



*Our mission is to protect the water supply for communities and businesses along the Savannah River in Georgia and South Carolina. We make smart science-based investments in the management, and protection of land which pays dividends in cleaner water for generations to come.*

*The Fund arranges financing and uses partnerships to stretch and multiply conservation investments and reach conservation goals on a regional or watershed scale.*

#### Who We Are:

- 💧 A Bi-State effort between South Carolina and Georgia stakeholders
- 💧 An independent non-profit, tax exempt body
- 💧 Governed by a Board of Directors who represent both sides of the river, upstream and downstream
- 💧 Operate from the Strom Thurmond Dam to the Savannah Harbor

#### How We Work:

- 💧 We aim to benefit water quality through three goals:
  - Permanent land protection
  - Land management practices
  - Science and research
- 💧 We facilitate funding from municipal water utilities and others through a competitive process for priority land protection and management projects
- 💧 We partner with a diverse set of investors and partners, including municipal water utilities, foundations, state/federal agencies, and non-governmental organizations
- 💧 We leverage investment capital to maximize land protection and management outcomes to benefit water quality

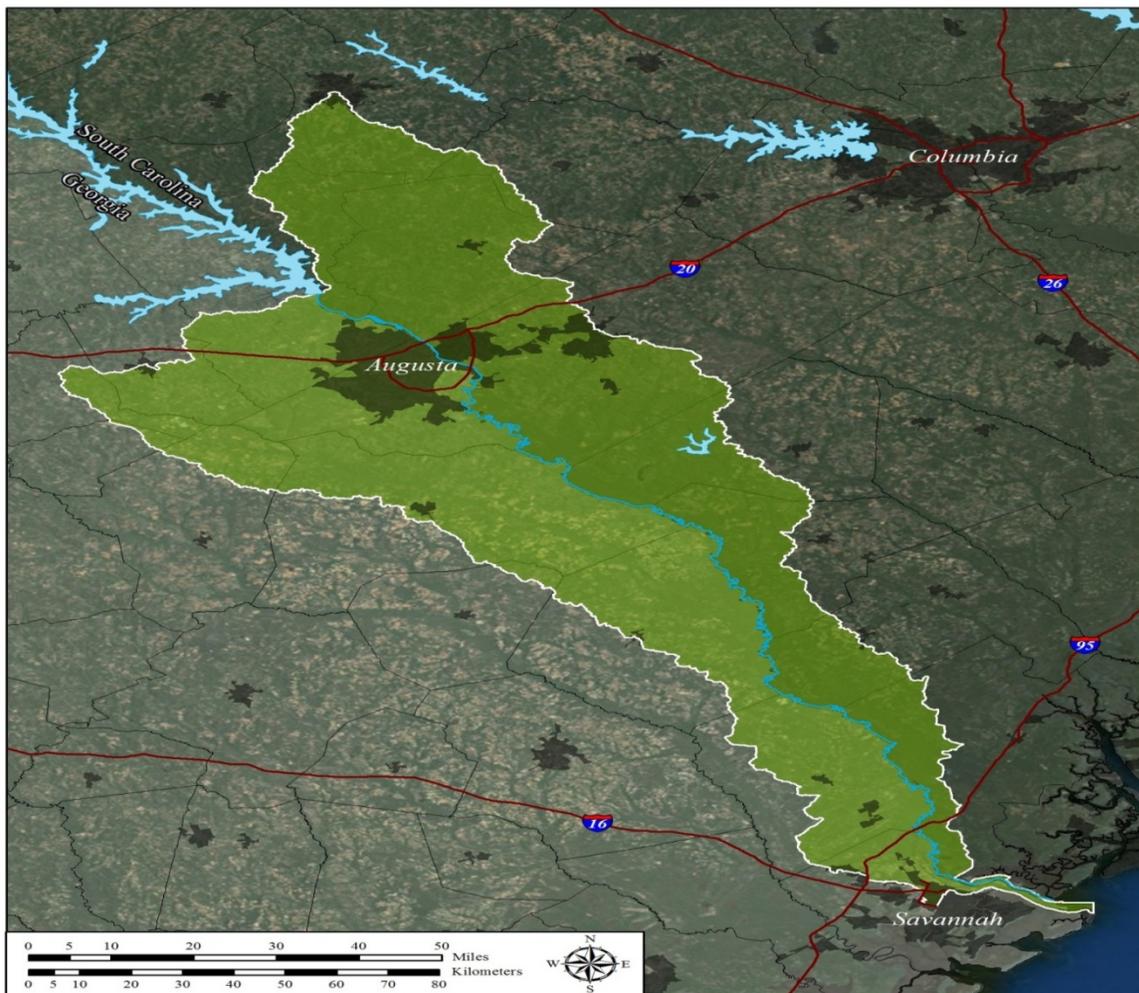


## THE SAVANNAH RIVER CLEAN WATER FUND ("FUND")

### AN EXECUTIVE SUMMARY

*Befitting its history as one of the original colonial trade routes, the Savannah River supports a wide variety of human and natural values, and serves as a critical water resource to the states of Georgia and South Carolina alike.*

**The Watershed and its Beneficiaries.** The last dam at New Savannah Bluff, just downstream of the City of Augusta, gives way to a free-flowing river, emptying 200 miles later into the Atlantic Ocean. Just upstream of New Savannah Bluff, the Clarks Hill / J. Strom Thurmond hydropower facility controls the lower river's flow. The 2.8 million acre watershed presently provides drinking water to over 550,000 people. Many more depend on the river as an outlet for wastewater discharge. Numerous businesses and major industries rely on its water for both intake and discharge use.



**The Fund's Beginning.** In 2009, the **South Lowcountry (SOLO) Task Force** of state and federal government agencies, non-profits, landowners, and business and private interests agreed to the explicit connection between the land resources of the Savannah Basin and their impact on raw water supplies. Knowing forest cover is still sufficient to assure raw water quality and development pressures have not yet risen to the point that land protection at a scale sufficient to protect water quality is cost-prohibitive, they agreed to make the protection of the river corridor and watershed a top priority. To start, the Task Force formed a special Steering Committee consisting of key Task Force members and added to it representatives from water utilities, state regulatory agencies and others. The Steering Committee's work has led to the formation of a new water protection fund which is now called the **Savannah River Clean Water Fund** ("Fund"). In August of 2014, Articles of Incorporation were filed to legally form the organization. The Fund's general purposes are to promote, for the benefit of water quality:

1. **Land Conservation and Management.** Land conservation and land protection through land acquisition, conservation easements, deed restrictions, responsible land stewardship and land management practices; and
2. **Science and Research.** Education and scientific research related to water quality

**The River's Capacity to Serve The Beneficiaries' Needs.** In light of current demands for drinking water and the opinion shared by professionals that the river is already "at capacity" in terms of discharge, river water to support future growth of community or industry will be dependent on maintaining or improving current water quality standards. Those water quality standards depend in large part on the health and quality of the land surrounding the river.

The Savannah River is at a critical juncture. Forest cover within the watershed is still sufficient to assure raw water quality, but development pressures are building. From 2000 – 2006, the population of the Augusta-Aiken Metropolitan Statistical Area increased by 4.72%; Savannah grew by 9.22%. Substantial expansion is planned for the Hardeeville, SC area, prospectively creating one of the largest incorporated areas in South Carolina. Should conditions within the watershed deteriorate, water quality and quantity will suffer.

**Natural Land Supports Water Quality. The Natural Land Goals for The Watershed.** Today the 2.8 Million acre watershed is largely rural, with 78% forest cover. The watershed is a great example of *green infrastructure* – a network of natural features that provide critical products and services, including flood flow retention, nutrient and sediment trapping, excellent recreational opportunities, clean air, fish and wildlife, recreational opportunities, property values, and natural products through commercial fishing, timbering, farming, and other resource-based activities.

Extensive watershed science and practical experience demonstrates that land use leads directly to water quality. For good or bad. The cleansing effect of natural land is well established in science, with the amount of natural land necessary to promote water quality varying by locale. In this watershed, keeping 60% of the watershed in some form of natural land is the goal, based on established science. A 2.8 Million acre watershed at a 60% natural land cover goal yields 1.67 Million acres. At present, about 500,000 acres are secured, leaving 1.17 Million acres remaining.

Recognizing it will be difficult or impossible to buy land or pay for easements for 1.17 Million acres, that not all natural and rural land areas are created equal in their contribution to raw water quality, and that priorities can be made geographically explicit, the Fund saw a clear need for the prioritization of land investment transactions. Using a tool called the Watershed Management Priority Index (WMPI), the Fund detailed land cover, soil and elevation data to identify the areas most critical to water quality maintenance. The river corridors emerged as high priority areas, an intuitively obvious

conclusion, but other areas were graded as well; the results were integrated within legal tract boundaries, providing a mechanism to rank individual tracts on their relevance to raw water quality. As a result of this prioritization, it was determined that about 210,000 of the total 1.17 Million acres are most critical in terms of their contribution to water quality, with the balance of about 960,000 acres ranked important but not most critical.

The Fund has concluded high priority lands should be permanently protected, with conservation easements as the most cost effective tool, while important but less critical lands can help water quality by adoption and use of appropriate land management practices. Those objectives comprise the Fund's Land Conservation and Management mission element. In the watershed's recent years, conservation easement bargain purchases have approximated \$250 per acre. At \$250 per acre and a 210,000 acre high priority goal, that comes to a financial need of \$52 Million. Assuming less critical lands adopt acceptable land management practices, at a cost share contribution of around \$15 per acre, that is \$15 Million. With a total need of \$67 Million and assuming individual landowner transactions over multiple decades, the Fund will need to raise on average \$2 Million per year for Land Conservation and Management.

**Land Conservation and Management: Meeting The Financial Needs.** To raise \$2 Million per year for Land Conservation and Management over an extended period is a considerable challenge. The most logical investors should be those who now benefit or will benefit directly from the results of the investment, specifically, the present and future water users and dischargers to the river. Knowing the burden of maintenance of water quality in the river should not (or financially cannot) be borne exclusively by those groups, the Fund has assumed a fair allocation of the \$2 Million annual need to one-half (\$1 Million) from the users/beneficiaries, with the balance from other sources such as state and federal funding, local green initiatives, private and public foundation investment, NGO's and other third party sources.

To procure commitments for the \$1 Million annual investment from water users/beneficiaries, the Fund has partnered with a select group of major water utilities to ensure that sustainable funding stream. But that is only one half of the need. Because land trusts and other applicants ("Qualified Applicants") will seek, solicit and procure Land Conservation and Management opportunities with private landowners on an individual basis, and following those agreements will make applications to the major water utilities for their share of the funding needs on a case by case basis, knowing a reliable and sustainable source of match funding will be critical to success. The proverbial cart before the horse. To the extent those match sources can be identified in advance, and used by Qualified Applicants with comfort in the knowledge they can deliver on promises to landowners, Land Conservation and Management will enjoy great success.

**Science and Research.** The Fund recognizes the need for theoretical and applied science to continually clarify the relationship of land use to water quality, and identify the conditions under which water quality is improved, maintained, or degraded. It is envisioned future science efforts will demonstrate the effect of Fund activities, and guide the evolution of the Fund towards an organization that maximizes returns on investment toward water quality protection and restoration. The Fund will also benefit from a regular practice of scientific review.

In recognition of the above, the Fund's Board of Directors will work to develop a science based program, and will work to procure appropriate third party funding, to engage internal and external partners to build consensus on a science agenda that identifies the most immediate science needs in the Savannah basin; to provide non-financial support to science efforts relevant to its mission; to provide

direct financial support to relevant science efforts arising from directives and associated funding from investor(s); and, to conduct a review of watershed science every 5 years to stay abreast of best practices in user-supported watershed conservation and management.

**The Organization, Operations and the Challenge Grant.** As of April 1, 2016, the Fund has secured commitments from five of the major water utilities in the basin, hired an executive director, constituted a board of directors, and received their non-profit, tax exempt status. It is anticipated the Fund's operating and overhead needs will approximate \$200,000 per year. Knobloch Family Fund has committed \$100,000/year for three years for operating expenses, if two conditions are met:

- The water utilities contribute \$1,000,000 annually for Land Conservation and Management;
- A match of \$100,000 for operating expenses is raised from the private sector, which has been completed.

**Acknowledging the Fund Benefactors To Date .** The Steering Committee has performed admirably to date, while incurring costs of about \$116,000, principally to engage facilitation and financial consultants, for science research, and for marketing expenses. With many thanks to The Nature Conservancy for their tireless contributions of time, talent and mapping (and to their supporters as well), the Steering Committee has procured third party funding to date for startup expenses.

**Conclusion.** The quality of life in the Savannah River depends on a reliable supply of clean, abundant, and affordable water. Implementing the Fund's mission will not only support water quality, but will also help ensure and preserve rural lifestyles, maintain and create family-supporting jobs provided by forestry and agriculture, and benefit wildlife habitat. This project is a ground-breaking, national model for how two states and multiple utilities can work cooperatively to protect water resources.

