STEWARDSHIP PROGRAM REPORT
Fiscal Year 2010-11

Our mission is to ensure that the state-held conservation easements are managed to protect water quality, wildlife habitat, and provide open space.

Introduction
This report covers activities of the DENR Stewardship Program from July 1, 2010 through June 30, 2011 (state fiscal year).

The Stewardship Program has three main goals for the properties within its purview:

1. Minimize violations of Program's conservation easements and other conservation areas through effective landowner communications,
2. Avoid unintentional impacts to Program's properties by educating the public about easements, and
3. Protect conservation properties through effective monitoring of easements to the extent possible with available funds.

Background
In 2006 the DENR Stewardship Program was established in the Department of Environment and Natural Resources (DENR). The DENR Stewardship Program is charged with monitoring and protection of mitigation lands and other conservation properties held by the State on behalf of DENR. The Stewardship program deposits endowments for each site into the Conservation Grant Fund, a non-reverting interest-bearing account which was established by legislation several decades ago (GS 113A-232) and is managed by the State Treasurer. Interest from the endowment is used to support the operations of the program. A one-time endowment was paid at the time of property transfer into the Stewardship Program. The principle of the endowment is protected under N.C. general statute 113A-232.

Through a renewable 3-year contractual Memorandum of Agreement, the Stewardship Program assumed responsibility for stewardship of 100 High Quality Preservation lands that have been acquired to date by Ecosystem Enhancement Program (EEP), and agreed to accept responsibility for closed-out restoration sites that were acquired for use as compensatory mitigation by EEP.

The pilot year for the DENR Stewardship Program ran from September 15, 2006 through September 14, 2007. An endowment was established by the Ecosystem Enhancement Program (EEP) to procure the use of environmental services from the land trust community and State agencies (Soil and Water Conservation Districts) to monitor conservation easements and for administrative and other support functions. Endowment funds of $14,000 / site were transferred for 86 properties. Fourteen conservation easements were transferred in a second batch with $20,000 per site as an endowment. A single restoration site was transferred in fiscal year 2010-11 from the EEP program to the Stewardship Program with a $50,000 endowment. The list of properties and their endowment transfers are attached in **Appendix A**.

The Stewardship Program Director coordinates these monitoring activities, and is advancing several strategies that will increase the program's efficiency and effectiveness:

- Posting signs for property boundaries,
- Communicating no ATV use within easements to landowners and hunters with access to the properties,

- Partnering with state agencies such as Department of Agriculture & Consumer Services, Wildlife Resources Commission, Department of Cultural Resources, and Division of Water Quality for site monitoring,
- Creating a website interface to facilitate property monitoring and work with partners to track all conservation properties (http://ibeamdev.enr.state.nc.us), and
- Minimizing future easement violations by strategic enforcement of violations.

In 2010-11, the program managed 101 EEP properties totaling 12,780 acres. Conservation easements are currently on 99 properties and two properties are owned in fee simple. The program works closely with EEP, Clean Water Management Trust Fund, State Property Office, Division of Soil and Water Conservation, and the land trust community to monitor properties.

Funding

Due to shortfalls in projected interest from the endowment fund, the Stewardship Program began to receive support from the Ecosystem Enhancement Program through a contractual agreement for the purpose of administering the Program. The Stewardship Program has a single employee. The Stewardship Program Director coordinates monitoring and enforcement activities and subcontracts with local land trusts to monitor most of the properties. Funds for the position are also provided by the Natural Heritage Trust Fund (NHTF) based on percentage of time spent on the work for EEP and NHTF.

The Stewardship Endowment Account was established as Principal Fund 6704 and Interest Fund 6705 in Budget Code 64307 for monies solely dedicated to stewardship activities. Fund 2410 was established at the operating account. These non-reverting funds are established for specific purposes through General Statutes which specify authorized uses of the monies (§113A 232). The State Treasurer administers this account. **Table 1** shows the balance and expenses for funds 6704, 6705 and 2410. The program's funding final balance was reduced by $19,118 over the fiscal year. This is partly due to expenses from 2010-11 that were paid this fiscal year and the falling interest rates. The interest rate paid last year was 1.0% whereas when the program was started, the interest rate was 4.5%. The program's budget would have been balanced if $18,503 had not been transferred to the General Fund to assist with the Medicaid shortfall. The program had to tap into the interest account to keep afloat.

Table 1: Stewardship Funds for 2010-11

	6704 (Principal)	6705 (Interest)	2410 (Operations)
Beginning Balance (7/1/10)	$1,592,675	$58,232	$17,408
Deposits (FY 10-11)	$0	$79	$74,673
Interest	$0	$18,503*	$0
Management Fee Income	$0	$11,161	$0
Transfers (FY 10-11)	$0	-$21,497	$22,347
Expenses (FY 10-11)	$0	-$3,267	-$102,614
Final Balance (6/30/11)	$1,592,675	$44,708	$11,814

* This interest was legislatively-mandated transferred out of the account to cover Medicaid expenses which does not show in transfers line and is not computed for the final balance

The program finances since inception are presented in **Appendix B**.

2010/11 Activities and Cost Containment Measures

A Standard Operating Procedures manual was prepared and approved by the Interagency Review Team. The main change from the current procedures is the frequency of monitoring. Under the 2011 policy, properties will be monitored every three (3) years unless there was an ownership change. As a result of this new policy, only 5 properties (**Appendix C**) will need to be monitored. It is assumed that the property purchased by Mr. Felix Allen will not need to be monitored since he is already an owner of one of the conservation easements. It is anticipated that the monitoring fees will be less than $2,500 representing a savings of roughly $26,000.

Due to contracting schedules, not all properties were visited by the land trusts or the Stewardship Program between July 1, 2010 and June 30, 2011 (see **Appendix A**). During contract negotiations, it was agreed that thirteen (13) properties would be delayed to a more appropriate monitoring period. These properties have little potential for violations. Contract fees for the monitoring totaled $28,727.

The Stewardship Program has been proactive in preventing boundary encroachments by posting boundary signs. The program was unable to come to an agreement with the Tar River Land Conservancy to post the signs. A private contractor was retained to post signs and provided a bonus by taking a single GPS point to mark the location of invasive plants.

There were two hunting encroachments at the Great Coharie property. One hunter cut trees to make shooting lanes. The other was an illegal hunting trespass. The first hunter did not have a lease with the State to hunt. This person put up a camera to photograph the animals coming to the corn that they put out on State property. The Stewardship program removed the camera and left survey flagging with the name and contact information to retrieve the camera. After several attempts, the hunter was located. This individual agreed to plant three different oak species on his and the State property and keep out of the area for seven years to allow the trees to grow in exchange for the return of the camera. The second hunter will join the existing hunt club, which must abide by restrictions. These violations were resolved without the use of law enforcement.

As noted in previous reports, there were three locations where neighbors encroached onto the Great Coharie property. The Godwin farm had a lagoon and a mobile home on State property. The Barefoot farm was farming State property while Williamson was farming and also had ponds that encroached onto State property. Williamson and Barefoot agreed to purchase property that could not be used for credits while Godwin provided a land swap. The State received wetlands of equal value to the uplands in the lagoon and the mobile home. A survey of the Godwin farm, Barefoot farm, and Trent Williamson's farm was completed and these transactions went through the Council of State. Once again, encroachments were resolved without the use of attorneys or law enforcement. None of the land that was sold or swapped had mitigation value.

During 2010-11, the Program Manager hosted several meetings with other agencies that manage property. The goal of the Conservation Lands Working Group consists of representatives from Clean Water Management Trust Fund, Natural Heritage Trust Fund, Department of Agriculture, State Property Office, Conservation Reserve Enhancement Program, Ecosystem Enhancement Program, Division of Forestry, Division of Parks and Recreation, and Conservation Tax Credit

Program. The purpose for meeting is to provide consistent responses to common problems and to learn from others' experiences. We discussed such issues such as how to manage for beaver.

As previously noted, a standard operating procedures manual was prepared this year. A presentation to NCDOT and EEP was made this year on programmatic operating procedures and solicited feedback. The SOP determines the frequency of monitoring. The monitoring is the single largest expense to the Stewardship Program. After agreement on the SOP, the Stewardship Program prepared an estimate to accept all future EEP and NCDOT properties. Given the economy, the Program will investigate other alternatives to the estimate submitted to EEP and NCDOT.

Volunteers continued to treat privet in Durham County. Through coordination with the Triangle Land Conservancy, the New Hope Penny tract was chosen for management. The volunteers provided in excess of 40 man hours in cut-stump treatment of privet through June 30. The volunteers plan to continue their efforts next year.

Coordination with other agencies such as the Clean Water Management Trust Fund (CWMTF) to monitor adjacent properties during the same visit will occur in 2011-12 once CWMTF has shapefiles that can be shared with the Stewardship Program. Coordinating schedules with the land trusts should result in additional cost containment and efficiencies.

Endowment: The largest issue affecting the Stewardship Program continues to be the lack of funds generated by the endowment. For most of the 2010-11 year, the interest rate was low and the inflation rate was high, as was the case from 2008-10. Even though the interest rates were extremely low, the proposed endowment rates have not changed. The endowment rates are shown in **Table 2**. The Program's expenditure policy is not to spend more that we receive in interest on the endowment.

Table 2: Endowment Rates	
Streams (property perimeter length in mi)	Endowment
Up to 2.5 miles	$25,000
2.5 miles to 6.5 miles	$50,000
Over 6.5 miles	Case by case
Wetlands or Nutrient Properties (acres)	
Up to 25 acres	$25,000
25 to 400 acres	$50,000
Over 400 acres	Case by case

Other Funding Sources: Hunting leases for the Great Coharie property were advertised and awarded. The 3-year leases will earn $15,391 per year. These fees will be applied to monitor and manage this property.

Concerns
Although the Great Coharie site was one of the original properties transferred to the Stewardship Program, approximately 13% of the boundary remains to be posted. The areas that need posting are in knee-deep water so the potential for encroachment is low.

The broader issue of long-term stewardship management for ecological values will continue to be addressed in the coming year. Invasive species management for the Great Coharie property is a priority because approximately 5% (230 acres) of the property has Chinese Privet (*Ligustrum sinense*), bamboo, and Chinaberry (*Melia azedarach*). These invasive species will be an on-going management concern. The management expenses are covered by the hunting lease income. The Department of Correction 's Sampson County and the Stewardship Program entered into an agreement for people assigned to community service to assist in the control of invasive species on this property.

All-terrain vehicle (ATV) trespass has occurred primarily on properties along the Tar River. A meeting with the Franklin County Sheriff's office has been arranged.

Plans for 2011-12
Year 2011-12 promises to bring challenges because interest income from the endowment fund from old properties is not enough to cover the monitoring expenses. Enforcement may need to receive more attention if the properties are going to continue to fulfill their mitigation goals. The Stewardship Program will investigate alternatives to an endowment for EEP and NCDOT properties.

The following policies and guidelines need to be developed:

- Develop an MOU with EEP, NCDOT and the Army Corps of Engineers,
- Policy for beaver management
- Reducing ATV trespass
- Participating in EEP close-out site visits
- Invasive species treatment coordination with volunteers
- Creating a predictable and sustainable Program given current return on endowments, and
- Coordinate with resource agencies to monitor the EEP properties transferred to them.

Future
In 2014, DENR plans to expand these stewardship activities to include monitoring 5,596 acres on 154 permanent conservation easements for the Conservation Reserve Enhancement Program (CREP) in the Division of Soil and Water Conservation. CREP entered into a few contracts to start some of the monitoring now.

Appendix A: Property Information and Endowment Transfers

Project No.	Project Name	SPO Number	County	Acreage	Endowment	Date Monitored
1	Great Coharie-TNC	pending	Sampson	4,858	$14,000	multiple
2	Beaver Dam-Drowning Creek II (Rankin Tract)	63-024.008	Moore	1,214	$14,000	22-APR-10
3	Rankin Tract	36-020.005	Gaston	506	$14,000	06-NOV-10
4	Len's Knob	86-014.001	Surry	459	$14,000	11-AUG-10
5	Alston Tract 1- Isinglas Creek near Shocco Creek	35-009.018	Franklin	31	$14,000	28-JAN-11
6	Alston Tract 2 - Isinglas Creek + Shocco Creek	35-009.018	Franklin	139	$14,000	28-FEB-11
7	Alston Tract 3- Shocco Creek	35-009.018	Franklin	93	$14,000	28-JAN-11
8	Alston Tract 4- Shocco Creek	35-009.018	Franklin	97	$14,000	03-MAR-11
9	Roanoke River-IP-Blue Sky Timber Tract 42-14	42-038.002	Halifax	329	$14,000	01-JUN-10
10	Roanoke River-IP-Blue Sky Timber Tract 42-15	42-038.003	Halifax	264	$14,000	27-MAY-10
11	Flat River-Horton Grove (Aslen Park LLC)	32-052.006	Durham	307	$14,000	18-APR-11
12	MacNair Tract (Turpentine, LLC)-Aycock Creek	39-029.006	Granville	211	$14,000	01-APR-11
13	IP/Alston Tract-Fishing Creek	93-016.006	Warren	179	$14,000	05-MAR-10
14	Bessemer Tract-Hyco Lake	17-015.001	Caswell	167	$14,000	14-JUL-10
15	Allen Tract	35-009.010	Franklin	147	$14,000	26-JUN-10
16	Bruchon Tract-Roan Massif	61-012.001	Mitchell	146	$14,000	02-JUN-10
17	Seagate Woods	16-165.010	Carteret	123	$14,000	29-MAR-11
18	Guthrie Tract-Shelton Creek	39-029.002	Granville	111	$14,000	16-MAY-11
19	Elk-Shoals-Methodist Camp	05-015.002	Ashe	96	$14,000	13-MAY-10
20	Edwards Tract-Fishing Creek	64-014.003	Nash	87	$14,000	20-MAY-11
21	Davis Tract-Yadkin River	30-010.001	Davie	81	$14,000	20-DEC-10
22	Bishop Tract-Canal Branch	04-015.001	Anson	81	$14,000	30-APR-10
23	Tomlinson Tract-Little Shocco Creek	35-009.020	Franklin	78	$14,000	27-JAN-11
24	Camp Chestnut Ridge-Sevenmile Creek	68-041.031	Orange	60	$14,000	20-DEC-10
25	M. Speed Tract-Little Shocco Creek	93-016.004	Warren	45	$14,000	14-APR-11
26	Lewis Tract, Little River	76-018.003	Randolph	44	$14,000	26- AUG-10
27	Hodges Tract-Tar River	35-009.014	Franklin	42	$14,000	25-MAY-11
28	Peterson Tract-Shelton Creek	39-029.001	Granville	41	$14,000	04-JAN-10
29	Shocco Creek LLC-Little Shocco Creek	35-009.008	Franklin	40	$14,000	28-MAR-11
30	Langley Site-Cypress Creek	35-009.007	Franklin	40	$14,000	29-APR-11
31	Childers Tract North Pacolet	75-009.007	Polk	40	$14,000	07-APR-10
32	Crowther North-South Yadkin River	80-019.019	Rowan	39	$14,000	07-AUG-10

Project No.	Project Name	SPO Number	County	Acreage	Endowment	Date Monitored
33	Harris Tract-Tar River	39-029.005	Granville	39	$14,000	25-MAY-11
34	Walbourn Tract, Little River	76-018.005	Randolph	38	$14,000	29-APR-10
35	Winslow Tract-North Fork Upper Tar River (only A)	39-029.016	Granville	37	$14,000	22-APR-11
36	Lynn Capps Tract-Fishing Creek	93-016.002	Warren	37	$14,000	11-MAR-11
37	Wimberley Tract-Nat's Creek	63-024.005	Moore	34	$14,000	07-JUN-10
38	Harper Tract-Swift Creek	35-009.013	Franklin	28	$14,000	29-MAR-11
39	O'Neal Tract-Little Shocco Creek (on county boundary)	35-009.005	Warren + Franklin	26	$14,000	21-NOV-09
40	Old Cove Tract-Green River-Burdett Property	75-009.006	Polk	24	$14,000	10-JUN-10
41	Faulkner Tract-Sandy Creek	35-009.016	Franklin	20	$14,000	25-NOV-09
42	Smitherman Tract-Tar River	39-029.004	Granville	20	$14,000	06-JAN-10
43	Lester Capps Tract-Shocco Creek	93-016.001	Warren	19	$14,000	11-MAR-11
44	William O'Neal Tract-Swift/Sandy Creek	35-009.006	Franklin	19	$14,000	23-NOV-09
45	A&P Timber Tract-Sandy Creek	35-009.015	Franklin	18	$14,000	22-NOV-09
46	Lambert Tract-Uwharrie River Bluff	62-021.008	Montgomery	18	$14,000	15-JUN-10
47	Tucker-Daniel 1 Tract-Shelton Creek	39-029.015	Granville	19	$14,000	15-JUN-11
48	Dutch Second Creek-Hill Tract	80-019.020	Rowan	17	$14,000	06-OCT-10
49	Newton Tract-White Pines	19-028.004	Chatham	16	$14,000	10-NOV-10
50	Green Tract-Fishing Creek	93-016.003	Warren	16	$14,000	27-APR-11
51	Wheless Tract-Little Shocco Creek	35-009.012	Franklin	15	$14,000	14-APR-11
52	Sturges Tract-Fishing Creek	35-009.017	Franklin	13	$14,000	20-MAY-11
53	D. Davis Tract-Shocco Creek	93-016.005	Warren	12	$14,000	27-MAY-11
54	Averett Tract-Tar River	39-029.008	Granville	11	$14,000	06-JAN-10
55	Slaughter Tract-Shelton Creek	39-029.017	Granville	35	$14,000	10-JAN-10
56	Pickler's Bluff	80-19.012	Rowan	11	$14,000	30-OCT-10
57	Baker Tract - Pisgah Covered Bridge, Little River	76-018.004	Randolph	10	$14,000	29-APR-10
58	Tucker-Daniel 2 Tract-Shelton Creek	39-029.003	Granville	3	$14,000	07-JAN-10
59	Wickliff Tract-Dutch Buffalo Creek	13-015.005	Cabarrus	3	$14,000	05-OCT-10
60	WalkerTract-Dutch Buffalo Creek	13-015.004	Cabarrus	34	$14,000	05-OCT-10
61	Parker Tract - Pisgah Covered Bridge, Little River	76-018.006	Randolph	34	$14,000	05-MAY-10
62	Hall Tract-Fishing Creek	33-019.006	Edgecombe	231	$14,000	28-DEC-09
63	Whatley Tract-Uwharrie River	76-018.007	Randolph	25	$14,000	28-APR-10
64	Parrish Tract-Sandy Creek	35-009.019	Franklin	33	$14,000	27-JAN-11

Project No.	Project Name	SPO Number	County	Acreage	Endowment	Date Monitored
65	Crews Farm-Roy Crews Tract-Tar River	39-029.010	Granville	10	$14,000	16-JAN-10
66	Betty Crews Tract-Tar River	39-029.009	Granville	32	$14,000	15-JAN-10
67	Ward Tract-Green River	75-009.008	Polk	15	$14,000	24-MAY-10
68	Thorp Tracts-Shelton Creek	39-029.011	Granville	52	$14,000	11-JAN-10
69	Morton Tracts-Shelton Creek	39-029.007	Granville	6	$14,000	11-JAN-10
70	Grissom Tract-Barnes Creek	62-021.010	Montgomery	56	$14,000	23-DEC-10
71	Pitts Tracts-Tar River	39-029.012	Granville	27	$14,000	07-JUN-11
72	Sherman Tract No. 1-Tar River	39-029.014	Granville	16	$14,000	14-APR-11
73	Sherman Tract 2-Tar River	39-029.013	Granville	28	$14,000	01-APR-11
74	Tar River Dean	39-029.018	Granville	63	$14,000	15-JUN-11
75	New Hope Creek Penny	68-041.033	Orange	20	$14,000	20-JAN-11
76	Shearin Tract-Fishing Creek	93-016.007	Warren	70	$14,000	11-MAR-11
77	Perry Tract-Cedar Creek	36-020.016	Franklin	162	$14,000	24-MAY-11
78	Gardner Tract-Big Pond Bay	26-045.002	Cumberland	31	$14,000	28-JUN-10
79	Johnston Tract-Reedy Creek	93-016.010	Warren	65	$14,000	01-APR-11
80	Beaver Dam-Drowning Creek Phase II	63-024.008	Moore	59	$14,000	23-APR-10
81	Oakley Tract-Tar River	39-029.019	Granville	13	$14,000	15-APR-11
82	Harrell Tract-Chowan River	21-021.011	Chowan	111	$14,000	01-DEC-10
83	Capps Forestry Enterprises-Fishing Creek	93-016.008	Warren	23	$14,000	12-MAR-11
84	Bingham Tract-Uwharrie River	62-021.012	Montgomery	562	$14,000	28-APR-10
85	Capps Farms Inc.-Fishing Creek	93-016.009	Warren	39	$14,000	12-MAR-11
86	Boyer Tract-Green River	75-009.009	Polk	31	$14,000	24-MAY-10
87	McKean Tract-Deep Creek-Sandy Creek	63-024.011	Moore	95	$14,000	23-MAR-10
91	Pories Tract-Tar River	74-039.008	Pitt	37	$20,000	02-JUN-10
92	McDonald Tract-Hitchcock Creek	77-028.006	Richmond	40	$20,000	23-AUG-10
93	Mullen Tract-Sandy Creek	35-009.025	Franklin	29	$20,000	20-APR-11
94	Cochran Tract-Little River	62-021.014	Montgomery	19	$20,000	24-JUN-10
95	Luthi Tract-Skyuka Creek	75-009.011	Polk	20	$20,000	20-MAY-10
96	Young Tract-Sandy Creek	35-009.022	Franklin	72	$20,000	18-APR-11
97	Cochran Tract-Uwharrie River	62-021.013	Montgomery	15	$20,000	14-SEP-10
98	Jordan Tract-Deep River (Paschal)	63-024.012	Moore	156	$20,000	21-SEP-10
99	Paschal Tract-Glendon Slate Creek	63-024.010	Moore	15	$20,000	25-AUG-10
100	M. Paschal Tract-Deep River	63-024.009	Moore	75	$20,000	02-SEP-10
101	Jordan Tract-Deep River (Singleton)	63-024.013	Moore	12	$20,000	16-SEP-10
102	Fisher River-Fisher Peak	86-014.007	Surry	151	$20,000	26-OCT-10

Project No.	Project Name	SPO Number	County	Acreage	Endowment	Date Monitored
103	Mill Creek Steele	86-014.008	Surry	15	$20,000	29-OCT-10
104	Trinity School-New Hope Creek	63-024.011	Orange	27	$20,000	12-OCT-09
117	Payne Dairy	02-009.001	Alexander	40	$50,000	24-MAY-11

TOTAL	$1,548,000
Initial start up costs for 2410	$81,379
Principal in fund 6704	$1,466,621

Appendix B: Program Finances Since Inception

Table 1: Stewardship Funds Since Inception			
	6704 (Principal)	6705 (Interest)	2410 (Operations)
Beginning Balance (10/06)	$968,621	$0	$81,379
Deposits	$624,054	$194,839	$344,528*
Expenses	$0	$150,131	$414,093
Final Balance (6/30/11)	$1,592,675	$44,708	$11,814

* The deposits are contract reimbursements by the Natural Heritage Trust Fund, Division of Soil and Water, and the EEP to cover operating expenses.

Appendix C : Projects to be Monitored in 2011-12 as a Result in a Change of Ownership

Project No.	Project Name	New Owner	Start Ownership	Inspect Through
83	Capps Forestry Enterprises-Fishing Cr	Bulmaro Rodriguez	06-Jan-10	Jan-13
53	D. Davis Tract-Shocco	Felix Allen	27-May-10	Felix Allen
52	Dibella/Sturges Tract-Fishing Creek	Joseph and Jessie Moore	10-Dec-10	Dec-13
62	Hall Tract-Fishing Creek	Louise Parker	26-Jul-10	Jul-13
77	Perry Tract-Cedar Creek	Cascine Farm Llc	23-Dec-09	Dec-12
44	William O'Neal Tract-Swift/Sandy Creek	William V And Borroto-Esoda Katyna Esoda	25-Mar-10	Mar-13