Designing a Payment for Environmental Services Program on Working Ranchlands: Lessons Learned

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The Northern Everglades & Estuaries are plagued with water quality & quantity problems, land conversion, & habitat loss.
Large scale regional public works are being planned to address water quality and quantity issues.
Ranchlands provide habitat for multiple species including many that are threatened and endangered.

Ranching is the dominant land use in the Lake O watershed.
2005 launched FRESP to answer question could water management services be generated cost-effectively on ranchlands?
Goal of FRESP -- to design on working ranchlands a water management PES program

- Utilizes/modified existing infrastructure;
- Profitable to ranchers;
- Cost-effective for taxpayers;
- Feasible to administer;
- Based on credible documentation; and
- Compliments existing state and federal programs.
Launched in Jan 2011: Dispersed Water Management -- Northern Everglades & Estuaries PES Program

- Program of the SFWMD
- TA provided by NRCS & FDACS
- Goal to build up to 450,000 Ac Ft of water retention
- 10 yr Contracts
- Reverse auction bid
- First Solicitation
  - Estimated obligation of $43 mill over 10 yr life of contract (capital & annual service payment)
Critical elements in designing the NE-PES Program included:

**Buyer(s) Preferences**

- Preferred predictable payments
  - Pay same service payment amount in low and high rainfall years;
  - Contract is for option to retain water
- Documentation of Service
  - Contract compliance vs actual volume of water retention
Critical elements in designing the NE-PES Program included:

Pilot Projects

- “Learn by doing”
- Developed “good enough” procedures
- Identified hurdles to watershed scale program implementation
- Sought ways to reduce transaction costs
Critical elements in designing the NE-PES Program included:

- Addressing complex web of constraints
  - Agricultural production systems & markets;
  - Regulations--county, state and federal;
  - Ranch & ranch family specific characteristics;
  - Weather; and
  - Public perception
Critical elements in designing the NE-PES Program included….

Engaging diverse partners

- Many perspectives, skills, & resources are needed to create a viable PES program design
Questions?

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South Florida Water Management District
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