



TO: Members of the Joint Legislative Commission on Governmental Operations
 President Pro Tempore Phil Berger, Co-Chair
 Speaker of the House Tim Moore, Co-Chair
 The Senate Appropriations Committee on Agriculture/Environment/Natural
Resources
 Senator Andrew Brock, Co-Chair
 Senator Bill Cook, Co-Chair
 Senator Trudy Wade, Co-Chair
 Senators Fletcher Hartsell, Brent Jackson, John Alexander, Chad Barefoot,
 Stan Bingham, Angela Bryant, Joel Ford, Valerie Foushee, Jeff Jackson,
 Tom McInnis, Ronald Rabin, Bill Rabon, Shirley Randleman, Erica
 Smith-Ingram and Tommy Tucker
 The House Appropriations Sub-Committee on Agriculture and Natural and
Economic Resources
 Representative Jimmy Dixon, Chair
 Representative Pat McElraft, Chair
 Representative Roger West, Chair
 Representative Rick Catlin, Garland Pierce, Pricey Harrison, James
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 Turner, Michael Wray and Larry Yarborough
 The Environmental Review Commission
 Representative Jimmy Dixon, Chair
 Representative Mike Hager, Chair
 Representative Chuck McGrady, Chair
 Senator Brent Jackson, Chair
Fiscal Research Division
 Jennifer Hoffman

FROM: Bryan M. Gossage
 Executive Director, Clean Water Management Trust Fund
 Director, Division of Land & Water Stewardship
 Department of Natural and Cultural Resources

RE: Clean Water Management Trust Fund
 Annual Report, December 2015

DATE: 11/30/2015

Pursuant to G.S.113A-257, please see the attached report required by December 1, 2015.

**CLEAN WATER MANAGEMENT TRUST FUND
ANNUAL REPORT
December 2015**

TO: Joint Legislative Commission on Government Operations

The Honorable Phil Berger, Co-Chair

The Honorable Tim Moore, Co-Chair

Environmental Review Commission

Rep. Rick Catlin (Co-Chair)

Rep. Jimmy Dixon (Co-Chair)

Rep. Mike Hager (Co-Chair)

Rep. Chuck McGrady (Co-Chair)

Sen. Brent Jackson (Co-Chair)

Subcommittees on Appropriations for Natural and Economic Resources

Sen. Andrew C. Brock (Co-Chair)

Sen. Bill Cook (Co-Chair)

Sen. Trudy Wade (Co-Chair)

Rep. Dixon (Co-Chair)

Rep. McElraft (Co-Chair)

Rep. West (Co-Chair)

Division of Fiscal Research, North Carolina General Assembly

Mr. Mark Trogdon, Director, Fiscal Research Division

Mrs. Jennifer Hoffmann, Fiscal Research Division

FROM: Bryan M. Gossage, Executive Director, CWMTF

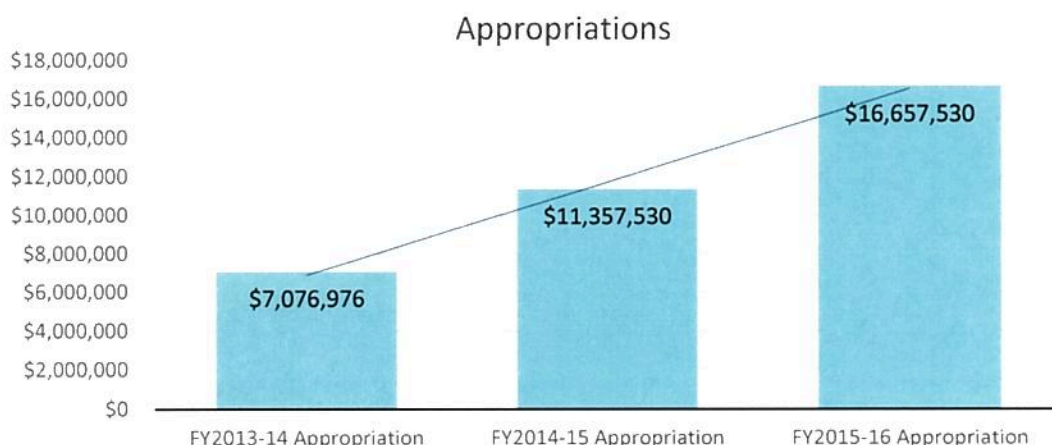
RE: Clean Water Management Trust Fund's 2015 Annual Report

Clean Water Management Trust Fund 2015 Annual Report

Introduction

The Department of Natural and Cultural Resources, staff and the Board of Trustees of the Clean Water Management Trust Fund (CWMTF) would like to thank the members of the General Assembly of North Carolina for their continued and substantial commitments to protect safe, clean drinking water, natural and cultural resources, and the U.S. military mission within North Carolina, and hereby presents our annual report to the General Assembly and the public pursuant to GS 113A-257.

In 2015, the Fund experienced its second move into a new agency in 26 months, while simultaneously receiving significant increases in annual appropriations as shown in the graph below.



Currently, the Fund is administratively organized within the Division of Land and Water Stewardship in the Department of Natural and Cultural Resources. The LWS division is housed in the Nature Research Center (NRC) building on Jones St. in Raleigh, NC.

Background

The 1996 General Assembly created the Clean Water Management Trust Fund [Chapter 113A Article 18 (GS 113A-251 et seq.)], "to clean up pollution in the State's surface waters and to protect, preserve and conserve those waters that are not yet polluted." As originally created, the CWMTF was to "use innovative and non-regulatory approaches to help finance projects that specifically address water pollution problems and focus on upgrading surface waters, eliminating pollution, and protecting, preserving and conserving unpolluted surface waters, including enhancement or development of

drinking water supplies" and "to build a network of riparian buffers and greenways for environmental, educational, and recreational benefit."

Until July 2013, the CWMTF was an independent, non-regulatory agency housed for administrative-only purposes in the Department of Environment and Natural Resources (DENR, now DEQ). Previously, a 21-member board of trustees established criteria, allocated funds, reviewed applications, and approved grants through three principal committees: infrastructure wastewater, restoration/stormwater/greenways and land/conservation easement acquisition. Local governments, state agencies, and nonprofit conservation organizations, such as land trusts, were eligible applicants. As a grant making agency, funds were allocated to address and correct pollution problems and to protect unpolluted waters that are identified by eligible grant applicants.

With the passage of the 2013-2014 budget and per Session Law 2013-360, section 14.3, the General Assembly and Governor made substantial changes to the Clean Water Management Trust Fund, including moving the agency fully into the Department of Environment and Natural Resources, and reducing the size of the board from 21 to 9 members.

This year, Governor McCrory signed the 2015-2016 state budget into law which moved the state's natural resources attractions (the three coastal aquariums, state parks, Museum of Natural Sciences and N.C. Zoo) as well as the Division of Land and Water Stewardship's Clean Water Management Trust Fund and Natural Heritage Program into what is now the Department of Natural and Cultural Resources (DNCR, formerly DCR).

From its inception through 2015, the CWMTF – via appropriations and receipts – has partnered with local communities and organizations to contribute nearly \$1,000,000,000 to the protection and restoration of the state's natural and cultural resources. Further, the fund has leveraged approximately one and a half times that amount (and additional \$1,500,000,000) to support those same efforts to protect and restore our state's resources.

Today, CWMTF staff manages more than \$75 million dollars in CWMTF funded projects, which includes nearly 125 active contracts (\$56 million) and 49 projects awarded this year (\$19 million). Staff ensure due diligence for monitoring grant requirements and expenditure of funds, while at the same time ensuring a transparent process, clearly communicated expectations, and the provision technical assistance and resources as needed, to guide recipients through project implementation.

CWMTF protects more than the state's natural and cultural resources. Under the program's enabling legislation, grants this program provides support North Carolina's major economies of agriculture, military, tourism, fisheries and forest products. Grant funding provided by this non-regulatory program helps to meet infrastructure needs of municipalities, increase recreational opportunities, and enhances our citizen's quality of life throughout the state – all critical components for economic investment and development.

2015 Summary

With the signing of the 2015-2016 state budget, the CWMTF has been transferred to the Department of Natural and Cultural Resources (DNCR).

Staffing: Bryan Gossage, has served as Executive Director since November 2013. The CWMTF is within DNCR's Division of Land and Water Stewardship at DNCR; for which Bryan Gossage also serves as Director. The division reports to DNCR Deputy Secretary Kevin Cherry. A project manager position was filled in December 2014 and one temporary position was filled to assist with the military land use planning efforts. All CWMTF personnel remain exempt from the North Carolina Human Resources Act. For additional information, see Attachment 1 – *Organizational Chart*.

In light of the Fund's broad mission as defined under state general statutes, staff presented two proposals to Trustees during FY15/16. The first was a request from the NC Department of Agriculture and Consumer Services to provide approximately \$30,000 for assistance to fund that agency's Forestry Management Plans. The full Board of Trustees voted against providing this assistance.

The second was a proposal to include additional land conservation mechanisms, such as term contracts, temporary easements, and/or working lands easements into the Fund's portfolio of land protection tools. A committee of the Board elected to not advance consideration of these mechanisms to the full Board.

The Fund remains committed to fully implementing a Grant Management Software system to move from the current hardcopy and Excel spreadsheet system. Partial implementation was completed in early 2015 while a full solution was sought. An RFP joined by several other agencies was cancelled in November 2015, and the CWMTF is now pursuing a partnership with NCDOT to use a system already in place in that agency.

Board of Trustees: The Board held three business meetings in 2015 with the funding meeting held in November. As of November 2015, the nine members of the Board of Trustees are:

Dr. Troy Kickler (Chair):

Resides- Raleigh, NC

Occupation- Director of the NC History Project

Education- M.S in Social Studies Education from NC A&T State University, Ph.D. in history from the University of TN.

Additional Information- Formerly a high school social studies teacher and soccer coach. Recipient of numerous research awards and study grants. Currently a co-editor of *Nathaniel Macon: Collected Letters and Speeches*

Frank Bragg:

Resides - Huntersville, NC

Occupation- Investment Advisor

Education: B.A from Wake Forest University

Additional Information- Formerly served as chairman for Catawba Lands Conservancy. Served on Charlotte-Mecklenburg Historic Landmarks Commission and the Greater Banner Elk Heritage Foundation. Founder of Bragg Financial Advisors.

Frederick Beaujeu-Dufour:

Resides – Clinton, NC

Occupation- Farmer

Education – BS in Hotel Management from Paris, France. MBA from University of North Carolina-Chapel Hill.

Additional Information – Involved in Rotary Club and Hiram Lodge 98. Enjoys horseback riding, hunting, photography and reading.

Greer Cawood:

Resides - Winston-Salem, NC

Occupation- Community Volunteer

Education- B.A from the University of North Carolina-Chapel Hill

Additional Information- Served as a trustee for the UNC School of the Arts and as a trustee for Forsyth County Day School. Enjoys traveling, hiking, tennis, golf and skiing.

Robin Hackney:

Resides – Wilmington, NC

Occupation – Custom New Home Building

Education - BA in Journalism – Advertising from University of North Carolina - Chapel Hill,

NC Brokers license (North Carolina Board of Realtors), NC Certified Appraiser (North Carolina Appraisal Board) and NAHB Green Certified

Additional Information- Member of the Wilmington Board of Realtors and Member of the Wilmington – Cape Fear Home Builders Association; Participated in Habitat for Humanity Builder Blitz 2012 Member of the St. James Episcopal Church. Enjoys Painting / Art / Home Design, Cooking, Tennis, Needlepoint and Gardening.

Renee Kumor:

Resides – Hendersonville, NC

Occupation – Author; former County Commissioner

Education - Graduated in 1966, BA, University of Dayton, Dayton, Ohio; enrolled in Blue Ridge Community College and graduated in 1984, AA, Mechanical Drafting and Design.

Additional Information - Resident of Henderson County for 33 years; writes a monthly column for the Hendersonville Times-News, "Boards are Us," discussing non-profit issues and non-profit board service.

Johnny Martin:

Resides – Wake Forest, NC

Occupation – Civil Engineer

Education - BS in Civil Engineering from North Carolina State University and an MS in Civil Engineering from North Carolina State University.

Additional Information - Participates in the American Public Works Association and enjoys church and golf.

William Toole:

Resides – Belmont, NC

Occupation – Lawyer

Education - JD/MBA Wake Forest University and B.A Haverford College

Additional Information – Serves as Town of Belmont, City Councilman and various other civic and non-profit organizations. Enjoys trout fishing and cooking.

Charles Vines:

Resides – Bakersville, NC

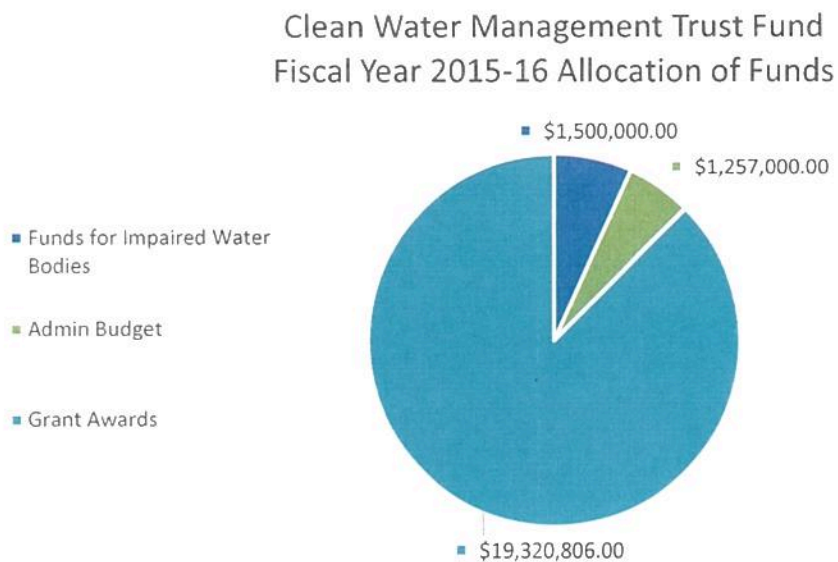
Occupation – Retired US Air Force; Mitchell County Manager and Mayor, Town of Bakersville.

Education – USAF Finance, Accounting and Budget Management

Additional Information – Served as a Trustee for Bakersville Volunteer Fire Department, served on Mitchell County EDC Board and Mitchell County Development Foundation and numerous other board and commissions. Serves as a deacon for Bakersville Baptist Church and enjoys gardening, fly fishing, golf and helping others.

Financial Administration

For fiscal year 2015-16, CWMTF received 111 grant applications totaling \$60,411,640. The general appropriation to Clean Water Management Trust Fund (CWMTF) for FY 15/16 was \$11,657,530 with an additional \$1,000,000 for Military Buffer Protection. Administration/operations funds of up to \$1,257,000 were appropriated for use during the fiscal year, as well as an additional non-recurring appropriation of \$5,000,000 for Grant Expansion. In addition to current fiscal year appropriation, there were prior-cycle grant contract under-runs (reversions) and license plate revenues that generated an additional \$2.1 million for grant awards.



In November of this year, the Board of Trustees awarded 49 grants totaling \$19,320,806 for the current funding cycle. Summary Table 1 below shows a breakdown of the program areas and total amounts funded.

Summary of FY 2015-16 Funded Projects	
Acquisitions (Military Buffer)	\$ 3,487,253
Acquisitions (Non-military)	\$10,902,914
Stream Restoration	\$ 4,126,442
Innovative Stormwater	\$ 704,197
Donated easement program	\$ 100,000
Total	\$19,320,806

As required by G.S. § 113A-257, a list of the projects awarded grants from the Fund for the previous 12-month period, including a description of the project, the amount of the grant awarded for the project, and the total cost of the project, is provided as Attachment 2: *List of Funded Projects (2014 Cycle)* at the end of this report.

Annual Report Summary

Protecting water resources and the conservation of natural and cultural resources is an important role the CWMTF plays to help safeguard many of North Carolina's vital economic engines, including agriculture, tourism and recreation, and the military mission and presence in our state. Having completed major transition activities over the past several years, staff and the Board continue to work diligently to provide efficiency, transparency and accountability to the Fund's operating funds, grant funds, and the valuable non-regulatory role we play. Financial resources provided by the General Assembly fund projects that provide the greatest benefit and help protect and preserve to the natural, historic and cultural resources of the state for our generation and those who will follow.

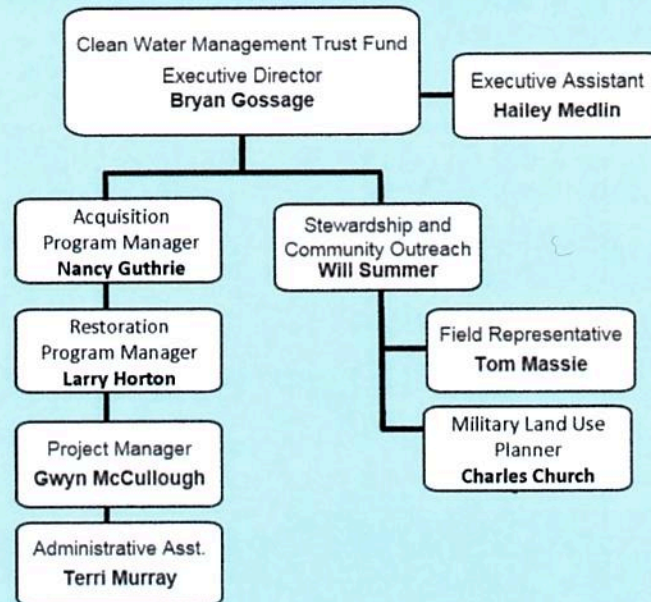
Attachments

Attachment 1: Organizational Chart

Attachment 2: List of Funded Projects (2014 Cycle)

Clean Water Management Trust Fund

Organizational Chart – November 2015



Attachment 2: List of Funded Project (2014 Cycle)

2014 CWMTF Awards - Final June 30, 2015

Summary of Funded Projects	
Acquisition	\$19,054,081
Restoration	\$3,864,741
Innovative Stormwater	\$1,664,572
Donated Minigrants	\$200,000
Total	\$24,783,394

App. Number	Project Name	Award	County
ACQUISITION PROJECTS			
2014-016	Conservation Fund, The - Acq/ Laurel Branch	\$130,000	Yancey
2014-007	Carolina Mountain Land Conservancy - Acq/ Bearwallow Mountain Phase III	\$404,455	Henderson
2014-040	NC Department of Cultural Resources - Acq/ Bentonville Battlefield - Denning, Laboda, and Morris tracts	\$123,640	Johnston / Wayne
2014-069	Wake Forest, Town of - Acq/ Traditions North East	\$529,920	Wake
2014-057	Sandhills Area Land Trust, Inc. - Acq/ Seaboard Timberland	\$448,183	Moore
2014-046	NC Forest Service - Acq/ Headwaters of the East Fork of the French Broad River	\$1,000,000	Transylvania
2014-001	Alamance County Recreation & Parks - Acq/ Cane Mountains Natural Area	\$75,000	Alamance
2014-049	NC Wildlife Resources Commission - Acq/ Sassafras/James Sisters	\$1,000,000	Scotland
2014-023	Foothills Conservancy of NC - Acq/ Fort Defiance National Historic Site	\$243,672	Caldwell
2014-044	NC Div Parks & Recreation - Acq/ South Mountains SP - Simms Hill	\$684,000	Burke
2014-041	NC Div Parks & Recreation - Acq/ Chimney Rock State Park Bluerock Mtn / Cedar Knob	\$1,000,000	Rutherford
2014-013	Conservation Fund, The - Acq/ Big Laurel Creek	\$1,000,000	Ashe
2014-006	Blue Ridge Conservancy - Acq/ Wrenn Property Acquisition-Elk Knob State Park	\$56,462	Watauga
2014-020	Eno River Association - Acq/ Bacon Quarry	\$336,500	Orange
2014-008	Carolina Mountain Land Conservancy - Acq/ Eagle's Nest Branch	\$393,880	Transylvania
2014-063	Tar River Land Conservancy - Acq/ Nealey Tract	\$96,200	Nash
2014-051	NCD&CS Plant Conservation Program - Acq/ Cedar Mountain Bog Phase II	\$420,000	Transylvania
2014-068	Wake Forest, Town of - Acq/ Hedrick	\$289,622	Wake
2014-017	Conservation Trust for North Carolina - Acq/ The Orchard at Altapass	\$180,844	McDowell
2014-025	Land Trust for the Little Tennessee, Inc. - Acq/ Smarr	\$439,520	Macon
2014-067	Troy, Town of - Acq/ Denson Creek	\$264,000	Montgomery
2014-048	NC Wildlife Resources Commission - Acq/ Page Tract	\$75,160	Cleveland
2014-029	LandTrust for Central North Carolina - Acq/ Fort York Historic Site	\$187,000	Davidson
2014-011	Catawba Lands Conservancy - Acq/ Carolina Thread Trail - Rocky River/Mallard Creek Trail, Cabarrus County, NC	\$1,000,000	Cabarrus
2014-015	Conservation Fund, The - Acq/ Jarrett Bay	\$130,518	Carteret

Attachment 2: List of Funded Project (2014 Cycle)

App. Number	Project Name	Award	County
2014-018	Creedmoor, City of - Acq/ Lake Rogers Tract, Ledge Creek	\$170,900	Granville
2014-019	Ellerbe Creek Watershed Association - Acq/ The Rocks	\$26,930	Durham
2014-056	RiverLink - Acq/ Canie Creek	\$352,630	Buncombe
2014-047	NC Wildlife Resources Commission - Acq/ Allen Tract	\$270,000	Swain
2014-014	Conservation Fund, The - Acq/ Carpenter Branch - Sheepback Mt Tract	\$1,000,000	Haywood
2014-045	NC Forest Service - Acq/ Backbone Ridge	\$1,000,000	Caldwell
2014-054	Piedmont Land Conservancy - Acq/ Ingram Property	\$401,630	Surry
2014-003	Blue Ridge Conservancy - Acq/ Beech Creek State Natural Area	\$460,100	Watauga
2014-062	Tar River Land Conservancy - Acq/ Ledge Creek Slopes	\$223,800	Granville
2014-053	Piedmont Land Conservancy - Acq/ Goodman	\$306,560	Stokes
2014-064	Tar River Land Conservancy - Acq/ Possumquarter Tract	\$317,700	Warren
2014-061	Tar River Land Conservancy - Acq/ Kerr Tract, Little Fishing Creek	\$64,900	Halifax
2014-027	LandTrust for Central North Carolina - Acq/ Chesson Longleaf Forest, Smith Branch	\$242,000	Montgomery
2014-034	Nature Conservancy, The - Acq/ Juniper Creek - Pioneer Tract	\$1,000,000	Columbus
2014-058	Southern Appalachian Highlands Conservancy - Acq/ Marshall Watershed	\$536,470	Madison
2014-021	Foothills Conservancy of NC - Acq/ Camp Grier Jarrett Creek	\$178,653	McDowell
2014-043	NC Div Parks & Recreation - Acq/ Mt. Jefferson- Vannoy III	\$989,000	Ashe
2014-031	Lansing, Town of - Acq/ Historic Lansing Environmental & Recreation Park	\$282,500	Ashe
2014-033	Nature Conservancy, The - Acq/ Horse Swamp - Adams Tract	\$191,297	Onslow
2014-038	NC Coastal Land Trust - Acq/ Mill Creek/Brady	\$515,435	Carteret
2014-052	NCDA&CS Plant Conservation Program - Acq/ Tater Hill Plant Conservation Preserve Miller Boundary Adjustment	\$15,000	Watauga

RESTORATION PROJECTS			
2014-405	Hookerton, Town of - RS/ Contentnea Stream Bank Stabilization	\$303,000	Greene
2014-803	Wilson, City of - Planning/ Hominy Creek Greenway & Water Quality Park Master Plan	\$18,316	Wilson
2014-419	Resource Institute, Inc - RS/ Western NC Stream Restoration Initiative 2014	\$400,000	Statewide / Regional
2014-413	Pilot View RC&D - RS/ Ararat River Ph 5 Stream Restoration & Greenway, Ararat River	\$400,000	Surry
2014-421	Trout Unlimited, Stone Mtn Chapter - RS/ E Prong Roaring River Restoration	\$75,000	Wilkes
2014-406	Laurel Park, Town of - RS/ Rhododendron Lake Pk Ph 2 Stream Restoration, Wash Cr	\$63,550	Henderson
2014-403	Greensboro, City of - RS/ S Buffalo Cr Habitat & Water Quality Improvement Ph III	\$332,600	Guilford
2014-404	Hiwassee River Watershed Coalition, Inc - RS/ Valley River at Taylor Creek Restoration	\$172,000	Cherokee
2014-407	Mecklenburg County - RS/ The Park Huntersville Ph 2, McDowell Cr	\$400,000	Mecklenburg
2014-402	Durham Soil & Water Conservation District - RS/ Southern High School Stream Restoration Project, Neuse River	\$176,500	Durham
2014-802	Piedmont Triad Regional Council - Planning/ RS Stokes County - Dan River Corridor Recreation & Stewardship Plan	\$51,000	Stokes

Attachment 2: List of Funded Project (2014 Cycle)

App. Number	Project Name	Award	County
2014-417	Resource Institute, Inc - RS/ Hitchcock Creek Stream & Wetland Enhancement, Hitchcock Cr	\$400,000	Richmond
2014-415	Polk Soil & Water Conservation District - RS/ N Pacolet River Reach 4 Stream Restoration	\$ 400,000	Polk
2014-409	NC Div of Soil & Water Conservation - RS/ Conservation Reserve Enhancement Program Phase VI	\$400,000	Statewide / Regional
2014-801	Piedmont Triad Regional Council - Planning/ RS - Southwest High Point Renewal Project - Green Infrastructure Restoration Plan, Richland Cr	\$69,500	Guilford
2014-411	NC Forest Service - RS/ Linville River Restoration at Gill State Forest, Linville River	\$203,275	Avery

INNOVATIVE STORMWATER PROJECTS			
2014-1004	Fayetteville, City of - ISW/ Person Street Innovative Stormwater Greenscape, Blounts Cr	\$309,500	Cumberland
2014-1007	NC State University - ISW/ Retrofitting Wet Pond Shelves, Cape Fear River	\$177,448	Nash/ New Hanover
2014-1010	UNC-Chapel Hill - ISW/ Investigating Blue, Green & Conventional Roof Stormwater Mgmt, Waters Cr	\$201,633	Orange
2014-1008	NC State University - ISW/ Silva Cell stormwater retrofits, Ellerbe Cr & Stoney Cr	\$214,658	Durham/ Wayne
2014-1006	NC Coastal Federation - ISW/ Advancing the Use of LID Practices	\$161,455	Statewide/ Regional
2014-1002	Charlotte, City of - ISW/ Linda Lake Dr Regenerative SW Conveyance Project, Reedy Cr	\$135,000	Mecklenburg
2014-1011	Wake Technical Community College - ISW/ Regenerative Stormwater Conveyance, Mills Br	\$323,000	Wake
2014-1001	Albemarle RC&D - ISW/ In Stream Wetlands Project, Little River Watershed	\$141,878	Pasquotank