



METEDECONK WATERSHED

LAND CONSERVATION FUNDING OPTIONS
JANUARY 2003

EXECUTIVE SUMMARY

The Trust for Public Land (TPL) is a national nonprofit land conservation organization working to protect land for human enjoyment and well-being. TPL helps conserve land for parks, greenways, recreation areas, watersheds and wilderness, and also assists communities in identifying and securing public financing to achieve their land conservation goals.

The purpose of this report is to present a range of public funding options —collectively referred to as a funding quilt— that can protect land in the Metedeconk Watershed for the purpose of watershed protection. The Metedeconk Watershed comprises nine communities in Ocean and Monmouth Counties.

This report is part of a larger effort sponsored by the Environmental Protection Agency that brings together the Trust for Public Land, the University of Massachusetts – Amherst and key local leaders to identify how land conservation can play a role in watershed protection.

This report presents the range of potential public funding options that can be knit together into a “funding quilt” to protect land in the Metedeconk watershed. A funding quilt is the combination of funding sources —state, local, federal and private— that are brought together to help achieve conservation objectives, such as the protection of land critical to source water protection. Central to the funding quilt is the role that one funding source plays in leveraging other sources.

The report begins with a discussion of local funding options, and then moves on to state and federal funding. Local funding is the most reliable long-term way to fund land conservation since state and federal funding can be scarce (and variable) and the competition for those funds is often fierce. Hence, these sources are best viewed as supplements or complements to local land conservation.

LOCAL

New Jersey is the unquestioned national leader in local government participation in paying for land conservation. As a result of state-enabling legislation first approved in 1997, roughly 200 municipalities and 20 of 21 counties have established local open space taxes based on the property tax.¹ Local governments have an incentive to create their own open space taxes since the state’s Green Acres Planning Incentive Grant Program provides 50% matching grants for land conservation projects if they have dedicated open space funding and an open space plan. Otherwise, grants are limited to 25% of a project’s costs and loans based on the availability of funding.

Both Monmouth and Ocean Counties have open space taxes, along with five other communities in the Metedeconk watershed. Ocean County approved an open space tax of 1.2 cents per \$100 of assessed value in 1997, which raises \$4.8 million per year. In November 2002, Monmouth County voters approved an increase in their open space tax to 2.7 cents, with 72% support. This levy will raise \$16.1 million per year.

¹ www.state.nj.us/dep/greenacres click on open space funding programs for a list of all municipalities that have established local open space taxes.

At the municipal level, five of the seven municipalities that comprise the source water supply area of the watershed have open space taxes. Brick (1 cent) and Jackson Townships (1.5 cents) in Ocean County, along with Freehold (3 cents), Howell (1 cent) and Millstone Townships (5 cents) in Monmouth County all have open space taxes. In 2001, these communities each raised between \$260,000 and \$450,000, although it is unclear whether acquisitions were focused on projects that protect drinking water sources. Establishing open space taxes in the two communities that lack them—Lakewood and Wall Townships—would be an important step to expand protection of open space in the Metedeconk Watershed. Increasing the existing taxes in Brick, Howell and Jackson Townships, as well as Ocean County would also help expand funding for open space and drinking water source protection.

Beyond the open space tax, there are several other funding options that may be considered – a stormwater management fee and a water supply protection fee.

A stormwater utility is an independent authority whose primary focus is to ensure water quality and provide flood control protections. It receives its funding by levying a fee on impervious cover (pavement, roofs). Stormwater utilities have been used around the country to cope with stormwater management issues, although they typically have not used land conservation as a solution. Lenexa, Kansas, however, has successfully used its stormwater utility to acquire land for open space; their practices could serve as a model for the Metedeconk. A common alternative to creating a stormwater utility is to have existing water and sewer utilities or departments of public works provide stormwater management and to levy a stormwater management fee. Since the research for this report did not turn up any examples of stormwater utilities in New Jersey, it may be more practical for the existing municipal utilities (water and sewer) to address the stormwater management issue, including land conservation.

One additional option would be for the local water suppliers to levy a fee on monthly water utility bills to acquire land for watershed protection. This has been successfully used by a number of water suppliers across the country, including Salt Lake City, Utah, described in the report. With at least three primary water suppliers—Brick, Freehold and Lakewood Township Utility Authorities—it may be a challenge to establish such a surcharge uniformly, but should be considered.

STATE

For more than 40 years, New Jersey voters have strongly supported state funding for land conservation, approving 9 separate bond issues totaling \$1.4 billion. In 1998, New Jersey voters approved a constitutional amendment creating the Garden State Preservation Trust, which will receive \$98 million annually over 30 years for land conservation (\$92m) and historic preservation (\$6m). New Jersey land conservation funding supports the Farmland Preservation Programs as well as the Green Acres Program. The Green Acres Program, part of the NJ Department of Environmental Protection, provides grant and loan funding to local governments and non-profits as well as provides direct state acquisition of land. As noted earlier, the Green Acres Program has been a critical factor in local adoption of open space taxes.

In the Metedeconk region, over the past five years, local governments (five municipalities and two counties) have received nearly \$23 million in Green Acres grants and loans to help protect 2,270 acres of land. Overall statewide, the state has protected 20,000 acres with \$200 million in grants and loans. In addition, the state's farmland preservation program provides 60% of the cost of county farmland preservation efforts. In Monmouth County, the state has provided

roughly \$20 million of the \$33 million spent between 1987 and 2000 to protect 6,000 plus acres.²

At present, the state of New Jersey is facing a significant fiscal crisis that has led to sizable budget cuts to state land conservation program. In the fiscal 2002 budget approved earlier last year, \$35 million was cut from Green Acres and the Farmland Preservation Program. Although these were presented as one-time cuts, local supporters of land conservation in the Metedeconk need to work diligently to preserve the state funds that are critical to leveraging local (and private) land conservation dollars.

FEDERAL

At the federal level, there are three distinct types of funding for land conservation: 1) State directed programs, in which states receive grants from the federal government, but are given broad discretion to allocate funds (subject to federal program rules); 2) Direct federal programs, in which the federal government makes direct grants to local recipients, usually local governments; and 3) Direct Federal Acquisition.

State directed federal grants include the Clean Water State Revolving Fund (CWSRF), and the Drinking Water State Revolving Fund (DWSRF). The CWSRF provides grants to states, which then make loans to local governments for water quality improvements, most commonly wastewater treatment plants. New Jersey, through the New Jersey Environmental Infrastructure Trust (NJEIT), has made extensive use of its CWSRF funds (along with other state funds) to fund land conservation for clean water protection. The Fund provides 0%/20 year loans for half the project costs and the Trust provides loans for the other half the costs at less than half of market rates (in 2001, the rate was 2.19%).

In fiscal 2001-2002, NJEIT loaned nearly \$30 million to 18 land conservation projects; for fiscal 2003, the state's financing program lists 8 land conservation projects totaling \$37 million in costs, including a \$4.8 million project in Brick Township, part of the Metedeconk Watershed. By its innovative use of CWSRF funds for land conservation, New Jersey is already at the leading edge nationwide. Moving forward, NJEIT's sustained, or increased, commitment to land conservation funding can play an integral role in efforts to protect important watersheds like the Metedeconk.

The DWSRF makes loans to improve public drinking water systems, with funding often used for water treatment plants. States have the ability to set aside up to 10% of their annual federal grant for source water land conservation. With New Jersey receiving an average of \$18.4 million per year, setting aside 10% per year would total \$1.8 million annually statewide. In order to stimulate demand for DWSRF loans for land conservation, New Jersey might explicitly list land acquisition in its Intended Use Plan.

The Farmland Protection Program may be an option for land conservation in the Metedeconk. The FPP recently received a boost from the 2002 Farm Bill, which has made \$600 million available over the next five years for the purchase of development rights (PDRs), or conservation easements, on productive agricultural land. Grants for fifty percent of the cost of a permanent conservation easement (PDRs) are awarded on a competitive basis.

A new program of direct federal land acquisition is being considered by the Department of Defense (DOD) aimed at protecting land around the perimeter of military installations from

² <http://www.nj.gov/dep/greenacres/reports.htm>

encroachment. Encroachment is defined as any non-DOD related action that has the potential to impede military readiness. Among the primary encroachment factors is growth and development near military installations. The Lakehurst Naval Air Station sits squarely on the outer boundary of the Metedeconk Watershed, with the surrounding area of Jackson Township experiencing rapid growth.

At present, DOD has taken action to acquire land surrounding some of their installations – Fort Bragg, South Carolina for example-- and has been examining if a broader approach is warranted at military installations across the country. Support of the local base commander is very important to participation in the program. It would be a good first step, for local elected officials, community leaders, land conservation supporters and others to reach out to the commander of Lakehurst NAS to see if they feel it is a suitable candidate for land conservation efforts.

A. INTRODUCTION

Protecting the Metedeconk watershed is of critical importance in order to ensure a safe drinking water supply, protect the region's natural beauty, and ensure that this fragile coastal ecosystem remains one filled with abundant plant and animal life and recreational opportunities. In order to make progress on this goal, the EPA has sponsored this collaborative effort by the Trust for Public Land, the University of Massachusetts – Amherst and local community leaders. Building upon separate, but complementary, efforts to assess and map vital land acquisition priorities in the watershed, this report will help present a range of funding options that can be used to protect land in the Metedeconk watershed.

The report begins by introducing the concept of a “funding quilt” – the combination of local, state and federal funds that can be combined to achieve land conservation objectives. It also gives examples of how the “funding quilt” has been used around the country to protect watershed land. The report then presents a rundown of specific local, state and federal funding sources that may be available to protect land in the Metedeconk watershed, with relevant examples interspersed from across the country. The report concludes with specific recommendations to move forward on land conservation funding.

B. THE FUNDING QUILT

A funding quilt is the combination of funding sources –state, local, federal and private– that are brought together to help achieve conservation objectives, such as the protection of land critical to source water protection. Central to the funding quilt is the role that one funding source plays in leveraging other sources. The combination of funding sources that help accomplish these conservation goals may take many forms– state and federal; state and local, federal and local, etc– and also may shift over time. However, the most reliable form of funding to achieve conservation objectives over the long-term is local funding. Due to the competition for state, federal and private funding, these sources must be viewed as supplements or incentives, but not as the central funding source for a program.

In order to illustrate how communities are leveraging multiple funding sources to protect land for watershed protection, several examples drawn from TPL's work are presented here. These include funding quilts that have protected individual parcels such as the Assawompsett Pond Complex in Massachusetts, as well as funding quilts that have helped sustain long-term programs for watershed protection in the New York/New Jersey Highlands and Mountain Island Lake, North Carolina.

ASSAWOMPSETT POND COMPLEX (MA)

Through a combination of state, local and private funding sources, nearly 4,000 acres of the Assawompsett Pond Complex was protected in fast-growing southeastern Massachusetts. This collaborative effort included acquiring the 480-acre Betty's Neck property in Lakeville and securing conservation easements on 3,500 adjacent acres already held as municipal watershed land. The Assawompsett Pond Complex is the sole source of drinking water for the Cities of New Bedford and Taunton, and provides drinking water to Lakeville. It is also home to an abundance of wildlife species and provides scenic beauty and recreational opportunities in the fastest growing part of the state.

The majority of funding for this July 2002 project was provided by the state's Department of Environmental Protection Aquifer Land Acquisition Program, which made a \$6.55 million grant

and will receive a conservation easement on 3,500 acres. The state's funding came from the 1996 Environmental Bond Bill. The Town of Lakeville contributed \$1.1 million and the City of New Bedford contributed \$600,000 towards the Betty's Neck purchase. The City of Taunton also hopes to contribute \$600,000 from the Statewide Revolving Fund for that purpose. Decisions on funding awards are anticipated by January 2003. The Trust for Public Land (TPL) also contributed \$250,000 to the project, thanks to an anonymous Boston foundation.

NEW YORK/NEW JERSEY NORTHERN HIGHLANDS

The Northern Highlands serve as the source of drinking water for 2.2 million people in New Jersey. The area includes a series of reservoir systems – the Wanaque/Monksville system, the Pequannock System and the Boonton/Split Rock system. Over the past five years, within each system, a range of funding sources have come together to protect thousands of acres.

There are several factors underpinning the success in land conservation efforts in the Highlands. First, New York and New Jersey have significant state funding for land conservation – New York approved the \$1.75 billion Clean Water, Clean Air Bond in 1996 and New Jersey's Garden State Preservation Act (1998) provides \$98 million annually from the state sales tax. Second, New Jersey has provided the legal framework for local governments – counties and municipalities – to create local open space trust and the incentives (via matching grants) to create them. As a result, 20 of 21 counties and more than 150 local governments have open space trust funds. Finally, there are broad networks of private foundations, land trusts and citizen supporters of conservations in the area.

Local conservation finance measures have been approved in recent years in both Sussex and Morris Counties, home of the Pequannock and Boonton/Split Rock systems. Sussex County voters approved their first-ever property tax levy in November 2000 that will raise \$1.6 million annually while Morris County voters increased their levy in November 2001 to \$25-\$30 million annually.

The Hawkwatch project in Rockaway Township, New Jersey is an example where the presence of local government funds helped leverage other funding. Of the total \$7 million for the project, Morris County and Rockaway Township contributed \$1.5 million from their local property tax levies, which was matched by \$2 million from the state's Green Acres Program. An additional \$2 million came from the Federal Forest Legacy Program and the state grant portion of the federal Land and Water Conservation Fund, with more than \$1 million from private foundations.

The most notable purchase within the Highlands was the 1998 purchase of 15,000 acres of Sterling Forest, a heavily forested area straddling the New York/New Jersey border. To reach the total cost of \$55 million, Congress approved \$17.5 million; the state of New York, \$16 million; and New Jersey, \$10 million. In addition, the Lila Acheson and DeWitt Wallace Fund for the Hudson Highlands and the Doris Duke Charitable Foundation contributed \$5 million, while the Victoria Foundation contributed \$1 million. Private donors provided the remaining funds.

MOUNTAIN ISLAND LAKE (NC)

Mountain Island Lake provides the drinking water for more than a half million residents of Charlotte and vicinity. The area served by Mountain Island Lake includes Mecklenburg County, a large county with a substantial tax base, as well as several smaller, rural counties – Gaston and Lincoln.

Efforts to protect Mountain Island Lake began in the 1970s, when Mecklenburg County voters passed a \$20-million bond package to create parks and greenways, mostly on the lake's east side. Subsequently, Mecklenburg County has approved several other bond packages, with 1999's \$220 million effort the most recent. During the 1970s, Charlotte-Mecklenburg Utilities (CMU) also launched a small land-acquisition program in the watershed. Each year \$50,000 from the utility's capital improvement budget goes to protection of land in the watershed – now totaling more than 2,700 acres.

While Mecklenburg County's expanding tax base has enabled a significant locally funded land-acquisition effort, Gaston and Lincoln counties have had fewer available local resources. One potential source of funds for these communities was created in 1996, when North Carolina's General Assembly created the Clean Water Management Trust Fund, the nation's first state funding program dedicated exclusively to water-quality protection.

The fund--created in response to several high-profile water-pollution events in North Carolina--guarantees a minimum of \$30 million per year of general revenues to state agencies, local governments, and nonprofits for water-protection projects. Grants are made for the acquisition of land and easements for riparian buffers to protect urban drinking-water supplies, as well as for the repair or replacement of failing wastewater treatment and septic-tank systems. In 1998, Gaston and Lincoln counties obtained full funding from the Clean Water Management Trust Fund to buy a key 1,231-acre Mountain Island Lake property for \$6.15 million.

C. CONSERVATION FINANCE FOR THE METEDECONK

The central feature of this report is to present a range of public finance options that might enable a funding quilt to be created to protect land in Metedeconk Watershed. The range of available local options will be presented first, since local funding is the most reliable source over the long-term, followed by state and federal funding.

LOCAL FUNDING OPTIONS

The primary way for local governments in New Jersey to create funding for an ongoing land conservation effort is through voter passage of a local dedicated property tax (commonly referred to as the “open space tax”). State enabling legislation (approved in 1989 and amended in 1997) permits counties and municipalities to levy an open space tax after voters approve a ballot question referred by the governing body (typically the Board of Freeholders). Voters can also petition the governing body to place a question on the ballot, if they receive the signatures of 15 percent of the registered voters from the prior general election. The ballot question may be submitted for a general or special election.

The tax may be levied within a certain range (i.e., “up to 2 cents per hundred dollars of assessed value”) and must spell out the purposes for which the funds can be allocated. The ballot question can include one or several of the following purposes: acquisition of land for conservation or recreation; development or maintenance of lands acquired for conservation or recreation; farmland preservation; historic preservation; debt service for borrowing related to these purposes. The ballot question may also specify how much of the annual levy should be allocated to a specific purpose(s). At subsequent elections, ballot questions can amend the level of the annual tax, the purposes authorized and whether allocations should be spelled out.

After approval by voters, the governing body must establish a “County or Municipal Open Space, Recreation, and Farmland and Historic Preservation Trust Fund” for the purposes of depositing the tax proceeds from the open space levy. Municipalities and counties may spend money from their Trust Funds for the specific purposes outlined, without subsequent votes of the people at election. Counties may also make grants to municipalities and nonprofit land conservation groups.

As of 2001, 19 of New Jersey’s 21 counties and 180 of its 566 municipalities had voter-approved open space taxes.³ During 2002, there were two counties (Monmouth County and Warren County) that raised their open space taxes and 24 municipalities that approved increases in their open space taxes.

OPEN SPACE TAXES IN THE METEDECONK WATERSHED

Both Ocean and Monmouth Counties have long established open space taxes, as well as five other municipalities within the Metedeconk Watershed (see chart below). In November 1997, Ocean County voters approved (61% support) a ballot measure establishing an open space tax of 1.2 cents per \$100 of assessed value.⁴ Since the tax went into effect, Ocean County has raised roughly \$20 million and acquired more than 2,100 acres. The annual collections now total roughly \$5 million.⁵ Monmouth County voters approved an increase in their local open space tax in November 2002. The new levy of 2.7 cents per \$100 of assessed value will raise an estimated \$16 million annually.

Metedeconk Watershed
Open Space Tax Status

	Tax (Y/N)	Rate	Date Approved	Election Results	Est. Annual \$ Raised
O Brick Township	Y	1	2000	76/24	\$ 440,000
M Freehold Township	Y	3	1996/2000	55/45	\$ 262,000
M Howell Township	Y	1	1999	80/20	\$ 261,000
O Jackson Township	Y	1.5	2001	65/35	\$ 200,000
O Lakewood Township	N	-			
M Millstone Township	Y	5	1995		\$ 387,000
O Point Pleasant Borough	N	-			
O Point Pleasant Beach Borough	N	-			
M Wall Township	N	-			
Monmouth County	Y	2.7	1987/1996/2002	72/28	\$16.1 million
Ocean County	Y	1.2	1997	61/39	\$4.8 million

Of the seven municipalities located within the Metedeconk supply sub-watershed, five have open space taxes —Brick, Freehold, Howell, Jackson, and Millstone townships—and two do not have open space taxes (Lakewood and Wall townships). These tax rates range from 1 cent per \$100 in Brick and Howell Townships to 5 cents per \$100 in Millstone Township. As shown in the chart

Metedeconk Municipal Open Space Taxes
\$ (revenue generated annually)

	1998	1999	2000	2001
Brick Township	-	-	-	447,177
Freehold Township	251,763	n/a	261,485	270,691
Howell Township	-	n/a	254,583	261,719
Jackson Township	-	-	-	n/a
Millstone Township	203,487	n/a	369,227	387,630

³ A Handbook for Public Financing of Open Space in New Jersey. ANJEC. Page 6.

⁴ Natural Lands Trust Fund, Ocean County, NJ. The Trust for Public Land

⁵ “County to preserve land.” Tri-Town News. 10.18.2001.

below, two communities in the Metedeconk watershed –Freehold and Millstone Townships-- have open space taxes dating back at least to 1998. According to the Department of Community Affairs, in 2001 Brick Township raised nearly \$450,000, followed by Millstone at \$388,000 and Howell and Freehold at \$262,000 and \$271,000, respectively.

INSTALLMENT PURCHASE AGREEMENTS⁶ (ZERO COUPON BONDS)

In some communities, a “pay-as-you-go” method of purchasing land with current open space tax revenues does not enable adequate progress to be made in protecting land before it is lost to development. While some communities may choose to issue general obligation bonds, others may want to create installment purchase agreements, directly linked to open space taxes, rather than incurring debt backed by general revenues.

Burlington County, New Jersey as well as a number of counties in Maryland --Anne Arundel, Frederick, Harford and Howard Counties-- use installment purchase agreements, an innovative mechanism for financing land conservation. Under an installment purchase agreement, payments to the landowner for a permanent conservation easement are spread out over 20-30 years. During this time, the landowner receives semiannual, tax-exempt interest. Payment of this annual interest requires the establishment of a dedicated revenue stream (see below). At the end of the contract term, the County pays the principal in a final balloon payment. The County can purchase zero coupon bonds to cover the final balloon payment. Zero coupon bonds, unlike other bonds, do not generate regular interest income. Rather, the County receives a lump sum when the bond matures. Because zero coupon bonds cost just a fraction of their face value, purchasing them leverages available funds.

Installment purchase agreements therefore minimize the cash needed to close on purchases by deferring the principal payments. This enables the County to maximize available resources to purchase easements and protect agricultural land while it is still available and before it becomes more expensive. The County is able to purchase many more easements in the short term through installment purchase agreements than if cash were paid for each acquisition.

Under an installment purchase plan, the landowner receives several tax benefits, including deferred capital gains tax and tax-exempt interest income. These benefits may encourage more landowners to sell their easements to the County rather than to a developer. An installment purchase agreement program requires dedicated funds to pay the interest and principal.

WATER UTILITY RATEPAYERS

As part of their efforts to provide a reliable supply of clean, safe drinking water, water utilities are taking steps to protect more land within their watersheds. According to a 1991 watershed management study conducted by the American Water Works Association (AWWA), "the most effective way to ensure the long-term protection of water supplies is through land ownership by the water supplier and its cooperative public jurisdictions." At the same time, the study noted that the median percentage of watershed lands owned by water utilities nationwide is only 2 percent.⁷ These land holdings may include not only the water intake area, but also land that protects against stormwater runoff, and provides recharge for groundwater supplies.

In order to increase the funds available for watershed land conservation, water utilities may incorporate dedicated fees for land acquisition as a supplement to their rate structure – as is the

⁶ American Farmland Trust, “Installment Purchase Agreements Fact Sheet,” September 1999, and material sent by Bill Brown, Anne Arundel County Controller.

⁷ “Protecting the Source: How Land Conservation Safeguards Drinking Water.” The Trust for Public Land. Richard M. Stapleton. June 30, 1997.

case in Salt Lake City. In addition, local water utilities may also purchase land through grants from a regular state grant program, if one is in place. This is the practice in Rhode Island.

Salt Lake City

Salt Lake City established a Watershed-Water Rights Purchase Fund in 1991 financed by a 0.25 surcharge on each monthly water bill. In 2000, the City Council approved an increase in the surcharge to .50 per bill.⁸ Since the Fund was established, Salt Lake City has purchased 1,400 acres of watershed land. For example, in 2001, the City purchased 155 acres of watershed land in Big Cottonwood Canyon for \$2 million, including \$1.3 million from the City.⁹

Rhode Island Water Supply Board

Rhode Island's Water Supply Board, through its Watershed Land Acquisition Program, provides grants to public water suppliers to protect watershed supply lands. The so-called "penny per hundred" program, named for its levy of 1 cent (actually 0.01054) per hundred gallons, was enacted by the Rhode Island State Legislature in 1989 and generates approximately \$2.2 million annually statewide for the purpose of acquiring land and protecting our raw water supply.

In the Metedeconk Watershed, there are several public suppliers of water, including Brick Township MUA, Jackson Township MUA and Lakewood Township MUA, which might consider whether incorporating a dedicated fee to acquire watershed lands is appropriate.

STORMWATER UTILITY

Stormwater utilities are independent authorities whose primary focus is to ensure water quality and provide flood control protections. These have been established across the country as a means to address stormwater management issues. This section will include two examples of "traditional" stormwater utilities –Griffin, Georgia and Chicopee, Massachusetts– and one example of a stormwater utility in Lenexa, Kansas that is using land conservation as part of its stormwater management strategy. There are also several additional examples at the Internet Guide to Financing Stormwater Management.¹⁰ In addition to independent stormwater utilities, existing water and sewer utilities, as well as departments of public works also provide stormwater management functions and levy fees to pay for these programs in conjunction with their regular billing process.

The City of Griffin, Georgia (pop. 24,000) created a stormwater utility funded primarily through a rate structure based on impervious area. In Griffin, each residence is charged \$2.95 per month, with non-residential properties levied \$2.95 monthly per 2200 square feet of impervious cover. The utility's initial revenues have met the target of \$1.2 million a year.¹¹

The City of Chicopee, Massachusetts is another example of a community that has created a stormwater utility to deal with its stormwater management issues. Chicopee created a stormwater utility, under order from the Environmental Protection Agency to address sewer overflows, polluted water supplies and flooded basements. This utility will charge property owners \$10/quarter and industrial/commercial property owners \$0.30/square foot/quarter. As

⁸ www.ci.slc.ut.us/utilities/news_05042001

⁹ www.ci.slc.ut.us/mayor/pressreleases/willowheights

¹⁰ <http://stormwaterfinance.urbancenter.iupui.edu>

¹¹ "Stormwater Utility Case Study." Georgia Municipal Association. By Brant Keller, City of Griffin and Tommy Brown, Ogden Environmental. February 2000. www.gmanet.com/research

part of the effort to establish the stormwater utility, the Pioneer Valley Planning Commission has established a stormwater utility kit that includes a step-by-step process on how to create a utility.

While neither of these stormwater utilities has been used for land acquisition, there is ample evidence that reduction in non-point source pollution and flood mitigation could be improved through judicious land acquisition programs. The following example from Lenexa, Kansas illustrates how a stormwater utility can utilize land conservation as a stormwater management technique.

The city of Lenexa uses a variety of funding sources to implement its “Rain into Recreation” storm water management program. These include a 1/8-cent sales tax for stormwater/recreation improvements, a stormwater utility charge on residential, commercial, and industrial land users, and a capital fee on new development. These funds are supplemented with revenue from existing sources such as the county Storm Water Management Program.

Creating a storm water utility district in the Metedeconk Watershed would also provide a means of equitably levying a fee on all area residents for purchase of land for watershed protection. Through our research, we found no current stormwater utilities in New Jersey, and it is not clear whether state law would accommodate one. However, since a number of communities around the country are providing stormwater management through existing water and sewer utilities, this may be a good alternative for the Metedeconk.

STATE FUNDING OPTIONS

New Jersey has a long and successful history of funding open space preservation, dating back more than 40 years. Between 1961 and 1995, voters approved nine separate bond issues totaling \$1.39 billion to support land conservation. In 1998, New Jersey voters approved by a 2-1 margin the Garden State Preservation Trust Act, which was signed into law by Governor Christine Whitman in 1999. The Act created the nine-member Garden State Preservation Trust (GSPT) and dedicated \$98 million each year for the ten years between 1999 and 2009 from the state sales and use tax. The Act also authorizes the issue of as much as \$1 billion in revenue bonds to be repaid through state sales and use tax.

Each year, \$6 million is allotted for historic preservation, with the remaining funds allocated between the Green Acres Program (60 percent) and the Farmland Preservation Program (40 percent). Of the Green Acres funding, 50 percent is allocated for state open space acquisition and park development, 40 percent for grants and loans to local governments for preservation and recreational development, and 10 percent for matching grants to nonprofit groups for land conservation and recreational development.

With the state of New Jersey currently enduring a significant budget crisis, Governor McGreevey and the Legislature approved \$35 million in cuts to the Green Acres and Farmland Preservation Programs earlier this year, in an effort to balance the fiscal 2002 budget. More specifically, \$20 million in bond repayments authorized by Green Acres Bonds from 1995, 1992 and 1987 were diverted to the general fund, rather than being recycled into further land conservation. This diversion was characterized as a one-time action. In addition, \$10 million from Green Acres and \$5 million in Farmland bridge funds provided in the FY 1999 budget by Governor Whitman were diverted.¹²

¹² New Jersey Conservation Foundation Letter to Governor James McGreevey. June 3, 2002.

STATE GRANT PROGRAMS

GREEN ACRES GRANTS

The Green Acres Program provides open space grants and loans to municipal and county governments and grants to nonprofit land conservation organizations. Counties and municipalities can obtain grants equal to 25 percent of the purchase price as well as low interest loans based on the availability of funding, but local governments that have a dedicated source of open space funding and a state-approved open space plan can receive 50 percent grants. It is the prospect of receiving higher grants that has helped spur the widespread adoption of local open space taxes –nearly 200 municipalities and 20 of 21 counties.¹³ The Green Acres Program also offers low-interest loans (currently 2%) to communities for development of recreational facilities.¹⁴

In the Metedeconk Watershed, the Green Acres Program has awarded grants that have protected land in five communities over the past five years, including loans or grants to municipalities --Freehold, Howell, Millstone and Wall Townships in Monmouth County and Brick Township in Ocean County – as well as to the counties themselves. Of

Green Acres Grants/Loans -- Metedeconk Communities
5/1/1997 - 6/30/2002

	Acres	Grants	Loans	Total
Brick Twp.	81	\$ 1,666,635	\$ 1,615,106	\$ 3,281,741
Freehold Twp.	1,030	\$ 4,721,722	\$ 4,195,765	\$ 8,917,487
Howell Twp.	589	\$ 1,462,681	\$ 1,623,386	\$ 3,086,067
Millstone Twp.	279	\$ 1,245,996	\$ 694,814	\$ 1,940,810
Wall Twp.	291	\$ 1,277,553	\$ 3,483,296	\$ 4,760,849
State Total	19,920	\$ 96,652,597	\$ 104,982,382	\$ 201,634,979

these five communities, only Wall Township has not passed an open space tax, and only Wall Township failed to receive any grants directly from the Green Acres Program (although the County received grants to purchase land in Wall Township). As shown in the accompanying chart, Freehold Township was awarded the most state grants and protected the most land, receiving nearly \$9 million in grants and loans and protecting more than 1,000 acres over the five-year period. Brick Township has received nearly \$3.3 million from the Green Acres Program since 2000, protecting 81 acres of land.¹⁵

FARMLAND PRESERVATION PROGRAM

The Farmland Preservation Program was established in 1983 to preserve agricultural land by providing grants to counties to purchase development rights on high-value land. The State Agriculture Development Committee (SADC) provides counties with grants to fund 60-80 percent of the costs of purchasing development rights on approved farms. It generally holds one funding round per year for this program. Landowners apply to their county agriculture development board (CADB). The CADB reviews applications and forwards approved ones to the SADC. Farms must be in an Agricultural Development Area and be eligible for Farmland Assessment.¹⁶ As of 2002, the state’s Farmland Preservation Program had preserved over 635 farms¹⁷ covering more than 86,000 acres.¹⁸

Funding for the SADC comes primarily from the Garden State Preservation Trust Act, although it can be augmented by supplemental appropriations permitted by the Act. Practically speaking, the SADC can receive from the Legislature considerably more than \$36.8 million – 40% of the available \$92 million.

¹³ As of November 2002: <http://www.nj.gov/dep/greenacres/trust.htm>

¹⁴ A handbook for Public Financing of Open Space in New Jersey. ANJEC

¹⁵ <http://www.nj.gov/dep/greenacres/reports.htm>

¹⁶ <http://www.state.nj.us/agriculture/sadc/county easement purchases.pdf>

¹⁷ <http://www.state.nj.us/agriculture/sadc/preservedfarms.htm>

¹⁸ <http://www.state.nj.us/agriculture/sadc/preservedacres.htm>

In fact, appropriations to the SADC for fiscal year 2000 totaled \$80 million and a similar financial target was set for fiscal 2001. However, based on its own data covering the calendar year 2000, the SADC expended only \$16.2 million on actual project closings, or just over 20 percent of its appropriation.¹⁹

The Planning Incentive Grants (PIG) program, approved by the Legislature in 1998, is intended to attract municipalities to take a stronger role in farmland preservation. If they meet certain planning and other criteria, they may qualify for a block grant of up to \$1.5 million in acquisition dollars per year in state matching funds. Once approved as a group, single projects automatically qualify for matching funds, eliminating the need for the SADC to individually rank and approve applications as required by the traditional program. The PIG program requires municipalities to adopt a farmland preservation element of their municipal master plan, establish a local farmland preservation committee, enact a local open-space preservation tax and enact a right-to-farm ordinance. As of 2001, approximately two-dozen municipal PIG applications had been approved for funding by the SADC, although no farm easement projects have actually closed.

According to a 2001 report issued by New Jersey Future, 18 municipalities accounted for 60 percent of the preserved farmland in New Jersey. Upper Freehold Township in Monmouth County and neighboring Plumsted Township in Ocean County were included in this total. Neither community is in the Metedeconk watershed, although both are one town away.

In Ocean County, approximately 70-75 percent of the funds to preserve farms have come from the state's Farmland Preservation Program, although in recent years the county's Natural Lands Trust Fund has augmented the state's funding. In total, 16 farms totaling 1,900 acres have been preserved in Ocean County.

DIRECT STATE LAND ACQUISITION

The state of New Jersey uses Green Acres Program funds primarily for the direct acquisition of land that will be owned and managed by the state, although other nonprofits or the federal government manage some lands. It is most common for state acquisitions to integrate with existing lands owned by the New Jersey

State Green Acres Acquisitions -- Metedeconk Communities
5/1/1997 - 6/30/2002

	Acres	GSPT \$	Green Acre \$
Brick Twp.	1		\$ 7,440
Freehold Twp.	1,401	\$ 1,663,400	\$ 43,800
Howell Twp.	19	\$ -	\$ 211,000
Jackson Twp.	852	\$ 472,000	\$ 45,838
State Total	77,309	\$ 101,504,150	\$ 81,798,137

Divisions of Parks and Forestry and Fish and Wildlife. The state's land conservation efforts serve a variety of purposes including watershed protection, preservation of wildlife habitat, creation of recreational opportunities, to facilitate trail connections or to link existing open spaces. With the passage of 1998's statewide constitutional amendment, the state has an estimated \$28 million per year to acquire land.²⁰

In the Metedeconk watershed, the state has acquired 2,773 acres over the past five years at a cost of \$2.4 million (\$2.1 million from the Garden State Preservation Trust, the remainder from Green Acres bonds). Nearly all of the state's acquisitions were in Freehold and Jackson

¹⁹ http://www.njfuture.org/HTMLSrc/farmland_pdr.html

²⁰ The Garden State Preservation Trust receives \$98 million per year. After subtracting \$6 million for historic preservation, the remainder is divided in two parts: 60%, or \$55.2 million, for Green Acres and 40%, or \$36.8 million, for Farmland Preservation. Of the Green Acres Funding, 50%, or \$27.6 million goes for state acquisition of land.

Townships. In total, the state acquired more than 77,000 acres over this period at a total cost of more than \$180 million.

FEDERAL FUNDING OPTIONS

Under the heading – “Federal Funding” – there are three distinct types of funding. The first are grants awarded directly to states, which provide wide latitude to the states for determining how to spend the funds, in accordance with federal program rules. These will be referred to as “State Directed Federal Grants.” The second group of federal programs entails the federal government making direct grants to local recipients, typically local governments. Decision making in these “Direct Federal Grant” programs resides at the federal level. Finally, the federal government may make direct acquisitions for its own federal units, such as a potential effort by the Defense Department to protect land surrounding existing military bases.

STATE DIRECTED FEDERAL GRANTS

Under the Clean Water Act, the U.S. Environmental Protection Agency (EPA) funds three water quality programs, with the Clean Water State Revolving Fund (CWSRF) by far the largest.

- 1) Clean Water State Revolving Fund (Section 212): The CWSRF provides loans for water quality improvements and has traditionally been used for wastewater treatment upgrades, although some states have used funding for land conservation. States were awarded \$1.35 billion in 2001 and have \$34 billion in total loan pools.
- 2) Nonpoint Source Program (Section 319): Provides grants for projects that address nonpoint source pollution, such as BMPs (best management practices) implementation, restoration and public education. On a very limited basis, Section 319 has been used for land conservation. Funding for 2002 totals \$237.5 million.
- 3) National Estuary Program (Section 320): Funds projects that protect or improve estuaries.

In addition, the EPA awards grants to states to fund their Drinking Water State Revolving Funds (DWSRF). State DWSRFs provide loans and other assistance to eligible public water systems to finance the costs of infrastructure projects, including land acquisition. Up to 15% of the funds can be set-aside to fund source water protection activities, including land acquisition, although only 10 percent may go to a single purpose.

Clean Water State Revolving Fund (CWSRF)

Under the CWSRF, the EPA provides annual grants to states that match the capitalization grants with 20 percent of their own funds. States use these capitalization grants to provide loans (grants are not permitted) to public and private borrowers, with a maximum term of 20 years. States may pool the federal capitalization grant with other funding and can also issue bonds using pool funds.

Clean Water SRF Investment 1987 - 2001

	\$ billions
Federal Capitalization Grant	\$ 18.3
State Contributions	\$ 3.8
Leveraged Bond Proceeds	\$ 14.4
subtotal	\$ 36.5
<i>Less Debt Service</i>	<i>\$ (4.3)</i>
Total Net SRF Investment	\$ 32.2

Since the CWSRF Program began in 1987, the federal government has provided \$18.3 billion in capitalization grants, which have been matched by \$3.8 billion in state contributions (See figure at right). Nearly half the states have used these federal and state funds to back the issue more than \$14 billion in bonds to fund projects and to

create debt service reserves. In total, more than \$32 billion in funding has been created through the CWSRF program since it began.²¹

CWSRF Innovations: Land Conservation

States file an intended use plan with the EPA that clearly spells out how they will allocate their CWSRF funds. Since the program's inception, most states have used their CWSRF primarily for wastewater treatment plants. However, since 1995, more funding has been shifted into nonpoint source pollution control and estuary management, with roughly six percent of annual funds going for non-point source pollution, up from one percent in prior years.²² In particular, several states have used their CWSRF to help local governments and nonprofits purchase watershed land, restore watersheds and reduce flooding.

New York: In recent years, the state of New York has made several significant loans to help local governments protect critical drinking watershed lands through its Clean Water State Revolving Fund. The City of New York has received a \$27 million CWSRF loan to acquire land within the Delaware/Catskill water supply. In order to avoid building a new filtration plant, New York City will spend \$1 billion over a 10-year period for watershed land acquisition.²³ The state's CWSRF also made a \$75 million loan to Suffolk County to protect land within the Pine Barrens, the sole source aquifer for 2.6 million people.²⁴

Napa County, California: The Napa County (CA) Flood Control and Water Conservation District is using the CWSRF to protect the Napa River from future flooding by reconnecting the river with its historic flood plain. To accomplish this, more than 300 parcels of land will be acquired along roughly seven miles of the river. The County plans to finance its \$87.5 million share of the \$220 million total by borrowing from the state's CWSRF and repaying it through a voter-approved ½ cent local sales tax.²⁵

Ohio: With funding from the federal CWSRF loan program, Ohio EPA has created a new program (Water Resource Restoration Sponsor Program) that combines traditional wastewater treatment with water source restoration through land conservation. Under the provisions of the program, a community would apply, as usual, to the CWSRF program for a wastewater treatment loan and also enter into a sponsorship agreement with a land conservation partner (land trust or park district) to grant them the money to fully restore a watershed resource (not necessarily in the same watershed). A community that is chosen to participate by Ohio EPA would then borrow extra money to facilitate the restoration project, but in exchange its interest rate on the combined project would be reduced (at present from 3.8% on a wastewater only loan to 0.2% on a combined project) to yield a repayment cost below the wastewater project alone.

²¹ Clean Water SRF Investment, by State. EPA Clean Water State Revolving Fund. <http://www.epa.gov/r5water/cwsrf/inva.htm>

²² Clean Water SRF Supplemental Data Report: Total Annual NPS Project Assistance as Percent of Total WWT, NPS and Estuary Project Assistance. U.S. EPA. <http://www.epa.gov/r5water/cwsrf/pdf/supnps.pdf>

²³ "New York City Applies for \$27 Million CWSRF Loan for Watershed Land Acquisition." CWSRF Activity Update. U.S. EPA.

²⁴ "New York CWSRF Makes \$75 Million Land Acquisition Loan in Pine Barrens." CWSRF Activity Update. U.S. EPA.

²⁵ "Napa County 'Living River Strategy' to Provide Flood Protection." CWSRF Activity Update. U.S. EPA.

New Jersey CWSRF -- New Jersey Environmental Infrastructure Financing Program

The New Jersey Environmental Infrastructure Financing Program provides low-cost loans to municipalities, water and sewer utilities and other local governments for wastewater treatment, stormwater management and non-point source pollution reduction. The program does make loans for land acquisition related to the protection of water supplies. The program receives financing from two sources – the Clean Water State Revolving Fund (administered by NJ DEP) and the New Jersey Environmental Infrastructure Trust (NJEIT). The Fund provides 0%/20 year loans for half the project costs and the Trust provides loans for the other half the costs at less than half of market rates (in 2001, the rate was 2.19%).²⁶

Over the past several years, NJEIT's Clean Water Program has added land conservation to the existing "Clean Water" loan program for sewage treatment plants, combined sewer overflows, etc. According to NJEIT, "preserving stream corridors and the land that drains into them represents front-line protection for our surface waters from the impacts of nonpoint source pollution."²⁷

In 2001, NJEIT provided \$194 million in loans to 36 clean water projects and an additional \$19.2 million to 12 land conservation projects. In 2002, there were 36 clean water projects funded totaling \$160 million and 6 land conservation projects totaling \$9.6 million.²⁸ For fiscal year 2003, there are 8-land conservation projects with a total cost of \$37.4 million listed in the state's financing program, including a \$4.8 project in Brick Township.²⁹

Drinking Water State Revolving Fund (DWSRF)

Under the Safe Drinking Water Act Amendments of 1996, the EPA is authorized to provide grants to states to capitalize Drinking Water State Revolving Funds. The State Revolving Funds provide loans and other assistance to eligible public water systems to finance the cost of infrastructure projects. States must file an intended use plan describing how they will use the proceeds and must match 20% of the grant. Up to 15% of the funds can be set-aside to fund source water protection activities, including land acquisition.³⁰ However, no more than 10% of the set-asides can be used for a single type of activity. Grants are allotted to each state based on needs identified in the most recent Drinking Water Needs Survey.

Maine Drinking Water Program

Maine's Drinking Water Program provides loans to public drinking water systems using proceeds from the DWSRF capitalization grant. According to the intended use plan (IUP) filed for 2001/2002, one of the long term goals of Maine's DWSRF is to create and maintain a land acquisition fund in perpetuity. Maine has roughly \$765,000 in a separate revolving account established for land acquisition from prior year uncommitted funds and loan repayment proceeds. No additional money has been allocated in the current IUP since the current account balance is deemed adequate to meet all anticipated loan requirements until the next grant award.³¹

²⁶ NJEIT Infrastructure Financing Program – Clean Water Projects.

²⁷ http://www.state.nj.us/dep/newsrel/releases/01_0096.htm

²⁸ <http://www.njeit.org/2000sale.htm>

²⁹ <http://www.njeit.org/projects>

³⁰ SDWA Sec. 1452 (k)

³¹ DWSRF 2001/2002, Intended Use Plan. State of Maine Department of Human Services Drinking Water Program. 10.18.01

New Jersey DWSRF Program

Between fiscal years 1997 and 2002, New Jersey received \$101 million in federal DWSRF grants, or 2.3 percent of the total \$4.4 billion provided to the states.³² Each state receives a minimum of one percent of the total, based on a needs assessment. During fiscal 2002, New Jersey will receive \$18.5 million, or 2.30% of the \$800 million available for state grants.³³

Under the provisions of the DWSRF, New Jersey could allocate up to 10 percent of its DWSRF annual grant for land acquisition for drinking water source protection. According to U.S. EPA, between fiscal years 1997 and 2001, New Jersey did not allocate any of its DWSRF for this purpose. There is no mention in the FY 2002 Intended Use Plan to set aside any funding for land acquisition. With New Jersey's annual federal DWSRF grant averaging \$18.4 million over the past five years,³⁴ allocating 10 percent for land acquisition would yield \$1.84 million per year; at five percent, the total would be \$920,000.

Clean Water Act Section 319 (h) -- Nonpoint Source Pollution

In 1987 Congress recognized that state and local water authorities needed assistance with developing and implementing measures to control nonpoint source (NPS) pollution. The enactment of Section 319 of the Clean Water Act (CWA) established a national program to control nonpoint sources of water pollution, as well as a means to help fund state and local implementation of nonpoint source management programs.

Under the provisions of Section 319, land acquisition can be used as a nonpoint source management tool. In EPA Region 4 (Southeastern U.S.),³⁵ fifteen land acquisition projects were approved between fiscal years 1995 and 1999, at a total cost of \$5.2 million. Two of these projects --totaling \$1.47 million-- were subsequently canceled. EPA Region 4 has been the leader among the 10 EPA regions across the country in utilizing Section 319 for land acquisition, although even here there have been a number of challenges that have hampered its use. These include the cost effectiveness of land acquisition vs. other Best Management Practices, as well as the difficulty quantifying water quality improvements.

New Jersey's FY2002 guidelines for nonpoint source projects (EPA 319) specifically rules out land acquisition as an ineligible activity.

³² Distribution of DWSRF Funds . US EPA Ground Water and Drinking Water. <http://www.epa.gov/safewater/dwsrf/allot.html>

³³ Allotment of DWSRF Funds. US EPA Ground Water and Drinking Water. <http://www.epa.gov/safewater/dwsrf/allot02.html>

³⁴ The average grant is calculated over the period from 1998-2002. In 1997, each state received a one-time larger grant.

³⁵ EPA Region 4 includes Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina and Tennessee.

DIRECT FEDERAL GRANTS

FARMLAND PROTECTION PROGRAM

With passage of the new 2002 Farm Bill, the Federal government will have much greater ability to serve as a partner in the purchase of development rights (PDR), or conservation easements, on productive agricultural land. The new Farm Bill provides a ten-fold increase in funding available for the U.S. Department of Agriculture's Farmland Protection Program (FPP), making \$600 million available between fiscal 2002 and 2007, up from \$53 million in the prior Farm Bill. Between 1996 and 2002, more than 108,000 acres were protected through PDR as a result of the program.³⁶

In fiscal year 2003, the FPP will provide \$100 million in grants to states, local governments and nonprofit conservation groups to purchase conservation easements on agricultural land. Grants for 50 percent of the cost of a permanent conservation easement (PDR) will be awarded on a competitive basis, according to national and state criteria.³⁷

Since both Ocean and Monmouth Counties have active agricultural preservation programs, both might seek to pursue FPP funding as a means to protect lands in the Metedeconk watershed from development.

DIRECT FEDERAL ACQUISITION

Department of Defense – Lakehurst Naval Air Station

The Lakehurst Naval Air Station occupies 7,430 acres in Ocean and Monmouth Counties, abutting Fort Dix and the state's Colliers Mills Wildlife Management Area. A recent initiative, "The Readiness and Range Preservation Initiative"³⁸ by the Department of Defense calls for acquisition of additional lands to prevent encroachment on military installations by wildlife and to protect land in a natural state surrounding the bases as a means of minimizing conflicts with neighboring communities. For example, at Travis Air Force Base in California, both the local community of Fairfield and the Nature Conservancy again are buying important undeveloped property adjacent to the Base, which will preserve the area's natural heritage, also protecting Travis' ability to expand in the future.

At present, the Pentagon is still formulating its plan for which bases will be selected for participation. Support of the local base commander is considered an important factor in selection. Given the growth pressures near Lakehurst Naval Air Station, the proximity to other large tracts of protected wildlife habitat and the importance of this area as a source of drinking water, it would be advisable for supporters of land conservation to reach out to reach out to the base commander and determine if they support this initiative.

³⁶ 'Purchase of Development Rights: Conserving Lands, Preserving Western Livelihoods.' Western Governors' Association, the Trust for Public Land and National Cattlemen's Beef Association. June 2002. Page 19-20.

³⁷ Ibid.

³⁸ <https://www.denix.osd.mil/denix/Public/Library/NCR/Conf02/conf02.html>

D. RECOMMENDATIONS

If the effort to protect land within the Metedeconk watershed is to be considered a success, it is essential to move beyond assessing priorities and actually protect land. In order to accomplish this goal, a range of funding options must be utilized to create a “funding quilt” that will sustain land acquisition both in the near term and over the long term. The specific recommendations will help draw upon a combination of local, state and federal funding to protect land in the Metedeconk Watershed.

LOCAL FUNDING

- 1. Seek passage of new open space taxes or increase existing open space taxes:** There are seven municipalities that comprise the water supply area of the Metedeconk River. Of these municipalities, only two —Lakewood and Wall Townships— do not have open space taxes. A thorough feasibility analysis should be undertaken to determine what the prospects are for establishing open space taxes in these two places. Brick and Howell Townships both levy 1-cent (per \$100 of assessed value) open space taxes and might consider whether these could be raised; as context, Jackson, Freehold and Millstone levy 1.5, 3 and 5 cents, respectively. Ocean County might also explore whether it can boost its current 1.2-cent open space tax, approved in 1997, to increase the annual revenue above the current \$4.8 million/year. In 2002, Monmouth County approved its second increase to \$2.7 million, which will raise \$16.1 million/year.
- 2. Include storm water management as part of local utility responsibilities:** With stormwater management an important issue for the entire Metedeconk Watershed, local leaders should examine whether establishing stormwater management fees on impervious cover could fund a range of stormwater management efforts, including land conservation. Since this report uncovered no examples of stormwater utilities in New Jersey, it may be more practical to incorporate stormwater management functions into existing water and sewer utilities. The most notable example of a community that is using a stormwater utility for land conservation is Lenexa, Kansas, discussed earlier in the report.
- 3. Watershed protection rate surcharge:** A number of local governments around the country — notably Salt Lake City— have ratepayer surcharges (e.g., \$1/month) for the acquisition of watershed supply lands. One means of protecting land across the watershed would be to incorporate such a surcharge into the rate structures of the different water suppliers comprising the Metedeconk. If this idea has any viability, it would be necessary to examine the feasibility of this from fiscal, legal, and political perspectives.

STATE FUNDING

1. **In a challenging fiscal climate, local supporters of land conservation must advocate for strong statewide conservation funding:** The Green Acres Program, through its Planning Incentive Grants, has been a major factor encouraging county and municipal governments to establish their own open space taxes. Both Ocean and Monmouth counties have greatly benefited from Green Acres grants and loans, as well as the five municipalities that have adopted their own open space taxes. With Green Acres and the Farmland Preservation Programs sustaining sizable budget cuts last year, it is important that local supporters of land conservation continue to make the case in Trenton that strong state support of conservation funding is critical.
2. **Maintain or expand NJEIT's land conservation funding:** Over the past few years, New Jersey has been a leader in using its CWSRF funds to help fund loans for land conservation. With strong demand for the program, NJEIT should continue to support the land conservation loan program and expand it, if possible.

FEDERAL FUNDING

1. **Farmland Protection Program:** With the significant increase in available funding available under the newly signed Farm Bill, local officials and/or nonprofit conservation partners should apply for FPP grants. Since these grants are competitive and require a 50 percent match, local governments might draw upon funds included in previously successful bond measures. The ability to compete successfully for FPP grants underscores the need for local funding, particularly in Massachusetts towns that have not passed CPA to date.
2. **Department of Defense Land Conservation Efforts:** The Pentagon has indicated that it is very interested in preserving land near its military installations in order to prevent encroachment. The Lakehurst Naval Air Station is situated near the headwaters of the Metedeconk, which is also a high growth area of the watershed. With the Pentagon interested in curbing encroachment, it may be advisable to see if Lakehurst may be a potential participant in the Pentagon's land conservation efforts. The New Jersey Congressional delegation is the logical place to pursue this initiative.