

Upper Little Tallapoosa Watershed

Land Conservation Funding Options
October 2002

A. INTRODUCTION

Protecting the Upper Little Tallapoosa Watershed is of critical importance to the residents of Carroll County, in order to ensure a safe drinking water supply, to protect the region's natural beauty, and to guarantee a future 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 key stakeholders. 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 Little Tallapoosa Watershed, sooner rather than later.

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 Little Tallapoosa 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 helps 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 using funding quilts 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 Betty's Neck in Lakeville, 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.

Betty's Neck (MA)

Through a combination of state, local and private funding sources, nearly 4,000 acres of municipal watershed land was protected in fast-growing southeastern Massachusetts, including the 480-acre Betty's Neck property in Lakeville. In addition, conservation restrictions were placed on 3,500 acres of adjacent watershed land already owned by the Cities of New Bedford and Taunton.

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 to create them. As a result, 19 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 conservation 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 trigger 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 raised the remainder.

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-- particularly on the eastern lakeshore.

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 LITTLE TALLAPOOSA

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 the Little Tallapoosa Watershed in Carroll County. The range of local options available to Carroll County will be presented first, since local funding is the most reliable over the long-term, followed by state and federal funding.

Local Funding

There are two primary ways that Carroll County can create a reliable source of local funding to support land conservation in the Little Tallapoosa watershed --by passing a general obligation bond measure or establishing a dedicated tax -- either the 1-cent SPLOST, "Special Purpose Local Option Sales Tax," sales tax or the property tax (mill levy).

As shown in the accompanying table, a number of local governments in Georgia have passed ballot measures in the past two years to create land conservation funding. All of these

Georgia Local Conservation Finance Measures 2000 - 2001

2001	DeKalb Co.	\$125m General Obligation Bond
	Suwanee	\$17.7m General Obligation Bond
2000	Gwinnett Co.	\$321m SPLOST (Sales Tax)
	Roswell	\$8m General Obligation Bond
	Atlanta	\$27m General Obligation Bond

successful measures involved either a General Obligation Bond or the SPLOST. In addition, there was a 2001 effort by Hall County to pass a ½ cent mill levy for land conservation that was not approved by voters.

Beyond the two widely used methods of raising local conservation funds, it may also be possible for local utilities that provide water or wastewater/sewerage services to amend their rate structures to create funding for land conservation/watershed protection. Separately, creating a stormwater utility is another option that can provide funding for land conservation. Such a utility would levy a fee on all homes in the County based on their impervious cover (i.e. paved) area.

1. General Obligation Bond

Georgia counties and municipalities are authorized to issue debt for local capital improvement purposes -- schools, roads, parks, and buildings-- in the form of general obligation debt. The governing body of any municipality or county may provide that bonds be issued for the purpose of acquiring lands or buildings for parks.¹ General obligation (G.O.) bonds are secured by the full faith and credit of the county or municipality to make timely payments of the principal and interest. A general obligation debt is held

¹ O.C.G.A. § 36-64-7.

against the value of the taxable property in that locality.² Upon incurring bonded debt, a county or municipality must provide for the assessment and collection of an annual tax sufficient to pay the principal and interest of the debt within 30 years.³

According to data obtained by the Georgia Department of Community Affairs for 1997, just 47 of the 159 counties in the state, or 30 percent, had G.O. debt outstanding. These 47 counties had issued approximately \$666 million in total G.O. debt, although the five largest issuers (DeKalb, Gwinnett, Fulton, Cobb and Columbus) accounted for 75 percent of the total outstanding.

Despite this general reluctance to issue G.O. debt, in recent years a number of local governments have approved bond issues for parks/recreation and open space, as cited earlier. In 1987, DeKalb County voters passed a \$33 million bond referendum⁴; in 2001, DeKalb voters also supported a \$125 million bond. Voters in the cities of Atlanta, Roswell, and Suwanee also approved ballot questions for G.O. bonds in recent years.

Under Georgia statute, a county or municipality's legal debt margin cannot exceed 10 percent of total assessed value. This debt margin establishes an upper ceiling to ensure that local governments do not saddle themselves with unduly high debt burdens. This is hardly a problem, as counties infrequently turn to general obligation debt to finance capital improvements of any type. Instead, they generally look first to the SPLOST to fund major capital improvements.

According to the a September 2000 bond official statement issued by the Carroll County Development Authority, the County had no outstanding general obligation debt. However, the County did have \$37.3 million in outstanding "intergovernmental contracts." These contracts appear to be obligations made to the Development Authority to pay principal and interest on Bonds secured by a pledge of up to 1 mill of tax revenue. As cited earlier, it is not uncommon for counties in Georgia, as a public policy, to have no G.O. debt. The key question is whether this is a hard and fast policy, or if there is flexibility to it. Should the County seek to issue G.O. debt, it has a debt margin of \$199 million, based on an assessed valuation of \$1.989 billion.⁵

Carroll County Revenue Raising Capacity

A general obligation bond in Carroll County would provide the means to raise a significant amount of money upfront to protect land in the Little Tallapoosa watershed that might not be available years down the road. As shown in the accompanying table, in Carroll County a \$2 million general obligation bond issued for 20 years at 6.0 percent would represent a mill increase of .099 mills and cost the owner of a \$100,000 house 3.77 per year.⁶ Based on the Trust for Public Land's work around the country with communities seeking to protect open space, voters are generally willing to spend between \$10 and \$20 to protect open space. In Carroll County, this would represent a \$5 to \$10 million bond and go a long way toward protecting open space.

² Georgia Constitution, Article IX, Section V, Paragraph II.

³ Georgia Constitution, Article IX, Section V, Paragraph VI.

⁴ "Alternative Methods of Park Funding and Providing Open Space and Recreational Facilities." Atlanta Regional Commission. July 1995. Page 8.

⁵ Georgia Department of Revenue, Property Tax Division – County Digest Section. 2001 Tax Digest Consolidated Summary. Tax District: STATE.

⁶ With property assessed at 40 percent of fair market value, a \$100,000 house would be assessed at \$40,000. The standard \$2,000 homestead exemption has also been factored in, yielding an average assessed value of \$38,000.

Implementation Process

	<i>Annual</i>		<i>Annual Cost for</i>	
	<i>Bond Issue</i>	<i>Debt Svce</i>	<i>Mills Required</i>	<i>\$100,000 House</i>
A general obligation bond in Carroll County would have to be approved by a majority of voters, with the ballot question having to be referred by the County Commission.	\$ 2,000,000	\$174,369	0.099	\$ 3.77
	\$ 5,000,000	\$435,923	0.248	\$ 9.43
	\$ 10,000,000	\$871,846	0.496	\$ 18.86

Bond questions can be placed on general or special election ballots.

2. Special Purpose Local Option Sales Tax – SPLOST

The Special Purpose Local Option Sales Tax (SPLOST), is the most widely used means for counties to finance major capital improvements in Georgia, and has also been used by several counties to raise significant funds for land conservation. The SPLOST (also known as the “infrastructure sales tax,” is just one of three 1-cent local option sales taxes that are levied in addition to the 4 percent statewide tax on the sale and use of goods and services. The other local sales taxes are the local option sales tax (general operations) and the Education SPLOST. Within each county, the overall sales tax rate cannot exceed 6 percent (i.e. there can only be two local 1 percent taxes) or 7 percent if the county has an Education SPLOST. Carroll County’s current sales tax rate is at the maximum 7 percent. SPLOSTs can be put before voters at March, September or November elections and go into effect several months later. The 1 percent special levy remains in effect until either the maximum period of time specified in the ballot question has been reached or at the end of the calendar quarter when the maximum amount of revenue cited in the ballot language has been raised.⁷

Since the first counties adopted their SPLOSTs in 1985, all but 7 eligible counties statewide⁸ have had SPLOST elections appear on their ballots. The SPLOST has been widely successful at the ballot box, with nearly 76 percent of Georgia counties, or 121 of 159 total counties, having a SPLOST in effect, as of October 1, 2002.⁹

The SPLOST has been used by several counties in Georgia – Clarke, Fayette, Forsyth, Paulding, and Spaulding– for the purpose of land acquisition for parks, recreation and open space. Most recently, Gwinnett County passed a SPLOST in November 2000, which included \$320 million for land acquisition.¹⁰ Most counties, however, have used their SPLOST to raise money for roads and bridges, and public safety facilities (jails).

At present, Carroll County has a 1 percent SPLOST, which was approved in November 1998. It went into effect in March 1999 and will run for five years until March 2004, or until \$65 million has been collected. Carroll County received approximately 60% of the previous SPLOST, with municipalities sharing the rest. Of the \$40 million received by Carroll County, \$20 million will go for a new jail, \$7.2 million for fire, \$6.5 million for economic development/industrial park, \$4.7 million for roads, \$1 million for parks development and \$750,000 for enhanced 911.

⁷ In July 2000, the Georgia Supreme Court ruled that under the terms of the 1987 statute, a mixed-purpose SPLOST (roads plus other capital purposes) must continue for the full time period stated in the question, even if total collections are reached in advance of that period

⁸ Fulton and DeKalb counties are ineligible for the SPLOST because they have MARTA tax.

⁹ Georgia Department of Revenue. Sales and Use Tax Division. http://www2.state.ga.us/cgi/rev_sur_current.cgi

¹⁰ Voters Invest in Open Space. Land Trust Alliance. 1998, 1999, 2000 editions.

Carroll County Revenue Raising Capacity

The SPLOST offers Carroll County a mechanism to raise significant revenue for land conservation to acquire land for watershed protection (and other conservation purposes), once the current SPLOST expires.

As shown in the accompanying figure, a SPLOST that dedicates 10 percent of total County proceeds (est. = \$54 million over five years) for land conservation would raise \$5.4 million if it commenced in 2005; at 25 percent of total proceeds dedicated to land conservation, the figure would rise to \$13.5 million over the 5-year SPLOST term.

Carroll County SPLOST

	1% SPLOST			Set Aside for Land Conservation		
	County Share	10 percent	25 percent			
1994	\$ 4,941,164	\$ 494,116	\$ 1,235,291			
1995	\$ 5,365,208	\$ 536,521	\$ 1,341,302			
1996	\$ 5,157,851	\$ 515,785	\$ 1,289,463			
1997	\$ 5,812,129	\$ 581,213	\$ 1,453,032			
1998	\$ 6,246,527	\$ 624,653	\$ 1,561,632			
1999	\$ 6,633,812	\$ 663,381	\$ 1,658,453			
2000	\$ 7,045,108	\$ 704,511	\$ 1,761,277			
2001	\$ 7,481,905	\$ 748,191	\$ 1,870,476			
2002	\$ 7,945,783	\$ 794,578	\$ 1,986,446			
2003	\$ 8,438,422	\$ 843,842	\$ 2,109,605			
2004	\$ 8,961,604	\$ 896,160	\$ 2,240,401			
2005	\$ 9,517,223	\$ 951,722	\$ 2,379,306			
2006	\$ 10,107,291	\$ 1,010,729	\$ 2,526,823			
2007	\$ 10,733,943	\$ 1,073,394	\$ 2,683,486			
2008	\$ 11,399,448	\$ 1,139,945	\$ 2,849,862			
2009	\$ 12,106,214	\$ 1,210,621	\$ 3,026,553			
	\$ 53,864,120	\$ 5,386,412	\$ 13,466,030			

Implementation Process

In order to enact a local 1 percent sales tax, a simple majority (>50%) of voters must support a ballot measure submitted by the county commissioners. The ballot measure must specifically spell out the purpose for which the funds will be used. The measures cannot exceed five years in duration. Each ballot question must contain very specific language, as articulated in the statute.

If no debt is to be issued, the ballot wording is as follows:

Shall a special 1 percent sales and use tax be imposed in _____ County for a period of time not to exceed _____ and for the raising of not more than \$ _____ for the purpose of _____

If debt is to be issued, the ballot must also include the following:

If imposition of the tax is approved by the voters, such vote shall also constitute approval of the issuance of general obligation debt of _____ County in the principal amount of \$ _____ for the above purposes.

Prior to putting a SPLOST on the ballot, the county commissioners must provide written notice to the mayor of each municipality informing them of a meeting to discuss possible projects for inclusion in the SPLOST referendum. This notice must be sent at least 10 days prior to the meeting date. The meeting must be held at least 30 days prior to the call for an election.

After the meeting, the ordinance calling for the tax must be sent to the county election superintendent specifying four things: 1) the purposes for which the proceeds are to be used; 2) the maximum period of time in calendar years or quarters for the levy, although this cannot exceed five years; 3) the maximum cost of the project(s) to be funded, which will be the maximum amount of net proceeds for the tax; 4) if general obligation debt is to be issued in conjunction with the tax, the principal amount of debt to be issued, the interest rate and the annual amount of principal repayment.

3. Mill Levy

Counties have the ability to impose a tax to acquire or lease lands for parks, playgrounds, recreation centers, and other recreational purposes, with no statutory limit on this levy.¹¹ There is also no limit on total property taxes, either. Property is assessed at 40 percent of the fair market value.¹² The revenue generated by this recreational and park levy may be collected in a recreation fund provided that the governing body establishes a recreation board for supervising a recreation system.¹³ Counties may also create special districts for the tax and impose the tax at different rates in each of the districts created.

There are few local governments – cities, municipalities or recreation districts-- in the state that have property tax mill levies for open space. The City of Gainesville and Rome-Floyd County have mill levies for parks and recreation (operations and acquisition are permissible), and there are recreation districts in Gwinnett County and the City of Atlanta that also have mill levies. Gwinnett County created its county-wide recreation tax district in 1987 that can levy up to 1 mill, with the rate set annually. The money flows into the county's general fund, and is then directed to the Gwinnett Recreation Authority.¹⁴ In fiscal 2000, the millage rate was set at .90 mills and raised \$14.2 million.¹⁵

In 2001, Hall County voted (unsuccessfully) on a ½ mill levy with the following ballot language:

For the purposes of preserving natural lands and parks, that can protect drinking water sources, improve the water quality of lakes, rivers, and streams, preserve forest lands, provide nature programs for children, and protect wildlife habitat, shall a special district be created, which shall correspond with and consist of the entirety of Hall County; AND, shall there be levied within Hall County an annual tax of one-half mill exclusively for the purpose of funding such a “supervised parks and recreation system” with guidance from a citizens’ advisory committee, provided that all expenditures will be subject to annual audit?

Despite these examples, Georgia voters are rarely, if ever, asked to approve property tax measures. In contrast, Georgia voters routinely are asked to approve local sales tax measures.

Carroll County Revenue Raising Capacity

Total assessed property value in Carroll County for 2000 was \$1.938 billion, according to the Carroll County Board of Commissioners. In order to project the revenue raising capacity for a mill levy, we will assume that property values will

<i>Mills</i>	<i>Total Rev. Raised 2001-2010</i>	<i>Annual Cost for \$63,400 House</i>
0.10	\$3.81m	\$ 2.41
0.25	\$9.52m	\$ 6.02
0.75	\$28.57m	\$ 18.07

continue to increase at the rate of 12%¹⁶ that occurred between 1997 and 2002. In 2003, as a result assessed property value would equal \$2.17 billion. A 0.10 mill levy would raise \$217,000, 0.25 mills would raise \$543,000, and 0.75 mills would raise \$1.63 million. Over a 10-year period, a 0.10 mill levy would raise \$3.81 million and cost the owner of a typical \$63,400 house, \$2.41. At 0.25 mills, roughly \$9.5 million would be raised and the typical homeowner would pay six dollars.

¹¹ O.C.G.A. § 36-64-2.

¹² O.C.G.A § 48-5-7.

¹³ § 36-64-11.

¹⁴ Alternative Methods of Park Funding and Providing Open Space and Recreational Facilities. Atlanta Regional Commission. July 1995. Page 6.

¹⁵ Phone call with Grant Guess, Gwinnett County Parks and Recreation Department. August 1, 2000.

¹⁶ Over the period 1997-2002, assessed valuation rose at an average rate of 12%.

Implementation Process

To create the property tax specifically for parks and recreation, the local government --by a motion of a majority of those present-- may submit the question to the voters at the next election. A simple majority of voters must approve the question. Alternatively, 10 percent of the voters must file a signed petition and then submit the question to the voters at the next election. The resolution must be passed or the petition must be filed at least 30 days prior to date of the election. There are no statutory ballot language requirements.

4. 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 Journal noted that the median percentage of watershed lands owned by water utilities nationwide is only 2 percent.¹⁷ 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 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, as 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.¹⁸ 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.¹⁹

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 raw water supply.

¹⁷ "Protecting the Source: How Land Conservation Safeguards Drinking Water." The Trust for Public Land. Richard M. Stapleton. June 30, 1997.

¹⁸ www.ci.sl.c.ut.us/utilities/news/05042001

¹⁹ www.ci.sl.c.ut.us/mayor/pressreleases/willowheights

5. Stormwater Utility

Stormwater utilities are independent authorities whose primary focus is to ensure water quality and provide flood control protections. 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.²⁰

While the Griffin stormwater utility has not 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. Creating a countywide storm water utility district in Carroll County would also provide a means of equitably levying a fee on all county residents for purchase of land for watershed protection.

Lenexa, Kansas “Rain into Recreation” Stormwater Utility²¹

The city of Lenexa uses a variety of funding sources to implement its “Rain into Recreation” 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.

Carroll County Revenue Raising Projection

According to the 2000 Census, Carroll County has 31,568 households.²² If a \$2.95 fee per month were implemented (similar to Griffin's), it would raise approximately \$1.1 million annually from residential customers, prior to collections for non-residential properties. Non-residential fees would be scaled per square foot of impervious cover; i.e. a property with a large parking lot would pay more than a small building with a small lot.

State Funding

Georgia Greenspace Program

The Georgia Greenspace Program was established during the 2000 legislative session,²³ and provides a framework within which developed and rapidly developing counties, and their municipalities, can preserve community greenspace.²⁴ The program is a voluntary, non-competitive, county-based program. It provides for awards of formula grants to eligible counties if they develop and implement plans to permanently protect at least 20 percent of the county's geographic area as natural, undeveloped greenspace which furthers one or more of the nine stated goals of the program. Five of those goals address water-quality protection.

During the first year of the program, fiscal year 2001 (FY-01), 40 counties were eligible to participate in the Greenspace program, with a total of \$30 million in state appropriations available to grant applicants.

²⁰ “Stormwater Utility Case Study.” Georgia Municipal Association. By Brant Keller, City of Griffin and Tommy Brown, Ogdan Environmental. February 2000. www.gmanet.com/research

²¹ MetroGreen Finance Strategy. Mid-America Regional Council. Page E-1.

²² Source U.S. Census Bureau: State and County QuickFacts.

²³ [Senate Bill 399](#) (codified as Official Code of Georgia Annotated Sec. 36-22-1 et seq.)

²⁴ A local government may submit a community greenspace program and receive a grant from state funds, if it has a population of not less than 60,000 pursuant to the United States' most recent decennial census, or if it has experienced average growth of at least 800 persons per year between the most recent decennial census and the most recent year for which the U.S. Bureau of the Census has prepared official estimates of population.

Of these 40 counties, 39 elected to develop a community Greenspace program, with 54 cities within these counties electing to establish separate Greenspace trust funds. The Greenspace Commission approved all of the participating local governments' community programs.²⁵

The FY01 grants range from \$80,426 in Bulloch County to \$3,027,127 in DeKalb County, with Carroll County receiving \$229,000.²⁶ In FY02, Carroll County will receive \$198,000. Eighty-nine counties are eligible for FY-02 grant funds, which includes all 40 counties that were eligible for FY-01 grant funds and 49 new counties, which became eligible July 1, 2001. Based on the population criteria, the 49 new counties are eligible to receive approximately 10% of the FY-02 grant funds. All grants are subject to annual appropriation by the Legislature.

Federal Funding

Under the heading – “Federal Funding” – there are two 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.” 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.

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 BMP (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.

²⁵ Georgia Greenspace Program. www.state.ga.us/dnr/greenspace/final_grant.html

²⁶ Georgia Greenspace Program. www.state.ga.us/dnr/greenspace/co_grant.html

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.

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.²⁷

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 Reserve</i>	<i>\$ (4.3)</i>
Total Net SRF Investment	\$ 32.2

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.²⁸ 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.²⁹ 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.³⁰

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.³¹

²⁷ Clean Water SRF Investment, by State. EPA Clean Water State Revolving Fund. <http://www.epa.gov/r5water/cwsrf/inva.htm>

²⁸ 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>

²⁹ "New York City Applies for \$27 Million CWSRF Loan for Watershed Land Acquisition." Clean Water State Revolving Fund... Activity Update. U.S. EPA

³⁰ "New York CWSRF Makes \$75 Million Land Acquisition Loan in Pine Barrens." Clean Water State Revolving Fund... Activity Update. U.S. EPA.

³¹ "Napa County 'Living River Strategy' to Provide Flood Protection.." Clean Water State Revolving Fund... Activity Update. U.S. EPA.

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.

Georgia's CWSRF

Georgia's CWSRF is administered by the Georgia Environmental Facilities Authority (GEFA) in conjunction with the Georgia Environmental Protection Division. Since the program began in 1987, Georgia has received \$349 million in federal capitalization grants and matched those with \$69.2 million in state funds, for a total of \$418.3 million. The state has not issued any bonds backed by these funds.³² In 2001, Georgia provided no state matching contribution to the state's \$22.8 million grant.³³

According to the U.S. EPA, since the CWSRF program began in 1987, Georgia has used \$2.7 million of its cumulative CWSRF grants for non-point source pollution, all in 1999. Nationwide, over the past five years, states have used approximately 5 percent of CWSRF funds for non-point source pollution.³⁴ According to a comprehensive list of loan recipients (totaling 841 loans) compiled by GEFA – including loans for clean water purposes as well as drinking water purposes – there have been no loans made for nonpoint source pollution reduction through land conservation.

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.³⁵ 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.

³² Clean Water SRF Investment, by State <http://www.epa.gov/r5water/cwsrf/pdf/invst.pdf>

³³ Georgia Annual Clean Water SRF Investment. U.S. EPA Clean Water State Revolving Fund. <http://www.epa.gov/r5water/cwsrf/pdf/invga.pdf>

³⁴ 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>

³⁵ SDWA Sec. 1452 (k)

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.³⁶

Georgia's DWSRF Grant Program

Between fiscal years 1997 and 2002, Georgia received \$102.8 million in federal DWSRF grants, or 2.4 percent of the total \$4.37 billion provided to the states.³⁷ Each state receives a minimum of one percent of the total, based on a needs assessment. During fiscal 2002, Georgia will receive \$12.48 million, or 1.58% of the \$850 million available nationwide.³⁸

Georgia DWSRF Grants

	FY97	FY98	FY99	FY00	FY01	FY02	Total	% of Total
\$ (millions)	25.8	15.3	16.0	16.6	16.7	12.5	102.8	2.4%

Under the provisions of the DWSRF, the State of Georgia could allocate up to 10 percent of its DWSRF annual grant for land acquisition for drinking water protection. With the annual federal DWSRF grant averaging \$15.4 million over the past five years, allocating 10 percent for land acquisition would yield \$1.54 million per year; at five percent, the total would be \$770,000.

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.),³⁹ 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, including a \$1.1 million project in Georgia. 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 of quantifying water quality improvements. With regards to the latter, the measurement and modeling being undertaken as part of the Little Tallapoosa effort should alleviate the concerns over how land acquisition targets have been selected and the intended impact of the acquisition.

³⁶ DWSRF 2001/2002, Intended Use Plan. State of Maine Department of Human Services Drinking Water Program. 10.18.01

³⁷ Distribution of DWSRF Funds . US EPA Ground Water and Drinking Water. <http://www.epa.gov/safewater/dwsrf/allot.html>

³⁸ Allotment of DWSRF Funds. US EPA Ground Water and Drinking Water. <http://www.epa.gov/safewater/dwsrf/allot02.html>

³⁹ 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.⁴⁰

In fiscal year 2003, the FPP will provide \$100 million in grants to states, local governments and nonprofit conservation groups—such as the Carroll County Farmland & Rural Preservation Partnership—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.⁴¹

Forest Legacy Program

The Forest Legacy Program (FLP) was originally authorized in the 1990 Farm Bill and provides matching federal funds to states in order to help them obtain conservation easements on working forests to protect them from conversion to non-forest uses. The FLP is funded on an annual basis through Congressional appropriation, not through multi-year Farm Bills. In recent years, funding for the FLP has soared from \$7 million in FY 1999 to \$60 million in FY 2001. President Bush's FY 2003 budget includes a recommendation for \$70 million in funding.⁴²

States participate in the FLP on a voluntary basis, by submitting a state plan and assessment of need to the Secretary of Agriculture. According to the 2001 Forest Legacy Program National Report, there are 24 states and territories actively participating and another 18 state --including Georgia-- that are developing plans and have not currently acquired land under the program. North Carolina, South Carolina and Tennessee are the only three southeastern states currently active in the program.⁴³ The Forest Legacy Program requires a non-federal match of 25 percent of the total project cost.

⁴⁰ "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.

⁴¹ Ibid.

⁴² "Purchase of Development Rights: Conserving Lands, Preserving Western Livelihoods." Western Governor's Association, the Trust for Public Land, and National Cattlemen's Beef Association. June 2002. Pages 20-21.

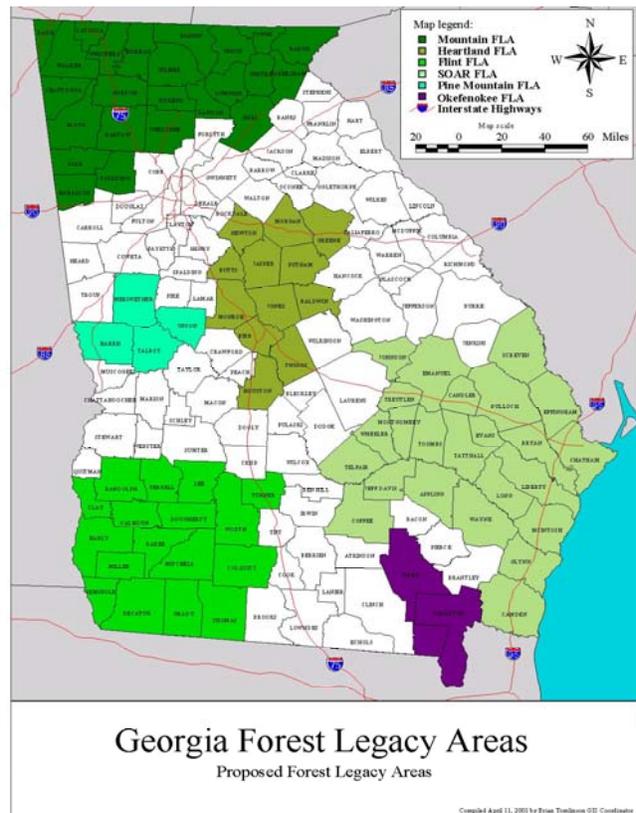
⁴³ Forest Legacy Program National Report 2001. Page 1-3.

Georgia’s Forest Legacy Plan

The State of Georgia was recently approved by the U.S. Forest Service to participate in the Forest Legacy Program. As of 2001, there were 24 states in the program. Forest Legacy allows the state to protect environmentally important forestlands threatened with conversion to other nonforest uses. Governor Barnes selected the Georgia Forestry Commission as the lead agency in charge of developing an Assessment of Needs, including the designation of Forest Legacy Areas (FLAs).⁴⁴

There are five proposed FLAs included in the Assessment of Need, as shown in the figure at right.⁴⁵ The Mountain FLA extends to the boundaries of Carroll County, encompassing neighboring Haralson and Paulding Counties, but excludes Carroll County. The criteria used for selecting the counties are detailed in the Appendix.

The Assessment of Need succinctly describes the specific threats and goals for the Mountain Forest Legacy Area in North Georgia. “The threats to the forest resource in the Mountain FLA are fragmentation/development, degradation of water quality, and declining water supply. Specific goals in the Mountain FLA include protection and improvement of water supply and quality, consolidating and buffering public lands, reducing or limiting residential development.”⁴⁶



⁴⁴ Georgia’s Forest Legacy Program : Introduction., Georgia Forestry Commission., <http://www.gfc.state.ga.us/Services/RuralForestry/legacy/>

⁴⁵ <http://www.gfc.state.ga.us/Services/RuralForestry/legacy/gafla.jpg>

⁴⁶ Forest Legacy Program, Assessment of Needs for the State of Georgia. Page 7.

D. RECOMMENDATIONS

If the effort to protect land within the Upper Little Tallapoosa 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 Little Tallapoosa.

LOCAL FUNDING

- 1.) **SPLOST:** With the SPLOST (one percent sales tax) anticipated expiring in 2003, a renewal is likely to be considered by the County commissioners. The SPLOST should be considered as the leading conservation finance option for Carroll County, with some significant portion of the proceeds targeted for land conservation, including watershed protection in the Little Tallapoosa. The SPLOST has been used successfully by a number of counties in Georgia to fund land conservation, including Gwinnett and Athens-Clarke Counties. Among the steps that should be considered in order to craft a winning SPLOST measure are feasibility research and a public opinion survey to determine how to design a ballot question that will be compelling to voters.
- 2.) **General Obligation Bond or Mill Levy:** Although the SPLOST is the preferred way to create local conservation funding, a number of local governments have sought to create land conservation funding by passing a general obligation bond. Carroll County has ample room under its debt limit. A mill levy is another possibility, although one that may prove a more difficult sell to voters, given its infrequent use.

STATE FUNDING

- 3.) **Georgia Greenspace Program:** Carroll County received \$229,000 in 2001 and will receive roughly \$198,000 in 2002 through the Georgia Greenspace Grant Program. At present, they have spent only \$9,000 of the available \$427,000. Some portion of these funds should be considered for funding watershed land acquisition in the Little Tallapoosa, and future grants should be sought from the state as well. However, since the Greenspace Program is subject to annual legislative appropriation, there is no guarantee of future funding. Advocates of funding for land conservation in the Little Tallapoosa might want to determine how they can work with the Governor and legislative leaders to ensure the permanence of the Greenspace Fund or a comparable dedicated land conservation fund.

FEDERAL FUNDING

- 4.) **Farmland Protection Program:** With the significant increase in available funding available under the newly signed Farm Bill, Carroll County should apply for an FPP grant, possibly in conjunction with the Carroll County Farmland & Rural Preservation Partnership. Since these grants are competitive and require a 50 percent match, Carroll County might utilize their available Greenspace Grant funds in the near term, coupled with local funding down the road if it becomes available.
- 5.) **Forest Legacy Program:** Georgia’s recently completed FLP Assessment of Need (AON) includes a Mountain Forest Legacy Area (one of six areas in the state) that borders, but does not include, Carroll County. The Forest Legacy Program permits changes to the boundaries of an FLP area, which should be explored, to determine if Carroll County may be included in the future.

- 6.) **EPA 319:** Although there have been no EPA 319 grants for land acquisition awarded in Georgia, there is no reason that another effort should not be mounted. In the past, one of the reasons cited by EPA officials for the lack of EPA 319 grants for land conservation has been the absence of thorough analysis making the link between land conservation and reduction of nonpoint pollution. The mapping and scientific analysis being conducted as part of the Little Tallapoosa project should address these shortcomings and smooth the way to a successful EPA 319 grant seeking effort.

APPENDIX I

FOREST LEGACY AREA SELECTION CRITERIA

The Forest Legacy Committee uses the following criteria when determining a potential Forest Legacy Area:

1. Forested areas threatened by conversion to non-forest use, in both the near and long term;
2. Forest resources including:
 - a. Aesthetic and scenic values;
 - b. Fish and wildlife habitat, including threatened and endangered species;
 - c. Minerals resource potential;
 - d. Public recreation opportunities;
 - e. Soil productivity;
 - f. Timber management opportunities;
 - g. Watershed values;
 - h. Native plant communities; and
 - i. Connectivity to other significant areas.
3. Historic uses of forest areas, and trends and projected future uses of forest resources;
4. Current ownership patterns and size of tracts, and trends and projected future ownership patterns;
5. Cultural resources that can be effectively protected;
6. Outstanding geological features;
7. Demographic trends as they relate to conversion of forest areas; and
8. Other ecological values.

The AON must reflect the direction set forth in the Cooperative Forestry Assistance Act to give priority to lands which can be effectively protected and managed, and which have important scenic or recreational values, timber, riparian areas, fish and wildlife values including threatened and endangered species, or other ecological values. Forest Legacy Area (FLA) boundaries must encompass forestlands with significant environmental and other resource-based values. Areas may also include non-forested areas such as farms and villages if they are an integral part of the landscape and are within the logical boundaries. Since FLA boundaries may not always correspond to property boundaries, tracts located partially within the geographically defined FLA are eligible for the Forest Legacy Program, upon approval of a boundary adjustment.