

DRAFT



MEMORANDUM

Date: January 9, 2002

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **White Paper on Open Space Funding Options**

The Board discussed the work of the Sonoran Desert Conservation Plan Steering Committee on December 4, 2001 and directed staff to provide information related to funding mechanisms for open space acquisition to the Committee at their January 9, 2001 meeting. The attached white paper is forwarded to initiate discussions on open space funding options.

It has been widely reported in the media that the Sonoran Desert Conservation Plan could cost as much as \$500 million to implement. The actual cost of implementation is unknown due to the varying strategies that can be undertaken to implement the Plan and hence reduce costs. Even if we assume that the \$500 million estimate is accurate, to meet the regional transportation needs of Pima County in the next 20 to 30 years will require funding as high as \$10.5 billion, or 20 times the amount to implement the Conservation Plan. Surely if the Conservation Plan cannot be afforded at \$500 million, then solving our long-range regional transportation needs at 20 times the cost will also be too costly for the present and future taxpayers of Pima County. While \$500 million is a lot of money, it needs to be put in perspective. In the last 20 years and the next 5 years, Pima County alone has or will spend in the range of \$2.6 billion in public infrastructure improvements. Furthermore, the County alone has spent over \$125 million in the last 25 years on acquiring open space for the primary purpose of conservation and preservation. \$500 million when put in perspective, is an achievable goal. When a cost of \$500 million is viewed on a time horizon of 50 years against just the County's current annual budget, we find that the amount spent on conservation purposes is less than 1 percent of the County's budget.

The draft *Open Space Funding Options* white paper is divided into two sections: (1) funding sources for open space acquisition; and (2) funding mechanisms used by other communities to implement conservation plans. Detailed studies are currently being drafted by members of the community and county staff, including an inventory of funding mechanisms in other communities throughout the United States, and a complete account of Pima County's prior open space acquisitions. These studies will be provided to the Steering Committee over the course of the next six months as this topic is developed.

Attachment



Open Space Funding Options

I. Background

This report provides a brief summary of federal, state and local funding sources for open space acquisition and conservation purposes. It also provides a snapshot of mechanisms used by other communities to implement conservation plans.

II. Funding Sources for Open Space Acquisition

Options available to fund open space acquisition and conservation initiatives include the following federal, state and local programs.

Federal -- Federal funding sources include: (1) Land and Water Conservation Fund grants; (2) Endangered Species Act Section 6 Funds, also known as the Cooperative Endangered Species Fund; (3) North American Wetlands Conservation Fund grants; and (4) Farmland Protection Program grants.

State -- State funding sources include Heritage Fund and Water Protection Fund grants.

County -- County sources have included bond programs, the Flood Control District land acquisition program, and a development related environmental enhancement fund.

Cities -- At least three Arizona cities fund open space through a sales tax: Phoenix, Prescott, and Scottsdale.

A. Federal Funding Sources

When Congress passed the fiscal year 2001 Interior Appropriations Bill, it included a new Title VIII Land Conservation, Preservation, and Infrastructure Improvement Fund, to provide up to \$12 billion over six years for these activities (Americans for Our Heritage and Recreation, www.ahrinfo.org). This new fund grouped various conservation and preservation programs into six areas. One was for the Land and Water Conservation Fund. Another included the Cooperative Endangered Species Conservation Fund and the North American Wetlands Conservation Program, among other programs.

1. **Land and Water Conservation Fund grants** – The Land and Water Conservation Fund was established in 1964 to fund the creation of parks and open space, protect wilderness wetlands, and refuges, to preserve wildlife, and enhance recreational opportunities. The federal program provides funds for the acquisition of land and water areas through the Forest Service, the Fish and Wildlife Service, the National Park Service, and the Bureau of Land Management. The state matching grants program provides funds to states to plan, develop, and acquire land and water areas for state and local parks and recreation areas. No more than 50 percent of program costs can be funded through federal funds.

The Land and Water Conservation Fund's appropriations history has been uneven. Appropriations for the state grants program decreased from \$370 million in 1979 to nothing by the mid-1990's. Then in 2000, the state grants program was revived. According to the organization Americans for Our Heritage and Recreation, Congress appropriated \$573 million for the Land and Water Conservation Fund for fiscal year 2002: \$144 million of this is for the state grants program. Arizona's estimated apportionment of the state funding for fiscal year 2002 is shown as \$2,591,214. Fifty million dollars for landowner incentive and stewardship grants were also included under the Land and Water Conservation Fund for fiscal year 2002.

While most Land and Water Conservation Fund appropriations tend to range from \$1 million and \$4 million, the Cascades Conservation Partnership in Washington state, received an appropriation of \$10.7 million in November 2000, on top of prior appropriations of \$8.6 million, and two grants totaling \$7 million, for a grand total of \$26.3 million in Land and Water Conservation Funds (www.ecosystem.org). These funds are being used to protect forest land in Washington's Cascade Mountains.

- The Cooperative Endangered Species Conservation Fund** – This fund, which is authorized under Section 6 of the Endangered Species Act, provides money for land acquisition, habitat conservation planning, landowner assistance for habitat improvements, and candidate conservation plans for species at risk of becoming endangered or threatened. The grants are limited at 75 percent of program cost, therefore requiring at least 25 percent in matching funds. According to the organization Americans for Our Heritage and Recreation, the Cooperative Endangered Species Conservation Fund was allocated \$96.2 million for fiscal year 2002, and \$150 million for fiscal year 2001. While program categories for fiscal year 2001 differed from the current fiscal year 2002 categories, the following provides an example of funding received by other communities for their conservation plans in fiscal year 2001, under the program title "Habitat Conservation Plan (HCP) Land Acquisition Program":

San Diego County's MSCP	\$14,225,000
Riverside County's MSCP	\$10,000,000
Travis County's (Austin) MSCP	\$14,362,500
Sacramento County's (Natomas Basin) MSCP	\$4,023,800
San Mateo County's (San Bruno Mtn.) MSCP	\$509,200

- North American Wetlands Conservation Fund** – The North American Wetlands Conservation Act of 1989 provides grants for the acquisition of land and water areas for conservation, and for the restoration, management and enhancement of wetland ecosystems and other habitat for migratory birds, fish and other wildlife. Standard grants range from \$50,000 to \$1 million, and require equal matching grants. Americans for Our Heritage and Recreation list Title VIII funding for the North American Wetlands Conservation Fund, to be \$43.5 million for fiscal year 2002.

4. **Farmland Protection Program** – The Federal Agricultural Improvement and Reform Act of 1996 established the Farmland Protection Program. This program, which is administered by the Department of Agriculture’s Natural Resources Conservation Service, provides matching grants to state, tribal, and local governments for the purchase of development rights to keep farmland in agricultural use. The grants are for up to 50 percent of the fair market easement value. To qualify, farmland must be part of a pending offer from and State, tribe, or local farmland protection program; be privately owned; have a conservation plan; be large enough to sustain agricultural production; be accessible to markets for what the land produces; have adequate infrastructure and agricultural support services; and have surrounding parcels of land that can support long term agricultural production. Funding is variable and is announced through the Notice of Request for Proposals.

B. State Funding Sources

1. **Arizona Heritage Fund** – The Arizona Heritage Fund, created by voter initiative in 1990, provides revenue from unobligated state lottery proceeds, not to exceed \$20 million a year, to Arizona Game and Fish Department and Arizona State Parks. The following details the Arizona Game and Fish Department’s Heritage Fund history, by total available and funds available for identification, inventory, acquisition, protection and management of sensitive species and habitats (IIPAM), and funds awarded:

<u>Total Dollar Available</u>		<u>Total Dollars Awarded</u>
2001	\$607,300	\$485,842
2000	\$720,328	\$552,948
1999	\$800,360	\$683,869
 <u>IIPAM Available</u>		 <u>IIPAM Awarded</u>
2001	\$270,000	\$218,298
2000	\$306,000	\$278,340
1999	\$340,000	\$330,015

For the fiscal years 2000 and 2001, the Arizona State Parks Board awarded \$4.4 million and \$3.5 million in Heritage Fund grants.

2. **Arizona Water Protection Fund** – The Arizona Water Protection fund was established in 1994 by the Arizona Legislature “to provide monies for the development and implementation of measures to protect water of sufficient quality and quantity to maintain, enhance and restore rivers and streams and associated riparian habitats. This also includes fish and wildlife resources that are dependent on these important habitats.” (Arizona Water Protection Fund web site)

Grants can be used to fund the following: (1) The development and implementation of capital projects to maintain, enhance or restore rivers and streams and associated riparian resources; (2) The acquisition of water resources or effluent for the purpose of protecting or restoring rivers and streams; (3) The development, promotion, and implementation of water conservation programs outside of the five active management areas; and (4) Support for research and data collection, compilation and analysis.

For the years 1995 to 2000, 142 projects were funded and awarded a total of \$26 million. The amount of funding awarded in each of these years ranged from \$2.5 million to \$6.9 million, with the average being \$4.5 million. However, the next two fiscal year's funds have been reduced to a total of \$2.5 million. Individual grants for the year 2000 ranged from \$34,416 to \$267,511. Since the programs inception, Pima County's Flood Control District applied four times for project funding through the Arizona Water Protection Fund, and was approved three out of these four times. The three awards totaled around \$760,000.

3. **Arizona Growing Smarter Grant Program** – This grant program, initiated in 1998, was to provide \$220 million (\$20 million per year for 11 years beginning in fiscal year 2001) for the purchase of State Trust Lands that have been reclassified for conservation purposes under the Arizona Preserve Initiative program. The Land Conservation Program Coordinator for Arizona State Parks reported that \$15.7 million in Growing Smarter grants have been awarded to date.

C. Pima County -- Local Funding Sources

Local funding for Pima County's open space and conservation initiatives has been primarily through the bond elections in 1974, 1984, 1986 and 1997. Pima County's Flood Control District program provides for the acquisition of floodprone and riparian areas. Another type of funding mechanism for conservation purposes has been implemented through the Starr Pass Environmental Enhancement Fund, under which two percent of room rent charges and other purchases made at the Star Pass Resort, will be collected to acquire property to expand the Tucson Mountain Park. A detailed study of local funding an open space acquisition will be completed in the near future.

D. Arizona Cities -- Sales Tax Funding for Open Space

At least three Arizona cities fund open space through a sales tax: Phoenix, Prescott, and Scottsdale. In Phoenix, the sales tax was raised by one-tenth of one percent in September 1999 when 80 percent of voters approved a proposition to create the Phoenix Parks and Preserve Initiative (City of Phoenix News Release, August 2001). Revenues from the sales tax increase are to be used to purchase State Trust Lands, develop regional parks, and to renovate community and neighborhood parks. The City of Prescott uses a one percent sales tax to fund street improvements and open space acquisition (City of Prescott Budget). The City of Scottsdale uses a 0.2 percent sales tax to acquire land within the McDowell Sonoran Preserve (City of Scottsdale Budget Overview 2002 and McDowell Sonoran Preserve).

III. Funding Used by Other Communities for Conservation Plans

Communities use a variety of sources to fund conservation plans. Mechanisms implemented by these local governments are summarized in this section:

- Clark County, Nevada
- Sacramento County, California
- San Diego County, California;
- San Mateo County, California
- Travis County, Texas
- West Riverside County, California

Clark County, Nevada

In Clark County, a \$550 per acre mitigation fee on development will provide up to \$1.625 million annually for the first 10 years, and up to \$1.3 million annually for the remaining 20 years of the Section 10 permit (www.co.clark.nv.us). In addition, the 1998 Southern Nevada Public Land Management Act provides funds for land acquisition and habitat conservation planning in Clark County through a special fund made up of a percentage of revenues from the sale of public lands in Nevada (Las Vegas Review Journal, www.lvrj.com).

Sacramento County, California - Natomas Basin

The Natomas Basin Multi Species Conservation Plan received \$4 million in 2001 from the federal Habitat Conservation Plan Land Acquisition Program. The California Department of Fish and Game is providing the necessary matching funds (CA Dept. of Fish and Game, News Release on Feb. 5, 2001). In addition, the County also charges development mitigation fees (National Wildlife Federation).

San Diego County, California

According to the Catalog of Federal Domestic Assistance, for fiscal year 2001, San Diego County received \$14,225,000 in federal funds from the Habitat Conservation Plan Land Acquisition Program. The California Department of Fish and Game is providing the necessary matching funds (CA Dept. of Fish and Game, News Release on Feb. 5, 2001).

San Mateo County, California - San Bruno Mountain

The San Bruno Mountain Conservation Plan received \$509,200 in 2001 from the HCP Land Acquisition Program. The City of Brisbane is providing the necessary matching funds (CA Dept. of Fish and Game, News Release on Feb. 5, 2001). The Conservation Plan is also funded through development assessment fees of \$20 per dwelling unit and \$10 per 1,000 square feet of office space (Defenders of Wildlife publication: *Frayed Safety Nets*).

Travis County and the City of Austin, Texas

For fiscal year 2001, Travis County received \$14,362,500 in federal funds from the HCP Land Acquisition Program. In 1992 City voters passed a \$22 million bond, which was used for land acquisition (National Center for Environmental Decision-making Research, www.ncedr.org). The County charges participation fees. These fees range from \$55 to \$5,500 per acre for a 12 month period (Travis County web site, Balcones Canyonlands Conservation Program, www.co.travis.tx.us).

West Riverside County, California

In the Catalog for Domestic Assistance, it states that the County received \$10 million in federal funding for fiscal year 2001. These federal funds came from the HCP Land Acquisition Program, which is funded by the Cooperative Endangered Species Conservation Fund, authorized by Section 6 of the Endangered Species Act. Since May 2001, the County has also charged an Interim Open Space Mitigation Fee in the western part of the County (Riverside County's Transportation and Land Management Agency). The fees are \$472 per residential dwelling, \$1,882 per acre for commercial development, and \$789 per acre for industrial development.

IV. Conclusion

Pima County has funded open space acquisition through local means, while the regional multi-species conservation plans that have been developed to date in other parts of the United States have generally had assistance from federal sources for land acquisition. The use of a sales tax by cities in Arizona for open space acquisition also differs from past funding of Pima County initiatives.

