

**CLEAN WATER MANAGEMENT TRUST FUND
ANNUAL REPORT
December 2016**

TO: Joint Legislative Commission on Government Operations

The Honorable Phil Berger, Co-Chair

The Honorable Tim Moore, Co-Chair

Environmental Review Commission

Rep. Jimmy Dixon (Co-Chair)

Rep. Chuck McGrady (Co-Chair)

Sen. Trudy Wade (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)

Division of Fiscal Research, North Carolina General Assembly

Mr. Mark Trogon, Director, Fiscal Research Division

Ms. Lanier McRee, Fiscal Research Division

FROM: Bryan M. Gossage, Executive Director, CWMTF

RE: Clean Water Management Trust Fund's 2016 Annual Report

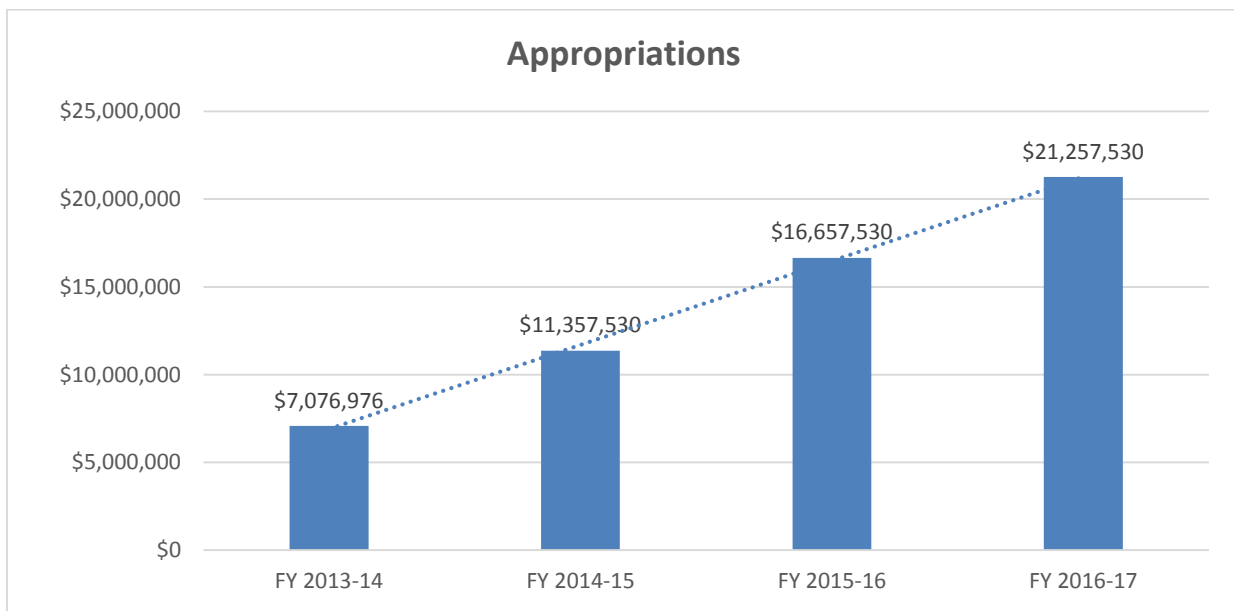
Clean Water Management Trust Fund 2016 Annual Report

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 2016, the Fund continued its integration into its new home within the Department of Natural and Cultural Resources. The Fund remains administratively organized within the Division of Land and Water Stewardship, which is housed in the Nature Research Center (NRC) building on Jones St. in Raleigh, NC.

For the fourth straight year, the CWMTF received a significant increase in annual appropriations as shown in the graph below.



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/storm water/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.

In 2015, Governor Pat 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 of 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.

2016 Summary

The year 2016 marked the 20th Anniversary of the Clean Water Management Trust Fund. Several notable milestones have been reached during those two decades, including: more than \$1B allocated in grants to conserve, enhance or restore the State's water system, and more than 500,000 acres placed into perpetual conservation easements.

The CWMTF used the completed the NC Military Land Use Blueprint pilot project (NCNG Camp Butner) to begin the development of NC LandAdvantage, a web-based tool to assist all military services with a footprint in North Carolina in their efforts to identify and prioritize parcels to protect from incompatible use – in line with CWMTF's statutory mission.

The Fund, in partnership with NCDOT and SAP, completed implementation of Phase I of a Grant Management Software system to move from the current hardcopy and Excel spreadsheet system. Applications during the 2016-17 cycle will be fully completed online for the first time in the history of the CWMTF.

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. Two field representative positions were filled in early 2016. All CWMTF personnel remain exempt from the North Carolina Human Resources Act. For additional information, see Attachment 1 – *Organizational Chart*

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

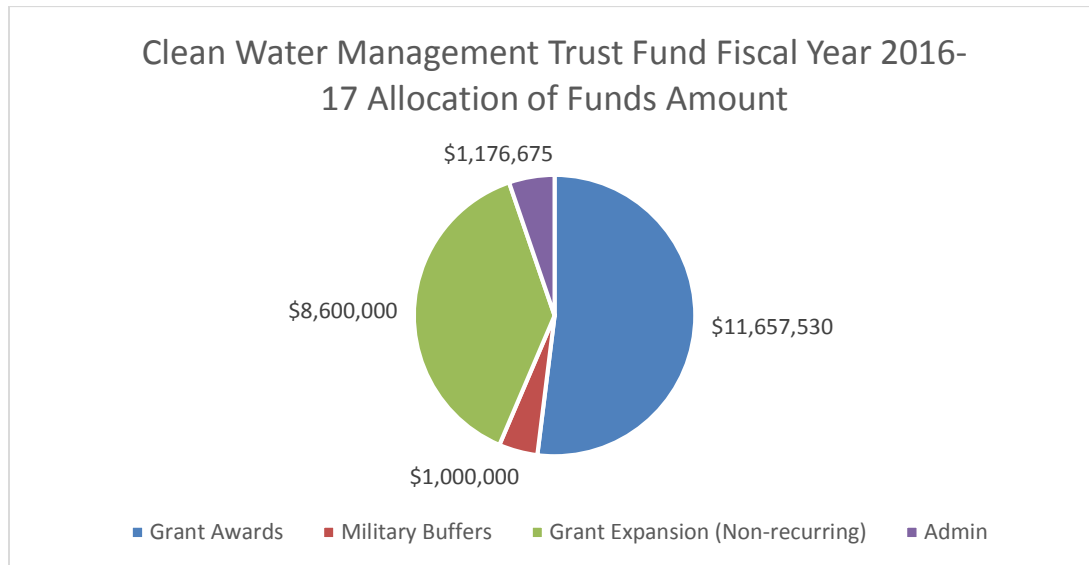
Occupation – Retired US Air Force; Mitchell County Manager and Mayor, Town of Bakersville.

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 2016-2017, CWMTF received 128 grant applications totaling \$82,189,810. The general appropriation to Clean Water Management Trust Fund (CWMTF) for FY 16/17 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 \$8,600,000 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.



As required by G.S. § 143B-135.244, a list of the projects awarded grants from the Fund for the FY 2015-2016, 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 (2015 Cycle)* at the end of this report.

In September and October 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 2016-17 Funded Projects	
Acquisitions (Military Buffer)	\$ 3,315,412
Acquisitions (Non-military)	\$14,785,195
Stream Restoration	\$ 4,318,377
Innovative Stormwater	\$1,112,649
Planning grants	\$188,750
Donated easement program	\$150,000
Total	\$23,870,383

Annual Report Summary

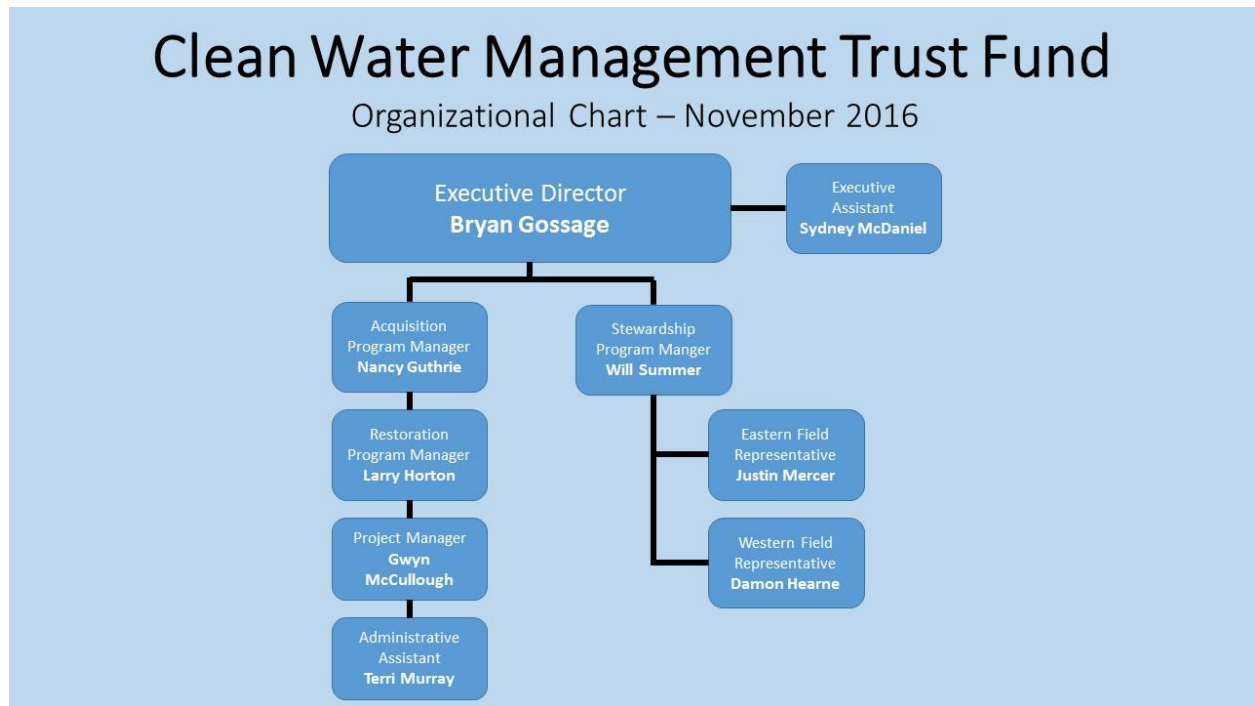
Protecting water resources and the conservation of natural and cultural resources is an important role the CWMTF plays to help safeguard many of North Carolina's vital economic engines, including agriculture, tourism and recreation, and the military mission and presence in our state. Having completed 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 (2015Cycle)

Attachment 1: Organizational Chart



Attachment 2: List of Funded Projects (2015Cycle)

2015 CWMTF Awards

Summary of Funded Projects	
Acquisition (Military Buffer)	\$ 3,785,410
Acquisition (Non-military)	\$ 16,659,964
Restoration	\$ 4,846,025
Innovative Stormwater	\$ 704,197
Donated Minigrants	\$ 100,000
Total	\$ 26,095,596

App. Number	Project Name	Award	County
ACQUISITION PROJECTS			
2015-038	Nature Conservancy, The - Acq/ Orton Creek – Orton Creek – Orton Longleaf LLC Tract (military)	\$1,172,960	Brunswick
2015-035	Nature Conservancy, The - Acq/ Bluff Mountain Jones	\$1,200,000	Ashe
2015-007	Carolina Mountain Land Conservancy - Acq/ Bearwallow Mountain Phase IV	\$388,000	Henderson
2015-056	NC Forest Service - Acq/ Headwaters of the East Fork of the French Broad River	\$1,200,000	Transylvania
2015-043	NC DA&CS Plant Conservation Program - Acq/ McIntosh Bay	\$236,356	Scotland
2015-010	Catawba Lands Conservancy - Acq/ Holly Track Preserve	\$1,019,000	Mecklenburg
2015-063	North Carolina Coastal Land Trust - Acq/ Waccamaw River/Campbell Group II	\$440,287	Columbus
2015-003	Blue Ridge Conservancy - Acq/ Pond Mountain Linkage	\$765,565	Ashe
2015-013	Conservation Fund, The - Acq/ Cattail Peak	\$1,200,000	Yancey
2015-047	NC Division of Parks and Recreation - Acq/ Bullhead Mountain Additions	\$192,000	Alleghany
2015-064	Piedmont Land Conservancy - Acq/ Faith Rock	\$88,052	Randolph
2015-002	Blue Ridge Conservancy - Acq/ Lillis Property Acquisition-Middle Fork Greenway	\$196,192	Watauga
2015-012	Civil War Preservation Trust - Acq/ Aversboro Battlefield - West and Kenlan Tracts	\$71,660	Cumberland

App. Number	Project Name	Award	County
2015-040	Nature Conservancy, The - Acq/ Sandhills Juniper Creek - Haskell Tract (military)	\$199,986	Scotland
2015-004	Blue Ridge Conservancy - Acq/ Tater Hill Bog Preserve Acquisition & Boundary Adjustment	\$126,280	Watauga
2015-046	NC Department of Cultural Resources - Acq/ Bentonville Battlefield-Cole,Hollowell Tracts	\$483,736	Johnston
2015-020	Foothills Conservancy of NC - Acq/ Sheila Adams-Left Prong Catawba	\$186,797	McDowell
2015-014	Conservation Fund, The - Acq/ Indian Creek	\$1,200,000	Haywood
2015-023	Goldsboro, City of - Acq/ Seymour Johnson Land Acquisition (military)	\$28,900	Wayne
2015-021	Foothills Conservancy of NC - Acq/ Whippoorwill Property	\$210,475	Burke
2015-044	NC DA&CS Plant Conservation Program - Acq/ Paddy Mountain Plant Conservation Preserve Cook Tract Addition	\$514,134	Ashe
2015-048	NC Division of Parks and Recreation - Acq/ Elk Knob State Park - Main Tract	\$122,000	Watauga
2015-079	Tar River Land Conservancy - Acq/ Twelve Hawks, Fishing Creek	\$79,591	Nash
2015-051	NC Division of Parks and Recreation - Acq/ Lumber River - Big McQueen Tract	\$400,000	Robeson
2015-059	NC Wildlife Resources Commission - Acq/ Gibson & Poplin (military)	\$263,576	Scotland
2015-072	Southern Appalachian Highlands Conservancy - Acq/ Weaverville Watershed at Eller Cove	\$338,627	Buncombe
2015-024	Land Trust for Central NC, The - Acq/ Bennett Property, Barnes Creek Headwaters	\$191,000	Montgomery
2015-068	Sandhills Area Land Trust - Acq/ Glendon- Carthage Bridge Tract (military)	\$309,543	Moore
2015-066	Piedmont Land Conservancy - Acq/ Historic Bethania Church Properties (3 sites)	\$53,162	Forsyth
2015-070	Sandhills Area Land Trust - Acq/ Sanctuary (military)	\$116,893	Moore

App. Number	Project Name	Award	County
2015-039	Nature Conservancy, The - Acq/ Roxbury Associates, LLC (military)	\$883,107	Hyde
2015-075	Tar River Land Conservancy - Acq/ Gantt Tract, Dickens Creek (military)	\$810,445	Granville
2015-062	NC Wildlife Resources Commission - Acq/ Shelton Tract	withdrawn	Buncombe
2015-015	Conservation Fund, The - Acq/ Mashie Stomp Creek	\$771,300	Haywood
2015-017	Conservation Trust for North Carolina - Acq/ Saddle Mountain Expansion	\$222,553	Alleghany
2015-016	Conservation Fund, The - Acq/ Smith Creek	\$1,200,000	Granville
2015-049	NC Division of Parks and Recreation - Acq/ Elk Knob State Park - Miller Heirs Tract	\$275,000	Watauga
2015-033	Lenoir, City of - Acq/ Lenoir Watershed	\$755,993	Caldwell
2015-006	Cabarrus SWCD - Acq/ Suther Wet Prairie	\$531,000	Cabarrus
2015-022	Foothills Conservancy of NC - Acq/ Wildacres-Armstrong Creek Watershed	\$1,000,000	McDowell
2015-073	Southwestern NC RC&D Council - Acq/Raccoon Rd Wetlands	\$60,690	Haywood
2015-005	Blue Ridge Conservancy - Acq/ Valle Crucis Community Park Expansion	\$51,764	Watauga
2015-081	Wendell, Town of - Acq/ Parkview - Buffalo Creek	\$285,300	Wake
2015-027	Land Trust for Central NC, The - Acq/ Cochran Lands, Uwharrie River	\$302,550	Montgomery
2015-041	NC DA&CS Plant Conservation Program - Acq/ Bat Fork Bog Addition	\$36,900	Henderson
2015-008	Carolina Mountain Land Conservancy - Acq/ Chief Bell Trail Park	\$264,000	Henderson

RESTORATION PROJECTS

2015-402	Charlotte Mecklenburg Storm Water Services - Rest/ Little Sugar Creek Environmental Restoration Initiative Phase 11	\$400,000	Mecklenburg
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App. Number	Project Name	Award	County
2015-414	Pilot View RC&D - Rest/ Ararat River Phase 6 Stream Restoration and Greenway Project	\$400,000	Surry
2015-419	Resource Institute, Inc. - Rest/ Western NC Stream Restoration Initiative - 2015 Round	\$400,000	Statewide/ Regional
2015-802	RiverLink - Plan- Smith Mill Creek Watershed Plan	\$80,000	Buncombe
2015-404	Greensboro, City of - Rest/ South Buffalo Creek Habitat and Water Quality Improvement Project Phase IV (includes \$250,000 FY14-15 for Nutrient Sensitive Water Bodies)	\$347,500	Guilford
2015-407	Mecklenburg SWCD - Rest/ Urban Cost Share Program	\$150,000	Mecklenburg
2015-403	Durham County SWCD - Rest/ UT to Falls Lake - Ward Property (includes \$250,000 FY14-15 for Nutrient Sensitive Water Bodies)	\$400,000	Durham
2015-420	RiverLink - Rest/ Smith Mill Creek Restoration	\$120,000	Buncombe
2015-411	New River Conservancy - Rest/ Bard-South Fork New River Enhancement Project	\$400,000	Ashe
2015-412	Pilot Mountain, Town of - Rest/ UT to Chinquapin Creek Stream Restoration and Greenway Project	\$400,000	Surry
2015-405	Macon County SWCD - Rest/ Cartoogechaye Stream Restoration Project	\$191,000	Macon
2015-401	Carolina Mountain Land Conservancy - Rest/ Rush Mountain Stream Restoration	\$57,800	Henderson
2015-416	Polk County SWCD - Rest/ North Pacolet River Reach 4 Stream Restoration Construction Phase 2	\$400,000	Polk
2015-408	NC Division of Parks and Recreation - Rest/ Lake Waccamaw Hydrilla Treatment	\$250,000	Columbus
2015-415	Pilot View RC&D - Rest/ Linville River Watershed Restoration Construction Project - Phase III	\$400,000	Avery
2015-417	Resource Institute, Inc. - Rest/ Peachtree Stream Restoration Project	\$253,000	Cherokee

App. Number	Project Name	Award	County
2015-409	NC Forest Service - Rest/ Linville River Restoration, Gill State Forest	\$196,725	Avery
INNOVATIVE STORMWATER PROJECTS			
2015-1003	North Carolina State University - ISW/ Converting Dry Ponds to Constructed Stormwater Wetlands (Jordan Lake watershed amount = \$135,000)	\$202,657	Wake
2015-1004	Oak Island, Town of - ISW/ Septic Tank Stormwater Retrofit Project	\$89,688	Brunswick
2015-1002	Morrisville, Town of - ISW/ Urban Stormwater Outfall Retrofit to Improve Water Quality (Jordan Lake Watershed amount = \$101,077)	\$101,077	Wake
2015-1005	RiverLink - ISW/ Givens Estates ~ Dingle Creek Watershed	\$310,775	Buncombe