

# FACT SHEET:

## LEVERAGING LOCAL FUNDS FOR WATERSHED IMPROVEMENT

As stakeholders in Iowa's 56 hydrologic unit code 8 (HUC-8) watersheds look to improve resiliency through conservation practice adoption, education and outreach, and long-term planning, securing funds for these activities is often a challenge. Below is a list of local strategies Watershed Management Authorities (WMA) members can leverage to attain funding.

| Local funding strategies                                    |   |
|---|---|
| Funding option name   | Explanation   |
| Capital improvement fund <sup>1</sup>                       | A city may establish a reserve fund for capital improvement projects. This fund is built using tax revenue on a yearly basis, which is levied for the fund to accumulate money for the financing of specified capital improvements or to carry out a specific capital improvement plan.   |
| Community foundation grants <sup>2</sup>                    | Many communities have local foundations that offer grants for a variety of projects. WMA members may apply for community foundation grants for projects such as education and outreach campaigns.   |
| General obligation bonds <sup>3</sup>                       | General obligation bonds are backed by property taxes and are issued by a city or county for a wide array of community betterment projects. Typically, these are best suited for infrastructure projects.   |
| Hotel/motel tax <sup>4</sup>                                | Local communities can assess a hotel/motel tax rate on room rentals. The state tax is set at 5 percent, but communities can assess an additional rate (up to 7 percent) to assist in the funding of local recreation projects and more. WMA members with this authority may utilize this strategy to contribute to watershed projects, especially those which facilitate outdoor recreation.  |
| Land and Lake Legacy Bonding <sup>5</sup>                   | Officials at the county level have found success in issuing "Land and Legacy Bonds" to finance water quality and other conservation projects. Polk County, Iowa, voters passed a Land & Legacy Bond which raised millions for projects. <sup>6</sup>  |
| Local Option Sales Tax                                      | Counties are authorized, under Iowa Code, <sup>7</sup> to adopt a Local Option Sales Tax on transactions that occur within defined jurisdictions. Counties that are members of WMAs can use the funds to finance watershed projects. In 2013, voters in Marion, Iowa, approved an extension of the Local Option Sales Tax to fund park developments and other projects in their community. <sup>8</sup>   |
| Per capita funding formula for WMA members                  | Many WMAs have dozens of member jurisdictions which benefit from the activities of the WMA. <sup>9</sup> A WMA board may ask for voluntary member contributions on a per capita basis, established upon factors such as population size, acres within the watershed area, and total available budget.   |
| Permits, fees, and developer contributions <sup>10</sup>    | Communities can establish new fees, earmark a portion of existing permit and fee structures, and/or establish requirements for developer contributions for new development in flood prone areas or areas that may contribute to water quality problems. The proceeds can be accumulated into a separate fund that is tied to specific project types.  |
| Self-supported municipal improvement district <sup>11</sup> | This is a mechanism for property owners and businesses in a defined area to fund district-specific improvements. Commercial and industrial property owners in a district formally organize and pay a fee in addition to property taxes for services, projects, and district operations to improve a defined area. The City of Cedar Falls, Iowa, in the Middle Cedar WMA, used this to invest in streetscaping and other downtown improvements near the riverfront. <sup>12</sup>   |
| Stormwater utility fee <sup>13</sup>                        | This type of utility, operating like a water or wastewater, electric, or other system, collects fees to cover the cost of implementing a municipal stormwater management program. This can include constructing and maintaining storm sewers and flood control systems. In 2019, the City of Algona, Iowa, assessed a fee of \$5 per residential unit; \$15 for commercial, educational, governmental, and religious units; and \$25 on every industrial unit to fund stormwater management structures such as stormwater retention basins. <sup>14</sup> |

### Sources

1 "East Nishnabotna River Watershed Management and Flood Resiliency Plan." East Nishnabotna Watershed Management Coalition, Iowa Watershed Approach, June 2019, [dropbox.com/sh/x7adpq85ed3a1t0/AAD\\_ewAWScOVnrhHWBL2tsgta/East%20%26%20West%20HUC%208%20Plans?dl=0&preview=East+Nishnabotna+Plan.pdf&subfolder\\_nav\\_tracking=1](https://www.dropbox.com/sh/x7adpq85ed3a1t0/AAD_ewAWScOVnrhHWBL2tsgta/East%20%26%20West%20HUC%208%20Plans?dl=0&preview=East+Nishnabotna+Plan.pdf&subfolder_nav_tracking=1). Accessed January 2020.

2 Personal communication, Lori Scovel, Limestone Bluffs Resource Conservation & Development, Nov. 13, 2019.

3 "East Nishnabotna River Watershed Management and Flood Resiliency Plan." East Nishnabotna Watershed Management Coalition, Iowa Watershed Approach, June 2019, [dropbox.com/sh/x7adpq85ed3a1t0/AAD\\_ewAWScOVnrhHWBL2tsgta/East%20%26%20West%20HUC%208%20Plans?dl=0&preview=East+Nishnabotna+Plan.pdf&subfolder\\_nav\\_tracking=1](https://www.dropbox.com/sh/x7adpq85ed3a1t0/AAD_ewAWScOVnrhHWBL2tsgta/East%20%26%20West%20HUC%208%20Plans?dl=0&preview=East+Nishnabotna+Plan.pdf&subfolder_nav_tracking=1). Accessed January 2020.

4 "Summary of Taxation of Hotel Rooms." Iowa Department of Revenue, [tax.iowa.gov/summary-taxation-hotel-rooms](https://tax.iowa.gov/summary-taxation-hotel-rooms). Accessed December 2019.

5 "Watershed Policies and Funding." Iowa Stormwater Education Partnership, [iowastormwater.org/stormwater-runoff/watersheds/watershed-policies-funding/](https://iowastormwater.org/stormwater-runoff/watersheds/watershed-policies-funding/). Accessed January 2020.



## LOCAL FUNDING SPOTLIGHT: MAQUOKETA RIVER WMA VOLUNTARY PER CAPITA FUNDING FORMULA

For fiscal year 2020, members of the Maquoketa River WMA were asked to consider making a voluntary financial commitment equal to \$1 per person residing in the watershed.

Members utilized the most recent population data available—in this case the 2010 census—to determine their proposed financial contribution. For example, the City of Manchester, with an estimated population of 5,179 in 2010, was asked to contribute \$5,179 to the WMA. Counties were asked to contribute for the population living in the unincorporated areas of their county located within the watershed area. This was determined by reviewing census tract data and estimating how much land in each census tract was located within the watershed. Many member counties also chose to fund smaller member municipalities within their jurisdiction for which the voluntary financial commitment might have been a burden.

Soil and Water Conservation Districts (which are not allowed to fund memberships) were asked to support the WMA by reimbursing the group for water monitoring fees, which were conducted by Coe College in Cedar Rapids, Iowa. The WMA requested each member Soil and Water Conservation District fund lab fees only for collection sites located within their county. The WMA started its water monitoring program in 2019 with 34 identified collection sites utilizing a snapshot approach of collecting water samples on three dates in May, June, and August.

In its first year, the funding formula raised more than \$50,000 with 14 members contributing funds. The money raised was more than 80 percent of the total ask.



But, there are challenges with a per capita funding model, including sustainability. Among the questions are: Will members be able to continue this support on an annual basis? Can they afford not to invest \$1 per person for improved water and soil quality within their watershed? This will be a topic of discussion for WMA board members moving forward.

The WMA also lost three members from this process, even though commitments were strictly voluntary and were not required—going from 38 to 35 members. However, as a result of these funds, the WMA was able to support the work of Limestone Bluffs Resource Conservation and Development, which invested resources that helped the WMA form and sustained it for several years by providing administration and management services. This group now employs its coordinator.

In addition to providing required matching funds for grant opportunities, the money generated from the per capita formula also supports public education efforts through the WMA's new website, development of a survey for watershed residents in support of the WMA's watershed management plan, and the creation of a voluntary water monitoring program that will help further engage community members throughout the watershed.

### Sources, continued

6 "Polk County Water & Land Legacy." Polk County Conservation, Polk County Iowa, polkcountyiowa.gov/media/41453/17x11\_Meeting\_Doc\_Layout\_4\_revised\_pages.pdf. Accessed December 2019.

7 Iowa Code 2020, Chapter 423B (24, 2), 2019, Iowa Legislature. legis.iowa.gov/docs/code/423B.pdf. Accessed January 2020.

8 "Local Option Sales Tax (LOST)." City of Marion, Iowa, cityofmarion.org/departments/finance/taxes-and-fees/local-option-sales-tax-lost-. Accessed January 2020.

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10 "East Nishnabotna River Watershed Management and Flood Resiliency Plan." East Nishnabotna Watershed Management Coalition, Iowa Watershed Approach, June 2019, dropbox.com/sh/x7adpq85ed3a1t0/AAD\_eWAWScOVnrbHWBL2tsgta/East%20%26%20West%20HUC%20%20Plans?dl=0&preview=East+Nishnabotna+Plan.pdf&subfolder\_nav\_tracking=. Accessed January 2020.

11 Kline, Aaron, et al. "Self-Supported Municipal Improvement Districts." Iowa Initiative for Sustainable Communities, University of Iowa, School of Urban & Regional Planning, iowaeconomicdevelopment.com/userdocs/programs/SSMIDFinalReport.pdf. Accessed December 2019.

12 Ibid.

13 "What's Next for Stormwater Utilities: New Stormwater Workshop." Iowa Water Center, Iowa State University, 2019, water.iastate.edu/news/what%E2%80%99s-next-stormwater-utilties-new-stormwater-workshop. Accessed December 2019.

14 "Chapter 13.20 - Stormwater Drainage System District Utility." Title 13 - Public Services, Algona, Iowa, Code of Ordinances, library.municode.com/ia/algona/codes/code\_of\_ordinances?nodeId=TIT13PUSE\_CH13.20STDRSYDIUT. Accessed December 2019.

Photo provided by Lori Scovel of Limestone Bluffs Resource Conservation & Development. Manchester White Water Park within the Maquoketa River WMA. Obtained Nov. 13, 2019.

