



Washington State Conservation Commission

September 8, 2016

TO: David Schumacher, Director
Office of Financial Management

FROM: Mark Clark, Executive Director
Washington State Conservation Commission

SUBJECT: 2017-19 SCC Operating and Capital Budget Submittal

Have you ever wondered why we continue to have environmental problems after we have committed millions of dollars for natural resource protection and improvement? How are we going to make the needed improvements with limited financial resources? And, how do we maintain a strong, vibrant farm economy while improving our natural environment?

The Washington State Conservation Commission (SCC) 2017-19 operating and capital budgets include new proposals to 1) improve environmental performance, 2) maximize financial resources through multi-agency coordination and strategic targeting of natural resource concerns, 3) monitor environmental effectiveness, and 4) engage our state's farmers and ranchers in solutions for a resilient farm economy.

The SCC works closely with the 45 conservation districts across the state to empower landowners with the knowledge, expertise, and capacity needed to implement best practices that protect and enhance Washington's natural resources. The SCC also coordinates this work with our local, state, federal, and tribal partners to maximize the effectiveness of limited resources to achieve measurable results. Today I am pleased to submit this 2017-19 operating and capital budget request as a proposal to advance our on-the-ground work with landowner cooperation and partner collaboration.

Our 2017-19 operating and capital budgets include proposals to improve program performance and increase measurable outcomes that benefit natural resources and landowners. We will meet Governor Inslee's Results Washington goals of increased best management practice (BMP) implementation through innovative, targeted implementation of practices that focus on measurable natural resource improvements while engaging landowners in long-term solutions.

New and innovative approach to natural resource protection and enhancement

In this continuing era of limited funding, we need a new approach to sustain and advance natural resource protection and enhancement. The Conservation Commission, through these budget requests, is proposing the following new and innovative approach:

- Target actions to address specific priority natural resource concerns in focused geographic locations.
- Establish measurable objectives for natural resource improvements in these focus areas.
- Engage landowner participation in natural resource protection and restoration programs so on-the-ground actions are maintained over time.
- Coordinate with local, state, national, and tribal agencies, as well as non-profit groups, to maximize limited resources toward a common environmental objective.
- Monitor and measure natural resource improvement, and adaptively manage based on the results.

The attached decision packages support this new approach and will advance the Governor's Results Washington objectives for BMP implementation, shellfish restoration, salmon habitat improvement, and a strong and economically viable agricultural sector.

Opportunities to maximize outcomes with limited resources

Several of our proposed decision packages use a targeted approach to address natural resource concerns. Existing environmental programs fund activities by scoring, ranking, and funding projects at the top of the list. There's little regard to location of funded projects in relation to each other, nor are resources focused in a specific area for resource results. In our proposals, we will target limited financial resources to environmental concerns in a focused geographic area to get measurable performance improvement.

These measurable improvements will be based on existing monitoring data and resource conditions. As on-the-ground projects are implemented, the impacts will be monitored and improvements measured. Existing programs at various environmental agencies do not use this approach. By monitoring resource condition improvements, we ensure that we are funding the right project, in the right place, and getting the right results.

Each of our proposals will use the local skills and expertise of our 45 conservation districts. District staff establish trusting relationships with local landowners and work with them to install on-the-ground best management practices in a way that works for the environment and the landowner. With this approach, we get the needed practice installed, and a landowner who is committed to the success of the practice and can stay in the business of farming.

We will maximize limited financial resources at all natural resource agencies at all levels through more focused coordination of various agency programs. Currently agencies implement programs in silos, often not in coordination with other agencies' programs. This approach is not only inefficient, it's also ineffective. Our proposals will engage other agencies at all levels of government, as well as tribes and non-profit organizations, to maximize financial resources.

Operating budget request

The SCC operating budget request includes innovative programs that implement this new approach to address natural resource concerns while maintaining the viability of agriculture.

Conservation Technical Assistance – This proposal is the cornerstone of our new approach to conservation implementation. It provides funding to conservation districts to develop proposals that address local natural resource priority needs, identify key parcels for action, monitor for results, and work collaboratively with other partners.

Working Lands – There are four parts to this proposal: 1) expand the successful Vets on the Farm program; 2) improve coordination of local food policy and small farm efforts; 3) develop local farmland preservation strategic plans for more efficient program implementation; and, 4) begin implementation of the nearly 600 on-farm energy efficiency plans already developed.

Voluntary Stewardship Program (VSP) – This requested enhancement ensures the successful completion of local VSP work plans and moves toward plan implementation. The VSP is a collaboration between counties and agricultural and environmental interests.

Disaster Preparedness and Recovery – When there's a natural disaster, local farmers and landowners are directly impacted. Currently there is no system for outreach to these individuals to help them in their time of need. This proposal will train conservation district staff on disaster response processes at various state and federal agencies so when a disaster occurs, these trained staff can go into the field to help the landowners.

Fire Recovery / Firewise – Recent devastating fires in eastern Washington continue to leave scars on the landscape that need restoration. This proposal will continue the post-fire recovery work. Funding will also support Firewise efforts. This program works with homeowners to remove vegetation to create safe zones and protect from future fires.

Capital budget request

Our 45 conservation districts are extremely efficient and effective at working with landowners to put conservation on the ground. Our 2017-19 capital budget requests enable districts to accelerate their success in order to meet new demands and challenges for progress on resource concerns such as salmon habitat restoration and shellfish growing area recovery, which are priorities for Governor Inslee.

Shellfish Restoration Projects and Natural Resource Investments – This proposal funds critical projects to protect shellfish resources through improved water quality. Funding will maintain the momentum of two biennia of on-the-ground work to reopen shellfish

beds. Funding will also support projects in other areas of the state, protecting air and water resources, improving water quality, enhancing endangered species habitat, and preserving economically viable farms.

CREP Project Implementation – Funding will support the accelerated implementation of the highly successful Conservation Reserve Enhancement Program (CREP). This program protects and enhances critical salmon habitat, a high priority for the Governor and Washington tribes.

Engineering – On-the-ground capital-funded projects must be engineered to strict standards. This professional review and approval takes time, and insufficient capacity delays project review and implementation. This funding request builds capacity to increase the number of projects approved, removing a potential choke-point for getting capital-funded projects completed.

Federal RCPP Match – The Regional Conservation Partnership Program (RCPP) is a federal Farm Bill program that combines four federal programs into one for more efficient program implementation. Project proponents must submit proposals for national approval. To date there are six RCPP projects in Washington, attracting over \$23 million in federal funds. This proposal will continue the required state match portion of the program.

Farmland Preservation Focus Area Project – This proposal applies the targeted focus area approach to farmland easements. A geographic area will be identified as a high priority for farmland preservation easement opportunities. Outreach to landowners will be conducted through a collaborative local approach. This will improve upon existing farmland preservation easement programs by being more effective with limited resources.

In building our 2017-19 operating and capital budgets, the Conservation Commission is taking the opportunity to create a new approach to implement conservation programs. A new approach that is more efficient and effective with limited resources. An approach that focuses on environmental performance and improvement. An approach that works with our Washington farms to achieve long-term success.

We hope that you will support these exciting proposals. If you or your staff have any questions, please feel free to contact Ron Shultz, SCC Policy Director at rshultz@scc.wa.gov, and Eleanor Dovey, SCC Fiscal Manager at edovey@scc.wa.gov.



Washington State Conservation Commission

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**471 - State Conservation Commission
Ten Year Capital Plan by Project Priority
2017-19 Biennium**

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS001

Date Run: 9/7/2016 3:14PM

Project by Agency Priority

| Priority | Project by Account-EA Type | Estimated Total | Prior Expenditures | Current Expenditures | Reapprop 2017-19 | New Approp 2017-19 | Estimated 2019-21 | Estimated 2021-23 | Estimated 2023-25 | Estimated 2025-27 |
|----------|--|-------------------|--------------------|----------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| 1 | 30000010 Natural Resources Investment for the Economy and Environment | | | | | | | | | |
| | 001-2 General Fund-Federal | 6,000,000 | | 1,000,000 | | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| | 057-1 State Bldg Constr-State | 53,000,001 | 7,750,001 | 2,124,000 | 3,126,000 | 8,000,000 | 8,000,000 | 8,000,000 | 8,000,000 | 8,000,000 |
| | Project Total: | 59,000,001 | 7,750,001 | 3,124,000 | 3,126,000 | 9,000,000 | 9,000,000 | 9,000,000 | 9,000,000 | 9,000,000 |
| 1 | 30000018 Improve Shellfish Growing Areas | | | | | | | | | |
| | 057-1 State Bldg Constr-State | 34,000,000 | | 652,000 | 3,348,000 | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 |
| 2 | 30000012 CREP Riparian Contract Funding | | | | | | | | | |
| | 057-1 State Bldg Constr-State | 24,497,000 | 1,851,786 | 2,210,214 | 400,000 | 4,007,000 | 4,007,000 | 4,007,000 | 4,007,000 | 4,007,000 |
| 2 | 30000020 Engineering Project Design and Implementation | | | | | | | | | |
| | 057-1 State Bldg Constr-State | 13,500,000 | | | | 2,700,000 | 2,700,000 | 2,700,000 | 2,700,000 | 2,700,000 |
| 3 | 30000009 CREP Riparian Cost Share - State Match | | | | | | | | | |
| | 057-1 State Bldg Constr-State | 22,690,000 | 1,984,572 | 2,705,428 | 500,000 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 |
| 4 | 30000017 Match for Federal RCPP Program | | | | | | | | | |
| | 001-2 General Fund-Federal | 63,000,000 | | 3,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | | | |
| | 057-1 State Bldg Constr-State | 15,897,000 | | 948,000 | 4,052,000 | 9,145,000 | 1,168,000 | 584,000 | | |
| | Project Total: | 78,897,000 | | 3,948,000 | 24,052,000 | 29,145,000 | 21,168,000 | 584,000 | | |
| 5 | 30000021 Farmland Preservation Focus Area Project | | | | | | | | | |
| | 057-1 State Bldg Constr-State | 4,000,000 | | | | 4,000,000 | | | | |
| 6 | 92000004 Conservation Commission Ranch & Farmland Preservation Projects | | | | | | | | | |
| | 057-1 State Bldg Constr-State | 9,192,050 | | 47,050 | 9,145,000 | | | | | |
| 7 | 30000011 CREP PIP Loan Program | | | | | | | | | |
| | 552-1 Cons Assistance Acct-State | 414,282 | 14,282 | 50,000 | 100,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |

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|-----------------|---|------------------------|---------------------------|-----------------------------|-------------------------|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 8 | 92000009 Dairy Nutrient Demonstrations Low Interest Loans | | | | | | | | | |
| | 355-1 St. Bld Const Acct-State | 5,000,000 | | | 5,000,000 | | | | | |
| Total | | 251,190,333 | 11,600,641 | 12,736,692 | 45,671,000 | 58,402,000 | 46,425,000 | 25,841,000 | 25,257,000 | 25,257,000 |

Total Account Summary

| <u>Account-Expenditure Authority Type</u> | <u>Estimated Total</u> | <u>Prior Expenditures</u> | <u>Current Expenditures</u> | <u>Reapprop 2017-19</u> | <u>New Approp 2017-19</u> | <u>Estimated 2019-21</u> | <u>Estimated 2021-23</u> | <u>Estimated 2023-25</u> | <u>Estimated 2025-27</u> |
|---|------------------------|---------------------------|-----------------------------|-------------------------|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 001-2 General Fund-Federal | 69,000,000 | | 4,000,000 | 20,000,000 | 21,000,000 | 21,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 057-1 State Bldg Constr-State | 176,776,051 | 11,586,359 | 8,686,692 | 20,571,000 | 37,352,000 | 25,375,000 | 24,791,000 | 24,207,000 | 24,207,000 |
| 355-1 St. Bld Const Acct-State | 5,000,000 | | | 5,000,000 | | | | | |
| 552-1 Cons Assistance Acct-State | 414,282 | 14,282 | 50,000 | 100,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Total | | 251,190,333 | 11,600,641 | 12,736,692 | 45,671,000 | 58,402,000 | 46,425,000 | 25,841,000 | 25,257,000 |

| | |
|------------------------|--|
| Policy # | 15-02 Cultural Resources Policy |
| Applies to: | All Conservation Districts |
| Effective Date: | July 1, 2015 as approved by the Commission |

PURPOSE

The Washington State Conservation Commission (WSCC) is sensitive to the cultural resource concerns of the tribes in Washington State and in an effort to help preserve and protect those cultural resources, the Commission encourages each District to communicate with their local tribes regarding the conservation work that they do, in an attempt to develop a working relationship that supports their conservation activities while protecting important cultural resources.

The WSCC for its part, will ensure that future activities of the Washington State Conservation Commission (WSCC) are compliant with the [Governor's Executive Order 0505](#) regarding the preservation and protection of our statewide Archeological and Cultural Resources in the disbursement of State funds to conservation districts for capital construction projects to conserve the state's natural resources.

POLICY

Before a Conservation District can be reimbursed for conservation practices (capital construction projects) with WSCC managed funds (regardless of the source, such as Operational Funds or Capital funds), a District must provide documentation to WSCC that:

1. a GEO-0505 review has been completed or
2. the project/practice is exempted from the GEO-0505 review or
3. a GEO-0505 review is not needed.

PROCEDURE

Procedural guidance to implement this policy is attached and also posted to the WSCC Cultural Resource Website at: <http://scc.wa.gov/cultural-resources-2>.

Current updated cultural resource information will be maintained on the website.

EFFECTIVE PERIOD

This policy is effective July 1, 2015

Attachments

GEO-0505 Complied statement,
Options for Cultural Resource Review
Cultural Resource review procedure with WSCC assistance
Flow Chart of CR Review with WSCC assistance



Washington State Conservation Commission

Governor's Executive Order 05-05 Complied Statement

(Use when requesting reimbursement from WSCC)

1. Identify the Practice/project that this statement applies to: _____

2. Please check one below and complete the blanks:

_____ **Another State or Federal agency**

Cultural Resource Review was completed by: _____ (BPA, WDFW, etc)

_____ **District Completed**

Cultural Resource Review was completed by: _____ Conservation District

_____ **WSCC assisted compliance**

Cultural Resource Review was completed by: _____ Conservation District with WSCC assistance.

_____ **Exempted**

Cultural Resource Review is exempted by a statewide exemption or other exemptions known as _____ (reference other exemption or provide a copy)

_____ **Does Not apply**

Cultural Resource Review does not apply because:

_____ **Prior to Policy**

This practice was completed prior to July 1, 2015, and is not covered under policy recently approved and effective July 1, 2015. (Attached documents for reimbursement are being submitted after 7/1/15)

_____ **Substantially completed prior to policy**

This practice was substantially completed before the Cultural Resource Review Policy took effect on July 1, 2015

3. Submitted by:

Authorized District Signer or a Professional Archeologist

Date

(must be provided to WSCC Financial Staff prior to eligibility for grant reimbursement)



Washington State Conservation Commission

District Options for Cultural Resource Review when using WSCC funds

PROCEDURE:

I. Cultural Resources Goal:

The WSCC goal for the Cultural Resources Review process is to comply with GEO-0505, minimize the impact of any conservation work on Cultural Resources, and to get conservation practices implemented in a cost effective manner.

II. Final Authority:

Because the Governor's Executive Order 0505 holds WSCC accountable for Cultural Resource reviews for Projects funded by WSCC, the WSCC Executive Director will make final decisions regarding whether a Cultural Resource Site Survey or any additional Cultural Resource activities are required prior to WSCC grant reimbursement.

III. Applicability:

This process applies to all District construction projects that are funded in whole or in part with WSCC managed funds.

The cost of complying with the Cultural Resources review process is eligible for grant reimbursement.

IV. Cultural Resources review can be completed in one of three ways:

Option A. Another State or Federal agency completes the review which is documented by a:

1. "GEO-0505 complied statement" signed by an authorized District signer.
(Statement would say: Cultural Resources Review completed by the Bonneville Power Administration (BPA), or Washington Department of Fish and Wildlife (WDFW), etc.

Option B. District completes the review which is documented by a:

1. "GEO-0505 complied statement" signed by an authorized District signer or
2. "GEO-0505 complied statement" signed by a Professional Archeologist

Option C. WSCC assisted compliance with GEO-0505, if requested by District

The WSCC has a procedure to assist districts with the Cultural Resources review of the District's cost shared practices, if assistance is requested by the District.

The WSCC will notify the District when the Cultural Resources review is completed and the District will document the completion by a:

1. "GEO-0505 complied statement" signed by authorized District signer, based upon the report from WSCC.



Washington State Conservation Commission

V. Compliance documentation before WSCC payment.

District must provide a signed "GEO-0505 Complied Statement" to financial staff prior to eligibility for grant reimbursement.

*A standard "GEO-0505 Complied Statement" template is to be used for Options A, B, and C above in which an applicable box (i.e. Complied, Exempted, Does not apply, or Cultural Resources Review completed by another agency) is checked.

VI. Internal Cultural Resources documentation:

Each District is responsible for internally documenting their GEO-0505 compliance which would be subject to review by a responsible agency, such as WSCC.

Option C – Procedures for WSCC Assisted Cultural Resource Reviews

-In order to comply with GEO-0505, the WSCC will use the following procedures when WSCC assists districts with their District's CR review.

Step 1. The District will determine if the project involves any ground disturbing activities or involves any structures 50 years or older and if a CR Review is needed (considering authorized exemptions).

- If the answer is "NO", the District must document this in their practice file.
- If the answer is "YES", go to step 2 and/or 3.

Step 2. For any activities involving structures 50 years or older, the district fills out a Historic Property Inventory (HPI) form on DAHP's Historic Property Inventory online database for DAHP's review. Department of Archeology and Historic Preservation (DAHP) may require more intensive investigation or mitigation of impacts to the structure depending on the historical significance of the building. The district may need assistance from a Professional Archeologist or WSCC staff when dealing with Historic Properties.

Step 3. For any ground disturbing activity, the District must complete DAHP's EZ-1 form to describe the project.

If the District chooses to go ahead and have a professional archeologist do a site specific cultural resources survey (with the archeologist following DAHP guidelines), then the complete survey report will accompany the EZ1 form. (A district may choose to have a Cultural Resource Site Specific Cultural Resource Survey done at any time the District thinks one is warranted.)

-DAHP EZ forms available at: <http://www.dahp.wa.gov/governors-executive-order-05-05>

-DAHP CR Report Cover Sheet at: http://www.dahp.wa.gov/sites/default/files/CRSURVEYcoversheet_Aug2011.doc

Note: This step could certainly be augmented by the District working with any Tribe that is interested and willing to work with the district. Any tribal agreement concerning the project, verbal or otherwise, should be documented and included with the EZ1 report.

Step 4. The District will submit a copy of the EZ-1 Form electronically, and if available, a site specific cultural resources survey, and any previous tribal or DAHP correspondence regarding the project to the WSCC.

Step 5. The WSCC will compile and process all of the appropriate forms and correspondence:

a. If an EZ-1 Form is submitted by the District, the following will be sent out by the WSCC:

- 1) WSCC tribal cover letter with the Director's signature and the EZ1 form to all potentially interested tribes.
- 2) An email to DAHP for review with the EZ1 form and all project correspondence including and tribal, WSCC, and District correspondence.

b. If both an EZ1 form and a Site Specific Cultural Resources Survey have been submitted by the District, the following will be sent out by the WSCC:

- 1) WSCC tribal cover letter with the WSCC Director's signature and only the Cultural Resource Survey (and no other correspondence unless necessary) asking for concurrence to implement to all potentially interested tribes.
- 2) WSCC's email requesting DAHP's review with electronic versions of all WSCC letters, any tribal or district correspondence, and the survey.

Step 6. The WSCC will send DAHP's and the tribes' correspondence and responses, or a lack of response notice to the District,

- a. If DAHP and tribes respond that there will be no effect to cultural resources or do not respond within the 30 day request period then the WSCC will notify the district that the project will be considered to have complied with GEO-0505 and the project may be implemented.

The District will insure that every person working on the project site be familiar with the District's Inadvertent Discovery Plan (IDP) procedures in case any cultural resources are discovered.

The District will consider all mitigation measures into the project that are mentioned in any responses.

- b. If DAHP or a tribe requests more information, the District will be asked to compile required information and submit to WSCC and the cultural resources review process will continue.

c. If DAHP or a tribe suggests that a Site Specific CR Survey is warranted, then the District in consultation with WSCC will decide if a survey is to be done. If one is done then go back to Step 4 and proceed.

d. If the District, DAHP, or the tribes determine there will be a negative effect on cultural resources or historic properties, that cannot be avoided or adequately minimized, then go to step 7.

Step 7. The WSCC Executive Director's may make a determination that a project will have an effect on Cultural Resources or historic properties that would trigger a process of formal consultation regarding whether the effect is adverse or not. Or the WSCC Executive Director may determine that a project will have no effect or minimal effect on CR or historic properties. Due to the potential risk to the agency, the WSCC Executive Director will review a project with the Commission's prior to making a no effect or minimal effect decision.

The WSCC will coordinate the formal consultation process, if formal consultation is needed.

Formal consultation can result in a memorandum of agreement detailing how the adverse effects will be resolved. The CR process is complete after the MOA has been signed by the appropriate consulting parties and then the District/Landowner may proceed with project activity.

WSCC may ask for a professional archeologist to provide input into the process at any time, if needed.

Useful References

-The WSCC Coordinator will maintain tribal contact information and provide it upon request.

-The WSDOT web site also has a current list of tribal contacts at:

<http://www.wsdot.wa.gov/tribal/TribalContacts.htm>

-Tribal cultural resources contact information at:

<http://www.dahp.wa.gov/sites/default/files/Washington%20Tribes%20Contact%20List.pdf>

-Washington Department of Archaeology and Historic Preservation (DAHP) EZ forms at:

<http://www.dahp.wa.gov/governors-executive-order-05-05>

-Governor's Office of Indian Affairs at: <http://www.goia.wa.gov/>

-Tribal information map at: <http://www.goia.wa.gov/Tribal-Information/Map.htm>

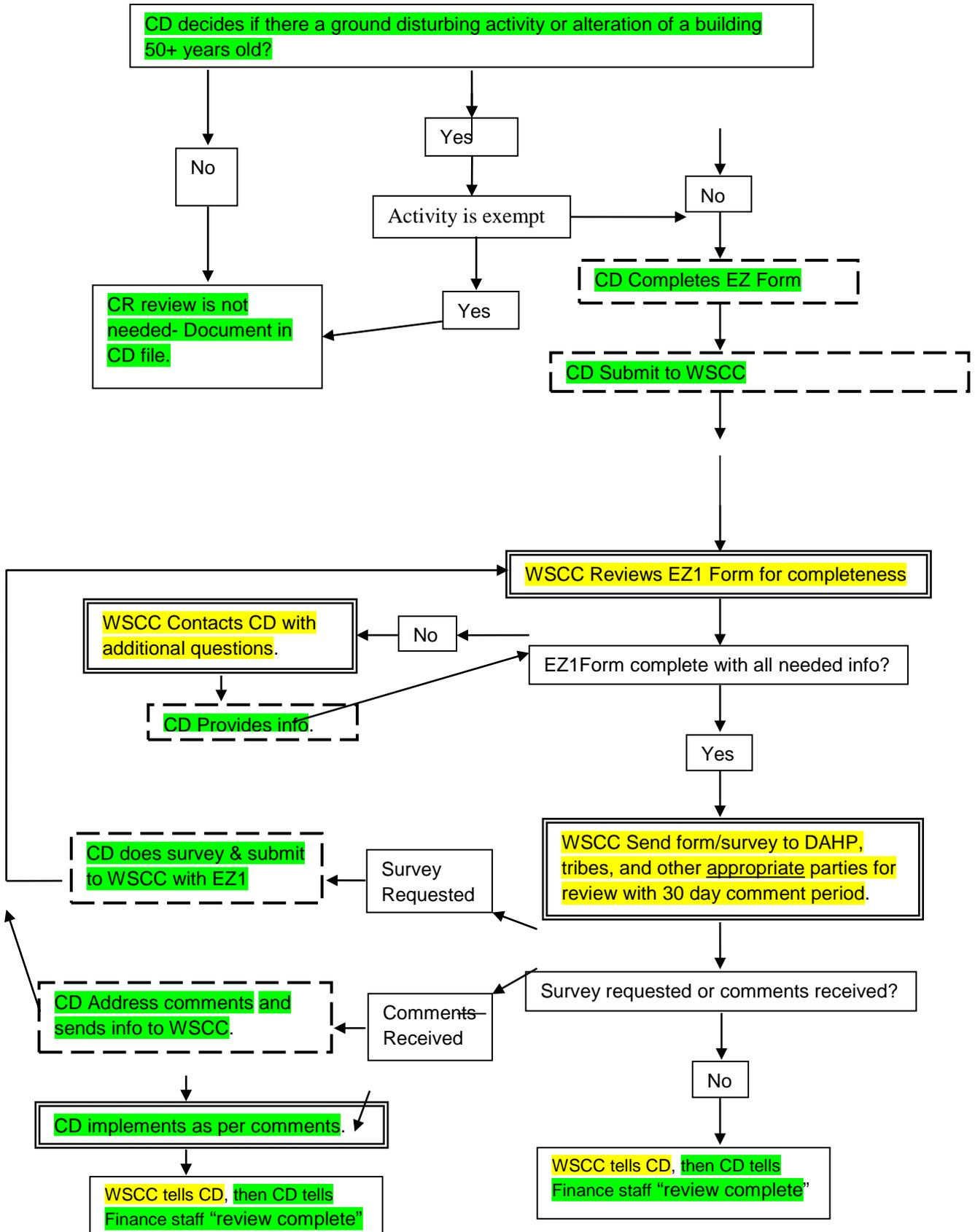
-National Historic Preservation Act, 16 USC 470: <http://www.usda.gov/rus/water/ees/pdf/nhpa.pdf>

-Protection of Historic Properties, 36 CFR 800: <http://www.usda.gov/rus/water/ees/pdf/36cfr800.pdf>

-Advisory Council for Historic Preservation: <http://www.achp.gov/>

-National Register of Historic Places at: <http://www.cr.nps.gov/nr>

Procedural Flow Chart for WSCC Assisted Cultural Resource Reviews (Option C) (6-24-15 version)



Continued: Procedural Flow Chart for WSCC Assisted Cultural Resource Reviews (Option C)(3-6-15)

Section 106 versus Governor's Executive Order 05-05

- Section 106 of the National Historic Preservation Act is applied to actions funded by federal agencies.
 - If Section 106 has been conducted for a project by a federal agency, it may be accepted by WSCC for compliance with GEO-0505.
- Governor's Executive Order 0505 is required for all state funded capital construction projects. This includes projects with both state operating and capital funds provided by the WSCC.
 - GEO-0505 cannot be adopted to meet Section 106 requirements for federally funded projects.
 - The Conservation Commission can accept another state agency's GEO-0505 process to meet WSCC cultural resources review requirements.

Correspondence: Washington State Conservation Commission is responsible, as the funding agency, for contacting the Department of Archaeology and Historic Preservation (DAHP), affected tribes, and other interested parties to meet cultural resource review requirements. Previous approval from DAHP nor the tribes does not necessarily fulfill these requirements but may be considered. WSCC may delegate this to a District with the capacity to do their own GEO-0505 compliance.

EZ Forms: found at <http://www.dahp.wa.gov/governors-executive-order-05-05>

- EZ-1: This form is to provide information about ground disturbing activities.
- EZ-2: This form is to provide information about alterations to buildings 50 years or older.

Ground Disturbing Activities: This refers to any work that impacts the soil or ground from its current conditions. There is no threshold for this criterion. If the activity requires any work that goes below the surface of the ground, it requires a cultural resources review, unless exempted by agreement with DAHP

Changes to Project Design or Project Area: If there are any changes made to the project area or design after cultural resources review has been completed, review will have to be reinitiated in order to capture the changes. It is suggested that cultural resources review begin only after the final design is complete to expedite the process.

Timing: The time period it takes for cultural resources review occurs cannot change. Please plan ahead to ensure enough time is permitted prior to implementation, which could be 45 days or more.

Eligibility

- All activities associated with cultural resources review are grant eligible.
- Construction or BMP implementation that occurs prior to cultural resources review may not be eligible for reimbursement.

Questions? Contact WSCC at email at: commission@scc.wa.gov or call 1.360.407.6200

**** NOTE:** In cases where practices or projects are done involving other state agency funds or federal funds, those other agency CR guidelines should be followed and may be considered to have taken care of WSCC CR requirements.

**471 - State Conservation Commission
Capital FTE Summary
2017-19 Biennium**

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS004
Date Run: 9/2/2016 3:15PM

FTEs by Job Classification

| <u>Job Class</u> | Authorized Budget | | 2017-19 Biennium | |
|---|-------------------|----------------|------------------|----------------|
| | 2015-17 Biennium | | 2017-19 Biennium | |
| | <u>FY 2016</u> | <u>FY 2017</u> | <u>FY 2018</u> | <u>FY 2019</u> |
| GG - Fiscal Specialist 1 - Engineeringl Program Grant M | | | 0.2 | 0.2 |
| GG - Management Analyst 5 - Grant Program Contract | | | 0.5 | 0.5 |
| GG - Program Specialist 3 - Coordination and Contract | | | 1.0 | 1.0 |
| GG - Program Specialist 4 - Coordination and Grant Ma | | | 0.5 | 0.5 |
| WMS 2 - CREP Coordinator | | | 1.0 | 1.0 |
| WMS 2 - Engineering Program Coordination | | | 1.0 | 1.0 |
| WMS 2 - Farmland Preservation Easements | | | 0.5 | 0.5 |
| WMS 2 - Natural Resource Investment Non-shellfish Pg | | | 0.6 | 0.6 |
| WMS 2 - RCPP Program Management & Coordination | | | 0.3 | 0.3 |
| WMS 2 - Shellfish Program Management & Coordinatio | | | 0.4 | 0.4 |
| Total FTEs | | | 6.0 | 6.0 |

Account

| <u>Account - Expenditure Authority Type</u> | Authorized Budget | | 2017-19 Biennium | |
|---|-------------------|----------------|------------------|----------------|
| | 2015-17 Biennium | | 2017-19 Biennium | |
| | <u>FY 2016</u> | <u>FY 2017</u> | <u>FY 2018</u> | <u>FY 2019</u> |
| 057-1 State Bldg Constr-State | | | 600,000 | 600,000 |

Narrative

These FTEs manage and support the capital grant programs that are critical to meet statutory conservation objectives. None of these programs would be possible without this support; they are an essential element of each program's implementation, monitoring, and reporting.

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 3:32PM

Project Number: 3000018

Project Title: Improve Shellfish Growing Areas

Description

Starting Fiscal Year: 2016

Project Class: Grant

Agency Priority: 1

Project Summary

Related to Puget Sound Action Agenda Implementation. Agricultural activities, septic systems, non-point runoff, and other activities can negatively affect water quality causing closure of shellfish growing areas. Loss of recreational, commercial, and tribal shellfish harvest can cause significant economic impact to local communities, tribal economic and subsistence needs, and commercial shellfish operations. In addition, poor water quality can exacerbate localized ocean acidification problems. Since 2013, the Conservation Commission has implemented shellfish projects in a targeted approach to focus projects in local areas to produce measurable natural resource improvements. Funding in this proposal will continue on-the-ground projects to address these negative inputs.

Project Description**What is the proposed project?**

Funding in this proposal will continue support for on-the-ground implementation of best management practices that will address negative inputs to water quality that can lead to downgrades or closure of shellfish harvest areas. The negative inputs include not only nutrient inputs that directly affect shellfish, but will also address inputs that exacerbate ocean acidification impacts.

Management practices funded include fencing to limit livestock access to streams; buffer strips near streams to filter water flowing from the land into the stream; downspout and rain flow management around barns and agriculture areas; installation of equipment to reduce and eliminate toxic chemicals from flowing off crop lands and into streams; repair or replacement of failing septic systems; and assessment of geographic areas near shellfish growing areas to identify sources of negative inputs to water quality.

Management practices will be implemented in a targeted approach whereby conservation districts will identify a geographic area of concern where negative inputs are of the most concern and conduct outreach in these areas to identify and prioritize potential shellfish projects. The projects are funded based on readiness of the landowner to proceed with the project, the severity of resource concerns, the status of the shellfish growing area impacted, and the relationship of the proposed project to other implemented projects along the same stream system.

What opportunity or problem is driving this request?**The reason for the project:**

Loss of recreational, commercial, and tribal shellfish harvest can cause significant economic impact to local communities, tribal economic and subsistence needs, and commercial shellfish operations. In addition, poor water quality can exacerbate localized ocean acidification problems. With the funding in this proposal we can expect an increase in the number of on-the-ground projects implemented by conservation districts to address negative natural resource inputs. Maintaining harvestable levels of shellfish is a priority for the Governor and legislature, and is required by treaty agreements with tribes in the shellfish growing areas of the state.

Historically conservation districts have implemented on-the-ground projects with willing landowners who have expressed an interest. This had led to projects installed across the district area with little connection to each other or to a larger watershed-scale resource objective. In this proposal, conservation districts will implement on-the-ground landowner projects in a more targeted fashion. Projects will be identified in conjunction with other projects in a focused geographic area such as a sub-basin in the watershed. Projects will be connected with local shellfish improvement efforts such as a shellfish protection district. Grouping projects together in a geographic area, will result in a measurable resource improvement.

Funding is distributed to conservation districts after a project proposal is submitted to the Commission. The proposal identifies the resource concern to be addressed, the practice(s) to be implemented, the project cost, the relationship of the project to other projects in the geographic area, and relationship to any coordinated multi-entity program in the area that's addressing

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 3:32PM

Project Number: 3000018

Project Title: Improve Shellfish Growing Areas

Description

shellfish protection.

What is the proposed product?

Funding will support the construction of several management practices including, but not limited to, fencing to limit livestock access to streams; buffer strips near streams to filter water flowing from the land into the stream; downspout and rain flow management around barns and agriculture areas; installation of equipment to reduce and eliminate toxic chemicals from flowing off crop lands and into streams; repair or replacement of failing septic systems; and assessment of geographic areas near shellfish growing areas to identify sources of negative inputs to water quality.

Construction start times will vary depending upon when a project proposal is submitted to the Conservation Commission. Funding decisions are made each month until the total funding is committed. Consistent with Conservation Commission policy, all project must be started within four months of receipt of funds. All projects must be completed by the end of the biennium.

The effects of non-funding:

Failure to fund this proposal will severely jeopardize the Governor's priority objective of re-opening currently closed shellfish harvest areas in Puget Sound. Lack of funding will also set-back the goals of the Puget Sound Partnership where re-opening shellfish growing areas is one of the strategic initiatives of the Puget Sound Action Agenda.

Washington State is the nation's leading producer of shellfish with a total revenue of farmed bivalves at \$184 million annually. The shellfish industry generates 2,710 jobs in the state. And the wild shellfish harvest in the state is valued at over \$40 million per year. Failure to fund this proposal will mean negative inputs to shellfish growing areas would go unaddressed, increasing the likelihood of continued closures of harvest areas negatively impacting this important economic activity in the state.

Finally, failure to fund this ongoing effort will put the state at increased risk of a legal challenge by Washington's treaty tribes who depend upon shellfish harvest for commercial and subsistence purposes. The state has an obligation to provide for available shellfish for tribal harvest to meet treaty obligations. A recent federal court decision indicates the state could be exposed to legal challenge if the state fails to address the negative habitat impacts that affect shellfish harvest.

How will clients be affected and services change if this project is funded?

If this proposal is funded at the requested level, on-the-ground projects to address negative natural resource impacts will continue to be implemented. The state will benefit by maintaining shellfish growing areas and re-opening additional tidelands for shellfish harvest. Commercial and recreational shellfish harvesters will benefit from fewer shellfish closures and generally healthier shellfish populations because of reduced pollution impacts. Tribes will benefit through the continued harvest for subsistence and commercial purposes.

IT Costs:

No IT-related costs requested.

What is the agency's proposed funding strategy for the project?

There is no other funding strategy other than the funding requested in this decision package.

How does the project support the agency and statewide results?

This proposal relates to the following WSCC strategic areas:

Resource Conditions – Demonstrate voluntary conservation programs and services lead to natural resource improvements.

Resource Issue Facilitation – Coordinate local, state, federal, and tribal entities to identify and resolve natural resource issues.

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 3:32PM

Project Number: 30000018

Project Title: Improve Shellfish Growing Areas

Description

District Operations – Enhance conservation districts' ability to deliver quality technical services that meet local and natural resource needs.

Statewide Program Delivery – Our programs meet local and state resource priorities, and maximize community-based models to deliver effective solutions.

Policy Leadership – Lead in the development and implementation of policies related to natural resource conservation and viable land use.

Partnering – We are a partner that unites natural resources and agricultural stakeholders and implements collaborative, effective conservation solutions.

Technical Capacity – Conservation districts have premiere technical capability and capacity to create and implement conservation systems and programs.

Public Outreach and Marketing – Citizens, stakeholders, and policy leaders recognize the SCC and conservation districts for their achievements and collaborative approach.

The Governor's Results Washington indicators addressed by this funding proposal include:

2.1.b. Increase number of implemented agricultural BMPs to improve water quality in shellfish growing areas in Puget Sound, Grays Harbor and Pacific counties.

Puget Sound Action Agenda:

The protection and recovery of shellfish beds is one of three Strategic Initiatives in the 2016 Puget Sound Action Agenda. This funding proposal will directly support and implement this strategic initiative by supporting the on-the-ground implementation of projects that address negative impacts to shellfish growing areas.

This funding request supports the following Ecosystem Strategies and Sub-strategies found in the 2016 Action Agenda:

Strategy 11 – Prevent, reduce, and control agricultural runoff

11.1 Target voluntary and incentive-based programs that help working farms contribute to Puget Sound Recovery.

11.2 Ensure compliance with regulatory programs designed to reduce, control, or eliminate pollution from working farms.

Strategy 19 – Ensure abundant, healthy shellfish for ecosystem health and for commercial, subsistence, and recreational harvest consistent with ecosystem protection.

19.1 Improve water quality to prevent downgrade and achieve upgrades of important current tribal, commercial, and recreational shellfish harvesting areas.

19.2 Restore and enhance native shellfish populations.

Other sub-strategies supported by this shellfish funding request:

2.2 Implement and maintain priority freshwater and terrestrial restoration projects.

3.1 Use integrated market-based programs, incentives, and ecosystem markets to steward and conserve private forest and agricultural lands.

3.2 Retain economically viable working forests and farms.

9.4 Provide education and technical assistance to prevent and reduce releases of pollution.

10.1 Manage urban runoff at the basin and watershed scale.

10.3 Fix stormwater problems caused by existing development.

10.4 Control stormwater sources of pollutants.

10.5 Provide focused stormwater-related education, training, and assistance.

13.1 Effectively manage and control pollution from small onsite sewage systems.

15.3 Prevent and rapidly respond to the introduction and spread of terrestrial and aquatic invasive species.

Requested Amount Statewide by Fiscal Year: \$3,000,000

Amount Related to Puget Sound: \$2,500,000

Methodology used to calculate funding amount for Puget Sound: There are 12 conservation districts in Puget Sound. The shellfish funding is available for each of those 12 districts in addition to Grays Harbor and Pacific. Grays Harbor and Pacific conservation districts have historically received approximately \$500,000 for shellfish related projects each fiscal year over the past 2 biennia. Therefore we estimate the remainder, or \$2.5 million, going to the Puget Sound conservation districts.

FTE amount related to Puget Sound: 1.0

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Project Number: 30000018

Project Title: Improve Shellfish Growing Areas

Description

Proviso

The appropriation is provided solely for grants to complete natural resource enhancement projects necessary to improve water quality in shellfish growing areas.

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Report Number: CBS002

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Project Number: 30000018

Project Title: Improve Shellfish Growing Areas

Description

Location

| | | |
|----------------------|----------------------|---------------------------|
| City: Aberdeen | County: Grays Harbor | Legislative District: 024 |
| City: Algona | County: King | Legislative District: 030 |
| City: Arlington | County: Snohomish | Legislative District: 039 |
| City: Auburn | County: King | Legislative District: 031 |
| City: Auburn | County: King | Legislative District: 047 |
| City: Auburn | County: Pierce | Legislative District: 030 |
| City: Auburn | County: Pierce | Legislative District: 031 |
| City: Bellevue | County: King | Legislative District: 048 |
| City: Bellingham | County: Whatcom | Legislative District: 040 |
| City: Bothell | County: King | Legislative District: 001 |
| City: Bothell | County: Snohomish | Legislative District: 001 |
| City: Bremerton | County: Kitsap | Legislative District: 035 |
| City: Coupeville | County: Island | Legislative District: 010 |
| City: DuPont | County: Pierce | Legislative District: 028 |
| City: Duvall | County: King | Legislative District: 045 |
| City: Eatonville | County: Pierce | Legislative District: 002 |
| City: Edmonds | County: Snohomish | Legislative District: 021 |
| City: Edmonds | County: Snohomish | Legislative District: 032 |
| City: Everett | County: Snohomish | Legislative District: 038 |
| City: Friday Harbor | County: San Juan | Legislative District: 040 |
| City: Gig Harbor | County: Pierce | Legislative District: 026 |
| City: Kenmore | County: King | Legislative District: 046 |
| City: La Conner | County: Skagit | Legislative District: 010 |
| City: Lake Stevens | County: Snohomish | Legislative District: 044 |
| City: Lynden | County: Whatcom | Legislative District: 042 |
| City: Marysville | County: Snohomish | Legislative District: 010 |
| City: Montesano | County: Grays Harbor | Legislative District: 019 |
| City: Mount Vernon | County: Skagit | Legislative District: 010 |
| City: Mount Vernon | County: Skagit | Legislative District: 040 |
| City: Olympia | County: Thurston | Legislative District: 022 |
| City: Port Townsend | County: Jefferson | Legislative District: 024 |
| City: Poulsbo | County: Kitsap | Legislative District: 023 |
| City: Puyallup | County: Pierce | Legislative District: 025 |
| City: Renton | County: King | Legislative District: 011 |
| City: Renton | County: King | Legislative District: 033 |
| City: Renton | County: King | Legislative District: 037 |
| City: Renton | County: King | Legislative District: 041 |
| City: Ruston | County: Pierce | Legislative District: 027 |
| City: Seattle | County: King | Legislative District: 032 |
| City: Seattle | County: King | Legislative District: 036 |
| City: Seattle | County: King | Legislative District: 043 |
| City: Shelton | County: Mason | Legislative District: 035 |
| City: South Bend | County: Pacific | Legislative District: 019 |
| City: Tacoma | County: Pierce | Legislative District: 029 |
| City: Tumwater | County: Thurston | Legislative District: 022 |
| City: Unincorporated | County: Clallam | Legislative District: 024 |
| City: Unincorporated | County: King | Legislative District: 039 |

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 3:32PM

Project Number: 30000018

Project Title: Improve Shellfish Growing Areas

Description

Project Type

Grants

Grant Recipient Organization: Conservation Districts

RCW that establishes grant: 89.08

Application process used

Project proponents must enter required project information in the SCC database system. Information must: adequately describe the specific nature of the resource concern to be addressed; whether the project is part of or consistent with a local shellfish protection plan or effort; whether the project is adjacent to or near another project implemented for the same resource objective. Once projects are entered into the SCC database they will be reviewed by SCC staff for completeness and potential to accomplish planned objectives. If the project meets these objectives, it will be funded.

Growth Management impacts

Projects will support local GMA requirements to protect critical areas.

Funding

| Acct Code | Account Title | Estimated Total | Expenditures | | 2017-19 Fiscal Period | |
|------------------------------|-------------------------|-------------------|------------------|------------------|-----------------------|------------------|
| | | | Prior Biennium | Current Biennium | Reapprops | New Approps |
| 057-1 | State Bldg Constr-State | 34,000,000 | | 652,000 | 3,348,000 | 6,000,000 |
| | Total | 34,000,000 | 0 | 652,000 | 3,348,000 | 6,000,000 |
| Future Fiscal Periods | | | | | | |
| | | <u>2019-21</u> | <u>2021-23</u> | <u>2023-25</u> | <u>2025-27</u> | |
| 057-1 | State Bldg Constr-State | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 | |
| | Total | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 | |

Operating Impacts

No Operating Impact

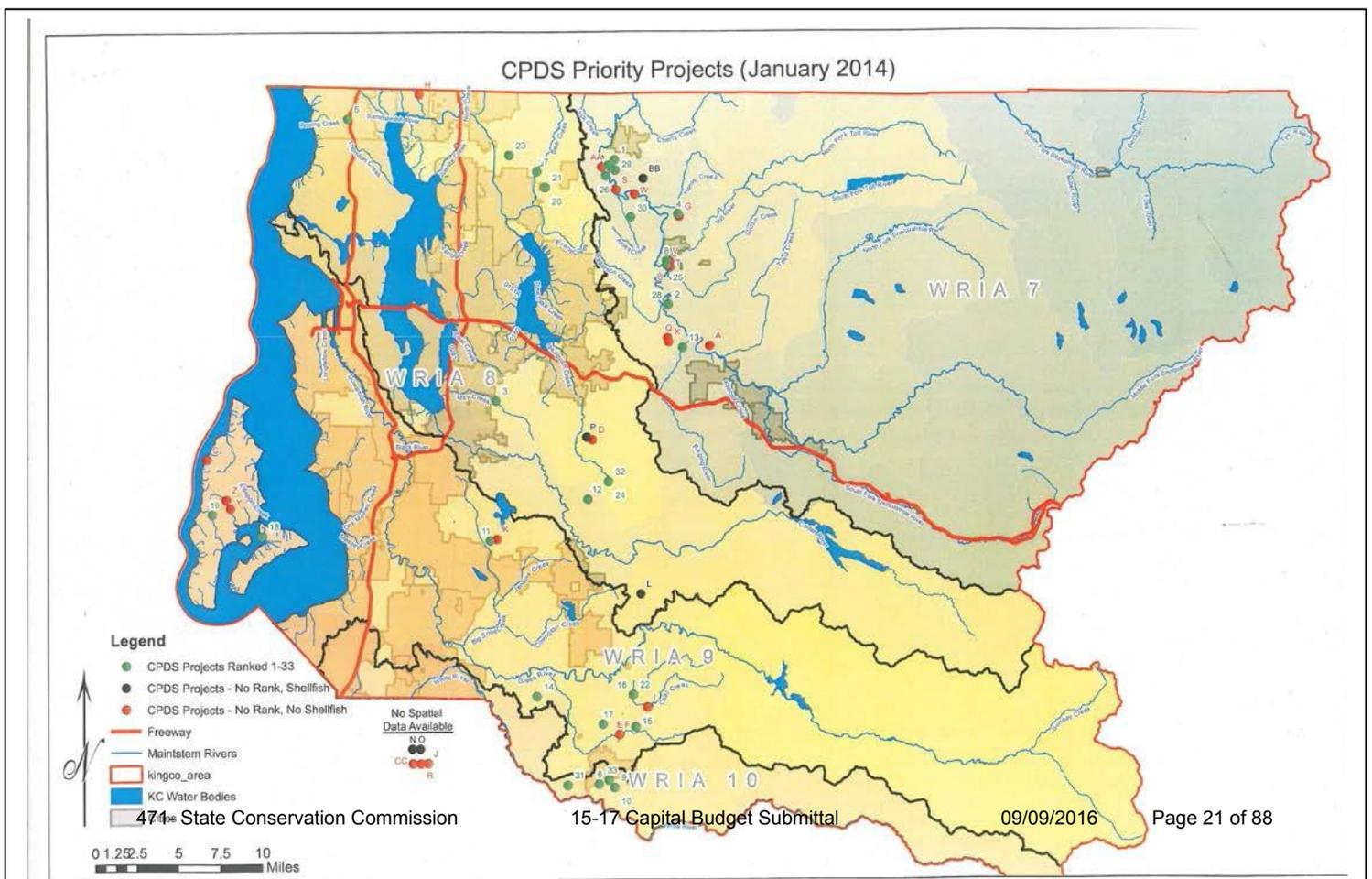
Narrative

Operating funded activities at the local conservation district level will support development and identification of projects.

Targeted Implementation of Shellfish Funding – An Example

In the 2013-15 capital budget, the State Conservation Commission (WSCC) was appropriated \$4.5 million to implement projects that would protect and improve water quality in support of shellfish harvest areas. One of the goals of the WSCC in the implementation of this shellfish funding is to target the allocation of funding to on-the-ground projects that are near each other. By grouping projects there would be maximum potential for realizing a natural resource improvement. This is because there would be a cumulative benefit of the implemented projects.

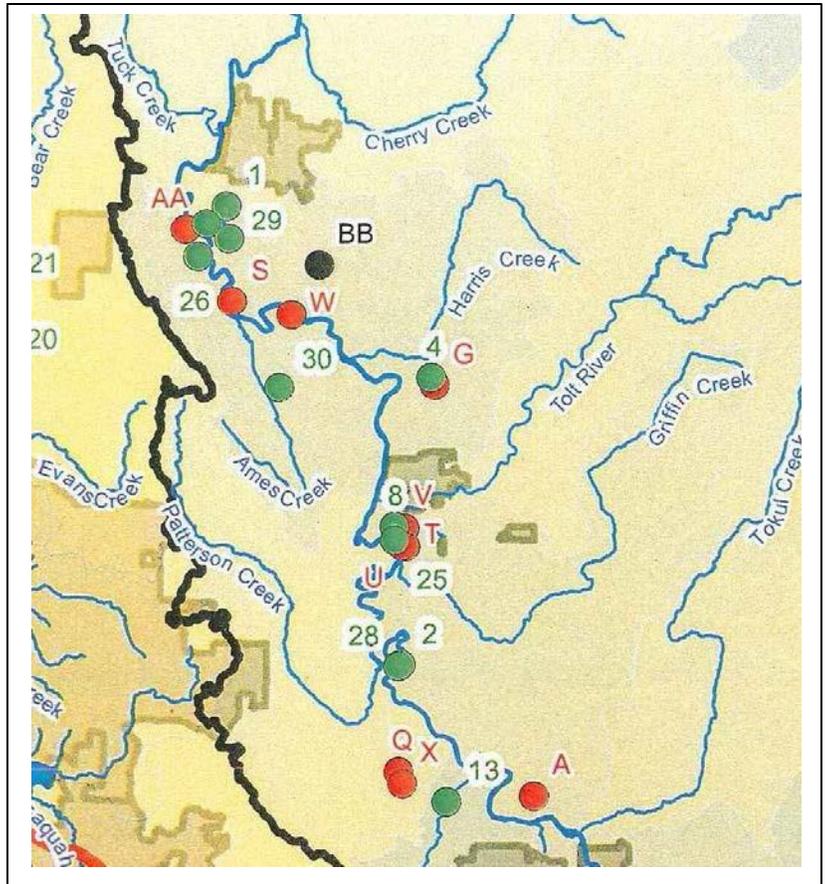
A challenge in implementing this approach has been the traditional manner in which capital funds are distributed. Traditionally, entities seeking capital funding would have their projects scored against a set of criteria and then ranked. These ranking typically result in projects scattered across a landscape with little focus. Here's one example: The map below shows proposed shellfish related projects in one county. Each dot represents a project and the number next to the dot represents the project priority. Projects are scattered across the county with the priority numbers jumping from place to place. Traditionally these projects would be funded down the priority list with no correlation to another project or even the project location.



But a closer look at the same map shows an area where there is a “cluster” of projects along the same river system and sub-basin:

Again, the numbers and letters next to each dot represents a priority rank, however clustering the projects and funding them as a group allows us to see if we can “move the dials” for the natural resource objective.

We anticipate over time as this approach is implemented with the shellfish funding that local entities will begin to identify projects as groups. Doing so will maximize the use of limited state funding in a more precise approach for resource results.



For more information contact:

Ron Shultz
WSCC Policy Director
(360) 407-7507 or rshultz@scc.wa.gov

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:31PM

Project Number: 30000010

Project Title: Natural Resources Investment for the Economy and Environment

Description

Starting Fiscal Year: 2014

Project Class: Grant

Agency Priority: 1

Project Summary

Related to Puget Sound Action Agenda Implementation. Funding in this request will be used by conservation districts to assist landowners with the installation of best management practices (BMPs). BMPs include construction of fencing, stormwater management structures, manure management structures, water efficiency projects, and other on-the-ground projects protecting natural resources. Projects will protect and restore natural resources while maintaining viable agriculture by limiting transport of sediment, nutrients (nitrogen and phosphorous), and pathogens to ground water, surface water, and air. Projects will also generate agricultural water savings through practices across the state improving in-stream flows and water quality, and conserve energy. Funding will support pre-project design and management, including engineering and cultural resource review, and support technical assistance during project implementation.

Project Description**What is the proposed project?**

Requested funding will be used by the 45 conservation districts statewide to work with landowners on the installation of best management practices to improve natural resources and maintain economically viable agriculture. District support includes pre-project design and management, including engineering and cultural resource review, and support technical assistance during project implementation.

These management practices include projects large and small, some examples of which include:

- stormwater and soil erosion projects;
- culvert and fish passage projects;
- wildfire and flood recovery;
- noxious weed control;
- energy audits;
- fish screening to restrict salmon access to irrigation ditches;
- no-till projects to reduce soil disturbance;
- riparian habitat protection and restoration;
- large woody debris placement in streams for salmon recovery.

Funding requested in this proposal will be used to implement projects on our current backlog of requests which include 950 proposed management practices totaling over \$38,000,000.

So far, during the 2015-17 biennium conservation districts have successfully assisted more than 64 landowners and installed more than 93 best management practices. In doing this work, conservation districts matched state funding with a variety of sources: local, state, federal, and grants from non-governmental organizations. Districts will match every \$1 of state funding with up to \$5 of other source funding.

Agriculture is one of our state's top economic activities employing over 160,000 people and generating \$49 billion annually. Our state's 45 Conservation districts work with agricultural producers to help the landowners address impacts to natural resources in a manner that maintains the economic viability of the farm operation. Funding in this proposal will continue this work.

What opportunity or problem is driving this request?**The reason for the project:**

Agricultural activities, if not properly managed, can have negative impacts to our state's natural resources. These activities can

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

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Project Number: 30000010

Project Title: Natural Resources Investment for the Economy and Environment

Description

input pollution into our water and air, impact habitat for species such as salmon and sage grouse, cause soil erosion, and other impacts affecting other resource priorities. In some instances regulatory enforcement is required to get landowner compliance with environmental protections. Regulatory agencies will use enforcement to address violations and egregious instances of landowner impacts to natural resources. But these agencies also recognize in many situations it's preferred to work with the landowner to change behavior for long-lasting improvements. As Governor Inslee stated in a Results Washington Goal Council meeting regarding these incentive programs, "regulatory approaches alone won't get us to our goal." Incentive-based programs are an alternative to regulatory approaches. The Conservation Commission and conservation districts work collaboratively with landowners to provide incentive-based programs that address these natural resource concerns.

In addition, many landowners don't have the financial resources to install practices such as fencing or manure management systems at their own cost. Because of this lack of money, many landowners simply don't address the problems, leading to continuing impacts to natural resources. By providing financial assistance through cost-share, we are able to achieve the installation of these practices which otherwise may not occur. "Cost-share" is the system by which conservation district provide 75% of the project cost while the landowner provides 25%. In this way the state and public achieves an environmental benefit while the landowner is committed to the success of the project.

The process for allocating these funds to conservation districts requires the local conservation district to prioritize the projects at the local level to ensure they are the most beneficial projects for the overall resource concern. High priority projects are funded first.

Funding is distributed to conservation districts as grants from the Conservation Commission. Use of the funds by the conservation districts must be consistent with the Conservation Commission's Grants Manual, which specifies various requirements and limitations on the use of the funds. The conservation districts must also provide periodic status reports and ensure the project is installed consistent with National Resource and Conservation Service (NRCS) standards.

The Conservation Commission conducts implementation monitoring of installed practices to ensure the projects are constructed according to specifications. This monitoring consists of personal, on-site inspections by Conservation Commission regional manager staff.

What is the proposed product?

Products resulting from the proposed funding include the installation of various best management practices (BMPs). The type of installed practices will vary depending on the need of the landowner. Possible projects funded in this proposal include:

- stormwater and soil erosion projects – rain gardens, cisterns and rain barrels, no-till planting practices, vegetation buffers to retain soil on-site;
- culvert and fish passage projects – removal and replacement of old culverts to allow for improved fish passage;
- wildfire and flood recovery – fence repair and replacement, building replacement, field management practices to reduce topsoil loss, "critter pad" earthen structures of higher ground serving as refuge for cattle during a flood event;
- noxious and invasive weed control – manual removal of weeds, structures such as ground cover to hinder noxious and invasive weed growth, soil treatment to reduce weed growth and improve local plant growth;
- fish screening to restrict salmon access to irrigation ditches;
- no-till projects to reduce soil disturbance;
- riparian habitat protection and restoration – installation of fences; installation of native vegetation in the riparian area; if necessary, construction of alternative water source for cattle;
- large woody debris placement in streams for salmon recovery.

The effects of non-funding:

The Governor has set priorities for recovery of species such as salmon, for improving water quality to benefit shellfish growing

Capital Project Request

2017-19 Biennium

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Report Number: CBS002

Date Run: 9/2/2016 2:31PM

Project Number: 30000010

Project Title: Natural Resources Investment for the Economy and Environment

Description

areas, and to address impacts to climate change. Not funding this proposal will severely limit the ability of the state to address these issues. Conservation districts are our best, and in most cases only, vehicle for engaging private landowners to address natural resource issues. Not funding this proposal will undermine momentum we have achieved by financially supporting conservation districts to engage with, and build the trust with, private landowners.

State capital funds are the primary source of funding for conservation district projects. Districts also use state capital funds to leverage other state, federal, and grant funding. For every \$1 of state funds, conservation districts leverage \$4-\$5 in other funds. Without the state funding we will miss opportunities to leverage these other fund sources. For example, federal funding through various environmental programs is simply not available unless there are matching funds. No state funds means no federal funds which means no projects get done.

By not having the financial resources to implement projects, we will not be able to install the needed on-the-ground practices, such as fencing and manure management structures, that protect our natural resources. Furthermore, if problems cannot be addressed due to lack of funding, more regulatory action will be required, increasing costs to the state for enforcement and appeals. Voluntary programs are the best method to engage landowners. But if this voluntary system is not funded, regulatory laws are still in place and must be met. By not funding and relying more on regulatory enforcement, animosity will rise among private landowners who will have more enforcement actions imposed on them. This would set back our efforts to engage local landowner support for needed actions to protect natural resources.

How will clients be affected and services change if this project is funded?

If this natural resources investment request is funded, the main beneficiary will be the people of the state who will see cleaner water and air, improved air quality, and improved species habitats. In addition, landowners will benefit by having access to funding that will support some of the cost of project implementation. By helping with financial support, the state is ensuring there will be agricultural production into the future.

Currently most conservation districts have staff to conduct landowner outreach and provide technical assistance for project design and implementation. However, demand is outpacing the capacity of conservation districts to provide these services. Through the funding proposed in this decision package, conservation districts will have the capacity to fulfill most of the unmet needs for client/landowner engagement and project design and implementation.

Existing services will be improved with funding provided in this proposal. Conservation districts will be able to provide service to a larger number of landowners and install more practices to address impacts to natural resources from landowner activities.

New levels of service will be provided in each conservation district around the state. The amount of service provided will vary depend ingupon the need in each conservation district.

IT Costs:

No additional IT funding is requested.

What is the agency's proposed funding strategy for the project?

Funding for the project activities will be through biennial appropriation in the state capital budget. These are not dedicated fund sources. Matching funds will be available on a project-by-project basis. Conservation districts typically will match every \$1 of state funding with \$4-\$5 of federal, local, or non-profit grant funding. The amount of match will depend upon the project.

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:31PM

Project Number: 30000010

Project Title: Natural Resources Investment for the Economy and Environment

Description

How does the project support the agency and statewide results?

This proposal relates to the following WSCC strategic areas:

- Resource Conditions – Demonstrate voluntary conservation programs and services lead to natural resource improvements.
- Resource Issue Facilitation – Coordinate local, state, federal, and tribal entities to identify and resolve natural resource issues.
- District Operations – Enhance conservation districts' ability to deliver quality technical services that meet local and natural resource needs.
- Statewide Program Delivery – Our programs meet local and state resource priorities, and maximize community-based models to deliver effective solutions.
- Policy Leadership – Lead in the development and implementation of policies related to natural resource conservation and viable land use.
- Partnering – We are a partner that unites natural resources and agricultural stakeholders and implements collaborative, effective conservation solutions.
- Technical Capacity – Conservation districts have premiere technical capability and capacity to create and implement conservation systems and programs.
- Public Outreach and Marketing – Citizens, stakeholders, and policy leaders recognize the SCC and conservation districts for their achievements and collaborative approach.

The Governor's Results Washington indicators addressed by this funding proposal include:

- Leading Indicator: Increase electrical load growth replaced by conservation.
- 2.1.b. Increase number of implemented agricultural BMPs to improve water quality in shellfish growing areas in Puget Sound, Grays Harbor and Pacific counties.
- 2.2.b. Increase miles of stream habitat opened.
- 2.2.c. Increase number of fish passage barriers corrected.
- Outcome Measure: Increase the percentage of current state listed species recovering from 28% to 35% by 2020.
- 2.3.b. Increase the 5-year running average of statewide sage-grouse population from 1,000 to 1,100 by 2017.
- 4.1.a. Maintain current level of statewide acreage dedicated to working farms (cropland) with no net loss through 2015
- Outcome Measure: Increase the average annual statewide treatment of forested lands for forest health and fire reduction from 145,000 to 200,000 acres by 2017.
- Outcome Measure: Reduce the rate of loss of priority habitat.
- 4.4.a. Increase hydraulic project approval compliance rate.
- 4.4.b. Reduce annual rate of conversion of marine and freshwater riparian habitat in Puget Sound and provide mitigation to ensure maintenance of today's habitat functions.
- 4.4.d. Increase the acreage of Puget Sound estuaries restored in the 16 major rivers.

Puget Sound Action Agenda:

This funding request supports the following Ecosystem Strategies and Substrategies found in the 2016 Action Agenda:

Strategy 11 – Prevent, reduce, and control agricultural runoff

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Description

- 11.1 Target voluntary and incentive-based programs that help working farms contribute to Puget Sound Recovery.
- 11.2 Ensure compliance with regulatory programs designed to reduce, control, or eliminate pollution from working farms.
- Strategy 19 – Ensure abundant, healthy shellfish for ecosystem health and for commercial, subsistence, and recreational harvest consistent with ecosystem protection.
- 19.1 Improve water quality to prevent downgrade and achieve upgrades of important current tribal, commercial, and recreational shellfish harvesting areas.
- 19.2 Restore and enhance native shellfish populations.

Other substrategies supported by this shellfish funding request:

- 2.2 Implement and maintain priority freshwater and terrestrial restoration projects.
- 3.1 Use integrated market-based programs, incentives, and ecosystem markets to steward and conserve private forest and agricultural lands.
- 3.2 Retain economically viable working forests and farms.
- 9.4 Provide education and technical assistance to prevent and reduce releases of pollution.
- 10.1 Manage urban runoff at the basin and watershed scale.
- 10.3 Fix stormwater problems caused by existing development.
- 10.4 Control stormwater sources of pollutants.
- 10.5 Provide focused stormwater-related education, training, and assistance.
- 13.1 Effectively manage and control pollution from small onsite sewage systems.
- 15.3 Prevent and rapidly respond to the introduction and spread of terrestrial and aquatic invasive species.

Puget Sound Action Agenda Related Costs:

Requested Amount Statewide by Fiscal Year: \$4,000,000

Amount Related to Puget Sound: \$1,920,000

Methodology used to calculate funding amount for Puget Sound: There are 12 conservation districts in Puget Sound. This is 24% of the total number of conservation districts statewide. The WSCC doesn't know how much funding will be requested by the Puget Sound conservation districts but it's estimated at 24% of the statewide total.

FTE amount related to Puget Sound: 0.5

Location

| | | |
|----------------------------|-----------------------------|----------------------------------|
| City: Aberdeen | County: Grays Harbor | Legislative District: 024 |
| City: Algona | County: King | Legislative District: 030 |
| City: Auburn | County: King | Legislative District: 047 |
| City: Auburn | County: Pierce | Legislative District: 030 |
| City: Auburn | County: Pierce | Legislative District: 031 |
| City: Battle Ground | County: Clark | Legislative District: 017 |
| City: Battle Ground | County: Clark | Legislative District: 018 |
| City: Bellevue | County: King | Legislative District: 048 |
| City: Bellingham | County: Whatcom | Legislative District: 040 |
| City: Bothell | County: King | Legislative District: 001 |
| City: Bothell | County: Snohomish | Legislative District: 001 |
| City: Bremerton | County: Kitsap | Legislative District: 035 |
| City: Chehalis | County: Lewis | Legislative District: 020 |
| City: Clarkston | County: Asotin | Legislative District: 009 |
| City: Colfax | County: Whitman | Legislative District: 009 |

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Description

| | | |
|-------------------|------------------|---------------------------|
| City: Colville | County: Stevens | Legislative District: 007 |
| City: Concrete | County: Skagit | Legislative District: 039 |
| City: Coulee City | County: Grant | Legislative District: 012 |
| City: Coupeville | County: Island | Legislative District: 010 |
| City: Davenport | County: Lincoln | Legislative District: 013 |
| City: Dayton | County: Columbia | Legislative District: 016 |
| City: Deer Park | County: Spokane | Legislative District: 007 |
| City: DuPont | County: Pierce | Legislative District: 028 |
| City: Duvall | County: King | Legislative District: 045 |

Location

| | | |
|---------------------|----------------------|---------------------------|
| City: Eatonville | County: Pierce | Legislative District: 002 |
| City: Eatonville | County: Pierce | Legislative District: 002 |
| City: Edmonds | County: Snohomish | Legislative District: 021 |
| City: Edmonds | County: Snohomish | Legislative District: 032 |
| City: Ellensburg | County: Kittitas | Legislative District: 013 |
| City: Enumclaw | County: King | Legislative District: 031 |
| City: Everett | County: Snohomish | Legislative District: 038 |
| City: Fairfield | County: Spokane | Legislative District: 009 |
| City: Friday Harbor | County: San Juan | Legislative District: 040 |
| City: Gig Harbor | County: Pierce | Legislative District: 026 |
| City: Goldendale | County: Klickitat | Legislative District: 014 |
| City: Kenmore | County: King | Legislative District: 046 |
| City: Kennewick | County: Benton | Legislative District: 008 |
| City: Kennewick | County: Benton | Legislative District: 016 |
| City: Lake Stevens | County: Snohomish | Legislative District: 044 |
| City: Lakewood | County: Pierce | Legislative District: 029 |
| City: Longview | County: Cowlitz | Legislative District: 019 |
| City: Lynden | County: Whatcom | Legislative District: 042 |
| City: Marysville | County: Snohomish | Legislative District: 010 |
| City: Montesano | County: Grays Harbor | Legislative District: 019 |
| City: Moses Lake | County: Grant | Legislative District: 013 |
| City: Mount Vernon | County: Skagit | Legislative District: 010 |
| City: Mount Vernon | County: Skagit | Legislative District: 040 |
| City: Newport | County: Pend Oreille | Legislative District: 007 |
| City: Oakesdale | County: Whitman | Legislative District: 009 |
| City: Okanogan | County: Okanogan | Legislative District: 007 |
| City: Okanogan | County: Okanogan | Legislative District: 012 |
| City: Olympia | County: Thurston | Legislative District: 022 |
| City: Pasco | County: Franklin | Legislative District: 009 |
| City: Pasco | County: Franklin | Legislative District: 016 |
| City: Pomeroy | County: Garfield | Legislative District: 009 |
| City: Port Angeles | County: Clallam | Legislative District: 024 |
| City: Poulsbo | County: Kitsap | Legislative District: 023 |
| City: Pullman | County: Whitman | Legislative District: 009 |
| City: Puyallup | County: Pierce | Legislative District: 025 |
| City: Renton | County: King | Legislative District: 011 |
| City: Renton | County: King | Legislative District: 033 |
| City: Renton | County: King | Legislative District: 037 |

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Description

| | | |
|-----------------|----------------|---------------------------|
| City: Renton | County: King | Legislative District: 041 |
| City: Republic | County: Ferry | Legislative District: 007 |
| City: Ritzville | County: Adams | Legislative District: 009 |
| City: Ruston | County: Pierce | Legislative District: 027 |
| City: Seattle | County: King | Legislative District: 032 |
| City: Seattle | County: King | Legislative District: 036 |
| City: Seattle | County: King | Legislative District: 043 |
| City: Shelton | County: Mason | Legislative District: 035 |

Location

| | | |
|----------------------|---------------------|---------------------------|
| City: Skykomish | County: King | Legislative District: 039 |
| City: South Bend | County: Pacific | Legislative District: 019 |
| City: Spokane | County: Spokane | Legislative District: 003 |
| City: Spokane | County: Spokane | Legislative District: 004 |
| City: Spokane | County: Spokane | Legislative District: 006 |
| City: St. John | County: Whitman | Legislative District: 009 |
| City: Tumwater | County: Thurston | Legislative District: 022 |
| City: Unincorporated | County: Douglas | Legislative District: 012 |
| City: Unincorporated | County: Jefferson | Legislative District: 024 |
| City: Unincorporated | County: Wahkiakum | Legislative District: 019 |
| City: Unincorporated | County: Yakima | Legislative District: 013 |
| City: Vancouver | County: Clark | Legislative District: 049 |
| City: Walla Walla | County: Walla Walla | Legislative District: 016 |
| City: Waterville | County: Douglas | Legislative District: 012 |
| City: Waterville | County: Douglas | Legislative District: 012 |
| City: White Salmon | County: Klickitat | Legislative District: 014 |
| City: Yakima | County: Yakima | Legislative District: 014 |
| City: Yakima | County: Yakima | Legislative District: 015 |

Project Type

Grants

Grant Recipient Organization: conservation districts

RCW that establishes grant: 89.08

Application process used

Conservation districts are to enter all practices into the agency's Conservation Practice Data System, prioritize, and indicate the natural resource issue to be addressed, i.e. water quality, water quantity, shellfish, soil, riparian. Each conservation district's projects and practices must meet the definition of a capital project and meet the required implementation schedule of within the biennium. Additional criteria exists regarding agency reimbursement policies and landowner eligibility.

Growth Management impacts

Projects will support local GMA requirements to protect critical areas.

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Funding

| Acct Code | Account Title | Estimated Total | Expenditures | | 2017-19 Fiscal Period | |
|------------------------------|-------------------------|-------------------|------------------|------------------|-----------------------|------------------|
| | | | Prior Biennium | Current Biennium | Reapprops | New Approps |
| 001-2 | General Fund-Federal | 6,000,000 | | 1,000,000 | | 1,000,000 |
| 057-1 | State Bldg Constr-State | 53,000,001 | 7,750,001 | 2,124,000 | 3,126,000 | 8,000,000 |
| | Total | 59,000,001 | 7,750,001 | 3,124,000 | 3,126,000 | 9,000,000 |
| Future Fiscal Periods | | | | | | |
| | | <u>2019-21</u> | <u>2021-23</u> | <u>2023-25</u> | <u>2025-27</u> | |
| 001-2 | General Fund-Federal | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | |

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Project Title: Natural Resources Investment for the Economy and Environment

Funding

| | | Future Fiscal Periods | | | |
|-------|-------------------------|-----------------------|------------------|------------------|------------------|
| | | 2019-21 | 2021-23 | 2023-25 | 2025-27 |
| 057-1 | State Bldg Constr-State | 8,000,000 | 8,000,000 | 8,000,000 | 8,000,000 |
| | Total | 9,000,000 | 9,000,000 | 9,000,000 | 9,000,000 |

Operating Impacts

No Operating Impact

CONSERVATION BEST MANAGEMENT PRACTICE EXAMPLES



Direct Seed / No-till



Farm Pad (for livestock/equipment during floods)



Fish Barrier Removal



Fish Screen Replacement



Instream Habitat Enhancement



Livestock Exclusion Fencing



Livestock Watering Facility



Riparian Buffer Planting



Waste Storage Facility



Wildfire Fuels Reduction

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:33PM

Project Number: 3000012

Project Title: CREP Riparian Contract Funding

Description

Starting Fiscal Year: 2014

Project Class: Grant

Agency Priority: 2

Project Summary

Related to Puget Sound Action Agenda Implementation. Funding in this proposal will support Conservation Reserve Enhancement Program (CREP) contract development and implementation. This project provides funds for conducting landowner outreach, developing plans and managing project implementation to continue the work with private landowners. This project is a critical component of our state's salmon recovery and restoration efforts. Supported by a wide variety of agricultural groups, local entities, and tribes, CREP improves riparian habitat functions and creates the conditions necessary for providing cool, clean water. Previous CREP implementation has demonstrated measureable natural resource improvements

Project Description**What is the proposed project?**

CREP is a program that was developed in Washington State to address important habitat for salmon listed under the Endangered Species Act. It plants native trees and shrubs while removing livestock and agricultural activities from the riparian area of streams. These riparian areas are among the most sensitive and important ecological areas within a watershed, supporting a wide variety of fish and wildlife species. Healthy riparian buffers also improve water quality for human uses, such as improved drinking water, recreational use, and cleaner water draining into shellfish beds. The buffers are preserved under 10-15 year renewable contracts with the federal government (Farm Service Agency or FSA). Because the federal government pays rental payments for these buffers, this program restores sensitive riparian areas without negative financial impacts to farmers and other private landowners. In the past decade, CREP has become the largest riparian restoration program in the state with over five million trees planted on over 11,000 acres of buffer installed along more than 600 miles of stream.

Funding in this proposal will continue support for on-the-ground implementation of best management practices that will address some of the negative inputs to water quality and salmon habitat that can occur as a result of agriculture. Since 1999, the largest riparian restoration program in Washington State is the Conservation Reserve Enhancement Program (CREP). CREP is a federal program administered by the Farm Service Agency (FSA). They pay 80% of the costs of this program in Washington State. State money funds the remaining 20%. It is a voluntary program, and is the greatest tool that we have to do this kind of work on private lands.

CREP has produced results. In Whatcom County, over 1 million trees have been planted along streams using this program. One result is that summer water temperatures have dropped six degrees in Ten-Mile Creek where water temperature has been monitored over time. Similar results have been realized in Chemicum Creek in Jefferson County and the Tucannon River in Columbia County. These results are common when a significant portion (60-80%) of the stream is buffered. Since CREP is a voluntary program, consistently achieving this benefit has been difficult. Historic implementation of these programs as been opportunistic with services provided to landowners based on landowners seeking the services.

Since project inception, there has been an increased demand for demonstration of benefit and need to address natural resource impacts. A recent decision in U.S. v Washington establishes a state requirement to address tribal treaty rights with respect to habitat. A recent Puget Sound State of the Sound report highlights loss of important habitats in Puget Sound as well as degraded water quality in rivers and streams leading to closed shellfish harvest. Climate change impacts require adaptation to address changes in water resources, flashier flows due to loss of snowpack, and ecosystem alteration due to temperature change.

The current system of CREP delivery needs to improve to show measurable natural resource improvements as a result of implementation of voluntary, incentive-based programs. This funding request meets a need to have an approach where conservation districts can proactively engage with landowners to provide technical assistance for implementation of CREP to address specific natural resource concerns where priorities have been identified.

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Project Title: CREP Riparian Contract Funding

Description**What opportunity or problem is driving this request?****The reason for the project:**

Much of Washington State has ESA-listed salmonid species in its streams, and degraded riparian habitat is identified as a key limiting factor to salmon populations (Governor's Salmon Recovery Office 2006). In addition, 37% of salmon streams on private land pass through agricultural lands (NMFS and USFWS 2000). For salmon, the shade from planted trees cools water temperatures; the leaf litter and plants provide nutrients and promote insect production which provides food; the trees that fall into the streams provide habitat and help shape streams to a more natural condition. For these reasons, it is important to improve riparian habitat on agricultural lands to make progress towards salmon recovery.

CREP directly improves water quality in several ways. Riparian buffers filter pollutants from farmland and help remove excess sediment, fecal coliform bacteria, and chemicals before they reach the stream. The CREP trees shade the rivers to keep water temperatures cool and oxygen levels high. Currently, nearly all of our basins have streams with 303(d) listings, which means they have failed to meet water quality standards (DOE 2004). CREP is an important tool to assist in water quality improvements in our state and is important for compliance with the Clean Water Act.

Increasing concerns regarding the pace of progress on improving natural resource condition has led the Conservation Commission and conservation districts to identify how we can contribute to change the pace of restoration. At current rates (30.1 miles of buffer implementation per year) we estimate that another 290 years will be required to reach the 10,000 mile target set by the FSA for the program. Even at an ambitious rate established in the program's early phases (1999-2004), we estimate another 80 years would be required to reach our target. Current CREP funding for conservation districts supports limited program growth that is not meeting restoration targets and does not reflect the true cost of doing the work that is needed to maintain, much less expand the program.

Components of a maturing program are increasing district workload. Contracts started in the early 2000's are now coming up for re-enrollment, which requires conservation planners to inspect the site, offer recommendations for enhancement, amend the conservation plan, and implement the new work. The same steps are required for mid-contract management, a new requirement of FSA. Currently, a full time district staff person manages approximately 70 to 100 contracts, roughly 20 hours each per year. Depending on the complexity of a given project, 160 hours per new contract or more is anticipated for implementation.

What is the proposed product?

Additional funding is requested for conservation districts with small programs and limited financial resources to support at least a part-time position whose sole responsibility is to develop relationships with potential program participants, actively promote the program, and provide growth consistent with program, Commission, and Results Washington goals. Larger conservation district programs are in need of funds to re-enroll projects and conduct mid-contract management.

The effects of non-funding:

Without state funding, conservation districts would be unable to continue developing relationships with landowners and managing the projects to continue operating the CREP program at the conservation district level. As a result, the partnership with FSA would dissolve, resulting in the end of this program. To-date, this program has restored over 11,000 acres of riparian buffer (640 miles of stream) predominantly located in our largest, most important watersheds in the state. The majority of CREP projects focus on salmonids that are listed under the Endangered Species Act. Riparian habitat has been listed as a major limiting factor affecting listed salmon in every salmon recovery region. The cessation of CREP would end most of the recovery actions for riparian conditions on agricultural lands, and would slow progress towards salmon recovery. It would also end the infusion of several millions of federal dollars into our state each biennium for this program, which would have a negative economic impact and reduce private-sector employment, cutting at least 116 private-sector jobs per year.

Not funding CREP would also end restoration actions that are important for compliance with the Clean Water Act and that contribute to the goals of the Puget Sound Action Agenda.

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Description

Finally, failure to fund this ongoing effort will put the state at increased risk of a legal challenge by Washington's treaty tribes who depend upon salmon for commercial, subsistence and cultural purposes. The state has an obligation to provide salmon habitat to meet treaty obligations. Recent federal court decision indicate the state could be exposed to legal challenge if the state fails to address the negative habitat impacts that affect salmon survival.

How will clients be affected and services change if this project is funded?

If this proposal is funded at the requested level, on-the-ground projects to address negative natural resource impacts throughout the state will continue to be implemented. CREP has economic benefits including federal rental payments to over 1000 local farmers and providing private-sector jobs (116-130 direct jobs) for people who grow plants and prepare and maintain the land that is planted with the buffers. CREP aids the state budget by infusing an 80% match of federal funds into our economy, while improving greatly needed salmon habitat and water quality. CREP aids the landowner by providing financial incentives to improve salmon habitat and watershed health. This experience often results in a positive change in outlook regarding environmental issues. CREP aids the state by improving water quality for both humans and wildlife. It also contributes towards compliance with the federal Clean Water Act. CREP aids the state by improving salmon habitat, contributing towards recovery goals for ESA-listed salmonids. Improvements in salmonid populations also have an economic value in their fisheries.

IT Costs:

No IT-related costs requested.

What is the agency's proposed funding strategy for the project?

There is no other funding strategy other than the funding requested in this decision package.

How does the project support the agency and statewide results?

This proposal relates to the following WSCC strategic areas:

Resource Conditions: demonstrate that voluntary conservation programs and services lead to natural resource improvements.

Statewide Program Delivery: Program will meet local and state resource priorities.

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Description

Sustainable Funding: WSCC and districts will have secure funding that allows us to retain talented staff and confidently launch long-term, strategic work plans.

Partnering: WSCC is a “go-to” partner with FSA and NRCS that unites natural resources and agricultural stakeholders and implements collaborative, effective conservation solutions.

Technical Capacity: Conservation districts have premier technical capability and capacity to create and implement conservation systems and programs.

The Governor’s Results Washington indicators addressed by this funding proposal include:

3.2.c Increase number of CREP sites to improve water temperature and habitat from 1,094 to 1,178 by 2020.

Puget Sound Action Agenda:

The protection and recovery of habitat, including salmon habitat, is one of three Strategic Initiatives in the 2016 Puget Sound Action Agenda. This funding proposal will directly support and implement this strategic initiative by supporting the on-the-ground implementation of projects that address negative impacts to salmon habitat.

This funding request supports the following Ecosystem Strategies and Substrategies found in the 2016 Action Agenda:

Strategy 5 – Protect and restore floodplain function

5.4 Implement and maintain priority floodplain restoration projects

Strategy 6 – Protect and recover salmon.

6.1 Implement high-priority projects identified in each salmon recovery watershed’s three-year work plan.

6.4 Protect and recover steelhead and other imperiled salmonid species.

Other substrategies supported by this CREP funding request:

2.2 Implement and maintain priority freshwater and terrestrial restoration projects.

3.1 Use integrated market-based programs, incentives, and ecosystem markets to steward and conserve private forest and agricultural lands.

3.2 Retain economically viable working forests and farms.

9.4 Provide education and technical assistance to prevent and reduce releases of pollution.

10.1 Manage urban runoff at the basin and watershed scale.

Requested Amount Statewide by Fiscal Year: \$2,003,500

Amount Related to Puget Sound: \$480,000

Methodology used to calculate funding amount for Puget Sound: There are 12 conservation districts in Puget Sound. This is 24% of the total number of conservation districts statewide. Historically Puget Sound conservation district has been 24% of the statewide total.

FTE amount related to Puget Sound: 0.5

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Proviso

Not a budget proviso, but a contract Memorandum of Agreement signed by the State of Washington and USDA, agreeing to the

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Description

program and its associated costs.

Location

| | | |
|-----------------------------|-----------------------------|----------------------------------|
| City: Centralia | County: Lewis | Legislative District: 020 |
| City: Clarkston | County: Asotin | Legislative District: 009 |
| City: Dayton | County: Columbia | Legislative District: 016 |
| City: Ellensburg | County: Kittitas | Legislative District: 013 |
| City: Lake Stevens | County: Snohomish | Legislative District: 044 |
| City: Lynden | County: Whatcom | Legislative District: 042 |
| City: Montesano | County: Grays Harbor | Legislative District: 019 |
| City: Mount Vernon | County: Skagit | Legislative District: 010 |
| City: Mount Vernon | County: Skagit | Legislative District: 040 |
| City: Okanogan | County: Okanogan | Legislative District: 007 |
| City: Okanogan | County: Okanogan | Legislative District: 012 |
| City: Pomeroy | County: Garfield | Legislative District: 009 |
| City: Port Angeles | County: Clallam | Legislative District: 024 |
| City: Renton | County: King | Legislative District: 011 |
| City: Renton | County: King | Legislative District: 033 |
| City: Renton | County: King | Legislative District: 037 |
| City: Renton | County: King | Legislative District: 041 |
| City: Shelton | County: Mason | Legislative District: 035 |
| City: South Bend | County: Pacific | Legislative District: 019 |
| City: Tumwater | County: Thurston | Legislative District: 022 |
| City: Unincorporated | County: Jefferson | Legislative District: 024 |
| City: Unincorporated | County: Wahkiakum | Legislative District: 019 |
| City: Walla Walla | County: Walla Walla | Legislative District: 016 |

Project Type

Grants

Grant Recipient Organization: Conservation Districts

RCW that establishes grant: RCW 89.08

Application process used

Monitoring is an important component of habitat restoration. Without it, there can be no knowledge of what's been done, where it has been done, and no measurement of success in the investments and techniques. Implementation monitoring of CREP tracks how much has been done. These measures are: acres treated, stream miles restored, number of contracts, feet of fencing installed, and number of plants planted. The implementation monitoring data is used to show program performance to the Office of Financial Management, the legislature, and the Farm Service Agency. It is also used for management purposes within the Washington Conservation Commission to allocate funds and better manage the program.

Growth Management impacts

Under GMA, all jurisdictions are required to designate resource lands of long-term commercial significance. These lands include agricultural, forestry and mineral resource lands. Furthermore, jurisdictions planning under the GMA must designate and protect critical areas, which include wetlands, critical wildlife habitat, aquifer recharge areas, geologic hazards, and frequently flooded areas. This proposal supports these local requirements and objectives through the implementation of on-the-ground projects. All locally implemented projects are planned and implemented in a manner consistent with local comprehensive plans and ordinances.

Funding

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Project Title: CREP Riparian Contract Funding

| Funding | | | | | | |
|------------------------------|-------------------------|-------------------|------------------|------------------|-----------------------|--------------------|
| Acct Code | Account Title | Estimated Total | Expenditures | | 2017-19 Fiscal Period | |
| | | | Prior Biennium | Current Biennium | Reappropriations | New Appropriations |
| 057-1 | State Bldg Constr-State | 24,497,000 | 1,851,786 | 2,210,214 | 400,000 | 4,007,000 |
| | Total | 24,497,000 | 1,851,786 | 2,210,214 | 400,000 | 4,007,000 |
| Future Fiscal Periods | | | | | | |
| | | <u>2019-21</u> | <u>2021-23</u> | <u>2023-25</u> | <u>2025-27</u> | |
| 057-1 | State Bldg Constr-State | 4,007,000 | 4,007,000 | 4,007,000 | 4,007,000 | |
| | Total | 4,007,000 | 4,007,000 | 4,007,000 | 4,007,000 | |

Operating Impacts

No Operating Impact

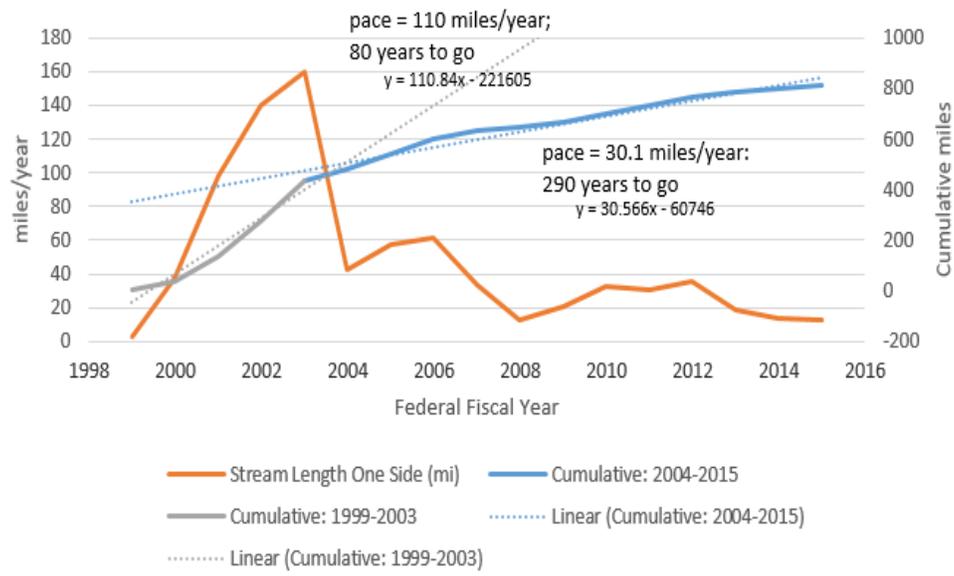
Narrative

The CREP program has been highly successful and cost effective. Due to its ability to bring 80% federal funding into the state, it is a wise method to not only improve watershed health, but also stimulate local economies and private-sector employment. Costs are similar to past years and are expected to remain at this level for the near future. This budget request also relates to the CREP Practice Incentive Payment Loan Program request.

Figure 1. Before and after photos of a CREP project in Okanogan Conservation District.



Figure 2. CREP stream miles buffered by Federal fiscal year.



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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:51PM

Project Number: 30000020

Project Title: Engineering Project Design and Implementation

Description

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 2

Project Summary

Related to Puget Sound Action Agenda Implementation. There is an increasing need for on-the-ground conservation and restoration projects across Washington. Salmon recovery, shellfish protection, soil erosion control, and fire restoration are all examples of resource concerns requiring immediate attention. Most of these projects require the services of licensed engineers for pre-project design and development, and project construction oversight. A shortage of engineering capacity is leading to a bottleneck in getting projects designed and implemented. As a result, our state's natural resource goals and needs are not being met. The State Conservation Commission (SCC) currently maintains a vital Professional Engineering (PE) program at conservation districts across Washington to provide engineering design services for constructing natural resource enhancement and conservation projects. The PE program allows for a wide range of projects focused on natural resource concerns and is utilized by private landowners, tribes, local, state, and federal entities. Projects funded by grants through entities other than the SCC often use PE program services. The PE program is required and necessary to implement capital budget projects.

Project Description**What is the proposed project?**

Requested funding will increase engineering capacity for capital project pre-project design and development. This added capacity will increase the number of capital funded natural resource protection and restoration projects that can be completed by approximately 50%.

The SCC requires all conservation project work to meet the science based, peer reviewed standards of the USDA Natural Resources Conservation Service's Field Office Technical Guide and/or have the approval of a Washington State licensed Professional Engineer (PE) with expertise in the practice area being implemented. This requirement also ensures projects are effective, built for longevity, comply with state law and reduces exposure to risk and financial liability.

This funding request will provide additional financial support to add capacity in the SCC PE program. The SCC implements project PE engagement through a regional approach wherein several conservation districts share the services of a PE. The PE within each area provides services such as project scoping and development, technical grant writing, project design, writing design specifications, construction contracting, construction oversight, project management and a range of other services valuable to conservation district staff, landowners, and tribes and partnering stakeholders.

By organizing conservation districts into regions to share engineering services the SCC is able to achieve cost efficiencies without diminishing effectiveness. Under this proposal, the SCC will contract with a single conservation district responsible for hosting a regional PE to provide support to multiple conservation districts. This "host district" will provide office space or arrange for office space and provide staff support for the professional engineer position. Engineering services are coordinated in accordance with a Memorandum of Understanding (MOU) between the participating conservation districts in each region. The engineering program covers 45 conservation districts and is currently organized into nine engineering regions.

PE services funded in this proposal benefit other state capital funded projects. Engineering assistance is available to conservation districts for projects funded in other programs such as the Family Forest Fish Passage Program (FFFPP). This program is the key state program for removing fish passage barriers on smaller acreage forestlands. Conservation districts are the single largest recipient of funding for the FFFPP. Other entities benefiting from the district engineering services funded in this proposal include the Bonneville Power Administration, Department of Ecology, Recreation and Conservation Office, Department of Fish and Wildlife and others.

What opportunity or problem is driving this request?**The reason for the project:**

There is currently a problem with the lack of engineering capacity for pre-project design and development, and installation of state capital funded natural resource projects. This lack of capacity is impeding our ability to install needed on-the-ground

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projects, slowing our progress in achieving our state's goals for salmon recovery, shellfish restoration, healthy soils, resilient forests, and protection of property. Funding this proposal will result in an increase in the number of on-the-ground projects installed.

Natural resource restoration projects are required to be designed and overseen by a licensed engineer to ensure the projects are appropriately constructed. For example, salmon habitat projects must be designed by a licensed professional engineer with experience in riverine restoration (RCW 77.85.050(5)(a)); dairy nutrient management plans, which include management systems for manure waste, must meet the standards and specifications of a professional engineer (RCW 90.64.026(3)(b)); and flood control or storm water control improvement projects must be constructed consistent with engineered plans (RCW 86.15.110).

One limitation is the challenge of sufficiently funding the engineering services program at a level that allows districts to recruit and retain professional engineers. Hiring, training, and retaining PE's to address natural resource concerns specific to conservation and restoration work is challenging due to job market competition from federal, state, local government and especially private industry. The education and experience that engineers possess are in high demand in the marketplace. Retaining employees requires staying competitive with industry salaries and benefit packages. SCC has effectively managed to retain several engineers as long term employees by coupling a relatively flat base funding rate over the last decade with outside grant funding sources and by providing non-monetary benefits such as rewarding work opportunities to staff. Increased financial support for the engineering services program will help SCC and conservation districts by providing the resources to retain the current body of knowledge. Regions with sufficient grant funding could increase efficiency by increasing staffing levels or increasingly utilizing current technical staff to assist engineers.

Hiring private consultants for every conservation district engineering need is time and cost prohibitive due to requirements associated with hiring professional services, contracting processes, contract management, private consultant fee schedules, and the time required to bring outside consultants up to speed on local natural resource concerns. Hiring, training, and retaining PE's in-house to address natural resource concerns specific to conservation districts' needs has resulted in an extremely effective and efficient conservation delivery system. Staffing district PE's provides engineering services that are familiar with both local natural resource concerns as well as local landowners and the contacts at partnering agencies so that implementation can be expedited through experience and established processes.

Examples of projects that are routinely designed and implemented by conservation districts requiring engineering include manure storage structures, stream crossings/bridges, fish passage barrier removals, irrigation pipelines, fish habitat and stream restoration and many other best management practices that enhance and protect natural resources. Without staffing PE's at conservation districts, the required licensed engineer design and oversight would be more difficult to obtain, slower to implement and come at a significantly greater internal administration and consulting cost rate. Relying solely on outside consulting engineering services would yield a reduction in service, a loss of expertise related to local natural resource issues, an increase in overall project costs, and a drastic reduction of access to engineering services to staff and landowners.

Professional engineers hired by conservation districts through SCC funding support play a key role in getting conservation on the ground. Staff engineers with local knowledge and long standing landowner relations are vital to project development from the initial site visit to project completion. Without this funding support, fewer landowners will have access to the high level of technical expertise provided by conservation district professional engineers which is required in project scoping, planning, design and construction of many best management practices that enhance or protect natural resources; resulting in maximum environmental benefits on projects. Landowner cooperation to implement best management practices would decrease, as many choose to work only with a non-regulatory agency such as a conservation district whose staff they are familiar with and trust. Other partner agencies working with conservation districts would not have access to timely and cost efficient professional engineering assistance resulting in less voluntary project implementation and a potentially increased need for regulatory actions to be taken by state and federal agencies.

Conservation districts and the landowners and natural resources they serve benefit greatly from retaining professional engineers on staff. Long term staff become closely acquainted with the natural resource concerns in the region they serve. Staff longevity also allows time to foster long term relationships with landowners, stakeholders, permittees and others involved in the project implementation. These relationships result in partnerships that can open the door to more project opportunities and help

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Description

make the process of implementing easier and more efficient.

What is the proposed product?

Requested funding will increase engineering services capacity resulting in approximately 45% more capital funded projects per year with pre-project design and management completed and installation done. This additional capacity will also reduce the lag time for engineering review and design as well as increase the ability of PEs to provide pre-project technical consultation services. Also, by utilizing engineering regions where multiple conservation districts share the services of a single engineer, a cost savings is realized by not having every conservation district employ their own engineer.

This funding also provides access to professional engineering services to support capital funded projects from the Salmon Recovery Funding Board, Ecology, Fish and Wildlife, Puget Sound Partnership, and USDA NRCS. Without this essential funding, projects cannot be implemented. Conservation district engineers throughout the state are constantly managing projects in several stages of development in various districts. Each year projects design by conservation district PE's are constructed on the ground in most districts.

The timing of when SCC funded construction projects start will vary depending upon landowner readiness to proceed with the project. Once the landowner is ready and SCC funding is made available, projects must start within 4 months of receipt of funding. Projects are to be completed within the biennium, however delays may occur due to unforeseen issues such as weather, permitting delays, and other impediments.

The effects of non-funding:

Not funding this request to support the SCC engineering services program would result in further delays in the construction of capital funded projects. Conservation districts across the state would see a reduction in the ability to realize environmental enhancement opportunities. The number of landowners willing to voluntarily implement best management practices would decline, as many choose to work only with a non-regulatory agency such as a conservation district and the staff that they are familiar with. Other partner agencies working with conservation districts would not have access to timely and cost efficient professional engineering assistance resulting in reduced project implementation and a potentially increased need for regulatory actions to be taken by state and federal agencies.

Further delays in construction of on-the-ground natural resource projects will set the state back on addressing obligations for salmon recovery, endangered species recovery, and shellfish harvest area restoration. These delays will build pressure on key constituents such as the tribes, commercial and recreational fishers, and our state agricultural community, resulting in increasing legal challenges to the state's actions to restore natural resources. Examples of where legal challenges and court decisions have already happened in this arena include the recent federal court decision on Washington State's tribal treaty obligations, and the state's requirements to restore salmon in the Snake River system.

Engineering services fill an essential niche in the process of acquiring funding from numerous sources to implement conservation projects and help support the funding of all conservation district staff members contributing to moving projects from an initial idea to conservation on the ground. The professional engineering grant program funding is leveraged to acquire significantly more resources through efficient planning and conceptual design at the beginning of the project management process to develop competitive grant proposals that fund project implementation and conservation district staff. Professional engineering service funds can also be leveraged as match which may elevate match levels to allow for grant application or simply make the grant more competitive. The availability of in house engineering services is extremely valuable to conservation districts. Access to district engineers provides a cost and time efficient alternative to the contracting requirements and expense of hiring private consultants. PE's at the district level also provide assistance and training to conservation district managers, planners and technicians to ensure timely and efficient services to landowners for implementation of practices. Engineering is required and necessary to implement capital budget projects.

How will clients be affected and services change if this project is funded?

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Description

Beneficiaries of this proposal are private landowners, as well as project proponents of federally, state and locally funded projects. Currently, conservation district professional engineers are limited in the number of conservation district and partner projects they are able to provide assistance and oversight to because SCC funding support only partially covers the cost of keeping a licensed engineer on staff and additional financial resources are so limited it is difficult for most regions to hire engineering assistance for PE's. Currently, PE's are able to provide assistance to at most 50 projects of various complexities each fiscal year. With this additional funding support from the SCC the capacity to provide engineering expertise to an estimated additional 20 – 25 projects each year could be realized.

Conservation districts are required by law (RCW 89.08) to create their long-range strategic plans in partnership and consultation with all applicable natural resource agencies, governments and groups. That partnership takes into account all locally and regionally developed watershed plans, salmon recovery plans, and other locally developed initiatives. This program enables conservation districts to play a greater role in implementing larger initiatives such as the Puget Sound Action Agenda, critical groundwater management areas, Lower Columbia River Estuary Program, and the Northwest Power and Conservation Council's Fish and Wildlife Plan.

IT Costs:

No IT-related costs are included in this proposal.

What is the agency's proposed funding strategy for the project?

Few funding sources exist specifically for engineering prior to project development and grant application and award. In order to develop projects and best management practices to produce a competitive grant application with a sound implementation plan, professional engineering assistance for project scoping, budgeting, and conceptual design is often needed. This engineering work must occur first in order to apply for grants or funding from other sources and is not a retroactively reimbursable expense IF funding is actually secured from grantors.

Additionally, projects implemented on private lands require a landowner's investment and commitment to the project. This requires a conceptual design so the landowner understands the full extent of their commitment. It also requires accurate project cost estimates in the very early phases of developing a project with a landowner. Often, landowners must secure personal loans or some other form of financing for the landowner's investment must be secured. Project cost estimates and conceptual designs are a critical tool for the landowner to use in the decision making and financial acquisition process. Again, this is often unfunded work in advance of capital project implementation funding being secured.

Most state and federal grant funding sources provide limited funding for engineering for projects implemented by conservation districts. There are many engineering services that facilitate conservation district acquisition of outside funds that subsequently support the engineering program and other staff, but those upfront costs are not fully grant funded. Conservation districts must find sufficient additional resources to pay for professional engineering for unfunded services such as landowner technical assistance, project and grant development, engineering for match to grant applications, and grant projects with limited funding for engineering services. The purpose of this funding proposal is to provide consistent and adequate funding to conservation districts for necessary professional engineering services.

How does the project support the agency and statewide results?

This project is essential to implementing the following SCC strategic areas:

Resource Conditions: Demonstrate voluntary conservation programs and services lead to natural resource improvements.

District Operations: Enhance conservation districts' ability to deliver quality technical services that meet local and natural resource needs.

Statewide Program Delivery: SCC programs meet local and state resource priorities and maximize community-based models to deliver effective solutions.

Policy Leadership: The Commission leads in the development and implementation of policies related to natural resource

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conservation and viable land use.

Partnering: The Commission is a key partner uniting natural resource and agriculture stakeholders and implements collaborative, effective conservation solutions.

Technical Capacity: Conservation districts have the premier technical capability and capacity to create and implement conservation systems and programs.

This request provides essential support to the Governor's Results Washington Goal Topics, Outcome Measures, and Leading Indicators:[JS(1)]

Leading Indicator 2.1.b. – Increase the number of implemented BMPs to improve water quality in shellfish growing areas in Puget Sound, Grays Harbor, and Pacific counties.

Leading Indicator 2.2.b. – Increase miles of stream habitat opened.

Leading Indicator 2.2.c. – Increase number of fish passage barriers corrected.

Leading Indicator 3.2.a - Increase the number of projects that provide stormwater treatment/infiltration.

Outcome Measure: Increase the percentage of current state listed species recovering.

Leading Indicator 4.1.a. - Maintain current level of statewide acreage dedicated to working farms with no net loss.

Outcome Measure: Increase the average annual statewide treatment of forest lands for forest health and fire reduction.

Leading Indicator 4.4.a. – Increase hydraulic project approval compliance rates.

Leading Indicator 4.4.b. - Reduce annual rate of conversion of marine and freshwater riparian habitat in Puget Sound and provide mitigation to ensure maintenance of habitat functions.

Leading Indicator 4.4.d. - Increase the acreage of Puget Sound estuaries restored in the 16 major rivers.

The SCC's strategic areas, Governor's Results WA goals and the Puget Sound Action Agenda all benefit from conservation district projects implemented on the ground. Professional engineering services on staff enable conservation districts to develop and implement projects with landowners and partners.

Puget Sound Action Agenda:

NTA #2016-0370 – Puget Sound Clean Waters Livestock Stewardship Program. Provide technical assistance, conservation planning tools, project design, and financial assistance to livestock owners to prevent fecal coliform pollution. The estimated overall cost for this NTA over a 2-year period to implement 200 best management practices (BMP) was between \$8.4 and \$14.4 million based on the estimate that a single practice costs approximately \$20,000. Professional engineering services made available by this funding proposal will enable conservation districts to efficiently and cost effectively implement best management practices with landowners, working towards the 200 BMP goal set out in this NTA.

NTA #2016-0268 – Expand Conservation District Shoreline Technical Assistance in Puget Sound. Establish a network of conservation district programs to collaborate with shoreline landowners and promote naturally functioning marine shorelines using outreach, technical assistance, site assessments, design, and cost-share for restoration and protection projects. This NTA recognizes that availability of professional engineers to the Puget Sound conservation districts is a key component of providing shoreline landowners with the technical assistance described in this NTA. Providing those resources through this funding proposal will assist the conservation districts with implementation of this NTA.

NTA #2016-0292 - Puget Sound Conservation District Stormwater Action Team.

Raise the capacity of stormwater services in conservation districts and their partners across Puget Sound through the replication of rain garden, sound education, depave, and monitoring programs. This NTA recognizes that stormwater infiltration and treatment projects on private lands are a key component of any stormwater management plan and can reduce peak stormwater flows to local water ways and municipal stormwater treatment facilities thus overall reducing polluted runoff. These projects and implementation of this NTA will benefit from increased availability of conservation district engineering expertise.

Requested Amount Statewide by Fiscal Year: \$1,350,000

Amount Related to Puget Sound: \$300,000

Methodology used to calculate funding amount for Puget Sound: There are 2 engineering clusters in Puget Sound. This amount is equal to \$150,000 per cluster per year.

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FTE amount related to Puget Sound: 0.0 There are no state agency FTE costs associated with this proposal. All funds are pass-through to the conservation district engineering clusters.

Additional Information:

This funding proposal will enable conservation districts to develop and complete additional conservation projects on the ground with landowners and partners in a cost effective and efficient manner.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Conservation districts

RCW that establishes grant: 89.08

Application process used

Conservation districts enter required project information into the SCC Conservation Practice Data System (CPDS). Information must adequately describe the specific nature of the resource concern to be addressed and whether the project is part of or consistent with local conservation priorities. These projects must be prioritized. Once projects are entered into the CPDS, they are reviewed by SCC staff for completeness and potential to accomplish planned objectives. IF the project meets these criteria, it will be funded.

Growth Management impacts

Projects will support local GMA requirements to protect critical areas. All locally implemented projects are planned and implemented in a manner consistent with local comprehensive plans and ordinances.

Funding

| Acct Code | Account Title | Estimated Total | Expenditures | | 2017-19 Fiscal Period | |
|-----------|-------------------------|-------------------|----------------|------------------|-----------------------|--------------------|
| | | | Prior Biennium | Current Biennium | Reappropriations | New Appropriations |
| 057-1 | State Bldg Constr-State | 13,500,000 | | | | 2,700,000 |
| | Total | 13,500,000 | 0 | 0 | 0 | 2,700,000 |

| | | Future Fiscal Periods | | | |
|-------|-------------------------|-----------------------|------------------|------------------|------------------|
| | | 2019-21 | 2021-23 | 2023-25 | 2025-27 |
| 057-1 | State Bldg Constr-State | 2,700,000 | 2,700,000 | 2,700,000 | 2,700,000 |
| | Total | 2,700,000 | 2,700,000 | 2,700,000 | 2,700,000 |

Operating Impacts

No Operating Impact

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Project Number: 30000009

Project Title: CREP Riparian Cost Share - State Match

Description

Starting Fiscal Year: 2014

Project Class: Grant

Agency Priority: 3

Project Summary

This request is to provide matching funds for project implementation to continue the Conservation Reserve Enhancement Program (CREP) with private landowners. In its 15+ years of implementation, the Conservation Reserve Enhancement Program (CREP) has demonstrated measureable natural resource improvement across the state. CREP is also a critical component in our state's strategy to address endangered salmon recovery and is related to Puget Sound Action Agenda Implementation. The riparian cost share funding sought in this request will provide the state match for federal funding to continue this critical habitat restoration and conservation program. The state will provide 20% to match the federal 80% contribution.

Project Description**What is the proposed project?**

Since 1999, the largest riparian restoration program in Washington State is the Conservation Reserve Enhancement Program (CREP). CREP is a federal program administered by the Farm Service Agency (FSA). They pay 80% of the costs of this program in Washington State. State money funds the remaining 20%. It is a voluntary program, and is the greatest tool that we have to address important habitat for salmon listed under the Endangered Species Act. It plants native trees and shrubs while removing livestock and agricultural activities from the riparian area of streams. These riparian areas are among the most sensitive and important ecological areas within a watershed, supporting a wide variety of fish and wildlife species. Healthy riparian buffers also improve water quality for human uses, such as improved drinking water, recreational use, and cleaner water draining into shellfish beds. The buffers are preserved under 10-15 year renewable contracts with the federal government (Farm Service Agency or FSA). Because the federal government pays rental payments for these buffers, this program restores sensitive riparian areas without negative financial impacts to farmers and other private landowners. In the past decade, CREP has become the largest riparian restoration program in the state with over five million trees planted on over 11,000 acres of buffer installed along more than 600 miles of stream.

Because CREP is a voluntary program, consistently achieving this benefit has been difficult. Historic implementation of these programs as been opportunistic with services provided to landowners based on landowners seeking the services.

Since project inception, there has been an increased demand for demonstration of benefit and need to address natural resource impacts. A recent decision in U.S. v Washington establishes a state requirement to address tribal treaty rights with respect to habitat. A recent Puget Sound State of the Sound report highlights loss of important habitats in Puget Sound as well as degraded water quality in rivers and streams leading to closed shellfish harvest. Climate change impacts require adaptation to address changes in water resources, higher volume and shorter duration flows due to loss of snowpack, and ecosystem alteration due to temperature change.

The current system of CREP delivery needs to improve to show measurable natural resource improvements as a result of implementation of these voluntary, incentive-based programs. This funding request provides additional landowner incentives identified in Results Washington efforts, as supported by the Governor.

Funding in this proposal will continue on-the-ground implementation of best management practices that will address some of the negative inputs to water quality and salmon habitat that can occur as a result of agriculture.

What opportunity or problem is driving this request?**The reason for the project:**

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Description

Much of Washington State has ESA-listed salmonid species in its streams, and degraded riparian habitat is identified as a key limiting factor to salmon populations (Governor's Salmon Recovery Office 2006). In addition, 37% of salmon streams on private land pass through agricultural lands (NMFS and USFWS 2000). Riparian buffers enhance salmon habitat by shading and cooling water to provide suitable habitat for juvenile salmon; adding leaf litter and plants to provide nutrients and promote insect production which provides food; growing trees that provide habitat and help shape streams to a more natural condition. For these reasons, it is important to improve riparian habitat on agricultural lands to make progress towards salmon recovery.

CREP directly improves water quality in several ways. Riparian buffers filter pollutants from farmland and help remove excess sediment, fecal coliform bacteria, and chemicals before they reach the stream. The CREP trees shade the rivers to keep water temperatures cool and oxygen levels high. Currently, nearly all of our basins have streams with 303(d) listings, which means they have failed to meet water quality standards (DOE 2004). CREP is an important tool to assist in water quality improvements in our state and is important for compliance with the Clean Water Act.

CREP has produced results. In Whatcom County, over 1 million trees have been planted along streams using this program. One result is that summer water temperatures have dropped six degrees in Ten-Mile Creek where water temperature has been monitored over time and as a result summer water temperatures in Ten-mile Creek are consistently below the threshold for salmon. Ten-mile Creek is now the only lowland Nooksack River tributary that regularly meets goals for fecal bacteria set to protect the Portage Bay shellfish beds downstream. Similar results have been realized in Chemicum Creek in Jefferson County and the Tucannon River in Columbia County. These results are common when a significant portion (60-80%) of the stream is buffered.

Increasing concerns regarding the pace of progress on improving natural resource condition has led the Conservation Commission and conservation districts to identify how we can contribute to change the pace of restoration. At current rates (30.1 miles of buffer implementation per year) we estimate that another 290 years will be required to reach the 10,000 mile target set by the FSA for the program. Even at an ambitious rate established in the program's early phases (1999-2004), we estimate another 80 years would be required to reach our target. Anecdotal information from districts indicates that for some producers, current rental rates from FSA don't compete with net commodity prices. Additionally, Oregon has had some success encouraging participation by providing a cumulative impact bonus if a given number of producers enroll within a five mile reach of stream. Lastly, consistent with other WSCC efforts, targeting habitat restoration efforts in areas of priority resource concerns should provide measureable results faster than strictly voluntary efforts across a broader landscape.

What is the proposed product?

CREP is a voluntary program that allows the state and conservation districts to focus on success and implementation rather than a regulatory approach to dealing with non-point sources of pollution. Specific benefits of this project include:

Outstanding leverage of state dollars spent on salmon habitat restoration and water quality improvements because the federal government provides up to 80% of the funds for this program.

Improved water quality for both humans and wildlife. These improvements include water temperature, dissolved oxygen, decreased sediments, and decreased pollutants. Contributes towards compliance with the Clean Water Act.

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Description

Contributes to salmon habitat. Addresses a key limiting factor for ESA-listed salmon, which will lead to increased salmon production and aid the fisheries industry (Governor's Salmon Recovery Office 2006).

Increases private landowner awareness and cooperation regarding the restoration and protection of natural resources.

Provides a way for farmers to continue to farm while also improving watershed health.

Proven success with plant survival rates of 87-95%, plant growth rates of 13-20" per year, and the proven ability to provide 70% shade to streams after only 4-7 years after planting.

Funds (including the 80% leveraged from the federal government) support local private-sector jobs, many of which are located in rural areas where such jobs are needed. About 116-130 jobs will be maintained or created mostly in rural areas due to this program. These are jobs directly created by these funds. Several additional million dollars are paid by the federal government to farmers who enroll in this program. Those indirectly create more jobs that are in addition to the estimate we provided for direct jobs.

Additional funding is requested for three efforts identified in Results Washington measures:

A pilot program to determine net commodity prices for current crops and provide incentives to match that value in a one-time incentive that provides equivalent net income for producers of high-value crops such as cranberries, blueberries and orchards.

A pilot program to offer a cumulative impact incentive to reward producers in a five mile reach that enroll 50% or more of the length with a one-time bonus, similar to a program offered by Oregon's CREP program.

A pilot program to identify specific resource concerns in reach, then offer a one-time incentive to producers in that reach for signing up for CREP.

The effects of non-funding:

Without state funding, the partnership with FSA would dissolve, resulting in the end of this program. To-date, this program has restored over 11,000 acres of riparian buffer (640 miles of stream) predominantly located in our largest, most important watersheds in the state. The majority of CREP projects focus on salmonids that are listed under the Endangered Species Act. Riparian habitat has been listed as a major limiting factor affecting listed salmon in every salmon recovery region. The cessation of CREP would end most of the recovery actions for riparian conditions on agricultural lands, and would slow progress towards salmon recovery. It would also end the infusion of several millions of federal dollars into our state each biennium for this program, which would have a negative economic impact and reduce private-sector employment, cutting at least 116 private-sector jobs per year.

Not funding CREP would also end restoration actions that are important for compliance with the Clean Water Act.

Finally, failure to fund this ongoing effort will put the state at increased risk of a legal challenge by Washington's treaty tribes who depend upon salmon for commercial, subsistence and cultural purposes. The state has an obligation to provide salmon habitat to meet treaty obligations. Recent federal court decision indicate the state could be exposed to legal challenge if the

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Description

state fails to address the negative habitat impacts that affect salmon survival.

How will clients be affected and services change if this project is funded?

If this proposal is funded at the requested level, on-the-ground projects to address negative natural resource impacts will continue to be implemented. CREP has economic benefits including federal rental payments to over 1000 local farmers and providing private-sector jobs (116-130 direct jobs) for people who grow plants and prepare and maintain the land that is planted with the buffers. CREP aids the state budget by infusing an 80% match of federal funds into our economy, while improving greatly needed salmon habitat and water quality. CREP aids the landowner by providing financial incentives to improve salmon habitat and watershed health. This experience often results in a positive change in outlook regarding environmental issues. CREP aids the state by improving water quality for both humans and wildlife. It also contributes towards compliance with the federal Clean Water Act. CREP aids the state by improving salmon habitat, contributing towards recovery goals for ESA-listed salmonids. Improvements in salmonid populations also have an economic value in their fisheries.

IT Costs:

No IT-related costs requested.

What is the agency's proposed funding strategy for the project?

There is no other funding strategy other than the funding requested in this decision package.

How does the project support the agency and statewide results?

CREP contributes to the Conservation Commission's strategic plan by supporting Conservation Districts in their effort to help landowners conserve and sustain resources. Specifically, CREP provides funding to restore riparian buffers to a forested condition, and through contracts, protect this buffer for 10-15 years. The buffers are developed according to scientific standards developed by the Natural Resources Conservation Service with the existing maintenance program of up to five years. This maintenance is important to assure successful growth and survival of the native plants and eradication of invasive species until the installed trees are established to the extent that they can survive well on their own. Without this maintenance, there would likely be a loss of investment due to plant death and spread of invasive plants. CREP sites are regularly inspected and monitored for compliance and accountability, and the Conservation Commission requires Conservation Districts to adhere to documented performance measures. This proposal relates to the following WSCC strategic areas:

- Resource Conditions: demonstrate that voluntary conservation programs and services lead to natural resource improvements.
- Statewide Program Delivery: Program will meet local and state resource priorities.
- Sustainable Funding: WSCC and districts will have secure funding that allows us to retain talented staff and confidently launch long-term, strategic work plans.
- Partnering: WSCC is a "go-to" partner with FSA and NRCS that unites natural resources and agricultural stakeholders and implements collaborative, effective conservation solutions.
- Technical Capacity: Conservation districts have premier technical capability and capacity to create and implement conservation systems and programs.

Capital Project Request

2017-19 Biennium

*

Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:28PM

Project Number: 30000009

Project Title: CREP Riparian Cost Share - State Match

Description

The Governor's Results Washington indicators addressed by this funding proposal include:

3.2.c Increase number of CREP sites to improve water temperature and habitat from 1,094 to 1,178 by 2020.

Puget Sound Action Agenda:

The protection and recovery of habitat, including salmon habitat, is one of three Strategic Initiatives in the 2016 Puget Sound Action Agenda. This funding proposal will directly support and implement this strategic initiative by supporting the on-the-ground implementation of projects that address negative impacts to salmon habitat.

This funding request supports the following Ecosystem Strategies and Substrategies found in the 2016 Action Agenda:

Strategy 5 – Protect and restore floodplain function

5.4 Implement and maintain priority floodplain restoration projects

Strategy 6 – Protect and recover salmon.

6.1 Implement high-priority projects identified in each salmon recovery watershed's three-year work plan.

6.4 Protect and recover steelhead and other imperiled salmonid species.

Other substrategies supported by this CREP funding request:

2.2 Implement and maintain priority freshwater and terrestrial restoration projects.

3.1 Use integrated market-based programs, incentives, and ecosystem markets to steward and conserve private forest and agricultural lands.

3.2 Retain economically viable working forests and farms.

9.4 Provide education and technical assistance to prevent and reduce releases of pollution.

10.1 Manage urban runoff at the basin and watershed scale.

Requested Amount Statewide by Fiscal Year: \$1,750,000

Amount Related to Puget Sound: \$420,000

Methodology used to calculate funding amount for Puget Sound: There are 12 conservation districts in Puget Sound. This is 24% of the total number of conservation districts statewide. Historically Puget Sound conservation district has been 24% of the statewide total.

FTE amount related to Puget Sound: 0.5

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Project Number: 30000009

Project Title: CREP Riparian Cost Share - State Match

Description

Proviso

Not a budget proviso, but a contract Memorandum of Agreement signed by the State of Washington and USDA, agreeing to the program and its associated costs.

Location

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Project Number: 30000009

Project Title: CREP Riparian Cost Share - State Match

Description

Location

| | | |
|----------------------|----------------------|---------------------------|
| City: Chehalis | County: Lewis | Legislative District: 020 |
| City: Clarkston | County: Asotin | Legislative District: 009 |
| City: Dayton | County: Columbia | Legislative District: 016 |
| City: Ellensburg | County: Kittitas | Legislative District: 013 |
| City: Lake Stevens | County: Snohomish | Legislative District: 044 |
| City: Lynden | County: Whatcom | Legislative District: 042 |
| City: Montesano | County: Grays Harbor | Legislative District: 019 |
| City: Mount Vernon | County: Skagit | Legislative District: 010 |
| City: Mount Vernon | County: Skagit | Legislative District: 040 |
| City: Okanogan | County: Okanogan | Legislative District: 007 |
| City: Okanogan | County: Okanogan | Legislative District: 012 |
| City: Pomeroy | County: Garfield | Legislative District: 009 |
| City: Port Angeles | County: Clallam | Legislative District: 024 |
| City: Renton | County: King | Legislative District: 011 |
| City: Renton | County: King | Legislative District: 033 |
| City: Renton | County: King | Legislative District: 037 |
| City: Renton | County: King | Legislative District: 041 |
| City: Shelton | County: Mason | Legislative District: 035 |
| City: South Bend | County: Pacific | Legislative District: 019 |
| City: Tumwater | County: Thurston | Legislative District: 022 |
| City: Unincorporated | County: Jefferson | Legislative District: 024 |
| City: Unincorporated | County: Wahkiakum | Legislative District: 019 |
| City: Walla Walla | County: Walla Walla | Legislative District: 016 |

Project Type

Grants

Grant Recipient Organization: Conservation Districts

RCW that establishes grant: RCW 89.08

Application process used

Monitoring is an important component of habitat restoration. Without it, there can be no knowledge of what's been done, where it has been done, and no measurement of success in the investments and techniques. Implementation monitoring of CREP tracks how much has been done. These measures are: acres treated, stream miles restored, number of contracts, feet of fencing installed, and number of plants planted. The implementation monitoring data is used to show program performance to the Office of Financial Management, the legislature, and the Farm Service Agency. It is also used for management purposes within the Washington Conservation Commission to allocate funds and better manage the program.

Growth Management impacts

Under GMA, all jurisdictions are required to designate resource lands of long-term commercial significance. These lands include agricultural, forestry and mineral resource lands. Furthermore, jurisdictions planning under the GMA must designate and protect critical areas, which include wetlands, critical wildlife habitat, aquifer recharge areas, geologic hazards, and frequently flooded areas. This proposal supports these local requirements and objectives through the implementation of on-the-ground projects. All locally implemented projects are planned and implemented in a manner consistent with local comprehensive plans and ordinances.

Funding

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Version: P1 2017-19 Capital Budget Request

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Project Number: 30000009

Project Title: CREP Riparian Cost Share - State Match

Funding

| Acct Code | Account Title | Estimated Total | Expenditures | | 2017-19 Fiscal Period | |
|-----------|-------------------------|-------------------|------------------|------------------|-----------------------|--------------------|
| | | | Prior Biennium | Current Biennium | Reappropriations | New Appropriations |
| 057-1 | State Bldg Constr-State | 22,690,000 | 1,984,572 | 2,705,428 | 500,000 | 3,500,000 |
| | Total | 22,690,000 | 1,984,572 | 2,705,428 | 500,000 | 3,500,000 |

| | | Future Fiscal Periods | | | |
|-------|-------------------------|-----------------------|------------------|------------------|------------------|
| | | 2019-21 | 2021-23 | 2023-25 | 2025-27 |
| 057-1 | State Bldg Constr-State | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 |
| | Total | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 |

Operating Impacts

No Operating Impact

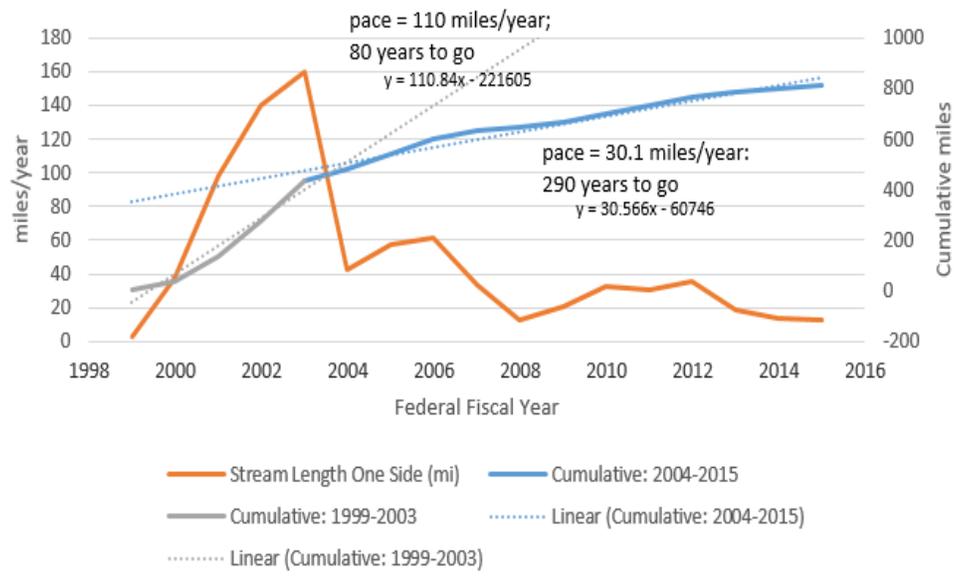
Narrative

The CREP program has been highly successful and cost effective. Due to its ability to bring 80% federal funding into the state, it is a wise method to not only improve watershed health, but also stimulate local economies and private-sector employment. Costs are similar to past years and are expected to remain at this level for the near future. This budget request also relates to the CREP Practice Incentive Payment Loan Program request.

Figure 1. Before and after photos of a CREP project in Okanogan Conservation District.



Figure 2. CREP stream miles buffered by Federal fiscal year.



Capital Project Request

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Project Number: 30000017

Project Title: Match for Federal RCPP Program

Description

Starting Fiscal Year: 2016

Project Class: Grant

Agency Priority: 4

Project Summary

Related to Puget Sound Action Agenda Implementation. The Regional Conservation Partnership Program (RCPP) is a U.S. Department of Agriculture (USDA) program originating with the 2014 federal Farm Bill. The RCPP encourages coordination between the federal Natural Resource Conservation Service (NRCS) and local partners to deliver conservation assistance to agricultural producers and landowners. Potential projects and practices include: exclusion fencing to keep cattle out of streams; manure management systems; irrigation water efficiencies; easement acquisition; and direct seed drilling techniques. These types of projects are vital in protecting or restoring natural resources, enhancing soil conservation in agricultural settings, and contributing to clean air and water for the benefit of all Washingtonians. This request would provide the required state matching funds for approved RCPP projects.

Project Description**What is the proposed project?**

The 2014 federal Farm Bill created the Regional Conservation Partnership Program (RCPP) within the U.S. Department of Agriculture (USDA). The RCPP is a five-year program that encourages coordination between the federal Natural Resource Conservation Service (NRCS) and local partners to deliver conservation assistance to agricultural producers and landowners, combining four existing NRCS programs for improved coordinated delivery of these programs at the local level.

Local entities submit proposals to NRCS for review and approval as part of the RCPP. Local proposals vary, but generally will conduct outreach to landowners to implement practices funded through a combination of state and federal funds.

State matching funds of project cost are required for approved proposals. This request would fund state match for approved RCPP projects. This proposal is for \$14,947,830 for the 2017-19 biennium to provide continued match funding for three previously approved proposals, and four new proposals submitted for consideration and possible approval in January 2017. \$4,051,630 is requested as reappropriated funding from the 2015-17 biennium; \$10,896,200 would fund newly approved projects.

Potential projects and practices include: exclusion fencing to keep cattle out of streams to improve water quality and habitat for at-risk salmonid species; manure management systems to improve water quality of ground water; irrigation water efficiencies to conserve the resource for fish-passage streams and minimize effects of drought and climate change; easement acquisition to preserve farmland; direct seed drilling techniques to minimize soil erosion and sedimentation of rivers; and improve forest health, thereby minimizing threats of catastrophic wildfires and maximizing economic opportunities of timber harvest.

Natural resource improvements are also expected as the on-the-ground projects are installed. By implementing projects in a focused, targeted area the environmental effect is magnified. For example, longer stretches of river will be protected, more acres of land irrigated more efficiently, and more no-till acres applied in these focus areas. The state matching funds requested in this decision package will leverage federal and local funding to increase the number of on-the-ground management practices that will be implemented.

What opportunity or problem is driving this request?**The reason for the project:**

Currently there is an array of federal landowner assistance programs at the NRCS. These programs are not implemented in any coordinated fashion at the local level. Also, current project proponents at the local level work in isolation when submitting funding applications to the federal NRCS programs. The new RCPP is designed to encourage local entities to reach out to multiple partners and develop local implementation approaches that will bring together multiple fund sources to address natural resource issues in a targeted fashion. The local entities could be a conservation district, a county, a tribe, or a local non-profit organization such as a land trust. Potential partners include all of these local entities as well as state agencies.

The role of the State Conservation Commission (SCC) in this program is to assist in seeking and providing state matching funds. The SCC works with local project sponsors who have been selected by NRCS as an RCPP project. This work with local sponsors includes the pass-through of state matching funds and tracking the use of the funds to ensure compliance with state

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Project Title: Match for Federal RCPP Program

Description

fiscal policies. The SCC is also a lead partner in a specific RCPP project: Precision Conservation for Salmon Recovery and Water Quality in Puget Sound.

All entities involved in natural resource protection and restoration on agricultural lands face limited financial ability and staff capacity constraints. RCPP will augment these limited financial and staff resources more efficiently by coordinating the work on the ground to assist landowners. The proposals will also be more effective with the limited funds by targeting combined dollars from multiple sources for a focused resource outcome.

Under the federal guidelines, state, local, and non-profit entities are allowed to submit pre-proposals to NRCS for RCPP consideration. Following review of the pre-proposals, NRCS will select a few for full proposal submittal and consideration for final RCPP designation. Pre-proposals are scored on the availability of matching resources by the partners and if no state funding match is available we will miss the opportunity to leverage state funding with up to \$20 million of federal funds.

NRCS has completed two rounds of RCPP proposal decisions, the first in 2015 and the second in 2016. There have been a total of 7 projects approved in Washington in the first two rounds. The third round was initiated in the spring of 2016. The decision on pre-proposals has been made with 3 projects in Washington invited to submit full proposals. The final decision on proposals isn't expected until January 2017.

Because the full RCPP proposals are due in late September, 2016, well before the passage of the 2017-19 budget, no specific commitment of state funds can be identified. However, it would benefit the proposals if it could be shown that Washington is willing to match funding for successful RCPP proposals.

Six projects were approved as part of the 2017-19 budget; of these three projects are underway and continued funding is required to complete them. The other three projects are in the approval process and work has not yet begun, but to take advantage of the federal funding the state must provide funding for them.

What is the proposed product?

Projects constructed under this proposal will be projects meeting the federal NRCS standards, and will include such practices as: exclusion fencing to keep cattle out of streams; manure management systems; irrigation water efficiencies; easement acquisition; and direct seed drilling techniques. Projects funded in the previous biennium have already begun. Other projects will begin once federal and state funding is available. Many of the projects in the proposals have been or will be phased over a period of years, which could be 2 to 5 years depending on the proposal.

The three previously approved proposals include:

Approved 2015 – Needing new funding:**Palouse River Watershed (WRIA 34) Implementation Partnership**

Lead partner: Palouse Conservation District

2017-19 Reappropriation: \$1,406,630

2017-19 State New Funding Request: \$2,153,600

Precision Conservation for Salmon and Water Quality in the Puget Sound

Lead Partner: Washington State Conservation Commission

2017-19 Reappropriation: \$1,145,000

2017-19 State New Funding Request: \$3,500,000

Approved in 2016:**Greater Spokane River Watershed Implementation**

Lead Partner: Spokane Conservation District

2017-19 Reappropriation: \$1,500,000

2017-19 State New Funding Request: \$1,198,600

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Project Title: Match for Federal RCPP Program

DescriptionProposal Submitted for 2017:**Yakima Integrated Plan - Toppenish to Teanaway Project**

Lead Partner: Kittitas Conservation District

Match Need: \$1,669,000 over 5 years

Southwest Washington Non-industrial Private Forest Lands Conservation Partnership

Lead Partner: WDFW

Match Need: \$375,000

Soil Health in the Pacific Northwest

Lead Partner: Okanogan Conservation District

Match Need: \$750,000

Puyallup Watershed Agriculture Preservation & Salmon Recovery Partnership

Lead Partner: Pierce Conservation District

Match Need: \$1,250,000 over 5 years

Match Request for 2017-19: \$500,000

The effects of non-funding:

If match funding is not identified it will be unlikely that the pre-proposals will have a chance to be considered or accepted as a full proposal by NRCS. Pre-proposals are scored on the availability of matching resources by the partners and if no state funding match is available we will miss the opportunity to match state funding with up to \$20 million of federal funds.

Because the RCPP proposals from state and local entities are required to provide matching funds, failure to fund this request will result in a denial of approval from NRCS and the loss of federal funding. The program simply will fail. The resulting impact to stakeholders will be a set-back in addressing critical natural resources issues throughout the state.

How will clients be affected and services change if this project is funded?

Funding in this proposal will increase the services the funded entities are able to provide at the local level. Landowners will see an increase in available opportunities for federal and state projects to address natural resource issues. Stakeholders positively impacted by funding this proposal will include the local entities leading the individual programs, who will be able to expand their contacts and relationships with landowners and other local entities implementing projects. Landowners will benefit by having more program options available. The state's natural resources will benefit through implemented programs that will protect them from further degradation as well as improve resource conditions. Tribes will benefit because of the improved water quality and quantity conditions that will benefit tribal resource interests such as salmon recovery and shellfish harvest area opening. Washington residents will benefit through improved resource conditions achieved through a more efficient and effective approach that will, by taking advantage of matching resources, maximize the impact of state dollars.

IT Costs:

No IT funding is requested.

What is the agency's proposed funding strategy for the project?

The funding requested in this proposal will be matched by federal funds of up to \$20 million. SCC must contribute. Without the matching state funds, there is no federal funding.

How does the project support the agency and statewide results?

This proposal relates to the following WSCC strategic areas:

- Resource Conditions – Demonstrate voluntary conservation programs and services lead to natural resource improvements.
- Resource Issue Facilitation – Coordinate local, state, federal, and tribal entities to identify and resolve natural resource issues.
- District Operations – Enhance conservation districts' ability to deliver quality technical services that meet local and natural resource needs.

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Project Title: Match for Federal RCPP Program

Description

Statewide Program Delivery – Our programs meet local and state resource priorities, and maximize community-based models to deliver effective solutions.

Policy Leadership – Lead in the development and implementation of policies related to natural resource conservation and viable land use.

Partnering – We are a partner that unites natural resources and agricultural stakeholders and implements collaborative, effective conservation solutions.

Technical Capacity – Conservation districts have premiere technical capability and capacity to create and implement conservation systems and programs.

Public Outreach and Marketing – Citizens, stakeholders, and policy leaders recognize the SCC and conservation districts for their achievements and collaborative approach.

The Governor's Results Washington indicators addressed by this funding proposal include:

Leading Indicator: Increase electrical load growth replaced by conservation.

2.1.b. Increase number of implemented agricultural BMPs to improve water quality in shellfish growing areas in Puget Sound, Grays Harbor and Pacific counties.

2.2.b. Increase miles of stream habitat opened.

2.2.c. Increase number of fish passage barriers corrected.

Outcome Measure: Increase the percentage of current state listed species recovering from 28% to 35% by 2020.

2.3.b. Increase the 5-year running average of statewide sage-grouse population from 1,000 to 1,100 by 2017.

4.1.a. Maintain current level of statewide acreage dedicated to working farms (cropland) with no net loss.

Outcome Measure: Increase the average annual statewide treatment of forested lands for forest health and fire reduction from 145,000 to 200,000 acres by 2017.

Outcome Measure: Reduce the rate of loss of priority habitat.

4.4.a. Increase hydraulic project approval compliance rate.

4.4.b. Reduce annual rate of conversion of marine and freshwater riparian habitat in Puget Sound and provide mitigation to ensure maintenance of today's habitat functions.

4.4.d. Increase the acreage of Puget Sound estuaries restored in the 16 major rivers.

Puget Sound Action Agenda:

This funding request supports the following Ecosystem Strategies and Substrategies found in the 2016 Action Agenda:

Strategy 11 – Prevent, reduce, and control agricultural runoff

11.1 Target voluntary and incentive-based programs that help working farms contribute to Puget Sound Recovery.

11.2 Ensure compliance with regulatory programs designed to reduce, control, or eliminate pollution from working farms.

Strategy 19 – Ensure abundant, healthy shellfish for ecosystem health and for commercial, subsistence, and recreational harvest consistent with ecosystem protection.

19.1 Improve water quality to prevent downgrade and achieve upgrades of important current tribal, commercial, and recreational shellfish harvesting areas.

19.2 Restore and enhance native shellfish populations.

Other substrategies supported by this shellfish funding request:

2.2 Implement and maintain priority freshwater and terrestrial restoration projects.

3.1 Use integrated market-based programs, incentives, and ecosystem markets to steward and conserve private forest and agricultural lands.

3.2 Retain economically viable working forests and farms.

9.4 Provide education and technical assistance to prevent and reduce releases of pollution.

10.1 Manage urban runoff at the basin and watershed scale.

10.3 Fix stormwater problems caused by existing development.

10.4 Control stormwater sources of pollutants.

10.5 Provide focused stormwater-related education, training, and assistance.

13.1 Effectively manage and control pollution from small onsite sewage systems.

15.3 Prevent and rapidly respond to the introduction and spread of terrestrial and aquatic invasive species.

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Description

Puget Sound Action Agenda Related Costs:

Requested Amount Statewide by Fiscal Year: \$4,572,500

Amount Related to Puget Sound: \$1,750,000

Methodology used to calculate funding amount for Puget Sound: The Puget Sound RCPP – titled “Precision Conservation in Puget Sound for Salmon Recovery and Water Quality” – is entering the second biennium of implementation with additional state match at \$3,500,000 for the biennium. This amount is determined by the work plan developed by the Puget Sound RCPP leads and approved by NRCS.

FTE amount related to Puget Sound: 1.0

Proviso

Approved projects in RCPP will be listed in the proviso.

Location

| | | |
|----------------------------|--------------------------|----------------------------------|
| City: Algona | County: King | Legislative District: 030 |
| City: Auburn | County: King | Legislative District: 030 |
| City: Auburn | County: King | Legislative District: 031 |
| City: Auburn | County: King | Legislative District: 047 |
| City: Black Diamond | County: King | Legislative District: 005 |
| City: Bothell | County: King | Legislative District: 001 |
| City: Burien | County: King | Legislative District: 034 |
| City: Chehalis | County: Lewis | Legislative District: 020 |
| City: Chelan | County: Chelan | Legislative District: 012 |
| City: Colfax | County: Whitman | Legislative District: 009 |
| City: Colville | County: Stevens | Legislative District: 007 |
| City: Coupeville | County: Island | Legislative District: 010 |
| City: DuPont | County: Pierce | Legislative District: 028 |
| City: Duvall | County: King | Legislative District: 045 |
| City: Eatonville | County: Pierce | Legislative District: 002 |
| City: Edmonds | County: Snohomish | Legislative District: 021 |
| City: Ellensburg | County: Kittitas | Legislative District: 013 |
| City: Entiat | County: Chelan | Legislative District: 012 |
| City: Everett | County: Snohomish | Legislative District: 038 |
| City: Friday Harbor | County: San Juan | Legislative District: 040 |
| City: Gig Harbor | County: Pierce | Legislative District: 026 |
| City: Kenmore | County: King | Legislative District: 046 |
| City: Lake Stevens | County: Snohomish | Legislative District: 044 |
| City: Lakewood | County: Pierce | Legislative District: 029 |
| City: Lynden | County: Whatcom | Legislative District: 042 |
| City: Mount Vernon | County: Skagit | Legislative District: 010 |
| City: Mount Vernon | County: Skagit | Legislative District: 040 |
| City: Okanogan | County: Okanogan | Legislative District: 007 |
| City: Okanogan | County: Okanogan | Legislative District: 012 |
| City: Port Angeles | County: Clallam | Legislative District: 024 |
| City: Port Townsend | County: Jefferson | Legislative District: 024 |
| City: Poulsbo | County: Kitsap | Legislative District: 023 |
| City: Poulsbo | County: Kitsap | Legislative District: 023 |

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Project Title: Match for Federal RCPP Program

| Description | | |
|------------------------|-----------------------|----------------------------------|
| City: Puyallup | County: Pierce | Legislative District: 025 |
| City: Renton | County: King | Legislative District: 011 |
| City: Renton | County: King | Legislative District: 033 |
| City: Renton | County: King | Legislative District: 037 |
| City: Renton | County: King | Legislative District: 041 |
| City: Republic | County: Ferry | Legislative District: 007 |
| City: Ruston | County: Pierce | Legislative District: 027 |
| City: Seattle | County: King | Legislative District: 032 |
| City: Seattle | County: King | Legislative District: 036 |
| City: Seattle | County: King | Legislative District: 043 |
| City: Shelton | County: Mason | Legislative District: 035 |
| City: Skykomish | County: King | Legislative District: 039 |

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Project Title: Match for Federal RCPP Program

Description

Location

City: Tumwater
 City: Yakima
 City: Yakima

County: Thurston
 County: Yakima
 County: Yakima

Legislative District: 022
 Legislative District: 014
 Legislative District: 015

Project Type

Grants

Grant Recipient Organization: Conservation Districts

RCW that establishes grant: 89.08

Application process used

In the summer of 2014, applicants were to submit pre-proposals for funding from one of three RCPP funding pools: national, state, or within one of 8 Critical Conservation Areas (CCA). The Columbia River Basin is a designated CCA. There were a total of 8 pre-proposals from various entities in Washington State accepted by NRCS in August 2014 and asked to submit a full proposal. Full proposals are due to NRCS by October 2, 2014. This proposal is for \$4 million for the 2015-17 biennium to provide match funding to each of the eight Washington pre-proposals. Proposals will be evaluated and scored on four criteria: Solutions, Innovation, Participation, and Contribution. The contributions criteria (or match) include the ability of the project proponent to bring an array of financial and technical capabilities to projects. These capabilities include cash contributions, technical assistance professionals, planning and engineering staffing, experts to conduct field assessments and project implementation resources. Successful RCPP proposals will identify the types of partner committed match and the match source. Because the full RCPP proposal is due October 2 well before the passage of the 2015-17 budget is passed, no specific commitment of state funds can be identified. However, it would benefit the proposals if it could be shown a line item to provide match funding for successful RCPP proposals is in the Governor's budget.

Growth Management impacts

Implemented projects may support GMA critical area protection requirements depending upon the RCPP proposal accepted.

Funding

| Acct Code | Account Title | Estimated Total | Expenditures | | 2017-19 Fiscal Period | |
|--------------|-------------------------|-------------------|----------------|------------------|-----------------------|--------------------|
| | | | Prior Biennium | Current Biennium | Reappropriations | New Appropriations |
| 001-2 | General Fund-Federal | 63,000,000 | | 3,000,000 | 20,000,000 | 20,000,000 |
| 057-1 | State Bldg Constr-State | 15,897,000 | | 948,000 | 4,052,000 | 9,145,000 |
| Total | | 78,897,000 | 0 | 3,948,000 | 24,052,000 | 29,145,000 |

| | | Future Fiscal Periods | | | |
|--------------|-------------------------|-----------------------|----------------|----------|----------|
| | | 2019-21 | 2021-23 | 2023-25 | 2025-27 |
| 001-2 | General Fund-Federal | 20,000,000 | | | |
| 057-1 | State Bldg Constr-State | 1,168,000 | 584,000 | | |
| Total | | 21,168,000 | 584,000 | 0 | 0 |

Operating Impacts

No Operating Impact



ATTACHMENT 1

Match for Federal RCPP Program

2017-19 Capital Budget Request – Proposal Descriptions

Approved 2015 – Needing new funding:

Palouse River Watershed (WRIA 34) Implementation Partnership

Lead partner: Palouse Conservation District

Total Federal Award: \$5.5 million

State Match Need: \$3,656,000

2015-17 State Funding: \$1,502,400

2017-19 Reappropriation: \$1,406,630

2017-19 State New Funding Request: \$2,153,400

Through implementation of the Palouse River Watershed Management Plan, more than 15 partners will work with producers to address TMDL concerns and reduce water quality regulatory action on producers in this area of Washington and Idaho. Innovative project components include promotion of the Farmed SMART Certification program (which provides an opportunity for environmental markets), enhanced incentives for riparian buffer establishment including five years of buffer maintenance, and the establishment of a watershed-wide monitoring effort that encourages landowner involvement in monitoring of natural resource conservation improvements. In addition to improved water quality, the project is expected to benefit fish and wildlife habitat, including four fish species of concern.

Precision Conservation for Salmon and Water Quality in the Puget Sound

Lead Partner: Washington State Conservation Commission

Total Federal Award: \$9,000,000

State Match Need: \$9,000,000

2015-17 State Funding: \$2,000,000

2017-19 Reappropriation: \$1,145,000

2017-19 State New Funding Request: \$3,500,000

Partners will use an ecosystem-wide system for targeting high priority areas to improve water quality and habitat for at-risk species, including Chinook salmon, bull trout, and steelhead. Within focus areas, a farmer-to-farmer approach will be used to increase participation and ensure buy-in from the local community. Opportunities to provide additional outreach to Hispanic and Asian producers and a strong consideration of Tribal needs are included in the project plan.

Approved in 2016:

Greater Spokane River Watershed Implementation

Lead Partner: Spokane Conservation District

Total Federal Award: \$7,700,000

State Match Need: \$9,000,000

2015-17 State Funding: \$0 NOTE: This proposal was added in the 2016 supplemental capital budget in the proviso but no new funding was provided.

2017-19 Reappropriation:\$0

2017-19 State New Funding Request: \$1,198,000

Significant sources of sediments and nutrients are carried to the Spokane River watershed by its larger tributaries, and low dissolved oxygen levels and algae blooms threaten aquatic life in the Spokane River, Lake Spokane and Coeur d'Alene Lake. Reducing nutrients is key to resolving water quality degradation throughout the Greater Spokane River Bi-State Watershed. TMDL and lake management implementation plans stress the need to address agriculture and forestry within these watersheds. This project supports regional momentum towards adoption of conservation tillage operations and best management practices. Tens of thousands of agricultural and forestry acres, including a tribal farm, will benefit through voluntary NRCS programs. Wildlife and fish habitat will be protected and long-term easements will be developed for several forest and wetland acquisitions. In addition, this project will introduce a new program that involves using the Risk Management Insurance models to compensate producers for the loss of productive land entered into vegetative buffers. This new commodity buffer program is designed to bridge the financial gap in current cost-share programs and encourage producers to cooperatively implement these practices on their farms. Project success will be evaluated by extensive watershed based field monitoring to track improvements in water, soil and habitat.

Proposal Submitted for 2017:

Yakima Integrated Plan - Toppenish to Teanaway Project

Lead Partner: Kittitas Conservation District

Proposed Federal Request: \$9,425,925
Match Need: \$1,669,000 over 5 years
2017-19 State New Funding Request: \$667,000

This proposal includes grazing and habitat projects in the Yakama reservation on Toppenish Creek and Satus Creek. Other projects include irrigation improvements with the Wapato Irrigation Project, sprinkler conversion projects, and fish screens/fish passage projects in the Kittitas valley. Also, conservation easements (ag easements & healthy forest reserves) and grazing improvements in the Teanaway valley.

Southwest Washington Non-industrial Private Forest Lands Conservation Partnership

Lead Partner: WDFW
Proposed Federal Request: \$1,300,000
Match Need: \$375,000
2017-19 State New Funding Request: \$375,000

This proposal will focus on providing technical and financial assistance to non-industrial private forest landowners and tribal landowners to improve forest health, fish and wildlife habitat, and water quality. The program area includes Grays Harbor, Mason, Thurston, Lewis, Pacific, Wahkiakum, Cowlitz, and Clark Counties.

DNR and conservation districts will conduct outreach and education activities and provide technical assistance to NIPF owners to develop and implement forest stewardship plans with funding from the Environmental Quality Incentives Program (EQIP) and Conservation Stewardship Program (CSP). WSCC will distribute NRCS technical assistance funding to the conservation districts. WDFW will administer the program and assess fish and wildlife habitat and species presence on lands enrolled in the Healthy Forests Reserve Program (HFRP) and other participating lands with willing owners.

Soil Health in the Pacific Northwest

Lead Partner: Okanogan Conservation District
Proposed Federal Request: \$9,000,000
Match Need: \$750,000
2017-19 State New Funding Request: \$750,000

The Okanogan Conservation District, Wasco Soil and Water Conservation District and the University of Idaho Extension have partnered to help producers utilize soil health and water quality improving practices to mitigate long term risk, drought effects, and

climate change impacts on farms throughout Idaho, Oregon and Washington. This will be done through adaptation of proven soil health improving practices, focusing on cover crops in cereal grain production systems in non-irrigated (dryland) regions of the Pacific Northwest. This proposal will utilize a regional approach to provide information to producers on soil health, provide cost share to allow producers to try cover crops on their farm, and monitoring to aid decision making by producers and agricultural professionals.

Puyallup Watershed Agriculture Preservation & Salmon Recovery Partnership

Lead Partner: Pierce Conservation District

Proposed Federal Request: \$9,800,000

Match Need: \$1,250,000 over 5 years

2017-19 State New Funding Request: \$500,000

This proposal will protect the prime farmland of the Puyallup Watershed by placing ~1,000 acres into permanent conservation easement. Simultaneously conservation practices will be implemented on ~250 acres of farmland to address resource concerns of: water quality degradation, soil quality degradation, inadequate habitat for fish and wildlife, and negative impacts of climate change including increased flooding and periods of drought.

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:36PM

Project Number: 3000021

Project Title: Farmland Preservation Focus Area Project

Description

Starting Fiscal Year: 2018

Project Class: Grant

Agency Priority: 5

Project Summary

Related to Puget Sound Action Agenda Implementation. The Farmland Preservation Focus Area Project is a geographic based approach to preserving farmland through a variety of techniques, including the acquisition of farmland easements. In this project, a local project lead would work with other entities to identify a geographic area in which targeted outreach to landowners would be conducted. This outreach would specifically be on the subject of preserving farmland in the area through the acquisition of a conservation easement. This proposal will provide funding for one "proof of concept" project to determine if a farmland preservation focus area outreach program will achieve these above mentioned objectives.

Project Description**What is the proposed project?**

Current programs for farmland preservation that utilize the acquisition of a conservation easement on farms are implemented in a haphazard fashion. Easement acquisition projects are identified only by landowner interest. This approach may result in acquisitions scattered about a county or multiple counties. One key concern in farmland preservation is maintaining enough working farms in an area that taken together they will support a local farm economy. These farms will use local feed and supply stores, local processing facilities, local workers. If farms in a particular area are sold off for development, then gradually the critical mass of working farms is lost. The local farm economy is impacted because there are fewer farmers using local businesses and services. Soon, these local businesses and services close and a domino effect happens with the remaining farms who find it increasingly difficult to stay in business.

Another challenge facing farmland preservation proponents is the long lead time for the development, review, and funding of farmland conservation easements. There are several state and federal programs that fund acquisition of farmland conservation easements. But these programs have lengthy application processes that can be intimidating for a landowner. Once a landowner does decide to proceed with a project and completes and submits the paperwork, there's still a long wait to learn if the easement will be funded. These delays frequently result in a landowner changing her/his mind or a change in the landowner circumstances, such as dying before the process is complete.

The Farmland Preservation Focus Area Project will address these issues by utilizing a geographic based approach to preserving farmland through a variety of techniques, include the acquisition of farmland easements. In this project, a local project lead (could be a conservation district, a county government, or land trust) would work with other entities (again, a conservation district, county government, tribe, land trust, non-profit organization, state and federal agencies, etc.) to identify a geographic area in which targeted outreach to landowners would be conducted. This outreach would specifically be on the subject of preserving farmland in the area through the acquisition of a conservation easement.

Through this targeted outreach approach, the Focus Area Project will protect blocks of farmland with multiple owners in order to maintain a critical mass of continuing working farms within the area of the project. By preserving this critical mass of working farms, local businesses and services that work with these farms will stay in business.

This proposal will provide funding for one "proof of concept" project to determine if a farmland preservation focus area outreach program will achieve these above mentioned objectives. Funding will be used to support pre-project design and management, as well as project implementation activities. These will involve engagement with landowners on development and implementation of farmland preservation easements. Funding for these easements would be readily available in this Focus Area Project, avoiding the problem of slow turn around times for existing farmland preservation easement programs.

Project implementation will be administered by the State Conservation Commission (SCC) to ensure project funds are used consistent with state fiscal requirements. The SCC will also monitor progress on project implementation and provide technical assistance in outreach development and conservation easement review and approval.

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:36PM

Project Number: 3000021

Project Title: Farmland Preservation Focus Area Project

Description**What opportunity or problem is driving this request?****The reason for the project:**

The Farmland Preservation Focus Area Project will address multiple problems currently impacting our ability to preserve farmland in the state. These problems include:

- An opportunistic approach where farmland easements are developed with individual landowners scattered across the state.
- Lack of a critical mass of preserved working farms in a local area that will support local agriculture economies.
- Lack of support for coordinated local approach to farmland preservation.
- Burdensome paperwork for farmland preservation easement applications.
- Lengthy delays in funding decisions for farmland preservation projects.

Funding for this Focus Area Project proposal will result in a more effective and efficient use of state farmland preservation resources by focusing efforts in targeted areas rather than scattering efforts across the state. The current scattered approach is an inefficient and ineffective use of state resources because the on-the-ground effectiveness of farmland easement acquisition cannot be measured. Once a farm easement is acquired in the current system, there is no follow-up to determine if the acquisition of that easement has resulted in improved conditions in the local agricultural economy. The Focus Area Project will address this problem by acquiring multiple farmland easements in a target area so that the cumulative impacts on the local agricultural economy can be measured and monitored.

The inefficiencies in the current farmland easement program processes will also be addressed in this proposal by providing up-front funding for the local easement process. Landowners won't have to complete lengthy and burdensome applications but will instead work with the local Focus Area Project to provide needed information and completed necessary easement paperwork. This process will be more efficient than the current system where paperwork must be sent to state or federal processes that can take a year or longer to complete.

Farmland preservation is a priority for the Governor, and is identified as a goal topic in the Governor's Results Washington initiative. Working and Natural Lands is a goal topic with preservation of working farms an outcome measure. Retention of working farms is also an ecosystem strategy in the 2016 Action Agenda from the Puget Sound Partnership (PSP). Preservation of farmland is also a priority for the state legislature who, in 2007, created the state Office of Farmland Preservation (OFP) to identify and address the causes of loss of farmland in the state. OFP is located at the State Conservation Commission.

What is the proposed product?

The product of this proposal will be the creation of the Farmland Preservation Focus Area Project. An outcome of this Focus Area Project will be the identification of, and acquisition of, farmland preservation conservation easements in the area of the Focus Area Project.

The project can be phased over several biennia, with this proposal being the initial start-up phase and implementation of at least one farmland preservation easement acquisition.

The effects of non-funding:

There are no other funding options for the approach proposed. Failure to fund this proposal will result in the continuation of the current inefficient and ineffective approach to farmland preservation easement acquisition. Failure to fund will also make it more difficult to achieve the Governor's objectives for the preservation of working farms as identified in Results Washington. Failure to fund this proposal will also eliminate an important tool for achieving the PSP 2016 Action Agenda goals for preservation of working farms.

How will clients be affected and services change if this project is funded?

If this project is funded, local farmland preservation clients will benefit by having the opportunity to implement an approach that is more efficient and effective in preserving farmland. Also benefiting from this proposal will be the Governor and the Puget

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:36PM

Project Number: 3000021

Project Title: Farmland Preservation Focus Area Project

Description

Sound Partnership, both of whom will have a project to support their mutual objectives of preserving working farms.

Services changed in this proposal will be the current system for providing resources for farmland preservation easements. This proposal will demonstrate the concept of targeting farmland preservation easement acquisition, and measure whether such a targeted approach can improve the efficiency and effectiveness of how current programs are implemented.

IT Costs:

There is no request for IT.

What is the agency's proposed funding strategy for the project?

The requested capital dollars will support the implementation of this project. There are no other identified state funds for this proposal. Matching funds may be possible through federal programs or non-profit land trust organizations. The potential for, and amount of, any such matching funds won't be known until the project is started.

How does the project support the agency and statewide results?Conservation Commission Strategic Plan:

This proposal supports the following elements of the Conservation Commission's strategic plan:

Resource Conditions: Demonstrate voluntary conservation programs and services lead to natural resource improvements.

Resource Issue Facilitation: Several components of this proposal will support the Conservation Commission's strategic area of coordinating local, state, federal and tribal entities to resolve natural resource issues.

District Operations: This strategic area for the SCC will be supported in this proposal by enhancing conservation district ability to deliver services and outreach to landowners by providing capacity in the areas covered in this decision package.

Statewide Program Delivery: The Commission strategic area for meeting local and state priorities will be met by providing resources in the activities in this decision package.

Policy Leadership: This proposal supports the Commission's strategic area of leading in the development and implementation of policies related to natural resource conservation and viable land use.

Partnering: The program elements in this decision package support and implement the Commission's strategic area of "partnering" by uniting natural resource and agricultural stakeholders and implementing collaborative, effective conservation solutions.

Technical Capacity: Conservation districts will receive additional capacity to implement activities in the programs described in this decision package, thereby meeting the Commission's strategic area of "technical capacity".

Governor's Results WA:

This proposal supports the following elements of the Governor's Results Washington initiative:

Addresses Goal 3 – 4.1 - Increase the net statewide acreage dedicated to working farms.

Addresses Goal 3 – 4.3 – Reduce the rate of loss of priority habitats.

Puget Sound Action Agenda:Puget Sound Action Agenda and Near-Term Actions (NTAs):

NTA #2016-0073 Conservation Reserve Enhancement Program (CREP) Expansion. Through this proposal, the local project lead may select CREP as the best tool to assist landowners in the protection of the riparian areas, leading to expansion of the program in targeted areas.

NTA #2016-0370 Puget Sound Clean Waters Livestock Stewardship Program. This NTA calls for enhanced landowner engagement to prevent and correct fecal coliform pollution. Funding proposed in this Farmland Preservation Focus Area Project will directly address this NTA and do so in a targeted manner to ensure the high priority areas are corrected.

NTA #2016-0246 Better Ground. Targeted communication will be an important component of this Farmland Preservation Focus Area Project proposal. Better Ground is a new approach to communication of technical assistance information to landowners.

Capital Project Request

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:36PM

Project Number: 30000021

Project Title: Farmland Preservation Focus Area Project

Description

NTA #2016-0270 Riparian Restoration Throughout the Greater Puget Sound. This decision package will directly support this NTA through the targeted and focused approach of addressing riparian conditions.

NTA #2016-0332 Forest Health Management for Reduced Stormwater Runoff and Land Conservation. Recent reports suggest loss of forest cover continues in the Puget Sound basin, negatively impacting water quality and riparian habitat. This decision package will support addressing this resource concern by funding a Farmland Preservation Focus Area Project which will include preservation of working forests.

Puget Sound Action Agenda Related Costs:

Requested Amount Statewide by Fiscal Year: \$2,000,000

Amount Related to Puget Sound: \$2,000,000

Methodology used to calculate funding amount for Puget Sound: This proposal is related to ongoing discussions for the focus area located in Puget Sound.

FTE amount related to Puget Sound: .5

Proviso

A proviso will be needed to specify the role of the Commission in identifying one project area to serve as the initial proof of concept project: The conservation commission will identify one initial farmland preservation focus area project located in the Puget Sound basin. This initial project will be a proof of concept to determine the feasibility of the approach to achieve the objectives. The conservation commission will report to the legislature and Governor on progress of the initial project.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Conservation Districts

RCW that establishes grant: 89.08

Application process used

To be determined.

Growth Management impacts

Project will meet requirements of respective counties' growth management plans.

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:36PM

Project Number: 30000021

Project Title: Farmland Preservation Focus Area Project

Description

Funding

| Acct Code | Account Title | Estimated Total | Expenditures | | 2017-19 Fiscal Period | |
|------------------------------|-------------------------|------------------|----------------|------------------|-----------------------|--------------------|
| | | | Prior Biennium | Current Biennium | Reappropriations | New Appropriations |
| 057-1 | State Bldg Constr-State | 4,000,000 | | | | 4,000,000 |
| | Total | 4,000,000 | 0 | 0 | 0 | 4,000,000 |
| Future Fiscal Periods | | | | | | |
| | | <u>2019-21</u> | <u>2021-23</u> | <u>2023-25</u> | <u>2025-27</u> | |
| 057-1 | State Bldg Constr-State | | | | | |
| | Total | 0 | 0 | 0 | 0 | |

Operating Impacts

No Operating Impact

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:37PM

Project Number: 92000004

Project Title: Conservation Commission Ranch & Farmland Preservation Projects

Description

Starting Fiscal Year: 2016

Project Class: Program

Agency Priority: 6

Project Summary

The 2015-17 capital budget provided \$9,192,000 in the SCC budget to purchase four agricultural conservation easements from farmers across Washington. Due to the nature of acquiring agricultural easements, SCC does not have assurance these acquisitions will be completed within the 2015-17 biennium. This request seeks assured access to funds to allow completing these acquisitions in 2017-19.

Project Description**What is the proposed project?**

The 2015-17 capital budget provided \$9,192,000 in the SCC budget to purchase four agricultural conservation easements from farmers across Washington. The budget identified these projects and provided funding as follows:

1. Lust Family Farm and Ranch Preservation \$1,619,000
2. Imrie Ranches Rock Creek Agricultural Easement \$4,913,000
3. Kelley Ranches Agricultural Easement \$2,316,000
4. Dungeness Watershed Farmland Protection \$344,000

The number of acres to be preserved in perpetuity are:

1. Lust Family Farm and Ranch Preservation 358 acres
2. Imrie Ranches Rock Creek Agricultural Easement 12,000 acres
3. Kelley Ranches Agricultural Easement 6,124 acres
4. Dungeness Watershed Farmland Protection 60 acres

The location of these projects are as follows:

1. Lust Family Farm and Ranch Preservation Yakima County
2. Imrie Ranches Rock Creek Agricultural Easement Klickitat County
3. Kelley Ranches Agricultural Easement Klickitat County
4. Dungeness Watershed Farmland Protection Clallam County

Agricultural conservation easements can help protect farming and ranching as a way of life and also be an effective and practical planning tool that benefits the farm or ranch, as well as the bottom line.

An agricultural conservation easement is a voluntary agreement between a landowner and an entity, such as a land trust, a conservation district, or other public entity to protect a property's agricultural values by allowing for continued farming or ranching while limiting future development and other non-agricultural uses. Easements "run with the land" meaning they remain in place even after the property changes ownership.

What opportunity or problem is driving this request?**The reason for the project:**

To date, progress has been initiated on all four projects. However, there have been unforeseen circumstances that we believe may affect our ability to complete these by June 30, 2017.

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:37PM

Project Number: 92000004

Project Title: Conservation Commission Ranch & Farmland Preservation Projects

Description

After being notified of agency funding in July 2015, SCC staff began meeting with the four landowners individually to explain the process and next steps. The primary next step was to develop and finalize the actual easement document and perform an appraisal of the property.

As this work began, two of the principal landowners developed serious health conditions. SCC staff decided to suspend any further progress until their health had been restored. The effect of this was a one year delay in getting started with these two acquisitions. The agency is working closely with all landowners to keep progress moving. The other two projects are well underway and SCC is working towards completing these within the two-year period, but unforeseen circumstances could delay these efforts. This re-appropriation request will allow SCC to ensure completion of these easement acquisitions.

What is the proposed product?

These four projects combined would buy and protect in perpetuity 18,552 acres of viable agricultural farm and ranch land. This will occur through the purchase of 4,356 development rights.

The effects of non-funding:

If these projects are not able to complete, the state loses out on the dual benefit of protected agricultural land as well as the protections for priority habitats and water quality.

How will clients be affected and services change if this project is funded?

Washington residents will be impacted by preserving the view shed, local agricultural production (food security), and preserving economic activity. Future farmers and ranchers will need farm and ranch land and these projects will provide for that opportunity.

IT Costs:

No IT-related costs requested.

What is the agency's proposed funding strategy for the project?

There is no other funding strategy other than the funding requested in this decision package.

How does the project support the agency and statewide results?

This decision package proposal supports the following elements of the Conservation Commission's strategic plan:

Resource Conditions: Demonstrate voluntary conservation programs and services lead to natural resource improvements.

Resource Issue Facilitation: Several components of this proposal will support the Conservation Commission's strategic area of coordinating local, state, federal and tribal entities to resolve natural resource issues.

District Operations: This strategic area for the SCC will be supported in this proposal by enhancing conservation district ability to deliver services and outreach to landowners by providing capacity in the areas covered in this decision package.

Capital Project Request

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Version: P1 2017-19 Capital Budget Request

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Project Number: 92000004

Project Title: Conservation Commission Ranch & Farmland Preservation Projects

Description

Statewide Program Delivery: The Commission strategic area for meeting local and state priorities will be met by providing resources in the activities in this decision package.

Partnering: The program elements in this decision package support and implement the Commission’s strategic area of “partnering” by uniting natural resource and agricultural stakeholders and implementing collaborative, effective conservation solutions.

Does this decision package provide essential support to one or more of the Governor’s Results Washington priorities? If so, describe.

Yes, Addresses Goal 3 – 4.1 - Increase the net statewide acreage dedicated to working farms. Addresses Goal 3 – 4.3 – Reduce the rate of loss of priority habitats.

Puget Sound Action Agenda:

Supports NTA #2016-0371 – Retention of Agricultural Lands at Risk of Conversion in Puget Sound

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Growth Management impacts

Projects will meet requirements of respective counties' growth management plans.

New Facility: No

Funding

| Acct Code | Account Title | Estimated Total | Expenditures | | 2017-19 Fiscal Period | |
|------------------------------|-------------------------|------------------|----------------|------------------|-----------------------|-------------|
| | | | Prior Biennium | Current Biennium | Reapprops | New Approps |
| 057-1 | State Bldg Constr-State | 9,192,050 | | 47,050 | 9,145,000 | |
| | Total | 9,192,050 | 0 | 47,050 | 9,145,000 | 0 |
| Future Fiscal Periods | | | | | | |
| | | <u>2019-21</u> | <u>2021-23</u> | <u>2023-25</u> | <u>2025-27</u> | |
| 057-1 | State Bldg Constr-State | 0 | 0 | 0 | 0 | |
| | Total | 0 | 0 | 0 | 0 | |

Operating Impacts

No Operating Impact

SubProjects

SubProject Number: 91000008

SubProject Title: Dungeness Watershed Farmland Protection Phase 3

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:37PM

Project Number: 92000004

Project Title: Conservation Commission Ranch & Farmland Preservation Projects

SubProjects

SubProject Number: 91000008

SubProject Title: Dungeness Watershed Farmland Protection Phase 3

Starting Fiscal Year: 2018

Project Class: Program

Agency Priority: 6

Project Summary

Requests \$332,200 funding remains available to purchase agricultural conservation easements for the Dungeness Watershed Farmland.

Project Description

This sub-project will protect 60 acres of farmland in Clallam County. This agricultural easement would conserve agricultural values by allowing for continued farming or ranching, as well as contributing to natural resource conservation by limiting future development and other non-agricultural uses. Request is to reappropriate \$332,200 to ensure SCC is able to complete the acquisition in the event circumstances preclude completion by June 30, 2017.

Starting Fiscal Year: 2018

Project Class: Program

Agency Priority: 6

Project Summary

Requests \$1,608,750 in funding remains available to complete acquisition of the Lust Family Farm and Ranch.

Project Description

This sub-project will protect 358 acres of farmland in Yakima County. This agricultural easement would conserve agricultural values by allowing for continued farming or ranching, as well as contributing to natural resource conservation by limiting future development and other non-agricultural uses. Request is to reappropriate \$1,608,750 to ensure SCC is able to complete the acquisition in the event circumstances preclude completion by June 30, 2017.

Starting Fiscal Year: 2018

Project Class: Program

Agency Priority: 6

Project Summary

Requests \$4,910,450 funding remains available to complete acquisition of the Imrie Ranch Rock Creek agricultural easement.

Project Description

This sub-project will protect 12,000 acres of farmland in Klickitat County. This agricultural easement would conserve agricultural values by allowing for continued farming or ranching, as well as contributing to natural resource conservation by limiting future development and other non-agricultural uses. Request is to reappropriate \$4,910,450 to ensure SCC is able to complete the acquisition in the event circumstances preclude completion by June 30, 2017.

Starting Fiscal Year: 2018

Project Class: Program

Agency Priority: 6

Project Summary

Requests \$2,293,560 funding remains available to complete acquisition of the Kelley Ranches agricultural easement.

Project Description

This sub-project will protect 6,124 acres of farmland in Klickitat County. This agricultural easement would conserve agricultural

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:37PM

Project Number: 92000004

Project Title: Conservation Commission Ranch & Farmland Preservation Projects

SubProjects

SubProject Number: 92000007

SubProject Title: Kelley Ranches Agricultural Easement

values by allowing for continued farming or ranching, as well as contributing to natural resource conservation by limiting future development and other non-agricultural uses. Request is to reappropriate \$2,293,550 to ensure SCC is able to complete the acquisition in the event circumstances preclude completion by June 30, 2017.

Location

City: Unincorporated
 City: Unincorporated
 City: Unincorporated
 City: Unincorporated

County: Clallam
 County: Klickitat
 County: Klickitat
 County: Yakima

Legislative District: 024
 Legislative District: 014
 Legislative District: 014
 Legislative District: 014

Project Type

Grants
 Grants
 Grants
 Grants

Growth Management impacts

Project will meet requirements of county's growth management plans.

New Facility: No

Growth Management impacts

Project will meet requirements of county's growth management plans.

New Facility: No

Growth Management impacts

Project will meet requirements of county's growth management plans.

New Facility: No

Growth Management impacts

Project will meet requirements of county's growth management plans.

New Facility: No

Funding

| Acct Code | Account Title | Estimated Total | Expenditures Prior Biennium | Current Biennium | 2017-19 Fiscal Period | |
|--------------|-------------------------|-----------------|-----------------------------|------------------|-----------------------|-------------|
| | | | | | Reapprops | New Approps |
| 057-1 | State Bldg Constr-State | | | | | |
| 057-1 | State Bldg Constr-State | | | | | |
| 057-1 | State Bldg Constr-State | | | | | |
| 057-1 | State Bldg Constr-State | | | | | |
| Total | | 0 | 0 | 0 | 0 | 0 |

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:37PM

Project Number: 92000004

Project Title: Conservation Commission Ranch & Farmland Preservation Projects

SubProjects

SubProject Number: 91000008

SubProject Title: Dungeness Watershed Farmland Protection Phase 3

| | Future Fiscal Periods | | | |
|-------------------------------|-----------------------|----------|----------|----------|
| | 2019-21 | 2021-23 | 2023-25 | 2025-27 |
| 057-1 State Bldg Constr-State | | | | |
| 057-1 State Bldg Constr-State | | | | |
| 057-1 State Bldg Constr-State | | | | |
| 057-1 State Bldg Constr-State | | | | |
| Total | 0 | 0 | 0 | 0 |

Operating Impacts

No Operating Impact

No Operating Impact

No Operating Impact

No Operating Impact

Capital Project Request

2017-19 Biennium

*

Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:32PM

Project Number: 3000011

Project Title: CREP PIP Loan Program

Description

Starting Fiscal Year: 2014

Project Class: Grant

Agency Priority: 7

Project Summary

This budget request is for the Conservation Assistance Revolving Account portion of CREP. This is a loan program to cover the 40% of restoration costs that are not paid by the U.S. Department of Agriculture until the entire restoration is complete. Many landowners are unable to pay the restoration costs then wait for federal reimbursement. CREP is a program that was developed in Washington State to address important habitat for salmon listed under the Endangered Species Act. It is a voluntary program where landowners undertake riparian restoration projects; however there are occasions when landowners are not able to supply the upfront costs of restoration. PIP loans provide the bridge funding to cover the upfront costs pending funding from the federal agencies for final payment.

Project Description**What is the proposed project?**

CREP is one of the more important tools available to improve and protect riparian habitat on agricultural lands. Much of Washington State has ESA listed salmonid species in its streams, and a key limiting factor to salmon habitat is degraded riparian habitat (Governor's Salmon Recovery Office 2006). In addition, 37% of salmon streams on private land pass through agricultural lands (NMFS and USFWS 2000). For these reasons, it is important to improve riparian habitat on agricultural lands to make progress towards salmon recovery.

Through successful voluntary landowner participation, the CREP program removes livestock and agricultural activities from the riparian area of salmon-bearing streams. The sites are planted with native trees and shrubs for a contract period of 10-15 years. This program improves salmon habitat and water quality without negative financial impacts to farmers and private landowners who have removed the area from farm production. This voluntary program is the result of a contractual agreement between the State of Washington and United States Department of Agriculture established in 1998. The U.S. Department of Agriculture through the Farm Service Agency (FSA) provides up to 80% of the funds for this program, which greatly leverages state dollars spent on salmon habitat restoration and water quality improvements. However, the payments from the FSA are not issued to the landowner until the restoration is complete. Many landowners are unable to pay the restoration costs and then wait for federal reimbursement. To address this problem, the 2004 Legislature created the Conservation Assistance Revolving Account for the Conservation Commission to administer. This Account provides the upfront funds using Practice Incentive Payment (PIP) loans to complete the restoration. Those funds are later reimbursed by FSA once the project is complete. Loans are made based upon actual receipts in accordance with FSA, USDA, and Conservation Commission policies. The repayment of the loans ranges from 1 to 3 years.

What opportunity or problem is driving this request?

CREP projects are undertaken voluntarily by landowners who are often not able to fund restoration projects and then wait for reimbursement after completion. This request addresses this difficulty by providing incentive loans to the landowners up front to allow completion of restoration projects.

What is the proposed product?

The immediate product is bridge financing to allow landowners to complete CREP restoration projects under the CREP program. The ultimate product is habitat restoration under the CREP program.

CREP is a voluntary program that allows the state and conservation districts to focus on success and implementation rather than a regulatory approach to dealing with non-point sources of pollution. Specific benefits of this project include: Outstanding leverage of state dollars spent on salmon habitat restoration and water quality improvements because the federal government provides up to 80% of the funds for this program. Improved water quality for both humans and wildlife. These improvements include water temperature, dissolved oxygen, decreased sediments, and decreased pollutants. Contributes towards compliance with the Clean Water Act. Contributes to salmon habitat. Addresses a key limiting factor for ESA-listed salmon, which will lead to increased salmon

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:32PM

Project Number: 30000011

Project Title: CREP PIP Loan Program

Description

production and aid the fisheries industry (Governor's Salmon Recovery Office 2006).
 Increases private landowner awareness and cooperation regarding the restoration and protection of natural resources.
 Provides a way for farmers to continue to farm while also improving watershed health.
 Proven success with plant survival rates of 87-95%, plant growth rates of 13-20" per year, and the proven ability to provide 70% shade to streams after only 4-7 years after planting.
 Funds (including the 80% leveraged from the federal government) support local private-sector jobs, many of which are located in rural areas where such jobs are needed. About 116-130 jobs will be maintained or created mostly in rural areas due to this program. These are jobs directly created by these funds. Several additional million dollars are paid by the federal government to farmers who enroll in this program. Those indirectly create more jobs that are in addition to the estimate we provided for direct jobs.

The effects of non-funding:

If this program is not funded, there will be reduced participation in CREP and the participation that will remain will be based more upon the ability of the landowner to carry these costs rather than the priority of the habitat to protect. To-date, this program has restored over 11,000 acres of riparian buffer (640 miles of stream) predominantly located in our largest, most important watersheds in the state. The majority of CREP projects focus on salmonids that are listed under the Endangered Species Act. Riparian habitat has been listed as a major limiting factor affecting listed salmon in every salmon recovery region. The cessation of CREP would end most of the recovery actions for riparian conditions on agricultural lands, and would slow progress towards salmon recovery. It would also end the infusion of several millions of federal dollars into our state each biennium for this program, which would have a negative economic impact and reduce private-sector employment, cutting at least 116 private-sector jobs per year.

Not funding this component of CREP would also reduce restoration actions that are important for compliance with the Clean Water Act. and support the goals of Puget Action Agenda Implementation.

Finally, failure to fund this ongoing effort will put the state at increased risk of a legal challenge by Washington's treaty tribes who depend upon salmon for commercial, subsistence and cultural purposes. The state has an obligation to provide salmon habitat to meet treaty obligations. Recent federal court decision indicate the state could be exposed to legal challenge if the state fails to address the negative habitat impacts that affect salmon survival.

How will clients be affected and services change if this project is funded?

If this proposal is funded at the requested level, on-the-ground projects to address negative natural resource impacts will continue to be implemented. CREP has economic benefits including federal rental payments to over 1000 local farmers and providing private-sector jobs (116-130 direct jobs) for people who grow plants and prepare and maintain the land that is planted with the buffers. CREP aids the state budget by infusing an 80% match of federal funds into our economy, while improving greatly needed salmon habitat and water quality. CREP aids the landowner by providing financial incentives to improve salmon habitat and watershed health. This experience often results in a positive change in outlook regarding environmental issues. CREP aids the state by improving water quality for both humans and wildlife. It also contributes towards compliance with the federal Clean Water Act. CREP aids the state by improving salmon habitat, contributing towards recovery goals for ESA-listed salmonids. Improvements in salmonid populations also have an economic value in their fisheries.

IT Costs:

No IT-related costs requested.

What is the agency's proposed funding strategy for the project?

There is no other funding strategy other than the funding requested in this decision package.

How does the project support the agency and statewide results?

Capital Project Request

2017-19 Biennium

*

Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:32PM

Project Number: 30000011

Project Title: CREP PIP Loan Program

Description

This proposal relates to the following WSCC strategic areas:

Resource Conditions: demonstrate that voluntary conservation programs and services lead to natural resource improvements.

Statewide Program Delivery: Program will meet local and state resource priorities.

Sustainable Funding: WSCC and districts will have secure funding that allows us to retain talented staff and confidently launch long-term, strategic work plans.

Partnering: WSCC is a "go-to" partner with FSA and NRCS that unites natural resources and agricultural stakeholders and implements collaborative, effective conservation solutions.

Technical Capacity: Conservation districts have premier technical capability and capacity to create and implement conservation systems and programs.

The Governor's Results Washington indicators addressed by this funding proposal include:

3.2.c Increase number of CREP sites to improve water temperature and habitat from 1,094 to 1,178 by 2020.

Puget Sound Action Agenda:

The protection and recovery of habitat, including salmon habitat, is one of three Strategic Initiatives in the 2016 Puget Sound Action Agenda. This funding proposal will directly support and implement this strategic initiative by supporting the on-the-ground implementation of projects that address negative impacts to salmon habitat.

This funding request supports the following Ecosystem Strategies and Substrategies found in the 2016 Action Agenda:

Strategy 5 – Protect and restore floodplain function

5.4 Implement and maintain priority floodplain restoration projects.

Strategy 6 – Protect and recover salmon.

6.1 Implement high-priority projects identified in each salmon recovery watershed's three-year work plan.

6.4 Protect and recover steelhead and other imperiled salmonid species.

Other substrategies supported by this CREP funding request:

2.2 Implement and maintain priority freshwater and terrestrial restoration projects.

3.1 Use integrated market-based programs, incentives, and ecosystem markets to steward and conserve private forest and agricultural lands.

3.2 Retain economically viable working forests and farms.

9.4 Provide education and technical assistance to prevent and reduce releases of pollution.

10.1 Manage urban runoff at the basin and watershed scale.

Proviso

Not a budget proviso, but a contract Memorandum of Agreement signed by the State of Washington and USDA, agreeing to the program and its associated costs.

Location

City: Chehalis

County: Lewis

Legislative District: 020

City: Clarkston

County: Asotin

Legislative District: 009

City: Dayton

County: Columbia

Legislative District: 016

City: Ellensburg

County: Kittitas

Legislative District: 013

City: Lake Stevens

County: Snohomish

Legislative District: 044

City: Lynden

County: Whatcom

Legislative District: 042

City: Montesano

County: Grays Harbor

Legislative District: 019

City: Mount Vernon

County: Skagit

Legislative District: 010

City: Mount Vernon

County: Skagit

Legislative District: 040

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:32PM

Project Number: 30000011

Project Title: CREP PIP Loan Program

Description

Location

| | | |
|----------------------|---------------------|---------------------------|
| City: Okanogan | County: Okanogan | Legislative District: 007 |
| City: Okanogan | County: Okanogan | Legislative District: 012 |
| City: Pomeroy | County: Garfield | Legislative District: 009 |
| City: Port Angeles | County: Clallam | Legislative District: 024 |
| City: Renton | County: King | Legislative District: 011 |
| City: Renton | County: King | Legislative District: 033 |
| City: Renton | County: King | Legislative District: 037 |
| City: Renton | County: King | Legislative District: 041 |
| City: Shelton | County: Mason | Legislative District: 035 |
| City: South Bend | County: Pacific | Legislative District: 019 |
| City: Tumwater | County: Thurston | Legislative District: 022 |
| City: Unincorporated | County: Jefferson | Legislative District: 024 |
| City: Unincorporated | County: Wahkiakum | Legislative District: 019 |
| City: Walla Walla | County: Walla Walla | Legislative District: 016 |

Project Type

Grants

Grant Recipient Organization: Conservation Districts

RCW that establishes grant: RCW 89.08

Application process used

Secured by assignment of payment between landowner and SCC. Prior to funding being awarded, landowner must assign payment from USDA to SCC.

Growth Management impacts

Growth Management impacts Under GMA, all jurisdictions are required to designate resource lands of long-term commercial significance. These lands include agricultural, forestry and mineral resource lands. Furthermore, jurisdictions planning under the GMA must designate and protect critical areas, which include wetlands, critical wildlife habitat, aquifer recharge areas, geologic hazards, and frequently flooded areas. This proposal supports these local requirements and objectives through the implementation of on-the-ground projects. All locally implemented projects are planned and implemented in a manner consistent with local comprehensive plans and ordinances.

Funding

| Acct Code | Account Title | Estimated Total | Expenditures | | 2017-19 Fiscal Period | |
|------------------------------|----------------------------|-----------------|----------------|------------------|-----------------------|---------------|
| | | | Prior Biennium | Current Biennium | Reapps | New Approps |
| 552-1 | Cons Assistance Acct-State | 414,282 | 14,282 | 50,000 | 100,000 | 50,000 |
| | Total | 414,282 | 14,282 | 50,000 | 100,000 | 50,000 |
| Future Fiscal Periods | | | | | | |
| | | <u>2019-21</u> | <u>2021-23</u> | <u>2023-25</u> | <u>2025-27</u> | |
| 552-1 | Cons Assistance Acct-State | 50,000 | 50,000 | 50,000 | 50,000 | |
| | Total | 50,000 | 50,000 | 50,000 | 50,000 | |

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:32PM

Project Number: 30000011

Project Title: CREP PIP Loan Program

Operating Impacts

No Operating Impact

Narrative

This program has been entirely funded from the Capital Budget. This separate fund 552, was set up as a bridge loan and this funding is guaranteed from USDA, Farm Service Agency. So no general fund operating dollars are impacted.

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:38PM

Project Number: 92000009

Project Title: Dairy Nutrient Demonstrations Low Interest Loans

Description

Starting Fiscal Year: 2016

Project Class: Grant

Agency Priority: 8

Project Summary

During the 2015-17 budget process, the legislature appropriated \$5,000,000 to provide low interest loans to a minimum of one dairy farmer on the west side and one on the east side of the Washington State Cascade Mountains. These would be for demonstration projects that would prove the effectiveness of constructing manure containment ponds intended to address nitrogen concentrations and ground water contamination problems. This project implements this program.

Project Description**What is the proposed project?**

Funds are used to administer a minimum of two loans. During BI 2015-17 the State Conservation Commission (SCC) worked towards issuing a Request for Qualifications and Quotes for a third party administrator (TPA) with expertise in administering a loan program. The RFQQ is anticipated to be issued and a TPA in place by November, 2016, with initial loans expected to be issued beginning in January or February, 2017. This project requests reappropriation of funding to assure the ability to administer these loans.

What opportunity or problem is driving this request?**The reason for the project:**

Although the specific terms of the loans (amortization period and interest rate) are not yet known, SCC does not expect it to be less than three, and may possibly extend to five, years which extends into future biennia. Funds will continue to be needed for the duration of the loans, and as a result it will be necessary to reappropriate sufficient funds to administer the program.

What is the proposed product?

Funding provided in this low interest loan demonstration will allow construction of projects addressing impacts to natural resources from dairy manure waste. Projects include, but are not limited to: lagoons; manure retention facilities; associated infrastructure to these facilities; manure spreading equipment. The program will provide low interest loans to producers to implement these project. The timing and location of the projects will vary, depending upon landowner interest and readiness to proceed. The loan program will begin in January 2017.

The effects of non-funding

Failure to fund this reappropriation request will eliminate an option for dairy farmers, particularly smaller size operators, to assist them with the cost of installation of practices that will protect state natural resources. Dairies have the potential for significant impact to water and air resources unless operations are properly managed and have the appropriate infrastructure to handle the number of animals and their associated waste. This low interest loan is a key resource for dairy operations, particularly smaller operations, because the costs for this infrastructure can be significant. A simple manure lagoon can start at \$250,000 and go up in cost depending on size. This is a significant financial burden. Dairy operators can be leery of the cost and delay installation of these structures. By not funding this reappropriation request important environmental protection actions will be delayed, resulting in continuing impacts to natural resources.

How will clients be affected and services change if this project is funded?

Dairy operators will benefit by having another important option to help them with the cost of installation of manure management systems. This benefit is especially important for small dairy operations where the operating costs can have a larger financial burden. Our state's environment will benefit from the installation of up-to-date dairy management systems, resulting in cleaner surface water, ground water, and air quality. The State of Washington will benefit because the funding is a low interest loan and will bring in revenue.

Existing levels of service will be improved by providing an additional option and tool for dairy operators that currently isn't available. Currently operators must seek financing through the private sector where the cost of the loan can be prohibitive for the producer. This low interest loan program provides a cheaper alternative that will attract participants. The loan program is available statewide but will likely focus where there are the most dairies – Whatcom, Skagit, Snohomish, Grant, and Yakima counties.

Capital Project Request

2017-19 Biennium

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Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:38PM

Project Number: 92000009

Project Title: Dairy Nutrient Demonstrations Low Interest Loans

Description**IT Costs:**

No IT-related costs requested.

What is the agency's proposed funding strategy for the project?

There is no other funding strategy other than the funding requested in this decision package.

How does the project support the agency and statewide results?

This proposal relates to the following WSCC strategic areas:

Resource Conditions – Demonstrate voluntary conservation programs and services lead to natural resource improvements.Resource Issue Facilitation – Coordinate local, state, federal, and tribal entities to identify and resolve natural resource issues.District Operations – Enhance conservation districts' ability to deliver quality technical services that meet local and natural resource needs.Statewide Program Delivery – Our programs meet local and state resource priorities, and maximize community-based models to deliver effective solutions.Policy Leadership – Lead in the development and implementation of policies related to natural resource conservation and viable land use.Partnering – We are a partner that utilizes natural resources and agricultural stakeholders and implements collaborative, effective conservation solutions.Technical Capacity – Conservation districts have premiere technical capability and capacity to create and implement conservation systems and programs.Public Outreach and Marketing – Citizens, stakeholders, and policy leaders recognize the SCC and conservation districts for their achievements and collaborative approach.

The Governor's Results Washington indicators addressed by this funding proposal include:

Leading Indicator: Increase electrical load growth replaced by conservation.

2.1.b. Increase number of implemented agricultural BMPs to improve water quality in shellfish growing areas in Puget Sound, Grays Harbor and Pacific counties.

2.2.b. Increase miles of stream habitat opened.

2.2.c. Increase number of fish passage barriers corrected.

Outcome Measure: Increase the percentage of current state listed species recovering from 28% to 35% by 2020.

2.3.b. Increase the 5-year running average of statewide sage-grouse population from 1,000 to 1,100 by 2017.

4.1.a. Maintain current level of statewide acreage dedicated to working farms (cropland) with no net loss .

Outcome Measure: Increase the average annual statewide treatment of forested lands for forest health and fire reduction from 145,000 to 200,000 acres by 2017.Outcome Measure: Reduce the rate of loss of priority habitat.

4.4.a. Increase hydraulic project approval compliance rate.

4.4.b. Reduce annual rate of conversion of marine and freshwater riparian habitat in Puget Sound and provide mitigation to ensure maintenance of today's habitat functions.

4.4.d. Increase the acreage of Puget Sound estuaries restored in the 16 major rivers.

Puget Sound Action Agenda:

This funding request supports the following Ecosystem Strategies and Sub-strategies found in the 2016 Puget Sound Action Agenda:

Strategy 11 – Prevent, reduce, and control agricultural runoff

11.1 Target voluntary and incentive-based programs that help working farms contribute to Puget Sound Recovery.

11.2 Ensure compliance with regulatory programs designed to reduce, control, or eliminate pollution from working farms.

Strategy 19 – Ensure abundant, healthy shellfish for ecosystem health and for commercial, subsistence, and recreational harvest consistent with ecosystem protection.

19.1 Improve water quality to prevent downgrade and achieve upgrades of important current tribal, commercial, and recreational shellfish harvesting areas.

19.2 Restore and enhance native shellfish populations.

Other sub-strategies supported by this shellfish funding request:

2.2 Implement and maintain priority freshwater and terrestrial restoration projects.

Capital Project Request

2017-19 Biennium

*

Version: P1 2017-19 Capital Budget Request

Report Number: CBS002

Date Run: 9/2/2016 2:38PM

Project Number: 92000009

Project Title: Dairy Nutrient Demonstrations Low Interest Loans

Description

- 3.1 Use integrated market-based programs, incentives, and ecosystem markets to steward and conserve private forest and agricultural lands.
- 3.2 Retain economically viable working forests and farms.
- 9.4 Provide education and technical assistance to prevent and reduce releases of pollution.
- 10.1 Manage urban runoff at the basin and watershed scale.
- 10.3 Fix stormwater problems caused by existing development.
- 10.4 Control stormwater sources of pollutants.
- 10.5 Provide focused stormwater-related education, training, and assistance.
- 13.1 Effectively manage and control pollution from small onsite sewage systems.
- 15.3 Prevent and rapidly respond to the introduction and spread of terrestrial and aquatic invasive species.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants

Grant Recipient Organization: Third party administrator and minimum of two dairy farm operators

RCW that establishes grant: 89.08

Application process used

To be determined.

Growth Management impacts

None

Funding

| Acct Code | Account Title | Estimated Total | Expenditures | | 2017-19 Fiscal Period | |
|-----------|--------------------------|------------------|----------------|------------------|-----------------------|--------------------|
| | | | Prior Biennium | Current Biennium | Reappropriations | New Appropriations |
| 355-1 | St. Bld Const Acct-State | 5,000,000 | | | 5,000,000 | |
| | Total | 5,000,000 | 0 | 0 | 5,000,000 | 0 |

| | | Future Fiscal Periods | | | |
|-------|--------------------------|-----------------------|----------|----------|----------|
| | | 2019-21 | 2021-23 | 2023-25 | 2025-27 |
| 355-1 | St. Bld Const Acct-State | | | | |
| | Total | 0 | 0 | 0 | 0 |

Operating Impacts

No Operating Impact