

Contract No. 003-047

“Working Wetlands in North Dakota”

Submitted by Delta Waterfowl

Principal Investigator: John Devney

Directives: C, B

PARTICIPANTS

Sponsor	Cost Share	
Delta Waterfowl	\$ 130,000	
USDA NRCS	<u>\$3,000,000</u>	
Subtotal Cash Cost Share		\$3,130,000
Delta Waterfowl	<u>\$ 70,000</u>	
Subtotal In-kind Cost Share		\$ 70,000
North Dakota Industrial Commission	<u>\$1,750,000</u>	
Total Project Cost	<u>\$4,950,000</u>	

Project Schedule – 5 years
Contract Date – 12/10/2014
Start Date – 3/5/2015
Completion Date – 1/31/2020*

Project Deliverables:
Annual Report: August 1, 2015 ✓
Annual Report: August 1, 2016 ✓
Annual Report: August 1, 2017 ✓
Annual Report: August 1, 2018 ✓
Final Report: January 31, 2020* ✓

OBJECTIVE/STATEMENT OF WORK:

The Working Wetlands in North Dakota project is a new concept to conserve small wetlands in cropland via a new voluntary incentive-based program. It is these small, temporary and seasonal wetlands that drive duck abundance in North Dakota and as such they are the critical element in duck production. Beyond the benefits to breeding ducks, these wetlands provide habitat to a multitude of other species and play a critical role in flood attenuation, water storage and water quality. Funds will be used to provide incentives to producers who agree to leave qualified wetlands intact. Approximately 10,500 acres will be conserved.

STATUS:

Contract has been executed.

8/1/2015

The bulk of activities from December through March was administrative work to ensure a smooth and sound application process and provide for an effective project launch. Delta staff worked closely with NRCS staff to ensure that the program meets all of the goals laid out in our application and ensure sound delivery. This entailed numerous meetings as well as presentations to local NRCS offices as well as North Dakota private lands biologists to provide information to private landowners who may be interested in the program.

An application process commenced and was completed in the month of April with the applications handled by county NRCS staff. In all, 121 applications were received for 8,514 acres of wetlands and \$3,209 million in requests just slightly less than double the dollars available for the pilot project. We

note that this is a positive signal that the project's core elements (voluntary, incentive based, market payments for wetlands) are well received by North Dakota's farmers.

Since the application deadline, maps have been provided by NRCS offices to Delta Waterfowl for review and approval. This process is still underway and while time consuming and labor intensive, it ensures the core program elements are preserved and provides key insights as to program design. Delta Waterfowl staff will be contacting all program participants by phone to go over applications and provide another point of contact between the producer and Delta Waterfowl.

It is envisioned that all applications will be reviewed, NRCS local review, and outreach to producers and mailing of leases and support materials will occur the month of August/early September. Payments will be made to cooperating producers for 2015 after NRCS completes their annual status review which occurs post-harvest.

4/25/2016

The primary outputs from this period represent the initiation of agreements, disbursements of incentive payments and the continued outreach to potential interested landowners. In all, 106 landowners enrolled and 4,822.2 acres of wetlands are now under agreement for five years.

Additionally, the NRCS match has been confirmed and has been obligated. In all, \$3,442,699.45 (\$688,539.89 per year) in matching funds has been secured for the 5 years of the pilot project. This exceeds the match previously described in the budget submitted with the proposal (\$3,000,000) by \$422,699.45.

The overwhelming majority of the NRCS match (\$3,180,199.45) is in the form of CSP and EQIP conservation payments to participating private landowners for enhancements and conservation actions on lands with Working Wetland agreements. In total, 30,344.10 acres of adjacent uplands and additional wetlands are impacted by this NRCS investment. The balance (\$262,500) is NRCS technical assistance dedicated to the pilot project.

The human dimensions research, which represented a significant outcome of the pilot program, has been initiated by NDSU yet Delta Waterfowl has not been invoiced for these services. As a result, that portion of the match is not reported in this grant report.

Delta Waterfowl has provided a list of the farmer/Co Operator along with address, # of acres and rate that is available in the Commission files.

8/3/2016

The pilot project is well underway with 124 individual agreements and encompassing 4,815.4 acres. NRCS will conduct field visits and status reviews on project wetlands post-harvest (late fall) to ensure all project wetlands are in alignment with program terms. Payments will be made to producers after this NRCS review.

Additionally, faculty and graduate students at NDSU have finished their analysis of the surveys received to date. The following will capture a brief summary of some of the key points gleaned from the surveys received to date.

- Average age was 47.2 years old with a range of 25 to 69 years old.
- They most commonly raised crops included soybeans, wheat, corn, barley, and oil seeds. Ranchers with cow/calf herds are included.

- The average farm size amongst respondents is 3,711 acres with 1,452 acres owned and 2,220 acres rented.
- Very large farms (more than \$500,000 or more) made up 45.5% of participants, with large family farms (\$250,000-\$499,000) adding an additional 27.3%; farms generating less than \$250,000 made up 27.3%.
- Farm group membership was diverse amongst respondents with 76.5% noting membership in Farmer's Union, 32.4% in Farm Bureau, 20.6% in Grain Growers and 5.9% in Stockman's Association.
- The average number of wetlands reported by producers was 96 with nearly three-fourths being less than two acres in size.

Participants noted the key determinants in their decision making when considering participation in conservation programs. The factors that ranked the highest include:

- Level of payment/incentive
- That the payment is guaranteed
- Contract length
- Those factors likely to impact farmland quality (soil quality, erosion control and weed pressure).

Financial incentives ranked as the most important factor identified by respondents, and were important to motivate participation in the Working Wetlands Program specifically; with most farmers identifying payment levels as the highest motivator. Environmental benefits, attractive program attributes and education were also mentioned. It should be noted that all participants agreed that they would not have enrolled in the program if they were not allowed to continue to farm their wetlands when possible.

Participants were apt to agree that producer participation in the development of wetland conservation programs is very important, that the promotion of healthy ecosystems is part of their responsibility as a steward of the land and that the terms of the Working Wetlands Project are a good fit for their land in the long run (68.6% agreed).

These results are preliminary, and a complete report will be provided when all the data is received and analyzed by NDSU.

1/18/2017

All program acres were reviewed by county NRCS staff post-harvest to ensure all wetland basins are being maintained per the agreements with participating landowners. We are happy to report that 100% of the wetlands were being maintained as specified in the agreements. Nor were there any contract adjustments in this program year, but it does appear there may be some early in 2017 as a result of changes in lease arrangements or producers enrolling program acres in other conservation programs (CRP).

Additionally, faculty at NDSU continues to analyze the survey data which is a novel part of the Working Wetland program. We anticipate final results from the initial survey will be available in spring of 2017.

8/1/2017

The Working Wetland project is entering its third year of operations (out of five) and the pilot project has been proceeding as expected. There have been some discussions with individual producers who may terminate and or amend their contracts (less than 5) and enroll Working Wetlands acres in CRP and easements. Per our agreement with the producers, there is no penalty for terminating and/or amending the agreement.

Payments will be made to producers after NRCS completes their annual status review to ensure program wetland acres are in place. These reviews are typically completed post-harvest and in coordination with producers.

Additionally, our research collaborators at North Dakota State University continue to analyze the data from responses to the survey provided by producers enrolled in the pilot project. Additionally, there is a broader survey in the field that is targeted to producers who are not enrolled in the Working Wetlands pilot to gather information about the potential for a hypothetical Working Wetlands program to work within their operations. We hope to share additional results from the survey in our next report.

1/16/2018

As per normal practice, all wetland acres under lease were assessed by county NRCS staff to ensure performance with the conservation lease. As in past years, 100% of the enrolled wetlands were being managed consistent with lease guidelines. This year we also tracked production on these acres to understand what percentage of wetlands were able to be farmed. This year it appears as if the majority of wetland acres enrolled in the program were seeded though there is a bit of variation due to location.

As noted last year, there were minor adjustments to individual contracts. These were primarily a result of the individual producer's interest in entering other conservation programs. To date we have seen producers opt out of portions of their leases to enroll in the Conservation Reserve Program as well as enroll wetlands in the USFWS easement program. We simply made adjustment in payment terms for acres transitioned out of the program hence a lower reimbursement request this year.

Additionally, the survey work continues with our collaborators at North Dakota State University. Comprehensive analysis has been done on the surveys of pilot project participants.

To date, key results include:

- The ability to continue to farm wetland basins is an incredibly important program attribute.
- Price is an important determinant in decisions about enrolling in voluntary conservation programming.
- The ability to use fire and burning as a means to control vegetation is a desirable option for participating landowners.
- Enthusiasm for the program was high with over 60% of producer's viewing the program as a good fit for their operations in the long run.

8/1/2018

The project is now in its fourth year (of the 5 year grant award.) Activity in the pilot project has been modest as agreements are in force and there has been nominal changes since our last report.

As in previous years, NRCS county office staff will conduct their annual status reviews with participating producers post-harvest to ensure implementation of working wetland conservation requirements. To date, there has not been a single violation of the agreements, which we believe is a testament to the flexibility of the program as well as the willingness of producers to engage in small wetland conservation in return for a market incentive.

Dr. Cheryl Wachenheim at NDSU continues with her analysis of the survey work which includes a second round of survey question to producers enrolled in the project this past spring. This will serve to gauge how perspectives have changed since the initial survey (year 1) and also provide more insights as to how

they view the program after a longer exposure. We believe this work coupled with the other surveys and analysis will be incredibly useful in understanding how best to craft conservation solutions for small wetlands in working cropland.

1/18/2019

All acres under lease were assessed by county NRCS staff and no contracts were in breach. A few agreements were amended slightly to accommodate changes in ownership and cash rent. In these instances, new acres were enrolled to keep the contract fully in force.

The survey work is ongoing with NDSU faculty to continue to learn more about producers' attitudes towards the Working Wetland program. This work provides valuable insights and will be very useful in developing larger scale programming in the future.

Because of increased match, total project expenses will exceed the budget originally presented representing enhanced leverage resulting from the OHF investment in this project.

The recipient has requested an extension through January 31, 2020 to align with payments to participating producers that are made in December and January of each year. This request has been granted.

7/29/19

A number of producers have made inquiries about the opportunity to continue in the program or something similar once the pilot project concludes this year.

NRCS will conduct their annual status reviews in the fall to verify all wetlands are being managed consistent with the terms of the agreement. This work generally occurs post-harvest as NRCS can access fields and producers have more time to visit. Final payments will be made to participating producers after status reviews have been completed and will occur in two batches, (December and January).

Dr. Cheryl Wachenheim continues analyzing data from the full spectrum of surveys completed in association with the project. Recent review of the data has shown that producers have a more positive view towards small wetlands than they did in the first year of the project. This is consistent with our desire for the project to create a value associated with the wetland whereby the individual landowner can see the value via an incentive linked to the habitat and other values provided by wetlands. Dr. Wachenheim's research will be published extensively and contribute not only to our understanding of how producers view wetlands but also how conservation interests can engage private landowners with mutual benefit for farmers and ranchers as well as wildlife and habitat.

We look forward to providing the final closeout report in January and summarizing the many positive outcomes associated with the project.

1/31/20

This year was the fifth and final year of the North Dakota Working Wetlands pilot funded by the Outdoor Heritage Fund (OHF). Again, there were no issues with non-compliance and all participating producers conserved small wetlands consistent with their agreements. NRCS field offices conducted field visits late in fall which was somewhat hampered by the exceptionally wet fall and presence of abundant standing crops.

In numerous conversations with participating landowners, there is continued high demand for the program and enthusiasm is high for the rollout of the new Working Wetland program via NRCS which was authorized in the 2018 Farm Bill. NRCS is currently finalizing their program, based heavily on the experiences from the pilot project, and it is anticipated that there will be an enrollment in the spring of 2020.

In conclusion, the project went as smoothly as possible from the early stages where demand was exceptionally high, to the positive feedback received from participating landowners from the survey work conducted with NDSU and the regular operations of the pilot. The funding from OHF truly catalyzed a new conversation about small wetland conservation and allowed for a living experiment to test a new conservation tool. We are confident that the lessons learned in the pilot project will further not only valuable conservation outcomes but collaboration amongst conservation interests and the agricultural community.

A final report summarizing the project and results has been provided and is available online. This contract is now closed with a returned commitment of \$16,369.29. This contract is now closed.

Updated 1/31/2020

*Denotes changes from original contract.