

Chapter 7 Revenue

7.1 INTRODUCTION

In order to develop a Surface Water Management Program, Jefferson County needs to identify adequate, stable, and equitable revenue sources. This chapter briefly discusses Jefferson County's two largest operating funds, the General Fund and the Roads Fund and their limited capacity to fund a Surface Water Management Program. Following that is a discussion of the revenue sources that could be used to fund a Surface Water Management Program.

7.2 JEFFERSON COUNTY OPERATING FUNDS

General Fund

The General Fund is Jefferson County's principal operating fund. General Fund revenues fund the County's core administrative functions: Board of Commissioners, Auditor, Treasurer, and Assessor. Transfers from the General Fund to other funds also support County programs including law and justice, health and human services, and parks and recreation. The County's priority is to use General Fund revenues to fund core administrative functions and law and justice programs with the remainder allocated to fund other activities including health and human services, parks and recreation, and surface water management.

In 2005 budgeted General Fund revenues were approximately \$12,650,000. Principal revenue sources were property taxes (\$5,678,000) and sales taxes (\$2,323,000).

Jefferson County has \$490,000 in property tax "banked capacity". This represents property tax that the County was authorized to levy, but chose not to take in the past. This banked capacity could be levied in the future. It is Jefferson County's current policy not to levy this increase, but to maintain it as an emergency reserve.

State law limits the growth of property tax revenues to a 1% increase per year, except if the voters approve the increase. In 2005 the value of this 1% increase was \$52,000.

New construction generates an increase in property tax revenue. From 1998 to 2002 the average value of new construction in unincorporated Jefferson County was approximately \$45,000,000 per year. Over the past two years this level has increased significantly. In 2004 it was \$73,600,000. At the 2005 General Fund property tax rate (\$1.72625 per \$1,000 of assessed value) new construction will generate approximately \$127,000 per year in new General Fund revenue. It should be recognized, however, that new construction indicates a growing County population that requires expanded County services.

County operating costs are projected to increase more rapidly than General Fund revenue increases. In 2005 General Fund budget operating costs are projected to grow at 2.7%.

Transfers from the General Fund have been an important component of funding surface water management activities. A \$34,600 transfer to the Flood/Stormwater Fund in 2002 was half of Jefferson County's 25% local match for the \$207,500 Centennial Clean Water Fund grant from the Department of Ecology that funded the development of this Plan. This grant also funded the development and implementation of public education and technical assistance programs conducted by the Jefferson County - WSU Cooperative Extension and the Jefferson County Conservation District.

There have also been annual transfers from the General Fund to WSU Extension and the Conservation District. In 2005 the transfer to WSU was \$232,000, a portion of which supported surface water management education programs. There was also a transfer of \$50,000 to the Jefferson County Conservation District. \$34,760 was to support basic District programs, including surface water management activities and \$15,000 to fund Agriculture and Fish & Wildlife Habitat Protection planning.

Jefferson County recently committed \$119,000 as the local match for the Centennial Clean Water Fund grant to fund the Chimacum Creek Clean Water project. This is composed of three appropriations of \$39,759 each to the Environmental Health Department's On-site Septic System Program and Natural Resources Division and the County Conservation District. It is anticipated that the grant funds will be available in July 2007.

Considering the County budget priorities and revenue limitations, it may be possible to initiate a Surface Water Management Program using General Fund revenues, but in the long term Jefferson County would need to identify and implement new revenue sources to adequately fund a comprehensive Program.

County Roads Fund

County Roads Fund revenues support County transportation programs including road maintenance and construction. There are also transfers out of the Roads Fund to support the Sheriff's Department traffic patrols and other County activities that support road programs. In 2005, budgeted Roads Fund revenues were approximately \$7,272,000. The principle revenues sources are property taxes (\$2,680,000), transfers from the State of Washington (grants: \$821,000 and gas tax: \$1,301,000), and transfers from the Federal government (Federal forest yield: \$1,275,000, grants: \$579,000).

County Roads Fund revenues can only be used to fund activities related to County transportation programs. This limits the extent to which Road Fund revenues can be used to fund a surface water management program. Appropriate activities include providing stormwater management facilities, replacing fish passage barrier culverts, and developing this Surface Water Management Plan. A \$34,600 transfer from the Road Fund to the Flood/Stormwater Fund in 2002 was half of Jefferson County's 25% local match for the \$207,500 Centennial Clean Water Fund grant from the Department of Ecology that funded the development of this Plan.

It should also be noted that Roads Fund revenues already fund County Road drainage and stormwater management facilities that benefit not only County Roads, but also adjoining properties. It should also be noted that a significant portion of Roads Fund revenue is designated for specific projects by State and Federal agencies and would not be available to fund a Surface Water Management Program.

7.3 STATE-AUTHORIZED REVENUE SOURCES

The State of Washington has authorized counties to use the following revenue sources to fund local surface water management programs.

General Obligation Bonds (RCW 36.89)

RCW 36.89.040 – .042 authorizes counties to issue general obligation (GO) bonds to construct public capital facilities, including stormwater management facilities. There are two types of GO bonds: Councilmanic or Limited GO bonds and Unlimited GO bonds. Councilmanic bonds are approved by a vote of the Board of County Commissioners and repaid from general revenues. Voter approval is not required. Unlimited bonds require 60% voter approval. They are repaid from a designated special levy.

Jefferson County could use GO bonds to fund construction of regional stormwater management facilities, for instance in the Port Hadlock UGA.

Revenue bonds (RCW 36.89)

RCW 36.89.100 authorizes counties to issue revenue bonds to finance construction of stormwater control facilities. Issuing revenue bonds requires a designated fund to repay the bonds.

Jefferson County could use revenue bonds to fund construction of regional stormwater management facilities, for instance in the Port Hadlock UGA.

Utility Local Improvement Districts (RCW 36.89)

RCW 36.89.110 authorizes counties to form Utility Local Improvement Districts (ULIDs) to collect special assessments to fund the construction of stormwater control facilities. The assessment is based on the benefit that the property derives from the facility. Assessments are deposited into a fund established to pay the revenue or general obligation bonds issued to fund the facilities.

A ULID can be initiated either by petition of the owners of 51% of the land within the proposed District or by a Board of County Commissioners resolution. Jefferson County or the Public Utility District can manage a ULID.

ULIDs could fund construction of regional stormwater management facilities, for instance in the Port Hadlock UGA.

Stormwater Control Facilities Rates and Charges (RCW 36.89)

RCW 36.89.080 authorizes counties to assess a stormwater control fee to fund construction of stormwater control facilities and provide services related to stormwater and surface water management. Stormwater fees may be used to plan, design, construct, operate, and maintain stormwater control facilities and to conduct stormwater and surface water management program activities such as water quality monitoring and public education and outreach.

Stormwater control fees are based on a parcel's area of impervious surface. They may also reflect different use of or benefit from stormwater control facilities. Typically, all single-family residences are charged the same fee based on an average impervious surface area per residence or an Equivalent Residential Unit (ERU). All other commercial, industrial, multi-family residential, and institutional parcels are charged on the basis of their Equivalent Residential Units of impervious surface. County Roads can also be charged. ERUs can be estimated based on aerial photos or the typical impervious surface coverage for a particular land use or measured based on a surveyed site plan. Designated forestlands and undeveloped parcels are typically not charged.

The Board of County Commissioners can adopt a stormwater control fee by resolution. When establishing a fee, the Board can consider benefits received, the character and use of land, the nonprofit public benefit status of the land, income level, disabled or senior citizens, and other reasonable distinctions.

The revenue collected is deposited in a special fund to be used only for developing, operating, and maintaining stormwater control facilities and providing stormwater control services. This can include payments on general obligation or revenue bonds issued for this purpose.

RCW 36.89 allows different fees for different areas depending on their characteristics and need for different facilities and services. If Jefferson County were to adopt a stormwater control charge, there could be different rate structures for differing areas, for instance:

- Rural residential parcels,
- Port Hadlock UGA residential parcels,
- Rural commercial and industrial parcels, and
- Port Hadlock UGA commercial, industrial, and apartment parcels.

This structure would reflect an increasing potential for stormwater runoff impacts. The County could also reduce the fee for properties that have approved stormwater management facilities that meet adopted standards.

As an example, Kitsap County has used a stormwater control fee to fund its Storm and Surface Water Management (SSWM) Program since 1995. In 2003 the annual fee was \$45.00 per ERU, defined as 4,200 square feet of impervious surface. In 2003 the fee generated \$4,500,000 in revenue. Fees from 29,840 residences (from single-family to four-plexes) generated \$1,343,000, approximately 30% of revenue. The remaining 70% (\$3,157,000) was generated by 70,155 ERUs for commercial, industrial, and apartment development and roads. In 2006, the fee will be \$50.00 per year.

Kitsap County SSWMP revenues fund the following expenditures:

- Maintenance of public and private stormwater management infrastructure (33%),
- Design and construction of stormwater management facilities (18%),
- Program management costs (Rent, office equipment, utilities, administration, program management) 19%,
- Kitsap Health Department programs (water quality, pollution identification and correction, well-head protection) 14%,
- Kitsap Conservation District Programs (staff, technical assistance, and public education) 5%,
- Kitsap Community Development Department (watershed planning and public education) 5%,
- Water quality monitoring and complaint response (4%),
- Public education (1%), and
- Geographic information system mapping and drainage planning (1%).

Over 50% of the Kitsap County SSWM Program expenditures are related to design, construction, and maintenance of stormwater management facilities.

Kitsap County provides for a 50% fee reduction for properties that discharge treated stormwater directly to marine waters, achieve 100% infiltration, or that collect and reuse roof runoff for gray water plumbing or irrigation.

Jefferson County has a significantly lower development density than Kitsap County and, as a result, a significantly lower need for stormwater management capital facilities and program activities. Jefferson County should be able to fund a Surface Water Management Program with a fee that is significantly lower fee than \$50.00 per ERU.

However, fees for commercial and industrial development and roads generate 70% of Kitsap County SSWMP revenue. Since Jefferson County has a significantly lower level of commercial and industrial development than Kitsap County, fees on residential parcels would generate a higher a proportion of overall stormwater control fee revenue.

If a stormwater control fee were implemented, Jefferson County would need to decide whether to assess it on County Roads and to what extent. While County Roads generate stormwater runoff, the Public Works Department already provides drainage and stormwater management facilities for County Roads. Also, if a stormwater control fee were assessed on County Roads, there would be a presumption that the fee revenue should be used for projects related to roads. This might not fit with Surface Water Management Program priorities. There may be instances where there are specific drainage and stormwater management facilities that are needed to serve both private property and County Roads. In this case a Utility Local Improvement District could be created to provide the facilities. Both the private property and County Roads could be assessed. An example would be providing a stormwater treatment vault and conveyance replacement for the Port Hadlock storm sewer system that serves private property, County Roads, and State Route 116.

Planning Level Analysis of Stormwater Control Fee Revenue

The following planning level assessment is intended to illustrate the potential revenue that could be collected through a stormwater control fee.

The 2005 total County population is approximately 28,300. There are approximately 19,000 residents in the unincorporated areas of eastern Jefferson County. At an average of 2.2 persons per household, there are approximately 8,600 residences. Of these, approximately 600 are within the Port Ludlow Drainage District and would not be subject to a County stormwater fee. Approximately 8,000 residences in the County would be assessed a stormwater control fee. An annual residential fee of \$10 per ERU would generate approximately \$80,000. Assuming for planning purposes that residences comprise 50% of the ERUs in Jefferson County (as opposed to 30% in Kitsap County), there are a total of 16,000 ERUs. A \$10 per ERU annual stormwater control fee would generate approximately \$160,000.

This analysis can be used to estimate the stormwater control fee necessary to fund the Surface Water Management Program options discussed in Chapter 10. For instance, in order to generate \$200,000 to fund a Surface Water Management Program, an annual stormwater control fee of \$12.50 per ERU would be required. [$\$200,000 / 16,000 \text{ ERUs} = \12.50]

Prior to implementing a stormwater control charge, it would be necessary to conduct a more precise analysis. This would include determining the typical square feet of impervious surface for single-family residences, the Equivalent Residential Unit (ERU). Then the impervious surface area would be determined for individual commercial, industrial, apartment, and institutional parcels and for roads. This could be done using development application site plans, land surveys, and aerial photos. The total ERUs in the County would be equal to the total number of residences plus the total ERUs for

developed parcels and roads. The charge per ERU would be calculated by dividing the portion of the Surface Water Management Program budget funded by a stormwater control fee by the total ERUs. [Program Budget / Number of ERUs = Charge/ERU]

Port Hadlock UGA Stormwater Control Fee

The Port Hadlock UGA Stormwater Plan analyzed a stormwater control fee to fund UGA Stormwater Management Program activities, including inspecting stormwater management facilities, conducting public education and water quality monitoring, and maintaining the stream gauges on Chimacum Creek upstream and downstream from the UGA.

The analysis assumes that 2,000 square feet is the ERU of impervious surface area for a single-family residence in the UGA. In 2004 there were a 5,244 ERUs in the UGA. Of this total 1,429 were commercial, industrial, and multi-family ERUs. Based on the County's adopted population projection, the UGA population in 2004 would have been approximately 2,800. At an average of 2.2 persons per residence, there would have been approximately 1,300 residential ERUs in the UGA.

The UGA Stormwater Plan estimated that inspections of stormwater management facilities would cost \$10,000 annually. An annual stormwater fee of \$7.00 assessed only on the 1,429 commercial, industrial, and multi-family ERUs would fund facility inspections. Public education and water quality monitoring were estimated to cost \$15,000. There are two options in the UGA Plan to fund these components. Under the first option, all developed parcels in the UGA (5,244 ERUs), including single-family residences, would pay an annual fee of \$2.86 per ERU. Under the second option only the 1,429 commercial, industrial, and multi-family parcels would pay an annual fee of \$10.50 per ERU. For details see Port Hadlock UGA Stormwater Management Plan, Chapter 8.

By way of comparison the City of Port Townsend currently assesses an annual stormwater control fee of \$72 per ERU and Kitsap County assesses \$50.00 per ERU.

The UGA Stormwater Management Plan identifies two locations in the UGA where capital facilities are needed to treat stormwater discharges to Port Townsend Bay: the outfall from the storm sewer system located in the Port Hadlock Core and the conveyance system for Fourth Avenue and Moore Street in Irondale. The Plan proposes constructing treatment facilities at both of these locations. The Washington Department of Fish and Wildlife is planning to conduct a beach restoration project in Irondale. The project includes construction of a biofiltration swale that will treat runoff from 4th Avenue and Moore Street. The Plan estimates that a stormwater treatment vault to serve the Port Hadlock storm sewer system would cost approximately \$10,000. The Plan also identified the need to replace the storm sewer outfall downstream from the Port Hadlock intersection. The cost is estimated to be \$144,000.

The Plan proposes to fund these one-time improvements with a stormwater control fee that would be assessed only on the parcels and public roads that are served by the facility. There are approximately 453 ERUs served by the storm sewer system. The cost for the treatment facility would be \$22.08 per ERU. The cost for the conveyance facility would be \$317.88 per ERU.

Sewerage, Water, and Drainage Systems (RCW 36.94)

RCW 36.94 authorizes counties to construct and operate water and sewer systems including storm sewers, outfalls, and stormwater treatment facilities, in addition to sanitary sewer systems. They

may also include water quality monitoring programs related to county stormwater management facilities. Counties are authorized to fund these systems through general obligation bonds, revenue bonds, and utility local improvement districts. Public property is subject to charges for stormwater control facilities.

Prior to developing a sewer system, counties are required to prepare a General Sewer Plan for adoption by the Board of County Commissioners. Jefferson County has prepared a General Sewer Plan for a sanitary sewer system in the Port Hadlock UGA. The UGA General Sewer Plan could be revised to include stormwater management facilities.

Real Estate Excise Tax (RCW 82.46)

RCW 82.46 authorizes counties to levy three real estate excise taxes (REETs) that can only be used for capital improvements that could include stormwater management facilities. The Board of County Commissioners can authorize the first two REETs. The third must be authorized by voters.

Jefferson County currently levies the first two at the rate of 0.25% of the sale price. In 2005 these REETs are budgeted to generate approximately \$900,000 in revenue. Jefferson County currently uses these funds to redeem bonds for the County Courthouse and Port Townsend Community Center. They are not available for funding surface water management projects.

Drainage District Assessments (RCW 85.06)

RCW 85 authorizes the creation of local drainage districts to address drainage and stormwater management. Drainage districts fund their operation by assessments that are based on the use of and benefit from drainage facilities provided by the district. District assessment systems consider parcel size, impervious surface area, location, and whether a parcel contributes or receives runoff.

In 2000, the residents of north Port Ludlow created the Port Ludlow Drainage District to address significant stormwater management problems in north Port Ludlow. The District's assessment system is based predominantly on a parcel's area of impervious surface. The assessment system also considers a parcel's size and location. Based on a random sample of residences in the District, a single-family residence is assumed to have 3,000 square feet of impervious surface. The actual assessments vary depending on the amount of the proposed District budget. In 2004 a typical single-family residence on a 15,000 square foot lot was assessed approximately \$140.

A drainage district could be formed to provide stormwater management facilities and services in the unincorporated Port Hadlock Urban Growth Area. There is an existing, but inactive drainage district in the Chimacum Creek watershed. It could be reactivated to implement and fund the Chimacum Creek Agriculture and Fish & Wildlife Habitat Protection Plan. Considering the value of some of the agricultural land and the low income that it generates, a district assessment would need to be correspondingly low. A potential advantage, however, would be the district's eligibility to use the assessment to match grants and repay loans to implement the Plan.

Flood Control Districts (RCW 86)

RCW 86 authorizes counties to create flood control districts to plan and construct flood control facilities. RCW 86.09.380 authorizes flood control districts to levy assessments on property in flood zones to fund flood control projects. Flood control assessments can be used to match Washington Department of Ecology Flood Control Assistance Account Program (FCAAP) grants.

Jefferson County has created Flood Control Districts in Quilcene and Brinnon. These Districts have not levied flood control assessments.

Conservation Futures Fund (RCW 84.34)

RCW 84.34 authorizes Counties to levy a property tax up to \$0.0625 per \$1,000 of assessed valuation to purchase development rights (“conservation futures”) on open space land, agricultural land, and timberland. The seller owner retains ownership and the right to the continued allowable “open space uses” of the property. In 2005 conservation futures generated approximately \$170,00 in revenue.

While this revenue is not reserved for surface water management activities, it can be used to buy property or conservation easements for areas such as stream buffers that provide permanent protection for surface water resources.

Recently, Conservation Futures revenue has been used to purchase property adjacent to the Chimacum Creek estuary, in the Quimper Peninsula wildlife corridor, and in the Port Townsend gateway. In 2005 funds were approved to purchase a 20-acre conservation easement near Andersen Lake State Park and Tamanowas Rock and a 47-acre conservation easement on lower Tarboo Creek.

7.4 GRANT AND LOAN PROGRAMS

Funds from the grant and loan programs can be used to fund a surface water management program. However, it should be noted that grants typically require local matching funds and loans require revenue to pay them back. If facilities are developed using grants, revenue must also be identified for operation and maintenance. In addition, because of the uncertainty related to being awarded grants, they are more appropriate for discrete projects, rather than funding on-going programs.

Department of Ecology Water Quality Grant and Loan Programs

The Department of Ecology's Water Quality Program administers the following programs that provide low-interest loans and grants for projects that protect and improve water quality in Washington State:

- Centennial Clean Water Fund that provides low-interest loans and grants for wastewater treatment facilities and for activities that reduce non-point sources of water pollution;
- State Revolving Loan Fund that provides low-interest loans for wastewater treatment facilities and for activities that reduce non-point sources of water pollution; and
- Section 319 Non-point Source Grants Program that provides grants to reduce non-point sources of water pollution.

The programs provide grants and low-interest loans to local governments and special districts such as sewer, health, and conservation districts for:

- Planning, design, and construction of wastewater and stormwater treatment facilities,
- Repair or replacement of on-site septic systems,
- Agricultural best management practices projects,
- Stream and salmon habitat restoration,
- Watershed planning,
- Water quality monitoring,
- Construction of public boat pump-outs,
- Non-point source pollution prevention, and

- Public information and education

Loans are available for facility planning, design, and construction, land acquisition, installation of collection sewers, implementation projects on private property (e.g., best management practices for landowners), and side sewers. In addition to these projects for which only loans may be used, loans have been used in recent years for implementation of agricultural best management practices and for on-site sewer system repair or replacement.

Grants to reduce non-point sources of water pollution are available for up to 75% of eligible project costs. Grants for watershed and comprehensive basin planning are available for 75% of eligible project costs. Loans may be used to provide the grant match.

Jefferson County received a \$207,500 Centennial Clean Water Fund grant to develop this Surface Water Management Plan and to develop and implement public education and technical assistance activities. The grant required a 25% local match (\$69,000) from Jefferson County. Half of the match came from the General Fund and half from the Roads Fund.

Jefferson County Environmental Health Department has received a \$70,000 grant to conduct water quality sampling over a two-year period to identify failing on-site septic systems and nitrogen inputs to Hood Canal. The project also includes public outreach to educate citizens about how they can help protect water quality in Hood Canal by maintaining and repairing on-site septic systems, reducing reliance on lawn and garden products, not dumping yard waste in streams or salt water, and collecting and containing animal waste.

The Jefferson County Environmental Health Department in partnership with the with the Jefferson County Conservation District and the North Olympic Salmon Coalition has applied for a \$358,000 Centennial Clean Water Fund grant to implement the Chimacum Creek Clean Water Project. The Board of County Commissioners has committed \$119,000 from the General Fund as the 25% local match for this project.

Department of Ecology Watershed Management Plan Implementation Funding

The Department of Ecology received an appropriation from the Sate Legislature to provide grants to local agencies for watershed related efforts. A priority for the use of these funds is grants to Planning Units with adopted Watershed Management Plan, for implementing plan recommendations. It is anticipated that \$100,000 will be available for implementing the WRIA 17 Plan in 2006.

Flood Control Assistance Account Program (FCAAP) Grants

RCW 86.26 establishes the State Flood Control Assistance Account Program to provide grants to local governments. The Program is administered by the Department of Ecology. FCAAP grants require 25% - 50% matching funds. Other grants, such as Salmon Recovery Funding Board grants can be used for matching funds.

The grants can be used to prepare comprehensive flood management plans, construct flood control projects, conduct emergency operations related to flood events, and purchase flood plain properties. Flood management plans can include in-stream projects, but must also consider impacts to in-stream resources, such as fish habitat, and alternative measures for flood control. Non-emergency flood management projects are eligible for grants of up to 50% of the project cost. Development of comprehensive flood hazard management plans is eligible for grants of up to 75% of the project cost.

Local governments must adopt comprehensive flood management plans in order to be eligible for FCAAP grants. Because Jefferson County has adopted a Comprehensive Flood Hazard Management Plan for the Big Quilcene River, projects on the Big Quilcene are eligible for FCAAP funding. This includes emergency funding up to \$150,000 with a 20% match to respond to flood emergencies. The County is not eligible for FCAAP funding in other watersheds.

Jefferson County has received FCAAP grants for:

- Big Quilcene River/Linger Longer Feasibility Study (2003): \$30,000
- Big and Little Quilcene River floodplain acquisitions (2001-2003): \$200,000

Public Involvement and Education (PIE) Fund Grants

The Public Involvement and Education (PIE) Program, administered by the Puget Sound Action Team, provides funding to citizens, schools, businesses, non-profit organizations, and local and tribal governments to protect Puget Sound's water quality and marine resources. The grants provided by the Program are for a maximum of \$45,000.

Department of Fish and Wildlife Landowner Incentive Program Grants

The Landowner Incentive Program (LIP) grant program provides financial assistance to private landowners for the protection, enhancement, or restoration of habitat to benefit "species at risk" on privately owned lands. Species at risk is defined as any fish or wildlife species that is Federally or State listed as threatened or endangered, is proposed or is a candidate for listing as threatened or endangered, as well as other animal species determined to be at risk by WDFW.

Individual landowners are typically eligible for up to \$50,000 in assistance. In addition, \$50,000 is set aside for small grants. An individual applying for these small grant funds may apply for up to \$5,000. A 25% non-Federal contribution is required, which may include cash and/or an in-kind contribution (e.g. labor, machinery, materials). Priority is given to projects that provide more than the required minimum 25% nonfederal contribution.

Public Works Trust Fund Loans

The Washington State Public Works Trust Fund provides low interest loans to local governments for infrastructure planning, design, and construction, including sanitary and storm sewers. Interest rates typically range from 0.5%-2.0% with a 5%-15% local match and 20-year pay back period.

Salmon Recovery Funding (SRF) Board Grants

RCW 77.85 established the Salmon Recovery Funding Board to administer grants for salmon recovery projects. Jefferson County and other entities have received Salmon Recovery Funding Board grants for floodplain acquisitions on the Dosewallips, Big Quilcene, and Little Quilcene Rivers and replacing fish barrier culverts on Shine and Tarboo Creeks.

The SRF Board allocates funding based on Statewide priorities. The highest priority is restoring populations that are listed under the Endangered Species Act. Projects to restore habitat for unlisted species such as coho salmon, while locally important, may not qualify for funding. For instance, the SRF Board did not approve a recent grant application to implement the Chimacum Creek Agriculture and Fish & Wildlife Habitat Protection Plan because the area is not habitat for a threatened or endangered species.

National Fish and Wildlife Foundation Grants

The National Fish and Wildlife Foundation (NFWF) is a private, non-profit, organization established by Congress to promote healthy populations of fish, wildlife, and plants. The Foundation pursues this goal by creating partnerships between the public and private sectors and strategically investing in conservation and sustainable use of natural resources.

The NFWF identifies conservation needs, reviews proposed projects, fosters partnerships, and commits a combination of federal and non-federal funds to conservation projects. Grants typically range from \$10,000-\$150,000. The NFWF requires that its grants be matched by other funds. The NFWF has established a partnership with the Washington Salmon Recovery Funding (SRF) Board to establish the Community Salmon Fund. The Fund is intended to stimulate small-scale, voluntary activities by landowners, community groups, and businesses to support salmon recovery on private property in watersheds across Washington State. NFWF will select and administer grants with assistance from local salmon recovery lead entities and review by the SRF Board.

The Hood Canal and North Olympic Community Salmon Funds are two NFWF programs of particular interest to Jefferson County. The goals of the Community Salmon Fund are to:

- Fund habitat protection and restoration projects that have a substantial benefit to watershed health.
- Engage landowners, business owners, and community groups to carry out these projects and care for them in the long run.
- Stimulate creativity and leadership among various constituencies to address conservation needs.
- Target constituencies that can be particularly helpful in salmon recovery, especially farmers, rural forest owners, suburban homeowners, and owners of businesses and industries.

7.5 JEFFERSON COUNTY CONSERVATION DISTRICT FUNDING

The Jefferson County Conservation District uses a variety of revenue sources to fund activities that benefit surface waters in Jefferson County.

State Conservation Commission Grants

RCW 89.08.410 authorizes the State Conservation Commission to make grants to County Conservation Districts. These funds must be appropriated by the State legislature every biennium. For 2005 the Jefferson County Conservation District received approximately \$82,000 from the Conservation Commission for operations and administration and for programs that benefit surface waters, including water quality monitoring and technical assistance to land owners. The District also receives a portion of a \$62,500 Conservation Reserve Enhancement Program grant shared with Clallam County for the staffing and administering the Program which funds planting and maintenance of riparian buffers.

Jefferson County Transfer

Jefferson County has supported basic Conservation District operations that benefit surface water resources for many years. In 2005 the Conservation District received a \$49,750 transfer from Jefferson County's General Fund. This included \$34,750 to fund operations and administration and \$15,000 for agriculture and fish and wildlife planning related to Jefferson County's compliance with Growth Management requirements.

In 2005 the District also received \$42,500 from Jefferson County for surface water management activities, including outreach to livestock owners and streamside property owners, conducting high school water quality education, developing an expanded water quality monitoring program, and conducting demonstration projects. These funds are from a Centennial Clean Water Fund grant that will expire at the end of 2005. In order to continue these activities, the District will need new revenue.

Jefferson County has committed \$39,750 to the District as the local match for the Centennial Clean Water Fund grant to implement the Chimacum Creek Clean Water Project.

United States Department of Agriculture Funding *Conservation Reserve Enhancement Program*

The Conservation Reserve Enhancement Program (CREP) is a voluntary program that rents riparian buffers from farmers and funds riparian planting on those buffers to improve water quality and fish and wildlife habitat. Some of these funds go directly to participating landowners and some go to the Conservation District for administration and for buffer planting and maintenance. In 2003 the District shared a CREP grant of \$62,500 with the Clallam County Conservation District.

Environmental Quality Incentives Program

The Environmental Quality Incentives Program (EQIP) is a voluntary conservation program for farmers and ranchers that promotes agricultural production and environmental quality. EQIP offers financial and technical assistance to implement structural and management conservation practices. EQIP activities are carried out according to an environmental quality incentives program plan that is prepared by the local conservation district. EQIP may fund up to 75 percent of the costs of certain conservation practices.

Wildlife Habitat Incentives Program

The Wildlife Habitat Incentives Program (WHIP) is a voluntary program administered by the USDA's Natural Resources Conservation Service that provides both technical assistance and up to 75 percent cost-share to improve fish and wildlife habitat on private land. WHIP agreements between NRCS and the participant generally last from 5 to 10 years. By targeting fish and wildlife habitat projects on all lands and aquatic areas, WHIP provides assistance to conservation-minded landowners who are unable to meet the eligibility requirements of other USDA conservation programs.

Natural Resource Conservation Special Assessments

RCW 89.08.400 authorizes County Conservation Districts to collect a conservation assessment to fund activities that conserve natural resources, including soil and water. These activities could include water quality monitoring, public education, and technical assistance. The Conservation District does not currently collect a conservation assessment. In order to implement this assessment, the Conservation District must request the County Commissioners to authorize it. The County Commissioners would in turn be required to hold a public hearing prior to determining whether to authorize the assessment.

The assessment can be based either on a parcel's acreage or a flat rate per parcel. The maximum annual assessment rate cannot exceed \$0.10 per acre or \$5.00 per parcel and cannot be authorized for longer than 10 years. State lands are subject to the assessment. Forestlands may be subject to the assessment, but the rate cannot exceed one-tenth of the weighted average rate on all other assessed lands within District. There are approximately 18,800 non-forestland parcels that are outside of the

City of Port Townsend and the Port Ludlow Master Planned Resort. At the rate of \$5.00 per parcel, a conservation assessment would generate approximately \$94,000 for Conservation District programs.

The Mason County Conservation District currently collects a conservation assessment at the rate of \$5.00 per parcel. The assessment exempts forestland.

As noted in Chapter 2, many of Jefferson County's existing and potential surface water management problems are related to rural resource and rural residential land uses. The District's activities address many of these issues. This Plan shows that the District plays an important role in protecting and restoring surface water resources. Since a conservation assessment is intended to fund natural resource conservation activities, it should be given serious consideration when assessing potential new revenue sources to fund surface water management activities conducted by the District.