

W1 Financing Salmon Recovery - What Will It Take? Session Notes - Margo Tufts

Facilitator: Craig Fleck, Demeter Matrix Alliance

Presenter: Dennis Canty, Evergreen Funding Consultants

Issue Experts:

Councilmember Jim Compton, City of Seattle

Maggie Coon, The Nature Conservancy

Representative Hans Dunshee, Washington State House of Representatives

Rich Innes, Conservation Strategies, LLC

Representative Fred Jarrett, Washington State House of Representatives

Steve Lewis, ESA Business Coalition

Rob Masonis, American Rivers

Chuck Mosher, Tri-County Salmon Coalition

George Pess, Northwest Fisheries Science Center

David Troutt, Nisqually Tribe

Welcome Statement from Craig Fleck

Have 3 hours to comment on the Plan, build it, make it stronger and more viable.

Desired Outcomes:

- List of the areas of agreement
- List of ways to further improve and strengthen the platform
- Understanding from participants of the magnitude of cost estimates and possible tradeoffs
- Get advice from participants on priorities for funding.
- Continue work on developing criteria
- Look to get agreement to charter a leadership group to continue to address key issues on financing. Who should be in group? What considerations?

Ground Rules:

- Limited to 2-3 minutes for issue expert introductory statements
- Hold questions/responses until issue experts have finished speaking.
- When critiquing ideas, please add suggestion for input
- Vocalize if you disagree with what is going on-how we are moving forward.

Summary of Platform Statement: Dennis Canty

Evergreen Funding Consultants has been working since 2002 at a variety of funding issues. Want to share what we have found and develop financing strategy by July- in parallel with salmon recovery plan.

- How much will it cost?
- Who will pay?

- How much money is available?
- What's most important?
- How will we get the money?

Cost- not an exact science. Have developed models for cost estimation. Tried to get people to use the same models.

We do know:

- Per-project costs for most types of habitat projects. (80-90% of watersheds have cost estimates) Have initial project recommendations and costs for most watersheds. (\$25 million to more than 200 million for 10 year programs) Wide variation in costs---goes with dominant land use patterns. More expensive in urban areas.

What we don't know:

- nearshore, hatchery, or non-capital costs
- Non-capital not done yet (monitoring, maintenance, watershed groups).
- Costs beyond initial period (10 yrs in most watersheds).
- What happens after first 10 years. Will depend on where are we in recovery process and financing after 10.
- Water quality, water quantity, and stormwater needs.
-

Range of #'s:

Current estimate: \$100-200 million per year for 10 year period

Most of this is habitat recovery need.

Actively working on fine-tuning (working to get better figures soon).

Who will pay for it?

- Challenging to estimate salmon spending. No clear distinction between salmon-focused and salmon-related funding. Finding that costs are well-distributed between federal, state, and local governments.
- Expecting/hoping that feds, state, and locals continue to contribute in roughly equal amounts (across the region, not in each watershed). Looking for every government dollar being matched by at least two other types of contributors.
- Each level of government will have specific responsibilities
- Local: continuation of current behavior (monitoring and enforcement and project money)
- State: monitoring, projects, and hatcheries
- Feds: project and ESA compliance

How much money is available?

- Complicated because salmon spending is at historically high levels since 1998. Prior to 1998, levels were a good bit lower than now.
- Recent spending: Around \$100 million/year in Washington State, about \$65 million/year in Puget Sound region.

However, it is going to be extremely tough to maintain levels into future. State and local governments face long-term deficits and many environmental and non-environmental priorities (particularly education and transportation). It is more realistic to think that funding could be sustained at around \$40 million/year.

What's most important to pay for?

- Have a need estimated in \$100-200 million and existing capability of around \$40 million.
- Beginning right away to identify most cost-effective and highest priority projects.
- Hoping to identify some choices on costs for projects and develop some lower-cost projects.
- Draft criteria for projects:
 - o Improvements in VSP (Viable Salmon Populations) - salmon abundance, productivity, diversity, spatial distribution.
 - o Improvements to ecological integrity (native forest cover, riparian zone) indicators of intact ecosystems.
 - o Costs commensurate with results or benefits achieved.
 - o Projects identifying are feasible (track record of success).

Fine-tuning the implementation strategy:

- A \$100 million dollar project is like a huge capital project, similar to constructing a major building every year. Will take time to build up capacity that is necessary.
- Fine-tuning may reduce short-term expenses and delay some costs.

How do we get the money we need?

- Reinforcing and increasing current salmon sources (Salmon Recovery Board, EPA)
- Refocusing other funding sources on salmon needs (refocusing mitigation dollars- #1 source of environmental funding in WA State). Or using non-traditional sources, USDA, water quality funds, or others. Move money around.
- If necessary, raise new salmon money. Difficult to raise money for any source. If there is appetite for it, voter-approved local or state-wide ballot measure.

What's next?

- Working to refine the costs of salmon recovery
- Establishing priority for first ten years.
- Develop tight spending/financing strategy. Where and when will money be needed? Sort of like a public works, capital improvement program.
- Develop leadership group composed of different stakeholders in order to define list of priorities and financing strategies. Want to start group in next couple of weeks- done late spring.

Questions for You

- Are the criteria for prioritizing right for you?
- What are the appropriate roles for local, fed, state gov'ts?
- Who should sit on leadership group and what should they focus on?

Issue Experts

Jim Compton: Clarification--- Recalled from WRIA 8 that current contribution was 60% and that combined state and federal was 40%.

Canty: Probably true in WRIA 8.

Compton:

- Asking to reverse the role, which is a pretty big leap. Hears message about lower expectations about federal contributions in the future. Should be aggressive in asking for money from the feds, but shouldn't be disappointed if we don't get everything we want.
- In talking with staff, we may have to increase the pie and may mean taxes. Agreeing on where we are now and how we want to increase, his group decided funding needed a huge leap---doesn't know if that's possible or how that would happen.
- Wants to hear about geographic equity or assurances.
- Wants to be sure that money stays home. We have a large population and challenging restoration problems. If talking about new funding source, have to deal with difficult problem if we're talking about a "habitat initiative" that would benefit tribes or other side of the state. Not sure if we are in the position to do that now.

Canty: Clarification---picture looks far different in rural and urban areas. In rural, 80-90% of funding may come from feds/state. The opposite may be true in urban locations. There is wide range among Puget Sound areas in what can be raised locally.

Hans Dunshee:

- Not talking about how to split up funding, wants to talk about how to get more money. You people believe that you can convince people with one more fact or education. Hearing today on salmon effort- one question from someone—why should we spend money on this as opposed to kids? People make decisions on how they feel. Potentially, plenty of money out there for salmon. \$800 million spent on fish. That's a lot of people feeling a whole bunch about salmon, but we're not connected to that money. If you want more money from those folks, got to get their emotions, they have to see the fish, catch a fish.
- He has to convince legislatures and not by talking about ESU's and VSP's. Have to overcome objections from people by talking to people about things they care about: jobs, education, health. This is very important to the rural economy, yet rural is where we get aversion for the plan). Tap plan and then there will be money for this.

Fred Jarrett:

- There are about 8-12 Republicans out of the 40 in the caucus who try to think of themselves as being environmentally aware. They have gotten to be strong

enough in the caucus that business community is beginning to worry about them. The rest of the R's come from resource industries. What they are thinking about is loss: lost jobs, lost land, lost productivity. Engaging them in the process and finding ways to think about this in alternative perspectives.

- Second major point: Measure 37. Already written, gone to Sec. of State. Question is not if they run it, but when. Other bills have all the elements of measure 37 in them. Dreadfully worried about this measure---less on environmental legislation than on business. Should talk to business about risk and uncertainty. Businesses don't like uncertainty. Oregon businesses are facing lots of work. Measure 37 did take a lot of the certainty away from how you will make money in your business. Need to engage with people who make decisions about their strategic business plan. Small businesses view us as others. Need to make sure there is a grand coalition that is ready when this comes.

Steve Lewis:

- Seems to be a fairly obvious path here. We know we have some funding sources, need to focus on protecting them and sustaining them. That should be short-term focus. Primarily at federal and state level---record deficits will squeeze discretionary funding.
- Also need to explore opportunities for expanding funding from new sources (including farm bill). Have lots of work to do to piggy-back on other sources that may benefit salmon.
- Long-term, we need to look to expand local funding in some ways. Align with water quality, habitat protection, not just salmon. Perhaps raise additional money regionally---very complex---have to build alliances with environmental organizations.
- Between now and long-term, need to take funds that we have now-do a great job at investing those now. Make the emotional connection between salmon and people.

Maggie Coon:

- Is seeking money really that unpopular? Hopes that an outgrowth of this effort is to be bold, build the case, and give everyone the opportunity to contribute financially. Like to see a quantum increase in public funding for conservation in this case.
- Really optimistic that this can be done. Across the nation in November, many ballot measures passed that supported conservation. WA state has the potential to follow. In order to do that, need to make a clear case about the language we need to use to talk about those issues to effectively communicate need. Public support is out there.
- Poll results: five years ago ,17% of WA State residents said habitat loss was serious, 26% somewhat serious. Last year, 39% high priority, 42% somewhat important.
- Quote in the platform statement: we are buying so much more than salmon: water quality and farm land. If we can put together a measure that resonates broadly and brings together different constituencies, we can get this to pass.

David Troutt:

- Need to have a clearly understood and perhaps different vocabulary. Tend to forget about public education and the role of salmon in our ecosystem and links to economies and communities. Ability to spend salmon recovery funds to encourage farms to produce fish and farmed goods. Thinking more broadly about how we are going to spend the money.
- Decisions should be made at the watershed level. On the Nisqually, going to be focusing on developing local markets and the local economy. Going to invest their resources to link salmon recovery and local development.
- How do we spend this on a regional basis? Each of these watersheds have tribal treaty rights which we need to adhere to.

George Pess:

- Thinks we are on the right track on criteria. Challenge technical recovery team to make VSP terms real. Improvements to ecological integrity-knowing historically what watersheds look like, water quality, identifying habitats that have been lost and can be reconnected-can result in benefits quickly.
- Need to look at the whole watershed in any type of prioritization—benefits go way beyond salmon. Must include benefits in calculations----economic, ecological, education-and need a systematic way of doing that.
- Monitor how we're doing. Monitoring is costly, but if 10 or 15 years from now we are asking the same questions, we failed.

Rob Masonis:

- Agrees with what everybody has said. Public communications issue is enormous. Going to be a lot happening in the coming year that could undermine this effort unless we are able to reach people in a way that will be successful. Timidity will not work.
- We should prioritize things that will give huge benefits for the buck spent and generate public excitement. Salmon fatigue due in part to state of affairs in the Columbia. For many years, no prioritization for federal efforts and money was going into a black hole. That has changed.
- Needs to be accountability and transparency in this process. As long as it is thought that people are siphoning funds for their own pet projects, won't have public support.
- Very little talk about benefits and they are real and huge. Sport-fishing is estimated to generate \$130 million/year in Oregon. Too many people focus on costs, not benefits.
- Really incumbent upon business that they are not perceived as a monolithic block in this work. Perception that business does not support this effort is not true, but their support is not apparent.

Chuck Mosher:

- Many people are saying that we need more money from feds and states. The more money you get from the, the less control you have. Local areas in the long run will have to come up with the money. Local effort in long-run.
- Promoting our successes gets people excited. Need realistic reporting over years, over decades.
- Local level funding---have to have multiple benefits (shellfish protection, open space, recreation, water quality). Get voters interested. Once you have a regional plan, got to look at moving money across watershed to where you will get the most bang for your buck. Have to bring some of the money home—so everyone sees that they are benefiting from this. Politicians must show that they are supporting local areas as well as big projects. Also have to use salmon money for soft projects (public outreach, funding).
- Set up a plan that is open-minded, clear, and adaptive. If you are ready for success with a plan, you will find out that you will be ready when opportunities come around. Be ready so that luck can happen.

Rich Innes:

- Need to keep the federal government at the table as a real partner. Unless there is a real groundswell of support from locals, it won't happen. Make sure that federal government knows that they have responsibilities too. This is their law (ESA) and we are just trying to comply. Tough sell with the big wigs.
- Trying to maintain \$90 million for the region (Washington and four other states). States need to stay at the table and put their commitment in the form of funding right up front. If it got out in Washington D.C. that the state was backing out, the funding in the feds would dry up automatically.
- Quality of project has to be high—the reason that this effort is working is because it is place-based. People care about it. That is what is going to sell this sort of project.

Question and Answer Period:

Question: Seems to be a tension developing between watershed groups who are protective of plans that they have developed and the Shared Strategy effort to prioritize across the region. How are the needs of watersheds and the region going to be balanced in the funding plan?

Response (Lewis): Long-term goal for federal money is to get Puget Sound salmon delisted. Federal funds need to be focused. Majority of funds need to be used in local areas but consistent with a regional strategy. One constraint is that there is a major human population in one area (with the ability to raise funding) but major fish population restoration potential in others. Must have some portability in locally raised funds to be used outside of local watershed.

Response (Mosher): Shared Strategy is really an educational approach. It will give each watershed the information to make decisions within it's own watershed. Not trying to take away from watershed's ability to make decisions. Looking at scenarios about

moving money around. It's still the choice and the control of each watershed. Points to where you have political leaders with political muscle. Find that a lot more fed/state money goes to them. It's about people working together on tradeoffs—leads to bigger success where we will get more money for everybody. Got to have success stories. Not forced on the watersheds, but it can be a tool to be more effective.

Question: It seems like we need two strategies, one for maintaining state and federal funding and the other to continue local funding. Should there be different strategies on how to distribute the different sources?

Response (Dunshee): Have to put your money where you get the votes. Salmon Recovery Funding Board process in theory does biology, and we are a process that gets votes. Rural votes come at a higher price. Good solid liberals from Seattle will generally sacrifice own good for the general good.

Response (Jarrett): Rural areas have two problems. First, they tend to have disproportionate amounts of land in public ownership, not contributing to the tax base. We've worked to have state money replace lost taxes. Second, there is often money to buy the land, but not to maintain it, and projects become more expensive on an operating basis.

Response (Mark Wolf-Armstrong): Cannot afford to be timid - need to be bold. Success won't be won by science, prioritization, or salmon merit. Competing with major landscape projects that the government is trying to fund – Chesapeake Bay, Everglades, San Francisco Bay. Just holding onto the funding will require the biggest constituencies that you have ever garnered. If you want fish, than you need to be on the streets, getting public support. Build a bunch of strategies on different time scales, but realize up against national competition.

Small Group Presentations/Discussions:

1st Group Presentation:

Draft Criteria-

Yes, on the right track, but need to translate into more user-friendly language.

Translate that benefits = social and economic benefits.

Need to talk about stormwater management +water quality (bundle the benefits)

Need to acknowledge and credit for the local planning effort to the feds.

Identify a project in each watershed where difference has been made.

Need to show value to the public

Leadership Group-

Include communications and PT expertise

Need more business representation

Advice to leadership group-

Need to articulate economic benefits of salmon recovery

Shared Strategy where work is most relevant at cross watershed scale.

Remarks (Coon): Benefits, benefits, benefits. Need to convey the benefits, translate the language that is understandable and user-friendly. Best to include social and economic benefits (ag, recreation, etc...) bundle the benefits, put needs of salmon together with water quality, stormwater management. The fact that this enormous bottom-up effort has come together and is successful means that we ought to get some credit in the form of funding from decision-makers. Helpful if each locality could identify a high-profile project that shows the impact of action.

Remarks (Innes): This is a great story and is an asset at the federal level-grand experiment at pushing the edge of public policy. Getting this story to D.C. is why we have been able to sustain funding as long as possible. Should have dried up with Slade Gordon. Success is due to power of story.

Remarks (Martin Goebel): There are thousands of community-based conservation efforts popping up over the country. More than telling the story- need a strategy that shows long-term planning and funding mechanisms. Learn from organizations that do this, especially the Nature Conservancy.

2nd Group Presentation:

Criteria:

Get rid of jargon- clearcut, easy for people to understand

Priorities should include discussion/description of the variety of benefits.

Maximum benefit/dollar spent

Cost-benefit within WRIAs and between WRIAs.

Benefits are derived from all industries- not just fisheries. Dollars related to salmon recovery from a variety of sources.

Leadership Group:

Depends on objective. Lots of people who will want to be on it. Is it a 4-year lobbying strategy? Looking for votes? Hard to set up who should be involved. Start with a small group to define objectives to start on and then have different people to come on for each task and objectives.

Emphasizing multiple clear, cost-benefit analysis. Transparent.

Work on selling and discussing (for the leadership group). Do we fund salmon or police?

Salmon or kids? Need to refocus spending that is already here without making it a war.

A lot of money is already there without making it a salmon vs. other issue.

3rd Group Presentation:

Criteria:

Biologically-based criteria might not mean a lot to people

Local commitment will take other language to get local support (benefits)

Can't just talk biology. Lay people need to understand.

Models for prioritizing-should more money go into watersheds that already have plan?

Funding from a plan development. Funding as a 3-part process.

1) Try to convince people that we are being efficient

2) Look at existing legislation we haven't tapped.

3) If that doesn't work, need new funding sources.

Leadership group:

Core group of people (fed, state, local) + business community. Tribal.

If those are the funding sources, need people who knows how all of these things work, and how we can pull them together to get funding.

There are a lot of state programs that people don't know about. Wants someone who understands state issues/programs.

Private and business- economic component. For- profit and non-profit.

5-6 different entities.

Additional Discussion

Question (Canty): One of the dominant themes is a strong interest in using political support and economic benefits to prioritize projects. How do we balance those factors with biological priorities?

Response (Masonis): Don't want political support and economic benefits as criteria to select projects, but should identify and promote support and economic benefits of selected projects.

Response: Need to build community support for continuing over 10 years. Have to have projects that produce quantifiable benefits. Projects should pass through biological filter, but also need to build community support over time. Salmon fatigue- need benefits to continue excitement. Not a pure biological question.

Response: Putting all the money in one place may get the biggest bang for your buck, but won't create buy-in. Needs to be a mix of general support projects and critical projects for salmon recovery.

Response (Innes): Policy and science, reason that scientists aren't in charge of public policy, but have an indispensable role. Inform the public of real issues (Jeffersonian democracy). If you inform the public, don't underestimate them, you can build support. Filter the information in the right ways. Politicians act in political cycles which are different than natural cycles.

Question: What is the role of local government funding in the solution?

Response: The way that the language was presented initially was alarming for both large and small watersheds. Way message is communicated is important.

Response: It's important to explore more local options such as improvement districts. If fed funding is threatened, at some point local people will have to pay for their own projects. Conservation districts could be useful.

Response: Current estimate of 33% of total funding from local sources is low if we look at the various things local government do for salmon. If we look across the board at all local projects, they add up. Doubts that the core estimation of the local contribution is accurate in a large range. Some people may think they are paying too much.

Response: Not convinced that urban areas that raise the money will not give the money to rural areas who are financially challenged. Personally, wants to give money to where we have the most habitat. And urbanites use those watersheds. Bridge the growing divide between rural areas in WA and urban. Through the process, have opportunity to show largesse to rural communities.

Response: Many locally raised funds have limitations on moving local dollars to other jurisdictions. Need to allocate more state/federal dollars in the areas where we have flexibility and have the greatest needs.

Response: Can't focus money only on backyard. We have to have a mechanism that allows individuals to invest in their own watershed, and be able to transfer money. Recovery is a regional investment.

Response: Best to have funding collected on a statewide basis but things that are statewide don't get passed. So if something needs to get done may need to set something up as a regional plan and be able to fund that that way. Need to balance what's best with what will work?

Response: Consider the linkage between funding and regulation. Not going to buy our way out of this entirely. Might need to reward jurisdictions with money who step up on those regulations to provide incentives to do the right thing.

Question: Are people okay with creating a leadership team to to move forward on this?

Response: *Strongly favorable.*

Further comments on the financing strategy should go to Dennis Canty at dcanty@evergreenfc.com.