



Market Based Conservation Initiative 10.15.15 Final Report Executive Summary

The NC Foundation for Soil and Water Conservation partnered with the US Department of Defense, the Navy, the Marine Corps and several NC agribusiness and conservation partners to test alternative ways of working with private landowners to protect a military flight training route and special use airspace that crosses over eighteen eastern counties. The Market Based Conservation Initiative (MBCI) pilot project focuses on three primary purposes:

Promote Profitable and Sustainable Family Farms and Forests – Provide economic incentives to rural landowners and leverage county level deferred land use taxes to promote agriculture, forestry and other natural resource sustainability by testing ways to maintain compatible land use underlying a specific military flight path and special use airspace.

Promote Natural Resource Conservation – The program required that all enrolled parcels maintain a land management plan for agriculture, forestry, natural resources or wildlife and local soil and water conservation districts acted as the point of contact for landowners.

Support of Military Mission – The military mission was supported by testing alternative tools to ensure preservation of a vital flight training route and special use airspace in eastern NC for thirty years, based on the military's projected needs. The pilot program was the first time the US Marine Corps tested the use of term limited conservation performance based contracts with private landowners by directly engaging the conservation partnership on a regional scale with away space acreage that was not adjacent to military bases, coined "Sentinel Landscapes".

Pilot Program Participation Requirements

An enrolled parcel was required to be located under a specific military training route or special use airspace crossing portions of 18 counties (where more than 500,000 acres and 4,000 landowners qualified). Awarded Landowner Contracts required that land maintain enrollment in Present Use Valuation Taxation Program or sister Wildlife Tax Deferment Program, maintain a natural resource / land management plan, limit future development to agriculture or forestry related enterprises, have no lights shining upward, and not build any permitted landfills or structures over 100 feet.

Pilot Program Delivery Structure

The NC Foundation for Soil and Water Conservation signed an Encroachment Protection Agreement with the U.S. Navy in 2012. Seventeen local soil and water conservation districts held outreach workshops and collected applications utilizing a reverse auction bidding process. A bid round was held in all participating counties in a staggered timeline and landowners submitted a bid price per acre per year for 10, 20 or 30 year requests. As the bid rounds progressed landowners were provided with data from earlier bid rounds to determine the economic drivers of keeping the land in compatible uses of agriculture, forestry or wildlife management. A Steering Committee oversaw program development and contract delivery recommendations to the military partners.

The partners also supported the creation of the NC Sentinel Landscapes Initiative, housed at NC State University, an initiative that includes the Market Based Conservation Pilot Program and several other sister programs. Visit <http://sentinellandscapes.wordpress.ncsu.edu/> for additional details on sister programs.

Pilot Program Lessons Learned

MBCI was a pilot project that utilized a reverse auction process to determine socio-economic drivers and costs of term limited conservation performance based contracts for keeping lands in compatible uses under military flight training

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areas. The pilot project was effective because it engaged a wide array of nontraditional partners from the conservation arena, academia, production agriculture and forestry, and the military. A hybrid delivery system of a facilitating nonprofit, local soil and water conservation districts as the landowners' point of engagement, and a steering committee to oversee the process led to a well run pilot program.

Collaboration with Nontraditional Partners - MBCI ultimately led to lessons learned on how to establish an effective federal to non-federal partnership for regional conservation efforts. By involving a variety of stakeholders including academia, state and local government, nonprofits, and private landowner groups, a greater collective effort was achieved. Within a couple years time the partners were able to mobilize a program and engage over 4000 landowners across >500,000 acres in an effective manner, achieving a high percentage of program engagement via attendance at local workshops to parcels offered for enrollment. The partnership has continued to grow, leading to other opportunities for the NC Sentinel Landscapes that is producing results now and will continue to do so into the future.

Effective Private Landowner Engagement - MBCI demonstrated the potential for term limited conservation performance based contracts to be an effective tool for ensuring the operational integrity of military training routes. A high percentage of landowners showed a willingness to engage and accept voluntary property restrictions at a fraction of the cost of placing a permanent easement on the same parcel of land. During Bid Round 1, an average 15% participation rate of eligible owners was noted at outreach meetings. Of the targeted parcels, 16% were submitted for program enrollment. During Phase I Bid Round 2, 65% of the applications were re-bids. Including re-bids the combined acreage offered was >76,000 acres.

Cost Effective Conservation Tools - As predicted during program design, Bid Round 2 Phase 1 represented the first occurrence of competition amongst landowners thus driving bids below \$20 per acre per year. The bid range ceiling trended to \$30/acre. Approximately 70% of the acreage offered by landowners was for 20+ year contracts. This, coupled with a significant number of bids <\$20 per acre per year represents the best investment value to date for Department of Defense funds. At these rates, MBCI was able to secure land for 20-30 years at a fraction of the cost of acquisition.

Future Steps

This was an excellent pilot program of testing conservation incentives within an unexplored military training and ecosystem market, providing both positive results in an entirely new program area, as well as challenges and lessons about how to better implement such a program. Substantial accomplishments were made to create a brand new program to protect off-base military interests in a flight path over agricultural and forest land in North Carolina. However, the Department of Defense did halt the pilot early due to administrative issues with using landowner contracts versus easements and sources of funds to pay incentives on away lands. Nonetheless, an extensive network with about 17 different cooperating organizations and dozens of natural resource and military leaders was developed to discuss, develop, and implement this brand new program. New program guidelines, outreach materials, workshops, and contracting methods were developed to engage landowners in the targeted reverse auction bidding process. These template documents are available for any future North Carolina efforts or similar programs in other states.

This nontraditional partnership started about five years ago with general discussions on how to combine military, agriculture, and conservation interests, which eventually led to the North Carolina Market Based Conservation Initiative—a partnership of many broad interests across the state. In that time the partners all cooperated and worked to identify and develop a new program that helped achieve common goals, and implemented it with military funds for payments and a large share of direct and in-kind funds from cooperating organizations. The report and review suggestions herein can help renew this program in North Carolina, or extend the concept and model to other states with common land management and protection goals.