

Earth Economics



Photo: Dennis Clark, WRIA 9

WRIA 9

Identifying a Funding Mechanism for Implementation of the WRIA 9 Salmon Habitat Plan.
March 17, 2008



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Doug Osterman
Watershed Coordinator
Water Resource Inventory Area #9

Dear Doug,

As we have discussed, the Earth Economics proposal is below. Thank you for considering this proposal, I am sure we can find a funding mechanism that ensures that wild Chinook salmon and other salmonids will live in a healthy Green River, and that the people of the watershed will reap the wide benefits of a healthier watershed for the indefinite future!

Regards,

Dave Batker
Executive Director



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Introduction

The WRIA 9 Habitat Plan goal is: *“To protect, rehabilitate and enhance habitat to support viable salmonid populations in response the Endangered Species Act listing of Chinook salmon and bull trout using an ecosystem approach.”* This proposal outlines the research and resources necessary to identify a dedicated funding mechanism for the implementation of this plan.

WRIA 9 is a leading example of the effective cooperation between governmental, private and nonprofit institutions for early action to restore listed salmon species. The Habitat Plan took effect on December 5, 2005. Since approval of the plan, an Implementation Management Plan and three years of prioritized restoration projects have been completed. Projects such as the North Winds Weir are already underway.

Yet one of the most difficult barriers to successful implementation and completion of the Plan is securing funding to complete projects necessary to restore endangered species. How can sufficient funding be secured to implement the WRIA 9 Habitat Plan? Current federal and state grants and the funding available via the King Conservation District will likely fall short of funding the full suite of restoration projects required.

WRIA 9 has achieved a great deal already. In place are a sound governance model and a track record of best-practice scientific and award-winning economic analysis. Yet long term implementation success obviously depends on securing sufficient financial support to meet the Plan’s goal.

The economic justification for establishing a sufficient and dedicated funding source can be found in the WRIA 9 Habitat Plan. In Chapter 6 of the Plan, the discussion of the ecological economic platform clearly states and, we believe, convincingly shows how actions to restore salmonid species secure a wide variety of other economically valuable ecosystem services such as flood protection, recreation, storm water conveyance, water filtration and many others. A number of these services are provisioned at the watershed level and are key components to economic development and to securing a high quality of life for everyone within the watershed. Their value and the public benefits of restoring a healthy watershed provide a strong economic justification for expenditures to secure viable salmonid populations and healthier, more economically productive natural capital.

One hundred years ago, our watersheds were largely pristine. Built capital, such as buildings, roads and businesses was scarce and highly valuable. Natural capital, such as forests, clean water, and salmon were abundant. Today the reverse is true. Our watershed has an abundance of built capital. Value creation is less limited by built capital and more constrained by natural capital limits. Increased production of timber and fish is no longer limited by a shortage of chain saws and nets, but by a shortage of fish and trees.

Many historic solutions to watershed problems have emphasized replacing natural capital assets with built capital solutions. Our tax jurisdictions reflect this. As floodplains were built up, flooding increased in the lower reaches of the watershed. Flood districts have traditionally been located in the deltas and charged principally with building levees to replace lost natural flood protection from wetlands, forests and riparian areas. King County recently merged flood districts, recognizing that while flooding occurs at the lower end of the watershed, much of the service of flood prevention is provisioned upstream in forests and wetlands. Flood protection is a watershed scale service and cannot be effectively delivered with actions only in the lower reaches of the watershed.

Drinking water, water purification, storm water conveyance, biodiversity, recreation, salmon restoration, and other ecosystem services are provisioned at the scale of the local watershed. Therefore, management solutions must be applied at the scale of the problem, and WRIA 9 has the correct scale and focus. Furthermore, WRIA 9 has provided effective governance and communication between jurisdictions, the public, nonprofit and corporate residents in the watershed. As such, WRIA 9 serves, perhaps more than any other applicable institution, not only as the institution implementing the WRIA 9 Salmon Habitat Plan, but also as conduit for communication on watershed issues across these jurisdictions, and as a vehicle for management solutions that are sustainable, ecologically sound, build the natural capital for economic development and thus benefit all jurisdictions and residents.

WRIA 9 houses over 700,000 residents, downtown Seattle and seventeen other cities, and much of Washington State's highest-value businesses and infrastructure, including the Port of Seattle, Boeing, Boeing Field, and SeaTac Airport. In addition, the watershed is the source of drinking water for much of South Seattle, Renton, Tacoma and other areas. WRIA 9 is the wealthiest watershed in Washington State.

Thus there are significant assets to be protected. As we will continue to argue, using scientific data and available facts, the costs of ongoing funding of the Plan are a tiny fraction of the costs of delaying the further and complete implementation of ecologically and economically sound management principles and tools. It is in the direct interest of the residents of WRIA 9 that the identified projects are carried out to meet the requirements of the ESA. Everyone will gain from better flood control, water quality, higher property values of a restored watershed, greater recreation, less costly storm water cleansing and conveyance. Though this is a federal mandate, the greatest beneficiaries of watershed restoration are the residents of the watershed. WRIA 9 residents have been overwhelmingly supportive of salmon restoration and are increasingly aware of the co-benefits they receive from salmon restoration.

All this requires ongoing support. Earth Economics will be pleased to conduct a study to identify a funding mechanism sufficiently robust, sustainable and backed by the citizenry to fully implement the WRIA 9 Habitat Plan Goal.

Proposed Project Scope

1. Survey literature, existing and proposed funding mechanisms within the US or outside the US for models that are relevant to a WRIA 9 solution and seek descriptions of working case studies that implement ecosystem service funding mechanisms.
 - Products: Literature survey including ecosystem service funding mechanisms in practice or planning including case studies.
2. Identify and describe a set of 3-5 potential funding mechanisms which could be applicable for provide a sufficient dedicated funding source for implementation of the WRIA 9 Habitat Plan. Provide an overview of the economic benefits that residents, cities and private firms would receive from a dedicated WRIA 9 funding source; this would include a methodology for calculating the “return on investment” of salmonid restoration projects.
 - Products: Report with methodology for calculating benefits to watershed residents of WRIA 9 salmonid restoration actions and a set of 3-5 potential funding mechanisms, with a qualitative description of their relative cost/benefit characteristics.
3. Conduct a workshop with WRIA 9 staff, Steering Committee, and Forum members on these possible funding mechanisms to identify one to two mechanisms for in-depth analysis. Agree to these 1-2 funding mechanisms for further research within a month.
 - Products: Workshop report and identification of priority funding mechanisms.
4. Based on the mandate from the workshop and WRIA 9 staff, Steering Committee and Forum, examine the identified funding mechanisms in depth for economic viability, sufficiency, legal requirements, collection efficiency, and other criteria.
 - Product: Draft report of economic justification for overall funding mechanism and specific analysis of priority funding mechanisms.
5. Review of report by WRIA 9 staff and WRIA 9 committees; include suggested comments, revise, and complete final report.
 - Product: Final Report.