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WATER QUALITY PROGRAM
South Central Washington
RESOURCE CONSERVATION & DEVELOPMENT COUNCIL

Helen Bresler
Department of Ecology
Water Quality Program
P.O. Box 47600
Olympia, WA. 98504-7600

November 19, 2010

Dear Ms. Bresler,

We appreciate the opportunity to comment on the "Draft Water Quality Trading Framework", recently released in September. As you know, water quality issues are of great concern in the Yakima Basin. Our organization prides itself on increasing local collaboration with many organizations and natural resource staff located here in the Yakima Basin, including on issues of water quality and quantity.

One of our most recent efforts has been to provide assistance in the formation of a collaborative group known as the Yakima Ecosystem Services (YES) Group (please see attachment for more information). This group is made up of several organizations and agencies within the Yakima Basin who are working proactively to explore and eventually create an ecosystem services market in the Yakima Basin that will address water quality as well as floodplain and salmon habitat. We strongly believe that a locally led effort, such as this one, will yield the necessary tools to effectively and sustainably improve water quality as well as open the door for other basins to develop similar, locally led efforts. We believe an Ecosystem Services Market will provide the incentives that will protect and increase cost-effective "green" infrastructure, such as floodplains and riparian habitat, instead of forcing the continued increase of costly and less effective "grey" infrastructure. We feel the continued use of concrete and steel solutions is unsustainable and does not adequately replace healthy ecosystem functions.

We are disappointed that the "Draft Water Quality Trading Framework" released by Ecology does not mention ecosystem services and does not encourage locally led efforts to create water quality trading goals. We feel that to meet our water needs, the role of the Ecology is important, but what is more important is the involvement and buy in of our local communities. For watershed level water quality goals to succeed, these efforts must be made with a bottom up, not top down, approach. Ecology should be taking its lead from the local communities and not

putting up barriers to local innovation. Without local involvement, we will be left with regulations that are not only unrealistic, they will result in the continued use of increasingly expensive and inadequately artificial solutions, while simultaneously allowing for the continued loss of our natural areas – the suppliers of ecosystem services. The draft, as it is currently written, will severely impede the collaborative efforts of the YES Group.

We also hope that Ecology will work with the local communities of the Yakima Basin on all TMDL development with complete transparency and inclusion.

Please reconsider the language in your document, and make sure it allows for, and strongly encourages:

- Local involvement and complete transparency in all water quality regulatory activities;
- Local innovation to create tools, such as environmental services markets, that give local landowners and stakeholders direct involvement in water quality improvements;
- Locally led communities' efforts to determine water quality goals and trading guidelines.

We strongly urge Ecology to redraft guidelines that include the above and encourages, not hinders, local knowledge and innovation.

Sincerely,

A handwritten signature in black ink that reads "Louis Musso III". The signature is written in a cursive style with a horizontal line above the "III".

Louis Musso III

Chair, South Central Washington RC&D Council

THE YAKIMA ECOSYSTEM SERVICES PROJECT (THE YES PROJECT)

"Leveraging emerging market forces to increase the pace, scope, and accountability of environmental protection with decreased costs for growing communities"

As our communities grow in the Yakima River Watershed, also grows the pressures on the natural functions provided by the watershed. These pressures threaten our resources, such as a clean water supply and fish and wildlife habitat. This results in:

- Reduced availability of natural resources.
- Reliance on regulatory agency involvement.
- Dependence on technology to fix environmental problems.
- Loss of economic viability.

Although there are examples of success using technology to recover lost resources, much of it is very expensive with questionable long term benefits. The best solution to preserving and maintaining natural function lies in the restoration of natural systems. For example, one option is to install expensive cooling towers to reduce temperatures of wastewater discharges at the point of delivery. But, if instead we restore floodplains (the flat, seasonally flooded areas adjacent to rivers and streams), we can increase stream shading and restore river complexity that will benefit overall temperature and water quality over a much greater area. In this example, restoration of natural areas (green technology) costs less than cooling towers (grey technology) and provides a more long term solution to restoring ecosystem services.



WHAT ARE ECOSYSTEM SERVICES?

Our Nation's farms, ranches, forests, and other natural and open areas provide goods and services that are vital to society. These natural assets, including clean air, clean water, as well as places to grow food and raise families, are vital to our health and our economy. These assets have been termed "ecosystem services". Ecosystems such as forests, grasslands, shrub-steppe, floodplains, wetlands, and rivers all provide services to communities such as water storage, flood protection, fish and wildlife habitat and water for supporting our farms and homes.

WHAT IS AN ECOSYSTEM SERVICES MARKET?

Land managers help provide many ecosystem services which have always been viewed as free benefits to society - clean water and air, wildlife habitat, carbon storage, and scenic landscapes. Farmers, ranchers and forest landowners are not generally compensated for providing these critical public benefits. Market-based approaches to conservation can be a cost-effective method to achieve environmental goals and sustain working and natural landscapes. Without financial incentives for conservation and restoration, these ecosystem services may be lost when lands are sold or converted to development.

At the same time, when ecosystem services have been greatly compromised, communities are faced with the task of finding solutions to restoring those services. An Ecosystem Service Market can connect people who manage land and water in new ways. Markets provide land owners (sellers) with new options for generating revenue from management choices that improve water quality, increase water quantity, and increase habitat value. At the same time, markets provide land and water managers (buyers) with pragmatic alternatives for mitigating the effects of unavoidable environmental impacts.

Sellers generate products such as:

- Restored floodplain habitat
- Improved water quality
- Salmon habitat
- Increased water availability

Buyers purchase products to:

- Mitigate wetland impacts
- Comply with water quality regulations
- Comply with salmon habitat regulations
- Conserve water without impacting existing water rights

WHAT ARE THE IMPORTANT ELEMENTS OF AN ECOSYSTEM SERVICES MARKET?

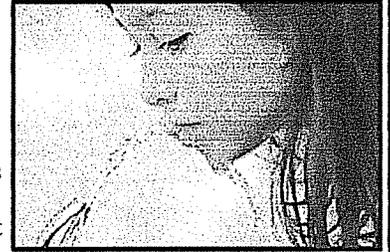
An effective and locally beneficial ecosystem services market must:

- **Provide transparency and clarity** - The process of negotiating ecosystem market transactions must be transparent and acceptable by all parties. Clear guidance must be provided on what is being traded and how that provides a net return for the environment and cost savings for the regulated community.
- **Create innovative tools beyond standard regulation** - Future regulatory solutions will move towards ecosystem services restoration (green infrastructure) vs. expensive and often less effective technology (grey infrastructure).
- **Provide more effective, efficient, and prioritized restoration** - A market structure can help target restoration toward strategic locations and increase the pace, scope, and effectiveness of restoration efforts.
- **Invite participation** - Involving all members of the community in the creation of a currency/market structure will foster inclusiveness and thereby encourage all to be involved in the system of trading.

HOW DO WE DEVELOP AN ECOSYSTEM SERVICES MARKET IN THE YAKIMA BASIN?

Like starting any new and innovative process, creating an ecosystem services market in the Yakima Basin will require dedicated staff, basin wide cooperation and involvement, and of course funds. The YES Project is seeking these funds through grants and donations to begin the first step in exploring if and how such a market could work in our basin. Our first step will be to look at the value of floodplain function and restoration.

Many local agencies and people already know the importance of floodplains. Floodplains cool water, filter nutrients, and create habitat complexity. But how much is the water cooled, how many nutrients are captured, and what species will directly benefit? The first step we propose is to define and quantify the benefits provided by floodplains and develop a currency for these services. In other words, how do functional floodplains directly benefit our communities?



NEED AND OPPORTUNITY FOR FLOODPLAIN RESTORATION IN THE YAKIMA BASIN

Restoring floodplains is one of the most effective ways to improve habitat for anadromous fish, reduce flood hazards to local communities, improve flow regimes, and enhance wildlife habitat. Significant investments have already been made to protect remaining floodplains, with over 20,000 acres protected and managed by the Yakama Nation, the Wash. Department of Fish and Wildlife, the Bureau of Reclamation, Yakima County, and others. Projects that will set back levees and other infrastructure to reopen floodplain function to over 2,000 acres are also under development. These floodplain restoration projects will have significant effects on water quality and ecological functions in the Lower Yakima River. But how much?

A critical component to defining how a market could work here will be the development of a floodplain currency that will place a value on restored (or protected) floodplain habitat in providing ecosystem services. With the existing efforts already occurring in the basin, there is an unparalleled opportunity to develop and validate a floodplain restoration market currency.

The Willamette Partnership developed the Pacific Northwest's first ecosystem services market to be recognized by state and federal regulators. They have identified a high potential and the critical need in the Yakima Basin for developing an ecosystem services market here as well. They are one of our key partners and will make available their experience and resources developed in their 'Counting on the Environment' project (www.willamettepartnership.org/).

WHO ARE THE ORGANIZATIONS CURRENTLY INVOLVED?

The local partners currently involved in the Yes Project include:

- South Central Resource Conservation and Development (RC&D) Council
- Yakama Nation
- Yakima Basin Fish and Wildlife Recovery Board staff
- Washington Department of Ecology
- City of Yakima and other local communities



We continue to seek support from others in the Yakima Basin. Let us know if you want to be involved!

HOW CAN YOUR ORGANIZATION / CITY / AGENCY GET INVOLVED?

The YES Project anticipates receiving funds to continue our efforts through 2010 and into 2011. We encourage you and your organization to become involved by providing us your name and contact info so that we can inform you of upcoming workshops, speaking engagements, and **YES Group** meetings.

Our goals with these outreach efforts will be to:

- Develop regional partnerships,
- Develop a scientifically based foundation for modeling and defining floodplain restoration currency,
- Utilize existing market frameworks from other basins, and
- Disseminate project deliverables.

HELP US MOVE FORWARD!

Please support our efforts by joining the **YES Group**, and be one of our many partners working for a more sustainable and flourishing Yakima River Watershed. For more information please contact us!

CONTACT INFORMATION

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