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Clean Water funding takes a hit

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The state's budget crisis has dealt a severe blow to conservation efforts in the mountains.

On Feb. 25, Gov. Beverly Perdue signed an executive order transferring up to \$300 million from specials funds to the state general fund. The action took away \$100 million that had been pledged to the Clean Water Management Trust Fund, which pays for storm water, wastewater and conservation programs across the state.

The transfer halted numerous conservation projects in Henderson County and throughout Western North Carolina. The trust fund had already awarded the grants and was in the process of finalizing the contracts, creating a difficult situation for land trusts around the state.

"It has put us in a bind," Clean Water Management Trust Fund Executive Director Richard Rogers said.

The state is facing a multi-billion dollar budget shortfall for the current fiscal year, which ends June 30. Perdue spokeswoman Chrissy Pearson said the governor had to take drastic steps to keep state government solvent.

"The governor had a responsibility to make sure the state general fund can pay its bills," she said. "This is not a decision that was made lightly. The governor would like to have not made this decision."

The money was moved into a reserve fund, Pearson said. The governor, she said, will return the money to the Clean Water Management Trust Fund at the end of the fiscal year if it is not needed to balance the budget.



PATRICK SULLIVAN/TIMES-NEWS
Deerfields owner John J. Redden talks about his property in Mills River.

"This was a precautionary step the governor took," Pearson said.

Carolina Mountain

Land Conservancy

Hendersonville-based Carolina Mountain Land Conservancy was impacted significantly by the governor's action.

The organization purchases conservation easements on large tracts of land in the region to preserve the area's environment and natural heritage.

CMLC had been awarded \$4.1 million for six projects in Henderson, Haywood and Transylvania counties. The organization was in the process of finalizing contracts with landowners when Perdue transferred the funds.

"The hardest thing to deal with is the uncertainty," CMLC Executive Director Kieran Roe said.

The Clean Water Management Trust Fund is the organization's "single most important source of funding," Roe said.

CMLC receives about 50 percent of its annual funding from it. The majority of the money, Roe said, goes directly toward the purchase of conservation easements.

"It is clear that the budget problems are affecting a lot of things," Roe said. "And a part of that is conservation work in the state."

Deerfields project

in limbo

The largest project impacted by the governor's decision is in Mills River.

CMLC wants to purchase a conservation easement on the Deerfields property. The 900-acre tract has been owned by the Redden family for generations. The Redden brothers, John J. and Greg, hold concerts and weddings on the property and have worked for years to protect the land.

The property is adjacent to Pisgah National Forest, and CMLC has identified sensitive ecological environments that it wants to preserve.

The Trust Fund had pledged \$2.7 million to purchase a conservation easement on a majority of the tract. Once the transaction is completed, CMLC will purchase the development rights to the land, and the owners will not be allowed to subdivide the property, preserving it for future generations.

The trust fund is exploring some alternative funding to keep the project moving forward, Roe said. It is considering a private donation to purchase an easement on a small portion of the property.

"We hope that will demonstrate to (the Reddens) that we want to finish the project," Roe said. "And hopefully it will keep the Clean Water Management Trust Fund at the table. It is one more incentive for them if there is already part of it in place."

Roe said he is worried the Reddens and other landowners will back out of conservation projects. Easement purchases can take years to complete, and the concern is that a landowner could sell the property to a developer.

"Now you have more time and more uncertainty," Roe said.

Making good

Trust Fund staff and the board of directors have some difficult decisions to make in the coming months, Rogers said.

Not only did the governor reallocate the \$100 million, but the organization also received \$262 million in funding requests for the 2009 budget cycle from municipalities, counties and land trusts for projects dealing with things such as storm water and drainage.

This is not the first time a governor has transferred funds out of the Trust Fund, which does not have a dedicated funding source and is an annual appropriation from the General Assembly.

Former Gov. Mike Easley took half of the agency's funding, \$40 million, in 2002 to balance the budget during the country's last economic downturn.

"It has happened before, but not to this extent," Rogers said. "The difference here is the contracts had already been awarded."

He said the organization is exploring alternative funding for some of the projects. The \$787 billion federal stimulus bill had money allotted for storm water and wastewater programs. The Trust Fund is hoping to secure some of the money to fund county and municipal projects that were impacted by the governor's decision, Rogers said.

Chuck McGrady, a Henderson County commissioner and Trust Fund board member, said he wants to see the Trust Fund make good on the money it already pledged. He said he had not spoken with all the board members, but he sensed that many board members were leaning in that direction.

The governor proposed \$75 million in her 2009-10 budget for the Trust Fund.

“At this point, we can only wait and see what is appropriated in next year’s budget and whether some or all of the money that was taken is returned,” McGrady said.

The board has a regularly scheduled meeting in June, but McGrady said it might call a special meeting in the next month or two to discuss the situation.

Cutting back

Roe said CMLC has already cut back because of the reappropriated funds and the downturn in the economy. The organization spent between \$25,000 and \$50,000 on attorneys, appraisers and surveyors because it anticipated that it would be reimbursed by the Trust Fund, a standard practice in the industry.

Land trust officials say there are conservation opportunities in the current economic environment. Developers are not looking to purchase large tracts of land, and landowners are looking at alternative solutions.

The challenge, they say, is locating funds.

“I think all nonprofits are facing a slowdown in donations,” Roe said. “We are very much in a cost-cutting mode. We continue to seek funding from a wide range of sources.”
