



Be River Friendly  
It's Your Backyard

The Rappahannock River Basin Commission

March 16, 2020

The Honorable Ralph S. Northam  
Governor of Virginia

The Honorable Luke E. Torian,  
Chairman, House Appropriations Committee

The Honorable Janet D. Howell  
Chairman, Senate Finance Committee

c/o Division of Legislative Automated Systems (DLAS)  
910 Capitol Square  
General Assembly Building, Suite 660  
Richmond, Virginia 23219  
Attention: Legislative Documents and Reports Processing

Re: 2019 Accomplishment of the Rappahannock River Basin Commission

Dear Governor Northam:

As Chairman of the Rappahannock River Basin Commission, I am pleased to present this report to you on the accomplishments during 2019. I remain deeply appreciative of the continued membership and the work efforts expended by members of the House of Delegates and Senate as well as my colleague members of the local governing bodies of the basin.

Please do not hesitate to call upon me if I may be of further assistance.

With kindest personal regards and all best wishes, I remain

Sincerely,

M. Keith Hodges  
2019 Chairman, RRBC and  
Member, Virginia House of Delegates

As defined in Section 61.1-659.27 of the Code of Virginia, the Commission's purpose and mission is to provide guidance for the stewardship and enhancement of the water quality and natural resources of the Rappahannock River Basin. The Commission is a forum in which the state, and fifteen local governments to include the city of Fredericksburg and the counties of Rappahannock, Madison, Fauquier, Culpeper, Orange, Stafford, Spotsylvania, King George, Caroline, Essex, Westmoreland, Middlesex, Richmond and Lancaster and citizens of the Commonwealth work to affect the Basin's water quality, quantity and other natural resources. We continue to promote communication, coordination and education, and by seeking appropriate solutions to identified problems, the Commission promotes activities by local, state and federal governments and individuals that foster voluntary resource stewardship for the environmental and economic health of the Basin.

Since our last report, we are very pleased to report that, as in previous years, we have continued to carry out our designated work program with significant success. In 2019, we conducted four meetings in March, June, September and December in Spotsylvania County, Lancaster County, Culpeper County, and Caroline County respectively. Meeting materials are available on the Commission's website: [www.RappRiverBasin.org](http://www.RappRiverBasin.org)

The Commission spent considerable time on Phase III of the Healthy Watershed Forest effort. The project is a Virginia led, multi-year, landscape-scale effort that is now in phase III. Phase I focused on quantifying the value of retaining forestland for meeting water quality objectives to build the case for crediting forestland in the Chesapeake Bay TMDL model. In phase II, Pennsylvania partnered with Virginia to determine what from the perspective of local leaders were the economic and policy incentives needed to prioritize forestland retention as a land use planning option. Phase III began in April 2018. Its scope was broadened to create the policy and financial infrastructure needed to facilitate forest and agricultural land conservation/retention on a landscape scale, long-term, sustainable basis.

Phase III had two programmatic tasks. Task 1 is to work with two Rappahannock river basin localities to develop and implement plans, policies and ordinances to foster high quality (HQ) forest and HQ agricultural land retention drawing from the "tool box" of options identified in Phase II. Task 2 is to develop, model and pilot long-term funding mechanisms supported by the private sector that may be scaled up and implemented on a landscape scale.

Two counties, Essex in the lower basin and Orange in the upper basin participated in the project and worked with project team members in a public process to review and revise their comprehensive plans and other policy documents with the goal of prioritizing forest retention and to encourage landowners to work with task 1 & 2 teams to develop the baseline of information needed to design and pilot the project's financial model.

The objective of Task 2 has been to design and pilot a model that incentivizes landowner action, facilitates economic development for the community and attracts large-scale private investment. Studies reviewed by the HWF/III team showed there is considerable private investment capital looking to invest in forest conservation as an offset for environmental impact. Through interviews with landowners, they also found there is significant interest among forest landowners to access this investment capital as another income stream. The barrier is the scale mismatch. Institutional investors need to make investments at a minimum project size of \$50 million because it takes them the same due diligence to do a billion-dollar deal as it does a few million. The key therefore, is to create a mechanism that can aggregate individual landowner interests and bundle them at a scale large enough to attract private capital on a return on investment rather than a philanthropic basis. To address the scale and market convenience requirements needed, the team focused on using “carbon values” of existing forests (forest retention) as a proxy for water quality benefits. The advantage is the potential for bundling or aggregation of various acquisitions to be offered at scale and with the market convenience required to attract large-scale private capital investments. The second challenge was been to design an aggregating mechanism. A review of the Code of Virginia to assess what options might be available found that amending the Industrial/Economic Development Authority (IDA/EDA) Act structure would allow an EDA to be utilized as a means of aggregating landowners in one or more localities. This was the objective of HB 2485 that passed in the 2019 session of the General Assembly. Using carbon as a water quality proxy also capitalizes on the potential to provide additional income streams and incentives for farm or forest landowners, including those who have not participated in, or who do not qualify for existing federal programs to offset the loss of agricultural land resulting from retaining or installing riparian forest buffers.

The Rappahannock River Basin Commission’s Technical Committee met eight times over the course of the year. Serving as the Commission’s technical advisory group their charge is to advise us on, among other things, the Healthy Watershed Forest effort.

The Commission staff continues to maintain information on the website. In addition to a listing of members and events it contains information on Commission meetings and the continuing efforts of the Technical Committee.