

Improving Organizational and Conservation Capacity: Options for Maryland's Lower Shore Land Trust

Final Report

A Collection of Sustainable Financing Strategies for the Lower Shore Land Trust

Prepared for the Lower Shore Land Trust by
the **Environmental Finance Center** and **Defenders of Wildlife**



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Executive Summary

Background

As a part of the technical assistance that the Defenders of Wildlife and the National Park Service are providing to the Lower Shore Land Trust (LSLT), the Environmental Finance Center at the University of Maryland (EFC) has worked with program partners and LSLT staff and board members to develop a set of suggested financing opportunities for growing the organization and expanding its impact in the three-county service area.

The Financing Workshop

On Saturday, June 25th program partners hosted a four-hour financing workshop for the LSLT board and staff at the Sarbanes Ecology Lab in Berlin, Maryland. This session was designed to examine existing capacity and income, and then determine how LSLT might best expand capacity and generate additional revenue for implementing their conservation priorities.

Unlike other watershed organizations, land trusts have a particularly important responsibility – to exist in perpetuity. For land trusts, the financing need is two-pronged: a sustainable financing strategy that provides the organizational capacity to carry out the day-to-day operations, and the resources necessary to implement the on-the-ground conservation activities that support the land trust’s mission.

For the LSLT, unrestricted income, which enables day-to-day operation of the organization, currently comes from individual and corporate charitable donations, board support, and interest income; this totals approximately \$50,000. Restricted income, which is dedicated to specific conservation activities and expenses, comes primarily from grants and compliance fees associated with certain easements; this also totals approximately \$50,000.

Suggested Financing Options

To operate at the level that that enables the organization to pursue the protection of the lands identified as priorities for the organization will require additional personnel and support resources. The current operations and implementation budget will likely need to be doubled over the next three to five years at a minimum. Based on an analysis of existing revenues sources, potential new opportunities, and consultation with LSLT staff and program partners, the EFC suggests the following:

Make the most of the programs that have proven effective to date.

Strategically recruiting new board members and volunteers enables an organization to select individuals that fill certain capacity gaps within the organization, such as administrative skills, legal expertise, or connections to local leadership.

Developing appropriate policies, procedures, and long range plans, and being held accountable to these standards ensures an organization operates efficiently and decision-making and activities stay on-target.

Board giving and getting and fund raising activities and events have been central to generating unrestricted income to date. Identifying ways to ramp up these activities, with

clear expectations, formal fund raising plans, and specific individuals responsible for implementation could result in a measurable increase in income.

LSLT has also been receiving **compliance fees** from Maryland's Department of Natural Resources (DNR) for Rural Legacy and Conservation Reserve Enhancement Program (CREP) easements in the region. Any opportunity to expand these types of contractual fees should be explored.

Voluntary and donated easements have been a mainstay for protecting land in the LSLT region. These programs will continue to be useful tools for pursuing prioritized lands that meet programmatic criteria. In addition, promoting the tax incentives available to landowners who donate easements will continue to be a strong selling point for some property owners.

LSLT has made effective use of the **public and private grant programs** available for land protection. Although grant programs do not provide a sustainable income source, they provide critical dollars that can launch initiatives and build momentum, obtain much needed equipment for day-to-day operations, or bridge land transaction funding gaps. Continuing to cultivate existing funder relationships, as well as considering new programs when programmatic requirements meet priority property characteristics, will continue to be an important part of building the capacity of the organization.

Investigate the feasibility of new revenue generating opportunities.

The new opportunity, with perhaps the greatest potential for relatively quick impact, would be to develop a **major donor program**. A major donor program provides an organization's supporters who have the capacity to give more than the average donation an avenue to do so while achieving an increased level of recognition in the process. LSLT has developed a supporters program for the purpose of initiating a way for individuals to donate to the organization. In addition to the individuals that comprise the LSLT supporter base, the family foundations and corporations operating in the LSLT region would be viable major donors as well.

Many land trusts have successfully raised funds by putting **voluntary surcharges** in place. Voluntary surcharges offer a way to expand upon the corporate sponsorship concept; however, in this scenario the funds generated are not coming from the merchants themselves, but rather their clientele. In virtually every example of land trusts taking on this type of revenue generator, board involvement was critical to the programs' success. These programs can be time-consuming to establish, market, and maintain. However, structured properly and with ample board involvement, a voluntary surcharge program with local businesses, particularly those whose livelihood is closely tied to maintaining the landscape and heritage of the region, could generate significant, steady income for the LSLT.

When a land trust commits to holding an easement, the organization is committing to protecting that land in perpetuity. So, even easements that have been donated to LSLT come with long-term costs. Clearly the minimal level of **easement fees** collected by LSLT is not sufficient to properly monitor the easements currently under LSLT's purview, let alone

the additional easements that implementation of the land preservation priorities identified. Other land trusts charge administrative fees and stewardship fees in the range of 3% and 1.5% of the purchase price respectively.

LSLT needs to consider adding a fee system to the easements they agree to hold that do not already have a fee in place. As a part of this process, the LSLT board and staff should develop criteria and board-approved policies that determine the land transaction scenarios that are triggered when these fees are charged and when they are not charged or waived.

Transfer and other specialty taxes are being used in communities across the country to fund land preservation and land trust activities. A number of Maryland counties charge a transfer tax over and above that charged by the state and use a portion of these funds specifically for local land preservation, often in the form of voluntary easement and installment purchase agreement scenarios. Clearly, the local tax option does not necessarily equate with a flow of funds to the LSLT. Transfer and other taxes typically fund county or local government programs; however, there may be a unique opportunity for the LSLT. Currently only Worcester charges a transfer tax above and beyond that which the state charges. None of the counties in the LSLT region have a specific agricultural transfer tax in place. If the LSLT worked with local officials to create an incremental financing district to charge higher tax rates for second homes, or for properties that transfer out of agricultural use, the proceeds from these taxes could go to a fund dedicated for easement purchases, with LSLT providing guidance to the local jurisdictions as the highest priority lands to protect, and possibly even developing a fee-for-service agreement for management and stewardship of these easements.

Bond Initiatives are essentially loan programs with fixed terms that are traditionally used to fund specific project tied to community needs such as roads, or schools, or other local services. In these scenarios, voters agree that a portion of taxes collected can be used to pay for the loan that funds a specific project. According to the Trust for Public Land's, [LandVote](#) database, in 2009 25 of 40 proposed measures passed, devoting more than \$600 million to conservation programs in communities nation-wide.

Of course while these types of programs can be lucrative, instituting new funding sources like these requires a tremendous amount of commitment on the part of both the local leadership who will need to make the difficult, and often politically unpopular decisions needed to put these funding programs in place, as well as the citizens who will ultimately pay for these programs. In addition, these are also not measures that can be implemented quickly or necessarily generate funds directly to LSLT, but would increase the land preservation resources available in the region.

Enhance and expand partnerships.

Perhaps the greatest opportunity to reduce costs for any organization is to **enhance and expand partnerships**. Land trusts that develop strategic partnerships at the federal, state, local, and private levels can do more than position themselves for funding opportunities. These relationships can facilitate the sharing of information and the exchange of resources, creating efficiencies and potentially reducing program costs for both organizations. These

associations can also enable the coordination of priorities for resource protection in a region generating additional efficiencies.

The suggested financing options presented here focus on existing LSLT activities and the new mechanisms with the greatest potential and best-suited to meet LSLT's goals. There is, of course, a much broader universe of financing mechanisms that could present additional opportunities of varying scale for the LSLT.

Introduction

Even the best and most thoroughly thought out conservation strategies will do little more than collect dust unless a financing strategy, or “how-to-pay” plan, is created. Developing an effective financing strategy for any effort is a process involving far more than securing funding.

This process must begin with determining the specific goals of an organization, the costs associated with putting needed programs in place to achieve these goals, and the organization’s existing capacity to pay for these efforts. Then it is necessary to identify what additional fiscal resources will ultimately be necessary to attain organizational goals. By engaging in this process, an organization is able to increase the efficiency of existing efforts and capitalize on new funding opportunities in a manner most appropriate to their specific needs and ideal outcomes.

Unlike other watershed organizations, land trusts have a particularly critical responsibility – to exist in perpetuity. Financial stability sustains and enables a land trust to carry out its mission in perpetuity, and diversity is the key to achieving stability. Dependency on a single funding source can lead to quick gains and quick declines. As foundation programs narrow their focus and competition for federal grant dollars increases, land trusts must be strategic in developing their financing plans. Establishing a diverse funding base and developing and drawing on partnerships at a variety of levels are essential to creating a financial plan that will support land conservation goals.

The Lower Shore Land Trust (LSLT) has identified activities that should be pursued in the near future (three to five years) to implement the land conservation priorities identified in this plan. The future actions generally encompass the following three key areas of focus:

- 1) Building organizational capacity for more effective land conservation;**
- 2) Implementing new tools for land conservation; and**
- 3) Reinforcing existing and forming new partnerships.**

Grant funds can be an effective way to launch programs and build momentum with implementation efforts, however, there is not, never has been, and never will be enough grant funds, either public or private, to achieve all of a land trust’s conservation goals. A combination of cost reducing measures and additional revenue streams make for an effective long-term financing strategy. Although there is a broad universe of financing mechanisms, much of which is described in Appendix A, this document will focus on existing LSLT activities and the new mechanisms with the greatest potential and best-suited to meet LSLT’s goals.

Building Organizational Capacity

The land trust's total annual budget (unrestricted and restricted funds) is currently in the neighborhood of \$107,000. There is an endowment of approximately \$114,000. Below is a list of current revenue generators for unrestricted and restricted operational income.

<i>Current Financial Mechanisms</i>	<i>Current Budgeted Annual Income</i>
Board Giving	\$7,000
Events	\$10,000
Supporters	\$5,000
Major Donors/Corporate Sponsorships	\$10,000
CREP Admin Fees	\$15,000
Project Grants	\$53,000
Interest from invest.	\$7,000
Total	\$107,000

The LSLT currently has a volunteer board of 12. They have one full-time executive director and a full-time stewardship director, who work in a shared office in Berlin, Maryland. To date, they have protected approximately 15,000 acres with close to 85 conservation easements through state purchase easements programs and donated easements.

The LSLT is able to complete about two to five easements annually working with Maryland's Department of Natural Resources (DNR) and the Maryland Environmental Trust (MET). The organization currently has the capacity to monitor about 30 of the more than 80 easements they hold and are at the limit of their capacity to effectively meet additional responsibilities of protecting more land in perpetuity.

In the coming years, the LSLT will need to determine the extent to which it would like to expand organizational capacity to accommodate an expanded role in the community and the responsibilities that come with protecting additional acres of land. This will potentially require coordinating landowner outreach, complex land transactions, annual monitoring, and possibly the legal defense of the easements held. If the opportunity to own properties arises, there will be new land management responsibilities. In addition, there are organizational costs associated with all of these responsibilities, and obviously this capacity will not materialize overnight - it must be planned.

The participation of the staff, board, and many partners in the process of identifying the conservation priorities at the landscape level within the service area has substantially increased both the capabilities and effectiveness of the land trust. **The primary goal of LSLT is to protect as much of the land identified as a conservation priority as possible within the three-county**

service area. It is important to keep this in mind at all times and continually evaluate LSLT efforts to determine whether the organizational resources expended in certain activities will pay a sufficient dividend in protecting acres from development. All other aspects of the organization should play a supporting role to this goal.

Prioritization of the lands within the LSLT service area combined with the parcel data from the counties will enable the LSLT to identify high priority parcels for conservation and communicate directly with these landowners or to evaluate the relative priority of a parcel (conservation value of the parcel relative to the larger landscape) at the request of the landowner inquiring about conservation easements. Board and staff recognized that expansion of the land trust's ability to effectively target landowners and protect priority parcels, as well as their ability to fulfill their responsibilities for annual monitoring of all easements, will require the land trust to build organizational capacity. Within the next few years, LSLT will likely require additional full-time staff and office space. In addition, the LSLT has successfully recruited a Volunteer Maryland Coordinator this year, and the organization will need to find additional desk space. Being able to provide longer-term job security is recognized as important for hiring and maintaining quality staff.

Of the board members and staff surveyed, most felt that making use of the limited additional space available at the current office site should meet LSLT's needs for the near future. However, a few respondents mentioned that the second floor space was not ideal and expressed a desire for a more visible presence. Work-from-home policies and procedures were suggested as well.

Respondents also agreed that planning for the retention of the Volunteer Maryland Coordinator should begin now, and that fundraising success will ensure the resources to keep this person on staff beyond their voluntary term. Building a strong volunteer core will not only line up potential additional supporters but also provide success stories that LSLT can point to when seeking funding from donors and other sources. Being able to articulate the successes of the Volunteer Maryland Coordinator will be critical to "selling" to funders the concept of keeping this person on staff.

Board and staff respondents agreed that additional resources to develop stewardship and legal defense funds would also be necessary over the next three to five years. The suggested increase to revenue ranged from an additional \$50,000 to \$100,000 and beyond. Increasing revenues to these levels will likely involve a strategy that draws on a number of specific strategies.

Cost Reducing Strategies

Examining operations and procedures and creating efficiencies can reduce organizational costs. There are a number of ways the land trust might do this, many of which the LSLT is currently employing.

Strategic Planning

Strategic planning enables a land trust to establish organizational priorities. A strategic plan can then serve as a guiding document to aid decision-making and ensure that resources are

only devoted to activities that meet the organizational mission, vision, and values. In 2008, LSLT developed an organizational strategic plan, which the board is currently reviewing and updating.

When asked about the existing strategic plan, the vast majority of board members supported the document and believed its implementation, including staffing up, having adequate technology available, and meeting LTA's facilities requirements, which would require a significant level of additional funds, perhaps twice LSLT's existing revenue level. Board members felt that LSLT runs a "tight ship" and that there was little opportunity to reduce costs. Most saw improving the volunteer core and pursuing revenue streams like large-scale grants, fundraising activities, and a major donor program as the best set of solutions.

Board Development

An active and engaged board is critical to land trust success. Establishing strong board representation from all three counties is a high priority for LSLT to ensure adequate representation throughout the service area. Strategic board recruitment can also help to address capacity gaps within the organization. Seeking out new board members that have needed skill sets, such as investment knowledge or legal expertise, can reduce the amount a land trust needs to invest in these services.

Overall, board members felt that board attendance and involvement was good. There was a recognized need to build strong committees and to perhaps include non-board participants on these committees to broaden LSLT's reach and spread board and staff responsibilities over additional supporters. It was also largely agreed that board recruiting should be more strategic, with set procedures, an official job description, and a need to recruit new members with a connection to financial resources in the region and a willingness to actively fundraise. There was also interest in diversifying the make-up of the board.

Volunteer Efforts

Strategic volunteer recruitment can be an equally effective way to address organizational needs. Finding reliable, skilled volunteers can help off-set the costs of day-to-day activities such as monitoring or bookkeeping.

LSLT is slated to host a volunteer from an AmeriCorps Program called Volunteer Maryland. This Volunteer Maryland Coordinator will be tasked with organizing a volunteer easement monitoring program.

Although board members felt that it was important to continue to actively recruit and use volunteers, many felt it would be difficult to reduce existing costs any further through these activities (e.g. having volunteers replace the work of paid staff). However, respondents saw opportunities for building the capacity of the organization by engaging volunteers to assist with monitor easement, events, and day-to-day administrative duties. Seeking interns from some of the near-by college programs was of interest to many respondents.

Policies and Procedures for the Conservation Program

Through their accreditation program, the Land Trust Alliance has developed detailed standards and practices for land trusts. LSLT adopted these standards and practices, and the Maryland

Environmental Trust conducted a workshop at the Board Retreat on June 24th, 2010, and compiled a report entitled “Improving Organizational Capacity Lower Shore Land Trust: Assessing Your Organization”, which is the process of identifying gaps and developing a work plan to put the policies and practices in place. One of the greatest challenges to becoming accredited will be to demonstrate that all of LSLT’s easements are monitored annually for 3 consecutive years and that there is adequate stewardship and legal defense funds in place.

Revenue Generators

Although board and staff were divided on the extent to which board giving should increase, all agreed that maintaining the current level of grant income while expanding the revenue generated from events, supporters, and major donors, with many looking to double or triple the income from these activities. Of the new financing mechanisms suggested, voluntary surcharges and merchandizing received the most board interest. Although one board member questioned the need for fee-for-service income, the majority felt this was another opportunity to increase revenues. One board member also questioned the need for raising stewardship and legal defense funds.

Board Giving

The commitment of a land trust board member extends beyond active participation. There is an important financial commitment to generate funding for the organization as well.

Board giving is critical for a number of reasons. There is, of course, the obvious revenue impact of board donation(s); however, there are other impacts that benefit the organization as well. Board members who give are often more effective fundraisers. Board members who have made a personal financial commitment to their organization are more readily able to motivate others to do the same. In addition, potential funders will often look at board giving levels as an indicator of organizational strength and sustainability.

Board getting is important to organizational success as well. Having clearly established fundraising goals and expectations are critical to successfully engaging board members in fundraising activities. Tailoring outside fundraising activities to the knowledge, skill set, and experience of the individual members can be an effective motivating tactic as well.¹

Although the LSLT has many incredibly committed board members, the \$7,000 raised annually is not nearly sufficient. Creating a codified board fundraising plan that clearly defines a board member’s fundraising responsibilities would make significant strides in growing the organization.

Many felt that establishing a give/get policy would be difficult due to the nature of the communities LSLT operates within and the broad range of board incomes. Some flat out disagreed with the concept. Of those who did suggest a set annual give/get amount, answers ranged from \$100 to \$500 to \$1,000.

¹ Some information in this section has been summarized from www.rivernetwork.org/rn/fundraisingguide/board, accessed June 2, 2010.

One board member emphasized that an expected annual contribution need not come directly from the board member themselves and that there are opportunities for funds to be solicited from other contacts, colleagues, or business associates. An individual's capacity to donate or solicit donations should be an important consideration during the board recruitment process.

Fundraising Events

Fundraising events and activities like auctions, festivals, tours, and classes can be an effective way of bringing in revenue while spreading the word about an organization. The LSLT hosts several regular fundraising events each year. The annual Native Plant Sale nets approximately \$2,500. A fall BBQ fundraiser and fall cocktail party are hoped to raise an additional \$7,200 total. However, events can build momentum over time, so if they are not "profitable" the first year, they may have the potential to generate more net income over time. Careful budgeting and local merchant engagement in sponsorships (see below) and donations can help reduce expenses and increase income.

Staff and board members surveyed supported continuing to host LSLT's annual events, and although one board member disagreed, the majority of these respondents thought adding one major event in partnership with other organization(s) in the region would increase event revenue. It was felt that partnering with other local NGOs and having a profit-sharing agreement for the event would help spread the responsibilities of event management over more entities and would help to address some of the competition issues that arise with other organizations operating in the region. Other suggestions to maximize income from events included seeking underwriting or sponsorship of the events from the local community, better utilizing volunteers for event management, and better marketing of LSLT and the events.

Board and staff both cautioned that the events should be considered carefully as to the extent to which they help meet LSLT's mission and whether the level of effort and resource demand required exceeds potential income.

Foundation Grants

Although there are rarely private grants available to fund the salaries and overhead that make the day-to-day operations of a land trust or watershed organization possible, there are programs that could fund needed equipment such as computers, monitoring gear, or tools that facilitate program implementation. Although grants are not typically a good source of operational funding because of their finite nature, one-time equipment purchases or upgrades would be an appropriate use of these types of funds.

The Chesapeake Bay Trust and the foundations that make up the Chesapeake Bay Funders Network are the most likely sources of these types of funds for the LSLT. MET also offers some small-scale grant opportunities. The LSLT has tapped into these sources in the past and should continue to demonstrate their ability to use private dollars efficiently and effectively to maintain their relationship with these funders.

As foundation grant dollars become scarcer and the number of organizations in need of funds expands, there has been a significant increase in the level of competition for even the smallest of grants. The LSLT will need to be strategic in identifying which grants to pursue and which

may not be the best use of the limited personnel and resources available. In addition, as funders more closely target their grant programs to specific activities, the LSLT will need to consider how to “package” their land protection efforts in a way that resonates with the funders’ priorities.

The majority of the board and staff felt that continuing to pursue grants was inevitable. However there were serious concerns expressed with regard to the extent to which the organization relies on these funds given that they are not a steady, dedicated, sustainable revenue source. There were also concerns regarding the “mission creep” that can occur when an organization is in the position of crafting programs or proposals to meet RFP requirements and not their own mission.

Corporate Sponsorship

The LSLT currently raises \$10,000 annually from corporate sponsorships. Corporate sponsorship can offer an effective way to connect with local retailers while developing a revenue stream. Developing a strong rapport with corporate or business sponsors can extend their involvement beyond making a donation into helping to promote the organization, upcoming activities, and contributing products or other resources for events.

[Portland Trails](#), an urban land trust in Maine, has an adopt-a-trail program for their corporate sponsors, which offers a promotional opportunity in exchange for the retailer’s donation. Consideration should be given to exactly what types of businesses are or are not appropriate partners and the board may want to develop guidelines to this effect.

All surveyed indicated that corporate sponsorship offered a major opportunity for increasing fundraising revenue. It was suggested that corporate sponsorship could be increased if opportunities to advertise in a newsletter, on a website, or at an event were available to businesses. The ability to articulate LSLT’s success to the community is an important selling point as well. Only one board member named specific potential sponsors they could pursue.

Contracted Fee-for-Service

Some land trusts enter into contracts with other land trusts or state or local agencies and charge fees for services provided. These services can range from mentoring, to monitoring, to educational programs. In some communities, a local land trust manages required development open space set-asides for a fee.

Currently, LSLT receives 1.5% of easement value by the DNR for compliance for Rural Legacy CREP easements. These funds are restricted and only the interest is permitted to be used for monitoring and costs associated with monitoring. This is expected to total approximately \$15,000 for 2010. LSLT will be reimbursed 3% of the easement value for administrative fees for CREP easements, although it is difficult to determine that amount at this point.

All respondents felt that establishing set fees for the administration, stewardship, and legal defense of donated easements is needed. There were some concerns expressed regarding the scale of these fees and the hopes of establishing a system that accommodates interested land owners who simply lack the resources to pay these fees. One board member questioned whether these fees were worthwhile.

Membership and Major Donor Programs

A major donor program provides an organization's supporters who have the capacity to give more than the average donation an avenue to do so while achieving an increased level of recognition in the process. The threshold for what is considered a "major" donation differs from one organization to another, as does the method of recognition.

A critical first step in developing a major donor program is to identify which supporters have the potential to become a major donor. Then determining what motivated these prospects to participate in the organization will help in crafting an "ask" that engages potential major donors and moves them to give more. Donor clubs, with varying levels of recognition based on the level of giving, have proven to be an effective marketing tool for participation in these types of programs. In addition to the individuals that comprise LSLT's supporter base, the family foundations and corporations operating in the LSLT region would be viable major donors as well.

Major donor programs can benefit from having a strong membership base to tap into. For many land trusts and watershed organizations, developing a strong membership base can aid in diversifying the organization's funding sources and the annual dues associated with membership can provide a steady flow of unrestricted funds. A strong membership base demonstrates organizational strength and longevity to foundations, potential corporate partners, and other funders. They can also serve as a pool of potential volunteers for events, implementation projects, and day-to-day operations as well as potential donors of larger gifts, bequests, and the like.

A membership base also provides an audience for routine donor appeals. These appeals are not only a method of raising funds, but serve as a way of letting the membership know what types of accomplishments the organization is making, thereby strengthening the organization's connection with the membership base. Special appeals or capital campaigns that target giving for a specific purpose also rely heavily on members, although these tend to serve as a source of restricted funds. The LSLT currently conducts mail-in campaigns, which raise approximately \$5,000 annually.

LSLT has developed a supporters program for the purpose of initiating a way for individuals to donate to the organization. In order to grow this program, consideration will need to be given to what types of benefits the organization can provide members to motivate participation, how those benefits might be elevated for major donors, and perhaps most importantly, whether the organization has the resources, in terms of both staff time and finances, to provide prompt and consistent contact with the membership base and the research and recognition a successful major donor program requires.²

One tool many organizations and businesses have found to be an effective, yet a low-cost, low-effort way of maintaining contact with supporters or clientele is an electronic messaging service used to send announcements, invitations, and newsletters. For a flat monthly fee (usually

² A number of the concepts described here are summarized from information found in the River Network's fundraising guide www.rivernetwork.org/rn/fundraisingguide accessed June 4, 2010.

starting around \$15), a subscriber can send an unlimited number of emails to up to set number of contacts (usually starting at around 500). Most programs offer free-trial periods and discounts (10% to 15%) for paying six months or one year in advance. For additional monthly fees, there are survey and event promotion services.

The service also provides the ability to track which supporters opened the email and exactly which links, if any, they followed. This feature could be a particularly effective tool for identifying potential major donors.

While one board member did not support the creation of a major donor program, the majority of the board and staff respondents expressed an interest in doing so. It was suggested that small-scale, low labor-intensity events like easement walks could be used to increase LSLT visibility and identify individuals with an interest and ability to give on a larger scale than the average supporter. A broader membership base, an electronic communications plan, a formal brochure, and hiring a professional were suggested as other tools that could help launch and support a major donor campaign.

Voluntary Surcharges

Voluntary surcharges offer a way to expand upon the corporate sponsorship concept; however, in this scenario the funds generated are not coming from the merchants themselves, but rather their clientele. These programs can be structured in a number of ways but all function similarly. In most cases, local merchants, utilities, or other community service providers agree to collect funds from their routine sales transactions or bill payment on behalf of a charitable organization.

In opt-out programs, a small percentage is added to a consumer's bill as a donation to the charity which the consumer has the option to opt out of paying. For example, the Tecumseh Land Trust in Ohio has established a program called 1% for Green Space through which approximately 40 local businesses collect a voluntary 1% donation to the trust. All but 3% admin fee goes to on the ground preservation efforts.

Although similar to opt-out programs, add-on programs give a consumer the opportunity to add an amount of their choice onto a bill as a donation to a charity. These can be done as point-of-sale transactions where a cashier rings up a specific SKU for the donations, which simplifies accounting, or as a check-off program as is done on many tax forms.³

Round-up programs have been effective fundraisers as well. These programs offer bill- or rate-payers the opportunity to round their bill up to the nearest whole dollar with the change as a donation to the charity. [Palmetto Electric Corporation](#) in South Carolina created Operation Round Up which enables customers to round their bills up with the proceeds, over \$300,000 in

³ For the LSLT, any tax form check-off would need to take place at the local level. Donations made through the Chesapeake Bay and Endangered Species Fund check-off found on State of Maryland tax forms is legislatively obligated to be divided evenly between the Bay restoration grants program of the Chesapeake Bay Trust and the nongame and endangered species programs of the Wildlife and Heritage Service of the Maryland Department of Natural Resources.

2009, going to customers in need and a host of charities including Lights Out for Sea Turtles and Adopt-a-Highway.

Most land trusts adopt the opt-out model for their programs. Whether it is a “[Buck for Open Space](#)” of the [Truckee Land Trust](#), or “[1% for Open Space](#),” in virtually every example of land trusts taking on this type of revenue generator, board involvement was critical to the program’s success. In some cases, a board member was able to lead by example, launching the program through his or her own business. In other cases, board members played an important role in connecting the land trust with the local Chamber of Commerce or key early adopters and working to promote the program.

The existing examples of these programs tend to take one of two approaches depending on the community involved. Smaller communities with a strong, community-wide land ethic rely on many businesses adding a small surcharge. In larger, more diverse communities, programs have targeted a few businesses for larger amounts, particularly those whose economic success is tied to the landscape being protected, such as resorts, lodges, or recreational retailers.

These programs can be extremely time-consuming to establish, market, and maintain. If the organizational capacity does not exist to manage a program like this on a day-to-day basis, the program will lag, which hurts not only the credibility of the program, but the land trust itself. However, structured properly and with ample board involvement, a voluntary surcharge program with local businesses could generate significant, steady income for the LSLT.

The level of revenue generated varies, and is often somewhat community dependant. Crested Butte’s 1% for Open Space program raised \$1.18 million in its first ten years. Jackson Hole Land Trust’s program raised \$170,000 over six years, and the Nantucket Green Fund brought in \$225,000 over five years.⁴

Story Clark devoted an entire chapter of her book *A Field Guide to Conservation Finance* to the subject of voluntary surcharges. There are a number of case studies of successful programs included that would provide a good model for the LSLT in developing a similar program.

The majority of the board and staff surveyed felt LSLT should pursue a voluntary surcharge program. It was noted that the program would need to have a clear plan and thoroughly thought out to be able to build retailer interest and willingness to participate. Local farm stands, the Berlin Chamber of Commerce, business tied to recreational activities, and several local eateries were suggested as logical starting points for launching a voluntary surcharge program. One board member was not convinced that a voluntary surcharge program would generate a level of revenue sufficient enough to make the effort cost-effective; another simply did not support the concept.

⁴ Clark, Story. *A Field Guide to Conservation Finance*. Washington, DC: Island Press, 2007. pp 147-161.

Land Conservation Financing

Given the dynamic nature of the land and real estate market throughout the service area, it would be difficult to accurately estimate what the total costs would be to permanently protect the highest priority parcels. Clearly, however, protecting all the priority lands will require tens of millions of dollars in funding.

Effective implementation of this plan will require LSLT to reinforce existing partnerships and build new ones to develop innovative and efficient tools for funding land conservation. Ultimately, a plan to finance land acquisition of this magnitude must include significant funding partnerships. Obviously, the goal will be to leverage as many sustainable sources as possible to finance land conservation.

The LSLT recognizes that conservation easements have been and will continue to be one of the most critical tools it has for protecting high priority land from development. With very little local regulatory land use controls in place in the three counties, and increased vulnerability to development, land protection must be accomplished in other ways.

Workshop participants noted there is likely an increased opportunity for acquiring easements, given the current economic climate. The local real estate market has slowed considerably, and landowners have shown greater interest in available easement donation and purchase programs. In addition, current high crop incomes have produced more profit in farming, which has resulted in less pressure for development.

Market-based Approaches

The LSLT has made effective use of the land preservation opportunities that state programs offer. The following describes the extent to which these programs have been used and also examines the land conservation potential that a local level development rights purchase program may present for the lower shore.

Voluntary Easement Programs

To date, LSLT has focused on protecting properties with willing landowners through the two state purchase-of-easement programs identified below. It is doubtful that there would ever be enough state, federal, or private grant money available to finance the protection of all the high priority lands. However, these programs have proven highly valuable providing, and likely to continue to provide, grant funds to support LSLT's easement program:

1) Maryland Department of Natural Resources, Maryland Rural Legacy Program:

Provides grant funding to purchase easements in the three Rural Legacy Areas in the LSLT service area. Of close to 85 easements held by LSLT, 27 of these are in the Coastal Bay and Quantico Creek Rural Legacy Areas. The acres in Rural Legacy Areas total 7,425 acres.

Coastal Bay Rural Legacy Area includes 26,110 acres in Worcester County and is part of EPA's National Estuary Program. It falls within the Atlantic Flyway one of four migratory bird routes in the US. With 360 bird species and 68 species of reptiles (26,110 acres), the

Coastal Bay Watershed is considered to be one of the most ecologically diverse in the state.

Dividing Creek Rural Legacy Area, with over 23,000 acres in Somerset and Worcester Counties, is one of the most pristine and ecologically significant watershed basins in the Mid-Atlantic including exemplary plant and animal habitats (bald cypress and white cedar swamps, forest interior song birds, colonial water birds, and the federally endangered Delmarva Fox squirrel). The area provides ten miles of shore line on Diving Creek (this area overlaps with the Greenprint program) which connects to the Pocomoke river, which is a major tributary to the Chesapeake Bay. The area adds to large blocks of already protected land including Pocomoke State Forest, the Nassawango Creek Preserve, and the Coastal Bay Legacy Area.

Quantico Creek Rural Legacy Area, which spans 13,637 acres in Wicomico County, protects natural and cultural resources by preserving farms, forests, wetlands, water quality, and wildlife habitat. The area has been recognized for its rural character, open lands, cultural significance, and natural wildlife habitat as well as its water quality impact to the Nanticoke Watershed, while also supporting the local economy with improved opportunities to fish, farm, and participate in outdoor activities.

All board and staff surveyed felt that LSLT should continue to look to purchase easements in Maryland Rural Legacy Areas, being mindful, however, of the fact that although this program provides stewardship dollars, there are no funds for the administrative burden LSLT assumes by working through this program. All also agreed that targeting landowner outreach based on the established conservation priorities makes sense. Board and program partner participation in landowner outreach was said to be particularly effective.

2) *Maryland Department of Agriculture, Maryland Agricultural Land Preservation Foundation (MALPF):* This program is funded by a fraction of a percent of the real estate transfer tax. This program provides funding to purchase easements for agricultural land preservation.

The MALPF program is administered by each county in the LSLT service area. Although LSLT appears to be capitalizing on the funding opportunities of the MALPF program, the counties in the LSLT's region may not be. The Maryland Department of Planning and MALPF jointly certify county agricultural land preservation programs. Counties with effective local land preservation programs that achieve certification are able to keep 75% of the state Agricultural Transfer Tax revenue generated by their county. These funds are to be used specifically for land preservation in the county. Uncertified counties only receive 33% of their revenues.

As of January 1, 2010, 15 Maryland counties had achieved certification. Worcester County is the only county of the three in the LSLT region that is certified. Somerset is not certified and Wicomico recently lost their certification, meaning these counties are receiving less than half of the Agricultural Transfer Tax land preservation dollars they could be receiving. Although disappointing, this could be an excellent opportunity for

LSLT to work collaboratively with the counties to demonstrate a greater level of local land preservation and get additional MALPF funds flowing into the counties that have lost certification.⁵

Although LSLT does not directly handle MALPF easements, the organization does refer interested landowners to the proper county contacts. Nonetheless, regardless of whether an easement is held by LSLT or another entity, in this case MDA, protecting the land in the LSLT region in this manner serves the organization's mission and reduces the number of parcels LSLT needs to pursue outright.

The board and staff surveyed indicated that LSLT should continue to facilitate landowner participation in the MALPF program when the opportunity arises and most felt LSLT should work with the counties to develop certified programs. However, it was cautioned that this could put LSLT in the position of advocating for policy change, a role the organization will need to determine the appropriateness of, and assisting the counties might be better done as a part of a larger overall coalition of organizations.

Donated Easements

To date, LSLT has protected 30 properties with willing landowners through donated easements. The State of Maryland provides tax incentives to landowners who donate a conservation easement. These include:

- potential federal and state income tax deductions for the appraised value of the easement as a charitable gift;
- lower estate and inheritance taxes to reflect the reduced development potential of the property;
- prompt processing of easement agreements, typically within three to four months of the offer; and
- a 15-year state and local property tax exemption on the unimproved land.

These easements must be held or co-held with the MET for landowners who want to take advantage of state tax benefits.

All surveyed felt that LSLT should continue to work with MET on donated easements; however, it was noted that this relationship must be more clearly defined, particularly the funding process, as LSLT takes on significant administrative, stewardship, and monitoring responsibilities when assuming a donated easement. Many surveyed said this relationship should only continue if a fee structure is put in place.

Development Rights Programs and Installment Purchase Agreements

Development rights programs, which allow for the transfer of development rights (TDR) or purchase of development rights (PDR), have been an effective land preservation tool. Although they tend to function most efficiently when a regulatory driver is in place, as in Montgomery

⁵ Summarized from www.malpf.info/certification.html accessed June 8, 2010.

County, where aggressive zoning drives the market, there are a number of voluntary programs in other counties in the state that have been successful as well.

Twenty-five years ago Montgomery County created an Agricultural Reserve that includes 90,000 acres in the northwestern third of the county along the Potomac River. Aggressive zoning allows only one dwelling unit per 25 acres. In addition to the county's voluntary, county-wide PDR program, a TDR program was established to compensate farmers and other landowners in the Agricultural Reserve for the loss of the ability to subdivide their land. Landowners were granted one "development right" for every five acres of property. These development rights could then be sold to developers who could then use them to develop in designated areas in other parts of the county where the infrastructure to support this development already exists. To incentivize developer participation, those who purchase these development rights are permitted to develop at a higher density than normally allowed.⁶

Other counties in the state offer voluntary PDR programs. Anne Arundel County, for example, offers to purchase the development rights from interested property owners and places an easement on the land that protects it, but continues to allow agricultural activities to take place. The purchase is made through an Installment Purchase Agreement (IPA) administered by the MALPF program. The IPA commits the county to paying interest on the easement purchase to the farmer while paying the actual principal of the purchase price of the easement at a specified point in the future. This enables the county to stretch their land preservation dollars further, while still providing a steady, tax-free annual income to farmers and allowing them to defer the capital gains taxes on the purchase. This program is funded by annual tax revenue.⁷

In Howard County, IPAs are also used to purchase easements on properties that qualify for preservation. Again, to maximize the acreage that can be preserved, the county pays the purchase price under each IPA in 20 equal annual principal installments with twice a year tax-exempt interest payments.⁸ Howard County uses one-quarter of their 1% percent local transfer tax to support land preservation in the county.

Harford County uses limited cash settlements and an IPA program to purchase development rights. As in other counties, Harford's IPA program provides a tax-free income stream for the life of the agreement and a lump sum principal payment at the end of the term. As additional incentive to participation in the easement program, property owners also receive a 100% county property tax credit with a \$50 per acre cap. The program is funded with one-half of the 1% local transfer tax and has been highly successful. The Harford County Ag Preservation Program has protected over 27,000 acres.⁹

Although a voluntary PDR program would not necessarily bring revenue directly to the LSLT, unless a fee-or-service agreement for LSLT easement stewardship and management was reached with the counties, it would seem that a similar voluntary program could be an effective

⁶ Summarized from <http://mocoalliance.org/ag-reserve/history-of-the-ag-reserve/> accessed June 2, 2010.

⁷ Summarized from www.aacounty.org/RecParks/agricultural/AgPreservation.cfm accessed June 8, 2010.

⁸ Summarized from www.co.ho.md.us/News/News_20090512.htm accessed June 8, 2010.

⁹ Summarized from www.harfordcountymd.gov/parks_rec/LandPreservation/ch4.html and www.harfordcountymd.gov/PlanningZoning/index.cfm?ID=7 accessed June 6, 2010.

land preservation tool for the region served by the LSLT. Establishing and administering a program of this nature would require buy-in and partnership from the county governments involved, as well as a source of funding. Of the three counties in the region, only Worcester charges a transfer tax above and beyond that which the state charges. None of the counties in the LSLT region have a specific agricultural transfer tax in place, although elsewhere in the state this has been done. Washington County, for example, charges an additional 2% Agricultural Land Transfer Tax on any land transfer that qualifies for the state tax.¹⁰

The existing property rights ethic in the region has made launching a successful program of this nature difficult. Wicomico has had a TDR program in place for eight years with only one transaction taking place. Although there were concerns expressed as to whether LSLT has the existing capacity to pursue this type of program, the majority of the board and staff surveyed supported LSLT having an advisory role in establishing a development rights program in the region. A few members did not support LSLT pursuing this.

The majority of respondents suggested Worcester, perhaps with a pilot in and around Berlin, as the location with the best potential for a successful development rights program, due in part to agricultural zoning in place and the board's connection to the county government there. However, Wicomico and Somerset were also suggested because of the high number of development rights in places that are considered conservation priorities and the opportunity to facilitate and enhance Wicomico's existing program, rather than starting from scratch.

Revenue Generators

In addition to the funds needed to build the capacity of LSLT to the point where it can pursue the land identified as high priorities, this effort will also require additional funds for the on-the-ground implementation of land preservation programs. Again, although there is a broad universe of grants, loans, technical assistance programs, taxes and fees, which are described in Appendix A, this section focuses on the existing LSLT revenue generating activities and few new mechanisms that offer the greatest potential for meeting LSLT priorities.

Easement Fees

As stated earlier, the LSLT only has the capacity to monitor 30 of the 80+ easements they hold. Naturally, a high priority for LSLT is to build a pool of funds to be invested for the purpose of generating funds for stewardship and legal defense of the easements held.

Clearly the minimal level of fees collected by LSLT is not sufficient to properly monitor the easements currently under LSLT's purview, let alone the additional easements that implementation of the land preservation priorities identified. Other land trusts charge administrative and stewardship fees as a part of the easement purchase process to secure the dollars needed to be invested for the stewardship of the easement in perpetuity. Administrative fees of 3% of the purchase price and stewardship fees of 1.5% of the purchase price are common.

¹⁰ Summarized from www.courts.state.md.us/clerks/washington/recordingfees.html accessed June 8, 2010.

LSLT is going to need to consider adding a fee system to the easements they agree to hold that do not already have a fee in place. Understandably, it may not be desirable or appropriate to charge these fees to every property owner interested in an easement. As a part of this process, the LSLT board and staff should develop criteria that determine the land transaction scenarios that trigger when these fees are charged and when they are not or waived.

These fees are structured in an almost endless variety of ways; far too many to delve into here. A very detailed description of how many of these fees operate called *Stewardship Fees: Binding Future Owners to Present Promises* has been developed by the Pennsylvania Land Trust Association and is available for download at www.conservationtools.org/tools/general/show/45.

While one board member questioned the value of establishing easement fees, the majority of respondents believed strongly that LSLT has a recognized need for this. The LTA's Conservation Defense Insurance program is being investigated as one avenue for legal defense. Of those who felt comfortable suggesting potential funding sources for a stewardship and legal defense fund, endowments, a capital campaign, and a sliding scale fee structure were all mentioned as possibilities.

Grant Programs

Although there are not any local funding programs of this nature currently, there are numerous state, federal, and private programs that fund land and easement acquisition. The state programs were described earlier in the section on voluntary easement programs. Federal opportunities of varying feasibility exist at a number of agencies including USDA, Interior, and EPA.

The LSLT has made good use of the most relevant of these programs, including the Natural Resources Conservation Services Farm and Ranch Lands Protection Program which provides a 50% match for easement purchase, and the Conservation Reserve Enhancement Program, for which 10 potential easements have been identified. Other projects have been initiated with US Fish and Wildlife Service. The LSLT has been able to secure private funding, over \$50,000 worth, from foundations like the Town Creek Foundation, Chesapeake Bay Trust, Community Foundation of the Eastern Shore, and Maryland Coastal Bays Program.

As said, there are a host of other grant programs that could be of use or interest to the LSLT and are included in Appendix A; however, although grants are a useful and legitimate tool in financing strategies, sustainable financing requires longer-term, less finite funding sources.

All surveyed felt that LSLT should continue to pursue these types of grants and funding opportunities, but should do so strategically, making sure that staff time and other administrative costs are allowable expenses under the program policies.

Transfer Taxes

Transfer and other specialty taxes are being used in communities across the country to fund land preservation and land trust activities. As mentioned in the discussions regarding development rights programs and the revolving loan programs, communities in Maryland are using taxes as well.

For example, both Howard and Harford counties use a portion of their local real estate transfer tax to fund agricultural land preservation. In Washington County, a local agricultural transfer tax is used. The Bay Ridge example from Anne Arundel County demonstrates how special tax districting, even at the community level, can create steady, dedicated revenue streams that, in the case of Bay Ridge, was leveraged into millions of dollars through the use of the state's revolving loan program.

Clearly, the local tax option does not necessarily equate with a flow of funds to the LSLT. Transfer and other taxes typically fund county or local government programs (although not in the Bay Ridge example); however, there may be a unique opportunity for the LSLT. Currently only Worcester charges a transfer tax above and beyond that which the state charges. None of the counties in the LSLT region have a specific agricultural transfer tax in place. The LSLT could work with local officials to create an incremental financing district to charge higher tax rates for second homes, or for properties that transfer out of agricultural use. The proceeds from these taxes could go to a fund dedicated for easement purchases. It should be noted, however, that because these funds are tied to the real estate market and all of its inherent fluctuations, the income from these programs can be unpredictable.

There are also numerous examples across the country of fees being used to fund land preservation programs. Communities recognize the role land preservation plays in meeting community priorities such as recreation, improved stormwater management, economic development, and others and are increasingly investing a portion of the revenues from impact fees, developer charges, and stormwater utilities in protecting land. Much like any effort to move forward with a new tax, instituting a fee program would require close coordination with the counties involved.

Although there was interest among board and staff to be supportive of this type of effort, most felt that LSLT lacks the capacity to devote staff time to this and that this would be an ill-advised time to lobby for a tax initiative. One board member did mention that a similar effort is already underway in Wicomico County.

Bond Initiatives

Bonds are essentially loan programs with fixed terms designed to finance a specific project. Traditionally these are tied to community needs, like for roads, or schools, or other local services. In these scenarios, voters agree that a portion of taxes collected can be used to pay for the loan that funds a specific project.

According to the Trust for Public Land, dozens of communities across the country vote to use public funds to support land conservation efforts in this way. In fact, according to their [LandVote](#) database, in 2009 25 of 40 proposed measures passed, devoting more than \$600 million to conservation programs in communities nation-wide.

Although state-level in scale, perhaps one of the oldest and most successful programs of this nature is New Jersey's Green Acres Program. Originally approved in 1961, and every three or four years since, the voters of New Jersey approved bond issues to fund the Green Acres Program, effectively earmarking \$1.4 billion for land acquisition and park development. In 1998, voters approved a referendum to provide a permanent and stable funding source for this

program and established the Garden State Preservation Trust which is slated to receive close to \$100 million annually from sales taxes. The Garden State Preservation Trust is then leveraging these funds through debt service to about \$200 million annually.

Of course while these types of programs can be lucrative, instituting new funding sources like these requires a tremendous amount of commitment on the part of both the local leadership who will need to make the difficult, and often politically unpopular, decisions needed to put these funding programs in place, as well as the citizens who will ultimately pay for these programs. If the LSLT is interested in pursuing a bond initiative in one or more of the counties in the service area, engaging the Trust for Public Land, who has extensive experience in assisting communities in passing these measures would be highly recommended.

As with a tax initiative, there was some interest among board and staff in establishing a bond initiative, but concerns regarding the significant staff time and resources that would be shifted from existing priorities dissuaded most respondents. It was suggested that building capacity now might present the opportunity to pursue something like this in the future, or perhaps it could be done in coordination with other land trusts. Some board members were adamantly against the concept.

Strategic Partnerships

Some of the most successful land trusts in the country have developed strategic partnerships at the federal, state, local, and private levels. Working with local, state, and federal agencies, as well as with resource protection nonprofits and corporate partners can do more than help position a land trust for funding opportunities. These relationships can facilitate the sharing of information and the exchange of resources, creating efficiencies and potentially reducing program costs for both organizations. These associations can also enable the coordination of priorities for resource protection in a region generating additional efficiencies.

The LSLT has forged relationships with a variety of agencies and organizations as described here. Working to continue to strengthen and expand upon these relationships will provide opportunities to both address capacity gaps and increase capital.

Community Members

The community can help build momentum for conservation and spread the work about what LSLT does and why. The community is also capable of instigating change at the county level in a way that LSLT may not be. A strong tie to the communities LSLT serves is necessary for the long-term sustainability of conservation work as community support fuels all aspects of a land trust and its projects, especially when money must be raised.

Social, Civic, and Cultural Organizations

Coordinating to develop outreach materials and events that serve the mission of a number of local organizations helps to build community support for preserving sense of place and a rural quality of life, as well as reduced implementation costs as the expense related to these activities can be spread out over more partners.

Federal and State Agencies

Agencies like the NRCS Service Center or the County Agriculture Departments may have established relationships with landowners. Working with these agencies to conduct outreach to local farmers for farmland protection in priority areas or collaborate on workshops could save on outreach spending.

DNR's Program *Open Space*, which has been used extensively in the three counties to create park and recreational facilities, can also be accessed for land preservation purchases. To date this has been done primarily in conjunction with The Nature Conservancy. This could present an opportunity for LSLT to find where their priorities overlap with the state's and The Nature Conservancy's and collaborate to get those lands protected.

Local Agencies

Worcester County has recently been the fastest growing county on the Eastern Shore. This is due to retirees moving here as well as the growing vacation home market. Development pressure remains despite the market slow down. With such intense pressure for development within the coastal communities, Worcester has led the way with more stringent zoning laws. Because zoning laws limit where and to what extent impacts to the landscape can take place, having effective and enforced zoning in place can reduce the number of parcels to be invested. These regulations can also become the drivers behind robust market-based programs.

Wicomico County is reviewing its agricultural zoning and has been faced with increased fragmentation of farms and forest due to sprawl development. Somerset County, still the most rural county on the Shore, lacks zoning that will protect the agricultural and forested areas, and therefore remains a priority for land protection.

The comprehensive plans and the land preservation and recreation plans adopted by each county are an appropriate vehicle in which to express land use and preservation goals. Therefore, the LSLT should seek to become involved in the process of Comprehensive Plan revision when the opportunities arise. The Water Resources Element, one of several major new planning requirements from the 2006 legislation, is one such opportunity. The element will compare growth projected to the availability of drinking water and recharge areas, and sewer discharges to surface water or ground water.

Maryland Environmental Trust

In order for easement landowners to receive the state tax credit and exemption for donating an easement, the easement must be co-held with MET. Currently, each organization is individually approaching the landowner to request a contribution to their respective organization. LSLT and MET need a written agreement on how they will approach landowners and how they will calculate the stewardship and legal fund contribution.

MET and LSLT are each responsible for monitoring of the easements. If LSLT wishes to pursue accreditation from the Land Trust Alliance Accreditation Commission, annual monitoring in accordance with *Land Trust Standards and Practices* will be required.

Chesapeake Bay Program

Establishing relations with the Chesapeake Bay Program will align the land trust activities with the commitments of Chesapeake 2000.

Nanticoke Watershed Alliance

Collaboration with other watershed organizations in the area can be helpful as well. There are typically areas of overlap in mission and activities that can be capitalized on further reducing outreach and other expenses.

Area Developers/Builders

LST can begin to develop key partnerships with builders and developers throughout the region. This will not only provide LST the opportunity to clearly identify where the organization believes growth and development to be most appropriate, but also opens the dialogue for potential contract or fee-for-service arrangements for stewardship of any open space set asides that stem from new development.

Agricultural Community

As long as the value of farm receipts cannot compete with the value of land, farmers will be pressured to convert their land to development. There is an opportunity to capitalize on where the priorities of the LST and the farmers in the region converge. It is likely that preserving the agricultural economy by supporting programs that make agriculture more economically viable for farmers and transition new farmers into the industry will reduce the incentive to sell land to developers and could encourage donated easements.

The board and staff also suggested investigating partnerships with organizations and business related to tourism, heritage, and recreation, as well as faith-based entities and possibly LESSON.

How Best to Invest: Developing Endowments

As discussed earlier, building a pool of funds to be invested for the purpose of generating stewardship and legal defense dollars for the easements LST holds is a high priority for the organization. Many land trusts find developing an endowment to be an effective way of not only investing funds raised for these purposes, but also generating interest income.

Endowments not only provide financial stability and routine income, depending on their structure, they can also be a source of emergency or opportunity funds and strengthen the confidence both donors and foundations have in the organization. Having the details of an endowment fund codified prior to launching a campaign to support it is an important step. Being able to answer questions regarding how will the fund be managed, what the objectives of the fund are, how and when the proceeds will be dispersed, and what types of auditing and reporting will be required will build credibility with potential donors. In addition, the LTA standards and practices require a written board-approved investment policy.

Much like major donor programs, any endowment campaign requires the internal capacity to conduct both the up-front promotions that engage potential supporters, as well as the additional work necessary to properly communicate with and adequately acknowledge supporters.

Currently, the LSLT has two endowments. Approximately \$114,000 is invested with the Community Foundation of the Eastern Shore. These are Rural Legacy compliance fees and therefore principal is restricted by DNR. This fund earned an annual interest of about \$5,000. This interest is drawn for the purpose of monitoring Rural Legacy properties. The LSLT also has a second endowment in the neighborhood of \$40,000, which has provided an annual interest of approximately \$2,000.

Obviously, the interest raised by an endowment of significance could improve the LSLT's ability to monitor and maintain their easements immensely, but certainly not at the current principle levels. Depending on the structure of the endowment, these funds could even be used for day-to-day capacity support.

With one exception, staff and board indicated that increasing annual operating funds through fundraising unrestricted dollars was the highest priority in terms of improving the financial capacity of the organization, and the majority felt increasing the legal defense fund to be the lowest priority of the five options presented. The group found increasing the endowment to generate interest for operational expenses, increasing the stewardship fund to generate income for monitoring, and registering for the LTA legal defense insurance program to be of varying priority. One board member named registering for the LTA program as the highest priority for LSLT.

All surveyed expressed confidence in the Community Foundation of the Eastern Shore's ability to manage the existing endowment. There was some interest in diversifying LSLT's portfolio as the organization further develops.

Appendix A: Additional Financing Mechanisms for Building Organizational and Conservation Capacity

Financing Mechanisms for Building Organizational Capacity

Revenue Generators

1. Planned Giving

Planned, deferred, or testamentary gifts are gifts made by donors during their lifetimes or through their estates where a significant gift comes to an organization at a later time or when the donor dies. Planned or scheduled giving can provide a steady revenue stream for an organization, although the scale of which is dependent on the capacity of the donor(s). The ability to provide a series of smaller scale gifts can be appealing to donors who would like to give but think they cannot afford it. Bequests are a longer-term strategy, but often with a more significant level of income generated. Surveys of private, charitable giving have consistently indicated that nonprofit income from bequests is on par with income from private foundations.¹¹

2. Tradeland Programs

In a tradeland scenario, a landowner gifts a property to a land trust outright. These properties may or may not have conservation value, and can include homes, commercial properties, and other types of real estate.

A donated property is evaluated by the land trust to determine if the site holds long-term conservation significance. In cases where the land does have conservation value, the property can be protected with an easement prior to selling, perhaps to a conservation buyer. If the conservation values are very high, a land trust may choose to own and manage the property.

Proceeds from the sale of a Tradeland can be applied to the day-to-day activities of the land trust or earmarked for land preservation in the region. These types of donations are often recognized as charitable gifts, with the possibility for the appraised value, as determined by a certified appraiser, to be deducted from the donor's federal and state taxable income.

A host of land trusts across the country, from Maine, Connecticut, and Massachusetts; to South Carolina and Arkansas; to Wisconsin; to Oregon and California employ these programs as a part of their financing strategies. The Nature Conservancy has facilitated this process in a number of cases. They describe their program at www.giftplanning.nature.org/GIFTrealestateguide.php. The Greenbelt Land Trust in Oregon may provide the strongest example; contact Michael Pope for more information on their experience at Michael@greenbeltlandtrust.org.

¹¹ According to studies conducted by the Giving Institute under their previous name the American Association of Fundraising Counsel.

3. Merchandise

Many land trusts and watershed organizations have turned to merchandizing themselves as a revenue stream. Products range from the traditional hats, t-shirts, and mugs to calendars, books, and artwork featuring the local landscape. These events and activities, as well as an effective website, could offer opportunities to also sell LSLT merchandise; however, an examination of the likelihood of turning a profit should be conducted first. The margin necessary to turn a steady and worthwhile profit may not be feasible.

4. Capital Campaigns

These types of donor drives are made to members and other supporters in a manner similar to that of traditional annual appeals; depending on how they are structured, these can be a source of either unrestricted operating funds or restricted funds targeted for a specific purpose or project.

The Greenbelt Land Trust in Oregon was able to raise \$1.12 million to preserve a 95 acre farm in the region. They have also used this process to raise unrestricted funds. Jessica McDonald, Development Coordinator for the Greenbelt Land Trust can be contacted at jessica@greenbeltlandtrust.org for detailed information.

Additional Financing Mechanisms for Land Preservation

Market-based Opportunities

1. Donated or Bargain Sale of Easements

Donated conservation easements or bargain sales (sale for less than market value) can reap large tax benefits for landowners, such as a 15-year property tax credit, a 16-year state income tax credit, six-year federal income tax deduction and the estate tax benefits through IRC 2031(c). For landowners to get the state tax credit, the easement must be co-held with the Maryland Environmental Trust. LSLT should assure that an adequate stewardship fund contribution is received as a part of the donation of an easement.

2. Donation or Bargain Sale of Land in Fee-Simple

Traditionally called a bargain sale of land, some land trusts are now using the term “charitable sale of land” to avoid the suggestion of rock bottom pricing. Donations or bargain sales of land are appealing to landowners who are interested in taking advantage of having a lump sum payout in addition to income tax benefits.

In a bargain sale, the landowner sells their property to LSLT at a price below market value. This gives the land trust the opportunity to acquire land at a reduced price, while the landowner receives a lump sum and is also able to claim the difference between market value and the price paid as a charitable donation. This donation can be used to offset a percentage of the landowner’s income for the year of the sale as well as a

period of subsequent years, and can help a property owner avoid a portion of their capital gains taxes.¹²

Mount Grace Land Conservation Trust in Massachusetts has made effective use of donations or “gifts” of land. Contact Executive Director Leigh Youngblood via the land trust at landtrust@mountgrace.org for Mount Grace’s case study on attracting property gifts to land trusts.

Further income could be generated from this type of transaction if the land trust were to put the property under easement and then lease back the property for an allowable use, for example as working land (farm or managed timber) or to a watershed or conservation organization for educational purposes. For example, Yolo Land Trust purchased Elkhorn Basin Ranch in California with grant funds from the state, placed a conservation easement on the property held by the Sacramento Valley Conservancy, and then leased the walnut orchards to a local farmer. The lease specifies that a percentage of the income from the sale of walnuts comes to the land trust. At first the walnut income will go into a board-designated investment account to generate additional income for stewarding the easement and the property, but then income can go into an unrestricted account for the land trust’s operations.

3. Limited Development Sales

On occasion, some land trusts have used the proceeds from limited development sales to fund land purchases. For example, the Franklin Land Trust in Massachusetts, through a cooperative agreement with the Trust for Public Land, preserved an agricultural property slated for a 40 home development by selling only eight building lots on a less desirable part of the property instead, and using the proceeds of the sale to ease the remaining land. In all, 380 of the 410 acre parcel were able to be preserved.

In another example, the residents of the Bay Ridge community in Anne Arundel County used a collection of financing mechanisms to preserve 110 acres of significance to their community. In addition to creating a special taxing district that enable the community to develop the steady revenue stream necessary to qualify for a \$2.25 million low-interest loan from the state revolving fund, the sale of two acres, carefully chosen to minimize environmental impact, created four buildable lots and raised \$1.1 million to be put toward the purchase of the 100 remaining acres. The [Bay Ridge Civic Association](#) has an article describing how this land preservation strategy was pieced together.

4. Credit Trading Programs

Perhaps one of the greatest potential opportunities for land trusts exists in the realm of credit trading. Emerging organizations like the [Bay Bank](#), the [Chesapeake Fund](#), [Chesapeake Eco-Finance Development Corporation](#), and others are looking to aggregate ecosystem services such as biodiversity, carbon sequestration, and nitrogen reductions,

¹² Some information in this section summarized from www.wealthcounsel.com/Newsletter/RobertRoss-ABargainSaleofLandtoLandTrust.pdf accessed June 3, 2010.

assigning a value or credit to these services. Once credit is established, the holder can trade these credits with interested buyers. In theory, the LSLT could amass credits for the services provided by the protected lands they hold and create a revenue stream by selling these credits to entities that emit or pollute beyond regulated levels to bring them into compliance.

However, these markets tend to function in their most robust form when driven by regulatory requirements and are all voluntary at the moment. Although there does appear to be some interest in pre-compliance, it seems that these markets stand to hit their stride when regulatory measures, such as the impending TMDL for the Chesapeake Bay, force the need. In the meantime, LSLT would be wise to take steps to position themselves to capitalize on these markets as they strengthen and evolve. Contact Eric Sprague at Esprague@pinchot.org for more on the Bay Bank, contact Dan Nees at dnees@forest-trends.org for more on the Chesapeake Fund, and Richard Pritzlaff at biophilia@verizon.net for more on the Chesapeake EcoFinance Development Corporation.

Grants, Loans, and Technical Assistance Programs

Federal Programs – Department of Defense

1. Readiness and Environmental Protection Initiative

Through the [Readiness and Environmental Protection Initiative](#) (REPI) the Department of Defense (DoD) works with land trusts and other non-federal agencies for five years to protect habitat, working lands, and compatible land uses in the vicinity of military installations.

Nancy Natoli is the REPI Coordinator at the US Army Environmental Center in Maryland. She currently has a project at Aberdeen Proving Ground and can be reached at nancy.natoli@us.army.mil.

The LSLT Director has met with the ELC office regarding the DoD funding for protection of fly over areas. There is funding available, although these are programs which require a match, and seem to be designed for partners who may have more capacity in place. TNC has an MOU with DoD, and possibly TCF may as well.

MET has spoken directly with the local implementers for the Army and Navy who manage facilities. They identified the Southern Maryland bases and Aberdeen as best options for application of this program. MET believes some work has been done on the Eastern Shore as well. Contacts were passed on to MET's easement planners and DNR for potential partnership to bring new easements and MET has expressed a willingness to reach out again on behalf of land trusts.

Federal Programs – US Department of Agriculture

There are various US Department of Agriculture (USDA) programs that private landowners can use to implement conservation projects on their land. Below are a few that are most applicable to partnering with LSLT.

1. Conservation and Reserve Enhancement Program

The [Conservation Reserve Enhancement Program](#) (CREP) pays landowners for the installment of grass, tree or ditch buffers around wetlands. Payments can be substantial and are for permanent or 10-15-year periods. The State of Maryland works with the federal program on a cost-share basis for the installation. Contact Mark Palmer at 410-546-4777, X2 for more details.

2. Farm and Ranch Lands Protection Program

The [Farm & Ranch Lands Protection Program](#) (FRPP) provides matching funds to help purchase development rights to keep productive farm and rangeland in agricultural uses. Working through existing programs, the USDA's Natural Resources Conservation Service partners with state and local governments and non-governmental organizations to acquire conservation easements or other interests in land from landowners. USDA provides up to 50% of the fair market easement value of the conservation easement. Contact Michael Sigrist at the USDA Natural Resources Conservation Service, 410-546-4777, extension 3 for more information.

3. Wildlife Habitat Incentive Program

The [Wildlife Habitat Incentive Program](#) (WHIP) is a voluntary USDA program for property owners interested in developing and improving wildlife habitat primarily on private land. Through WHIP USDA's Natural Resources Conservation Service provides both technical assistance and cost-share assistance to establish and improve fish and wildlife habitat. WHIP agreements between NRCS and the participant generally last from five to ten years from the date the agreement is signed.

In Maryland, WHIP's specific objectives are to:

- Restore and manage upland grassland habitat to benefit groundnesting birds and associated wildlife;
- Restore and manage riparian corridor habitat to benefit terrestrial and aquatic species; and
- Restore and manage shallow water and wetland habitat to benefit waterfowl, wading birds, and other wildlife.

Call Michael Sigrist at the USDA Natural Resources Conservation Service, 410-546-4777, ext. 3 for more information.

4. Wetland Reserve Program

The [Wetland Reserve Program](#) (WRP) is a voluntary USDA program to restore and protect wetlands on private property. It is an opportunity for landowners to receive financial incentives to enhance wetlands in exchange for retiring marginal agricultural land. WRP provides landowners with 100% cost-sharing for permanent easements, 75% for 30-year easements, and 75% for restoration cost-share agreements. The landowner continues to control access to enrolled land and may utilize the land for certain compatible uses such as hunting and fishing, timber harvest, haying to mowing and wildlife food plots. Call Michael Sigrist at the USDA Natural Resources Conservation Service, 410-546-4777, extension 3.

5. Conservation Innovation Grants

The [Conservation Innovation Grants](#) program (CIG) is a voluntary program intended to stimulate the development and adoption of innovative conservation approaches and technologies while leveraging federal investment in environmental enhancement and protection, in conjunction with agricultural production. Under CIG, Environmental Quality Incentives Program funds are used to award competitive grants to non-Federal governmental or non-governmental organizations, Tribes, or individuals. CIG enables NRCS to work with other public and private entities to accelerate technology transfer and adoption of promising technologies and approaches to address some of the Nation's most pressing natural resource concerns. CIG will benefit agricultural producers by providing more options for environmental enhancement and compliance with federal, state, and local regulations. NRCS administers CIG.

6. Forest Legacy

[Forest Legacy](#) is a USDA Forest Service program that compensates owners of forestland for conservation easements on their property. Call Patrick Meckley at 410-260-8531 or email pmeckley@dnr.state.md.us.

Federal Programs – Department of Interior, Fish and Wildlife Service

1. Land Owner Incentive Program

The [Land Owner Incentive Program](#) (LIP) provides federal grant funds to grant funds to the states to protect and restore habitats on private lands, to benefit federally listed, proposed or candidate species or other species determined to be at-risk.

2. National Coastal Wetlands Conservation Grant Program

The [National Coastal Wetlands Conservation Grant Program](#) is used for easement purchases of tidal wetlands and associated uplands. The program focuses on acquiring, restoring or enhancing wetlands.

3. The North American Wetlands Conservation Act

[The North American Wetlands Conservation Act](#) program provides matching grants to organizations and individuals who have developed partnerships to carry out wetlands conservation projects in the United States, Canada and Mexico for the benefit of wetlands-associated migratory birds and other wildlife. The US standard grant deadline for this year is July 30, while the small grants program (under \$75,000) has a deadline of October 28, 2010. Contact Dan Murphy at the US Fish and Wildlife Service at 410-573-4521 or visit the US Fish and Wildlife website at <http://www.fws.gov/> for more information.

Federal Programs – Department of Commerce, National Oceanic & Atmospheric Administration

These are projects that may bring the LSLT administration fees while protecting land, without necessarily requiring the LSLT to hold an easement, thereby reducing or even eliminating stewardship responsibilities.

1. Coastal and Estuarine Land Conservation Program

The [Coastal and Estuarine Land Conservation Program](#) (CELCP) is a federal program that pays for conservation easements for landowners who are interested in protecting their land for wildlife. It also pays for fee-simple acquisition of lands.

In Maryland, DNR administers this program statewide. CELCP is highly competitive, as it a national program. Also, there are restrictions in terms of the types of landowners and property type who are eligible. Applicants must come from a state or local government agency. In addition, permitted uses are limited as well. Farming and forestry are generally prohibited; however hunting is permitted and public access to the land is required.

Perhaps the best strategy for ensuring that LSLT could benefit from this program would be to develop and strengthen county relationships in order to be in a position to refer likely projects to an eligible party.

Federal Programs – US Environmental Protection Agency

1. EPA Grant Programs

In addition to the federal clean water and clean drinking water funds available through Maryland revolving loan funds, the Environmental Protection Agency offers a variety of [watershed and wetlands protection grant programs](#) as well. Although few focus exclusively on land conservation in the manner the FRPP does, there may be an opportunity in some cases to “sell” the water quality benefits associated with the LSLT preserving a specific property that would make a specific project, or a part of a specific project, a good candidate for one of these programs.

2. EPA Enforcement Actions and Supplemental Environmental Projects (SEP)

EPA’s Compliance and Enforcement Office is responsible for the collection of enforcement penalties levied for a variety of violations that have detrimental impacts to the environment. In these cases, the parties that brought suit share enforcement and compliance cash penalties, with any federal portion of this award reverting directly to the US Treasury,

As an alternative to paying the full enforcement penalty levied, some violators choose to conduct an environmentally beneficial project separate from any corrective measures that must be taken to address the violation. The SEP has a monetary value far greater than the penalty offset; however, it is still an appealing option to many violators because of the positive public relations opportunity the project can create.

At the federal level, SEP’s are handled by the EPA. These are projects that a violator agrees to perform as a part of a settlement agreement. There is no obligation for a violator to participate in an SEP, but cash penalties are typically reduced as a result of the project. The EPA requires that all SEP’s improve, protect, or reduce risk to public or environmental health, and the benefits of the project must have a direct relationship to the violation involved. In addition, the project cannot be one that the violator would be legally required to perform as a part of coming into compliance.

EPA collects project ideas that fit one of eight approved project categories: public health, pollution prevention, pollution reduction, environmental restoration and protection, emergency planning and preparedness, assessments and audits, environmental compliance promotion, and other types of projects. Qualifying projects can be submitted by any interested party and the agency catalogues these in a document titled Project Ideas for Potential Supplemental Environmental Projects. Although project selection is the at the violator’s discretion, many refer to this list in the decision-making process. If there are certain properties that fit EPA’s SEP criteria, it would be in the LSLT’s best interest to submit these to EPA so they are catalogued for violators.

State Programs

1. Revolving Loan Funds

Maryland's [Revolving Loan Funds](#) are managed by the Maryland Department of the Environment (MDE). These are federally funded loan programs aimed at water and drinking water quality improvements, including the Water Quality Revolving Loan Fund and the Linked Deposit program. Although land purchases are not specifically listed as an eligible use of these programs, the precedent was set when the Bay Ridge community in Maryland established a special taxing district for themselves enabling the community to collect an annual assessment that would serve as the funding stream to pay off a long-term, low-interest loan arranged through the agency. A number of other states have opened their water quality revolving loan funds up to conservation activities, including Virginia. In Maryland, the state revolving loan fund programs are administered by Jag Khuman, Director of the Water Quality Financing Administration who can be reached at jkhuman@mde.state.md.us.

2. Maryland Rural Legacy

The Maryland Department of Natural Resources manages the [Maryland Rural Legacy](#) program. This state program pays landowners for permanent conservation easements on their property. In some cases landowners who are not in but near the Rural Legacy Area boundary may be eligible for the program. Contact Tom McCarthy at tmccarthy@dnr.state.md.us for more information.

3. Maryland Agricultural Land Preservation Foundation

[Maryland Agricultural Land Preservation Foundation](#) (MALPF) is a Department of Agriculture program that pays landowners, who meet soils and acreage requirements, for permanent agricultural easements on farmland. For information about this program contact Gloria Smith at gsmith@wicomicocounty.org in Wicomico County, Katherine Munson kmunson@co.worcester.md.us in Worcester County, or Tom Lawton tlawton@co.somerset.md.us in Somerset County.

4. Maryland Cooperative Extension

The [Maryland Cooperative Extension](#) (MCE) is a statewide, non-formal education system within the college of Agriculture and Natural Resources and the University of Maryland Eastern Shore. This agency offers education on [Riparian Buffer Systems](#), [Agricultural Nutrient Management Program](#), [Forestry and Wildlife Education](#), [Woods' Aquaculture Facility](#), and [Maryland Sea Grant Extension Programs](#). Contact Eddie Johnson at the Maryland Cooperative Extension (410) 749-6141.

5. State Level Enforcement Actions and Supplemental Environmental Projects

As mentioned EPA's Compliance and Enforcement Office is responsible for the collection of enforcement penalties levied for a variety of violations that have detrimental impacts to the Bay and other waters; however, the federal portions of these funds revert directly to the US Treasury.

At the state level, these responsibilities fall to MDE which may present opportunities that do not necessarily exist at the federal level. In FY 09, MDE logged over 2,900 enforcement actions, five of which were in Somerset, six in Wicomico, and 3 in Worcester. The Agency also collected over \$6.5 million in enforcement penalties. Nearly \$700,000 of this for water and wetlands activities, which revert to the Maryland Clean Water Fund, and an additional \$4 million specifically for an oil clean up contingency fund.¹³

Although SEP's for the past two fiscal years have been limited to waste management activities, in years prior, these have included water quality projects including enhancement of wetlands, installation of buffers, and restoration of stream corridors. As with the EPA, ensuring that MDE is aware of any potential LSLT efforts that could bring about significant water or air quality benefits is key to directing SEP's to the region. It would also be wise for LSLT to develop relationships with the violators in the region who could select to work with LSLT as a part of their corrective activities.

There are a number of strong examples of how these types of projects have benefited conservation organizations and land preservation. Conservation Resources, Inc. in New Jersey also has a number of examples on their website at www.conservationresourcesinc.org/regulatorymatters.htm. The Hudson River Foundation was created as a result of an enforcement settlement in 1981 and now manages several endowments, each with specific on-the-ground activities and goals, totaling over \$40 million. A case study on the Hudson River Foundation is available from the EFC by contacting jcotting@umd.edu.

Local Level

1. Mitigation Requirements

Although most enforcement takes place at the state or federal level, there are examples of local level opportunities for land trusts through local mitigation requirements. There are many counties in Maryland that have mitigation requirements tied to local forest conservation laws, the Critical Areas Act, and other ordinances. In general, these programs have a replacement requirement for disturbed forest, wetlands, or critical areas, with the priority being that this replacement be fulfilled adjacent to the existing site, and if not adjacent, then in close proximity. In cases where replacement is not feasible, many of these programs have an in-lieu-of-fee that can be paid, whereby a per-acre fee is paid into a fund that then is expended on conservation. As state officials become more aggressive in enforcing water quality requirements such as TMDLs and MS4 stormwater programs, the possibility exists for a required offset program for new development. The time is now for LSLT to begin to develop their relationships at both the state and local level that will position them to benefit from these types of activities,

¹³ From MDE FY 2009 Annual Enforcement and Compliance Report which can be accessed at www.mde.state.md.us/assets/document/aboutMDE/enf_comp_09.pdf.

as well as with the developers who may want to be able to come to the table with a respected local mitigation partner in place.

In some cases, rather than attach a fee to the transfer of agricultural lands, a mitigation requirement has been put in place instead. For instance, Yolo County and the City of Davis, California have successful agricultural mitigation ordinances that have benefited land trusts greatly. In the unincorporated parts of the county, there is a 1:1 mitigation requirement for the conversion of agricultural lands. In the City of Davis, there is a 2:1 mitigation requirement. Both programs offer an in-lieu-of fee option that has generated millions of dollars for the purchase of conservation easements. Mitch Sears, Sustainability Director, City of Davis, California and Eric Parfrey, Planning and Public Works, Yolo County, California can provide additional details.

Private Programs – National Fish and Wildlife Foundation

1. Chesapeake Bay Small Watershed Grants Program

The [Chesapeake Bay Small Watershed Grants Program](#) is one of the NFWF Charter Program grants available through the Chesapeake Bay Stewardship Fund. The grants are awarded to organizations and local governments working on a local level to protect and improve watersheds in the Chesapeake Bay basin, while building citizen-based resource stewardship. The purpose of the grants program is to support protection and restoration actions that contribute to restoring healthy waters, habitat and living resources of the Chesapeake Bay ecosystem.

2. Chesapeake Bay Stewardship Fund Technical Assistance Program

Through the [Chesapeake Bay Stewardship Fund Technical Assistance Program](#) NFWF in partnership with Chesapeake NEMO (Network for Education of Municipal Officials) seeks to provide appropriate technical assistance to both Chesapeake NEMO clients and Chesapeake Bay Stewardship Fund grantees on an as needed basis.

According to the NFWF website, technical assistance providers can offer grantees expertise in:

- Habitat restoration (e.g., coastal, living shorelines, and riparian habitat, forests and wetlands),
- Agricultural conservation practices,
- Forest and farmland preservation (e.g., conservation easements),
- Stormwater management practices and low impact development,
- Watershed and related land use planning (including, but not limited to: community / watershed resource assessments, land conservation planning, and code and ordinance development for resource protection),
- Social marketing and strategic communications ventures designed to motivate specific conservation actions,

- Collaborative processes and conflict resolution in order to help make mid-course corrections and to take advantage of new opportunities,
- Water quality monitoring and modeling, and/or,
- Financing watershed restoration and conservation actions, strategies and implementation plans.

If the LSLT were to be awarded a Chesapeake Bay Stewardship Fund grant, technical assistance can be coordinated through Lacy Alison at Lacy.Alison@nfwf.org.

Private Programs – Chesapeake Bay Trust

The [Chesapeake Bay Trust's](#) grant programs focus on the organization's three core objectives of environmental education, demonstration-based restoration, and community engagement. The Trust offers a dozen different grant programs, and although none directly support easement purchase, there are number of these programs that could be appropriate for other aspects of LSLT programs, such as outreach or land preservation support activities. They also offer a capacity building grant in conjunction with the Chesapeake Bay Funders Network that is designed to help organizations expand and improve their planning, implementation, and tracking efforts. Jaime Baxter, jbaxter@cbtrust.org, can provide additional information on this particular program.

Appendix B: LSLT Financing Options Matrix

Timeline	Opportunity	Type of Opportunity	Level of Opportunity	Administrative Requirements	Potential Barriers or Challenges
Short-Term	Grant Programs	direct revenue	\$\$\$	moderate	finite resource
	Improved Board Fundraising	direct unrestricted revenue	\$\$\$\$	minimal	requires board engagement
	Major Donor Program	direct unrestricted revenue	\$\$\$\$\$	moderate	requires board engagement
Mid-Term	Easement Fees	direct restricted revenue	\$\$\$	minimal	not right for every land transaction
	Voluntary Surcharge	direct revenue	\$\$\$\$	moderate	requires board engagement
Long-Term	Transfer/Specialty Tax	varies depending on program structure	\$\$\$\$	moderate but likely falls to counties	likely significant political barriers
	Local Bond Initiative	varies depending on program structure	\$\$\$\$\$	moderate but likely falls to counties	likely significant political barriers

Appendix C: LSLT Financing Options Continuum

