staff trained and experienced with discussing the subject with donors. The tax benefits of the donation can help defray that cost, but ultimately these extra costs reduce the financial incentive.

The Great Peninsula Conservancy (GPC) works on the Kitsap Peninsula of Puget Sound and had received a number of donated properties. The GPC also usually requires donated land to be accompanied by a financial donation to cover stewardship and land defense costs. These are determined on a case by case basis. The tax implications are left to the donor's responsibility. Experience has found that land donations tend to be of smaller acreage than other acquisitions, but the organization costs (negotiations, etc.) are similar. Thus the cost/value ratio for smaller donated land is higher than for the larger purchase acquisitions. Most donation lands are offered by the owner rather than recruited by the GPC.

Consider the landowner when marketing the program

The income tax relationship of this incentive results in effects on its typical usage. Landowners that are land-rich but cash-poor will find it less useful since they cannot benefit from a large income tax deduction as much as someone that is cash-rich. In addition, cash-rich owners that are also land-rich may find it more appealing than those that are land-poor since the donation is probably a small part of their land holdings. Estate or inheritance taxes will have similar effects based on cash values and land values within the estate and the resulting tax burden.

Creating long-term positive feedback for use of incentive for easement

Behavioral research shows that people are more willing to maintain environmental beneficial behaviors if they are intermittently rewarded. So Stern and others have suggested that conservation easement donors receive a property tax reduction commensurate with the reduction in the fair market value due to conservation easement. They suggest that the annual property tax reduction, especially if itemized on the tax statement, would make the property owner more likely to comply with the easement.

Options of other incentives that might help in easement situations are:

- Receiving Cost-Share and Stewardship Awards - Stewardship payments can be used to provide an ongoing incentive over time.
- Current Use Taxation and PBRS – Entering into an agreement to reduce property taxes for the conservation easement area provides an on-going benefit, especially if it is visible as an itemized part of the tax statement.
- Tax Reductions for Restoration Improvements – Changing the use of the area from a production use may allow the assessor to assign a different assessment value, but is dependent on local assessment rules.

Case Study: Whidbey Camano Land Trust

The Whidbey Camano Land Trust (WCLT) makes active use of donations of land and easements on Whidbey and Camano Islands. They sometimes use these donations as match for larger efforts that need grant funding. Potential donated land is screened to be a good fit for the program's goals and must be approved by the acquisition committee. They also request that donated land be accompanied by a financial donation to their stewardship and land defense funds. Most donation lands are offered by the owner, rather than recruited, but sometimes are spontaneous opportunities that arise. Most donations are for non-financial reasons, so the tax incentive serves more as "icing on the cake."

Cama Beach State Park Adjacent Donation

In 2013, more than 30 acres of forest and wetlands located adjacent to Cama Beach State Park was donated as conservation easement to Whidbey Camano Land Trust ensuring that the land will remain perpetually protected and free from development.

Of the family who made the donation, Elizabeth Guss, development director with the Whidbey Camano Land Trust told the Herald Tribune:

"Their contribution is a beautiful illustration of a family thinking ahead into the future and seeing the big picture. It's a way to marry private property rights with the common good."

The family learned about the conservation easement program in August 2011, at a community meeting hosted by the land trust, which was seeking to find potential conservation easements among property owners living near the state parks on Camano.

The property includes a public trail that connects Cama Beach and Camano Island State Park, views of Saratoga Passage, a peat bog, a 10-acre wetland, and an upland mature forest that is home to trees estimated to be more than 250 years old.

The donor's perspective, also reported to the Herald Tribune was:

"We want to inspire others to make gifts of conservation easements, which can sometimes mean tax advantages for people. Land is a precious resource. It's about preserving it for future generations."

Source: Fiege, Gale. (2013). Whidbey Camano Land Trust: Camano family's gift preserves land in natural state. Herald Tribune. Retrieved from www.heraldnet.com/article/20130312/NEWS01/703129919#

Conservation Reserve Enhancement Program (CREP) - stewardship and cost share program

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Award based funding	Restoration (mostly) & Protection	Physical Project or Acquisition of property or rights	Any entity or individual – based on program criteria

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private	Low	Widespread

What is it?

The Conservation Reserve Enhancement Program (CREP) provides cost-share and restoration auction funding for restoration work as well as stewardship funding to encourage beneficial practices to help improve water quality by restoring riparian areas along streams.

Background and description

Conservation Reserve Enhancement Program (CREP) is a grant and cost share distribution program for restoration and stewardship, and tends to operate like a spontaneous small projects program. CREP is an "enhancement" of the federal Conservation Reserve Program (CRP) and thus provides funding incentives "in addition" to those of the CRP. The CRP was first established in 1985 to reduce the amount of soil erosion by paying farmers to idle highly erodible lands.

CREP was established in 1990 (and later amendments) to include goals addressing other environmental concerns and water quality. The functional outcome is that CREP establishes additional criteria to meet these environmental issues, and comes with additional funding. This is accomplished through a funding partnership between the state and federal government to increase cost-share funding and include other financial and technical assistance incentives.

Local agencies and organizations can help guide landowners (farmers, ranchers, and agricultural land owners) and project proponents towards this national program. Often this program is used to provide funding that is leveraged into larger packaged restoration projects.

How is CRP/CREP funding structured?

The Conservation Reserve Program is partly a stewardship program with annual payments to encourage beneficial management practices (or non-use), partly a cost sharing program to encourage restoration projects, and partly a restoration auction program in which applicants bid their ecological benefits against other applicants to gain participation in the program. Winning bids are based on a wide range of environmental criteria, not just habitat. Cost sharing pays 50% of the costs (75% if in wetlands) of the restoration project. Annual payments are based on a land lease formula tied to site characteristics. The award comes with an agreement to maintain the restoration work for a length of time. Agreements must last 10-15 years. Some landowners are not willing to sign up for a 10-15 year easement and so they are directed

to other cost-share programs. At the end of 2012, there were ~21.5 million acres enrolled in all CRP programs (including CREP), with an annual rental of over $1 billion of federal funding.

How is the CRP/CREP administered?
Administration of CRP/CREP is a federal, state and local partnership. The federal government provides the bulk of the funding and the review process, the state provides additional funding, and local conservation districts provide on-the-ground staff. The US Farm Service Agency (FSA) administers the federal side of the program, with local input (county-based) from a committee of landowners or farmers. Applications are made to the FSA, which approves them for funding. Funds are paid through the federal Commodity Credit Corporation. The Washington Conservation Commission oversees the state funding, though administration (and approval) remains with FSA. Local conservation districts recruit participation in the program and provide technical assistance, which is compensated by state/federal funding.

At the end of 2012, there were approximately ~1.2 million acres enrolled in the federal CREP program, with an annual rental of over ~$170 million of federal funding (excluding cost share and other expenses).

How does the program work in WA?
In recent years, total annual CREP federal expenditures in Washington State have been around $0.5 million, and approximately ~$0.4 million prior to that. The state's portion adds to this amount.

The agreement for Washington State lays out the CREP program expense allocation. The total program expenses split out to about 80% federal costs and 20% state costs. Federal funding varies from year to year, because authority and funding is dependent upon action by Congress and the President approving a new federal farm bill and annual appropriation. Funding of specific project elements is split-up as follows:

- The basic federal CRP program pays 50% toward cost-share for a restoration project, and pays the annual rent payments based on land value.
- The federal CREP program adds 40% to the cost share (called a "practice incentive payment") for a total of 90% federal funds), and adds a bonus rental rate (as much as 200%).
- The state adds an additional 10% for the cost-share (for a total of 100% of the project).
- Federal funds pay a signing bonus of $100 per acre.
- The state pays the costs of the conservation district to provide technical assistance on project design, process assistance, data collection, criteria assessment, and application submittal.
- The state pays for project maintenance for five years.

Where the incentive works best

CREP funding can be combined with a variety of other programs to create a strong incentive for conserving and enhancing the natural resources on farms and ranches. The program can be directed to local priorities such as loss of critical habitat for threatened and endangered wildlife species and reduced habitat for fish populations and includes actions such as filter strips, forested buffers and plantings.

Examples of use

Many projects have been completed using CREP. Several of the examples and case studies in this guide used CREP funds.

- **Whatcom Conservation District CREP program**: www.whatcomcd.org/crep
- **Skagit Conservation District CREP program**: www.skagitcd.org/crep

Case studies

- **CREP - Whatcom County's Welcome Valley Project**

For more info

- **WA and Federal joint CREP program fact sheet**: www.fsa.usda.gov/Internet/FSA_File/crepfs_april2010.pdf
- **Farm Service Agency (FSA) Conservation Reserve Program**: www.fsa.usda.gov/FSA/webapp?area=home&subject=copr&topic=crp
- **FSA CREP report for Washington State**: https://arcticocean.sc.egov.usda.gov/CRPReport/monthly_report.do?method=displayReport&report=December-2012-ActiveCrepContractsSummaryByProgramYear-53
- **WA Conservation Commission CREP**: www.scc.wa.gov/crep/ & 2012 CREP report www-stage.scc.wa.gov/wp-content/tmp/2013/01/crep_2012_annual_report.pdf

How to start or increase the use of a program using this incentive

In order to promote restoration and preservation of shoreline areas, local and regional agencies and organizations can assist landowners with this incentive.

How does an entity successfully apply for and receive CRP/CREP funds?

All areas of Washington State are eligible for participation as long as the applicant's land meets the criteria. There are no requirements or limitations to start using award funds for one's own projects or programs. The potential applicant needs to be in contact with the agency staff that administers the programs and they will provide application guidance.

What are some effective tips for successful CRP/CREP applications?

- **Meet the criteria.** Projects that best match the funding program have the best success at being funded. Since the program is targeted to sensitive lands, the CRPs competitive restoration auction element is removed. The landowner applies for participation, and as long as they meet criteria they are approved (rarely not; most applications are approved). Eligible projects include reforestation of fish bearing streams, hedgerows, and wetland buffers.
- **Tweaking the project.** A common, though minor, challenge is that minor nuances in the program might result in a potential project being more or less competitive. Either the project design needs to be changed to match the funding program, or a different funding program needs to be chosen that better matches the project.
- **Do advance consultation.** If working on ongoing programs that use these incentives repeatedly it is beneficial to work closely with funding agency staff to obtain their assistance in most effectively designing projects, submitting applications, and using the funds. Close working relationships allow the staff to recommend more competitive project designs and help maximize a project's ranking.
- **Create partnership with the agency.** In the best-case scenario, the funding staff is a partner with the applicant's broader effort. These partnerships are part of effectively packaging a project.

Success factors and challenges

Agriculture land lease value is needed

The stewardship component is based on agricultural land lease value. This can create some barriers to using this incentive, even to the point of non-availability in some areas. The main barrier to CRP/CREP comes into play in using them on actively farmed land. Where a farmer is using the potential restoration area to generate income, a straight cost-share incentive (even 100%) may not entice them to do the project. A stewardship incentive may be needed, but even that may not be enough depending on location-specific issues. For example, in CREP, the land lease formula is based on soil and crop factors. Some areas of Washington have low land lease values – especially those dominated by pasturage use. Consequently, the land lease value may be inadequate to entice landowners to participate.

This agriculture land lease value barrier may be difficult to overcome because the funding program has set criteria which the applicant cannot change, and the project design can do little to circumvent them. The barriers might even be substantial enough that some conservation districts may not even offer some stewardship incentives.

Small farms may be reluctant to participate

Another location-specific barrier can appear when local farm sizes tend to be small. In these situations, the riparian restoration area will occupy a much larger percentage of a small lot than a large lot. People may be unwilling to dedicate that much land.

Time limited

One of the challenges of this incentive is that large amounts of money are expended on restoration work or periodic payments, but the restoration agreements may only be for a limited time. Once the term of the agreement is reached, the restoration work can be cleared, farmed or developed.

Helpful hints: effectively using this incentive

Availability of funds fluctuates and sometimes there is excess funding in WA

The major federal programs in the United States are funded by the Farm Bill and are under periodic budgeting pressure, which means funding can increase or decrease. In most years, total funds are used up. But to do so, some programs will reallocate funds from areas of high demand to areas of low demand. On the other hand, not all of the money allocated to Washington is used in some years, so more participants should be encouraged to sign up.

Need to match the preferences of the landowner

Using these funds to undertake restoration projects has a potential barrier that depends on who owns the land. For example, proposed work by a land trust or other nonprofit organization on property owned by a landowner who has preferences as to the program can cause challenges. A program that requires easements may be objectionable or cost share funds alone may not be enough incentive – a stewardship element may also be needed.

Case Study: CREP - Whatcom County's Welcome Valley Project

The CREP (Conservation Reserve Enhancement Program) is a voluntary program available to landowners to help improve water quality by restoring riparian areas along streams. CREP is administered by the Farm Service Agency (FSA), and participants are recruited into the program by local Conservation Districts. CREP is used for restoration of forested riparian buffers, smaller streams, wetlands and their buffers, and even hedgerows.

Welcome Valley riparian revegetation

In Welcome Valley in Whatcom County a CREP project was planted by the Upper Skagit Indian Tribe in 2002 along the riparian areas of the Middle Fork Nooksack River and two tributaries - Canyon Lake Creek and Carlson Creek. The 18.5 acre site included plantings of large stands of shore pine and Sitka spruce in open fields, a willow stand in a wet field, and western red-cedar, Sitka spruce and western hemlock interplanted in an existing hardwood overstory.

Whatcom County Riparian Buffer —Photo courtesy of Vera Vander Yacht Thisle

The family that owns the land, which is used as a tree farm, feels that the project is a win-win. Landowner Vera Vander Yacht Thistle recounts:

> ***"When we heard about the CREP program for salmon enhancement from a friend who has a farm at Van Zandt, it seemed to fit right in with our plans. They have been in CREP for a year and are very pleased with it. We can lease the land along waterways for up to fifteen years for planting trees, etc. to benefit salmon spawning and also bring us some income, along with some acreage we had in Christmas trees."***

Source: United States Department of Agriculture. Farm Service Agency. (2010) *CRP — On the Ground: Celebrating 25 Years of the Conservation Reserve Program. CREP Helps Preserve Family Lifestyle and Restore Salmon Habitat*. Retrieved from www.fsa.usda.gov/Internet/FSA_File/crpthistle.pdf

Agricultural Conservation Easement Program (ACEP) Wetland Reserve Easements - stewardship and cost share program

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Award based funding	Restoration (mostly) & Protection	Physical Project or Acquisition of property or rights	Any entity or individual – based on program criteria

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private & Public (limited)	Low	Widespread

What is it?

The Agricultural Conservation Easement Program (ACEP) Wetland Reserve Easements (formerly Wetland Reserve Program) obtains easements and provides funding and cost-share funding for restoration of wetlands.

Background and description

The Natural Resource Conservation Service The Agricultural Conservation Easement Program (ACEP) Wetland Reserve Easements (formerly Wetland Reserve Program (WRP) until renamed in February 2014), funded by the Farm Bill, is focused on the protection and restoration of wetlands that were historically converted by farming or forestry, but it is not exclusively limited to actively used land. Landowners enrolling in the program must agree to implement approved wetland restoration and protection plans and to establish an easement. In return, they receive payments based on the difference in the value of their land caused by placing an easement on a portion of it.

The goal is to achieve high wetland functions and values, along with optimum wildlife habitat, on the acres enrolled.

Local agencies and organizations can help guide landowners and project proponents towards this national program. Often this program is used to provide funding that is leveraged into larger packaged restoration projects.

What lands qualify for ACEP?

Generally, the wetland must be degraded and in need of restoration to qualify, though most wetlands can meet this standard. The goal is to achieve high wetland functions and values, along with optimum wildlife habitat, on the acres enrolled. In the past twenty years, landowners, producers and tribes have put almost 27,000 acres of wetland into 30-year or permanent easements in Washington State through WRP (the precursor to ACEP).

What does ACEP cover?

ACEP is primarily a program that obtains permanent easements and pays for restoration projects. This accounts for about 95% of the projects, but the program can also be used as a cost sharing program with temporary easements:

- Permanent Easement - In exchange for establishing a permanent easement, the landowner receives payment up to the agricultural value of the land and 75-100% of the restoration costs for restoring the wetlands.
- Temporary Easement - For a 30 year easement, the payment is 50-75% of land value, and 50-75% cost-share on the restoration project.

For wetland reserve easements, the program pays all costs associated with recording the easement in the local land records office, including recording fees, charges for abstracts, survey and appraisal fees, and title insurance.

How is ACEP administered and how much funding is available?

The program is administered entirely by the Natural Resource Conservation Service (much simpler than CREP). Funding is distributed to state offices, and funding is based on acreage rather than a set dollar amount. Under the precursor program (WRP), annual expenditures in Washington stood at approximately $1.5 million from 2009-2011, and increased to about $3 million in 2012. At the end of 2012, approximately 27,000 Washington acres had been protected. Availability and funding for this program varies from year to year.

Where the incentive works best

ACEP funding can be combined with a variety of other programs to create a strong incentive for conserving and enhancing wetlands.

Examples of use

Many projects have been completed using this program. Several of the examples and case studies described elsewhere in this guide used these funds.

- **Pierce County WRP project**: www.nrcs.usda.gov/wps/portal/nrcs/detail/wa/newsroom/stories/?cid=nrcs144p2_036687
- **Willapa Bay restoration WRP project**: http://water.epa.gov/polwaste/nps/success319/wa_willapa.cfm

Case studies

- **Klingel Salt Marsh Restoration, Hood Canal**

For more info

- **Natural Resource Conservation Service Agricultural Conservation Easement Program**: www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/easements/acep
- **Natural Resources Conservation Service Washington**: www.nrcs.usda.gov/wps/portal/nrcs/site/wa/home
- **NRCSs data report website for its programs** – see WRP at bottom**:** www.nrcs.usda.gov/wps/portal/nrcs/detail/national/programs/?cid=stelprdb1119097

How to start or increase the use of a program using this incentive

In order to promote restoration and preservation of shoreline areas, local and regional agencies and organizations can assist landowners with this incentive.

How does an entity successfully apply for and receive ACEP funds?
All areas of Washington State are eligible for participation as long as the applicant's land meets the criteria. The local Natural Resource Conservation Service office may accept proposals at any time during the year, but are batched for once a year review. Local offices advertise the availability of funds to local property owners. Projects are reviewed against eligibility requirements, and ranked for their benefit to wetlands. Funding is awarded beginning with the highest ranked projects until all funds are expended - the remaining projects are turned away.

What are some effective tips for successful ACEP applications?

- **Meet the criteria.** Projects that best match the funding program have the best success at being funded.
- **Tweaking the project.** A common, though minor, challenge is that minor nuances in the program might result in a potential project being more or less competitive. Either the project design needs to be changed to match the funding program, or a different funding program needs to be chosen that better matches the project.
- **Do advance consultation.** If working on ongoing programs that use these incentives repeatedly it is beneficial to work closely with funding agency staff to obtain their assistance in most effectively designing projects, submitting applications, and using the funds. Close working relationships allow the staff to recommend more competitive project designs, and help maximize a project's ranking.
- **Create partnership with the agency.** In the best-case scenario, the funding staff is a partner with the applicant's broader effort. These partnerships are part of effectively packaging a project.

Success factors and challenges

Easement requirement may deter some
Because of the easement element, this program may be less attractive to some landowners than programs that provide funding for restoration work without an easement obligation.

Helpful hints: effectively using this incentive

Availability of funds fluctuates and sometimes there is excess funding in WA
Funding for the program comes from the federal Farm Bill, and can vary much from year to year. Funds are normally expended in full, but staffing shortages or other agency priorities have limited distribution of funds or limited participation in the program in the past and left funds unspent.

Need to match the preferences of the landowner
Using these funds to undertake restoration projects has a potential barrier that depends on who owns the land. For example, proposed work by a land trust or other nonprofit organization on property owned by a landowner who has preferences as to the program can cause challenges. A program that requires easements may be objectionable or cost-share funds alone may not be enough incentive – a stewardship element may also be needed.

Case Study: Klingel Salt Marsh Restoration, Hood Canal

The Wetland Reserve Program (WRP) (the program name was changed to Agricultural Conservation Easement Program (ACEP) as part of the Farm Bill reauthorization in February 2014) is administered by the USDA Natural Resources Conservation Service in Washington State and has generally been used for signature projects.

A package project

WRP funds were used to purchase a 13.5 acre easement, provide construction (nearly $195,000), and leverage other funds provided by a number of partners to restore the 90 acre Klingel salt marsh preserve on Hood Canal. Levees had been constructed on the site since the1890s to restrict tidal flooding for pasture and hayland purposes.

The restoration included building a setback dike to protect neighboring property owners and a state highway, installation of tide gates, and removal of existing sea dike. These changes led to a rapid die off of invasive freshwater species such as reed canary grass, quack grass, and Himalayan blackberry and the re-establishment of native salt marsh vegetation on the mud flat.

Pre-restoration field trip. Photo: Larry Steagall, Kitsap Sun

Sources: United States Department of Agriculture. Natural Resources Conservation Service. (2012). *Wetlands Reserve Program: Klingel Wetlands.* Dunagan, Christopher. (2010, October 7). Restoration Work Begins on Klingel Wetlands Near Belfair. *Kitsap Sun.* Retrieved from www.kitsapsun.com/news/2010/oct/07/restoration-work-begins-on-klingel-wetlands-near

Forestry Riparian Easement Program (FREP) - Stewardship Program

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Award based funding	Restoration (mostly) & Protection	Physical Project or Acquisition of property or rights	Any entity or individual – based on program criteria

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
No	Private	Low	Limited

What is it?

The Forestry Riparian Easement Program (FREP) is a conservation easement program for small landowners that produce timber, providing compensation for trees required to be left next to streams, wetlands, seeps, or adjacent unstable slopes.

Background and description

Local agencies and organizations can help guide landowners and project proponents towards this national program. Often this program is used to provide funding that is leveraged into larger packaged restoration projects.

The Forestry Riparian Easement Program was created to help landowners comply with rules pertaining to salmon recovery efforts. In 1974, Washington began to require forested buffers along streams and rivers and in 1999, these riparian buffers were widened to support protection of threatened and endangered salmon and steelhead and other species. Also in 1999, the Washington Department of Natural Resources developed the Forestry Riparian Easement Program (FREP) to help reduce the financial burden of these regulations on small forest landowners that cannot harvest the timber in those buffers. The program is also intended to help small forest landowners keep their land in forestry. The program rents or leases habitat and conservation easements under chapter 222-21 WAC.

What does FREP cover?

The program is aimed at a focused target audience - that being small landowners that produce timber and cannot harvest within a required buffer. It is not oriented toward general forest landowners. Landowners can be individuals, partnerships, corporations, or other nongovernmental for-profit legal entities.

Landowners receive 50% of the stumpage value of the qualifying timber in the buffer in exchange for a 50-year easement on the "qualifying timber." The easements are designed to protect riparian functions including stabilization of the stream bank, trapping sediment, shading the water and providing leaf litter and large woody debris. Additional compensation may be provided.

How is the FREP administered and how much funding is available?

FREP is administered by the Washington Department of Natural Resources Small Forest Landowner Office. Compensation to landowners ranges from $1,000 to $500,000. The annual Washington expenditures have varied widely in recent years. As of February 2012, it was estimated that there are 215,000 small forest

landowners in the State of Washington that own and manage 3.2 million acres of forestland. FREP Forestry had purchased conservation easements on more than 4,900 acres of streamside forest adjacent to about 170 miles of streams. About $25.3 million has been spent to purchase 290 easements at an average of $87,200 per easement.

Where the incentive works best

FREP is a good program for private property owners in sensitive shoreline areas who have timber.

Examples of use

- Not available (due to privacy concerns)

Case studies

- Not available

For more info

- **Washington Department of Natural Resources Forestry Riparian Easement program**: www.dnr.wa.gov/BusinessPermits/Topics/SmallForestLandownerOffice/Pages/fp_sflo_frep.aspx
- **Brochure**: www.dnr.wa.gov/Publications/fp_sflo_frepbrochure.pdf
- **Permanent funding effort**: www.dnr.wa.gov/Publications/fp_sflo_frep_minutes_20120208.pdf
- **2012 program changes** - Forestry Riparian Easement Program (February 2012) Factsheet: www.dnr.wa.gov/Publications/fp_frep_factsummary_20120201.pdf

How to start or increase the use of a program using this incentive

In order to promote restoration and preservation of shoreline areas, local and regional agencies and organizations can assist landowners with this incentive.

How does an entity successfully apply for and receive FREP funds?

All areas of Washington State are eligible for participation. Only small forest landowners that meet certain criteria are eligible. Landowners apply to DNR's Small Forest Landowner Office. A forest practices application must be filed before submitting an application to determine the location and size of the required buffer and the timber harvest is completed consistent with the forest practices application. Applications are accepted on an ongoing basis.

What are the steps in FREP?

1. **Initial assessment.** Determine if FREP applies to the property and would be a benefit.
2. **Submit applications**. Submit a Forest Practice Application to DNR before the harvest begins.
3. **Harvest.** Complete a timber harvest.
4. **Landowner documents.** The landowner must document that qualifying timber cannot be harvested because of forests and fish rule restrictions or is uneconomic to harvest because of forests and fish rule restrictions.
5. **DNR estimates value**. DNR estimates the value of the easement based on the value of the trees left in the riparian buffer using mill receipts and Department of Revenue tables.

6. **DNR offer letter.** When funding becomes available, the acquisition process begins. DNR's Small Forest Landowner Office sends an offer letter. Compensation is paid in one lump sum and a 50-year easement is placed on the land title.

Success factors and challenges

Program is for small areas
The program is aimed at small landowners that produce timber and cannot harvest within a required buffer. It is not oriented toward general forest landowners. This orientation therefore does not protect extensive riparian areas.

Program has specific thresholds that must be met
Landowners must own (free and clear of any liens or mortgages) either a parcel larger than 20 contiguous acres or more than 80 forested acres in Washington State. They must harvest less than 2 million board feet of timber on average per year and have completed a harvest and left a buffer of trees next to a stream, river, wetland, lake, pond, or adjacent unstable slopes. The harvest may not convert the qualifying land to a use incompatible with growing timber. Landowners are required to enter into a fifty-year easement agreement with the State of Washington. Trees covered by the easement may not be cut or removed for 50 years.

Availability of funds fluctuates
Funding for the program comes from the state budget and varies from year to year.

Helpful hints: effectively using this incentive

Upfront landowner costs are reimbursed
The landowner must initially cover all costs associated with setting up and recording the easement such as filing fees and hiring a consulting forester to measure and mark the easement boundaries or develop a Forest Stewardship Plan. Once the landowner has formally enrolled in the easement program, all of these compliance costs will be reimbursed.

Direct Funding

Mechanism Type:	Purposes Used:	Program Approach:	Typical Users:
Continuous funding source / Budgets and targeted taxes	Protection & Restoration	Provide funding to others	Any organization

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private and Public	Medium	Widespread for technical assistance; Limited for restoration

What is it?

Direct funding - the use of budgeted funds or general funds - by organizations or agencies is a way to directly fund projects or provide financial incentives to property owners to do desired restoration or protection work.

Background and description

State agencies, local governments, and organizations can directly fund incentives from an ongoing general fund budget appropriation. This approach differs from grant funding tool (see page xx) in that grant funding is of short duration. The annual budget is a common form of funding for state and federal incentive programs – including conservation districts and cost share and grant funding programs. Private organizations may also fund incentive programs or projects through their budget process.

What kind of shoreline work is done through direct funding?

Due to tight budgets, especially in recent years, dedicated budget line items for project programs, pass-through grant incentives, and other costly incentives are rare at the local government level. On the other hand, most budget funding is for programs that offer self-implementing incentives. For example, most jurisdictions and agencies offer technical assistance for restoration projects that must go through a review or approval process. This generally takes the form of advice on project design, process steps, forms, and interagency coordination. This technical assistance work would be added to current staff duties during the course of their other work. Some other self-implementing incentives the staff might provide include permit streamlining, regulatory incentives (like project review), etc.

More dedicated technical assistance might also be funded as a specific program, especially for assistance in using other incentives. A common example is conservation districts, which receive state and federal funding. They can also receive funding from a variety of other sources such as grants and assessments (approximately 15 out of 47 districts have assessments)[3] Local jurisdictions and agencies might provide funding for such an incentive program, and it is somewhat common for private organizations. Dedicated technical assistance could perform the following activities, beyond the normal assistance activities:

- Writing safe harbor agreements for the protection of fish and wildlife on natural resource lands.
- Drafting conservation easements.
- Preparing open space tax applications for qualified properties.
- Designing projects restoration projects.

[3] An assessment is a per lot and per acre charge to support the work of the conservation district. It is the method of supporting conservation districts authorized by state law.

- Obtaining permits and approvals.

Short-term grants
A less common instance of direct funding is the awarding of targeted grants through smaller programs that are appropriated in agency budgets. Grants from agency budgets are usually for a limited duration rather than on-going funding. An example of this type of funding would be seed money for a new incentive program that needs temporary funding while the staff build support for the program and seek other sources of funding. Another example is a potential or active project or program which has needs for which other funding is unavailable – perhaps due to timing or competition. In these instances there needs to be unallocated funds available in the normal agency budget – either in a reserve fund, or by making adjustments in other programs.

Where the incentive works best

Direct funding works best for agencies and organizations that are able to appropriate funding on a regular basis to fund incentive programs. While funding fluctuations are not uncommon, some funding is necessary to maintain the program.

Examples of use

Almost all agencies and organizations that deliver incentives typically provide at least a small amount of budgeted funding to those programs. Most often this is technical assistance for those incentives.

Case studies

- **Not applicable (as many programs incorporate some direct funding and thus there are not unique programs)**

How to start or increase the use of a program using this incentive

How does a direct funding program get established?
Direct funding programs are generally championed by legislators or by staff who see a need for funding to help establish or support incentives or to leverage incentive opportunities.

What are the basic steps for establishing a direct funding program?

1. **Initial assessment.** Identify the need for the incentive. Determine the sort of habitat enhancement or specific program that is proposed.
2. **Cost determination.** Budget how much the program will cost per project, for administration, and to bring about the desired cumulative impact.
3. **Workplan.** Prepare a design and work plan for the incentive program. Decide how it will be funded, administered, and marketed. Determine if it make sense to do this work in house, or contract with another organization such as the county or the conservation district.
4. **Staff report/justification**. Analyze whether another program exists that can accomplish these goals and determine whether it can be used or not. Discuss the program design and work plan with the jurisdiction's budgeting staff and elected officials.
5. **Formal approval**. Seek funding through the budget process.
6. **Establishment of program.** Initiate mechanisms for administering funds, including offices and staff.

Success factors and challenges

Budget constraints for discretionary spending
The major hurdle to establishing direct funding is convincing the budget decision makers to make room for it in the annual budget as this is not a mandated program. It is much easier to obtain discretionary funds at the state and federal level, where many programs are funded for agriculture and endangered species. It is much more difficult at the local level where fewer resources are available.

Funds can't be used for private benefit
Direct funding programs also must be carefully designed so as to avoid Washington's relative strict limitations on the leading of credit which also applies to public funding determined to have a private, not public benefit.

Long-term sustainability is challenging
Establishing and maintaining an agency budgeted funding source requires ongoing attention from managers. It requires a political and/or administrative presence to encourage budget decision makers to consistently allocate budget funds to the program year after year. Program managers must participate in the annual budget process. This requires making the case to the decision makers and showcasing the program's products and successes.

Helpful Hints: effectively using this mechanism

Show successes early
Continued use of a direct funding incentive requires ongoing maintenance of support by decision-makers. Finding early successes and generating positive stories showing ecological benefits helps build the case for future budget appropriations.

Offering Local Award Funding

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Award based funding	Protection & restoration	Providing funding to others	Offered by local or regional governments or organizations

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private and Public	Medium	Limited

What is it?

A program offering local award funding, typically small awards, is an approach to directly promote restoration activities by landowners in targeted activities through cost-share, small grants or other financial tools.

Background and description

Offering Local Award Funding is a way for local or regional governments and organizations to directly incentivize actions or to help seed new incentive programs to encourage landowners to do restoration and protection projects. This incentive approach involves agency budgeted funds or captures the pass-through funding activity of a variety of programs which may have been operating for a long time. Typically, direct awards are small dollar amounts.

What are the options for program structure?

A program that offers local funding to others requires administration and accountability. A new program using this approach can use a grant, cost share, stewardship, or restoration auction format. A new program can be designed to include elements of all or part of these formats:

- **Grant program.** A grant program funds a portion of the project or program. Sometimes this funding would cover the full project cost, though sometimes the applicant must provide a match - for example 20%. Alternatively, a grant can be a fixed amount award. Since the other three are focused on actual projects, funding for programs usually have to rely on grants.
- **Cost-share program.** A cost-share program funds a percentage of the project cost. For example, it may fund 75% of the project cost, while the landowner provides 25%. If a cost-share program pays 100% of the costs, it becomes more similar to a grant program.
- **Stewardship program.** A stewardship program provides a periodic payment, often based on land or other values. Payments are often annual, though they can be of any period.
- **Restoration auction program.** A restoration auction program adds the element of competition. Many award programs have a rudimentary type of restoration auction in them by including some level of competition for the funds. A full restoration auction program is much more systematic about the assessment of ecological benefits and the administration of the competitive element.

How do typical programs work?

Generally, the cost share is for a percentage of the cost (for example a program may contribute 75 percent of the cost and the landowner may provide 25 percent of the cost) or it can be a fixed amount of funding to the property owner for a specific activity. Conservation Districts have used this approach to fund the implementation of farm plans. The Conservation Districts provide farmers and ranchers with technical

assistance to prepare farm plans. The cost share agreements require that the participants will control the land under the agreed practices for a specified agreement time period.

Where the incentive works best

There are numerous situations in which offering local awards will work well. Strategically targeted small awards of funding to landowners can serve to help spur voluntary actions, such as the building of rain gardens, the removal of debris, or encourage participation in larger restoration programs.

Examples of use

- **Kitsap County Rain Garden (see case study)**: www.kitsapgov.com/sswm/rain_gardens.htm
- **City of Seattle RainWise Program**: The RainWise program offers rebates on the installation of cisterns (above ground tanks) and rain gardens (ground surface holding basins) in certain drainage basins. They must be of adequate size and installed by a licensed contractor. The average rebate is about $4000: www.seattle.gov/util/MyServices/DrainageSewer/Projects/GreenStormwaterInfrastructure/ResidentialRainWise/index.htm
- **Skagit Conservation District.** The District offers cost share funds to small farm landowners to offset the cost of implementing some best management practices. The participant must have a District approved conservation plan to be eligible for cost share. The practice that is planned to be implemented must protect and provide benefits to water quality and includes such activities as filter strips and stream bank restoration. For more info: www.skagitcd.org/small_farm
- **Little Spokane River Cost Share program (see Case Study):** www.sccd.org/pdfs/WR_DL/Little%20Spokane%20Watershed%20Riparian%20Cost-Share%20Project%20Final%20R.pdf

Case studies

- **Case Study: Kitsap County Rain Garden Cost-Share**
- **Little Spokane River Watershed Riparian Buffer Enhancement Cost-Share Program**

For more info

Not applicable

How to start or increase the use of a program using this incentive

How does a Local Award program get established?

A local award is generally championed by legislators or by staff who see a need for funding to help establish or support incentives or to leverage incentive opportunities. Starting a program using this incentive requires consideration of the temporary or permanent characteristics of its funding sources:

- Determine if the program is to be temporary as an intended characteristic. A temporary program has broader flexibility in using grant and other single award funds.
- Determine if a permanent program is desired. Programs may have to be temporary because of the funding source limitations. A permanent program needs to have an ongoing funding source, such as a tax district, but can function with diligent attention to grant writing.

A local award program also requires consideration of what types of funding awards plan to be offered: grants, cost-sharing, or stewardship. This determination shapes many of the basic mechanics of the program such as competition, choosing award winners, ongoing protection, and staffing.

What are the basic steps for establishing a Local Award program?

1. **Initial assessment.** Identify the need for a local award incentive. Decide the sort of habitat enhancement or specific program that is proposed.
2. **Longevity determination.** Determine if the award program is intended to be temporary (to help spur a norm change or to seed other programs) or long-term.
3. **Cost determination.** Decide how much the program will cost per project, for administration, and to bring about the desired cumulative impact.
4. **Type of funding approach assessment.** Determine if the program will use direct grants, cost-sharing or stewardship funding for landowners and if match be required,
5. **Workplan development.** Prepare a design and work plan for the incentive program. Determine how it will be funded, administered, and marketed. Decide if it makes sense to do the work in-house, or contract with another organization such as the county or the conservation district.
6. **Staff report/justification**. Analyze whether another program that can accomplish these goals exists and determine whether it can be used or not. Discuss the program design and work plan with the jurisdiction's budget staff and elected officials.
7. **Obtain formal approval**. Seek funding through the budget process.
8. **Establishment of program.** Initiate mechanisms for administering funds, including offices and staff.

Success factors and challenges

Accountability and enforcement

Accountability and enforcement can be issues for local award funding programs. It can be costly for staff to check to see that all projects have been completed. Requiring photo documentation can ease the need for site visits.

Administration cost

Another challenge for programs that fund numerous small projects is that the administration is more costly than for fewer large projects. Programs that fund numerous small projects must take extra care in the administration of their programs, which in turn increases the staffing needs of the program. Small projects require much additional accounting and communication work to administer the grant funds; this may require additional accounting staff. In addition, participants with small projects typically do not have (or have fewer) professionals implementing the project. This results in a higher incidence of their misunderstanding the project requirements, their inadequately implementing the project, and their failure to complete the project. This will require much higher levels of technical assistance to improve communication, and higher levels of staff contact during the project. Many small projects also require follow-up to ensure that the restoration work is maintained, which requires staff time. This is especially difficult for temporary programs that only last a few years. These issues need to be considered in adequately staffing and funding small project programs.

Tailor type of award to desired outcomes and landowner needs

The choice of whether to use a grant, cost-share, or stewardship format should also be made with consideration for the intended users. Project proponents for restoration project efforts with their own land can freely choose the type of award for which to apply. When they are working with other landowners, however, those people may have different philosophical and financial reasons for participating. From discussions with programs that offer awards, land owners seem to fall on a continuum of "willingness" to do restoration projects that affect what incentives are needed for them to participate:

- Just doing it themselves with minor assistance.
- Wanting to do the project, but also wanting cost share assistance.

- Not really wanting to do a project (for philosophical or financial reasons) but willing if they get an easement payment or rent payments. For example, owners that are not generating income from the land, or where high operation costs result in minimal income may accept cost-share awards (though of course payments for easement or stewardship would be a larger financial benefit).
- Opposed to doing a project, unless it pays well enough to overcome philosophical or financial objections. An example is when a person generates sizable income from the area. Even 100% cost share or an easement payment may be inadequate to entice them. The program may have to add an annual stewardship payment.

Budget constraints for discretionary spending
A major hurdle to establishing the offering of local awards can be convincing the budget decision makers to make room for it in the annual agency budget, as this is not a mandated program. It is much easier to obtain discretionary funds at the state and federal level where many programs are funded for agriculture and endangered species. It is much more difficult at the local level where fewer resources are available.

Funds can't be used for private benefit
Local award programs also must be carefully designed so as to avoid Washington's relatively strict limitations on the lending of credit which also applies to public funding determined to have a private, not public benefit.

Long-term sustainability is challenging
Establishing and maintaining an Agency Budgeted Funding source requires ongoing attention from managers. It requires a political and/or administrative presence to encourage budget decision makers to consistently allocate budget funds to the program year after year. Program managers must participate in the annual budget process. This requires making the case to the decision makers and showcasing the program's products and successes.

Helpful hints: effectively using this incentive

Use periodic awards to keep the incentive "alive" for landowners
The use of these programs can be encouraged through effective "social marketing," as recommended by Stern's *Encouraging Conservation on Private Lands*. Stern recommends that periodic rewards (such as for a stewardship program) can increase the likelihood that property owners will continue to undertake stewardship activities, so the concept of lease payments can improve the success of programs. However, periodic payments must still be carefully designed, which has not always been the case. One economic evaluation of conservation incentives considered annual lease or subsidy programs to be among the least effective at permanently protecting habitat because they are paid annually and so a land owner can chose to develop their land without penalty every year and because if the funding runs out, the landowner may choose to develop their land (Parkhurst and Shogren, 2003). However, coupling a lease or subsidy program with regulations could reduce this effect (Stern, 2006). An award program targeted to situations where a regulation may seem unfair can also increase acceptance for the regulations.

Consider staffing needs
All new programs that offer incentives need to carefully consider their staffing needs. This will factor greatly in the minimum funding need. As shown in the Skagit County program (see Case Study on page xx), staff needs to put great thought and effort into marketing the program and generating participation. Since this incentive is financial, accounting staff will be needed. Programs that use ranking or competitive comparisons need a biologist on staff or as a consultant. Staffing will also be helpful for providing technical assistance to program participants in how to use the program. Much greater staffing is needed if the program itself

provides other technical assistance like project design, or permit coordination, or assistance with accessing other incentive programs. The literature has found that technical assistance can increase program effectiveness (Seavy et al, 2009).

Show successes early

Continued use of a program to offer local awards requires ongoing maintenance of support by decision-makers. Finding early successes and generating positive stories showing ecological benefits helps build the case for future budget appropriations.

Case Study: Kitsap County Rain Garden Cost-Share

The Kitsap County Rain Garden program offers rebates on the installation of rain gardens in unincorporated areas of the county. The goal of the program is to reduce impacts of stormwater pollution. The program, however, has the benefit of restoration and could be used in shoreline areas. Rain gardens are a specially built garden that soak up runoff on site and filter the water. They can collect, absorb and filter stormwater runoff from roofs, driveways, parking lots and other hard surfaces.

How the award program is funded and amount of awards

In 2010, the Kitsap County Surface and Storm Water management division partnered with the Kitsap Conservation District and Washington State University to create a Rain Garden Cost-Share Program for landowners and small commercial businesses. The program was funded with $50,000 from stormwater fees. After property owners in unincorporated Kitsap receive technical assistance visits from Conservation District staff or WSU Master Gardeners (which includes help in designing their rain garden) and they have installed their garden, they are eligible for a rebate of one-half the cost of the garden, up to $500. These types of rain gardens typically cost $1000-1500. Through October 2013, over 57 rain gardens have been installed in Kitsap County towards their goal of 1000.

Success

Participant Yvonne Hagan of East Bremerton told the Kitsap Sun that the assistance from the Kitsap Conservation District made it easy:

"Nobody could have been more of an amateur than me. I guess it's not as difficult as you think."

Photos: Kitsap Conservation District

Sources: Kitsap County. Public Works. (2014). *Rain Gardens.* Retrieved from www.kitsapgov.com/sswm/rain_gardens.htm
Scarsdale, Jeanette. (2010, August 19). Kitsap Conservation District Helps Gardeners Put Run-Off to Work. *Kitsap Sun*. Retrieved from www.kitsapsun.com/news/2010/aug/19/kitsap-conservation-district-helps-gardeners-put/#ixzz2FEfibcXZ
Stahl, Brian. (2012, May). *Water Wisdom for the Homeowner*. Storming the Sound presentation. Kitsap Conservation District. Retrieved from www.ecy.wa.gov/puget_sound/docs/sts2012c_stahl_presentation.pdf

Case Study: Little Spokane River Watershed Riparian Buffer Enhancement Cost-Share Program

From 2001 to 2003, the Spokane Conservation District established a short-term program to offer cost-sharing for riparian restoration projects to area residents. The program used a grant award from the Washington State Department of Ecology's Coastal Protection Fund Terry Husseman Account to augment CREP funding to create a pilot program that offered cost-share opportunities to the residents for riparian buffer enhancement in the Little Spokane River Watershed. The program provided technical assistance, labor resources, and 50% or 75% cost-sharing on different project elements.

Success of the Award Program

As stated in the District's summary report:

> ***"The participating landowners would most likely not have pursued this type of stewardship without technical and monetary assistance. Most landowners did not have a sense of what to do with their streamside problems, but were more than willing to listen and learn. Once the project began on their property, the landowners were usually involved on a daily basis."***

Twenty-one landowners participated in the program receiving up to 75% funding for projects, which ranged in cost from $107 to $52,255. The District provided technical assistance including fencing design and layout and arranged free labor from the Washington State Conservation Corps. The project improved 4.6 miles of streamside habitat (approximately 49 acres of habitat) and created vegetated buffers (average width 25-35 feet) including exclusion fencing, planting with willow and cottonwood in lower bank areas and snowberry, hawthorn, cottonwood, rose, alder, and other shrub species in upper bank areas and seeding. Over 39,000 trees and shrubs were planted. The total project cost was $192,023.

Challenges

The project was not problem-free. Challenges included the need for supplemental watering due to a drought condition in 2001-2002, the need to develop alternative water systems for livestock, how to manage weed infestations, and the need to regrade the bank in some areas.

Before (2001) and after (2003) photos in Dragoon Creek sub-watershed. Photo: Spokane County Conservation District

Source: Spokane County Conservation District Water Resources Program. *Little Spokane River Watershed Riparian Buffer Enhancement Cost-Share Program.* Retrieved from www.sccd.org/pdfs/WR_DL/Little%20Spokane%20Watershed%20 Riparian%20Cost-Share%20Project%20Final%20R.pdf

Packaged Proactive Funding

for restoration work

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Non-funding / projects	Restoration	Perform physical project	Any entity

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private & Public (limited)	High	Limited

What is it?

Packaged proactive funding for restoration projects is an effective way to quickly leverage partnerships and funding from multiple sources to do high ecological value projects, often on private land, when opportunities arise.

Background and description

The packaged proactive funding incentive is that for which funds can be pulled together quickly to take advantage of high value projects when opportunities arise. In these cases, programs partner together. Programs focusing on protection would undertake the acquisition of land or easements, while programs focusing on restoration would undertake restoration projects and possibly easements. Through marketing efforts and direct contact the program reacts to or finds willing participants who will sell or allow projects on their land.

How is packaged proactive funding different for other project funding approaches?

The packaged funding approach differs from other incentives. First, unlike cost-share incentives for restoration work, this program pays for the project instead of the landowner. This simplifies the financial element, reduces the landowner's obligations, and helps to ensure high quality completion of the project. Second, unlike project efforts that identify a project and look for funding, this incentive has a pool of funding and looks for projects. Robust selection criteria are used and the program often ranks projects for priority and selection.

What are typical restoration activities used with this funding approach?

Protection and restoration efforts might include many different possible activities, though generally they are not complex and can be done relatively easily and quickly. Restoration efforts can include replanting vegetation, removing armor, easements for fish and wildlife habitat, etc. These programs have the best applicability for small sites and simple situations. Their ease and rapid implementation make them usable across the wide range of shorelines and critical areas. Such programs can be implemented by governments or agencies, but also can be implemented by non-government organizations.

Where the incentive works best

The packaged proactive funding approach can be highly effective, especially for restoration. This approach is especially useful within large defined project programs, such as flood or stormwater programs that have dedicated funding sources that can be leveraged with other funds when opportunities arise. This incentive works best when focused on smaller scale projects that can be rapidly designed and implemented.

Examples of use

There are a number of programs that use the package funding incentive in a hybrid fashion. There are fewer programs that are focused on this incentive. Some hybrid examples might be the cost-share programs that pay for 100% of the project – they act like a grant award or package funding incentive as they do a cost-share incentive. In addition, some large programs that focus on defined projects in planning documents (i.e., a flood program) might maintain a pool of funds for packaged funding projects, so that they are responsive when opportunities arise.

- **Skagit County Natural Resources Stewardship Program**: www.skagitcounty.net/Departments/PublicWorksNaturalResourcesManagement/stewardship.htm
- **EarthCorps program**: www.earthcorps.org

Case studies

- **Skagit County's Natural Resources Stewardship Program (NRSP)**
- **EarthCorps Program**

For more info

Not applicable

How to start or increase the use of a program using this incentive

How does a Packaged Proactive Funding program get established?

A Packaged Proactive Funding program is generally championed by legislators or by staff who see a need for funding to help be quickly responsive to restoration opportunities. Starting a program using this incentive requires consideration of the temporary or permanent characteristics of its funding sources. Long-term funding is more desirable than short-term especially since long-term programs can achieve significant economies of scale and expertise in maintaining restoration sites. It is recommended that on-going funding be sought, such as from a tax district or storm water utility. Placing the program under the umbrella of a larger program that has a dedicated funding source (tax district, etc.) can help accomplish this. Periodic grant funding can be used, but will require staff that is skilled at grant writing. The Skagit County NRSP example used a combination of grant and district funding.

What are the basic steps for establishing a Package Proactive Funding program?

1. **Initial assessment.** Identify the need for a packaged proactive funding incentive. Determine the sort of habitat enhancement or specific program that is proposed.
2. **Longevity, cost and funding source determination.** Decide if the program is intended to be temporary or long-term. Budget how much the program will cost per project, for administration, and to bring about the desired cumulative impact. Decide if the funding will come from an existing internal source.
3. **Workplan development.** Prepare a design and work plan for the incentive program. Decide how it would be administered and marketed. Decide if it makes sense to do this work in house, or contract with another organization such as the county or the conservation district.
4. **Staff report/justification**. Discuss the program design and work plan with the jurisdiction's budgeting staff and elected officials.
5. **Formal approval**. Seek funding through the budget process.

6. **Establishment of program.** Initiate mechanisms for administering funds, including offices and staff.

Success factors and challenges

Need flexibility from funders or funding sources
Many funders want a detailed description of the project to be implemented. While the packaged proactive funding incentive does address specific projects, these will be undefined at the time funding is approved or obtained. Consequently, this incentive requires funding as a program rather than for specific projects. Ideally, a consistent source of funding that has some flexibility is accessed, such as tax district funding. There may be a need to convince the funders to provide a pool of money for undefined projects.

It is difficult for county and city jurisdictions to set aside money
In tight economic times, it is difficult for decision-makers to justify setting up a fund that is not targeted to an existing need. Social service and other vital jurisdictional needs are often underfunded. This approach, therefore, may be better suited for public-private partnerships such as specific funds put together by a coalition of private foundations, businesses and others.

Landowner resistance
New programs with no track record will have to overcome landowner skepticism. This might be magnified by negative relationships – for example toward a local government offering the incentive. Skepticism may also be derived from program elements, such as a long-term protection easement. Programs that can point to a success or two can help address skepticism.

Maintain focus on restoration
When participation is below the capacity of the program, there may be a tendency to further entice landowner participation by promoting improvements such as animal watering facilities or substituting a bridge for a culvert, which can help with restoration by protecting stream banks from animals and removing salmon barriers. Care should be taken to ensure that these improvements are related to environmental protection and restoration rather than structures such as armor, which might be requested by landowners.

Develop clear qualification criteria
Robust project qualification criteria and a ranking process, when feasible within time limits, ensure a strong program. Criteria can be established to clearly limit the type of work the program tackles. Because of the need to appeal to landowners to gain participation, small project programs have the potential to degenerate into offering funding for limited restoration work.

Helpful hints: effectively using this incentive

Complete projects to gain early successes
In the early stages of the program, focusing on completing projects can help show success, overcome skepticism, and improve participation. Working hard to convince landowners also convinces them of staff sincerity and helps overcome resistance. Demonstrating success makes all parts of the program easier.

Marketing is key to success
During program set up, it is important to begin planning for how to market the program. Limiting the geographic area of the work and shifting it periodically can help focus marketing efforts. Getting projects

completed helps in marketing and improves participation. Participation in turn, makes it easier to maintain the focus on restoration for restoration programs.

Case Study: Skagit County's Natural Resources Stewardship Program (NRSP)

The Natural Resources Stewardship Program is locally funded in part by the Skagit County Clean Water Fund (as a shellfish protection district). The County goal is to spend ~$250,000 of these funds per year on salmon recovery. Parts of those funds contribute to the program, which are used in turn to leverage larger grants. Currently, the program is funded for up to $100,000 per year from a Dept. of Ecology grant (75%) and the Clean Water Fund (25%). Projects are required to improve water quality in waters targeted by the Clean Water Program and can include a wide variety of activities: livestock fencing, riparian planting, bank stability, large woody debris, invasive species control, etc.

How the program works

The program pays full costs or up to $35,000 per project – no match is required. This was originally intended to be a 100% cost-share arrangement using reimbursement after the project is done. After initial experience found that few owners were interested in participating due to the financial delay, staff changed the program to allow the program and partners to directly implement the restoration projects. The program also directly constructs parts of the project.

Technical assistance, project design, and construction are provided by program staff or partners, depending on the complexity. Smaller projects are handled by program staff or the county, while complex projects are handled by the Skagit Fisheries Enhancement Group. The Skagit Conservation District also helps. Projects are screened by a committee for approval. There is a 10-year commitment to the project through an agreement and easement. 21 projects have been undertaken through mid-2013, which have improved over 6-miles of streams.

Lessons Learned

Experience found that marketing was critically important to let people know about the project. The first year was largely devoted to that effort, with a focus on making inquiries easy, immediate, and cost free. The program focuses work in specific geographic areas, and uses targeted mailing of a three-fold brochure with a tear-off information request form that is postage-paid and ready to mail. Direct contacts are also used when staff observes potential restoration sites, when partner organizations refer people to the program, and when regulatory agencies refer people for alternatives to their initially unacceptable plans.

The program encountered early reluctance to participate due to the 10-year commitment, but after working to convince people and getting some projects underway, high levels of inquiry and participation are now the norm. The shift to having the program perform the projects directly also greatly simplified participant commitment, and eased accounting burdens by eliminating the outside reimbursement and tracking elements.

Source: Skagit County. *Natural Resources Stewardship Program.* Retrieved from www.skagitcounty.net/Common/Asp/Default.asp?d=PublicWorksNaturalResourcesManagement&c=General&p=stewardship.htm

Case Study: EarthCorps

EarthCorps is a private environmental organization that is based in Seattle. Its core expertise is community-based environmental restoration of healthy habitat and a functioning natural ecosystem. They supervise over 10,000 volunteers per year to implement restoration projects.

EarthCorps undertakes multiple small projects with various funding sources by providing a source of labor to implement projects in an economical way. Projects are generated within the organization and through partners that have projects that need on-the-ground workers. Workers can be made available on relatively short notice.

Fauntleroy Creek

With EarthCorps, neighbors on a tributary of Fauntleroy Creek have worked over many years on stream restoration projects on private property. A signature of the effort has been the connection with the community members and school groups. The goal of the project overall has been to provide educational and social benefits for people and their communities in addition to long-term ecological benefits for aquatic resources.

In Fauntleroy Creek, the ecological outcomes include restoration of natural processes to improve sediment transport, reduce erosion, and create more diverse in-stream and corridor habitat by adding structure in the stream, improvement of crossings where public trails intersect with the creek, and redirection of street-end and trail runoff. EarthCorps also improved the riparian corridor by adding native plants along the stream and in adjacent wetlands.

Source: EarthCorps. *EarthCorps.* Retrieved from www.earthcorps.org

Construction Photos: Rob Anderson and Judy Pickens, EarthCorps

Lower Interest Loans

for replacement of bulkheads with soft shore stabilization measures and enhanced shoreline habitat

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Lower interest loans	Restoration	Provide funding to others	State agencies make loans to property owners

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private	Medium	Does not exist

What is it?

Lower interest long-term loans (15 to 30 years), funded by tax exempt nonrecourse revenue bonds, revolving loans, or a loan loss reserve program, are provided to property owners to replace bulkheads with soft shore stabilization measures and enhanced shoreline habitat.

Background and description

This incentive encourages the replacement of bulkheads, seawalls, riprap, and other "hard" forms of shoreline armor with "soft" methods of protecting the shoreline by lowering the interest rate on loans to finance soft shoreline stabilization measures. States and local governments can issue bonds whose interest is exempt from federal income tax so the bonds have a lower interest rate than loans that individuals or companies can obtain on their own. Another way to provide loans is through a revolving loan or a loan loss reserve program established by the state or local government.

Why nonrecourse revenue bonds?

A bond is a method of borrowing money where an interest paying certificate is issued. There are various types of bonds. The type that would be best suited to this incentive is tax exempt nonrecourse revenue bonds. These bonds could be issued by a state agency or local government. The money would be loaned to land owners that would use the funds to remove their hard shore armor and replace it with soft measures and habitat enhancements.

There is no cost to state or local taxpayers. The bonds would be repaid with the interest and principle payments from the land owners. The costs of program administration and the bond sales could be included in the payments from the landowner. The bonds are called "nonrecourse" because the bonds are backed by the payments from the landowners to whom the loan is made, not the state or local government. The bonds would be secured by a lien on the benefited property until the loan is paid off. Then the lien would be removed from the property.

Why a revolving loan or loan loss reserve program?

A revolving loan fund is a financing measure which creates a self-replenishing pool of money that uses interest and principal payments on old loans to issue new ones. Initial funding of a revolving loan fund can come from a variety of sources, including local, state and federal governments, and can be supplemented by grants from philanthropic organizations.

A loan loss reserve program sets aside funds to cover estimated losses on loans due to default or nonpayment. It increases the effectiveness of a revolving loan by allowing more of the funds to be used for productive lending rather than as a set-aside for nonpayment. Often, a loan loss reserve fund is used to entice commercial lending institutions to participate in higher-risk or lower-yield loans by mitigating default risk.

Why would a property owner use this program?
Because the bonds are tax exempt and Washington State and many Washington counties and cities have very good credit, the interest rate (including the costs of running the program) would likely be less than a loan most property owners can get on their own. The term of the loan could also be fairly long; the term just needs to match the term of the bonds. The loan could even be structured so that if the property is sold during the term of the loan, the loan is assumed by the new owner as long as the owner meets required credit standards.

How would the program be administered?
Washington uses tax exempt nonrecourse revenue bonds for a wide variety of purposes. The programs of the Washington State Housing Finance Commission are the closest analogue to this incentive. A Commission working with the State Treasurer's Office issues bonds and then makes loans to individuals, companies, and organizations for homes, energy conservation, and beginning farmers and ranchers. The bonds are then repaid through loan payments. Many of these programs only provide part of the required financing teaming up with conventional loans and other programs to get the greatest bang for the buck. Local governments have also effectively received money from state and federal programs to establish energy efficiency revolving loan programs

A state agency or local government could operate a shoreline program in the same way. Program marketing could be done through shoreline contractors, realtors, and local government planning offices. All of those groups come in contact with property owners who may be willing to replace their armored shoreline.

Where the incentive works best

This incentive would work especially well if an agency or local government could screen candidate sites to pick sites with the largest habitat benefits and with the characteristics that are well suited to using "soft" shoreline treatments.

Unlike weatherization programs which result in reduced energy consumption and utility bills, shoreline stabilization and enhancement does not result in a direct, regular documented financial gain to the homeowner. Therefore, the repayment of the loan principal and interest is not secured by energy savings. Revolving Loan Funds and Loan Loss Reserve Funds provide an opportunity to finance improvements without a direct financial benefit by utilizing more relaxed lending criteria and long-term repayment.

Because the Revolving Loan Fund (RLF) or Loan Loss Reserve Fund (LLRF) determine their own lending criteria and financial performance measures, these programs can be modified to include a set-aside for low-income or financially distressed homeowners who would not meet the lending criteria of less flexible funding programs.

Examples of use

- A lower interest loan using tax exempt nonrecourse revenue bonds does not currently exist. Some of the programs of the Washington State Housing Financing Commission are the closest example: www.wshfc.org

- A revolving loan example in Washington is the Energy Revolving Loan Fund/Loan Loss Reserve Administration grant program that was used to create the Positive Energy Program on Bainbridge Island - www.positiveenergybi.org

Case studies

- **Maryland Shore Erosion Control Construction Loan Fund**

For more info

Not applicable

How to start or increase the use of a program using this incentive

How is a bond financed loan or a revolving loan program established?

The bond market is conservative because money is at stake. Therefore the best approach for a bond financed loan would be for Washington State to pass a law authorizing a state agency or local governments to operate this type of incentive program. That way it will be clear to bond buyers (the people who lend the program money) that the program is properly authorized and they will be repaid.

A revolving loan fund can be set up and administered by a government body, private financial institution, a non-profit philanthropic organization, or any combination of the three. The primary steps involve determining program policies, program funding, administration, and measurement.

What are the basic steps for establishing a revolving loan fund (RLF)?

1. **Program goals and administration.** The first step is to determine why and how the RLF will operate. Include a needs assessment and a statement of the purpose of the fund. After the purpose has been established, determine how the fund will be administered and its lending policies. Issues to consider include eligibility requirements of borrowers, allowed uses of funds, minimum and maximum loan amounts, length of loans, and interest rates. It is helpful to include potential funding sources in these discussions.
2. **RLF funding and capitalization determination.** Capitalization, or initial funding, can come from a combination of government sources, private lending institutions, and philanthropic organizations. It is usually in the form of a grant and not expected to be paid back. State and local government funding is often from tax set-asides, general obligation bonds, direct appropriations from the state legislature, or annual dues from participating counties or municipalities. Local funding often is more flexible with fewer restrictions on its use.
3. **Fund administration establishment.** There are generally two types of administration: direct lender in which the fund-holder makes the credit decision and administers the loan, and indirect lender in which the fund-holder works with a traditional lender, such as a bank which provides part of the funding in a more traditional loan. Due to the lack of direct financial benefits in shoreline restoration, it is unlikely that traditional financial institutions will be willing to participate. The RLF should have a loan review committee or board of directors who make decisions regarding administrative policies, review loan proposals, and designate day-to-day administrative staff of the program.
4. **Marketing and accountability program.** Once the program is established, it is important to market the lending program to prospective borrowers. This can be done through government bodies, such as the Department of Natural Resources, through philanthropic and conservation organizations, or directly to

homeowners on the targeted waterways. Finally, it is important to keep track of the results of the program closely, including financial data regarding amount of loans and their performance, as well as measures regarding shoreline protection, for example, distance of shoreline restored, etc. These types of measurements help in the modification of program policies as needed, as well as encouraging additional capitalization when needed.

What are the basic steps for establishing a bond financed loan program?

1. **Feasibility analysis**. Conduct a feasibility analysis as to whether the loans funded by tax exempt revenue bonds would be an effective incentive to replace bulkheads with soft shore stabilization measures and enhanced shoreline habitat. Examine whether the program could be economically administered, whether the lower interest rate would be an effective incentive, and whether the bond market would be willing to fund the bonds. Determine if any of the existing agencies that work with these types of programs would be interested in administering the program. The amount of funding each project would need is much too small to issue a bond for each loan, so the feasibility of funding a pool or trust fund with a larger bond that would fund multiple loans needs to be determined. A feasibility study could be funded through a legislative appropriation or a state or federal grant.
2. **Authorization of the program.** While local governments may be able to undertake the program using their existing authorities, clear legal authority for the program will help assure the bond market that interest will be paid and the principle returned. Therefore, working with the state legislature to pass a law authorizing the program would be valuable. It would be best if one of the existing state agencies or commissions that have programs that use tax exempt nonrecourse revenue bonds was authorized to administer the program as an existing knowledge of the bond market is very helpful.
3. **Strategic plan, including marketing.** Determine the details of marketing and program delivery. Establish critical partnerships with shoreline contractors, real estate offices, and community organizations.
4. **Program implementation**. Market and administer the program. Periodically report on the program's success to the stakeholders.

Success factors and challenges

Startup barriers

Since this is a new program, a feasibility study will be important to determine how effective the program would be and its feasibility. While loan programs funded by tax exempt nonrecourse revenue bonds are well established, it is important to determine whether they would work in this type of situation.

Operations barriers

The program's administrative costs would have to be carefully considered since it would be best to have the program self-supporting. Loan programs are fairly costly to administer since credit worthiness must be determined, the loan secured with adequate collateral, the loans serviced, and the bondholders periodically paid.

Lack of federal program

Unlike energy programs, there is no existing federal program or mechanism to provide seed funding. It may be necessary to fund with county bonds or another source.

Helpful hints: effectively using this incentive

Build on previous experience
Having an experienced agency administer the program would be very helpful.

Show successes and conduct marketing
Since the program is untested and has no track record, it is important to show success soon after start up. This likely means identifying several borrowers quickly. After the program is underway, ongoing marketing is important to demonstrate the value of the project and to bring in new borrowers.

Leverage funding
If feasible, leverage funding through partnerships. Some similar programs only provide part of the funding to leverage additional funds. Finding the right balance between how much of a loan is necessary to encourage use but not too much so that the program doesn't provide more incentive than is necessary may take some trial and error. Similarly, if an agency with experience in soft shore stabilization measures can help vet the candidate project sites so that those most likely to succeed and most likely to produce the greatest restoration benefits are given loans, the program will be more successful.

Allow multiple parcels to participate
On some shorelines, there are walls of armored shorelines along multiple properties. The program could market loans to multiple property owners, increasing the restoration benefit and the likelihood the project would succeed, and decreasing the costs of actual project work by obtaining a "quantity discount".

Case Study: Maryland Shore Erosion Control Construction Loan Fund

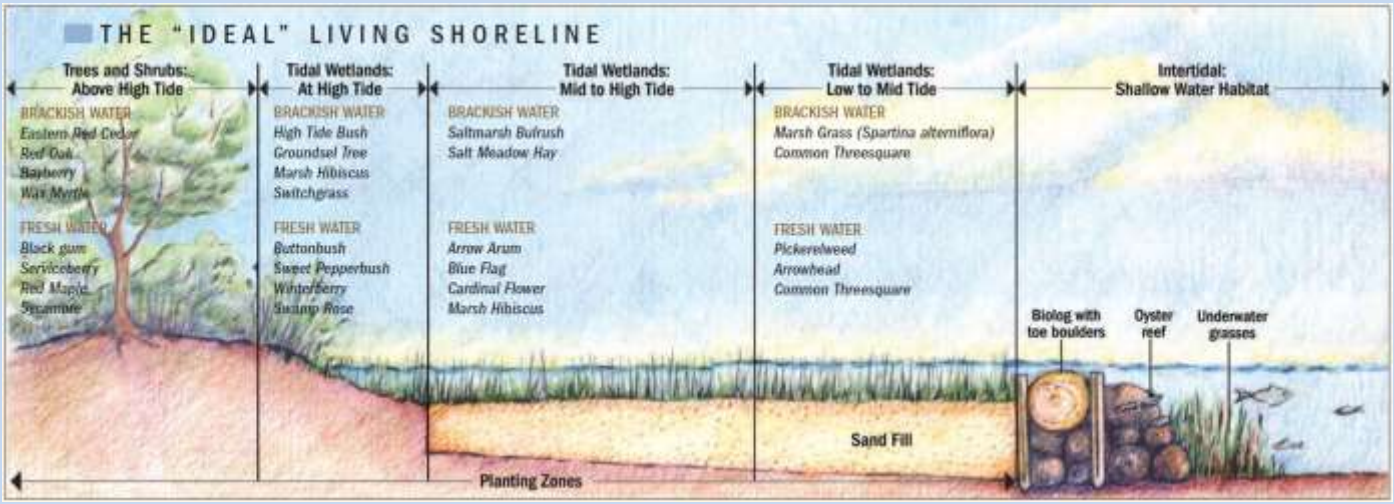
The Shore Erosion Control Construction Loan Fund was enacted by the Maryland General Assembly in 1971. The program provides interest free loans or grants to property owners and local governments for shore erosion control projects. Since 1997, funding is restricted to non-structural shore erosion methods for private homeowners.

Financing of the project occurs on a graded scale, in which the grantee receives an interest free loan covering 100% of the first $60,000 of project construction cost, 50% of the next $20,000 of project construction cost, 25% of the next $20,000 of project construction cost, and 10% of the part of construction cost exceeding $100,000.

Rather than a traditional loan repayment plan, the property owner enters into an agreement with the Maryland DNR's Chesapeake and Coastal Service Shoreline Conservation Service, which oversees the project design and construction. The state then recoups its costs through a benefit charge on the property levied by the Maryland Board of Public Works. The levy is assessed as an annual charge which remains through the term of the loan even if the property ownership changes hands. In addition, this method of assessment and repayment allows for the financing of projects which benefit multiple property owners.

Currently, the program funds 15 to 20 projects each year and receives approximately $600,000 to $700,000 in loan repayments annually.

Images: Chesapeake Bay Foundation



Source: Sea Grant Law Center. (2013, June). *Incentivizing the Use of Living Shorelines in Virginia through a Revolving Loan Fund*. Written by Showalter Otts, Stephanie, and Bowling, Terra. Retrieved from nsglc.olemiss.edu/Advisory/Living-Shoreline-RLF-Report.pdf

Grant Awards

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Award based funding	Restoration (mostly) & Protection	Physical Project or Acquisition of property or rights	Any entity or individual – based on program criteria

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private and Public	Low	Widespread

What is it?

A grant award is a significant amount of funding received by an entity to perform preservation or restoration work and is often available to support work on shorelines.

Background and description

Grants are received by agencies, organizations, and sometimes private entities to conduct a large range of shoreline preservation and restoration activities. Obtaining competitive or non-competitive grants, through large grant programs, for funding is a staple of most restoration projects or programs.

How is grant funding structured?

Major federal, state and private grant programs often require matching funding provided by the grant recipient. Cost-share (and stewardship) programs are a category of grants which are available for specific restoration or protection projects. They also tend to focus on restoration projects on the owner's land. Other grant programs provide money with more flexibility - they are usually for projects, but can include programs, and they are not usually limited to being on the applicant's land.

Where the incentive works best

Grant funding is usually only eligible for public entities. Work on private land is thus generally performed in partnership between land owners, nonprofit groups, and agencies.

Examples of use

There are numerous agency grant programs, and generally they are highly competitive. An incomplete list of the grants and awards that are potentially available is summarized in the following table.

Agency/web page	Grant Programs
US NOAA (National Oceanic and Atmospheric Administration) http://coastalmanagement.noaa.gov/land/welcome.html	• ***Estuary Restoration Act.*** Funds estuary habitat restoration projects which provide ecosystem benefits, have scientific merit, are technically feasible, cost-effective, and support the Estuary Habitat Restoration Strategy. • ***National Marine Fisheries Service's (NMFS) Coastal and Marine Habitat Restoration Project.*** Supports habitat restoration actions that help recover threatened and endangered species listed under the Endangered Species Act, sustain or help rebuild fish stocks managed under the Magnuson-Stevens Fishery Conservation and Management Act, or benefit other coastal and marine species with a nexus to NMFS management. • ***American Rivers-NOAA River Grants.*** Fund stream barrier removal projects.
US EPA (Environmental Protection Agency)	• ***Five Star Restoration Program.*** Brings together students, the Conservation Corps, other youth groups, citizen groups, corporations, landowners, and government agencies to

http://water.epa.gov/grants_funding/shedfund/federal.cfm	provide environmental education and training through projects that restore wetlands and streams.
US Forest Service www.fs.fed.us/spf/coop/programs/loa	• ***The Forest Legacy Program (FLP).*** In partnership with States, supports State efforts to protect privately owned forest lands; focuses on the acquisition of partial interests in privately owned forest lands.
USFWS (Fish and Wildlife Service) www.fws.gov/grants www.pacificfishhabitat.org	• ***National Wetlands Conservation Grant Program***. A matching grants program to acquire, restore, and enhance wetlands of coastal States and the Trust Territories. • ***National Fish Habitat Partnership***. Grants program designed to conserve fish habitat nationwide, leveraging federal, state and private funding sources to achieve the greatest impact on fish populations through priority conservation projects. The national partnership implements the National Fish Habitat Action Plan and supports 18 regional grassroots partner organizations including Pacific Marine and Estuarine Fish Habitat Partnership.
USDOE Bonneville Power Administration www.cbfish.org	***Columbia Basin Fish & Wildlife Program*** – Funding for Projects and Portfolios. Major funding source for fish habitat enhancement proposals in the Columbia River Basin. Funds available as on-going mitigation for the system of BPA dams on Columbia and Snake Rivers.
WA Dept. of Fish and Wildlife http://wdfw.wa.gov/grants	• ***Landowner Incentive Program (currently not funded).*** Provides financial assistance to private landowners for the protection and restoration of habitat to benefit species-at-risk on privately owned lands. • ***Cooperative Endangered Species Conservation Fund (Section 6 Grants).*** Four programs which include the "Traditional" Conservation Grants and the "Non-traditional" Habitat Conservation Plan Land Acquisition, Habitat Conservation Planning Assistance, and Recovery Land Acquisition Grants. • ***Estuary and Salmon Restoration Program (ESRP).*** Grants to protect and restore the Puget Sound nearshore.
WA Dept. of Natural Resources www.dnr.wa.gov/BusinessPermits/Topics/SmallForestLandownerOffice/Pages/fp_sflo_fffpp.aspx	• ***Family Forest Fish Passage Program (FFFPP).*** Provides funding to small forest landowners to repair or remove fish passage barriers.
WA State Dept. of Ecology www.ecy.wa.gov/programs/sea/grants/cpf/index.html	• ***Coastal Protection Fund - Terry Husseman Account.*** Non-appropriated revolving fund (from water quality violation fines) to pay for projects that: restore or enhance environmental, recreational, archaeological, or aesthetic resources for the benefit of Washington's citizens; investigate the long-term effects of oil spills; or develop and implement aquatic land geographic information systems.
WA State Recreation and Conservation Office www.rco.wa.gov/boards/srfb.shtml	• ***Aquatic Lands Enhancement Account (ALEA) Volunteer Cooperative Projects Grant Program***. Provides funds for private individuals and organizations and public entities who undertake projects that benefit Washington's fish and wildlife resources. • ***Land and Water Conservation Fund (LWCF).*** Provides funding to preserve and develop outdoor recreation resources, including parks, trails and wildlife lands. • ***Salmon Recovery Grants.*** Five grant programs provide funding to improve important habitat conditions or watershed processes to benefit salmon and bull trout: general salmon recovery grants; Estuary and Salmon Restoration Program; Family Forest Fish Passage Program; Puget Sound Acquisition and Restoration Fund; and Puget Sound Critical Stock. • ***Washington Wildlife Recreation Program (WWRP).*** Provides funding for land protection and outdoor recreation, including park acquisition and development, habitat conservation, farmland preservation, and construction of outdoor recreation facilities.
Whole Watershed Restoration Initiative www.ecotrust.org/wwri	• ***Whole Watershed Restoration Initiative (WWRI).*** A partnership between Ecotrust, the Oregon Watershed Enhancement Board, USDA (United State Department of Agriculture) Forest Service, the National Oceanic Atmospheric Administration Restoration Center, the Bureau of Land Management and the Natural Resource Conservation Service. The pooled fund is available as grants to local groups for on-the-ground restoration work. Funds projects that aim to restore the natural functions of whole watersheds in Oregon, Idaho

	and Washington and to amplify community-based partnerships focused on the strategic restoration of Pacific salmon and steelhead ecosystems.
King Conservation District (for King County only) www.kingcd.org/pro_gra.htm	• ***King Conservation District awards***. Support projects that directly improve the condition of natural resources, provides education and outreach to increase awareness, builds capacity to enhance implementation of natural resource improvement projects and implement pilot or demonstration projects.
King County www.govlink.org/watersheds/8/funding/table.aspx	• ***Wild Places in City Spaces Grants.*** Fund projects that reforest urban areas and restore habitat within the Urban Growth Area of King County and incorporated cities.

Case studies

- **Swinomish Channel, Smokehouse Floodplain, Fornsby Creek Restoration Project**

For more info

The following websites provide tips and guidance on writing environmental grants:

- **Washington Recreation and Conservation Office (Salmon Recovery Funding Board)**: www.rco.wa.gov/grants/apply_for_grant.shtml See the end of the page
- **EPA**: http://epa.gov/ogd/training/resources_for_communities/epa_grants_101.htm
- **British Columbia Environmental & Occupational Health Research Network**: www.bceohrn.ca/node/2993

How to start or increase the use of a program using this incentive

How does an entity successfully apply for and receive grant awards?

In order to successfully apply for and receive grant funding, an agency or organization must develop a strong grant writing program. Experienced program managers that are skilled at using grants have found several important elements of success that increase the competitive advantage of projects.

What are some effective tips for successful grant applications?

- **Packaging projects.** Careful packaging of the project for all grant applications is critical to being able to leverage available funds into additional grant funds. This applies to single project efforts, but it is most important for on-going project programs.
- **Money flows to money.** A major reason for establishing a consistent funding source (such as a tax district) is the ability to then leverage small amounts of funding to match grant awards. Federal and state projects often require local match sources.
- **Get the project listed on an approved plan**. Projects identified in a major public plan (such as a comprehensive flood plan) have a major competitive advantage for award funding over non-planned projects.
- **Put together partnerships.** Partnerships with other organizations (especially agencies) demonstrate broad support and are more attractive to funders.
- **Magnify projects.** Active partners with projects related to yours bring their resources to bear and increase the scope and size of the project. This effect is magnified if their project is identified in a major plan. Both points make the project more attractive to funders.

Success factors and challenges

Making a project fundable
Even a worthwhile restoration project may have problems attracting funding. Sometimes it may be necessary to creatively package it with an infrastructure or other project, such as for flood management.

Cost-share funding is sometimes easier to obtain
Government programs are the largest source of grant awards. Grant sources almost always offer funds on a competitive basis; and since funding is very limited compared to the demand, competition for some of the programs is fierce. Comparatively, some cost-share programs are undersubscribed (Stern, 2006) and may provide better odds of selection than a grant program.

Helpful hints: effectively using this incentive

Grant applications need to be well written, often with dedicated grant-writing staff
Grant requests need to be carefully packaged and carefully written. This means that having staff with grant writing skills is a must for an effective application. Furthermore, a large on-going program that relies heavily on grant funding sources probably needs staff dedicated to grant writing and grant management.

Packaged projects
Many examples and related case studies found throughout this guide demonstrate success in leveraging multiple sources of funding, including grant funding, in order to fund the entire project. This process generally takes many years. Some examples include:

- The King County Conservation Futures program (see Case Study on page xx) used local funds to leverage a legislative appropriation, Ecology grants, and private funds to purchase the Maury Island Gravel Mine site.
- The Thurston County Conservation Futures program (see Case Study on page xx) leverages limited program funds by using conservation easements in addition to outright acquisition to protect the Black River Ranch lands.
- The King County Flood Program Cedar River project (see Case Study on page xx) leveraged planning documents (flood plan and watershed plan) and flood tax district funds into additional grant funding to remove homes in hazard areas and do restoration work.
- The Yakima County Flood Program SR-24 Bridge project (see Case Study on page xx) leveraged planning documents, active partnerships, and a federal acquisition program into state funding to enlarge the bridge span. They then leveraged limited district funds into Corps funding for levee setback work.
- The North Yakima Conservation District Yakima Tributary Access Habitat Program (YTAHP) program (see Case Study on page xx) combined limited funds, active partnerships, and planning documents to leverage various grant awards and a major program sponsorship from BPA to do multiple restoration projects.
- The Little Spokane River program used a federal cost share program (see Case Study on page xx) to leverage additional state grant funds to undertake riparian buffer enhancement projects.
- The Wetland Reserve Program (WRP) Klingel Salt Marsh Restoration project (see Case Study on page xx) used program funds for a 13-acre acquisition to leverage partner funds for restoration work on 90-acres.
- Little Spokane River Watershed Riparian Buffer Enhancement Cost-Share Program (see Case Study on page xx) used CREP restoration funding to leverage additional grant funds and Washington Conservation Corps labor contributions for riparian enhancement work.

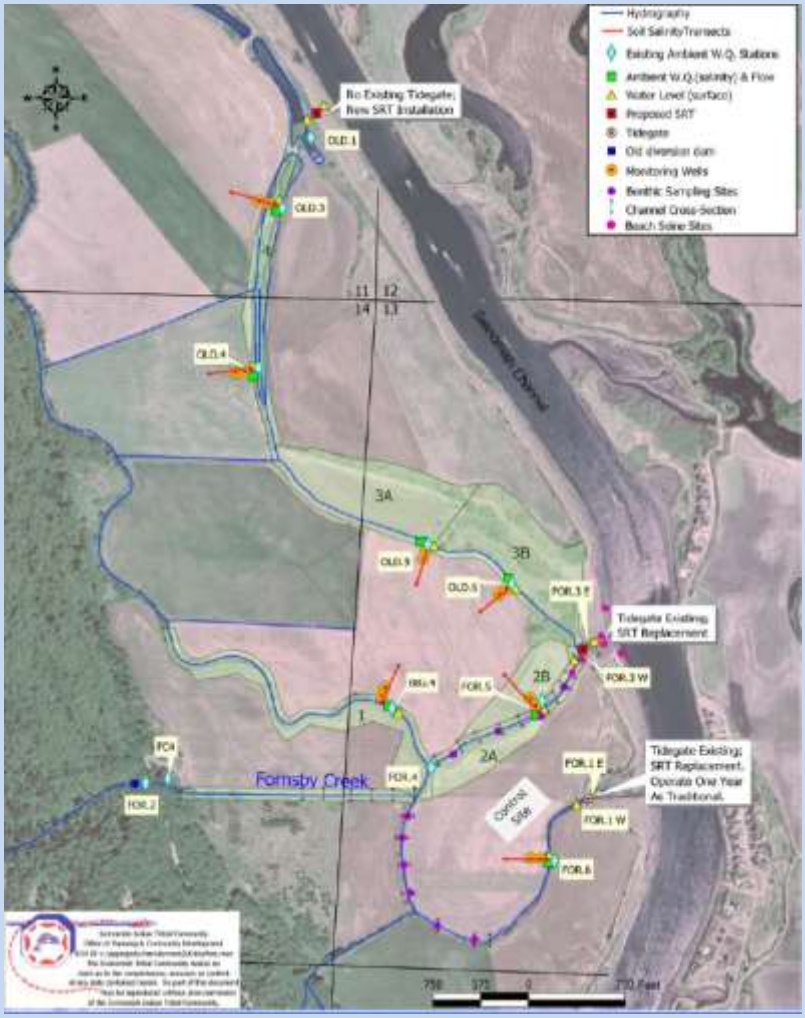
- Skagit County's Natural Resources Stewardship Program (see Case Study on page xx) uses shellfish protection district funding to leverage Department of Ecology grant funds to improve habitat.

Case Study: Swinomish Channel, Smokehouse Floodplain, Fornsby Creek Restoration Project

A group of restoration projects was sponsored by the Swinomish Indian Tribe, NRCS, Seattle City Light, and the Skagit River System Cooperative. Funding sources included the partners, the City of Seattle, US Fish and Wildlife, and others. A variety of funding sources were used, focusing on grants from the Salmon Recovery Funding Board.

A Big Skagit River delta project

Several projects undertook a major tidal estuary restoration effort in the Skagit River delta area in multiple phases. They included levee removal to restore approximately 200 acres of former estuarine marsh, and the construction of the set-back levees constructed to protect adjacent properties. This project also replaced existing impassible tide gates with self-regulating tidegates and replaced culverts with bridges; Blind Channel Development; Oxbow Slough Restoration, and North Old Slough Channel Restoration; and fill removal near LaConner. Dredge spoils were removed from 10 acres of historical tidal marshes at five sites along the Swinomish Channel. Additionally, one tidal channel was excavated on each site to create a total of 0.5 miles of channel.



Tribal project: Fornsby Creek Self-Regulating Tidegates (SRT) Project

As part of the larger project, the Swinomish Indian Tribal Community has initiated a restoration project - the Fornsby Creek SRT Project - to accomplish restoration of former estuarine habitat adjacent to the Swinomish Channel on the Swinomish Indian Reservation. The project re-opens more than five miles of estuarine-riparian channel to fish and improves more than 70 acres of associated aquatic habitat by replacing existing impassible tidegates with self-regulating tidegates (SRTs), improving the channel quality behind the new tidegates, and installing vegetated buffers adjacent to the channels

Sources: Fornsby Creek Project. Self-regulating tidegates and estuary restoration. Retrieved from http://depts.washington.edu/uwconf/2005psgb/2005proceedings/papers/P3_MITCH.pdf
Washington State Recreation and Conservation Office. *Swinomish Channel Fill Removal and Restoration*. Retrieved from http://hwsconnect.ekosystem.us/Project/280/11869

Restoration Auction

Incentive Type:	Purposes Used:	Program Approach:	Typical Users:
Award based funding	Restoration (mostly) & Protection	Physical Project or Acquisition of property or rights	Any entity or individual – based on program criteria

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private and Public	Low	Limited

What is it?

A restoration auction is a program in which landowners bid for grants to conduct restoration work.

Background and description

Incentives which provide funds to pay for restoration projects, other than direct grants, include cost-share, stewardship, and restoration auction programs. The basic features of these types of program, for comparative purposes, are:

- **Cost sharing programs** provide partial funding to landowners for the planning, materials, and physical work of a restoration project on the property. These landowners are willing (or are enticed by the cost-sharing or other incentives) to do the restoration project if compensated for the costs. Participation typically comes with an agreement requiring the area to be protected for a given length of time, though the terms can vary. This often includes an easement – sometimes a permanent easement. Usually some funding must be provided by the recipient (i.e., cost sharing).

- **Stewardship programs** pay an annual (or other period) land lease value so participants will maintain their land in a conserved status. Participation typically comes with an agreement requiring the area to be protected for a given length of time, though the terms can vary. This might be a temporary easement. For stewardship agreements, the level of alteration of the land allowed varies from heavy management to protecting intact areas.

How does a Restoration Auction program work?

These programs are often combined with each other and direct grant awards, and sometimes also include an approach called Restoration Auction. At present, there are no restoration auction programs in Washington State (although the Nisqually project (see below) is a partial pilot). Such an approach might have strong potential.

In a **Restoration Auction** program, landowners bid for grant funds. This is also known as contract "tendering." An auction's competitive element makes it a valuable tool. Stern (2006) finds that the competitive bidding aspect addresses many of the behavioral incentive problems common in the field of incentives, including oversized incentives, protecting personal motivations, and incorporation of applicant's subjective valuations (Stern, 2006).

Restoration auction incentives can include elements of both cost sharing and stewardship incentives, and cost-share and stewardship programs may have rudimentary elements of restoration auctions within them, in the form of a ranking system for funding preferences.

A formal restoration auction program establishes the criteria, contract bidding rules, and deadlines. The objective is to solicit bid offers from landowners for restoration work they are willing to do and the reimbursement they are willing to accept. Proposals are ranked and compared using set criteria. The program awards funds based on the best restoration or conservation benefits for the money until the funds run out. The work is then carried out by the owner and payment is made.

A competitive auction is also a market driven program. With high levels of participation, the competition establishes an economic value based on cost per restoration unit. Consequently, it is possible for small projects with a high value to beat out big projects with a lower value. The market aspect means this incentive would normally be more efficient than flat rate payments.

Where the incentive works best

A restoration auction is a good program for situations where restoration objectives are well defined and it is helpful to let landholders determine the type of work they will do while providing them some income for habitat improvement.

Examples of use

- Australian BushTender program: www.depi.vic.gov.au/environment-and-wildlife/environmental-partnerships/innovative-market-approaches/bushtender
- Nisqually Watershed Services Demonstration Project: www.dnr.wa.gov/ResearchScience/Topics/ForestResearch/Pages/nisqually_watershed_srvcs_demo_proj.aspx

Case studies

- **BushTender program, Australia**
- **Proposed Nisqually Watershed Services Demonstration Project**

For more info

- Not applicable

How to start or increase the use of a program using this incentive

How does a Restoration Auction program get established?

Starting a program using this incentive requires consideration of funding sources, basic mechanics of the program such as competition, choosing award winners, ongoing protection, and staffing.

What are the basic steps for establishing a Restoration Auction program?

1. **Initial assessment.** Identify the need for a restoration auction. What sort of habitat enhancement or specific program is proposed?
2. **Restoration goals determination.** Map or otherwise identify the specific desired protections in a geographic area.
3. **Cost determination.** Budget how much the program will cost per project, for administration, and to bring about the desired cumulative impact.
4. **Program workplan development.** Prepare a design and work plan for the incentive program, including how would it be funded, administered, and marketed. Determine if it makes sense to do this work in house, or contract with another organization such as the county or the conservation district.
5. **Staff report/justification**. Analyze whether another program that can accomplish these goals exists and determine, whether it can be used or not. Discuss the program design and work plan with the jurisdiction's budgeting staff and elected officials.
6. **Formal approval**. Seek funding through the budget process.
7. **Establishment of program.** Initiate mechanisms for administering funds, including offices and staff.

Success factors and challenges

Need to have good map or data about areas to protect

In order to compare projects that restore or conserve different functions, this incentive needs good ecological data for the geographic area, and a good understanding of the value of functions in relation to each other. Projects in different areas may be difficult to compare, so sub-areas may need to be established.

Information is revealed

A major advantage of a restoration auction approach is that by using a competitive auction, hidden information is revealed that is important for decision-makers so that better investment decisions can be made. The auction requires landholders to reveal their information on preferred actions and associated costs, and requires the government to reveal its preferences for biodiversity assets and actions.

Availability of funds fluctuates

Funding for the program comes from an agency budget and varies from year to year. In the Australia BushTender program, funding was limited and the program was discontinued in Queensland after 2007.

Pitting bidders against each other is contrary to some efforts

In situations where there is a desire for neighbors or community members to work together, such as doing a joint project to remove shoreline armor along adjacent properties, it may not be desirable to set up a completion. Restoration auctions might work best for projects in which there is a large geographic spread or where community collaboration is not a needed feature.

Helpful hints: effectively using this incentive

Conducting a pilot may be helpful

To test the program, it may be helpful to conduct a pilot in which potential buyers are identified and recruited, the credit system is tested, and the approach is modified before scaling the program up.

Case Study: BushTender program, Australia

Two Australian states have established BushTender programs. Queensland's was a short term program that has ended. The other, in Victoria, has been operating since 2001. A BushTender program is an auction-based approach to protecting and improving the management of native vegetation on private land. The focus is on protecting remaining areas of intact habitat.

How a BushTender program works

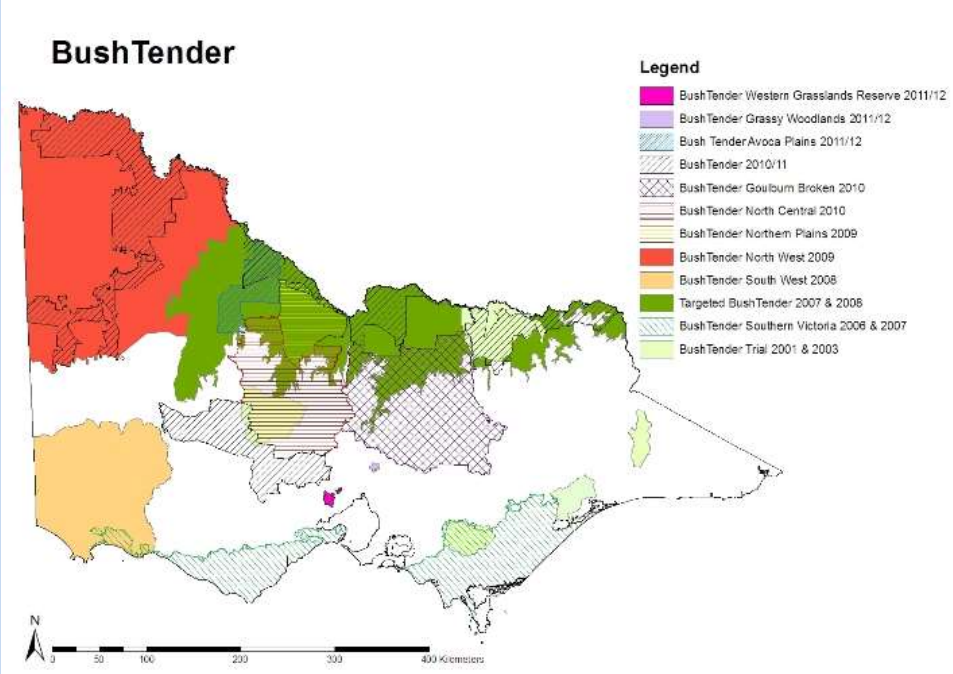
In a BushTender program landholders competitively tender contracts to better protect and improve their native vegetation. These actions are based on management commitments over and above those required by current obligations and legislation. The basic idea is that:

- Landholders determine the suite of stewardship services they wish to offer, and bid for costs associated with providing those services.
- Landholders derive an income stream from managing remnant vegetation for conservation.
- The quality and extent of native vegetation improves and contributes to the health of the whole catchment or watershed.
- Public funds are spent on achieving the highest biodiversity gain per unit cost.

How the program works

The BushTender program incorporates the principle of payment over time to encourage ongoing commitment by awarding 25% on commencement, 25% at the end of the fifth year, and the remainder awarded as annual payments in between.

Bids are assessed using a Biodiversity Benefits Index that generates a rating in units of ecological value that are gained. The index allows comparisons across different settings and between different projects. Successful bids are those that offer the best value for the money, with some resulting in permanent easement protection, though that is not required. Successful landholders receive periodic payments under the agreements.



Each year or two the program shifts its geographic focus to a different part of the state. Each auction is a single iteration of the program, which provides a feedback loop for the continued improvement of the program. Since 2001, 25,911 hectares (over 64,000 acres) of native vegetation have been protected.

Sources:

Queensland, Australia. *BushTender2007.* Retrieved from www.qmdc.org.au/biodiversity-pests/bush-tender-2007.html

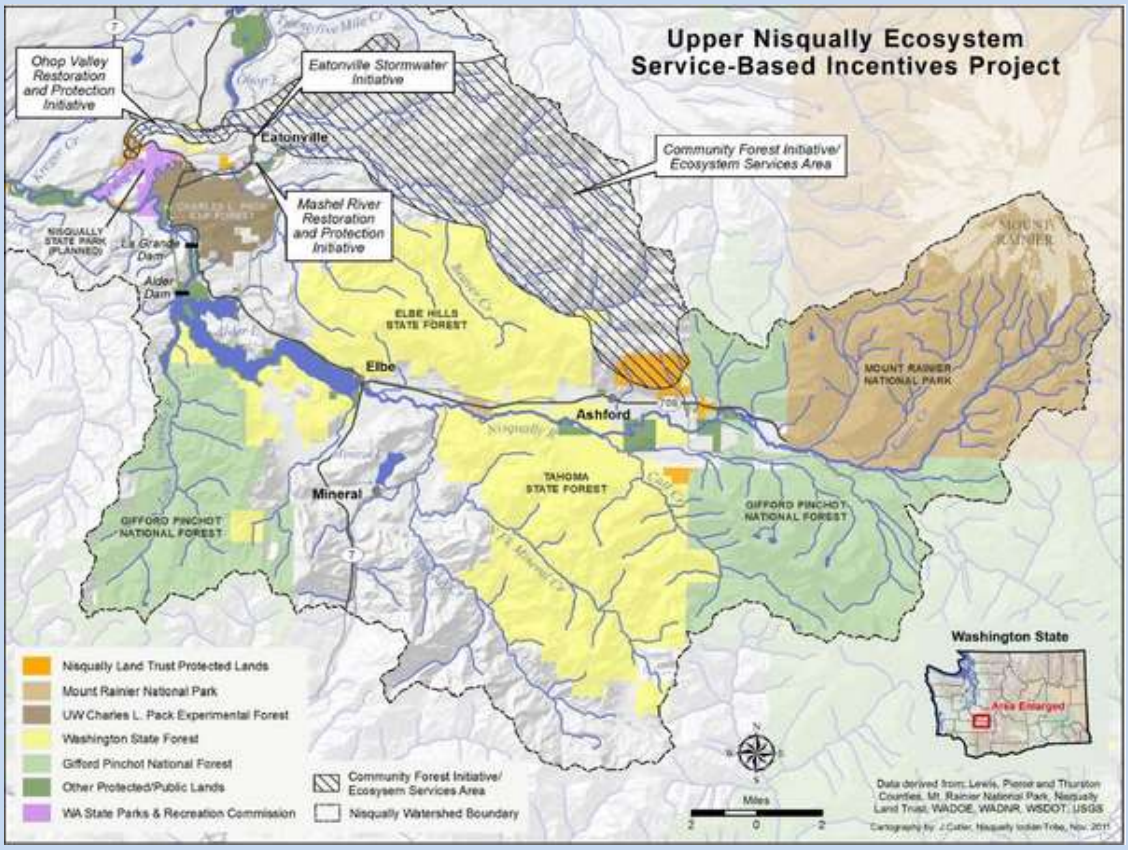
Stoneham, G., Chaudhri, V., Ha, A. and Strappazzon, L. (2003). Auctions for conservation contracts: an empirical examination of Victoria's BushTender trial. *The Australian Journal of Agricultural and Resource Economics*, *47(4),* 477-500.

Case Study: Proposed Nisqually Watershed Services Demonstration Project

The Nisqually River Council, Nisqually Land Trust, Northwest Natural Resource Group, and Washington State Department of Natural Resources are exploring a voluntary incentive to conserve forest lands and protect drinking water and salmon habitat. The proposal is to create a payment program for watershed based ecosystem services that links private forest landowner actions with conservation improvements. The team is exploring the purchase of watershed services (by buyers) and quantifiable actions which landowners (as sellers) can take to improve water quality and quantity.

The pilot effort

A Washington State Department of Commerce grant has supported the development of the pilot project including:



- recruiting potential buyers,
- developing and reviewing a watershed-based payment for ecosystem services protocol,
- securing a demonstration transaction between at least one buyer and one seller that brings additional environmental benefit,
- quantifying those benefits for beneficiaries, and
- providing a model that can be scaled up around Puget Sound.

The potential buyer is the City of Olympia water utility. They have established prioritized parcels for potential transactions involving forested lands upstream from the new McAllister Springs wellhead area. Team members have begun contacting landowners in these prioritized zones. Once likely buyers and sellers are identified, DNR will develop reliable metrics for desired watershed services and economic feasibility information for the buyers.

Source: Washington State Department of Natural Resources. *Nisqually Watershed Services Demonstration Project.* Retrieved from www.dnr.wa.gov/ResearchScience/Topics/ForestResearch/Pages/nisqually_watershed_srvcs_demo_proj.aspx

Non-Financial Incentives

Technical Assistance
Education Programs
Recognition, Award, or Certification Programs
Permit Process Streamlining or Waiving Fees for "Green Projects"
Regulatory Transfer of Restoration Credits for Later Mitigation
Legislative Rolling Easements or Erosion Easements
Restoration In Trade for Projects
Restoration In Trade Established in Code
Safe Harbor Agreements

Technical Assistance

Incentive Type:	Purposes Used:	Program Approach:	Typically Offered By:
Non-funding / Assistance	Protection & Restoration	Encourage projects by others	Local Governments State and Federal Agencies Private organizations

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private and Public	High	Widespread

What is it?

A technical assistance increases awareness of and provides basic help to landowners related to shoreline regulations and opportunities.

Background and description

Technical assistance programs can be stand-alone incentives that provide basic help to landowners and also can be used in conjunction with other incentives. Technical assistance programs range from at-the-counter assistance at the planning office and third-party technical design advice, to webpage and outreach material and workshops and in-the-field site visits. Some examples of technical assistance include: science programs, how-to guides, project planning assistance, planting plans, expert advice, funding contact lists, and green contractor contact lists. Landowners are the key target audience.

Who conducts the assistance and education programs?

These programs are conducted by agency staff as well as nonprofit environmental groups, conservation districts and consultants. In some cases, technical assistance might play a critical role to ensure acceptance or for marketing of the incentive. When used by itself, the aim is to encourage individual (usually small) projects that are voluntarily undertaken by owners or to provide guidance to property owners about alternative approaches (soft edge rather than bulkhead, for example).

Where the incentive works best

Technical assistance programs are almost a necessity to be used in conjunction with any program that offers other incentives. Some incentive programs have a level of complexity where the technical assistance must be intensive, rather than just informational.

Trusted assistance works well in areas where there might be distrust of government or of advocacy groups. For example, conservation districts have been able to provide high quality and well received technical assistance because they are regarded as neutral.

Proactive technical assistance can be valuable as a means to educate landowners about soft alternatives to bulkheads early in their decision process about protecting their shoreline.

Examples of use

There are numerous examples of technical assistance and education programs. Below are some of the recent and ongoing programs:

- **Conservation Districts** provide professional engineers and resource experts that bring services to landowners for implementation of best management practices.
- **Local government informal technical assistance programs**. King County, for example, offers free technical assistance from 7:30 am -11:30 am every day for potential project proponents. People can drop by the office and talk to staff for free.
- **Local government formal technical assistance programs.** For example, through the San Juan County Wetland Assessment Assistance Service, landowners can get a free one-hour site visit by a qualified wetlands professional to identify wetland existence and wetland type for the property. The information is used to update county maps as well. San Juan County established a short-term program (6 months at end of 2013) to offer a wetland assessment service that will be available to property owners free of charge. The service is partly in preparation for the new wetland regulations that go into effect after the end of the year. The service consists of a one-hour site visit by a qualified wetlands professional, determination of whether a wetland exists in the location of concern, and identification of the wetland type under the County's new critical area regulations. As part of the assessment the property owner will receive a summary of the findings and a generalized map of the area that is evaluated. If it is determined that a wetland does not exist, the County wetland map will be modified to reflect this.
- **Shoreline workshops for landowners**.
    - Coastal Watershed Institute, Friends of San Juans, Futurewise, WSU Island County, and others have held recent shoreline forums and workshops which have been well attended.
- **Focused technical assistance on bulkheads.**
    - Snohomish County and partners are conducting a pilot project in Port Susan providing focused technical assistance about armor (see Case Study on page xx).
    - Kitsap County is working with shoreline property owners in priority areas, with mailings, followed by workshops, and on-the-ground restoration work.
- **Technical assistance for establishing Transfer of Development Rights** programs is provided by Forterra.
- **Online information assistance.** There are numerous online resources. A few are:
    - **Department of Natural Resources Backyard Forest Stewardship Program** - Offers an information guide to landowners on how to improve wildlife habitat.
    - **City of Seattle (and partners) Green Shorelines** - Includes a guidebook for lake bulkhead replacement alternatives, plus links to advice and training, permit assistance, other technical assistance: www.seattle.gov/dpd/Planning/Green_Shorelines/Overview
    - **King County Small Habitat Restoration Program –** Technical assistance and advice on design and permit processing, and useful links: www.kingcounty.gov/environment/animalsAndPlants/restoration-projects/small-habitat-restoration-program/technical-assistance.aspx and www.forterra.org/what_we_do/conserve_land/transfer_of_development_rights
    - **Burnett County, WI Shoreline Incentive Program –** Example of a broad program that offers financial incentives, and includes extensive technical assistance such as expert advice, and plan assistance: www.burnettcounty.com/index.aspx?NID=526

Case studies

- **"Living with the Coast" Program: Addressing Bulkheads in Port Susan**
- **Whatcom County Conservation District: Lake Terrell Dam Project**

For more info

Not applicable (see example section)

How to start or increase the use of a program using this incentive

How does a technical assistance program get established?

Starting a program that uses technical assistance requires careful consideration of staffing needs, and related funding needs at the outset since adding a new function to any program later can be difficult. Starting a less intensive technical assistance incentive will generally be an ancillary activity of starting the primary incentive. If the primary function of the program is the technical assistance incentive, then it will be integral to the operation of the program and will require special attention to staffing, and especially to staff skill sets and staff work allocations.

Starting a program using this incentive requires consideration of the temporary or permanent characteristics of its funding sources. This determination shapes many of the basic mechanics of the program such as prioritization, funding, and staffing.

What are the basic steps for establishing a technical assistance program?

1. **Initial assessment.** Identify the need for a technical assistance incentive. Determine what sort of habitat enhancement or specific program is proposed.
2. **Longevity and cost determination.** Decide if the program is intended to be temporary (to help spur a norm change or to seed other programs) or long-term. Budget how much the program will cost per project, for administration, and to bring about the desired cumulative impact.
3. **Workplan development.** Prepare a design and work plan for the incentive program and determine how it would be funded, administered, and marketed. Decide if it makes sense to do this work in house, or contract with another organization such as the county or the conservation district.
4. **Staff report/justification**. Analyze whether another program that can accomplish these goals exists and determine whether it can be used or not. Discuss the program design and work plan with the budgeting staff and decision-makers.
5. **Formal approval**. Seek funding through the budget process.
6. **Establishment of program.** Initiate program mechanics and staffing.
7. **Marketing.** Having a communication and marketing strategy is important in the early stages of any program to generate early interest and demonstrate early success. For technical assistance, however, the ongoing strategy is much more important and can be adapted at later points.

Success factors and challenges

Skilled staff is needed

Technical assistance helps people participate and generates interest in the incentive(s) in the program. Thus a major part of technical assistance is communication with the target audience. In addition to communication skills, staff needs to be well versed in the science or technical aspects of shorelines.

Funding

Funding discretionary programs like technical assistance is always tenuous. An ongoing program probably needs a consistent funding source (such as a tax district), but it is possible to operate on grants and other funds with a skilled grant staff. Many conservation districts operate on agency grants (from the Washington State Conservation Commission), award funding payments (such as part of CREP funds), assessments, and other grants.

Helpful hints: effectively using this incentive

Match technical assistance programs with other incentives

Ideally, all incentive programs would include technical assistance. Stern notes that many programs find that marketing and technical assistance provided by representatives or staff that is held in high esteem greatly improve the success of the project and are often of more value than the financial incentive (Stern, 2006). Technical assistance programs focused on shoreline property owners have been undertaken for years and continue to have significant potential to help protect and enhance the shorelines.

Case Study: "Living with the Coast" Program: Preventing Shoreline Armor in Port Susan

Port Susan, which has been identified by the Nature Conservancy as a priority conservation area of high biodiversity importance, is in the pathway of future development. The area is under consideration as a potential Marine Stewardship Area. Additionally, the Snohomish Marine Resource Committee (MRC) is working with Northwest Straits Foundation and along with the Island County Shore Stewards to develop a targeted awareness program "Living with the Coast" for Snohomish and Island County property owners. The goal is to prevent future shoreline armor and to educate landowners about coastal processes and shoreline erosion management. The project is an example of pro-active work – trying to get ahead of future problems.

How does the program work?

The program has three components.

- Planners workshops to provide information and education to permit specialists on coastal processes and bulkhead alternatives
- Public workshops for coastal landowners in Snohomish and Island Counties
- Individual site visits for landowners by a private consultant

According to pre-workshop surveys of shoreline property owners, their #1 concern is erosion. Their #1 value is having a great view. Their preferred trusted sources of information are private consultants (and other technical experts).

Therefore, the program conducted landowner workshops providing high quality information, delivered by trusted credible science-based consultants, about best management practices for erosion control, shoreline processes in the area, the use of native vegetation for slope stability and habitat, and shoreline permitting and regulations. To help landowners understand their properties in particular, free site visits by a coastal geologist and vegetation management specialist were offered in which management recommendations were made.

Photos: Kathleen Herrmann

Priority target audiences

The priority target audience for the workshops and the free site visits were (in order):

1. Landowners whose properties were still natural (i.e., no hard armor),
2. Those with deteriorating bulkhead, and
3. Finally, those with a working bulkhead (low priority).

The program will be expanded to Island and Jefferson County.

Sources: Herrmann, Kathleen. 2013 (October 16). Personal communication
Snowbirds in Port Susan. Retrieved from www.snocomrc.org/uploads/Port%20Susan/Shorebirds%20in%20Port%20Susan. jpg

Case Study: Whatcom County Conservation District: Lake Terrell Dam Project

The Whatcom Conservation District is emblematic of most conservation districts in the state with a strong focus on technical assistance. They help landowners access cost-share, stewardship, and grant funding, and help farmers and others develop management plans. They also provide design work for restoration projects, hold native plant sales, conduct education programs in schools and more. The district has taken the lead on important habitat restoration projects.

Lake Terrell Dam Project, Stream Channel Restoration and Fish Passage

The Conservation District along with a large number of partners restored habitat and improved stream flows in and near Lake Terrell. The Lake Terrell Dam was originally constructed in 1950. Reconstruction included replacing the wood stop logs with concrete panels topped by a V notch weir designed to supplement summer stream flows.

Fish passage was restored over the Lake Terrell dam by reconstructing over 600 linear feet of Terrell Creek below the dam. The creek was graded, gravel and large woody debris was added, and large rocks were placed to stabilize the channel.

A tributary stream just downstream from the dam was also inaccessible to fish because it was perched several hundred feet above the stream channel. This culvert was replaced by a fish passable culvert installed at the new channel grade.

Sources: Whatcom County Conservation District. *Lake Terrell Dam Channel Restoration and Fish Passage Project.* Retrieved from http://whatcomcd.org/lake-terrell-dam-channel-restoration-and-fish-passage-project

Education Programs

Incentive Type:	Purposes Used:	Program Approach:	Typically Offered By:
Non-funding / Assistance	Protection & Restoration	Encourage projects by others	Local Governments State and Federal Agencies Private organizations

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private and Public	High	Widespread

What is it?

An education program is an information conveyance mechanism that increases awareness of landowners about science, regulations, and opportunities related to shoreline protection and restoration.

Background and description

Education programs can be stand-alone incentives that overcome landowner awareness gaps and also are important when used in conjunction with other incentives. Education can occur at-the-counter at the planning office, through webpage and outreach material and workshops and in-the-field site visits.

Who are the recipients of education programs and who conducts these programs?
Landowners are the key target audience. There has also been good success in outreach to "influencer" audiences such as contractors, real estate agents, appraisers and others.

Education programs are conducted by agency staff as well as nonprofit environmental groups, conservation districts and consultants. When used by itself, the aim is to encourage individual (usually small) projects that are voluntarily undertaken by owners or to provide guidance to property owners about alternative approaches (soft edge rather than bulkhead, for example).

Where the incentive works best

Education programs are almost a necessity to be used in conjunction with any program that offers other incentives. Trusted education works well in areas where there might be distrust of government or of advocacy groups. For example, conservation districts have been able to provide high quality and well received educational advice because they are regarded as neutral. Proactive education can be valuable as a means to inform landowners about soft alternatives to bulkheads early in their decision process about protecting their shoreline.

Examples of use

There are numerous examples of education programs. Below are some of the recent and ongoing programs:

- **Conservation Districts** provide professional engineers and resource experts that bring services to landowners for implementation of best management practices.
- **Local government informal technical assistance programs**. In their permit application reception area, Kitsap County has a wall of informative brochures that are appealing and easy to read.
- **Shoreline workshops for landowners**.

    - Coastal Watershed Institute, Friends of San Juans, Futurewise, WSU Island County, and others have held recent shoreline forums and workshops which have been well attended.
- **Shoreline workshops for contractors.** San Juan County is holding a series of workshops specifically designed for contractors to educate them about the science of shorelines as well as about green shoreline techniques.
- **Science education programs**. In different counties of Puget Sound, Beach Watchers, Shore Stewards, and Beach Naturalists and other programs present high quality science and education trainings, talks and workshops tailored to their geographic areas.
- **Online information assistance.** There are numerous online resources. A few are:
    - Department of Natural Resources Backyard Forest Stewardship Program - Offers an information guide to landowners on how to improve wildlife habitat.
    - Department of Ecology's Green Shorelines Program - Provides online information on alternatives to bulkheads to protect shoreline properties: www.ecy.wa.gov/programs/sea/greenshorelines/tips_tools.html
    - City of Seattle (and partners) Green Shorelines - Includes guidebook for lake bulkhead replacement alternatives, plus links to advice and training, permit assistance, other technical assistance: www.seattle.gov/dpd/Planning/Green_Shorelines/Overview/
    - NOAA Clean Marina Initiative - Offers assistance to marina owners to better control pollution: http://coastalmanagement.noaa.gov/marinas.html

Case studies

- **King County Conservation District: Waterfront Landowner Workshops "Where the Water Begins" and Site Visits**
- **Shore Friendly: Social marketing for Puget Sound**

For more info

Not applicable (see example section)

How to start or increase the use of a program using this incentive

How does an education program get established?

Starting an education program using this incentive requires consideration of the temporary or permanent characteristics of its funding sources. This determination shapes many of the basic mechanics of the program such as prioritization, funding, and staffing.

What are the basic steps for establishing a technical assistance or education program?

1. **Initial assessment.** Identify the need for an education incentive. Decide what sort of habitat enhancement or specific program is proposed.
2. **Longevity and cost determination.** Determine if the program intended to be temporary (to help spur a norm change or to seed other programs) or long-term. Budget how much the program will cost per project, for administration, and to bring about the desired cumulative impact.
3. **Workplan development.** Prepare a design and work plan for the incentive program. Decide how it would be funded, administered, and marketed. Determine if it makes sense to do this work in house, or contract with another organization such as the county or the conservation district.

4. **Staff report/justification**. Analyze whether another program that can accomplish these goals exists and determine whether it can be used or not. Discuss the program design and work plan with the budgeting staff and decision-makers.
5. **Formal approval**. Seek funding through the budget process.
6. **Establishment of program.** Initiate program mechanics and staffing.
7. **Marketing.** Having a communication and marketing strategy is important in the early stages of any program to generate early interest and demonstrate early success.

Success factors and challenges

Skilled staff is needed

Education helps people participate and generates interest in the incentive(s) in the program. Thus a major part of a quality education program is communication with the target audience. In addition to communication skills, staff needs to be well versed in the science or technical aspects of shorelines.

Funding

Funding discretionary programs like education is always tenuous. An ongoing program probably needs a consistent funding source (such as a tax district), but it is possible to operate on grants and other funds with a skilled grant staff. Many conservation districts operate on agency grants (from the Washington State Conservation Commission), award funding payments (such as part of CREP funds), assessments, and other grants.

Helpful hints: effectively using this incentive

Match education programs with other incentives

Ideally, all incentive programs would include education. Stern notes that many programs find that marketing and technical assistance provided by representatives or staff that is held in high esteem greatly improve the success of the project and are often of more value than the financial incentive (Stern, 2006).

Social Marketing can significantly improve outcomes

Traditional education programs focus on raising awareness. An emerging field which can help move behavior change to even higher participation rates is social marketing. Social marketing and behavior change strategies that achieve voluntary stewardship among shoreline landowners can be used to complement regulatory, education, restoration, and other efforts. WDFW and DNR, the leads of the Puget Sound Marine and Nearshore Grant Program, funded by the U.S. Environmental Protection Agency, have funded a new project to develop a social marketing framework and strategies for voluntary removal and/or replacement of hard armor for residential parcels (See *Shore Friendly* Case Study on page xx).

Case Study: King County Conservation District: Waterfront Landowner Workshops "Where the Water Begins" and Site Visits

King County Conservation District works to:

- Empower landowners to sustainably manage the natural resources on their land and effectively engage them to implement conservation best management practices throughout the King Conservation District (including rural, suburban, and urban environments).
- Significantly increase the implementation of best management practices and conservation projects throughout the King Conservation District (including rural, suburban, and urban environments).
- Significantly improve the sustainability of working lands within the boundaries of the King Conservation District.

Currently, the King County Conservation District and other conservation districts are moving toward a regional model for all 12 conservation districts connected to the shoreline.

Landowner workshops

One of the important programs the districts runs to help protect shorelines are workshops titled "Where the Water Begins." These workshops are designed for property owners along the marine shoreline of King County and specifically address issues of concern for marine shoreline and bluff landowners.

The workshops provide information on maintaining marine nearshore and marine riparian zone ecosystems, recognizing and minimizing geologic hazards, using native vegetation to reduce erosion and using native vegetation to improve fish and wildlife habitat.

Site visits and technical assistance

Additionally, they offer technical assistance, and incentives for waterfront property owners. Landowners learn about drainage, landscape, habitat, bluff stability and other issues that are specific to their property.

Lessons learned

The hooks to get people to attend the workshops are concerns about shoreline erosion and bluff stabilization. 90% of workshop participants want to have a site visit after the workshop.

Source: King Conservation District. *King Conservation District*. Retrieved from www.kingcd.org/new_cal_rep_mar.htm

Case Study: Shore Friendly: Social marketing for Puget Sound

The Puget Sound Marine and Nearshore Grant Program led by WDFW and DNR funded, through the EPA, a new project to develop a social marketing framework and strategies for voluntary removal of hard armor, avoidance of armor, and installation of soft shore protection for residential parcels. The social marketing campaign is called *Shore Friendly* and components are planned to be piloted in 2014-2016.

Shoreline parcel charactoristics

The initial phases of project included assessment of shoreline properties from a geomorphologic/ecological perspective in order to determine which parcels are the highest priority for the campaign. A GIS assessment of all residential marine parcels to in Puget Sound identified shoreform, mapped habitats (such as forage fish spawning), and presence/absense of armor. Of the 45,276 residential shoreline parcels in the marine areas of Puget Sound 48% have existing armor. In addition, 26% of residential shoreline parcels were identified as having forage fish spawning areas; of these 58% are armored. About 6,000 parcels have armored feeder bluffs; of these, 2,000 parcels also include forage fish spawning; 843 of these parcels (representing 32 miles of shoreline) do not have a home present.

Shoreline parcel owner charactoristics

In addition, the charactoristics of the owners of shoreline parcels were assessed in order to create a profile that could aid in strategic approaches for the social marketing campaign. It was determined that 39.5% of all parcels are owner occupied; about 46% of parcels with homes are owner occupied. Beyond the 39.5% of owner-occupied parcels, 22% of shoreline parcels are owned by residents who reside elsewhere in the county, 30% live in a different county, 8% live out of state and 1% live outside the US. The largest percentage of shoreline residential parcels are owned by persons in the 60-69 age range, followed by those in the 70-79 age range.

Motivators and barriers and strategic approach

Qualitative interviews followed by a quantitative survey distributed to a cross section of shoreline property owners drilled down into barriers and motivations tied to target behaviors. The highest barriers were concern with erosion, expense for armor removal and/or installation of soft shore protection, and complicated nature of regulatory and permitting process to remove armor.

The Shore Friendly campaign creates a consistent Puget Sound-wide look and feel for shoreline armor reduction efforts and provides a rallying point for localized efforts. The Shore Friendly campaign is designed to be implemented independently at the local level by jurisdictions and other influencer organizations throughout Puget Sound. Strategies include free onsite erosion assessment, Shore Friendly Ambassadors, Shore Friendly Certification Program for coastal professionals including contractors, Shore Friendly Workshops for homeowners as well as for real estate brokers, and Shore Friendly New Homeowner Visits/Packets, as well as streamline permitting and enhanced financial incentives.

Focus first on unarmored parcels

It was recommended that implementers start with owners of unarmored shoreline parcels on Puget Sound (52% of residential parcels). The second categorty to address are owners of armored properties that have no-to-moderate erosion potential (46% of residential parcels).

Source: Washington Department of Fish and Wildlife and Washington State Department of Natural Resources, Puget Sound Marine and Nearshore Grant Program. (2014). *Social Marketing Strategy to Reduce Puget Sound Shoreline Armoring*. Prepared by Colehour + Cohen, Applied Research Northwest, Social Marketing Services, Futurewise and Coastal Geologic Services. Retrieved from http://wdfw.wa.gov/grants/ps_marine_nearshore/results_products.html

Recognition, Award, or Certification Programs

Incentive Type:	Purposes Used:	Program Approach:	Typically Offered By:
Non-funding / Assistance	Protection & Restoration	Encourage projects by others	State and Federal Agencies Non-profit organizations

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes (indirect)	Private and Public	Medium	Limited

What is it?

A recognition, award, or certification program is a public acknowledgement of a landowner that motivates or provides positive feedback that motivates that landowner and other landowners to take additional restoration and protection actions.

Background and description

Recognition, award, and certification programs publicly recognize a person or organization for doing a good job at protection, restoration, or enhancement. These programs provide an incentive motivation, being a reward, thus reinforcing the desired behavior. They are useful for marketing the restoration program and communicating with target audiences. Some programs are also designed so that the recipients can use it as a marketing tool.

How do these programs work?

These programs are popular and are used by national organizations, statewide organizations, local organizations, and federal, state, and local governments. They recognize leading edge actors (in this case restoration) or persons that have met a minimum standard (in the case of certifications). They can also educate the public about both the need for restoration, and that restoration is happening.

- Recognition of participants is a typical and on-going element of any program that provides a well-deserved thank you to participants, and serves the marketing effort. It takes the form of plaques, thank you letters, and attention in newsletters and websites. It can also include naming a site after the participant.
- Awards take an extra step in singling out certain people or organizations for extraordinary work in a field. There is typically a nomination and review process, and the awards are issued once a year or other long interval. The award also provides a good marketing, media, and photo opportunity for the program.
- Certification programs are different than normal recognition and awards in that they are set up to be something that is sought by the recipient for an altruistic reason, a financial benefit, or some other reason. Most programs, such as Salmon Friends Farms, LEED, or the Built Green program are designed so that persons getting the certification can use it as a marketing tool. Certification programs, by setting minimum standards, can also help someone who is inclined to undertake an effort understand what needs to be done to make it effective.

Where the incentive works best

Recognition and awards may not highly motivate restoration activity, but they reinforce it. They also serve as an excellent marketing tool for the programs, which can increase participation as more people hear about the program. A good certification program can have a larger motivational effect on behavior, though their success requires careful construction, some level of exclusivity and a limited number of programs.
Certification is directly applicable to waterfront homeowners who could have their properties along Puget Sound certified as an "Orca Sanctuary" or, including lakes and rivers, a "Green Shores."

Examples of use

A list of brief examples is provided below. Most of the examples also provide technical assistance.

Local and regional examples:

- **Green Shores**: www.wsg.washington.edu/communications/seastar/archives/autumn11.pdf
- **Stewardship Network of the San Juans**: http://stewardshipsanjuans.org
- **Puget Sound Partnership Champion Awards**: www.psp.wa.gov/champions.php
- **British Columbia Green Shores Rating Program**: www.greenshores.ca/index.asp

Washington examples:

- **Washington State Dept. of Ecology Environmental Excellence Awards**: www.ecy.wa.gov/environmental_excellence.htm
- **Washington State Dept. of Fish and Wildlife's Backyard Wildlife Sanctuary certification program**: http://wdfw.wa.gov/living/backyard

Case studies

- **Stewardship Network of the San Juans – Good Stewardship Awards**
- **British Columbia Green Shores Rating Program**
- **Green Shores for Homes Pilot Program**

For more info

National examples:

- **Wildlife Habitat Council certification program and awards**: www.wildlifehc.org/certification/ & www.wildlifehc.org/whcawards/
- **NOAA habitat conservation and restoration awards**: www.habitat.noaa.gov/partners/awards.html
- **Energy Star certification program and awards**: www.energystar.gov/index.cfm?c=about.ab_index and www.energystar.gov/index.cfm?c=pt_awards.pt_es_awards

How to start or increase the use of a program using this incentive

How do recognition, award, and certification programs get established?

Agencies or organizations, either in partnership, or individually develop these incentives as part of their strategic programs. The programs can range from low-cost efforts to full blown certification programs requiring dedicated staff.

What are the basic steps for establishing recognition, award, and certification programs?

There are a number of steps to consider when establishing a ***recognition*** or ***awards*** program, though it doesn't require a rigid process. As the program becomes more prominent, the program may become more formalized. Steps include:

- **Timing.** Establish a time period and schedule for the recognition or award program.
- **Categories.** Determine the number and desired categories of the awards or recognitions.
- **Criteria.** Establish criteria for both categories and choosing recipients.
- **Judging process.** Establish a process to choose the award recipients, including potentially independent judges.
- **Ceremony or delivery**. Develop the award format (time, place, venue, etc.) and organize the event.
- **Marketing.** Work the award into a marketing effort.

Establishing a ***certification*** program is more complicated. The steps include:

1. **Initial assessment.** Analyze community conditions and determine potential certification criteria and mechanics.
2. **Draft program development.** Determine draft criteria, identify potential pilot participants, and get technical advice.
1. **Pilots or test cases**. With some pilot or test sites, determine if the criteria and certification mechanics are feasible and would serve to adequately motivate landowners.
2. **Adjustment and approval**. Undertake the formal process to get the proposed certification program approved.
3. **Establishment of program.** Initiate the organization and mechanisms for administering program, including offices and staff.

Success Factors and Challenges

Ensure award or recognition program has gravitas

The largest barrier to success is getting adequate recognition for the ***award*** so that it is seen as a serious award, rather than a simple thank you for a good project. A serious award will receive much more attention and marketing power for both the program and the recipients. There have, for example, been criticisms of programs that involve distributing "feel good" signs or plaques without sufficient real meaning.

Certification programs can take significant staff resources

Certification programs require organizational work to start and operate the program and a significant amount of marketing to make it successful and relevant.

Consider audience

Human nature can have consequences on participation in programs that certify property based on ecological issues. Those with property in good ecological condition have a different motivation than those with property in poor ecological condition. Consequently, careful attention will be needed in the program design to avoid conflicting motivation and to treat both situations fairly compared to each other.

- A property in good ecological condition can get the certification with little or no effort. This may serve as an incentive to preserve the property.
- A property in poor ecological condition would need restoration to gain the certification. This will take much cost, effort, and time. It will discourage participation unless there is a substantial benefit that comes from the certification.

Adding a financial benefit is helpful.

Adding financial benefits can increase motivation for participation in a certification program. This can be a direct financial benefit, such as qualifying for a tax break (e.g., green energy, or energy conservation) or a green certification that can be used in real estate listings. As a marketing tool, the certification may provide a competitive advantage to a party, and in its most successful form, a certification may even be a competitive necessity. For example, the Dolphin Free Tuna certification has almost become necessary to compete in the tuna market.

Helpful Hints: Effectively Using this Incentive

Marketing is key

Behavioral research shows that marketing the incentive program, such as through certificates and awards, "best reinforce stewardship behavior when the behavior is of low to moderate cost and community norms favor conservation" (Stern, 2006). Conservation norms exist in most parts of Puget Sound, many areas of which the cost of habitat enhancement is low to moderate. However, in some cases recognition programs may be unproductive, such as when conservation norms do not exist and where the cost of behavior is high. In such cases financial incentives are more effective.

An example of the importance of marketing is the experience of the Backyard Wildlife Sanctuary Program, which sets minimum standards for parts of residential yards that are suitable for fish and wildlife habitat. A property owner downloads and fills out a form. It is reviewed by the Washington State Department of Fish and Wildlife staff and if the minimum standards are met, a certificate and medallion that can be placed on the property are sent to the landowner. A landowner can also jointly certify their property with the Department of Fish and Wildlife, the National Wildlife Federation, and the NW Zoo and Aquarium Alliance. Researchers conducted a mail survey of 1,427 participants certified by the National Wildlife Federation's (NWF) Backyard Wildlife Habitat program and studied program workshop participants. The researchers found that participants who were recipients of the five most popular communication strategies used by the Backyard Wildlife Habitat program performed significantly more wildlife management or resource conservation activities than their counterparts (Palmera and Danna, 2004). So a well-run award program that incorporates effective communication strategies would appear to improve the beneficial outcomes.

Maintain exclusivity

When awarded too freely, these programs become less effective. In addition, establishing too many award, recognition or certification programs has the potential to water down their benefit. Geographically broad programs might be preferable to smaller ones, and local areas can become partners within the broader program.

Case Study: Stewardship Network of the San Juans – Good Stewardship Awards

The Stewardship Network of the San Juans is a coalition of conservation organizations that started as an information sharing and effort coordination venue. The mission is to promote a stewardship ethic as epitomized by Aldo Leopold, while recognizing that good stewards are caretakers of the natural world.

How were the Good Stewardship Awards conceived?

The Good Stewardship Awards was created as an effort to recognize individuals and businesses who are not conservation professionals - the network did not want to give awards to themselves. The focus is on local people (and the good work they do!) who have shown a long-term commitment to preserving the land and sea of the San Juan Islands archipelago in their daily lives. The awards are called the "Finnies" – and are presented as large fish-shaped pottery creations.

How do they operate the award program?

Several categories were established and are reconsidered regularly. The Network tries to cast a wide net using available media to encourage nominations. Word of mouth is important. Typically they receive 4 or 5 nominations per category. The review process operates fairly informally, without strict criteria. Decisions are made through conversations and consensus choices. Experience has found that an important element is keeping the process transparent.

Recent award winning projects

Recent awards were given to a wide array of projects and people. Examples are:

- Life-long devotion to botany and her unwavering activism
- and environmental education efforts at the Bureau of Land Management.
- Enthusiastic leadership in the youth-based San Juan Island Conservation Corps.
- Leadership in the GMO-free San Juan Islands campaign.
- Outstanding care they have taken of their shoreline property.
- Volunteer stewardship of the Spring Street rain garden.

Sources: Stewardship Network of the San Juans. *Stewardship Network of the San Juans.* Retrieved from http://stewardshipsanjuans. org and http://stewardshipsanjuans.org/good-stewards/2012-stewardship-awards/sam-and-carson-sprenger/attachment/sprenger-family/ http://stewardshipsanjuans.org/good-steward-awards/2012-stewardship-awards/marta-branch/

Case Study: British Columbia Green Shores Rating Program

Since 2005, the Stewardship Centre of British Columbia has been developing and refining the Green Shores Coastal Development Rating System (CDRS) which is a voluntary rating certification process for coastal developments. It is modeled after the highly successful LEED Green Building rating system. The goal of the program is to encourage sustainable use of coastal ecosystems and thus transform the market and reduce environmental impact. The rating system is intended to be used by design and development professionals and applies to residential and commercial waterfront development projects as well as public spaces (parks and recreational areas). By gaining enough points, a project can become "Green Shores Certified."

Certification requirements

To be certified as a Green Shore, properties must first meet prerequisites in 5 subject areas: (1) Siting of Permanent Structures, (2) Conservation of Critical or Sensitive Habitats, (3) Riparian Zone, (4) Conservation of Coastal Sediment Processes, and (5) On-Site Environmental Management Plan

In addition to the prerequisites, the property must score points using different credit areas.

Olympic Village at False Creek was piloted for the GREEN SHORE rating system. Image: City of Vancouver

Points are awarded for 11 credit areas:

- Credit 1 — Site Design with Conservation of Shore Zone — 1 to 3 points
- Credit 2 — Shore Friendly Public Access — 1 point
- Credit 3 — Re-Development of Contaminated Sites — 1 point
- Credit 4 — Climate Change Adaption Plan — 1 to 5 points
- Credit 5 — Rehabilitation of Coastal Habitats — 0.5 to 4 points
- Credit 6 — Rehabilitation of Coastal Sediment Processes — 2 to 3 points
- Credit 7 — Enhanced Riparian Zone Protection — 0.5 to 4 points
- Credit 8 — Light Pollution Reduction — 1 point
- Credit 9 — Integrated Stormwater Planning and Design — 1 to 4 points
- Credit 10 — Innovation — 1 to 2 points
- Credit 11 — Outreach and Public Education — 1 point

The number of points scored determines the certification level. A 5-point Green Shore receives the basic "***Certified***" level. A 10-point Green Shore receives the "***Silver Certified***" level. A 15-point Green Shore receives the "***Gold Certified***" level.

Sources: Stewardship Centre for British Columbia. *Green Shores.* Retrieved from www.greenshores.ca/index.asp

Case Study: Green Shores for Homes Pilot Program

The City of Seattle, San Juan County, Island Trust in British Columbia, and Washington Sea Grant are developing Green Shores for Homes collaboratively through a grant from EPA grant. The goal of the project is to develop a green scoring project - "Green Shores for Homes" - that would incentivize voluntary removal of bulkheads and improve the ecological function of single-family waterfront homes on fresh water locations (e.g., Lake Washington) and marine shorelines. The project builds on BC's Green Shores for Coastal Development Rating System (see Case Study on page xx) and the LEED Green Building rating system, BuiltGreen, and Sustainable Sites.

The proposed system (still in development) would give points for full or partial implementation of features or activities such as bulkhead removal, large woody debris or riparian vegetation installation, reduction of overwater structures, rainwater runoff reduction, use of environmental-friendly building products, and reduction of use of herbicides, pesticides and fertilizers.

Who can apply?

Green Shores for Homes is in the pilot stage and will be available to Washington State shoreline property owners on Lake Washington, Lake Sammamish, and the marine waters of the San Juan Islands, plus the Gulf Islands in B.C. In the future, the program will be open to all marine and freshwater shorelines in Washington State and British of Columbia.

What projects would qualify?

The Green Shores for Home program applies to both new development and renovations or modifications to existing structures. Credits can be earned for two general types of development:

- Whole Site Development
- Only Riparian/Shoreline Development

The shoreline types are sand and gravel, estuary and mudflat, boulder-cobble shore, rocky shore, feeder bluff and lakeshore.

How the credits are proposed to work

A shoreline project would be assessed against a series of credits for which a homeowner or builder can achieve points. There are four prerequisite credits, which are best management practices that all shoreline development projects must meet:

- Pre-Design Site Assessment
- Site Design Plan
- Environmental Management Plan for Construction
- Avoid Critical and Sensitive Habitats

There are four categories for credits:

- Shoreline Physical Processes
- Shoreline Habitat
- Water Quality
- Shore Stewardship

Photo: The Watershed Company

Source: Nicole Faghin, 2013 (Oct 16), Washington Sea Grant, personal communication

Permit Process Streamlining or Waiving Fees for "Green Projects"

Incentive Type:	Purposes Used:	Program Approach:	Typically Offered By:
Non-funding / Regulatory	Restoration	Encourage projects by others	Local Governments State and Federal Agencies

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private and Public	Low	Limited and Does not exist

What is it?

Permit streamlining or waiving fees promotes inclusion of voluntary restoration ("green projects") in development projects by landowners in order to speed up their permitting or reduce their permitting costs.

Background and description

Permit streamlining or waiving fees is an incentive to promote inclusion of voluntary restoration projects in their overall development project by landowners by reducing some of the challenges of getting development permits. This incentive addresses permit streamlining and waiving fees as incentives for "***green projects***."

How is this incentive different from streamlining for restoration projects?

This Green Projects incentive differs from the permit streamlining and reduced fees that exist for local review of traditional restoration or "***Fish Habitat Enhancement Projects***." That approach is already built into local regulations (Shoreline Master Programs and Critical Areas Ordinances) to encourage traditional restoration projects. Restoration projects that meet specific requirements are entitled to the streamlined Hydraulic Project Approval (HPA) process, exemption from the State Environmental Policy Act (SEPA), and exemption from all local government permits and fees. The applicable local laws for these exemptions are:

> **Streamline Process for traditional restoration projects** - Local governments establish the exemption in their ***critical areas ordinances*** – there are no state requirements or limits. For the ***shoreline laws***, the exemption is established in RCW 90.58.147, provided below. Paragraph (1) provides the specific exemption. It is possible to construe that an upland project does not need an HPA (item b) and cannot qualify for the exemption. Many jurisdictions accept a letter or notification that an HPA is not needed as acceptable compliance with the requirement. This approach is consistent with the SMA policy.
>
> Paragraph (2) establishes a separate exemption that removes the restoration project from local government review. This exemption creates a default assumption that certain restoration projects with high ecological value automatically meet the SMP requirements and removes the project from formal review by the local jurisdiction (and of course local fees). This exemption has a separate process run by Washington State Department of Fish and Wildlife. This process is usually faster than a normal shoreline permit, but may not be faster than a shoreline exemption. Consequently, it may be faster to just get the local exemption than trying to go through this exemption to avoid local review.

RCW 90.58.147

(1) A public or private project that is designed to improve fish or wildlife habitat or fish passage shall be exempt from the substantial development permit requirements of this chapter when all of the following apply:
   (a) The project has been approved by the department of fish and wildlife;
   (b) The project has received hydraulic project approval by the department of fish and wildlife pursuant to chapter 77.55 RCW; and
   (c) The local government has determined that the project is substantially consistent with the local shoreline master program. The local government shall make such determination in a timely manner and provide it by letter to the project proponent.

(2) Fish habitat enhancement projects that conform to the provisions of RCW 77.55.290 are determined to be consistent with local shoreline master programs.
   [NOTE: that RCW was re-codified in 2005 to RCW 77.55.181]

RCW 90.55.181

(1) In order to receive the permit review and approval process created in this section, a fish habitat enhancement project must meet the criteria under (a) and (b) of this subsection:
   (a) A fish habitat enhancement project must be a project to accomplish one or more of the following tasks:
      (i) Elimination of human-made fish passage barriers, including culvert repair and replacement;
      (ii) Restoration of an eroded or unstable stream bank employing the principle of bioengineering, including limited use of rock as a stabilization only at the toe of the bank, and with primary emphasis on using native vegetation to control the erosive forces of flowing water; or
      (iii) Placement of woody debris or other in-stream structures that benefit naturally reproducing fish stocks....

(4) No local government may require permits or charge fees for fish habitat enhancement projects that meet the criteria of subsection (1) of this section and that are reviewed and approved according to the provisions of this section.

Reduced Fees - The normal approach to fees for local jurisdictions is to charge a smaller fee (or none) for exempt projects, including restoration exemptions. The table below summarizes some example fees for shoreline reviews. Note that other fees may also apply, including critical area review fees.

Jurisdiction	Fee for Shoreline Exemption	Fee for Normal Shoreline Permit	Fee for Special Shoreline Permit (usually extra fee)
King County	~$200/hr (normally a ***short duration*** review)	~$200/hr (normally a ***long duration*** review)	Conditional Use ~$6000
Pierce County	~$800	~$4500-$6500 (depending on value)	Conditional Use ~$5100
Jefferson County	~$500	~$1400	Conditional Use ~$2200
Spokane County	~$800	~$4000	~$4000
City of Seattle	~$250	~$3300	~$3500
City of Port Townsend	~$130	~$400-$1100 (depending on scale)	Variance ~$400-$1000 (depending on scale)

What are "green projects"?
The term "green projects," as it is used in this incentive, is an outgrowth of the shorelines efforts that have been ongoing for a few years. One group that has been formally meeting on this topic is the WRIA 8 Green Shorelines Committee. Their focus is on finding ways to decrease the extensive hard armor currently in place around Lakes Washington and Sammamish. This effort was extended into a broader effort that included workshops and led to the publication of "Green Shorelines for Lakes Washington and Sammamish" (King County, 2010). Other work by the City of Seattle developed the document *Green Shorelines: Bulkhead alternatives for a healthier Lake Washington* (see below). Green projects, in these efforts, encompasses removal of hard structures and revegetation, removal and bioengineering, and replacement with another hard armor option that is configured in a less harmful fashion with plantings or other enhancements.

What is the genesis for permit streamlining or fee waivers for "green projects"
In a series of workshops hosted by the Green Shorelines Steering Committee, existing and potential incentives for green shoreline projects were discussed. Two that received strong favorable mention were (1) permit streamlining, and (2) waiving permit fees. A survey of lake property owners in 2006-2007 by the University of Washington's Program on the Environment group found that the permitting process is a barrier to implementing a green shoreline approach. The idea behind this recommendation is to put soft shoreline protection measures on the same footing as residential bulkheads, which cause significant damage to river, lake, and marine habitats but are exempt from the Shoreline Management Act's substantial development permit requirement.

Permits for projects that include "green projects" would qualify for permit fee waiver (for the entire project, including the non-green aspects) and/or would be placed first in line before other permit reviews.

For this approach to work, the participants noted that a clear definition of ***green projects*** would have to be developed, and assessments are needed to determine suitability of green treatments in different locations based on fetch, wind, energy, substrate and other considerations.

What are examples of potential projects that might qualify as "green projects"?
Below are some examples of reconfiguration (under an expanded RCW 77.55.181) that could potentially qualify as "green projects":

- A bulkhead that is removed and setback a substantial distance and the old area restored to beach conditions. It needs to be bigger than a pocket beach - rather the majority of the frontage.
- A bulkhead that is removed and replaced with a setback bulkhead (often buried below grade) and the previous area restored with resloping and native vegetation.
- Removal of a vertical bulkhead, and replacement with a normal beach configuration and a much flattened slope that is protected by rocks with space between them for plantings of woody species.
- In all cases, replanted species can be chosen to preserve views, and allowances can be made for access.

How could permits be streamlined for "green projects"?
Several possibilities to improve the permit process for green projects include:

- Place permits (for the entire development project) that include voluntary green projects on the "top of the pile" in order to receive their permit quickly.
- Allow minor exceptions to length or area limits if a green project approach is used. This gives a project incentive, though the process remains the same.
- For armor that requires a conditional use permit (CUP), distinguish between regular armor and apply the CUP, and green projects, which don't require the CUP and can use the exemption.

Where the incentive works best

Streamlining permits and waiving fees for green projects would work especially well in jurisdictions where there is extensive armor. In addition, in locations where there is a significant amount of development pressure and permit processing times are slow (6 months or longer), having a permit placed first on the stack could be a significant motivator for a landowner to include green features.

Examples of use

- There are no examples of streamlining for "green projects" using RCW 77.55.181 as that would require expanding the allowances in the law.

- All updated SMPs (and associated CAOs) provide streamlining of permit process for restoration projects in the form of providing exemptions from the permit process. Some may also qualify for the exemption in RCW 77.55.181.

- Similarly, all updated SMPs (and associated CAOs) provide reduced fees for restoration projects when they qualify for a restoration, bulkhead, or repair exemptions. Those projects that qualify for the exemption in RCW 77.55.181 also avoid local fees.

- There are some examples of jurisdictions treating soft shore protection as the same as a bulkhead exemption. Many jurisdictions implement this as a matter of interpretation. One example of implementing this incentive is contained in the draft Kitsap County SMP (see Case Study on page xx).

Case studies

- **Kitsap County SMP (draft) – Bulkheads and Exemptions**

For more info

Links to Jurisdiction Fee Schedules:

- **King County**: www.kingcounty.gov/property/permits/info/applying/fees.aspx#CriticalAreaReviewandInspection
- **Pierce County**: www.co.pierce.wa.us/index.aspx?nid=903
- **Jefferson County**: www.co.jefferson.wa.us/commdevelopment/Permit&Applications.htm#LandUsePermitFeeSchedule
- **Spokane County**: www.spokanecounty.org/bp/content.aspx?c=2312
- **City of Port Townsend**: https://weblink.cityofpt.us/weblink8/Browse.aspx?dbid=0&StartID=44527 (click "DSD fee list")
- **City of Seattle**: www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web_informational/p2100848.pdf

Links to green project approaches:

- **Ecology Green Shorelines**: www.ecy.wa.gov/programs/sea/events/greenshorelines.html
- **Seattle Green Shorelines bulkhead alternatives document**: https://www.seattle.gov/dpd/cms/groups/pan/@pan/documents/web_informational/dpdp025742.pdf
- **Green Shorelines Report**: www.govlink.org/watersheds/8/action/GreenShorelines/GreenShorelinesWorkshopReport.pdf

- **Shoreline exemptions laws**: http://apps.leg.wa.gov/RCW/default.aspx?cite=90.58.147 & http://apps.leg.wa.gov/rcw/default.aspx?cite=77.55.181

How to start or increase the use of a program using this incentive

How does a fee waiver or permit streamlining for green projects incentive get established?
A fee waiver or permit streamlining for green projects incentive is generally championed by legislators or by staff who see a need to reduce permitting barriers to spur voluntary restoration actions by landowners. Starting a program using this incentive requires consideration of the temporary or permanent characteristics of its funding sources.

What are the basic steps for establishing a fee waiver or permit streamlining for green projects program?
Steps to reduce or waive permit fees will be the same as those needed to change any other county or city fees.

1. **Initial assessment.** Identify the need for a permit fee waiver or streamlining incentive. Develop a permit fee structure or streamlining approach, including criteria for green projects.
2. **Public hearing.** The proposed fee schedule will normally have to go through a public hearing (even if cursory). Streamlining may not require a formal approval by legislation but could be a director's policy decision.
3. **Formal approval.** Undertake the formal process to get the proposed fee waiver approved (usually through an ordinance/resolution).

How to implement an exemption approach
Allowing green projects to qualify for the exemption in RCW 77.55.181 requires legislative changes to state law. If a change is sought, projects should be carefully limited to those that provide substantial restoration to the degraded ecological conditions, as provided in the description section.

Reviewing a green project through one of the different exemptions does not require the establishment of a program. Administrators can do so at any time, though some administrators may feel that adequate interpretations must be put in place. If the administrator feels it must be established in the regulations, doing so will need similar work as described in the Restoration In Trade Established In Code incentive (see page xx). Similarly, making special allowances (exceeding limits or not requiring a CUP) will also have to go through the regulatory change process.

Success factors and challenges

Defining "green projects" can be a challenge
Defining "green projects" is important in determining how they are treated in relation to both normal restoration projects and development that needs full permits. There needs to be a clear distinction of where they fall within the range of restoration work and associated review:

- Restoration projects with large ecological benefits that meet the criteria of RCW 77.55.181. These require no local shoreline review.
- Other restoration projects that qualify for the normal shoreline exemption in RCW 90.58.147.

- Development projects that qualify for other shoreline exemptions. This includes new bulkhead constructed for a single family residence or the repair/replacement of an existing bulkhead along with required standards to protect fish and wildlife.
- Permits that use best practices that are mitigation techniques to reduce impacts of new construction and development.

Increasing exemptions through RCW.77.55.181 should be focused on ecological damage
The Green Shorelines Committee recommended that one approach would be to extend special treatment for green projects to remove them from local shoreline and critical areas review. For example, low-impact erosion control measures (soft shore protection or bioengineering) aren't specifically discussed and allowed in the shoreline bulkhead exemption. This change would require an expansion of the streamlined Fish Habitat Enhancement Project process (RCW 77.55.181) to include "green projects" thus requiring a change in law. If the change is made, it should be limited to projects that provide substantial restoration to degraded ecological functions caused by the shore armor. For example, this exemption could only apply to projects that use bio-engineering shoreline stabilization projects.

The intent of the RCW exemption is to do real restoration. Some of the green projects can fit under the exemption as it is – those doing removal and either replanting with native vegetation or installing bio-engineering. Those that reconstruct a rock or concrete bulkhead in a different condition only qualify for one of the normal shoreline exemptions.

Shoreline exemptions usually entail a rudimentary review compared to shoreline permits. They are reviewed quickly and usually outside the normal permit review schedule. While jurisdictions may typically review an exemption within a few days or a couple weeks, others may take longer.

Some projects already qualify for exemption
If only some projects are allowed in an expanded RCW 77.55.181, the remainder can still qualify for a normal shoreline exemption.

- Projects that are truly restoration can qualify for the restoration exemption.
- New or expanded residential bulkheads already qualify for an exemption, though they are severely limited in updated SMPs.
- Repair and replacement of damaged structures (including non-residential bulkheads) also qualifies for an exemption, though there are limits on expansions, enlargements, and shifting locations toward the water.
- On the other hand some updated SMPs require that projects for new and expanded armor receive a Conditional Use Permit, thus the exemption from the Substantial Development Permit does not help.

Updated SMPs will address many of the new bulkhead issues
The new SMPs of many jurisdictions currently require soft shore protection to be used in preference to structural armor and consider both to qualify for the residential bulkhead exemption. Like bulkheads, soft shore protection would be required to comply with the policies and regulations in the Shoreline Management Act and Shoreline Master Programs which is necessary to protect the shoreline environment. It should be noted that treating soft shore protection and bioengineering the same does not have to be explicitly described in the regulations, though it may help to do so. It is within the administrators' purview to make such an interpretation of the situation.

Waiving fees will reduce funding for already strained department budgets
Some jurisdictions already allow fee reductions or waivers for projects that do not need a normal permit review. Whether a jurisdiction chooses to waive a fee for a review it performs is up to individual jurisdictions, but it would result in a situation where green shoreline bulkhead alterations would be charged less than true restoration projects. Many permit programs rely on cost recovery through fees to fund the operations, and may be reluctant to do work with no compensation. In the case of exemptions, this may be an easy case to make, since the fees are usually a small fraction of the expense to review permits, as illustrated in the fee examples in the table above.

Helpful hints: effectively using this incentive

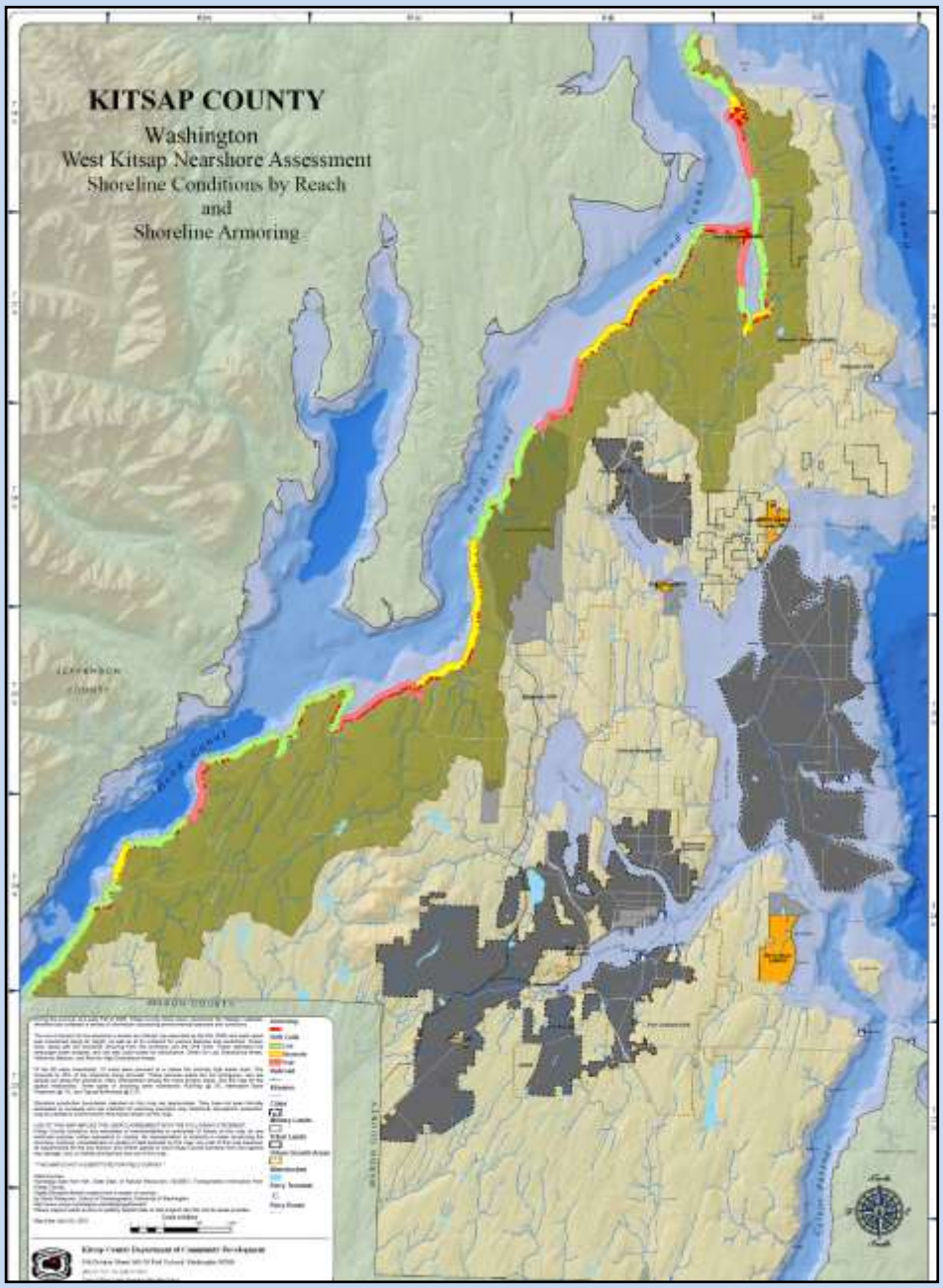
Direct marketing may be needed and creating demonstration sites
A significant number of landowners may be interested in using this incentive if it becomes available. They may be leery of doing soft shoreline techniques. In Lake Washington and in other areas, the use of demonstration sites (and the creation of websites with "before and after" photos) has been especially effective.

Case Study: Kitsap County SMP (draft) – Bulkheads and Exemptions

Kitsap County is in the process of updating its SMP (currently draft), and has been wrestling with the bulkhead exemption problem. Their goal is to promote soft techniques for shoreline protection, rather than bulkheads, for single family home properties.

The proposed shoreline residential bulkhead exemption (Section 6.2.3(c)(3)) includes both structure and nonstructural armoring techniques:

"Construction of the normal protective bulkhead common to single-family residences. A "normal protective" bulkhead includes those structural and nonstructural developments installed at or near, and parallel to, the Ordinary High Water Mark (OHWM) for the sole purpose of protecting an existing single-family residence and appurtenant structures from loss or damage by erosion"



Proposed Section 7.2 (Use and Modifications Matrix) then requires that new hard shoreline stabilization obtain a Conditional Use Permit, thus the landowners planning bulkheads, and gaining a bulkhead exemption, do not avoid a permit. Landowners who plan to do soft shore protection techniques, however, do not have to obtain a Conditional Use Permit, and can thus qualify for the exemption or a normal permit. Table note 17 in the draft SMP adds further clarification that soft shore protection for single family residences may qualify for the exemption. This exemption is technically a type of permit but the landowner is able to avoid the time-consuming critical level of review a new bulkhead would require.

This approach to soft shore protection and green alternatives provide a permit streamlining incentive to use soft shore protection compared to hard armor.

Sources Kitsap County. *SMP (draft).* Retrieved from www.kitsapshoreline.org and www.codepublishing.com/wa/kitsapcounty

Regulatory Transfer of Restoration Credits for Later Mitigation

Incentive Type:	Purposes Used:	Program Approach:	Typically Offered By:
Non-funding / Regulatory	Restoration	Encourage projects by others	Local Governments State and Federal Agencies

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private	Low	Limited

What is it?

Regulatory Transfer of Restoration Credits for Later Mitigation allows banking of credit for use to mitigate future development projects, thus promoting early restoration work.

Background and description

Regulatory Transfer of Restoration Credits for Later Mitigation promotes early voluntary restoration work in projects where organizations and property owners may be reluctant to move forward without an additional benefit. The restoration and enhancement activity needs to be in place long enough to show that vegetation and other features are successfully established before the restoration value can be transferred. This kind of advance mitigation ensures that the mitigation for the new development actually works.

Two alternative uses of this incentive can be developed: a private use incentive and a market-based mitigation program incentive.

How would this incentive differ for a landowner's future use versus a market-based approach?
This transfer approach would allow the property owner to ***privately "bank***" the habitat value created and use it later to mitigate impacts of future development on the site or another site. The transfer would be limited to a landowner's own use.

Alternatively, a more complicated approach would be to establish a ***mitigation bank or transfer of development rights program*** for newly created or enhanced habitat. This assistance program would help connect buyers and sellers of habitat credit.

Where the incentive works best

This transfer incentive can be most effective for high value enhancements or restorations such as bulkhead removal or buffer revegetation. The private banking approach could be used fairly easily universally around Puget Sound but the Market-Based Mitigation Program version of this incentive would be highly dependent on funding for the support activity.

Examples of use

There are several recently updated SMPs that include versions of this incentive. The recent appearance of the incentive makes its use rare, and the small scale of the projects gives any projects that use it low visibility.

In addition, there are several examples of mitigation banks and transfer of development rights programs in Washington. However, there were no specific examples or case studies found that use this specific approach for shorelines.

- **Pierce County SMP**: www.co.pierce.wa.us/index.aspx?nid=956
- **City of Seattle SMP**: https://www.seattle.gov/DPD/codesrules/changestocode/shorelineupdate/whatwhy

Case studies

- **Pierce County draft SMP: Mitigation Transfer**

For more info

- **EPA Mitigation Banking Factsheet**: http://water.epa.gov/lawsregs/guidance/wetlands/mitbanking.cfm

How to start or increase the use of a program using this incentive

How does a regulatory transfer of restoration credits for later mitigation incentive get established?
Establishment of this incentive involves updating the relevant codes (Growth Management Act update process or the Shoreline Management Act update process). This change might be considered a minor update that is a more streamlined process than the comprehensive update process (for those jurisdictions that have already completed their update). Creating incentives will likely be popular resulting in a relatively fast approval process.

What are the basic steps for establishing a regulatory transfer of restoration credits for later mitigation incentive?
Steps to develop a transfer program will be the same as those needed to update or create an amendment to the shoreline or growth management regulations.

1. **Initial assessment.** Identify the need for the transfer incentive and develop justification for a staff report.
2. **Program criteria development.** Create the program structure, the criteria for eligible restoration work and mechanism for credit transfer.
3. **Ordinance creation.** See Appendix 3 for sample language.
4. **Public Hearing.** Proposed system for transfer of credits would normally have to go through a public hearing
5. **Formal approval.** Undertake the formal process to get the proposed transfer system approved (usually through an ordinance/resolution).
6. **Establishment of program.** Initiate the mechanisms for administering program and train staff, if needed.

Success factors and challenges

Market-Based Mitigation Program would require staff support
On-going funding of staff to operate the program and provide assistance to participants can be a challenge for local governments. Since third party peer reviews paid for by the applicant are required, the jurisdiction's existing permitting staff may be able to administer the program. If the local government chooses to do the

review in-house, it will require ecological expertise that can help develop the system's relationships to ecological functions, help identify existing functions, help determine restored functions, etc. Additional staff may be needed for other work depending on the scope and scale of the program.

Helpful hints: effectively using this incentive

Rigorous standards are needed to define the habitat value and ensure that habitat remains in place
In order to be successful, this incentive would need to meet rigorous standards, similar to existing mitigation bank programs. Protections would be needed to ensure that the habitat remains in place, and that the habitat replaces the lost functions within the same geographical area.

There may need to be a minimum threshold value
Due to administrative costs, this incentive is best for high enough value transactions which make the transfer financially justifiable. For restoration and enhancement activities that produce relatively small levels of habitat value, such as planting native vegetation, transfers would not likely be practical and the administrative and transaction costs of such transfers would be high. Projects with high value such as removing bulkheads and replacing them with soft amour over a substantial area of shoreline would be great candidates for this incentive.

Case Study: Pierce County draft SMP: Mitigation Transfer

Pierce County is updating its Shoreline Master Program (SMP). The draft SMP contains language to allow transfer of restoration credits for later mitigation, which is provided below:

> 18S.40.110(C)(2) Restoration and enhancement completed in advance of shoreline development may be used for future development-related mitigation purposes when:
>
> a. The restoration and enhancement is either:
> (1) Demonstrably related to the impacts of the proposed development (i.e., in-kind); or
> (2) Not demonstrably related to the impacts of the proposed development (i.e., out-of-kind), provided the restoration and enhancement will result in greater levels of ecological shoreline processes or functions than would in-kind restoration and enhancement;
>
> b. Initiated after March 1, 2005, the implementation date of the Critical Area regulations update;
>
> c. Pre-restoration and pre-enhancement ecological shoreline processes or functions can be conclusively demonstrated; and
>
> d. Protective measures are applied to the restored and enhanced area in the form of a tract, conservation easement, or similar preservation mechanism approved by the County.

Sources: Pierce County SMP website (www.co.pierce.wa.us/index.aspx?NID=1432)

Legislative Rolling Easement or Erosion Easement

Incentive Type:	Purposes Used:	Program Approach:	Typically Offered By:
Non-funding / Regulatory	Protection	Acquisition	Local Governments State and Federal Agencies

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private and Public	Low	Does not exist

What is it?

A legislative rolling easement or erosion easement is an easement line that changes horizontally as the waterline changes due to erosion, changes in water level and other reasons.

Background and description

A legislative rolling easement or erosion easement is a mechanism for the easement line to change location horizontally with changes in waterline location. The waterline locational change can be caused by erosion, by changes in water level, or by both. These easements are usually used to protect ecological functions. They have an added potential, however, to restore natural functions to highly altered locations over a long period of time as damaged structures are removed.

In what situations are erosion control easements or rolling easements used?

Local governments and state agencies use erosion easements or rolling easements to protect upland property owners, protect the habitat value of replacement mitigation, and protect the future existence of shore resources. Wetlands and other marine habitats can migrate as the shoreline migrates. Through these easements and normal development standards, development is setback farther from marine waters to protect people and property. Rolling easements have also been used in areas where development is too close to the water to allow for a normal setback that will protect new buildings over the long-term. Development of the lot is allowed, but erosion control is not – it must be allowed to happen unless soft shore protection (such as dune reestablishment) can slow or arrest the erosion. This also applies when the shore moves close to development that was originally setback. When the waterline overtakes structures they are moved, destroyed by natural forces, or end up on public tidelands and removed.

What is the difference between an erosion control easement and rolling easement?

The primary difference is that a regular erosion control easement is applied to a specific area (like a normal easement) whereas a rolling easement moves with the waterline. In addition, rolling easements are conducive to legislative application, while regular easements tend to be acquired lot by lot. An erosion control easement is a conservation easement that can be an agreement to restrict development in erosion-prone areas (no development, limited development, limited density of development), prevent shoreline armor, or prohibit vegetation removal.

Rolling easements are an easement along the shoreline that prevents landowners from holding back the water (i.e., armor) but allow any other type of use and activity on the land. As the waterline advances, the easement automatically moves or "rolls" landward. The lack of restrictions on land use results in minimal impacts on property values and landowners are educated to build smaller, more mobile home structures because they are aware of the potential future need to move their structures back.

What is an example of how this incentive could be used?
An example of the use of a rolling easement might be for situations when development is allowed in a location that is threatened by potential sea level rise. The landowner would agree (through the easement) that they will not install erosion control, and that if the development is destroyed, it will not be re-established. Thus, the owner agrees that over the long-term the project is essentially temporarily in that location.

Where the incentive works best

The rolling easement incentive is most useful in areas where shorelines have not been significantly developed. The primary advantage of the rollback easements is that disturbance activities are minimized without a complete prohibition of development. Landowners receive tax benefits and are educated that their home may one day need to be moved back. In areas that are already developed, property owners may be hesitant to place easements on their property because the restrictions may decrease the resale value of their property.

A rolling easement would be established at the state level and erosion control easements can be used at the local level. These can be applied in all shoreline waters (marine, lake, and rivers), though the nuances of their application would change. Rivers also have Channel Migration Zones applied to larger rivers (though often in limited locations) so an easement would be best applied within the zone. This incentive is particularly important for estuaries and bays.

Examples of use

Most coastal states have environmental protection laws for their coasts. Several states have rolling easements either by direct establishment or as an ancillary function of a related issue. Rolling easements can be for environmental protection or for public access.

- **Texas's Rolling Easements**: www.glo.texas.gov/what-we-do/caring-for-the-coast/coastal-construction/beachfront-construction/index.html and http://masglp.olemiss.edu/Water%20Log/WL30/30.1rollingeasements.htm and www.law.fsu.edu/Journals/landuse/vol26_2/mclaughlin.pdf
  Texas rolling easements are heavily focused on public access. A 1958 Texas Supreme Court decision, *Luttes v. State*, ruled that the state only owned the “wet” sand portion of beaches between the mean-high-tide and the mean-low-tide. This eliminated public access on the rest of the beach to the vegetation line. This shocked people to the point the legislature passed the Texas Open Beaches Act in 1959. The law established a rolling easement that moves with the line of vegetation, and prohibited actions that interfere with public access. A 1985 amendment required a real estate sales notice that structures waterward of the vegetation line may be removed by the state, including those caused by erosion. In 2009, the state voted to incorporate the Open Beaches Act into the constitution. The use of public access has advantages and disadvantages. Public access in many states is a common law or customary law and is a defense against takings claims. Rolling easements attached to a common law can move with sea-level rise. However, the act only applies to gulf beaches; not to bays and estuaries, and political will is lacking to protect those areas. The Texas General Land Office administers the Open Beaches Act, as well as the Dune Protection Act. State and local planning are required. Local

governments issue construction permits. Active agency management seems to be limited and more related to dune protection laws rather than the rolling easement.

- **Rhode Island's Rolling Easements**: www.crmc.ri.gov/aboutcrmc.html and http://law.rwu.edu/sites/law/files/rwu/MarineAffairs/pdf/TDRCoxNHRI2013%20.pdf Regulations mirroring rolling easements are already in existence in Rhode Island without being an explicit rolling easement. These are land use tools that have been referred to as a rolling coastal management statute, which starts with Rhode Island's Public Trust Doctrine enumerated in its Constitution Article 1. Section 17 grants Rhode Island's General Assembly the authority to protect and conserve the state's natural resources, including the shoreline, by any means necessary and proper. Other laws forbid "additional hard shore protection structures along both the ocean shore and some estuarine shores, but allow them along other estuarine shores." It also prohibits new infrastructure on erosion barriers; and prohibits the use of structures to regain lost land. These policies will allow wetlands, beaches, and public access to be maintained as the sea level rises. The Coastal Resources Management Council is the agency responsible for coastal protection. Sixteen Council members are appointed rather than typical agency administration. Authority comes from many regulatory sources. The Council and its staff are responsible for planning, permitting, and enforcement activity.

Case studies

- **South Carolina's Rolling Easements**

For more info

- **NOAA - Erosion Control Easements**: http://coastalmanagement.noaa.gov/initiatives/shoreline_ppr_easements.html#2
- **EPA 2011document on rolling easements by Titus**: http://water.epa.gov/type/oceb/cre/upload/rollingeasementsprimer.pdf and chapter-link version: http://papers.risingsea.net/rolling-easements.html
- **Titus 1998 paper on rolling easements in Maryland Law Review**: http://yosemite.epa.gov/ee/epa/wpi.nsf/2efc4c5acad95f918525669800666fd7/a8a52939ca0c4c66852566e2005e3175/$FILE/takings.pdf
- **Overview of rolling easements in Rhode Island and New Hampshire, plus Transfer of Development Rights**: http://law.rwu.edu/sites/law/files/rwu/MarineAffairs/pdf/TDRCoxNHRI2013%20.pdf
- **Presentation describing rolling easements in Texas**: http://masglp.olemiss.edu/GOM/McLaughlin%20FSU.pdf and www.law.fsu.edu/Journals/landuse/vol26_2/mclaughlin.pdf

How to start or increase the use of a program using this incentive

How does a legislative rolling easement or erosion easement get established?

Before undertaking an effort to establish a legislative rolling easement, extensive legal investigation will be needed to determine its potential use, and the best configuration. Starting a program to apply erosion control easements will also require commitment from local decision makers. Amendments to land use policies might be needed. It is possible, however, that an easement can be required through the normal permit process upon a finding that the development project will have issues of concern due to its establishment. Other similar kinds of easements are required through the normal review process, especially subdivision.

Management and administrative details for its use will have to be developed as will a typical boilerplate format that can be used easily.

Success factors and challenges

Legal complexities
The primary barrier to a legislative rolling easement is that each state has different shore protection laws and nuances to its Public Trust Doctrine. Each also has different application of those laws through its own case law history. Legal experts will have to study the extent a legislative rolling easement is possible in Washington. EPA provides a Rolling Easements document as guidance (Titus (2011). *Rolling Easements*. http://water.epa.gov/type/oceb/cre/upload/rollingeasementsprimer.pdf).

There may be easier options
Standard erosion control easements applied to new shoreline developments can be used at the local county and city level. These may be easier to implement than a state-wide rolling easement, but they will be more limited in geographic area to the jurisdiction and will vary in content across jurisdictions. However, they can accomplish the same thing.

Minimal additional staff needs, except for enforcement
Once established, the rolling easement or erosion control easement will probably be a self-implementing program within a larger regulatory program. Thus the associated work will be added to other staff work. The main issue regarding effectively using an easement will be the enforcement work that will be needed. Enforcement activity will be needed to make sure the easements are honored.

This incentive is useful for many shoreline types
The protection of riverine processes has been helped in recent years by the more direct protection of channel migration zones, which provide a presumption that erosion and sedimentation will happen. Rolling easements and erosion easements can provide similar treatment for coastal and lake locations. While this incentive focuses on coastal erosion and sea level rise, it can be adapted for lakes.

Easements in only some areas of a drift cell may not be effective
Having easements in some portions of a drift cell (prohibiting or limiting armor and development) but not in other areas could create problems down-drift of hardened areas, negating any benefits a conservation easement could have.

Helpful hints: effectively using this incentive

Rolling easement work well in conjunction with other tools
Although rolling easements, like erosion control easements, can be useful shoreline management tools by themselves, and an effective way to implement managed retreat policies, they are typically more effective if used in coordination with other approaches such as setbacks and other building restrictions along the shore. Rolling easements are typically less costly than setbacks.

Pair education programs with easement programs
Easements, being voluntary in nature, may not be widely used without a marketing effort. In addition, to increase the effectiveness of the easements, an education program will help landowners better understand the science and the benefits of the erosion easement.

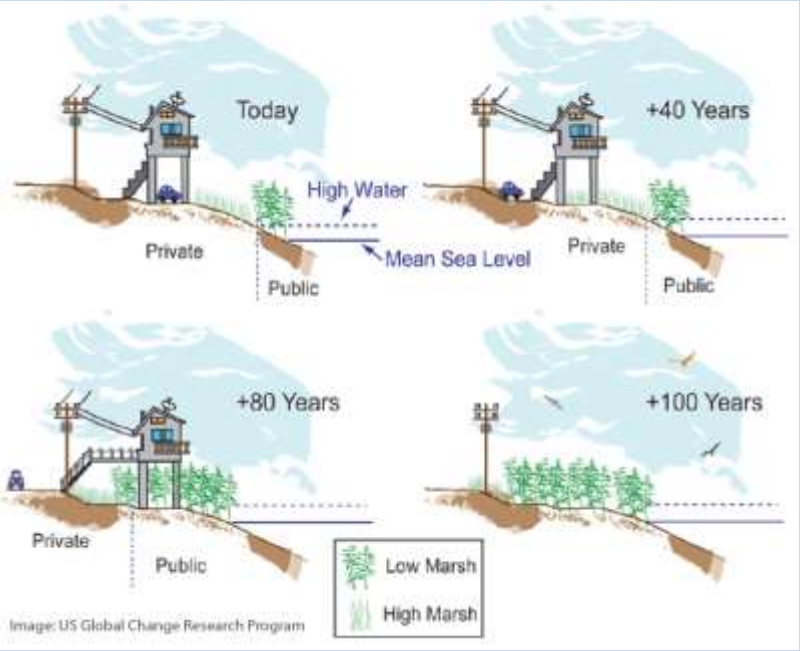
Case Study: South Carolina's Rolling Easements

Rolling easements were established on South Carolina's coast in response to the Beach Front Management Act of 1988 because of an established setback that resulted in loss of property value on the waterside of that setback.

A "takings" decision and Hurricane Hugo prompted the legislature to amend the act in 1990 to allow for a rolling easement on shoreline lots, and thus avoid the need for "takings" compensations.

How the rollback works

Lots seaward of the setback line can be developed but no hard shoreline stabilization structures can be used to protect the property. The rolling easement allows development, but prohibits structures from being built within a certain zone which rolls back with an encroaching shoreline. It allows natural habitats to migrate without impediments while providing flexibility to property owners and coastal communities.



As the sea advances, the easement automatically moves or "rolls" landward. However, some "soft" erosion control methods can be used including beach renourishment, building up artificial dunes, and temporarily placing small sandbags around a home. If homes are damaged or destroyed during a storm, they are allowed to rebuild as long as high ground still exists. If the lot is submerged during high tide, rebuilding/repairing is no longer allowed.

How the program is managed

The South Carolina Department of Health and Environmental Control (DHEC) manages beach planning in a manner similar to how the Washington State Dept. of Ecology manages the Shoreline Management Act. State and local planning is required. However, DHEC more directly regulates permitting activity. Structures and armor are strongly discouraged while protection of the natural beach and dune systems is strongly encouraged.

Sources: South Carolina. Department of Health and Environmental Control. *Coastal Planning.* Retrieved from www.dhec.sc.gov/environment/ocrm/coastal_planning.htm

National Oceanic and Atmospheric Administration. *Erosion Control Easements.* Retrieved from http://coastalmanagement.noaa.gov/initiatives/shoreline_ppr_easements.html

Louisiana Resiliency Assistance Program. *South Carolina Rolling Easements - Utilizing Undeveloped Lands for Flood Mitigation.* Retrieved from http:// resiliency.lsu.edu/planning/south-carolina-rolling-easements-utilizing-undeveloped-lands-for-flood-mitigation

Restoration In Trade for Projects

Incentive Type:	Purposes Used:	Program Approach:	Typically Offered By:
Non-funding / projects	Restoration	Perform physical project	Any entity performing restoration projects

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private and Public	Low	Limited

What is it?

Restoration in Trade for projects is an approach in which a small development item is allowed for a landowner in exchange for doing a significant restoration project.

Background and description

Restoration in trade for projects refers to allowing a small item of development as an incentive to gain participation for a restoration activity or project.

The restoration in trade for projects approach is similar to paying a landowner cash for doing a restoration project, in that something of value is offered to a reluctant owner to gain their participation. This trade incentive can be useful when limits on funding preclude giving cash, whereas the item of development can be built into the project cost. This approach typically would not be implemented as a program in itself, but rather used as-needed by a broader program when another incentive is not successful at gaining participation.

What types of development would be traded?

Trades in this incentive approach do not include development items that have restoration value themselves, such as fencing cattle out of a restored buffer or replacing a levee with a setback levee. Trades include items normally unrelated to the restoration work such as:

- Path and stairs for residential access
- Water diversion improvement
- Dock or bulkhead repair
- Soft shore protection or “bank-barbs”

Doesn’t this happen all the time?

Yes. Most incentive programs that undertake restoration projects have offered this incentive to some degree in order to obtain participation from reluctant landowners. Since the incentive uses small development elements within a larger restoration effort, instances of its effective use are not readily visible. However, examples of inappropriate use are sometimes evident – often as extensive shore armor that is accompanied by buffer vegetation restoration.

Where the incentive works best

The restoration in trade for projects incentive can be used in any restoration project, in any location. The approach should be limited to small scale development in which the restoration benefits are multiplicatively larger than the impacts of the development.

Examples of use

- Not available (privacy reasons)

Case studies

- **Not available**

How to start or increase the use of a program using this incentive

How does a restoration in trade program get established?
A restoration in trade for projects program is generally not officially established as a program. Since it is used for a significant number of projects, though, there could be benefit in developing policies and guidelines for using this incentive. At the least, the local plan must enable this flexibility.

Success factors and challenges

Permits must be obtained
In the process of obtaining reviews or permits for the restoration project, the program also obtains any necessary permits or reviews for the development item on the owner's behalf. Both the restoration program and the project permitting/reviewing authority need to be careful to keep traded development items as environmentally beneficial as possible.

Consistency can be a challenge
A major challenge for implementing restoration in trade for projects is real or perceived differences in the way the approach is applied to each project. If a landowner hears that his neighbor got a better "deal," he might complain or take legal action against the regulatory agency. Consistency is key. It would be helpful, therefore, to have clear guidelines for staff as to the types of trades that can be offered in various situations, depending on ecological, physical and other factors.

Helpful hints: effectively using this incentive

Ensure trade elements are as environmentally benign or beneficial as possible
Traded development items should be constrained to those that are as non-damaging as possible, such as a rock paver pathway to the water.

Restoration In Trade Established in Code

Incentive Type:	Purposes Used:	Program Approach:	Typically Offered By:
Non-funding / Regulatory	Restoration	Encourage projects by others	Local governments State and federal agencies

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes	Private and Public	Low	Limited

What is it?

Restoration in trade established in code allows for reductions in requirements (such as setbacks) in exchange for ecological enhancements such as removing bulkheads.

Background and description

Restoration in trade established in code is an approach in which some development is allowed as an incentive to gain participation for a substantive restoration project. This trade or exchange is formally established as an incentive in the local development code.

What are the types of development and restoration that are traded?

The ideal use of this incentive encourages restoration benefits that are substantially more than the impacts of the development that is allowed. There are many restoration possibilities available in this incentive and these are linked to regulatory requirements. Specifically, the regulatory requirements set a default development situation. This incentive gives consideration for additional restoration activity that is not normally required. The specific allowances are best directly related to the restoration activity undertaken and its ecological benefits.

Examples of development allowed include:

- Small reductions in buffers or setbacks
- Increases in height limits
- Increases in impervious surface limits

Examples of restoration activity that could be the trade (in addition to project mitigation) include:

- Substantial enhancement of native riparian vegetation within the reduced buffer
- Removal or reduction of bulkhead
- Removal of lawn area in the buffer
- Enhancement of aquatic vegetation
- Removal of structures or fill in the water or buffer (derelict piers, water-line structures)

Where the incentive works best

The Restoration in trade established in code has great restoration potential over time, because it can be applied in all shorelines locations with degraded buffers and targets restoring those buffers. This incentive can broadly restore shorelines one project at a time over many years. Furthermore, the restoration work needs no additional funding, since the work becomes part of the landowner's development project. Lastly, this

incentive can reach many properties (highly developed sites) not normally accessible by other incentives and restoration programs.

This incentive can be used in all jurisdictions, but the specifics will vary widely based on local conditions and the general level of urbanization. While an urbanized setting may require a buffer system with smaller widths accompanied by the mitigation for the near-water development, the use of this incentive can also promote restoration and re-vegetation in normally degraded urban settings. In less developed areas, care is needed when using this incentive to avoid unnecessarily degrading the shore zone by allowing development in areas that have important habitat values or perform important natural functions.

In both situations (while perhaps rare for urbanized areas), using this incentive in ecologically intact areas will likely result in unmitigated impacts rather than improvements to functions. Those intact areas should be excluded from using this incentive and should use science-based buffers that take into account the effects of sea level rise on marine properties.

Examples of use

- City of Kirkland SMP: www.kirklandwa.gov/depart/planning/SMP.htm and http://kirklandcode.ecitygov.net/KirklandZC_html/kzc83.html#83.380
  A copy of the City of Kirkland's Shoreline Master Program is in Appendix 5 of this guide.
- City of Bothell SMP: www.ci.bothell.wa.us/CityServices/PlanningAndDevelopment/SMPU.ashx?p=1549 or www.codepublishing.com/wa/bothell

Case studies

- **Kirkland Restoration Incentives in SMP**
- **Bothell Restoration Incentives in SMP**

For more info

- **WA Department of Ecology SMP guidance**: www.ecy.wa.gov/programs/sea/sma/guidelines

How to start or increase the use of a program using this incentive

How does restoration in trade established in code get put into place?
This restoration in trade established in code incentive requires specific regulations. Consequently, it is only implemented by regulatory agencies (local, state, or federal). Development of the code language is a planning effort and will be incorporated into Shoreline Master Program or Critical Areas Ordinance Updates or amendments. Like all code revision efforts, it is generally self-implementing afterward.

What are steps to establish and implement a restoration in trade established in code incentive?

1. **Initial Assessment.** Analyze shoreline ecological needs within the jurisdiction (e.g., need to reduce armor) and determine appropriate trades (reduce setback in a highly urbanized area) in locally tailored buffer and vegetation regulations.
2. **Adopt code.** Through the normal planning process, adopt code language, often through Shoreline Master Program (SMP) or Critical Areas Ordinance Update or amendment.

3. **Education and marketing**. Create easy to understand web page and other materials which clearly show, using diagrams or photos, how the incentive works. Conduct marketing.
4. **Monitor program and make adjustments.** This incentive, more than others, should be monitored for success (or failure) and adjusted if the desired outcomes of ecological benefits are not realized or if unforeseen negative consequences of development allowances occur.

Success factors and challenges

Allowed trades should be constrained

This incentive does not include mitigation enhancement for development proposed in a permit. It is not advisable that this incentive become a development incentive to allow things not normally allowed when accompanied by mitigation enhancement – an excuse to unnecessarily cause environmental impacts and then mitigate them. The incentive can be carefully designed to ensure that it does not allow development that would normally not be allowed, such as water-line patios and new armor. The restoration work should be substantial to overbalance the impacts of the development. In general, a 3:1, 4:1, or 5:1 ratio should be considered. In sum, the trade should be designed to avoid:

- Development that allows degradation of intact ecological functions.
- Development that normally would not be allowed.
- Development allowances with large impacts traded for small restoration benefits.

Shoreline science is evolving

One challenge is the lack the scientific studies to determine what mitigation is needed to offset the adverse impacts of different levels of development. While there are studies, for example, that document the buffer width needed to protect certain wildlife habitats, there are few studies that document that a narrower and enhanced buffer will offset a larger house on a residential lot. So these systems are essentially experiments that will need to be updated as new scientific information becomes available and as shoreline master programs or critical areas regulations are updated over time.

Helpful hints: effectively using this incentive

Direct marketing may be needed

Many landowners may be reluctant to consider making dramatic changes to their property assuming that the permitting system is onerous and they would not be able to make certain development decisions. Marketing a program, such as allowing a reduced setback in exchange for removing a bulkhead, may be needed to entice changes.

Adequate staffing and training is helpful

Once this incentive is established in code, it is usually a self-implementing program. The jurisdiction should provide training to the staff it intends to implement the program during their other duties. For local jurisdictions, this will be the shoreline and critical areas permit reviewers. Effective operations will be similar to effectively reviewing normal shoreline and critical areas permits that require mitigation enhancement; for example, compliance checks and monitoring work.

Case Study: Kirkland Restoration Incentives in SMP

The City of Kirkland incorporated incentive provisions in their Shoreline Master Program (SMP) update and other code revisions in 2010 to encourage removal and replacement of non-conforming homes and green shoreline improvements. In the past, homeowners were tending to remodel rather than rebuild or they were requesting variances because of the front, side and shoreline setback requirements. The critical element of the provisions is that Kirkland does not give away large reductions and the enhancement elements are substantial in scale.

What is the trade?

The SMP update includes an allowance to reduce the front and side yards and to increase building height. The goal is to encourage the landowner to remove the home and rebuild it to code, with the result that new structures would be built further back from the lake and a full shoreline setback would be realized. Another provision is a reduction in the shoreline setback if green options are incorporated, such as removing bulkheads, planting additional nearshore native vegetation beyond the minimum code requirement or reducing impervious surfaces.

How does it work?

Kirkland employs a very detailed buffer and vegetation regulation system that is highly specialized to local conditions. There are many nuances and caveats for all situations, but there are some of the key strategies:

- Remove an in/near water bulkhead from 75% of frontage and restore the area for a buffer reduction of 15% or 15 feet.
- Remove an in/near water bulkhead from 15 feet of frontage and restore the area for a buffer reduction of 5% or 5 feet.
- "Day-lighting" a piped stream and providing a 5 foot buffer strip for a buffer reduction of 5% or 5 feet.
- Enhance the aquatic beach habitat along a bulkhead for a buffer reduction of 2% or 2 feet.
- Increase the required buffer vegetation by 5 extra feet for a buffer reduction of 2% or 2 feet.
- Reduce lawn area within the buffer to 50% or less for a buffer reduction of 2% or 2 feet.
- Restore 20% of lot area outside reduced buffer for a buffer reduction of 2% or 2 feet.

The first home built using the new incentives

The homeowner removed an older home and used several of the incentives to move the structure closer to the lake. The setback reduction options used were:

- Bulkhead was 78' long and 58.5' was removed. Part of the bulkhead had to remain to hook into the bulkhead to the north and to retain a large tree next to the shoreline.
- Installation of gravel/cobbles/boulders/logs to create nearshore shallow-water habitat
- All hard surfaces are made of pervious materials (driveways, walkways, patios, etc.)
- Limited lawn area to no more than 50% of the shoreline setback area.

Before and After Photos: City of Kirkland

Source: Teresa Swan, 2012 (December 6), City of Kirkland, personal communication.

Case Study: Bothell Restoration Incentives in SMP

The City of Bothell employs a simple buffer and vegetation system with a consistent buffer width requirement based on the water type, and modified based on the SMPs shoreline environment designation.

What is the trade?

There are extensive requirements for different specific incentive options, but the general strategies are summarized below:

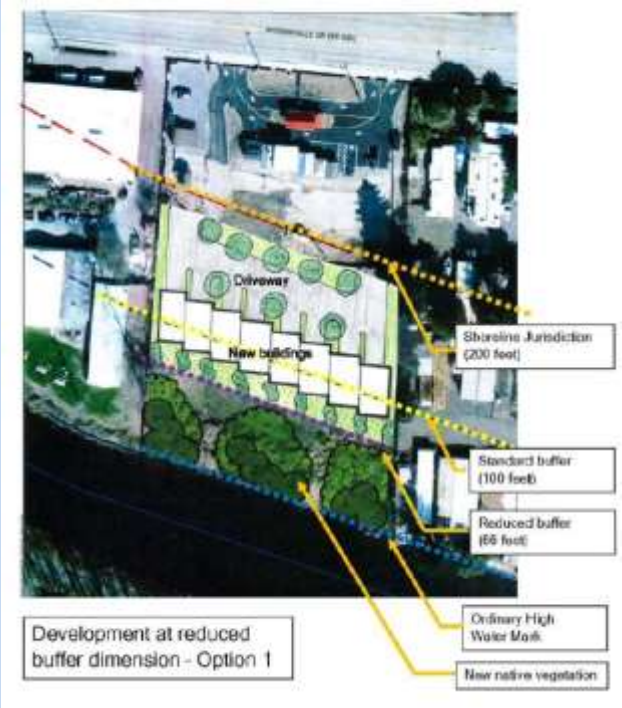
- Enhance native vegetation within the buffer ***in trade*** for reduction of buffer width by 1 foot for each 2 or 3 foot width (depending on location) that is enhanced, with conditions.
- Remove an in- or near-water bulkhead from 75 feet of frontage and restore the area ***in trade*** for a buffer reduction of 40%.
- Install woody debris to provide a significant and long-term improvement to in-stream habitat ***in trade*** for a buffer reduction of 20%.
- Replace the decking on a dock with light-passing material for a buffer reduction of 5%.
- Restore 20% of lot area outside buffer ***in trade*** for a for a buffer reduction of 10%.

The reductions allowed in the Bothell incentives are much larger than those of Kirkland, but the buffers are generally much larger too. Existing development will be highly motivated to use these reductions and restore their degraded shorelines.

Example: Sammamish River Site

As an example of how the trade works, an existing site on the Sammamish River could reduce their buffer by 34 feet if they enhance the native vegetation near the water.

Existing conditions and design using enhanced vegetation option: City of Bothell



Sources: Bothell, City of. *Comprehensive Plan and Municipal Code.* Retrieved from www.ci.bothell.wa.us/CityServices/PlanningAndDevelopment/SMPU. ashx?p=1549 or www.codepublishing.com/wa/bothell
Bothell, City of. (2012). *The Bothell SMP: A successful plan with something for everyone presentation to Quarterly Shoreline Planners Meeting.* Retrieved from www.ecy.wa.gov/programs/sea/shorelines/smp/toolbox/docs/fall2012_bothellsmp.pdf

Safe Harbor Agreements

Cooperative Habitat Enhancement Agreements and Habitat Incentives Programs

Incentive Type:	Purposes Used:	Program Approach:	Typically Offered By:
Non-funding / Assistance	Protection & restoration	Encourage projects by others	Local Governments State and Federal Agencies

Suitable for armor removal?	Available for use on private and/or public land?	Local staff resources needed to implement incentive?	Extent of current use in Puget Sound?
Yes (indirect)	Private	High	Limited

What is it?

Safe Harbor Agreements give landowners the assurance that they will not be required to protect threatened or endangered species on newly restored land, if they do a restoration project.

Background and description

Local agencies and organizations can help guide landowners and project proponents towards safe harbor programs.

Safe Harbor Agreements are ways to remove disincentives. Property owners may be dis-incentivized to consider restoration projects on their land if the restoration itself might encourage a threatened or endangered species to locate on their land. The property owner would then be required to protect the species.

Safe harbor agreements allow landowners to agree to a restoration project with the understanding that those regulations will not be applied if the species appears on the newly restored site. Some agreements allow the removal of the restored habitat in the future.

Who will likely use a safe harbor agreement incentive?

These programs are most applicable to large landowners, such as timber companies or state agencies, or groups of land owners that band together to invest the time and expense needed to develop a detailed and science-based plan. Some state agencies and organizations have proposed safe harbor agreements in which private landowners, large or small, can opt in.

What safe harbor agreements are administered by Washington State agencies?

In addition to the two state programs described below, there are similar federal programs administered by the Fish and Wildlife Service and NOAA Fisheries.

- **Cooperative Habitat Enhancement Agreements.** The Washington Department of Natural Resources administers the Cooperative Habitat Enhancement Agreements provisions in state law (WAC 222-16-105). Owners of land with marbled murrelet or northern spotted owl habitat may enter into safe harbor agreements, no-take agreements, and receive education. The law provides landowners with protection against future Washington Department of Natural Resources rules regarding those species. To qualify, landowners identify the baseline level of habitat in their management plan, the overall

benefits to the marbled murrelet or northern spotted owl, the proposed measures to create, enhance, or maintain habitat, and the terms of agreement. For northern spotted owls, the plan must avoid harvest, road construction and pesticide use between March 1 and August 31 on seventy acres of the highest quality suitable northern spotted owl habitat surrounding the nest.

- **Habitat Incentives Program.** The Habitat Incentives Program (RCW 77.55.121) is administered by the Washington State Department of Fish and Wildlife and has been in place since 1998. It offers an exemption from new regulations if a long term habitat management plan is adopted and habitat enhanced. This provides a property owner with state regulatory certainty with regard to future applications for hydraulic project approvals or a forest practices permit on the property covered by the agreement.

Where the incentive works best

Safe harbor agreements come into play in three ways, all of which can be useful for long-term environmental protections in specific cases:

- Where the landowner wants to be protected from future changes in requirements in exchange for doing enhancement work.
- Where the landowner wants to do restoration, but is concerned about ESA species moving in.
- Where agencies want to do or arrange species enhancement work and need to show landowners that ESA species rules won't be applied to them. The pygmy rabbit restoration effort (see link below) is an example of this.

Examples of use

- **Port Blakely Tree Farms 2009 Agreement to Protect Owl and Murrelet Habitat**: www.fws.gov/wafwo/pdf/HCP/Port%20Blakely%20Morton%20SHA_Feb%202.pdf
- **Pygmy rabbit recovery use of safe harbor agreements**: http://wdfw.wa.gov/news/may0611b

Case studies

- **Port Blakely Tree Farms Cooperative Habitat Enhancement Agreement**

For more info

- **Safe Harbor Agreements**: www.fws.gov/endangered/landowners/safe-harbor-agreements.html
- **Cooperative Habitat Enhancement Agreements**: http://apps.leg.wa.gov/wac/default.aspx?cite=222-16-105
- **Habitat Incentives Program**: http://apps.leg.wa.gov/RCW/default.aspx?cite=77.55.121

How to start or increase the use of a program using this incentive

In order to promote restoration and preservation of shoreline areas, local and regional agencies and organizations can assist landowners with this incentive.

How does a safe harbor program get established?

- Establishing a safe harbor program requires a legislative framework to be set up to allow the exemption from future rules.
- Local legislation can be patterned on state or federal legislation and will require amendments to environmental laws, such as the Shoreline Management Act and the Growth Management Act.

What are the important elements for a safe harbor program?

- **Adequate staffing**. The staff costs of developing the rules to allow safe harbor agreements are large. In addition significant staff resources may be needed to negotiate safe harbor agreements.
- **Templates can be helpful.** For the smaller cases, a template can be used, but there will still likely be a sizable amount of staff work to negotiate, develop, and review the agreement
- **Legal review** – These agreements will require legal review.

Success factors and challenges

Programs tend towards large properties

Because of the need for habitat plans and costly negotiations, safe harbor agreement have, to date, mostly been used by large property owners. The Port Blakely project (see Case Study on page xx) provides a good example of the amount of work needed.

Increasing use by small property owners

To improve the use of this program for smaller landowners, the agencies could develop templates and boiler plate plans that can be applied flexibly to different situations. This would help reduce the cost barrier for smaller properties. State agency or association safe harbor agreements that landowners can opt into would also reduce cost barriers for smaller properties.

Similar habitat gains could be gained by regulatory changes

It is generally easier to adjust general rules (buffers, etc.) using an adjustment or variance process than to negotiate a safe harbor agreement.

Helpful hints: effectively using this incentive

Safe harbor agreements can help convince reluctant landowners to participate in large restoration projects

Stern points out the importance of safe harbor agreements in the behavior motivations of landowners. Stern also points out the importance of marketing to improve the success of incentive programs. This is a program that could benefit from better marketing.

Case Study: Port Blakely Tree Farms Cooperative Habitat Enhancement Agreement

Port Blakely Tree Farm came to an agreement with state and federal agencies to enhance habitat over an area of more than 45,000 acres of timberland in eastern Lewis and Skamania Counties. The land will be managed to create, maintain and enhance habitat for two federally listed species: northern spotted owls and marbled murrelets. The agreements include a Federal Safe Harbor Agreement signed with the U.S. Fish and Wildlife Service and a separate State Landowner Option Plan and Cooperative Habitat Enhancement Agreements between Port Blakely Tree Farms, the Washington Department of Natural Resources and the Washington Department of Fish and Wildlife.

This western hemlock on, land owned by Port Blakely Tree Farm, has been girdled so that it will die in a year or so and provide habitat.. Photo: Benjamin Brink/The Oregonian

The key elements of the agreement

The concurrent agreements took more than two years of collaborative work between Port Blakely and the agencies, resulting in a forest management plan for the two species. The forest management plan addresses dispersal (movement from one area of nesting or foraging habitat to another) of juvenile northern spotted owls and nesting habitat for marbled murrelets through retaining more, older trees, expanding commercial thinning and creating additional snags.

Ken Wilson is thinning an area in the middle of one of the Port Blakely Tree Farms just outside of Morton, WA. His machine is called a feller/buncher. It cuts the tree, strips off the branches, measures to a specific length, cuts off the usable piece of timber and then places the branches back on the path so you can hardly tell the machine has been there. Photo: Benjamin Brink/The Oregonian

Higher standards

The agreement incorporated management standards higher than required by law including:

- Longer rotation
- Better life stage management
- Special area set-asides
- Enhanced management of leave-tree areas and snags
- Improved treatment of habitat areas
- Better construction standards

Advantage for the landowner

The 60-year agreements allows Port Blakely to conduct forest management activities in a predictable manner and protects the company from future restrictions and "incidental take" penalties

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Appendices

General Incentive Policy Language
Incentives in the 2003 SMP Guidelines
Sample Draft Language for Habitat Credit Transfer Program in Regulations
Current Use Taxation Provisions Targeting Restoration
Kirkland Setbacks in Shoreline Master Program
Snohomish County Current Use Requirements
Open Space Public Benefit Rating System (PBRS) Programs in Puget Sound

Appendix 1: General Incentive Policy Language

X-1 Incentives may provide flexibility to build on lots too small for buffers that fully protect shoreline ecological functions where the combination of regulations and incentives will result in no net loss of shoreline ecological processes and functions.

X-2 Incentives shall encourage restoration and enhancement of shoreline ecological functions. The incentives may only be used where they will result in a net increase in shoreline ecological functions.

X-3 Incentives should encourage high value restoration and enhancement including removal of shoreline armor, the removal of overwater structures, the reconnection of waterways and water features disrupted by earlier development, the reconnection of natural sediment sources to shorelines, and the revegetation of shorelines with native vegetation.

X-4 The effectiveness of incentives in encouraging restoration and the success of the resulting restoration should be monitored. The incentives and restoration results should be evaluated during the regular shoreline master program reviews required by the Shoreline Management Act.

Appendix 2: Incentives in the 2003 SMP Guidelines

Within the general requirements described above, incentives are allowed under the SMP Guidelines. But they are only directly mentioned in the Guidelines in two locations. In both cases they are allowed in the context of accomplishing the policies of the SMA, but cannot be used contrary to the policies.

WAC 173-26-186 [Governing Principles]

(4) The planning policies of master programs (as distinguished from the development regulations of master programs) may be achieved by a number of means, only one of which is the regulation of development. Other means, as authorized by RCW 90.58.240, include, but are not limited to: … Additional other means may include, but are not limited to, … **incentive** programs.

(8) Through numerous references … the Act makes protection of the shoreline environment an essential statewide policy goal consistent with the other policy goals of the Act. … The principle regarding protecting shoreline ecological systems is accomplished by these guidelines in several ways, and in the context of related principles. These include: … (e) The Guidelines are not intended to limit the use of regulatory **incentives** … that are designed to restore as well as protect shoreline ecological functions.

WAC 173-26-221(5) [Shoreline vegetation conservation]

(b) Principles. The intent of vegetation conservation is to protect and restore the ecological functions and ecosystem-wide processes performed by vegetation along shorelines. … Local governments may implement these objectives through a variety of measures, where consistent with Shoreline Management Act policy, including … **incentives** and non-regulatory programs.

Appendix 3. Sample Draft Language for Habitat Credit Transfer Program in Regulations

Provided here is sample language that can serve as the basis for a local jurisdiction or agency to incorporate a habitat credit transfer program into the regulations. It will have to be modified as needed for the local or agency-specific situation.

X.XX.X A person who has completed one or more of the restoration activities meeting the requirements of this section may sell or transfer the "value" of the improved shoreline ecological processes or functions to be used as mitigation for a shoreline development project consistent with this section. To be eligible for being transferred, the restoration activities shall not have been publically funded in part or whole and shall not have been required to compensate for a development project or damage to shoreline ecological functions.

(1) Eligible restoration activities are:
   (a) The removal of overwater structures;
   (b) The removal of bulkheads or other forms of shoreline armor;
   (c) Reconnecting water bodies or water features; such as embayments, distributaries, or side channels; or the removal of fish passage blockages;
   (d) Reconnecting natural sediment sources, such as feeder bluffs, to the marine shoreline so that sediments can be transported by the longshore drift system;
   (e) Planting native vegetation along at least 20 linear feet of the ordinary high water mark of a marine shoreline, a river, stream, or lake with a width of at least 50 feet; or
   (f) Priority restoration identified in the jurisdiction's restoration plan.

(2) Transfers may only take place after the success of the restoration activity has been demonstrated.
   (a) For the removal of overwater structures, the removal of bulkheads or other forms of shoreline armor, or the reconnection of water bodies or water features, success is demonstrated by completing the work, removing all materials used in the structure or armor, and ensuring native vegetation sufficient to prevent soil erosion has been planted, maintained, and growing for two growing seasons.
   (b) For reconnecting natural sediment sources to the marine shoreline, success is demonstrated when natural processes deposit sediments on a marine beach at a natural rate. A qualified professional with experience in that type of restoration shall prepare a report documenting that the restoration has resulted in natural processes depositing sediments on a marine beach at a natural rate, that the natural processes are depositing the sediments in a location where they can be transported by the longshore drift system, and that the sediments are of a type and size that supports accretion beaches and landforms within the drift cell in which the sediment source is located.
   (c) For the planting of native vegetation along shorelines, success is demonstrated after the vegetation has been planted and is growing for four growing seasons.
   (d) For priority restoration identified in the jurisdictions restoration plan, a qualified professional with experience in that type of restoration shall prepare a report documenting that the restoration work has been completed and is supporting the ecology processes and functions as would be anticipated given the time the restoration project has been in place.

(3) Before transfers may take place, the following shall be completed:
   (a) The owner of the real property on which the restoration has occurred and any party with an ownership interest in the restoration shall execute an easement or equitable servitude to the local

government permanently protecting the land on which the restoration activities have taken place and protecting the restored habitat;

(b) The property owner and the buyer shall agree to maintain and repair any damage to the restoration work. Each party shall be jointly and severally liable to maintain and repair the restoration work and this obligation shall run with the land and transfer to all subsequent owners of the property on which the restoration work is located and the property on which the restoration work is used to mitigate the impacts of development.

(c) The owner of the real property on which the restoration has occurred shall grant the buyer of the mitigation value and the subsequent owners of the land on which the mitigation value is used the right to access the property on which the restoration has occurred to maintain and repair the restoration work on that property.

(d) The easements, servitudes, and agreements required by this subsection shall be in writing, shall be signed by the parties, the signatures shall be witnessed by a notary, and run with the land and be binding on all current and subsequent owners of the land on which the restoration has occurred and all current and subsequent owners of the land on which the shoreline development project is using the value of the improved shoreline ecological processes or functions as mitigation. The easements, servitudes, and agreements shall be recorded in the real property records of the county in which the properties subject to them are located.

(4) The buyer of the mitigation functions shall have a report prepared which documents the improved shoreline ecological processes or functions.

(a) The report shall be prepared by one or more qualified professionals.

(b) The report shall document that the improved shoreline ecological processes and functions will mitigate at least some of the impacts of the shoreline development project taking into account:

(i) The location of the development project;

(ii) The location of the enhancement site;

(iii) The enhancement work completed;

(iv) The shoreline ecological processes or functions the enhancement site currently supports;

(v) The resources of the shoreline development site; and

(vi) All other relevant factors.

The use of the transferred mitigation does not reduce the requirement that the shoreline development project shall not result in a net loss of shoreline ecological processes and functions.

(c) The report shall be peer reviewed by a qualified professional selected and managed by the local government. The peer review shall concur with the report's findings before the transfer may occur. The buyer shall pay for the peer review.

(5) For the purposes of this section "qualified professional" means a person who has earned at least a bachelor's degree in a scientific field relevant to the assessment of shoreline ecological processes and functions and has at least five years of experience in the field.

Appendix 4: Current Use Taxation Provisions Targeting Restoration

X.XX.1 Properties eligible for current use open space taxation:

[Add the following to the list of properties eligible for current use open space classification]

(x) Land included in unbuildable critical areas or buffers required by critical areas regulations or shoreline master programs;

(x+1) Land used for the restoration of shoreline ecological processes or functions;

X.XX.2A [For jurisdictions that have not adopted an open space plan and public benefit rating system under RCW 84.34.055(1)(a).] Land enrolled in the current use open space taxation program under Section X.XX.1 (x) and (x+1) shall be assessed at its current use.

X.XX.2B [For jurisdictions that have adopted an open space plan and public benefit rating system under RCW 84.34.055(1)(a).] For land enrolled in the current use open space taxation program under Section X.XX.1 (x) and (x+1), the county planning commission or county legislative authority shall determine the reduction allowed under the public benefit rating system. The reduction shall be sufficient to encourage restoration.

Appendix 5: City of Kirkland Incentive Provisions in updated Shoreline Master Program (2010)

83.380 Shoreline Setback Reduction

1. Improvements Permitted Within the Shoreline Setback – See standards contained in KZC 83.190(2).

2. Shoreline Setback Reductions

   a. In the Residential – L shoreline environment, the shoreline setback may be reduced by two (2) feet if subject to the historic preservation provisions of KMC 22.28.048, but in no case closer than 25 feet with the exception in the Residential – L shoreline environments (A), (F) and (J) where the minimum shoreline setback is 15 feet.

   b. The required shoreline setback may be reduced to a minimum of 25 feet when setback reduction impacts are mitigated using a combination of the mitigation options provided in the chart below to achieve an equal or greater protection of lake ecological functions, except in the Residential – L environments (A), (F) and (J) where the required shoreline setback may be reduced to a minimum of 15 feet. The following standards shall apply to any reduced setback:

      1) The minimum setback that may be approved through this reduction provision is 25 feet in width, except 15 feet in width in the Residential – L shoreline environments (A), (F) and (J). Any further setback reduction below 25 feet or 15 feet, respectively, in width shall require approval of a shoreline variance application.

      2) The City shall accept previous actions that meet the provisions established in the setback reduction option chart in subsection (2)(e) of this section as satisfying the requirements of this section; provided, that all other provisions are completed, including but not limited to the agreement noted in subsection (2)(b)(4) of this section. The reduction allowance for previously completed reduction actions may only be applied once on the subject property.

      3) Prior to issuance of a certificate of occupancy or final inspection, the applicant shall provide a final as-built plan of any completed improvements authorized or required under this subsection.

      4) Applicants who obtain approval for a reduction in the setback must record the final approved setback and corresponding conditions, including maintenance of the conditions throughout the life of the development, unless otherwise approved by the City, in a form acceptable to the City Attorney, and recorded with the King County Bureau of Elections and Records. The applicant shall provide land survey information for this purpose in a format approved by the Planning Official.

      5) The shoreline setback reduction mechanisms shall not apply within the Natural shoreline environment.

      6) See KZC 83.300(8)(c) for required monitoring and maintenance program for replacement of hard to soft shoreline stabilization and KZC 83.400(5) for maintenance agreement of native vegetative plantings.

   c. For removal of an existing hard shoreline stabilization measure, an evaluation by a qualified professional approved by the Planning Official based on KZC 83.300(7) and (8) and Chapter 10 KZC must be provided to the City with the development permit to document that a reduced setback will not result in the need of a hard shoreline stabilization measure in the future to protect the primary structure as regulated in KZC 83.300.

d. The reduction allowance shall be applied to the required shoreline setback. For instance, if a reduction is proposed in the Residential – L environment, where the shoreline setback requirement is 30 percent of the average parcel depth, the shoreline setback could be reduced to 15 percent of the average parcel depth, but in no case less than 25 feet, if reduction Option 1 in the chart below is used.

e. The chart below describes the setback reduction options:

Shoreline Setback Reduction Options		Reduction Allowance	
		Standard Reduction (min. 25 ft. setback)	**Residential – L (A), (F) and (J) environments (min. 15 ft. setback)**
Water Related Conditions or Actions			
1	Presence of nonstructural or soft structural shoreline stabilization measures located at, below, or within five (5) feet landward of the lake's OHWM along at least 75 percent of the linear lake frontage of the subject property. This can include the removal of an existing hard structural shoreline stabilization measure and subsequent restoration of the shoreline to a natural or semi-natural state, including creation or enhancement of nearshore shallow-water habitat consistent with the soft structural shoreline stabilization provisions in KZC 83.300. This option cannot be used in conjunction with Options 2, 4 or 5 below.	Reduce required setback by 15 percentage points, or in cases where the required setback is 60 feet or greater reduce setback by 30 feet	Reduce required setback by 15 feet
2	Presence of nonstructural or soft structural shoreline stabilization	Reduce required setback by five (5) percentage points, or in cases where the required setback is 60 feet or greater reduce setback by 10 feet	Reduce required setback by five (5) feet

	measures located at, below, or within five (5) feet landward of the lake's OHWM along at least 15 linear feet of the lake frontage of the subject property. This may include the removal of an existing hard structural shoreline stabilization measure and subsequent restoration of the shoreline to a natural or semi-natural state, including creation or enhancement of nearshore shallow-water habitat consistent with the design provisions for soft structural shoreline stabilization in KZC 83.300. This option cannot be used in conjunction with Option 1 above or Options 4 or 5 below.		
3	Opening of previously piped on-site watercourse to allow potential rearing opportunities for anadromous fish for a minimum of 25 feet in length. Opened watercourses must be provided with a native planted buffer at least five (5) feet wide on both sides of the stream, and must not encumber adjacent properties with a 5-foot-wide buffer without express written permission of the adjacent property	Reduce required setback by five (5) percentage points, or in cases where the required setback is 60 feet or greater reduce setback by four (4) feet	Reduce required setback by five (5) feet

	owner. A qualified professional must design opened watercourses. The opened watercourse shall be exempt from the buffer provisions of KZC 83.490. The opened watercourse is exempt from the buffer requirements and standards of KZC 83.510.		
4	Existing hard structural shoreline stabilization measures are reconstructed to set back from the OHWM between two (2) feet and four (4) feet based on feasibility and existing conditions and/are sloped at a maximum three (3) vertical (v): one (1) horizontal (h) angle to provide dissipation of wave energy and increase the quality or quantity of nearshore shallow-water habitat.	Reduce required setback by five (5) percentage points, or in cases where the required setback is 60 feet or greater reduce setback by four (4) feet	Reduce required setback by five (5) feet
5	Shoreline enhancement measures are installed waterward of an existing hard structural shoreline stabilization measure to create or enhance nearshore shallow-water habitat. They may include the use of gravels, cobbles, boulders, and logs, as well as vegetation. The material shall be of a size and placed to remain stable and accommodate alteration from wind-	Reduce required setback by two (2) percentage points, or in cases where the required setback is 60 feet or greater reduce setback by four (4) feet	Reduce required setback by two (2) feet

	and boat-driven waves and shall be graded to a maximum slope of one (1) vertical (v): four (4) horizontal (h). The effect of the placed material cannot result in the enlargement of the existing hard structural shoreline stabilization measure.		
Upland Related Conditions or Actions			
6	Installation of biofiltration/infiltration mechanisms in lieu of piped discharge to the lake, such as mechanisms that infiltrate or disperse surface water on the surface of the subject property. These mechanisms shall be sized to store a minimum of 70 percent of the annual volume of runoff water from the subject property, for sites with poor soils, or 99 percent of the annual volume of runoff water from the subject property, for sites with well-draining soils. This mechanism shall apply to sites where the total new or replaced impervious surface is less than or equal to 5,000 square feet. The mechanisms shall be designed to meet the requirements in the City's current surface water design manual.	Reduce required setback by two (2) percentage points, or in cases where the required setback is 60 feet or greater reduce setback by four (4) feet	Reduce required setback by two (2) feet
7	Increasing the width	Reduce required setback by two (2) percentage points,	Reduce required

	of the required landscape strip within the reduced shoreline setback a minimum of five (5) additional feet in width.	or in cases where the required setback is 60 feet or greater reduce setback by four (4) feet	setback by two (2) feet
8	Installation of pervious material for all pollution generating surfaces such as driveways, parking or private roads that allow water to pass through at rates similar to pre-developed conditions. Excluded from this provision are the vehicular easement roads, such as 5th Avenue West or Lake Avenue West in the Residential – L shoreline environment.	Reduce required setback by two (2) percentage points, or in cases where the required setback is 60 feet or greater reduce setback by four (4) feet	Reduce required setback by two (2) feet
9	Limiting the lawn area within the shoreline setback to no more than 50 percent of the reduced setback area.	Reduce required setback by two (2) percentage points, or in cases where the required setback is 60 feet or greater reduce setback by four (4) feet	Reduce required setback by two (2) feet
10	Preserving or restoring at least 20 percent of the total lot area outside of the reduced setback and any critical areas and their associated buffers as native vegetation.	Reduce required setback by two (2) percentage points, or in cases where the required setback is 60 feet or greater reduce setback by four (4) feet	Reduce required setback by two (2) feet

Appendix 6: Snohomish County Current Use Requirements

From: http://snohomish.granicus.com/MetaViewer.php?view_id=2&clip_id=2223&meta_id=132682

OPEN SPACE GENERAL CRITERIA

Reference SCC 4.28.040 and RCW 84.34.020(8)

The Department of Planning & Development Services (PDS) reviews all Open Space General applications according to the following checklist. In order to qualify for Open Space General classification, ***parcels must meet at least one of the criteria listed below.***

_____(1) Urban areas where the entire site is in an undeveloped, natural state and has slopes of 25% or greater or where at least one-half of the total site area has slopes of at least 35% or more.

_____(2) Areas designated on the comprehensive land use plan or the county park and recreation plan as potential parks, trails, or greenbelt, or designated as a critical area or environmentally sensitive area.

_____(3) Areas which have plant or animal species which are considered rare, sensitive, threatened or endangered by an authority recognized by the county.

_____(4) Sites within urban areas to be left in their natural state where the site is of at least 1-acre in size and is predominately forested with mature specimen trees.

_____(5) Areas which are in an undeveloped, natural state and are not under the jurisdiction of the State Shoreline Management Act and are situated within stream corridors, i.e., streams and/or their associated stream buffers of 50-feet on either side of the stream. Buffer width may be increased from the 50-foot standard due to topographic, vegetative or wildlife habitat features which would logically suggest a wider buffer.

_____(6) Undeveloped, natural areas adjacent to water bodies which come under the jurisdiction of the State Shoreline Management Act and are designated by the master plan as "natural", "conservancy", "rural", "suburban" or "urban" type environment.

_____(7) Sites within an urban area which would serve as a buffer between residential development and tracts of land in excess of five acres which are designated on an adopted comprehensive plan for commercial or industrial development:

___(a) Where the site area is covered by stands of trees in excess of 20-feet in height, **and**,
___(b) Where the ground vegetation creates a visual separation of at least 50-feet between the residential tracts of land and the commercial or industrial lands, **or**;
___(c) Where the topographic features of the site form a physical separation from the abutting commercial or industrial lands by reason of gully or ravine or similar land condition.

_____(8) Areas that would safely provide either public vehicular or pedestrian access to public bodies of water:

___(a) Where the site area abutting the water is at least 60-feet in width for vehicular access, **or**;
___(b) Where the site area abutting the water is at least 25-feet in width for pedestrian access.

_____(9) Areas which provide a scenic vista to which the general public has safe vehicular or pedestrian access.

_____(10) Sites devoted to private outdoor recreational pursuits such as golf courses, riding stables, lakes, etc., provided that access to such facilities and areas is provided to the general public free of charge or at reasonable, customary rates.

_____(11) Areas which contain features of unique historic, cultural or educational values which are open to the public's use, (e.g. public access to displays, interpretive centers, etc.), free of charge or at reasonable, customary rates:

___(a) Where there are several varieties or species of flora, fauna, or both present on the site making it desirable for educational study, **or;**
___(b) Where there are habitats or species of plant life which are considered rare, sensitive, threatened or endangered by an authority recognized by the county, **or:**
___(c) Where there is or are recognized landmarks present on the site which provide visual reference and orientation for surrounding terrain (would include major promontories and rock formations but would exclude mountain forms and ranges), **or**;
___(d) Where there are historic or archeological features on the site of at least fifty years of age, which would have value to future generations due to the uncommon nature or rare representation of past times and events.

_____(12) Areas located adjacent to public parks, public trails or other public lands which would materially add to or enhance the recreational opportunities of that facility:

___(a) Where such a site would constitute a logical extension of the park or other public lands including provisions for public use but has been excluded principally by lack of funds, **or;**
___(b) Where the site would provide additional public access to such lands during the duration of its open space classification, **or**;
___(c) Where the site contains unique features of recreational value which if public use of the site were allowed would expand the variety of recreational opportunities contained in the park or public land, **or**:
___(d) Where the site would act as a buffer between the park and surrounding development.

_____(13) Areas which contain or abut managed or monitored wildlife preserves or sanctuaries, arboretums or other designated open space and which will enhance the value of those resources:

___(a) Where the open space designation would encompass a minimum of 10 acres in land area, **and:**
___(b) Where plant life and/or animal life contained within the site are found in abundant varieties, **or:**

___(c) Where the site area can be distinguished from surrounding land due to the unusualness of the vegetation or the animal life inhabitants.

_____(14) Wetland areas of at least 1/4 acres in size. Associated wetland buffers of 50-feet may also be included. The wetland buffer width may in increased from the 50-foot standard due to topographic, vegetative or wildlife habitat features which would logically suggest a wider buffer.

_____(15) Areas which lie adjacent to scenic highways which if not designated as open space would otherwise be subject to pressures for intense development:

___(a) Where such highways have been designated by a city, the county or the state as scenic, **and**:
___(b) Where at least one-half of the total site lies within 200 feet of the highway, and;
___(c) Where pressures for urbanization are evident either due to provision of public water and sewer facilities to the area, subdivision activity in the immediate vicinity or the site, or the development of previously platted lands.

_____(16) Undeveloped areas, five acres and larger which are not within the 100-year flood plain, suitable for agricultural pursuits which may not currently be devoted to such use:

___(a) Where the comprehensive land use plan or the agricultural preservation plan designates the site as suitable for agricultural development, **or;**
___(b) Where more than 75% of the total site area contains tillable Class II or III variety soils as classified by the Soil Conservation Service.

_____(17) Undeveloped areas which contain a minimum of five (5) acres which are located within the 100-year flood plain as established by the U. S. Army Corps of Engineers or Snohomish County.

_____(18) Areas where the entire site is in an undeveloped, natural state and is considered geological hazardous by an authority recognized by Snohomish County.

_____(19) Areas which are protective buffers as required by development regulations implementing the Growth Management Act.

_____(20) Farm & agricultural conservation land as defined in RCW 84.34.020(8)

___(a) Land that was previously classified as Open Space Farm & Agriculture under subsection (2) of this section, that no longer meets the criteria of subsection (2) of this section, and that is reclassified under subsection (1) of this section; **or**
___(b) Land that is traditional farmland that is not classified under chapter 84.33 or 84.34 RCW, that not been irrevocably devoted to a use inconsistent with agricultural uses, and that has a high potential for returning to commercial agriculture.

NOTE: An **URBAN AREA** is defined as: an area, designated on an adopted comprehensive plan with a density of 2 or more dwelling units per acre: and/or zoned residential 20,000 (R-20,000), or at a higher density than R-20,000; and/or within an incorporated area.

Upon the adoption of urban growth boundaries pursuant to RCW 36.70A.110, urban area shall be defined as the areas within the adopted boundaries.

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Appendix 7: Open Space Public Benefit Rating System Programs in Puget Sound

Highlights are some of the challenges of application of this incentive for single family shoreline properties. Compiled by Futurewise (9/13). DRAFT

County	San Juan (updated 2011)	Island (2002)	Jefferson (1991)	Clallam (2003?)	Thurston (2004)
Point thresholds	Minimum needed = 30 points (Must have at least 20 Resource points). Max points = 70	Must have at least 1 priority resource. Maximum points = 57	Minimum needed = 5 points. Max = 12 points		Minimum needed = 3 points. Must have ≥ 1 priority resource.
Red. in ass'd value	Points equate to percentage reduction in property tax	Pts 0-4 9 14 19 24 29 34 39 40+ % 0 20 30 40 50 60 70 80 90	Pt 1* 2* 3* 4* 6 8 10 12 % 5 10 15 20 30 50 70 90	Pts <2 2 4 7 10 13 16 19 22 23 % 0 5 10 20 30 40 60 70 80 90	Pt 0-2 6 11 13 % 0% 50% 70% 90%
Comments		Process takes 3 years		All existing parcels in program are open space, none in farm/ag, per county staff.	Gives points for restoration (one point)
Restrictions	All Class A/B noxious weeds must be removed or have plan	• Property must be ≥ 5 acres in size and contain at least 1 open space resource. If includes a residence, at least 1 acre of property is ineligible. • Buffer areas required as part of an existing requirement are not eligible as a surface water quality buffer area, unless other conditions beyond those required by regulation are imposed.	• As a condition of approval, owners of open space parcels must agree to provide a certain degree of public access, unless waived due to sensitive environmental or archeological need	• Any areas utilized for residential uses are excluded (at least 1 acre but could be more).	• Property must be ≥5 acres, except where Eligibility Criteria indicate otherwise. If includes a residence, at least 1 acre of property is ineligible. • Open space areas that are associated with, and which contribute to a development's receiving its maximum development potential under land use regulations are ineligible
Point System	**Resource Categories [Max (cap)=40 pts]** **Natural and scenic resources** • Natural designation [Max 3 X 3M*] • Visual Quality of the site as seen from roads and/or ferry routes [Max 0.5 X 3M] • Significant wildlife area that provides habitat [Max 3pts] **Water resources** • Lands within a priority watershed are identified on the San Juan County Shoreline Master Program Designated Environments Map, or recognized in the San Juan County Watershed Ranking report [Max 3pts] • Wetlands, lakes, and/or streams/stream corridors [Max 3pts] • Salt water such as tidal marshes and estuaries [Max 3pts] **Fragile resources.** • Special animal or plant sites [Max 3pts] • Hazard prone sites [Max 3pts] • Geological/geomorphological [Max 3pts] • Lands abutting property of public value [Max 6pts] • Compatible recreational use areas [Max 9pts] • Historic sites [Max 3pts] • Open space within communities [Max 3pts] **Public access category** **Level of public access [Max=30 pts]** • Group access [From 1-10pts] • Access with notification to landowner [From 11-20pts] • Unlimited access [From 21-30pts] **Resource protection category** • Conservation Easement Bonus. [Max: Resource points X 20%] • Density Reduction in perpetuity by a conservation easement or other appropriate instrument [Max 15pts] • Parcel Size [Max 4pts]	**Priority Resources [Max (cap) = 30 pts in no more than 6 categories]** **High Priority Resource [5 Points each]** • Resource and Rural Agricultural Lands • Rural Forest Lands/Woodlots • Privately Owned Trails and Corridors • Natural Shoreline Environments* • Significant Fish and Wildlife Habitat Conservation Areas, Special Plant Sites, Category A Wetlands • Historic Landmark/Archaeological Site • Private Lands within Designated National Preserves **Medium Priority Resource [3 Points each]** • Conservancy Shoreline Environment"" • Flood Hazard Buffer Area • Geologic Hazard Buffer Area • Scenic Natural Resources, Viewpoint, or View Corridor • Urban Growth Area Open Space • Public Lands Buffer • Category 'B' Wetlands **Low Priority Resource [1 Point each]** • Artificial (Category C) Wetlands **Bonus system [Max (cap) = 27 pts]** **Bonus - Resource** • Public Priority [5 pts] • Resource Restoration [5 pts] • Bonus Surface Water Quality Buffer [1, 3, 5 pts] • Contiguous Parcels Under Separate Ownership [2 pts] • Conservation/Historic/Trail Easement in Perpetuity [5 pts] • Approved Rural Stewardship Plan [5 pts] **Bonus – Public Access** • Unlimited Public Access [5 pts] • Limited Public Access – Due to Resource Sensitivity [5 pts] • Privately Owned Tideland Access [5 pts] • Limited Public Access [3 pts] **Super Bonus Category** Properties with ≥1 high priority open space resource AND which allow unlimited public access or limited public access for a sensitive area AND which convey conservation, historic, or trail easement in perpetuity, are eligible for current use value at 10% of assessed value.	**Priority Resources [Max (cap) = 4 pts]** **High Priority Resource [2 Points each]** • Historic Landmark/Archaeological Site • Significant geologic and shoreline features • High priority wetlands • High priority shorelines • Significant fish and wildlife habitat • Special animal and plant sites • Public water supply watersheds • Surface water quality buffer areas • Floodplains • Urban open space **Low Priority Resource [1 Point each]** • Low priority shorelines • Public lands buffer • Scenic vistas • Steep slopes • Prime agricultural lands • Low priority wetlands **Public access [Max = 3 pts]** • Unlimited access [3 pt] • Restricted access due to environmental sensitivity [3 pts] • Some access (members, seasonal or physical inhibiting [1 pt] **TDR** • Transfer of Development Rights [Max 6 pts] **County Policy Goals [Max = 2 pts]** • Implements parks, recreation and open space plan [1 pt] • Provides buffer between conflicting uses [1 pt] • Limits access, congestion and strip-commercial development [1 pt] • Preserves corridors for future roads [1 pt] • Abuts public sanctuary, reserves, etc [1 pt] • Provide open space corridor between UGAs or retains fish and wildlife habitat [1 pt] **Tidelands, Shorelands and Buffers** • Undeveloped shorelands buffers (≥200') [3 pts] • Undisturbed vegetated marine shorelands buffers backed by forest land (≥200') [11 pts] • Aquaculture tidelands [11 pts]	**Resources** **Highest Public benefit [Max 23 pts]** • Conservation easement or transfer of development rights **Very High Public benefit [Max 15 pts]** • Lot combination of undeveloped land. The resulting parcel must be subdividable [Max 15 pts] • Public access [Max 15 pts] **High Public benefit [Max 15 pts]** • Farm and agricultural conservation lands **Medium/High Public benefit [3 pts each. Max 12 pts]** • Floodways, floodplains, meander zones • Class I or II wetlands • Habitat or endangered species protection • Rare or unique plants • "Natural" or "Conservancy" Environment, Shorelines of Statewide Significance* • Historical/archeological sites • Designated open space, wildlife or green belt corridor • Type 1 or 2 streams [increase to 6 pts if create riparian buffer twice the CAO width] • Scenic vistas • Parcels which are legally subdividable **Medium Public benefit [2 pts each. Max 6 pts]** • Type 3 or 4 streams • Landslide hazard areas • Class III wetlands • Well head protection areas • "Rural" environment shorelands* • Privately-owned recreational facilities • Abuts public lands (parks, reserves, forests, etc.) **Low Public benefit [1 pt each. Max 2pts]** • Type 5 streams • Class IV wetlands • "Suburban" or "Urban" Environment shorelands*	**Priority Resources [Max (cap) = 9 pts]** *Up to 20% of a parcel that is adjacent to a priority resource (like a wetland) may be eligible for the for open space* **High Priority Resource [3 Points each]** • Farm and Agricultural Conservation Lands • Fish-rearing habitat – ponds and streams • Geological and shoreline features • Historical sites • Private recreational areas • Rural open space close to urban or growth areas • Significant wildlife habitat • Special plant sites • Urban or growth area open space **Medium Priority Resource [2 Points each]** • Public land buffers • Scenic vista or resources **Low Priority Resource [1 Point each]** • Resource restoration **Public access category** **Level of public access [Max = 4 pts]** • Partial access (seasonal or members) [1 pt] • Substantial Access [2 pts] • Unlimited access [4 pts] **Bonus** Properties with ≥1 high priority resource AND which convey a conservation or historic easement in perpetuity, are eligible for current use value 10% of assessed value (90% reduction).
Notes	*M is maximum multiplier for category	*Defined as "natural" environment in SMP with no structures or buildings within 200 feet upland from the ordinary high water mark. ** Defined as "conservancy" in SMP with no structures within 150 feet upland.	*grandfathered parcels	* Defined as properties which contain or abut shorelines classified by SMP	

County	Pierce (updated 2011)	Kitsap (1992)	King (updated 2011)	Whatcom (1995)
Point thresholds	Minimum needed = 3 points Maximum points = 25	A. ≥2 priority resources with no more than 1 in low priority category equates to 50% reduction. B. ≥2 priority sources with no more than 1 in the low priority category and with appropriate public access = 60% C. ≥3 priority resources with no more than 1 in the low priority category and including a conservation easement = 80% D. ≥3 priority resources with no more than 1 in the low priority category and including a conservation easement and appropriate public access = 90%	Must have at least one open space resource. Minimum needed = 5 points	Minimum needed = 45 Public Benefit Rating (PBR) which is based on points and value multiplier below
Reduction in assessed value	0-2 3 6 9 12 15 18 20 25+ 0% 20% 30% 40% 50% 60% 70% 80% 90%		Pts 0-4 5-10 11-15 16-20 21-34 35-52 0% 50% 60% 70% 80% 90%	New value = FMV – ((FMV-CUV) X PBR) FMV is fair market value and CUV is current use value
Comments	Fee is $1200		Gives bonus for restoration Gives many points for equestrian/ped/bike trails	Strong focus on recreational value.
Restrictions	• Public access is mandatory for those resource categories which either contain public access requirements in the definition or eligibility criteria. These resource categories will automatically be granted bonus category points for public access. • Any areas utilized for residential uses or uses other than open space are excluded (at least 1 acre but could be more).	• Any areas utilized for residential uses are excluded (at least 1 acre but could be more).	• Ineligible if required as part of a development process or required by zoning or other regulation. Eligible, however, if it provides further public benefit and there is enrollment of ≥10% additional open space beyond that restricted or required and native plants are dominant or have plan. • Ineligible if any portion of a property is dominated by or whose resource value is compromised by invasive plant species or have plan.	• As a condition of approval, owners of open space parcels must agree to provide a certain degree of public access unless waived due to sensitive environmental or archeological need (and the County Council can waive this in some circumstances).

Point System	**Priority Resources [Max (cap) = 15 pts in no more than 6 categories]**
	High Priority Resource [5 Points each]
	• Agricultural Lands
	• Critical Salmon Habitat
	• Fish & Wildlife Habitat Conservation Areas
	• Marine Waters*
	• Prairie Land
	• Streams**
	• Wetlands, Estuaries & Tidal Marshes
	• Wooded Areas
	Medium Priority Resource [3 Points each]
	• Aquifer Recharge Areas
	• Archaeological Sites
	• Flood Hazard Areas
	• Historic Landmark Sites
	• Lakes*
	• Private Open Space Passive Recreation
	• Privately Owned and Operated Recreational Facilities
	• Private Trails & Corridors
	Low Priority Resource [1 Point each]
	• Landslide & Erosion Hazard Areas (Steep Slopes)
	• Private Parks & Private Golf Courses w/Developed Facilities
	• Scenic View Points & Corridors
	• Seismic Hazard Areas
	• Volcanic Hazard Areas
	
	Bonus system
	• Public Access Granted (Note: Some priority resource categories require public access.) [5 pts]
	• Conservation/Historic Easement Granted in Perpetuity [10 pts]
	• Site Within a Designated Urban Growth Area (UGA) or the Comprehensive Urban Growth Area (CUGA) [5 pts]
	• Site is Adjacent to (abuts) or Creates Linkage with Another Open Space Parcel [5 pts]
	Super Bonus Category
	Properties with ≥ 5 priority resource points AND which allow a degree of public access appropriate to the sensitivity of the resource(s) AND which provide a qualifying conservation easement in perpetuity [25 pts]
		Priority Resources
		High Priority Resource
		• Fish-Rearing Habitat Ponds and Primary Stream Buffers
		• Wetlands, Ponds and Streams
		• "Natural" Shoreline Environments*
		• Special Animals and Plants
		• Significant Wildlife Habitats
		• Archaeological and Historical Sites
		• Urban Open Space
		• Designated Open Space
		• Watersheds
		• Farm and agricultural conservation land
		• Conservation easement
		• Land or interest acquired for open space or conservation futures
		Medium Priority Resource
		• "Conservancy" Shoreline Environments**
		• Secondary Stream Buffers***
		• Geologic and Shoreline Features
		• Public Lands Buffer
		Low Priority Resource
		• Steep Slopes
		• Private Recreation Areas
		• "Rural" Shoreline****
		• Preservation of visual quality
		
		Appropriate public access sequence
		The first of the following which does not conflict with the purposes of the open space classification, and where the landowner is protected from liability for unintentional personal injury to the public:
		• The public shall be entitled to **free access** to this property, subject to notification to and consent of the owner. Access is limited to passive forms of recreation or educational pursuits in which the land and its ecological balance remain undisturbed.
		• Public **access is limited to education and demonstration by example** on recreational properties that require user membership.
		• Due to sensitivity of the land, access shall be **limited to educational and scientific purposes only**. Public access may be limited to certain times of the year to avoid disruption of "special animals or plants."
		• Due to environmental sensitivity, as verified by a qualified wetlands expert, biologist or appropriate state agency, public **access shall not be required**.
			Open Space Resources
			• Public recreation area - 5 points
			• Aquifer protection area - 5 points
			• Buffer to public or current use classified land - 3 points
			• Equestrian-pedestrian-bicycle trail linkage - 35 points
			• Active trail linkage - 15 or 25 points
			• Farm and agricultural conservation land - 5 points
			• Forest stewardship land - 5 points
			• Historic landmark or archaeological site: buffer to a designated site - 3 points
			• Historic landmark or archaeological site: designated site - 5 points
			• Historic landmark or archaeological site: eligible site - 3 points
			• Rural open space - 5 points
			• Rural stewardship land - 5 points
			• Scenic resource, viewpoint or view corridor - 5 points
			• Significant plant or ecological site - 5 points
			• Significant wildlife or salmonid habitat - 5 points*
			• Special animal site - 3 points
			• Surface water quality buffer - 5 points**
			• Urban open space - 5 points
			• Watershed protection area - 5 points
			
			Bonus Categories
			• Resource restoration - 5 points
			• Additional surface water quality buffer - 3 or 5 points
			• Contiguous parcels under separate ownership – minimal 2 points
			• Conservation easement or historic easement - 15 points
			
			Public access – points depend on type and frequency of access allowed
			• Unlimited public access - 5 points
			• Limited public access because of resource sensitivity - 5 points
			• Environmental education access - 3 points
			• Seasonally limited public access - 3 points
			• None or members only - 0 points
				Priority Resources [max of 10 pts in each of 7 areas]
				• **Conserve or Enhance Natural, Cultural or Scenic Resources:** Unique scenic vistas, buffers between areas of commercial or industrial activity and areas of human habitation, lands which can serve to prevent the spread of high density residential development into less developed areas, and lands located adjacent to airports
				• **Protect Streams, Stream Corridors, Wetlands, Natural Shorelines and Aquifers:** Lands adjacent to or in floodplains, areas of domestic water supply and/or streams or rivers, bogs or swamps, waterbodies, wetlands and tidal areas where, if alterations were to occur, there would be a resulting loss of quality and function
				• **Protect Soil Resources and Unique or Critical Wildlife and Native Plant Habitat:** Steep slopes, areas prone to erosion, habitat or endangered species protection, rare or unique plants
				• **Promote Conservation Principles by Example or by Offering Educational Opportunities:** Lands which are an example of application of conservation principles or offer conservation education.
				• **Enhance the Value to the Public of Abutting or Neighboring Parks, Forests, Wildlife Preserves, Nature Reservations or Sanctuaries or Other Open Spaces:** Areas identified for future park acquisition, areas which would help implement of County Trail Plan, buffer areas for public lands (parks, forests, wildlife preserves, nature reservations, sanctuaries, schools)
				• **Enhance Recreation Opportunities:** Public recreational facilities with opportunities for passive recreational activities
				• **Preserve Historic and Archaeological Sites**:
				
				Value multiplier [Max (cap) = 140%]
				• Public Access [Max 40% increase]
				• Water Resource Protection [Max 20% increase]
				• Wildlife Habitat [Max 20% increase]
				• Parcel Size
				  ○ ≥20 acres [Max 10% increase]
				  ○ <5 nominal acres [Max 10% decrease]
				• Linkage With Other Open Spaces [Max 5% increase]
				• Natural Areas [Max 5% increase]
				• Financial Advantage [Max 40% decrease]
				• Discretionary value may be added or subtracted where land provides or detracts from public benefits other than those specifically listed above. [Max 40% increase or decrease]

Notes	* Undeveloped shoreline areas adjacent to marine waters of Puget Sound and associated tidelands (as defined by Pierce County SMP). ** Buffer areas associated with streams and rivers as required by Pierce County CAO and unimproved areas contiguous with required stream buffer areas extending up to 200 feet landward from the ordinary high water mark of the stream.	*Defined as "natural" environment in SMP within 200 feet upland from the ordinary high water mark. ** Defined as "conservancy" in SMP within 200 feet upland. ***Defined as a streamside buffer at least seventy-five feet in width which is in addition to a primary streamside buffer. ****Defined as "rural" environment in SMP within 200 feet upland from the ordinary high water mark.	* Must provide a buffer ≥15% in width than required by any applicable regulation for credit for salmonid habitat to be awarded. Property consisting mainly of disturbed or fragmented open space with minimal wildlife habitat significance is ineligible ** Undisturbed area with native plants are dominant adjacent to a waterbody, with buffer that is ≥50% wider than the buffer required by regulation and longer than 25'	