

Healthy Watersheds Through Healthy Forests

Developing the Potential of Water as a Forest Value Stream

Water as Good Politics in Raleigh—More than 300,000 people drink from it. At least one million people swim, fish, and play in it. And protecting the forests that surround it may just be the key to keeping it clean and healthy.

“It” is Falls Lake, the City of Raleigh, North Carolina’s, drinking water supply. Raleigh’s Mayor Charles Meeker and the City Council are teaming up with other municipalities and area land trusts to help ensure that all of the Upper Neuse River Basin’s nine water supplies will meet people’s needs for decades to come.

Concerned about the lake’s water quality, Meeker rejected the notion that an expensive water treatment facility was the only answer. Instead, he and the City Council have allocated \$6 million since 2005 to protect forests that play a critical role in filtering and cleaning Raleigh’s water supply.

Now, with a \$1.7 million grant from the Endowment, the **Conservation Trust for North Carolina** and six area land trusts are expanding this approach, protecting priority forests and creating a “revenue-shed” with local municipalities to help finance new, long-term forest conservation efforts. This will be accomplished by linking

the upstream water producers—forest landowners—with downstream water consumers—the citizens of Raleigh.

Bold? Yes. Smart? Very. Saving taxpayer’s money while protecting economically, environmentally, and culturally important forests would be a great investment in any city’s future.

For info: <http://uncwi.wikispaces.com/>.

A new report finds that **North Carolina sees a return of \$4 for every \$1 invested in land protection** by the state's conservation trust funds.

The report, issued by Land for Tomorrow and compiled by the Trust for Public Land, says the 4:1 payback comes from natural goods and services - safer drinking water, clean air, flood mitigation and erosion control. It notes that there are even more benefits from conservation, such as job creation and the economic output of North Carolina's top two industries, agriculture and tourism.

To read more about this report, visit: www.tpl.org/northcarolinaanalysis

How Much is My Water Worth?

How much is my water worth? That's the \$64,000 question for many forest landowners in the South Fork Rivanna Reservoir Watershed, the primary source of water for Charlottesville, Virginia. Determining this value is a key step in encouraging downstream water consumers to pay for the water purification and other environmental services provided by upstream forests.

Calculating this worth will soon be easier, thanks in part to a \$400,000 Endowment grant to the **Virginia Department of Forestry** for their Forests to Faucet (F2F) project. Using the InFOREST (In Forests We Find Solutions for Renewable Wood Products, Water and Air Quality, and Biodiversity) website, forest owners can quantify ecosystem services provided by their forests, such as nutrient and sediment loading and carbon sequestration.

Forest owners will also be able to calculate how those values are affected by

various restoration activities, such as planting stream bank buffers of native trees and planting trees on marginal lands such as steep pastures.

"This water is very sacred water, it literally is the water supply for Charlottesville."

Don Detmer, whose land in the South Fork Rivanna Watershed offers good possibilities for forest planting

Determining the cost of practice implementation and the associated nutrient and sediment load savings is essential. Knowing these values enables a water utility to make informed business decisions as to whether investing in forest conservation practices should be an internalized cost of business.

New landowner revenue streams associated with producing clean water will help landowners keep their forests as forests. Keeping forests means clean water for Charlottesville.

For info: <http://foreststofaucets.info/>

Following the Bright Spots

A new report from **EcoAgricultural Partners**, of Washington, DC, sets the stage for following the bright spots by

"Follow the bright spots. Investigate what's working and clone it."

Chip Heath and Dan Heath, from their bestseller *Switch*

assessing payments for watershed services in the U.S. More than 30 projects were identified that use a variety of

novel approaches.

Funded in partnership with the **USDA's Office of Environmental Markets**, the report and database provide a resource from which we can learn what's working and how best to build on those successes. The report is at: http://www.ecoagriculture.org/documents/files/doc_362.pdf.

New Fund to Protect Forests and Drinking Water

The **Pinchot Institute for Conservation** has launched a new million-dollar grant program for private landowners in the upper Delaware River Basin to implement watershed forestry practices.

Forest owners in three states will be eligible to receive financial assistance for implementing sustainable forest management projects on their property. “Ensuring healthy forests in the Upper Delaware Watershed is critical to maintaining quality drinking water for 15 million water users,” said Carol Collier, Chair of the Pinchot Institute for Conservation, which administers the program. “We want to support

landowners in these priority areas as they take important steps to maintain their forests over the long term.”

The Common Waters Fund will provide incentives to qualifying landowners to implement forest stewardship plans, watershed forestry management practices, and/or conservation easements over the next two years.

The initial financing for the Fund comes from the Endowment. In the future the Fund hopes to attract more investors interested in protecting sources of drinking water.

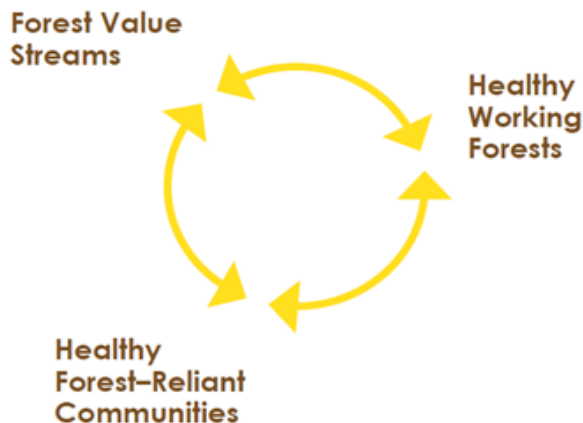
Water as a Market: Benefitting Multiple Objectives

Developing water as a forest ecosystem service market advances all aspects of the Endowment’s Theory of Change, which plots specific direction to the Endowment’s mission *“to work collaboratively with partners in the public and private sectors to advance systemic, transformative, and sustain-*

able change for the health and vitality of the nation’s working forests and forest-reliant communities.”

Healthy Working Forests - Water markets provide landowners with revenue that can be used to protect, restore, and sustainably manage forested watersheds.

Forest Value Streams- Without new sources of revenue, some landowners cannot generate enough income to pay the costs of forestland ownership. Water is one ecosystem service market that the Endowment believes has great potential as a new value stream in some forested watersheds.



Water as a Market: Benefitting Multiple Objectives

Healthy Forest-Reliant Communities: A well-developed payment for watershed services market may provide forest landowners with a supplemental revenue stream that enables them to retain ownership during challenging economic times that will keep “forests as forests” to support the full range of benefits.

Chicago Water Convening Update: More than 60 leaders gathered in April to discuss how to “mainstream” the concept of payments for watershed service projects. The group identified six key recommendations, including strategically engaging the water utility industry and building a business case for payment for watershed service projects. Read more about the meeting and our outcomes in a special report available on the Endowment’s website: www.usendowment.org

Healthy Watersheds Through Healthy Forests is co-funded by USDA’s Natural Resources Conservation Service’s Conservation Innovation Grants program.



U.S. Endowment Programmatic Investments (through 8/31/2011)

	Award Date/ Project Type	Objective/Grantee	Funding		
			Endowment	Matching Funds	Total
Completed	2009 <i>Report</i>	Database of Payment for Watershed Service Projects in the U.S./ <i>EcoAgriculture Partners</i>	\$45,000	\$42,000 (USDA Office of Ecosystem Markets)	\$87,000
	2011 <i>Convening</i>	Healthy Watershed Through Healthy Forests Conference	\$15,000	\$52,000	\$67,000
In Progress	2010 <i>Pilot/ Demonstration</i>	Protecting Drinking Water Sources in the Upper Delaware River Basin/ <i>Pinchot Institute for Conservation</i>	\$1,900,000	\$1,246,000	\$3,146,000
	2010 <i>Pilot/ Demonstration</i>	Using Payments for Ecosystem Services to Protect Forests and Water in the South Fork Rivanna Watershed, <i>VA/VA Dept. of Forestry</i>	\$400,000	\$400,000	\$800,000
	2010 <i>Pilot/ Demonstration</i>	Protecting the Future of the Upper Neuse River Basin/ <i>Conservation Trust for North Carolina</i>	\$1,700,000	\$1,500,000	\$3,200,000
	2011 <i>Operational/ Report</i>	Engaging Utilities in Payment for Watershed Service Projects <i>John Tynan</i>	\$5,000	\$18,000	\$23,000
TOTALS			\$4,065,000	\$3,258,000	\$7,323,000

The U.S. Endowment for Forestry & Communities, Inc. (Endowment) is a not-for-profit corporation established in late 2006, at the request of the governments of the United States and Canada in accordance with the terms of the Softwood Lumber Agreement (SLA) between the two countries. The Endowment’s mission is to work collaboratively with partners in the public and private sectors to advance systemic, transformative, and sustainable change for the health and vitality of the nation’s working forests and forest-reliant communities.