

Watershed Investment District

Background

The Green/Duwamish and Central Puget Sound Watershed (WRIA 9) covers 664 square miles of land and water where nearly 700,000 people make their homes, and where many thousands more people work, commute and play. Jobs, services and economic development are provided by thousands of businesses, non-profits, 15 cities, the Port of Seattle, King County, federal agencies, and many other public institutions. All these people and institutions affect, and are affected by, the watershed they share.

This shared watershed provides natural capital goods and services to all of these stakeholders. These goods and services include salmon (such as threatened Chinook and steelhead) and other fish and wildlife, flood protection, water production, floodwater storage, stormwater conveyance, carbon sequestration, biodiversity and recreation. Yet, there is no institution responsible for making sure, at the watershed level, that these goods and services are being managed in a coordinated, efficient way that reduces overall costs and increases overall benefits.

Problem

Currently, activities affecting the watershed’s ecosystem services are inefficiently delegated across diverse institutions. Many cities have separate storm water systems in which jurisdictional boundaries matter more than watershed boundaries. Increased storm water contributes to flooding and current stormwater management methodologies lead to unacceptable levels of pollution in Puget Sound. This trend requires more flood protection and pollution remediation expenditures and reduces groundwater recharge for drinking water and salmon. Better coordinated, these investments could be less costly, more effective and longer lasting. The overall tax burden would be reduced with greater services provided.

Opportunity

The WRIA 9 Watershed Ecosystem Forum brings many watershed stakeholders to a common table, resulting in reduced conflict, increased collaboration, secured sustainability and improved efficiency for participants. Natural evolution of the WRIA 9 partnership would involve working with these stakeholders on salmon habitat restoration and improvements in additional closely-related ecosystem services to ensure that watershed investments are mutually beneficial and not at odds with each other. Improved coordination could save of hundreds of millions of dollars and ensure the more effective provisioning of ecosystem goods and services.

Snapshot

Authority: New state legislation needed, but consistent with RCW 86.15.035 and 39.34.200

Scale: WRIA 9

Decision Maker: WRIA 9 jurisdictions, State Legislature

Revenue: Flexible depending upon design options. Efficient--fully meets restoration needs of Salmon Habitat Plan and other ecosystem goods and services.

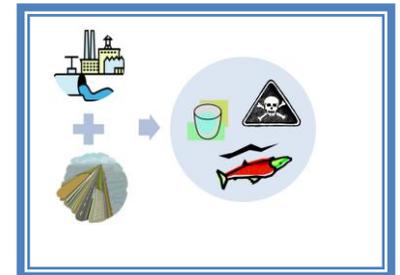


Figure 1: Investments in salmon habitat restoration, potable water, flood protection, storm water systems, recreation, agriculture and other areas can be mutually supportive or in conflict.

Watershed Investment District

There are two design options for a Watershed Investment District. Each would implement salmon habitat restoration, facilitate communication and coordinate investments in improving watershed health.

OPTION 1: Watershed Investment District without taxing authority, having a collaborative structure, like the WRIA 9 Watershed Ecosystem Forum, where existing jurisdictions and other key stakeholders meet to coordinate investments to improve the lands and waters of the watershed. This design could be approved at the county level or with an interlocal agreement. A stable funding mechanism based on Policy Briefs #3 or #4 could be utilized to fund the Salmon Habitat Plan and other actions to improve the health of the watershed.

OPTION 2: Watershed Investment District, empowered as a taxing authority, implementing salmon habitat restoration projects by providing funding support and matching funds and hosting data management tools for use by all jurisdictions within the watershed. This design would require action by the Washington State Legislature to create a Watershed Investment District as a separate tax district. The creation of such a district also may require a vote of approval by people in WRIA 9. A tax authority funding mechanism could be structured as described in the Analysis section below.

Further dialogue and development are needed to see which option would be best for WRIA 9. A target date for legislation could be early 2012.

A Watershed Investment District would improve efficiency by aligning the management scale of a watershed with watershed scale natural and built capital. For example, better, less costly flood control could be established by using funding to help cities throughout the watershed and King County redesign stormwater systems to recharge groundwater. This integrated management approach would attenuate peak flows, resulting in reduced flooding and greater groundwater resources for salmon and drinking water.

State legislative action would be required to establish Watershed Resource Inventory Areas (WRIAs) as independent taxing districts and expand the jurisdictional mandate beyond protecting and restoring salmon habitat. This integrated approach is consistent with RCW 86.15.035, which provides specifications for flood control districts and cooperative watershed management actions. It is also consistent with RCW 39.34.200, which establishes a general precedent for watershed management partnerships.

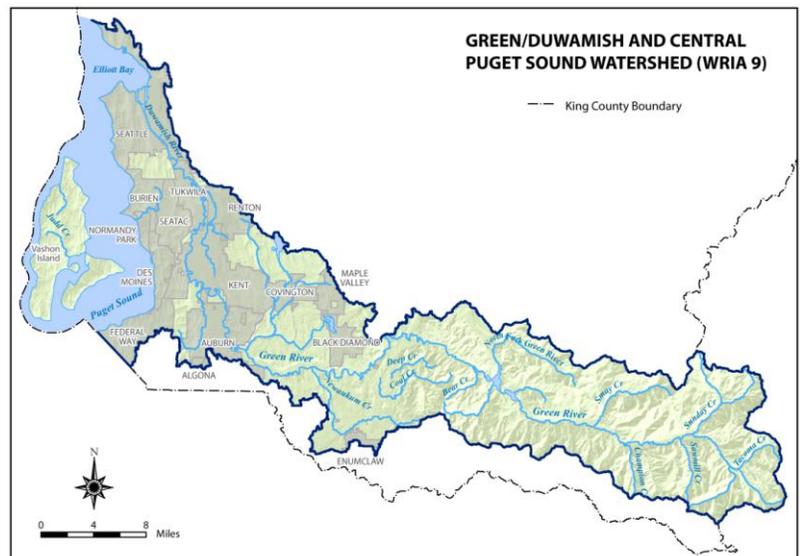


Figure 2: Green/Duwamish and Central Puget Sound Watershed (Water Resource Inventory Area 9).

Watershed Investment District Analysis

A Watershed Investment District with tax authority could be funded more fairly than an addition to property taxes. The provisioning, beneficiaries and impairments of ecosystem services can be mapped at the watershed scale. Each ecosystem service has a different provisioning map (landscape area that provides the benefit), beneficiary map (who gains from the service) and impairment map (what damages the service). For example, drinking water is provisioned by rainfall, forests, wetlands, Howard Hanson reservoir, permeable soils and aquifers. The beneficiaries are those who receive water for residential, agricultural or industrial use. Impairment is caused by pollution and impermeable surfaces. Flood protection, salmon restoration, carbon sequestration and recreation also can be mapped across the land- and water-scapes. With this information, funding mechanisms can be generated. In addition, the overlap of benefits from potential projects can be revealed, providing co-financing opportunities such as flood protection, stormwater, aquifer recharge and salmon habitat restoration. The district could bill beneficiaries and those causing impairments and pay provisioners for the benefits they provide. This would likely increase rural incomes where ecosystem services are provided and provide benefits to urban areas.

Pros: A Watershed Investment District is an economically efficient system offering incentives to those who provide benefits, and charging fees to those who receive benefits and/or cause impairments.

Cons: A Watershed Investment District is a new structure requiring legislation and a significant amount of planning and development time.

Recommended Next Steps

- Set salmon restoration needs - Done!
- Map, quantify, and evaluate ecosystem services for the potential benefits they provide across jurisdictions to design the Watershed Investment District
- Develop necessary legislation for the Watershed Investment District
- Work with Washington State legislators for passage of needed legislation and vote of the people, or for county level Watershed Investment Districts