

EXECUTIVE SUMMARY

Healthy watersheds and the salmon populations they support are essential to the health of our economy. The range of ecosystem services provided by the Green/Duwamish and Central Puget Sound Watershed benefits over 700,000 residents. Further investments in healthy ecosystems as natural capital assets within the watershed will provide tremendous value in the form of beneficial ecosystem services.

Water Resource Inventory Area 9 (WRIA 9), the management entity for the Green/Duwamish and Central Puget Sound Watershed, established a precedent for protecting and restoring the watershed and salmon habitat with the 2005 publication *Making Our Watershed Fit For a King: Salmon Habitat Plan for the Green/Duwamish and Central Puget Sound Watershed (WRIA 9)*. This natural capital investment requires dedicated funding mechanisms generating revenue that averages \$20-30 million each year over 10 years.

By providing innovative approaches to investment in natural capital, the Salmon Habitat Plan provides a lower cost solution than engineering and built-capital approaches for restoration. Natural systems provide self-maintaining benefits, such as producing salmon production, controlling floods and providing drinking water in perpetuity. This is far more efficient than replacing these self-maintaining natural systems with human-built infrastructure that depreciates and must be replaced every 30-40 years. Natural systems are unsurpassed in preserving natural and human health and economic benefit for the lowest cost.

This proposal is based on principles of ecological economics to manage the economic efficiency, social equity and environmental sustainability of the Green/Duwamish and Central Puget Sound Watershed. We propose the following funding mechanisms for consideration by the WRIA 9 Watershed Forum.

1. A **tax lid lift**, at a rate of \$.10 per \$1,000 of property value, increasing the Flood Control District levy by an estimated \$1.1 million or more per year over 3-7 years for investment in projects that will accomplish objectives both flood hazard management and salmon habitat restoration.
2. A \$25 per passenger cruise ship **impact fee**, to pay for the impact of cruise ship wastewater on Puget Sound, generating an estimated \$20 million annually that may be distributed to several jurisdictions.
3. A new \$5 per parcel **special assessment fee** generating an estimated \$866,950 for WRIA 9 subsequent to the proposed establishment of tax district status for the WRIA. Alternatively, a **new property tax** levy at a rate of \$.20 per \$1,000 property value, estimated to generate \$21.2 million for WRIA 9.
4. A **new district and tax** on marine shoreline armoring impacts, levied at a rate of \$.33 per \$1,000 of property value and estimated to generate approximately \$1 million annually. Alternatively, a **new fee** of \$45 per lineal foot on permits for new bulkhead development to raise approximately \$111,105 annually.
5. An added **fee on impervious surface impacts** on salmon habitat and ecosystem health, levied in all jurisdictions within King County. Revenue projections for this mechanism

will be included in the next draft report (2010).

6. A **mitigation banking market** to provide funding and incentives for private sector investment in protecting and restoring the watershed's habitats.
7. Further research on opportunities for inter-departmental and multi-jurisdiction collaboration on creating a **watershed investment district**, with a combined system of funding mechanisms that will provide the most cost-effective approach for integrated management of all ecosystem services.
8. Initiate planning for demonstration or pilot program status in collaboration with the Puget Sound Partnership Action Agenda to align funding mechanism development with agenda financing strategies.

The Puget Sound region will benefit extensively from investing in the ecosystem goods and services of the watershed. This investment in natural capital will both protect and restore habitat for threatened and endangered species. Total annual revenue from proposed funding mechanisms is estimated at approximately \$59 million, exceeding the target amount to provide a contingency buffer, in case all the recommended funding mechanisms cannot be implemented. Preliminary estimates conclude that as much as \$6.44 of benefit will be generated for each dollar invested (as detailed in Appendix B).