

Date/Time: Thursday, May 10, 2012, 3:00 PM

Location: Manastash Room, Kittitas Valley Event Center, 512 N Poplar Street, Ellensburg, WA 98926

Attendees: Kittitas County IWRMP Land Use and Economic Analysis Citizens Advisory Committee:

*Jill Arango, Tony Aronica, David Gerth, Jim Halstrom, Brian Lenz, Pamela McMullin-Messier, Jason Ridlon, Tracy Rooney, Jan Sharar, David Whitwill, Cynthia Wilkerson*

Kittitas County: *Paul Jewell, Kirk Holmes, Doc Hansen*

URS: *John Knutson, Will Guyton, Julie Blakeslee*

PRR: *Amanda Sullivan, Amy Danberg*

Cascade Economics: *Mike Taylor*

Special Attendees: *Representatives of AFH, Eaton Ranch, and Daily Record*

Subject: **IWRMP Ecosystem and Habitat Restoration and Enhancement Land Use and Economic Analysis Project—Citizens Advisory Committee (CAC) Meeting No. 4**

Meeting Purpose: Review and discuss the land use and economic analysis results, receive property owner input, discuss preliminary economic mitigation strategies.

## Welcome & Introductions

- John Knutson welcomed the committee members and guests, and the attendees provided a roundtable self-introduction.

## Meeting Purpose and Agenda

- Will Guyton reviewed the meeting agenda with the CAC Members.

## Present Summary of Land Use and Economic Analyses Results

- Julie Blakeslee provided a quick overview of the results found in the Land Use Analysis Memorandum. This included a summary of the total acres analyzed for each option within the TWPEC and anticipated changes that could occur to land use within each option area.
- Mike Taylor defined the process he used to develop the Economics Impact Analysis Memorandum and provided a summary of its results. This included the types of impacts that were measured, the assumptions and scenarios considered, the anticipated summary of economic impacts to the local economy and County revenue and expenses within each option area. Also provided were summaries of impacts on annual sales, income, and employment; changes in spending; and changes in tax revenue.

## Opportunity for Land Owner and Lands Subcommittee Input on Analyses

- Amy Danberg provided some introductory information to the guests from the Eaton family and AFH (David Bowen) regarding the purpose of the CAC. John Knutson provided additional information and some example input topics for discussion. The floor was then opened for the ownership groups to discuss their feedback or bring up any questions that they may have regarding the Land Use and Economic Impact Analyses.

### Opportunity for Land Owner and Lands Subcommittee Input on Analyses (continued)

- David Bowen confirmed the range of lots that would be lost in the Teanaway and gave a quick status of the current timber market for the area and the current grazing activity/market. David stressed that one of the talking points during discussions of the sale of the land was that snowmobiling would be allowed to continue. David also mentioned that the Teanaway Solar Reserve site would not be included in the sale of the property.
- The Eaton family expressed concern over the amount the Economic Analysis showed in annual expenses associated with their ranch (grazing and farming). They also expressed their concern over how this project and the overall IWRMP are going to affect them and their ranching operation.

### CAC Discussion and Feedback on Land Use and Economic Analyses Results

#### *Land Use Analysis Comments and Feedback*

- Jim Halstrom asked how analysis concluded on the number of developable parcels (theoretical vs. real) in the Teanaway. Paul Jewell explained the formula used to generate the number of parcels in the analysis. Jim was concerned over the lack of water available to provide for the potential parcels. Paul explained that there were other options for obtaining water rights, and that the consensus was that the analysis needed to consider the impact to the County due to the loss of these potential lots.
- Cynthia Wilkerson pointed out a discrepancy in the amount of acres of land analyzed under the Plum Creek land acquisition option between the land use analysis (~63,000 acres) and the TWPEC (~10,000 acres). The Land Use and Economic Impact Analyses will be edited to reflect the proper acreage.

#### *Economic Impact Analysis Comments and Feedback*

- Tracy Rooney commented on his concern that the memo shows a decrease in snowmobiling within the Teanaway. David Bowen stated that the use of snowmobiles is the only motorized vehicle usage that is currently permitted within the Teanaway and it would continue to be allowed under the acquisition for the TWPEC. Mike Taylor will change the analysis memo to reflect no changes to snowmobiling in the Teanaway.
- Jim Halstrom asked how the cost to the County (in services) was mitigated when considering the loss of developable land. Paul Jewell explained that the economic analysis assumed that the revenue in property taxes was approximately equivalent to the cost for the County to provide services; therefore, they would cancel each other out. Jan Sharar and Jill Arango asked that the assumptions be defined more within the analysis and some documentation be referenced to justify the assumptions. Mike Taylor stated that this assumption was based upon the relevant literature that he reviewed for this analysis.
- Jim Halstrom asked that an executive summary be provided to show a bottom line for all the costs and benefits. John Knutson stated that a final report will be generated that includes both analyses, the CAC process, and the mitigation strategies and recommendations. This final report will contain an executive summary.
- Jill Arango would like to see language within the documents revised to be less assumptive that the concepts will have a negative impact on the County (e.g., use more “might”, “could”, “if”).
- Jill Arango asked if the total cost of anticipated expenditures to the County is additive when considering all of the project components of the TWPEC (costs and FTE); the concern is whether this number is defensible.

## CAC Discussion and Feedback on Land Use and Economic Analyses Results (continued)

### *Economic Impact Analysis Comments and Feedback (continued)*

- Cynthia Wilkerson commented on how the analysis lacks information on the benefits of salmon recovery. She would like to see some analysis in these areas, or, if not, some narrative as to why they are not being analyzed (in particular, the Teanaway). Paul Jewell stated that he thinks that the salmon recovery piece is more related to the entire IWRMP and not the TWPEC; therefore, it is difficult to carve out the financial benefits of salmon recovery within the actions of the TWPEC just to Kittitas County. John Knutson stated that without quantifiable data showing the actual benefits to salmon (EDT model) within the TWPEC, all that can be done is provide a statement that the TWPEC actions could result in improvements to salmon productivity. Jill Arango would like to see some language added to the analysis that discusses the approach and assumptions used to consider the benefits of salmon recovery.
- Tracy Rooney asked for more clarification as to why such a difference between the results for with public investment and without public investment. Mike Taylor talked about the process he used to come up with these numbers and the factors that affected them (e.g., participation capacity, potential for visitation).
- Jill Arango would have more discussion on the recreational economic benefits associated with the Yakima River Canyon Scenic Byway, the conservation of the Eaton Ranch, and the construction of the Wymer Reservoir. Jill offered to assist Mike Taylor with the assumptions on how to come up with that information. Cynthia pointed out that the dam is not a part of the TWPEC and is not being considered as part of this analysis.
- Jason Ridlon asked about what the benefits are to designating land as an NRA. Paul Jewell stated that the NRA designation is being used to memorialize the recreational use of the land through an Act of Congress to ensure recreational activities are permanently available, and to provide flexibility for how the land is managed, operated, and maintained.

### Next Meeting Dates & Topics

- The next CAC meeting was tentatively scheduled for early June in Ellensburg; however, this is being delayed until the completion of a mitigation matrix. At this next meeting, the Committee will be reviewing the Mitigation Strategies Matrix and discuss a final mitigation recommendation.





# Meeting Agenda

Date/Time: Friday, September 21, 2012, 3:00 PM – 5:00 PM

Location: Naneum Room, Kittitas Valley Event Center

Attendees: Kittitas County IWRMP Land Use and Economic Analysis Citizens Advisory Committee:  
*Tony Aronica, Bill Boyum, David Gerth, Jim Halstrom, Anna Lael, Brian Lenz, Richard Low, Pamela McMullin-Messier, Jason Ridlon, Tracy Rooney, Jill Scheffer, Jan Sharar, Art Solbakken, David Whitwill, Cynthia Wilkerson*  
Kittitas County: *Paul Jewell, Kirk Holmes, Doc Hansen*  
URS: *John Knutson, Will Guyton, Julie Blakeslee*  
PRR: *Amanda Sullivan*  
Cascade Economics: *Mike Taylor*

Subject: **IWRMP Ecosystem and Habitat Restoration and Enhancement Land Use and Economic Analysis Project—Citizens Advisory Committee Meeting No. 5**

Meeting Purpose: Review comment responses to the land use and economic analysis memoranda, discuss preliminary economic mitigation strategies, and develop preferred mitigation recommendation.

## Agenda Item

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|-------------|---|
| 3:00 – 3:05 | Welcome & Introductions                                       |
| 3:05 – 3:10 | Meeting Purpose & Agenda                                      |
| 3:10 – 3:30 | Review Land Use and Economic Analyses Comment Response Forms  |
| 3:30 – 4:00 | Review and Discuss Preliminary Economic Mitigation Strategies |
| 4:00 – 4:35 | CAC Discussion of the Economic Mitigation Matrix              |
| 4:35 – 4:55 | Consensus on CAC Recommended Economic Mitigation Strategies   |
| 4:55 – 5:00 | Next steps in the Process                                     |
| 5:00        | Final Words by Paul Jewell and Adjourn                        |



## Land Use Analysis and Economic Analysis of the Yakima Basin Integrated Water Resource Management Plan (IWRMP) Targeted Watershed Protection and Enhancement Component (TWPEC)

*Land Use Analysis* - Summary analysis of the anticipated changes based on the actions proposed by the TWPEC:

**Land Use Analysis Summary Table**

Option Name	Current Zoning	Post-IWRMP Action	Estimated Acreage	Potential Use Considerations	Anticipated Change to Use Considerations
Upper Yakima River Basin High Elevation Watershed Preferred Option (Teanaway)	Commercial Forest	Acquisition as a Consortium/ Community or as State Ownership	40,179 acquired	Public Access and Use	↑
	Forest and Range			Recreation Access	↑
	Rural-3			Environmental Protection Logging/Timber Utility Access Grazing Opportunities Dams (when federally-funded)	↑ NC NC NC N/A
Upper Yakima River Basin Forest Habitat Preferred Option (Taneum and Manastash)	Commercial Forest	Acquisition for Public Land	63,005 acquired	Residential/Agricultural Development	↓
				Solar Development	↓
				Public Access and Use Recreation Access Environmental Protection Logging/Timber Utility Access Grazing opportunities Dams (when federally-funded)	↑ ↑ ↑ NC NC ↑ N/A
				Residential/Agricultural Development	↓

Notes: ↑ = improves or increases      ↓ = degrades or decreases      NC = little to no change      N/A = not applicable

**Land Use Analysis Summary Table (continued)**

Option Name	Current Zoning	Post-IWRMP Action	Estimated Acreage	Potential Use Considerations	Anticipated Change to Use Considerations
<b>Upper Yakima NRA</b>	Unzoned (public land)	Designation of Public Land as NRA and Wilderness	99,818 designated as NRA	Public Access and Use	↑
				Recreation Access	↑
<b>Manastash-Taneum NRA</b>	Unzoned (public land)	Designation of Public Land as NRA	35,000 designated as NRA	Environmental Protection	NC
				Logging/Timber	NC
				Utility Access	NC
				Grazing Opportunities	NC
				Public Access and Use	NC
				Recreation Access	NC
				Environmental Protection	↑
				Logging/Timber	↓
<b>Wild/Scenic River Designations for the Upper Cle Elum, Wapatus, and Cooper Rivers</b>	Unzoned (public land)	Wild and Scenic River Designation on Public Land	15,719 designated as Wild and Scenic	Utility Access	↓
				Grazing Opportunities	↓
				Public Access and Use	↑
				Recreation Access	↑
				Environmental Protection	NC
				Logging/Timber	NC
				Grazing Opportunities	NC
				Public Access and Use	↑
				Recreation Access	NC
				Environmental Protection	↑
Dams (when federally-funded)	↓				
Residential/Agricultural Development	NC				



**Land Use Analysis Summary Table (continued)**

Option Name	Current Zoning	Post-IWRMP Action	Estimated Acreage	Potential Use Considerations	Anticipated Change to Use Considerations
<b>Wild/Scenic River Designations for the North, Middle, and West Forks of the Teanaway River</b>	Unzoned (public land)	Wild and Scenic River Designation on Public Land	7,632 designated	Public Access and Use Recreation Access Environmental protection Dams (when federally-funded) Residential/Agricultural Development	↑ NC ↑ ↓ NC
	Forest and Range  Agricultural (AG-20)	Land Acquisition and/or Conservation Easement	11,620 acquired  2,211 acquired	Public Access and Use Recreation Access Environmental protection Utility Access Grazing Opportunities Residential/Agricultural Development Wind Farms	↑ ↑ ↑ ↓ NC ↓ NC
<b>Shrub-Steppe Habitat Preferred Option (Eaton Ranch)</b>					

*Economic Analysis* - Summary of the economic analysis associated with the anticipated changes resulting from actions proposed by the TWPEC. Only the most significantly affected uses and entities are listed in the table:

**Economic Analysis Overview Table**

Option Name	Current Uses	Post IWRMP Action	Affected Entities	Units of Measure for Impact	Anticipated Change to Use Considerations
<b>Upper Yakima River Basin High Elevation Watershed Preferred Option (Teanaway)</b>	Timber production	Public Acquisition for Conservation	Landowners Grazing Recreationists Hunters Snowmobilers Nordic Skiers Hikers Campers OHV Use Property Developers Kittitas County	Timber revenues (\$/year)	NC
	Grazing			Biomass industry development Grazing use by permittees	? NC
<b>Upper Yakima River Basin Forest Habitat Preferred Option (Taneum and Manatash)</b>	Recreation Hunting Fishing Snowmobiling Skiing	Public Acquisition for Conservation	Landowners Recreationists Hunters Alpine Skiers Hikers Campers Property Developers Kittitas County	Visitor days	↑
	Timber production			Timber revenues (\$/year) Biomass industry development	NC ?
	Recreation Hunting Fishing Snowmobiling Skiing			Visitor days Visitor days Visitor days Visitor days Visitor days Residential development Solar Development Property Tax Revenues Forest Health Management Emergency services Fire management Road maintenance	↑ NC ↑ ↑ NC ↓ ↓ NC ↑ ↑ ↑ NC/↑ ↑
	Timber production Recreation Hunting Fishing Snowmobiling Skiing			Visitor days Visitor days Visitor days Visitor days Residential development Property Tax Revenues Forest Health Management Emergency services Fire management Road maintenance	↑ ↑ ↑ ↑ ↓ ↑ ↑ ↑ NC/↑ ↑

Notes: ↑ = increases

↓ = decreases

NC = remains about the same

? = uncertain; depends on new rules (see text)

**Economic Analysis Overview Table (continued)**

Option Name	Current Uses	Post IWRMP Action	Affected Entities	Units of Measure for Impact	Anticipated Change to Use Considerations	
<b>Upper Yakima NRA</b>	Timber production  Grazing  Recreation Hunting Fishing Snowmobiling Skiing Hiking Camping OHV Use	Designation of 80% of Public Land as National Recreation Area	Landowners (adjacent private land only) Grazing Recreationists Hunters Fishers Snowmobilers Nordic Skiers Hikers Campers OHV Use Kittitas County	Timber revenues (\$/year)  Grazing use by permittees  Visitor days Visitor days Visitor days Visitor days Visitor days Visitor days Visitor days Property Tax Revenues Forest Health Management Emergency services Fire management Road maintenance	NC NC ↑ ↑ ↑ ↑ ↑ ↑ ↑ NC ↑ ↑ NC/↑ ↑	
			Designation of 20% of Public Land as Wilderness	Recreationists Hunters Fishers Snowmobilers Nordic Skiers Hikers Campers OHV Use	Visitor days Visitor days Visitor days Visitor days Visitor days Visitor days	↓ ↑ ↓ ↑ ↑ ↑ ↓

**Economic Analysis Overview Table (continued)**

Option Name	Current Uses	Post IWRMP Action	Affected Entities	Units of Measure for Impact	Anticipated Change to Use Considerations
<b>Manastash-Tanenum NRA</b>	Timber production		Loggers	Timber revenues (\$/year)	NC
	Grazing		Grazing Recreationists	Grazing use by permittees	NC
	Recreation		Hunters	Visitor days	↑
	Hunting		Fishers	Visitor days	↑
	Fishing		Snowmobilers	Visitor days	↑
	Snowmobiling	Designation of Public Land as National Recreation Area	Alpine Skiers	Visitor days	↑
	Skiing		Hikers	Visitor days	↑
	Hiking		Campers	Visitor days	↑
	Camping		OHV Use	Visitor days	↑
	OHV Use		Kitritas County	Property Tax Revenues	NC
<b>Wild/Scenic River Designations for the Upper Clearum, Wapatus, and Cooper Rivers</b>	Residential		Property Owners	Residential Development	NC
	Recreation		Recreationists	Visitor days	↑
	Hunting		Hunters	Visitor days	↑
	Fishing	Wild and Scenic River Designation on Public Land	Fishers	Visitor days	↑
	Hiking		Hikers	Visitor days	↑
	Camping		Campers	Visitor days	↑
			Kitritas County	Property Tax Revenues	NC
				Emergency services	↑
				Fire management	NC/↑
				Road maintenance	↑

**Economic Analysis Overview Table (continued)**

Option Name	Current Uses	Post IWRMP Action	Affected Entities	Units of Measure for Impact	Anticipated Change to Use Considerations
<p><b>Wild/Scenic River Designations for the North, Middle, and West Forks of the Teanaway River</b></p>	<p>Residential Recreation Hunting Fishing Hiking Camping</p>	<p>Wild and Scenic River Designation on Public Lan</p>	<p>Property Owners Recreationists Hunters Fishers Hikers Campers Kititras County</p>	<p>Residential Development Visitor days Visitor days Visitor days Visitor days Property Tax Revenues Emergency services Fire management Road maintenance</p>	<p>NC ↑ ↑ ↑ ↑ NC ↑ NC/↑ ↑</p>
<p><b>Shrub-Steppe Habitat, Preferred Option (Eaton Ranch)</b></p>	<p>Cattle production Irrigated hay production</p>	<p>Land Acquisition and/or Conservation Easement</p>	<p>Grazing Hay Producers Recreationists Wildlife viewers Hikers Campers Property Developers Kititras County</p>	<p>Grazing use by property owners Irrigation and hay harvest Visitor days Visitor days Visitor days Wind farm developers Property Tax Revenues Emergency services Fire management Road maintenance</p>	<p>NC/↓ NC/↓ ↑ ↑ ↑ ? NC/↓ NC NC NC</p>

## Summary of Regional Economic Benefits with/without Public Investments

### Summary of Annual Economic Impacts, County Revenues, County Expenditure Obligations

Option Name	Category	With Public Investment	Without Public Investment
<b>Upper Yakima River Basin High Elevation Watershed Preferred Option (Teanaway)</b>	Hiking	\$196,719	\$0
	Snowmobiling	\$0	\$0
	Construction	-\$500,000	-\$500,000
	<b>TOTAL</b>	<b>-\$303,281</b>	<b>-\$500,000</b>
	County Revenues	\$24,280	\$24,280
	County Expenses	\$50,000	\$0
<b>Upper Yakima River Basin Forest Habitat Preferred Option (Taneum and Manatash)</b>	Camping	\$83,183	\$0
	Hiking	\$41,539	\$0
	<b>TOTAL</b>	<b>\$124,722</b>	<b>\$0</b>
	County Revenues	\$6,922	\$6,922
	County Expenses	\$50,000	\$0
<b>Upper Yakima NRA</b>	Snowmobiling	\$43,921	\$4,392
	Non-motorized rec	\$308,188	\$30,819
	Camping	\$83,183	\$8,318
	<b>TOTAL</b>	<b>\$435,292</b>	<b>\$43,529</b>
	County Revenues	\$0	\$0
	County Expenses	\$200,000	\$50,000
<b>Manastash-Taneum NRA</b>	Motorized rec.	\$254,740	\$25,474
	Camping	\$83,183	\$8,318
	<b>TOTAL</b>	<b>\$337,923</b>	<b>\$33,792</b>
	County Revenues	\$0	\$0
	County Expenses	\$150,000	\$50,000
<b>Wild/Scenic River Designations</b>	<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>
	County Revenues	\$0	\$0
	County Expenses	\$100,000	\$100,000
<b>Shrub-Steppe Habitat, Preferred Option (Eaton Ranch)</b>	Agriculture	-\$100,000	-\$100,000
	Wildlife Viewing	\$39,126	\$39,126
	Resort Operation	-\$150,000	-\$150,000
	<b>TOTAL</b>	<b>-\$210,874</b>	<b>-\$210,874</b>
	County Revenues	-\$16,000	-\$16,000
	County Expenses	\$50,000	\$50,000
<b>TOTAL ECONOMIC IMPACT By Major Sector</b>	Agriculture	-\$100,000	-\$100,000
	Construction	-\$500,000	-\$500,000
	Recreation	\$1,133,782	\$116,447
	Accommodations	-\$150,000	-\$150,000
	<b>TOTAL</b>	<b>\$383,782</b>	<b>-\$683,553</b>
	County Revenues	\$15,202	\$15,202
	County Expenses	\$600,000	\$250,000

**Summary of Impacts on Annual Sales, Income, and Employment**

Impact Category	With Public Investment		Without Public Investment	
	Direct	Total	Direct	Total
Employment (jobs)	9.9	10.8	-2.9	-4.9
Personal Income	\$295,393	\$332,003	-\$62,157	-\$117,996
Output (Sales)	\$336,932	\$440,860	-\$495,209	-\$680,072





## Economic Mitigation Strategies Matrix

Funding Option Name	Definition	Applies to	Justification	How it Works	Funding Provided by	Precedence	Examples in Practice	Strengths	Weaknesses	Funding Details	Implementation Process
<b>1. Federal PILT</b>	Payment in Lieu of Taxes (PILT) applied to lands transferred to federal ownership	Federal lands	Lands that are transferred to federal ownership are removed from county property tax rolls	Congress annually appropriates funds to the counties to support local services intended to compensate for loss of tax revenue from Federal lands.	Federal government	Yes – the Federal government provides a PILT to Kittitas County for existing Forest Service and BLM lands	Existing program	Established program that does not require new or untested administrative process.	Although PILT is well-established, there is considerable risk that it will be curtailed, or even eliminated, through Congressional budgeting process. As such, the funding may not be secure in the future.	10,000 acres in Taneum and Manastash @ \$1.76668 per acre = \$17,666.80 per year (Current rate)	Combine PILT funding with Congressional legislation that transfers ownership of private lands to the Federal government.
<b>2. State PILT</b>	Payment in Lieu of Taxes (PILT) applied to lands transferred to state ownership or management	State lands	Lands that are transferred to state ownership or management are removed from county property tax rolls	State develops a fund that is distributed to counties on a formulaic basis. It is designed to compensate counties for the loss of tax revenue by state owned or managed lands.	State government	Yes – the State provides a PILT to Kittitas County for lands managed by Washington DNR and DFW	Existing program	Established program that does not require new or untested administrative process. Relatively non-controversial politically.	In recent years, the State has experienced a considerable decline in revenues, and the PILT program may continue to see pressure to reduce funding. As such, funds may not keep pace with county expenditures, placing burden on other county revenue sources.	47,168 acres in Teanaway @ \$0.77 per acre = \$36,296 per year (Current rate)	Combine PILT funding legislation that transfers ownership or land management responsibility to the State.
<b>3. Maintenance Endowment</b>	Fund established to cover additional county expenses incurred on an annual basis as a result of the implementation of the TWPEC.	Consortium-managed lands	Implementation of TWPEC will lead to additional demand on county services, including emergency services and road maintenance. This fund will help to level the benefits of the IWRMP in the region – and the nation – with the costs incurred by Kittitas County.	A one-time endowment fund is established, probably through implementation of the IWRMP. The endowment provides a principal that is invested in low-risk fund; the annual interest earnings serve as a revenue source to accommodate increased expenses.	Federal government (possible state contribution)	Yes – lump sum payments are commonly used methods for addressing inequitable distribution of benefits and costs. This provides a targeted fund for defined impacts.	1) Wisconsin Conservation Endowment <sup>1</sup> 2) Michigan Natural Resources Trust Fund <sup>2</sup> 3) Idaho State Fund for Outdoor Recreation Enhancement <sup>3</sup>	Requires one-time contribution or implementation that could be tied to the Federal implementing legislation for the IWRMP.	The fund will require a new administrative and management process. Congress may place stipulations or limitations on the use of funds that may not coincide with the County's needs.	Initial endowment of \$15,000,000, invested with assumed ROI of 4%, will yield \$600,000 per year interest that is available for use by the County. The principle remains in perpetuity.	Introduce the establishment of an endowment fund in the IWRMP process, and include the funding in the authorizing legislation and appropriation for the overall IWRMP.
<b>4. Investment Fund</b>	Fund established to provide investment funds (and possibly an O&M pool) for trails, campgrounds, and related infrastructure. To be used on lands acquired through implementation of the TWPEC.	Consortium-managed lands	In order for the acquired lands to meet their full intended purposes of providing ecosystem services and recreational use, additional infrastructure investment is required. This provides the funds to accommodate the anticipated recreation demand.	A one-time grant is provided, probably through implementation of the IWRMP, invested in a low-risk fund. The grant (principal and interest) should be used for future recreation infrastructure investment to accommodate demand. Subsequent, or staged, supplements to the grant may be provided for future O&M needs.	Federal government (possible state contribution)	Yes – economic development funds or accounts have been used as “incubators” for local economies. This endowment provides a funding source for targeted investments addressing specific, anticipated needs.		Requires one-time contribution or implementation that could be tied to the Federal implementing legislation for the IWRMP. The State may also provide one-time or periodic contributions to the fund.	The fund will require a new administrative and management process. There may be reluctance by Congress to establish an investment fund for a future (not current) demand. Staged contributions, by Congress or the State, creates funding uncertainty.	Initial annuity of \$5,000,000, which accounts for 3 campgrounds, 10 miles of snowmobile trails, and 140 miles of hiking trails. Can be used as a sinking fund, drawing interest that will support O&M.	Introduce the establishment of an endowment fund in the IWRMP process, and include the funding in the authorizing legislation and appropriation for the overall IWRMP.

<sup>1</sup> Wisconsin Conservation Endowment: [http://wisconservation.krukgraphics.com/index.php?page=Conservation\\_Endowment](http://wisconservation.krukgraphics.com/index.php?page=Conservation_Endowment)

<sup>2</sup> Michigan Natural Resources Trust Fund: [http://www.michigan.gov/dnr/0,1607,7-153-39002\\_16791-39513--,00.html](http://www.michigan.gov/dnr/0,1607,7-153-39002_16791-39513--,00.html)

<sup>3</sup> Idaho State Trust for Outdoor Recreation Enhancement (STORE) (ID Code § 67-4247): <http://law.justia.com/codes/idaho/2011/title67/chapter42/67-4247/>

**Economic Mitigation Strategies Matrix**  
*Continued*

Funding Option Name	Definition	Applies to	Justification	How it Works	Funding Provided by	Precedence	Examples in Practice	Strengths	Weaknesses	Funding Details	Implementation Process
<b>5. User Fees</b>	Fee-for-use program established on: 1) snowmobile trails, 2) campgrounds; 3) hiking trails; and/or 4) OHV trails	All public and consortium lands	Newly acquired lands will attract additional recreationists, over time, to these sites. The new visitors, split between local and non-local, will cause increased demand for county services. A user fee is an efficient means of paying for new demand for services.	Several mechanisms are possible: (1) voluntary pay boxes at campgrounds, snowmobile trails, and/or hiking trails; (2) Kittitas-based vehicle tab; (3) fee supplement to WA snowmobile permit; (4) fee supplement to WA Discover Pass.	Targeted recreational users (to new sites or all county sites, depending upon program basis)	Yes – Washington (and other states) have permit or pass programs; USFS has a long established user-fee program for campgrounds, Sno-Parks, and hiking trails.	USFS Sno-Park program; Wilderness permit program (one-time or annual pass); campground fee box program	An economically efficient means of paying for services by charging those who actually use them, including non-residents, and not on others who don't.	User fee systems are initially unpopular. Voluntary systems can be difficult to enforce or require new monitoring responsibilities. A Kittitas-based permit will require a new administrative program. The state-based permits may be difficult or unavailable to the County.	Examples: Campsite fee of \$10-15 per night; can be charged on new or all campgrounds; Kittitas snowmobile tab @ \$10-\$25 per season. State-based program could be supplement for Kittitas County residents, or other approaches	If the program is based in the County, a new mechanism and procedures must be established, but models elsewhere exist to emulate. State-based program would require coordination with WA DNR, DFW, and State Parks and Recreation Commission.
<b>6. Rural Domestic Water Rights</b>	Provide senior water rights which are suitable as mitigation for current and future groundwater withdrawals on currently-occupied parcels for rural domestic use.	Private rural land owners county-wide	The majority of the IWRMP benefits will be realized outside the boundaries of Kittitas County while the disparate ongoing costs associated with this component will be borne exclusively by our citizens. A solution to the current and potential conflicts within Kittitas County between rural domestic water users and more senior water rights holders will help offset those costs by protecting property values and the overall tax base, retaining flexibility in land uses, and supporting local jobs and the economy.	An agreement is made to provide mitigating senior water rights for current groundwater users and future users on currently developed and occupied parcels. This will assure users are not curtailed during low-flow periods and that a reasonable supply of water for future development will be available.	State government	Yes – During the 2011 Legislative Session funding was provided to the Carpenter-Fisher basin in Skagit County to solve similar concerns over access to ground water for rural land owners		Requires a one-time contribution which can be reasonably quantified.	May require ongoing funding to administer over time.		Introduce and pass legislation in the state.
<b>7. Rural Commercial Recreational Development Options</b>	Pursue legislative changes which will enable commercial development near recreational areas outside of existing urban areas and LAMIRDS to serve recreational land users.	Private lands near recreational access points to public lands and facilities	This component of the IWRMP proposes significant acquisitions of private land which will likely be open to the public. In addition, NRA designations and recreational infrastructure development are likely to increase the demand for recreation on these properties. Recreational visitors will likely take advantage of services offered near recreational areas if available. At present, the County is limited severely by state growth management statutes which present significant barriers to commercial development in rural areas. However, the County could benefit significantly from job growth and development related such industries as well as an improved tax base.	The County and Washington State Agencies including Ecology and WDFW jointly support enabling legislation.	State government	Unknown		Greater flexibility in rural land uses appropriate for development near recreational areas. Sales tax benefits, property tax benefits, economic growth potential.	Legislation is difficult to pass. Efforts may take years to complete if at all. Requires private investment before any monetary benefits would be realized.		Introduce and pass legislation in the state

**Economic Mitigation Strategies Matrix**  
*Continued*

Funding Option Name	Definition	Applies to	Justification	How it Works	Funding Provided by	Precedence	Examples in Practice	Strengths	Weaknesses	Funding Details	Implementation Process
<b>8. Local Hydroelectric Energy Generation Research and Development</b>	Assure that Kittitas County and/or entities within Kittitas County have the legal right and access as well as funding for research and development related to hydroelectric energy generation locally within the infrastructure improvements being implemented as components of the IWRMP.	Water Delivery Infrastructure	Opportunities for research and development can create professional-level employment opportunities for residents in Kittitas County. Such opportunities help to support families, diversify the local economy, and foster a healthy economic climate. Opportunities for research and development like this would also be a significant benefit for local entities such as Central Washington University and may help contribute to the overall viability and sustainability of the institution. Any significant advances made from such efforts may present opportunities for development within the local area, further contributing to the long-term economic health and viability of the region.	Access to infrastructure and funding for research and development is granted to Kittitas County and/or other relevant entities within the County (such as CWU).	State or Federal government	Unknown		Could provide long-term benefits for a variety of interests in the County and region. These interests include local economic benefits and sustainable environmental benefits.	Success depends on several factors including availability of funding, local expertise in applied technology development, market demand for energy created, potential marketability of any products created, and willingness for local participation.		
<b>9. Teanaway Road Improvement Project</b>	Re-authorize funding for the Teanaway Road improvement project which will provide more efficient and safer access to the lands being acquired in the Teanaway Valley.	AFLC lands and other public lands in the Teanaway	Teanaway Road is in need of improvements to provide better and safer travel routes to the already heavily used lands in this area. These studies show demand will likely increase significantly if this acquisition is made, compounding this issue. The improvements will also assist in making maintenance and emergency response more efficient. This project has been in process for several years with partial funding for various planning and environmental assessments, but lacks full funding for construction. It currently is part of the County's 6-year transportation improvement program. The county has already invested \$25,000 in local funds, and \$52,500 Federal Highway Administration fund into this project.	A one-time appropriation is made to complete the project.	Federal Highway Administration Forest Highway Projects Fund	Yes – Road improvements are often required under SEPA and NEPA for impacts related to project proposals.		Would provide significant benefits to local residents as well as visitors to the area. Would improve long-term maintenance efficiency and create a safer travel corridor reducing long-term costs to the County.	Does not account for long-term maintenance cost associated with ongoing use of visitors to the area. Requires cooperation from appropriating agency for authorization of the project and funding.		Introduce concept in the IWRMP process, and include funding in the authorizing legislation for the overall IWRMP.

**Economic Mitigation Strategies Matrix**  
*Continued*

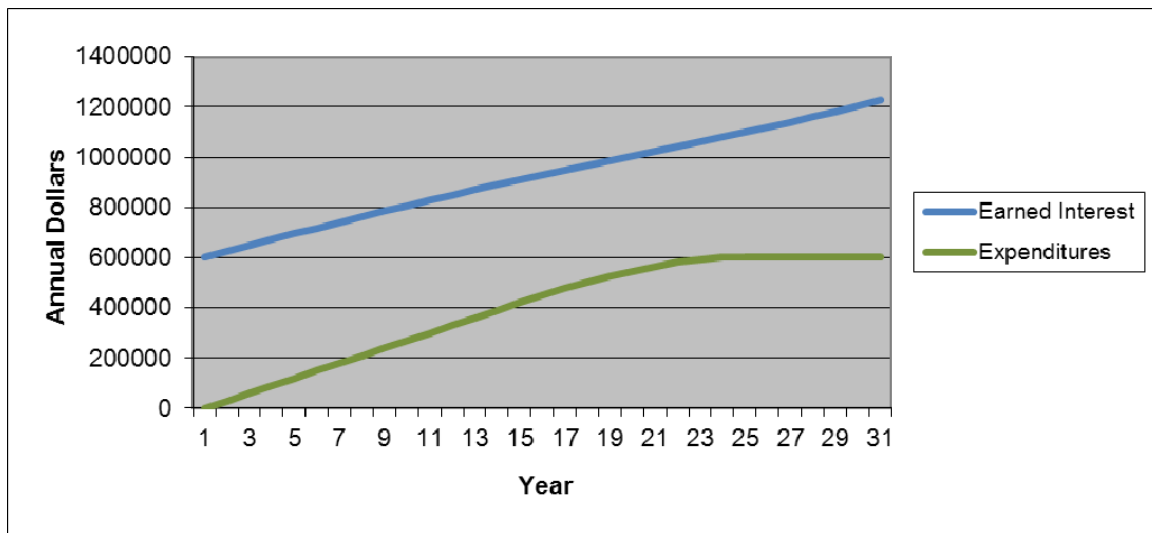
Funding Option Name	Definition	Applies to	Justification	How it Works	Funding Provided by	Precedence	Examples in Practice	Strengths	Weaknesses	Funding Details	Implementation Process
<b>10. Yakima River Canyon Scenic Byway</b>	Support implementation of the Corridor Management Plan elements relating to the tourism/promotion, transportation safety, education, interpretive facilities, habitat restoration and recreational uses of the Canyon.	Public lands within the Byway in Kittitas and Yakima Counties	The Integrated Plan proposes a new dam in the middle of the Yakima River Canyon Scenic Byway at Wymer. Impacts of the dam and associated infrastructure are unknown, but the scenic values of the byway may be compromised. This mitigation would allow for improvements to the byway to offset the dam, infrastructure and increase in use of the byway for industrial equipment. This mitigation will also allow for an educational/interpretive center to be established at the mouth of the Canyon that can also serve to educate about the dam project.	The Corridor Management Plan lays out strategic and prioritized vision, goals and objectives for the byway and is a product of the Department of Transportation and the 30-member byway partnership (private and public partners). Implementation of specific elements of the plan should be supported by the Integrated Plan as time and funding allows.	State and Federal government	Unknown		The Byway is an important economic driver for Kittitas and Yakima Counties – with the only blue ribbon trout stream in Washington State, being the first designated byway in the state and hosting tens of thousands of visitors every year who take advantage of the scenic drive, recreational opportunities and wildlife viewing.	Will require ongoing funding to administer over time.		Requires both state and federal legislation that could be tied to IWRMP authorization.
<b>11. Community Forest Operations and Forest Health Practices</b>	Support implementation and operation of the Community Forest board and forest management once Teanaway and other conservation properties are purchased under the Integrated Plan. This mitigation would also support the investigation and eventual implementation of a biomass facility for forest products within Kittitas County.	Public and private forested lands in Kittitas County conserved by the Integrated Plan	The Teanaway and other forested lands in Kittitas County are in need of extensive forestry activities and management plans to improve forest health. This mitigation would allow for the Community Forest board to function, hire staff, create management plans for the conserved forested lands under the integrated plan, and provide for a biomass facility to convert forest products into energy.	Once established, the local Community Forest Board would write a management plan, investigate biomass production and undertake forest health management activities.	State and Federal government	Unknown		The timber industry used to be a strong part of the Kittitas economy. Due to many factors that is no longer the case. The forests are now suffering from overgrowth, disease and are potential major forest fire hazards. This mitigation proposal would work to reducing those threats to forest health, and provide an economic driver for Kittitas County.	Will require ongoing funding to administer over time.		Introduce concept in the IWRMP process, and include funding in the authorizing legislation for the overall IWRMP.

## Examples of How a Maintenance Endowment Works

In general, an endowment provides principal (seed money) that can be placed strategically (usually by an investment management board) in low- or moderate-risk investments. The annual earnings from these investments can then be used for authorized purposes; any unused portion is added to the principal, which generates greater returns in the future. The principal itself may *not* be used for purposes other than reinvestment; unused earnings may or may not be used in the future, depending upon the rules under which the endowment is established.

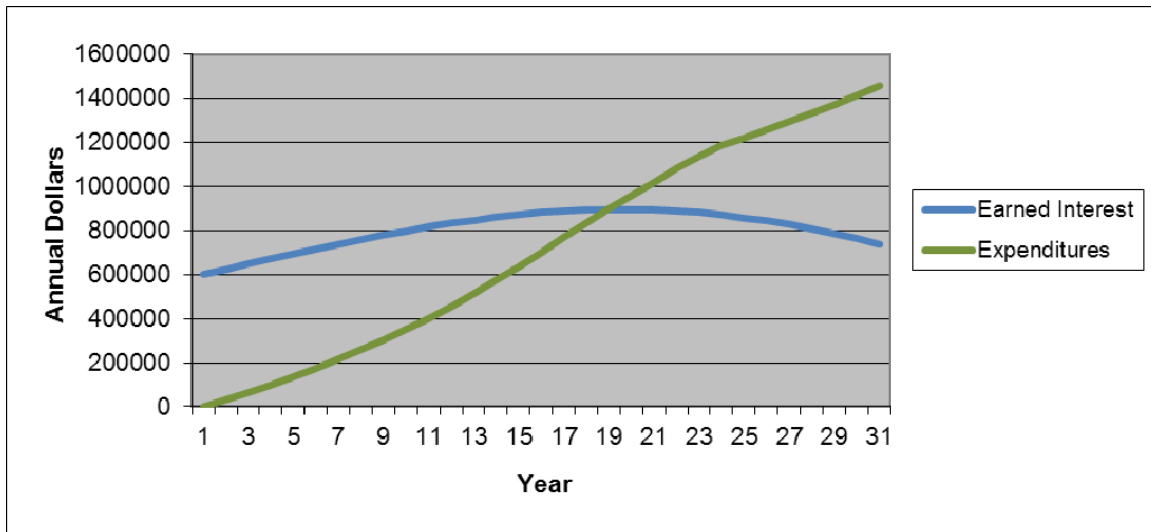
### *Example 1 Assumptions:*

- ◆ \$15 million endowment, invested in Year 0
- ◆ Annual average return of 4%
- ◆ Expenditure requirements are \$0 in Year 0, but increase to \$600,000 per year after 20 years. Unused portion of earnings is reinvested.
- ◆ Costs remain constant (no inflation).



**Example 2 Assumptions:**

- ◆ \$15 million endowment, invested in Year 0
- ◆ Annual average return of 4%
- ◆ Expenditure requirements are \$0 in Year 0, but increase gradually for 20 years. Unused portion of earnings is reinvested.
- ◆ Costs are assumed to increase with 3 percent annual inflation.



**Notes:**

- ◆ Example 1 shows a sustainable endowment.
- ◆ Example 2 is not sustainable under the current assumptions. This could change by:
  - Increasing the size of the initial endowment, or by allowing contributions to the endowment (e.g., donations) to increase the annual earnings.
  - Increasing the expected annual return (assumed to be 1 percent above inflation in Example 2) through a more aggressive portfolio of investments.

## Recommended Considerations When Selecting Preferred TWPEC Economic Impact Mitigation Options

- ✓ **Transparency:** Directness and Clarity of the Relationship between the Mitigation Option and the Impacts Being Mitigated
- ✓ **Precedence:** Track Record of Successfully Being Implemented Elsewhere in Similar Situations
- ✓ **Analysis:** Ease of Computation and Definition of Mitigation Option Details Necessary for Establishment
- ✓ **Implementation:** Simplicity and Ease of Approval and Establishment
- ✓ **Operation:** Simplicity and Ease of Operation
- ✓ **Effectiveness:** Derives Funds that are Sufficient to Cover Net Costs Incurred
- ✓ **Certainty:** Certainty that Mitigation will Continuously Occur