

PROTECTING OUR MARINE TREASURES

Sustainable Finance Options for U.S. Marine Protected Areas

Recommendations from the

Marine Protected Areas Federal Advisory Committee

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The Marine Protected Areas (MPA) Federal Advisory Committee advises the Department of Commerce and the Department of the Interior on ways to strengthen the nation's system of MPAs. It includes representatives of diverse stakeholder groups, including scientists, academia, commercial fishermen, anglers, divers, state and tribal resource managers, the energy and tourism industries, and environmentalists, among others. MPA Federal Advisory Committee (FAC) meetings are open to the public and provide opportunities for public comment. All products are posted at: http://marineprotectedareas.noaa.gov/fac/
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January 2017

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Executive Summary

Overview

In 2015, the Marine Protected Area Advisory Committee was charged with advising the Departments of Commerce and the Interior on opportunities to expand the use of external financing for marine protected area (MPA) programs. This report focuses on a wide range of approaches to obtain external funding for MPAs. Although in-kind services are important, analysis of these services is beyond the scope of this report.

External financing is used in this report to describe any kind of funding that an organization receives from outside its home institution. External financing is not intended to replace the need for dedicated government funding for protected areas, but rather to provide additional support in order to achieve the MPA's objectives. Additionally, we note that organizations should pay careful attention to the limits of their authorities, procedures and ethics rules to ensure that external financing is used properly and accountably and dedicated entirely to achieving public purposes.

An MPA is defined by the MPA Executive Order 13158 as:

> "…any area of the marine environment that has been reserved by federal, state, territorial, tribal, or local laws or regulations to provide lasting protection for part or all of the natural and cultural resources therein."

MPAs require sustainable long-term funding for designation and management (specifically education, outreach, monitoring, research, policy development, and enforcement). This document includes important guidelines for success. However, it is not meant to be the final word on every strategy or potential funding source. Rather, it is a starting point for a more detailed analysis of the external financing options available to support MPAs.

Elements of Success (Chapter 1). Obtaining external funding, in-kind support, or other assistance for MPAs outside traditional, government funding streams requires a clear demonstration that such assistance will be directed to on-the-ground implementation of the mission, goals, and operational procedures for the site or sites requesting assistance. The following eight steps are intended to provide a strategic approach and tactics to maximize the chances of identifying and securing external funding:

1. State clearly why funding is necessary
2. Demonstrate sound management goals
3. Lead with innovation
4. Provide a Business Plan (or business planning approach)
5. Demonstrate capacity
6. Make your program visible

7. Enlist partnerships and supporters
8. Identify funding sources

Funding Vehicles (Chapter 2). MPAs are established by a wide range of federal, state, tribal, and local legal authorities -- each with their own laws, policies, and procedures about whether, and under what conditions, external funds may be accepted. This section focuses on the "how" of transferring funds, by providing an overview of four general types of "funding vehicles" for MPA managers to consider when seeking appropriate funding arrangements. These general funding vehicle descriptions are intended to help managers understand potential ways to accept or benefit from funds leveraged from the specific funding categories presented in Chapter 3.

- Friends groups
- Foundations
- Fiscal sponsorships
- Other non-profit organizations

Sources of External Financing (Chapter 3). This report describes the "what" of potential funding sources with descriptions of ten specific categories of funding sources. It also offers examples of funding for MPAs, or other resource protection programs, that could be used for MPAs. It includes a list of pros and cons for each category, and a select number of case studies. The ten categories are:

1. Philanthropy – Foundation and Individual Giving: Philanthropy includes giving from a range of organizations including not-for profits, corporations, and individuals.

2. Bond Funding: Bonds provide governments the ability to raise funds for capital improvement projects that tax revenue does not fund.

3. Mitigation to Support MPA Funding: Environmental mitigation activities include strategies, policies, programs, and actions that will serve to avoid, minimize, or compensate for the adverse impacts associated with a project or activity.

4. Penalties and Settlements: Penalties and settlements can take the form of recovery and restoration, which are processes to compensate or offset the damages of activities and/or accidents that have caused an impact on natural resources, biodiversity, or habitats.

5. Taxes: In addition to standard appropriations, local, state, or federal governments can levy special taxes by to support MPAs.

6. Fees: Fees are payments received in return for the MPA providing use of or access to, for instance, recreational activities such as boating, docking, or anchoring/moorage of watercraft. Fees may also be charged for special activities or special use of resources that do not cause harm to the MPA but which may require specific review or monitoring processes.

7. Corporate Support: Corporate financing can foster public-private partnerships between MPAs and the private sector as well as help build constituencies and broader public awareness of, and support, for MPAs.

8. Competitive Government Grants and Funding: MPAs may be able to seek support from other government agencies beyond their normal, legislated funding sources. Government grants are awarded to a recipient to carry out a public purpose as legally authorized.

9. Tourism-based Support: Tourism has the potential to help generate sustainable funding for MPAs through tourism businesses, tourist activities, and tourist contributions.

10. International Partnerships: U.S. MPAs could potentially benefit from international funding by developing cooperation partnerships (e.g., sister park agreements) with sites in countries that are eligible to receive international-source funding. In addition, U.S. MPAs may find that some new types of funding mechanisms being piloted internationally can be used or modified for use within the U.S.

Findings and Recommendations

This report provides Findings and Recommendations for external funding strategies at a national level, for the National MPA Center, and for MPA managers regarding external funding for MPAs.

Findings and Recommendations

The MPA Federal Advisory Committee has identified the following findings and recommendations regarding external funding for MPAs:

Key Findings

1. MPAs require external funding.
Appropriated funds from establishing agencies are rarely sufficient for MPAs to fully achieve their missions.

2. It is challenging for government agencies to receive external funding.
The current legal frameworks are difficult to navigate and provide disincentives for external funding to government agencies.

3. There is a need for a comprehensive assessment of funding for U.S. MPAs.
A survey of U.S. MPAs funding sources would help define existing and future needs for funding.

4. External funding sources exist – but are underutilized.
Based on this study, it seems clear that a broad range of potential funding opportunities exist; MPA programs need to devote time to carefully identifying and pursuing the best opportunities. In particular, although partnerships exist with the private sector such as travel, tourism, automobile, and insurance industries, we believe there are opportunities for new partnerships.

5. External funders want tangible results.
Managers must make the case that funding will result in tangible, on-the-ground results.

6. There is a need for technical assistance and a comprehensive database to support MPA programs on external financing.
Currently, MPA programs lack the capacity and a source of guidance to pursue external financing options, leading to a duplication of effort and missed opportunities to learn best practices.

7. There is a need for a National Ocean Trust Fund.
Such a fund could provide assistance to support MPAs and the benefits they provide nationally and locally.

Recommendations – National Level

1. Enact a National Ocean Trust Fund to support ocean protection and management, and specifically implementation and management of MPAs.

Although the creation of a National Ocean Trust Fund has been under consideration for years, all proposals to date have not been successful. The U.S. Ocean Commission, Pew Ocean Commission, the Joint Ocean Commission Initiative, the Coastal States Organization, and other national groups have found that there is insufficient funding available to support ocean protection and management needs (including support for MPAs) in the United States. This conclusion was based on a comprehensive and systematic analysis of ocean management needs by both bipartisan Commissions and stakeholders.

As of August 2016, proposed legislation to provide a reliable stream of funding - a national endowment for the ocean - to help protect our oceans, coasts, and Great Lakes is pending. The proposed National Oceans and Coastal Security Act, introduced by U.S. Senator Sheldon Whitehouse (D-RI), would establish a fund to support work by state and local governments, universities, and non-profit organizations to restore habitat, manage fisheries, plan for sustainable coastal development, enhance ocean monitoring and research, and acquire coastal properties for preservation. The bill would direct to the fund 12.5 percent of revenues from offshore energy development, including oil, gas, and renewable energy. Although the advisory committee is not endorsing specific legislative proposals, we strongly support the thrust of this legislation to establish an endowment fund for ocean and coastal management. The Joint Ocean Commission continues to support the establishment of a trust fund and has stated, “Establishing an Ocean Trust Fund is one of the most important steps Congress could take to demonstrate its commitment to a new national ocean policy.”

2. Develop and enact legislation (or administrative processes) to allow government entities greater flexibility to solicit and receive funding from external sources to support MPAs.

Under the existing regulatory structure, it is both legally difficult and cumbersome for government agencies to solicit and receive funding from external sources. The current regulatory regime generally requires the use of third party foundations or other partners for this purpose. Safeguards will always be necessary to ensure that external funders are limited to supporting public objectives and activities defined, through public processes for MPA sites (e.g., education, outreach, and enforcement), and that external funders are prohibited from using their external funds to influence public policy decisions. Still, there is a need to find more direct, efficient, and effective ways for external funds to be used to support MPA programs.

3. Build upon the lessons learned by the Department of Interior's century-long support of National Parks to identify and implement new funding mechanisms for MPAs.
The Department of the Interior (DOI) oversees protection of public lands and waters throughout all of the United States, its territories, and commonwealths. DOI has had this role of land and water stewardship for over 165 years and has developed external funding processes that could, and should be, replicated for MPAs. Public lands and waters, including MPAs, are supported by a combination of appropriations, fees, concessions, philanthropy, and other funding vehicles. Similar mechanisms could play a more significant role for other agencies.

4. Develop new funding partnerships with private sector interests who benefit from MPAs (such as travel, tourism, automotive, insurance industries), or with other industries that identify with, and are willing to support, marine protection and stewardship.
The Department of Commerce should take the lead on a focused effort to engage industries with a shared interest in MPA establishment and management, through existing or new committees, working groups, and events (e.g., Capitol Hill Ocean Week).

Recommendations – National Marine Protected Areas Center

The National MPA Center is located within NOAA's Office of National Marine Sanctuaries, and works on behalf of all federal, state, tribal, territorial, and local MPA programs.

1. Develop an external funding and partnership assistance capability within the National MPA Center.
With such a capability, the MPA Center should produce a coordinated and comprehensive list of external funding opportunities to assist with identifying funding opportunities. The Center could also consider supporting a follow-up analysis to this report to better target specific needs and opportunities. As noted in our findings, there is a need for a comprehensive database and technical assistance to support MPA programs. Currently, MPA programs lack the capacity and a source of guidance to pursue external financing options and this Center should be provided the support to fill these needs.

2. Conduct a comprehensive survey of funding practices at U.S. MPAs.
A survey of U.S. MPAs focused on their funding practices, sources, and needs would be helpful in prioritizing future efforts to address these shortfalls. This information could be summarized in categories so as not to divulge private or sensitive information.

Recommendations – MPA Managers

1. MPA managers of state, local, tribal, territorial, and federal MPAs can maximize funding opportunities by closely considering the process and funding source information in this report.
Specifically, this report identifies elements of success, funding vehicles, and sources of external funding to provide a systematic context for seeking funding support from external sources.

2. MPA managers should continue place a high priority on engaging external partners who can provide monetary support for their programs.

3. MPA managers should pay careful attention to the limits of their authorities, procedures, and ethics rules to ensure that external financing is used properly and accountably.

Note: For the purpose of this report, "MPA managers" refers to site managers, researchers, regulators, educators, enforcement personnel, and others who work to implement MPAs.

Introduction and Overview

Marine Protected Areas (MPAs) require sustainable long-term funding for designation and management (including education, outreach, monitoring, research, policy development, and enforcement). Although some MPAs have been established for decades, the designation of larger sites and interconnected MPA networks is relatively new in the United States. While MPA programs have different goals, they share a common need for sustainable long-term funding. The International Union for the Conservation of Nature (IUCN) defines protected area financial sustainability as "the ability to secure sufficient, stable, and long-term financial resources, and to allocate them in a timely manner and in an appropriate form." The values of the services that MPAs provide are often poorly understood and underestimated (e.g., recreation, livelihoods, tourism, biodiversity protection, healthy ecosystems, and climate change mitigation/adaptation). A better understanding of these important services, and the contributions they make to human health and well-being and the U.S. economy, may lead to a willingness to increase both public and private investment to conserve these vital resources.

Marine Protected Area Definition

A Marine Protected Area (MPA) is defined by the MPA Executive Order 13158 as "…any area of the marine environment that has been reserved by federal, state, territorial tribal, or local laws or regulations to provide lasting protection for part or all of the natural and cultural resources therein."

External Financing Definition

External Financing is used to describe any kind of funding, including in-kind (non-cash) resources that an organization receives from outside its home institution. This is in contrast to Internal Financing, which primarily consists of funds received from an organization's home institution (e.g., an annual budget). External financing is not intended to replace the need for dedicated government funding for protected areas, but to provide additional support.

The Marine Protected Area Federal Advisory Committee (MPA FAC) created an External Financing Subcommittee to identify potential sources of external funding to support MPAs, and develop recommendations regarding the use of external financing.

This report, developed by the External Finance Subcommittee and approved by the MPA FAC, is intended to assist MPA site managers and others seeking sustainable funding to support MPAs. The specific charge from NOAA and the Department of the Interior to the Committee stated:

> "MPA agencies struggle to provide key programs (e.g., management, education, outreach, and monitoring) with limited and often shrinking budgets, and are increasingly looking toward external funding to help sustain certain activities. However, external funding sources cannot substitute for governmental funding of core MPA operations. What are the options for expanding available funding from external sources? These may include such mechanisms as donations, philanthropy, public-private partnerships, crowdsourcing, and revenues from concessions, permits, and visitor fees. Both opportunities and constraints (including legal authorities) should be considered."

This report responds to the Committee charge. It suggests approaches to seek external funding, provides descriptions of potential funding sources and includes case studies to illustrate successful approaches (see Appendix A). Based on the lessons learned from these case studies, the report offers recommendations at the national level, for MPA programs and their partners, and for the National MPA Center.

The report recognizes that MPAs are established via governmental processes and those governments should provide the fiscal support necessary for the management of these sites. However, it is clear that external financing is necessary to provide a stronger foundation for management of protected areas, to help create a network of partners and resources that increases an area's visibility and connection to communities and other protected areas, and to lead to more effective and sustainable conservation.

The report focuses on potential approaches to obtain external funding. Although in-kind services are important, the topic is beyond the scope of this report.

- Chapter 1, titled *"Elements of Success,"* offers eight strategic steps that will help to maximize the chances of identifying and securing external funding.

- Chapter 2, titled *"Funding Vehicles,"* provides an overview of three types of "partner organizations" for MPA managers to consider when seeking appropriate funding arrangements.

- Chapter 3, titled *"Sources of External Financing,"* identifies ten possible sources of funds for MPA managers to consider.

This document includes important guidelines for success. However, it is not the final word on every strategy or potential funding source. It is a starting point for a more detailed analysis of the external financing options available to MPAs.

Chapter 1. Elements of Success

Listed below are recommended steps to assist MPA programs and their partners with accessing external financing. Obtaining external funding, in-kind support, or other assistance for MPAs outside traditional, governmental funding streams requires a compelling demonstration that such assistance will be directed to on-the-ground implementation of a clear mission, goals, and operational procedures. Potential funders will want to know that the site has a well-developed management plan. Ideally, this would be complemented by a business plan that spells out how funds will help achieve the management objectives. Funding requests must clearly demonstrate that funds will be directed to important management priorities and will be effectively and efficiently used.

The following steps are intended to provide a strategic approach and tactics to **maximize** the chances of identifying and securing external funding:

- **State clearly why funding is necessary:** Each applicant must make a clear and compelling case for why funding is needed. Funders will want to know exactly what the funds will support (e.g. ongoing efforts versus new, monitoring, enforcement, site/conservation, education, research/science, volunteer or "Friends of" networks, local community bridging.) It will also be important to establish a sense of urgency to receive these funds within specified timeframes and to determine if this funding source can meet those needs.

- **Demonstrate sound management goals:** There is no substitute for a clear and pragmatic management plan, which should define the mission, goals, operational procedures, and planned activities for the MPA. Any proposal should demonstrate how assistance will help advance the identified management plan goals.

- **Lead with innovation:** Many funders are more interested in funding innovative approaches than supporting ongoing "operations." Proposals for new approaches to monitoring, research, education, outreach, or enforcement are often far more attractive than adding support for "personnel or core functions." Ideally, funding for basic operations and personnel should be included in base budgets (provided by the MPA agency) – although that is not always the case.

- **Provide a Business Plan (or business planning approach):** MPAs should develop a business plan and incorporate it into the site's management plan. This can take many forms – formal and informal. For example, the National Park Service's Business Management Group has developed business plans for many NPS units, and is also providing guidance to NOAA's Office of National Marine Sanctuaries regarding the development of business plans. A less formal approach could be to simply ensure that business-planning principles are

incorporated into the management plan to demonstrate a clear and achievable business approach.

- **Demonstrate capacity:** Demonstrate that the MPA site has the authority as well as the capacity and expertise to raise, receive, spend, and track external money in an efficient and transparent manner. Make clear that the MPA managers are trained to execute the business plan for financial tracking, in-kind contributions, etc.

- **Make your program visible:** Effective communications and public engagement can make a real difference. MPAs programs that reach out to their communities through lecture programs, beach cleanups, field trips, and other highly visible activities stand a substantially higher chance of encountering funders and demonstrating on-the-ground relevance and effectiveness.

- **Enlist partnerships and supporters:** Providing a list of partnerships and supporters will increase the chances of success**.** Consider incorporating site partners, including implementing and fiscal sponsors, into proposals. In addition, consider networking with other sites with similar needs to demonstrate economies of scale for funding similar needs. Another important tactic will be to solicit support from elected officials and community leaders.

- **Identify funding sources:** Use the funding sources identified in this report as a quick reference guide to the types of funding sources that your site should consider pursuing. Look at this material to determine which sources are the most likely match for your site. Then look to the summaries of each category to see if this funding category looks like a potential match. Create a list of funders that could be a match for the site. Be sure to look at the case studies provided in Appendix A that provide real-world examples of success using these funding approaches.

Chapter 2. Funding Vehicles

MPAs are established by a wide range of federal, state, tribal, and local legal authorities -- each with their own laws, policies and procedures about whether, and under what conditions, external funds may be accepted. MPA managers exploring external sources must be aware of these authorities, opportunities and restrictions. Even when external funds can legally be accepted directly by an MPA program, administrative barriers can sometimes make this option unviable. This section focuses on the "how" of transferring funds, by providing an overview of four general types of "funding vehicles" for MPA managers to consider when seeking appropriate funding arrangements. These general funding vehicle descriptions are intended to help managers understand potential ways to accept or benefit from funds leveraged from the specific funding categories presented in Chapter 3.

Fortunately, there are many partners – some established specifically to support MPA programs – that can accept external funding and direct it to activities supporting MPA program goals (e.g., projects, activities, equipment, and staff). Examples include a Friends Group, a foundation, or an organization that can serve as a fiscal sponsor.

These relationships are public-private partnerships and explicitly provide for cooperative mixing of public funding and private funding in order to leverage dollars from each source. The private party will provide a public service or activity, and partially or wholly fund that service or activity, through in-kind support or dollars, while the public entity will provide the management authority and parameters for that service or activity.

Contributions made by individuals to non-profit, tax-exempt organizations established under Section 501(c)(3) of the US Tax Code are tax deductible.

This section identifies four types of partner organizations.

- Friends groups
- Foundations
- Fiscal sponsorships
- Other non-profit organizations

1. Friends Groups

The most common funding vehicle for an MPA is a 'Friends Group.' A Friends Group is typically a charitable, non-profit organization established under Section 501(c)(3) of the US Tax Code, whose articles of incorporation, bylaws, vision, and mission are geared to support the MPA to which it is serving as a 'friend.' The

relationship is generally formalized through an agreement between the government agency managing the MPA and the Friends Group.

As noted above, Friends Groups can support the objectives of the MPA by funding activities, equipment, facilities, and staff. In some cases, MPA programs may have the authority to directly accept funds from a Friends Group. For example, the National Marine Sanctuaries Act explicitly authorizes the Secretary of Commerce to accept donations of funds, property, and services (16 USC 1442(c)). More frequently, Friends Groups serve as the recipient of funds from a variety of sources, and spend them to help address the MPA's objectives.

Friends Groups are a common tool to generate funding to support public lands and waters. Of the more than 500 National Fish and Wildlife Refuges, more than half have Friends Groups. More than half of the 400 National Park units have Friends Groups. The National Park Service notes:

> *Friends Groups are generally defined as nonprofit, 501(c)(3) tax-exempt organizations established primarily to support a specific park area or a group of parks. While these groups vary in size, structure, and priorities, they all operate in partnership with parks under a formal written agreement. Friends Groups benefit parks in various ways, such as conducting fundraising efforts, providing volunteer services, assisting with resource management and preservation, and publicizing important issues.*
> https://www.nps.gov/partnerships/friends_groups.htm

An example of a Friends Group is the Point Lobos Foundation, a non-profit partner of Point Lobos State Natural Reserve in California and since its founding in 1978, the Foundation has raised over $2 million for projects and educational programs at Point Lobos. http://www.pointlobos.org/foundation

Many of the external funding opportunities discussed in the next section can be channeled through a Friends Group.

2. **Foundations**

Foundations can also serve as funding vehicles for MPAs. Several foundations have been congressionally chartered to serve a national system of public lands or waters, or public resources.

Examples include:

- **Resources Legacy Fund Foundation (RLFF):** The California-based RLFF advances the conservation of natural resources through creative solutions customized to the philanthropic goals of donors. Founded in 2000, the RLFF has represented an innovation in conservation philanthropy as a donor-driven enterprise. Since 2004, RLFF working with the David and Lucille Packard Foundation, Gordon and Betty Moore Foundation, Marisla Foundation, Keith Campbell Foundation for the Environment and Annenberg Foundation have supported the improvement of ocean ecosystems by helping to implement California's Marine Life Protection Act. RLFF and these funders brought an unprecedented $19.5 million to the process. It is estimated that this investment helped leverage a total of $78 million in total state and federal funds/services/in-kind support (including $18.5 million in state funding) over the past decade for critical MPA functions; seafloor mapping, baseline monitoring, agency staff support, monitoring, and research. See Appendix A, **Case Study**: California Marine Life Protection Act (MLPA).
  http://www.resourceslegacyfund.org/

- **National Park Foundation (NPF):** Established by an act of Congress as a 501(c)(3) organization, NPF used to receive federal appropriations that were used to supplement National Park Service appropriations. No longer receiving federal dollars directly, NPF now raises significant funding from a wide variety of private sources, including individual, corporate, and foundation sources, to support many projects and activities promoting national parks and supporting national park management and facilities. Major capital campaigns, education programs, public events, and acquisitions are all supported by NPF. Funding from NPF is provided directly to parks and supporting organizations through competitive and non-competitive grants. Among the many beneficiaries of NPF funding are the Friends Groups for individual national parks.
  https://www.nationalparks.org/

- **National Fish and Wildlife Foundation (NFWF):** Established by Congress as a 501(c)(3) organization, NFWF provides funding on a competitive basis to public agencies, non-profit organizations, academic institutions, and others to support conservation of fish, wildlife, plants, and their habitats. NFWF specializes in bringing all parties to the table – individuals, government agencies, non-profit organizations, and corporations to protect and restore species and habitats, promote healthy oceans and estuaries, advance sustainable fisheries, and enhance water quality and quantity. NFWF has become one of the world's largest conservation grant-makers and works with public and private sectors supporting conservation efforts in all fifty states and U.S. territories. The

foundation's Impact-Directed Environmental Account (IDEA) program manages a nationwide portfolio of accounts arising from legal and regulatory actions involving natural resources and the environment, totaling $170 million in 2016.
http://www.nfwf.org/Pages/default.aspx

- **National Marine Sanctuary Foundation (NMSF):** Incorporated as a non-profit in 2000, NMSF is the chief national charitable partner supporting the work and mission of the National Marine Sanctuary System. Although not congressionally chartered, NMSF has established a formal relationship with NOAA, as authorized under the National Marine Sanctuaries Act. Since its inception, NMSF has generated more than $12 million for programs and initiatives across the system in research, conservation, education, citizen science, outreach, and community engagement. Its Ernest F. Hollings Grants competitive program funds innovative ocean awareness projects developed by organizations partnered with sanctuaries; since 2005, it has awarded $1.5 million to more than sixty groups. The Foundation also advocates on behalf of a strengthened sanctuary system to policymakers on Capitol Hill and regionally, and provides resources, guidance, grants, and support to communities seeking designations or expansions of their local waters.
http://www.marinesanctuary.org/

At the local level, community foundations can also serve as funding vehicles for MPAs. Community foundations are becoming increasingly prevalent, with more than 700 in the United States. They serve a broader purpose than serving as a 'friend' to a particular MPA, but could take on this role as one part of their broader mission of community service. They typically pool donations into a coordinated investment and grant making facility dedicated to social causes. For example, the Wishtoyo Chumash Foundation aims to preserve and protect Chumash Native American culture, through education, outreach, restoration projects, advocacy, and legal action. Among the projects for which they fundraise and support are the MPAs established under the California Marine Life Protection Act (MLPA). You can learn more about them at http://www.wishtoyo.org/

3. Fiscal sponsorships

While Friends Groups and foundations are connected to the mission of the MPA or MPA network, other organizations can also serve as a fiscal sponsor. These organizations offer their legal and tax-exempt status to the MPA in exchange for a fee-based contractual arrangement. A reference for fiscal sponsorships is Gregory Colvin, *Fiscal Sponsorship: 6 Ways to Do It Right* (2006).
http://fiscalsponsorship.com/images/WCTEO_Gregory-Colvin.pdf

4. **Other Non-profit Organizations**

One example of another model for non-profit organizations that support marine management is The Ocean Foundation, which serves as a fiscal sponsor for dozens of marine-based non-profit efforts around the world that are not able to assume the significant start-up costs or maintain the administrative, financial, and legal and audit functions non-profit organizations need. The Ocean Foundation assumes those costs and responsibilities for a fee, enabling the underlying project to focus on its substantive mission and programmatic activities.

While not exclusively dedicated to a specific MPA or MPA network, other non-profit organizations may serve as a funding vehicle for one or more MPAs. Often, MPA agencies will work with non-profit organizations through public-private partnerships to conduct complementary activities toward a common goal without necessarily receiving funds.

Examples include:

- **The Nature Conservancy (TNC)** often has arrangements to acquire land and manage facilities in concert with protected area programs.

- **The Coastal States Stewardship Foundation** was formed in 2004 to work in partnership with public, private, and academic interests to support healthy coastal ecosystems and prosperous coastal communities for the benefit of current and future generations.

Case Study: California Marine Life Protected Area Network. See Appendix A.

Chapter 3. Sources of External Financing

Overview

This chapter provides ten specific funding options for MPA managers to consider:

1. Philanthropy
2. Bond Funding
3. Mitigation to Support MPA Funding
4. Penalties and Settlements
5. Taxes
6. Fees
7. Corporate Support
8. Competitive Government Grants and Funding
9. Tourism-based Support
10. International Partnerships

All of these funding categories have the potential to provide support for MPA programs in the United States, but it is difficult to predict what funding source is best for individual programs or sites. However, there are some general observations that we can make. Large urban centers, because of the overall strength and diversity of the economy in these communities, may have a greater potential to benefit from tools such as major philanthropic gifts, bond measures, project mitigation funds, corporate support, and special taxes. Small coastal or island communities may have less access to those large institutional sources of support, but may benefit more from visitor entrance/exit fees, cruise ship head taxes, tourism industry philanthropy, and special user fees. This is because island communities, ocean-dependent industries (such as tourism) and visitors recognize the economic and environmental value of the marine resources at their doorstep and are often willing to support them.

Funding Options

1. Philanthropy – Foundation and Individual Giving

The discussion that follows regarding philanthropy includes organizations that include foundations, corporations, nonprofits and individuals. Total philanthropic giving in the U.S. reached $358 billion in 2014, up more than seven percent from the prior year. Of this, 80 percent comes from individuals, fifteen percent from foundations, and five percent from corporations. While the environment receives only three percent of all giving, other categories such as health (eight percent) and education (fifteen percent) might be available for MPA support. In addition to funding operating costs or specific programs and projects, philanthropic sources may also support thematic or event-based activities such as awards ceremonies, anniversary ceremonies, or special occasions.

This category includes the following types of funding:

- Philanthropic Foundations
- Congressionally Chartered Foundations
- Friends Groups
- Corporate Philanthropy
- Individual Giving
- Crowdsourcing
- Business Revenue Sharing
- Special Event Funding

Philanthropic foundations: Many private U.S. philanthropic foundations fund marine conservation initiatives and projects, and some prioritize funding for establishing or managing MPAs. Examples include the Gordon and Betty Moore Foundation, Packard Foundation, Walton Family Foundation, as well as regional and family foundations, such as the California Resource Legacy Fund Foundation. The Foundation Center **(**www.foundationcenter.org) in Washington, D.C. has an online database that contains information on U.S. foundations, including their funding priorities, geographical focus, and procedures for applying for grants.

Congressionally Chartered/Authorized Foundations: There are a number of congressionally chartered foundations, such as the National Park Foundation and National Fish and Wildlife Foundation that raise funds for public lands and waters, and species conservation programs. The National Marine Sanctuaries Act authorized NOAA's Office of National Marine Sanctuaries (ONMS) to partner with non-governmental organizations. ONMS has established agreements for cooperation and funding with the National Marine Sanctuary Foundation.

Friends Groups: National wildlife refuges, national parks, national marine sanctuaries, and hundreds of other protected public lands and waters have local friends groups to provide support. That support can range from in-kind donations and volunteerism to millions of dollars annually. The primary impetus for their support is the local connection these places have within their communities.

Corporate Philanthropy: Many corporations have philanthropic departments or affiliated foundations that provide grants for specific causes. Generally, criteria for funding require some connection to the business. For instance, the Pacific Life Foundation, the philanthropic arm of the large U.S. insurance company, has given over $90 million to community and national non-profit organizations since its creation in 1984. With the humpback whale as its corporate symbol, one area of funding has been for marine mammals. In addition, Pacific Life, like a growing number of companies encourages its employee volunteer activities and provides grants to a select number of non-profit organizations nominated by employees. Corporate philanthropy is different from corporate sponsorships (discussed later in this report), which are often done through marketing departments.

http://www.pacificlife.com/crp/public/about_pacific_life/foundation_community/grant_recipients/2015PLCommunityReport_web.pdf

Individual Giving: Individual gifts and estate planning can be made to support a specific MPA site or sites. However, such gifts generally need to be received by a 501(c)(3) charity, such as a Friends group, that will provide the funds for the benefit of the MPA, and will allow such gifts to be tax deductible.

Crowdsourcing: Many organizations can benefit from crowdsourcing ideas, data, and funds for MPAs. One of the most recognized forms of crowdsourcing is crowdfunding, which utilizes online platforms (such as Kickstarter, Indiegogo, and Crowdfunder) to raise funds from the public. The benefit of crowdsourcing is that the campaign can be focused at a local level or it can be targeted toward larger and more diverse audiences. Morro Bay, California provides a specific example of how useful crowdsourcing can be at a local level. Two organizations, the *San Luis Obispo Coastkeeper* and the *Environment in the Public Interest,* started a program that uses crowdsourcing to raise money and low-cost technologies to locate, document, monitor, and report pollution violations in Morro Bay State Marine Reserve and Morro Bay State Marine Recreational Management Area. This is a tool that could be used for MPA enforcement or management uses elsewhere.

Business Revenue Sharing: A variety of businesses have partnered with organizations like 1% for the Planet to raise money for conservation and positive environmental change. Consumers can obtain products from companies who partner with 1% for the Planet and one percent of that purchase goes to non-profits. Some examples of ocean/coastal protection recipients include the Coastal Conservation Association, Oceanic Research Group, Reef Relief, and Shark Stewards.

Special Event Funding: There are opportunities to raise funds for environmental programs such as MPAs through fundraising events (e.g., bike rides, runs, swims, concerts, etc.). Climate Ride, for example, gives participants the ability to fundraise for organizations that are doing work to address climate change mitigation and adaptation. Special event funding could be used to provide benefits for local MPAs or for an overall network of MPAs.

Case Studies: See Appendix A.

- California Marine Life Protected Area Network
- Caribbean Biodiversity Fund
- Forever Costa Rica

Pros and Cons for Philanthropy

Pros

- Philanthropy can provide a major source of funds.
- Some funders offer capacity support to grant recipients to ensure a successful project.

Cons

- There is a perception, by some, that private organizations or corporations have undue influence over government decision-making. (In California, there has been litigation over private funding for MPA network development.)
- Funds must be received by legally registered non-profit organizations.
- Many funders are currently oversubscribed.
- Funders are most likely to fund innovative and/or new approaches and are not as likely to fund ongoing operations.
- Funders may impose certain criteria or requirements on grant funding that will need to be addressed and fulfilled by MPA managers.

2. Bond Funding

Bonds give governments the ability to raise funds for capital improvement projects that otherwise are not funded by tax revenue. Bonds require public buy-in, and in many cases require voter approval. Much like a mortgage on a house, bonds allow governments to access large sums of money up front, with the promise of long-term, low-interest repayment.

General Obligation Bond funding is the use of borrowed money to fund work. This is initiated through measures/proposals that allow taxpayers to vote on whether funds will be allocated for a specific purpose (e.g., protection of natural resources such as beaches, bays, and waters). These can be new measures or funds being sought from existing general-obligation bond funds. These are usually long-term expenditures.

Revenue Bonds are a type of federal, state, or municipal bond that, unlike general obligation bonds, are supported by revenue from a specific project, such as a utility or toll bridge, which provide a future revenue source used to pay back the loan. They are essentially tax-supported. Revenue bond funds must be linked to a sustainable revenue source, preferably one that is paid back by the beneficiaries of the funded project. For example, the toll collected on a road or bridge from the user pays back the debt

associated with the infrastructure improvement and other secondary impacts including mitigating ecological or socio-economic damages.

Both of these bond financing mechanisms could be used for restoration and conservation oriented activities.

Case Study: California Marine Life Protected Area Network. See Appendix A.

Examples:

Over the past half century, the State of Florida has enacted a series of well-funded programs resulting in the purchase and protection of over six million acres of conservation land. In 1968, the Florida Legislature began funding Florida's Land Acquisition Trust Fund through the sale of recreation bonds for $20 million. These bonds were paid for through funds collected from documentary stamp taxes paid on real estate transactions (e.g., transfer tax). This tax applies to any transfer of an interest in property. In 1972, the Florida Legislature passed the Land Conservation Act, which created the Environmentally Endangered Lands (EEL) program and later that year Florida voters approved a ballot referendum that authorized the sale of $200 million in EEL bonds and another $40 million in recreation bonds. Debt service on the bonds for both programs continued to be paid from proceeds of the documentary stamp tax on real estate transactions.

In 1999, the Florida Forever Act authorized the sale of up to $300 million in bonds for ten years. The act allowed bond funds to be used for facilities development, ecological restoration and invasive exotic plant removal, and conducting species inventories and land management planning. The act's goals included an emphasis on protecting Florida's biodiversity and protecting, restoring, and maintaining natural ecological functions. Florida's programs have been successful, in part due to the strong support by its citizens for preserving treasured areas and for providing a basis for its tourism-based economy.
http://www.dep.state.fl.us/lands/files/Florida_LandAcquisition.pdf

San Francisco Recreation & Parks
In 2012, voters enthusiastically supported the 2012 San Francisco Clean and Safe Neighborhood Parks Bond (2012 Bond) giving the city an additional $195 million to continue capital projects for the renewal and repair of parks, recreation, and open space assets. The 2012 bond includes funding for fifteen neighborhood parks, long awaited investment in Golden Gate Park, McLaren, and Lake Merced, as well as renovations to support the parks' infrastructure.
http://sfrecpark.org/park-improvements/2012-bond/

Pros and Cons for Bond Funding

Pros

- Opportunities exist for significant funding support.
- Bonds demonstrate public support/buy-in.
- Bonds generally allow the state to acquire assets that it could not afford on "pay as you go" basis.
- Bonds can be an effective way to fast-start a program via quick capital.
- Bonds tend to have long-term benefits; the costs are spread out over time.

Cons

- It can be difficult to secure widespread public support – education is needed.
- Often bond funds are limited to capital expenditures for construction ("bricks and mortar") and not for management costs, unless those costs are necessary for the construction to be achieved. These may be appropriate for some MPA assets such as visitor centers, but not for other funding needs.
- In general, bonds are not intended to support ongoing operating costs.
- Bond funds do not generate income and usually increase overall long-term project costs due to interest payments. Taxpayers foot the bill if the bond is a general obligation bond. The taxpayer obligation is postponed to pay over a longer period of time.
- Bonds can be frozen during economic downturns/budget challenges.
- It is often difficult to ensure that the bonds directly benefit MPAs.

3. Mitigation to Support MPA Funding

Environmental mitigation activities include strategies, policies, programs, and actions that will serve to avoid, minimize, or compensate for the adverse impacts associated with a project or activity.

Mitigation is often used to compensate for impacts from proposed developments. For example, this includes habitat enhancements to offset impacts from development

activities such as dredging or other physical disruptions to habitats. However, there are examples of mitigation funds that could be used to support MPAs. Below are examples of such potential mitigation funding sources from construction, operations, or decommissioning activities. Significant funding may be provided for MPAs using these funding sources.

Examples:

- **California Coastal Power Plant Cooling Systems Mitigation: Support for MPAs**

  The California State Water Board has developed California's Once-Through Cooling Policy (Policy) to establish technology-based standards to implement federal Clean Water Act section 316(b) to reduce the harmful effects associated with coastal power plant cooling water intake structures. The policy determined that closed-cycle wet cooling is the best available technology. It requires power plants that are not in compliance by October 2015 to either convert to this technology or pay for mitigation for ongoing impacts resulting from the entrainment and impingement of marine life from the cooling system. The Policy states: It is the preference of the State Water Board that funding is provided *"for mitigation projects directed toward increases in marine life associated with the State's Marine Protected Areas in the geographic region of the facility."* (Emphasis added)

  A working group composed of the State Water Resources Control Board (SWRCB), California Department of Fish and Wildlife (CDFW), California State Coastal Conservancy (CC), Ocean Protection Council, and key non-governmental partners is currently working to develop discrete criteria for selection of mitigation projects. The working group has identified three broad categories of support for MPAs:

  - Enforcement and Compliance
  - Outreach and Education
  - Research and Monitoring

  A memorandum of agreement (MOA) with the signatories (including OPC, CC, and the SWRCB) was completed in October 2016 which provides the interagency agreement on the general provisions of the program. The MOA formalizes the provision that MPA projects will be funded first and administered by OPC with remaining funds going to habitat restoration projects that will benefit MPAs and be administered by the CC. The amount of funding will be assessed on an annual basis for the power plants subject to the policy. Eventually, all coastal power plants in California will convert to closed loop systems and this

funding for MPA support will be eliminated. However, the early years of this program are likely to produce millions of dollars in support of California's network of MPAs for a period of up to ten years.

- **Decommissioning of California Offshore Oil and Gas Platforms**

  Producers of oil and gas offshore California have long sought provisions to allow the "partial" decommission of their offshore production platforms once they have reached the end of their production life (i.e., leaving the lower portions of structures below a certain water depth on the ocean floor). Federal and state regulations traditionally require removal of all facilities at the end of the life of a production platform. Although controversial in California, a series of studies demonstrated that there can be environmental benefits from partial decommission in some instances (i.e., where the jackets of these rigs remain in place on the ocean floor to provide habitat).

  The legislature evaluated this issue and in 2010 the Governor signed Assembly Bill 2503 into law (Chapter 687). The bill provides that the oil companies can apply to partially decommission a platform (leaving lower portions of the jacket in place), which could be approved at the discretion of the appropriate regulatory agencies, depending on the results of a case-by-case environmental analysis. The analysis must demonstrate that partial decommissioning will result in a reduction in environmental impacts. However, the producers are also required to share a portion of their savings from partial decommissioning (this could be in the hundreds of millions of dollars per platform) to be deposited into a trust fund to support ocean related efforts, including MPA management and enforcement. These funds will be part of the mitigation package to ensure that the partial decommissioning program will result in net environmental benefits.

- **Blue Carbon Offsets.**
  Companies or individuals can purchase carbon credits to offset carbon emissions they cannot reduce. The new field of blue carbon offsets aims to restore or prevent the loss of coastal habitats that are highly effective in storing and sequestering carbon in sediment and plant material. These blue carbon habitats include mangroves, tidal marshes, and seagrasses; they annually sequester ten times as much carbon in their soils as terrestrial forests. The carbon often is stored for long periods of time as well, usually hundreds or even thousands of years. Blue carbon offsets may provide a mechanism for MPAs to be compensated for their carbon sequestration services as they protect and conserve these habitats.

  Restore America's Estuaries (RAE), a non-profit group, has developed a methodology that has been approved by the Verified Carbon Standard to

calculate carbon credits associated with wetland restoration. Through the purchase of carbon credits, the carbon market can now support coastal habitat projects with a climate benefit. According to TerraCarbon, carbon markets have already provided more than $1 billion in the past ten years for forestry and other land use projects worldwide.
RAE is now developing a similar methodology for carbon credits associated with wetland conservation. While many blue carbon projects are located in the tropics, non-profits and corporations are also beginning to explore the potential to implement them in the United States. JetBlue and a number of other U.S. airlines are involved in carbon offset programs that support renewable energy and carbon-reduction projects, and could potentially support blue carbon projects that protect mangroves, seagrasses, and tidal marshes.

Accordingly, MPA managers may want to consider how selling “blue carbon” offsets could contribute to financing. The IUCN has developed a “mitigation hierarchy” that gives guidance on the appropriate parameters for the use of biodiversity offsets. Blue carbon offsets should specifically fund the restoration, conservation, and protection of coastal and marine vegetation to promote carbon sequestration. Exciting work is being done at various locations around the U.S. to assess and plan for these projects such as the Coastal Blue Carbon Opportunity Assessment for Snohomish Estuary in Washington State and the Blue Carbon Assessment in Tampa Bay, Florida.

In addition, Duke University, as part of its Climate Action Plan, is striving to have the university become carbon neutral by 2024 and is researching the economic feasibility of blue carbon offset sites along the coastlines of Louisiana and North Carolina. Researchers have found that blue carbon is currently unable to economically out-compete the construction of hotels or other real estate that will net large amounts of revenue. However, if the offset market is priced high enough, blue carbon initiatives could ultimately be financially competitive with coastal agriculture and aquaculture.

Resources:

Restore America’s Estuaries - Wetland Carbon Finance Protocol
https://www.estuaries.org/restoration-methodology-approval

IUCN Draft Policy on Biodiversity Offsets:
http://www.iucn.org/theme/business-and-biodiversity/resources/browse-conservation-issue/biodiversity-offsets

Restore America’s Estuaries – Snohomish Estuary Study

https://www.estuaries.org/coastal-blue-carbon-opportunity-assessment-for-the-snohomish-estuary-the-climate-benefits-of-estuary-restoration

Duke University:
http://sites.duke.edu/environ898_10_f2012_bluecarbon/

Pros and Cons for Mitigation Funding

Pros

- These programs could provide a significant source of funding support for MPAs, in some cases in the millions of dollars.

- Proper application of mitigation funding could result in substantial environmental benefits.

Cons

- Mitigation is a double-edged sword and some would argue that such processes may not provide the sufficient resource protection benefits to offset the damage to coastal habitats elsewhere.

- Current mitigation efforts have the potential to work well in coastal settings (e.g., salt marsh restoration, mangrove restoration, and upland habitats). However, they are difficult in open ocean environments (e.g., coral reefs).

4. Penalties and Settlements

Recovery and restoration is a process that can be used to compensate or offset injuries from activities and/or accidents that have caused an impact on natural resources, biodiversity, or habitats. These funds are usually in the form of fines/penalties or financial settlements. Damages are the financial settlements that come in from settlements associated with an injury assessment.

Authorities for Recovery

There are generally three kinds of federal statutory authorities under which funds can be sought:

1. Civil Penalties: e.g. under Endangered Species Act (ESA), Marine Mammal Protection Act (MMPA), and the National Marine Sanctuaries Act (NMSA).

2. Natural Resource Damage Assessment (NRDA): Examples include those under the Oil Pollution Act (OPA), Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), National Marine Sanctuaries Act

(NMSA), and the National Park Service – System Unit Resource Protection Act (PSRPA). Under these last two statutes, NOAA and NPS have authority to seek compensation from those responsible for injuries to sanctuary and park resources, such as vessel groundings on coral reefs and seagrass beds. NOAA and NPS can seek civil damages for costs of responding to the incident, assessing the nature and extent of the injury, restoring the damaged site, and monitoring the affected resources.

3. Community Service Payments: Under U.S. Code and U.S. Department of Justice (DOJ) Sentencing Guidelines, community service payments may be provided to congressionally chartered foundations and certain other charities to help restore injured resources as a result of criminal activity. In DOJ Criminal Settlements (e.g., high seas pollution, fisheries logbook falsifications, high seas plastic dumping, and illegal importation of seal oil), up to twenty-five percent of the total settlement can be a Community Service Settlement with funds directed to a congressionally chartered foundation. The remaining seventy-five percent goes to the Department of Treasury for other purposes. Cases are typically brought by the U.S. Coast Guard and Environmental Protection Agency.

Four oil spills provide examples of funding sources that have the potential to support MPAs. A trustee council that is generally comprised of tribal, state, and federal trustees will develop a restoration plan. The plan is required to have a restoration nexus to the injured resources. For example, if an injury was primarily within an enclosed bay, open ocean restoration projects may not be appropriate unless they are restoring a shared resource that was injured. All of the proposed projects are required to go through a public notice and comment period. Although payments from these spills are provided to compensate for resource injuries, it is not clear how much, if any, money went to support local MPAs. However, incidents such as these could certainly provide support for MPAs off the coast of San Francisco Bay, along other parts of the California coast, or -- in the case of the *Deepwater Horizon* spill – in the Gulf of Mexico.

1. ***Exxon Valdez* Oil Spill (1991) -** Prince William Sound, Alaska: Exxon reached a civil settlement with the U.S. government and the state of Alaska in which it agreed to pay $900 million in payments, a $25 million criminal fine, and $100 million in restitution. The Exxon Valdez Oil Spill Trustee Council administers the funds used for various activities, some of which have occurred within MPAs in Alaska, including surveys, research, and monitoring related to the oil spill. http://www.evostc.state.ak.us/index.cfm?FA=facts.settlement

2. **Kinder Morgan Suisan Marsh (2004) -** San Francisco Bay, California: Over 100,000 gallons of diesel oil spilled. This resulted in $1.15 million in NRDA compensation. https://www.wildlife.ca.gov/OSPR/NRDA/Kinder-Morgan-Suisun-Marsh

3. ***Cosco Busan* (2007) -** San Francisco Bay, California: 53,569 gallons of intermediate fuel oil spilled. This resulted in $32.3 million in NRDA compensation. Some of these funds went to local groups and state and federal trustees who work with the Greater Farallones National Marine Sanctuary to protect Sanctuary resources. http://response.restoration.noaa.gov/about/media/44-million-natural-resource-damage-settlement-restore-san-francisco-bay-after-cosco-busa

4. ***Deepwater Horizon* – Gulf of Mexico Oil Spill (2010) -** 4.9 million barrels spilled; this resulted in $18.7 billion to settle final claims with a total settlement of all claims at nearly $54 billion. For information on efforts linked to Community Service Payments see: http://www.nfwf.org/gulf/Pages/home.aspx
The NRDA settlement of $8.8 billion for restoration can be found at:
http://www.gulfspillrestoration.noaa.gov/restoration-planning/gulf-plan
The plan also describes the restoration alternatives, including the use of MPAs, to restore deep benthic and mesophotic resource injuries.

A California container ship incident off the coast provides an example of funds derived from another type of marine accident.

- **M/V *Med Taipei*, NRDA settlement (2006).** Heavy seas, faulty equipment, improper container loading, and other human factors led to containers being lost overboard from the M/V *Med Taipei* in the Monterey Bay National Marine Sanctuary (MBNMS) in 2004. Taking into consideration NOAA's damage assessment, as well as potential fines, government legal fees and costs to date, the shipping company agreed to pay MBNMS compensation of $3.25 million. These funds support the implementation of a compensatory restoration plan within the Sanctuary, which has a greater certainty of success than attempting to recover the lost containers. The plan includes projects to restore important benthic habitats within the sanctuary and compensate for the disturbance of ecological services derived from the impact and continued presence of the cargo containers on the sanctuary's seafloor.
http://montereybay.noaa.gov/resourcepro/mt/welcome.html

The National Fish and Wildlife Foundation (NFWF) and the **National Marine Sanctuary Foundation (NMSF)** have the authority to receive payments as part of recovery or restoration settlements. Subject to the specific terms of the individual settlement agreements, NFWF and NMSF may direct these funds to projects that address the underlying environmental injury. This may include, where appropriate, projects in or benefitting MPAs. Under the terms of two plea agreements that resolved certain criminal charges against BP and Transocean, which arose from the 2010 *Deepwater Horizon* explosion and oil spill, NFWF will receive more than $2.5 billion over a five-year period to fund projects benefiting natural resources in and around the Gulf of

Mexico. In making the awards, NFWF works closely with key state and federal resource agencies to select projects that remedy harm and eliminate or reduce the risk of future harm to Gulf Coast natural resources. In addition, NMSF has received more than twenty community service payments totaling more than $5.6 million since 2008 for conservation, research, and outreach work throughout the National Marine Sanctuary System. These payments are sometimes included in settlements of federal prosecutions for a wide range of criminal activities negatively affecting marine resources in violation of federal statutes.

Pros and Cons for Penalties and Settlements

Pros

- The events can provide a significant source of money depending on the length, severity, and impacts of the accident.

- MPAs with clear management/business strategies can plan in advance to be eligible for damage mitigation lists.

- The payout could occur over a long period of time.

Cons

- Funds are dependent upon an accident or disaster with impacts to resources that may never be adequately replaced.

- The event can be complex with multiple responsible parties (e.g., vessel owner, user, and insurer), which can lead to lengthy and difficult recovery measures. Payout may be unpredictable due to the time for negotiated settlements or litigation between multiple parties.

- It can be time-consuming and costly to pursue mitigation for a series of relatively small impacts.

- Use of these funds may carry significant restrictions.

- The site must have authority to receive funds or could be in violation of the Antideficiency Act and/or the Miscellaneous Receipts Act. The Antideficiency Act prohibits federal agencies from incurring obligations or expending federal funds in advance or in excess of an appropriation, and from accepting voluntary services. The Miscellaneous Receipts Act precludes a federal agency from accepting funds that should go to the General Treasury, unless it has specific authority to receive those funds. For example, penalties often go to the General Treasury rather than back to the agency that levied the penalty. http://www.gao.gov/legal/anti-deficiency-act/about

5. Taxes

Local, state, or federal governments can levy taxes; many such taxes already provide funding through appropriations as direct funding streams to protected areas. This section does not deal with these dedicated funding streams; rather it explores alternative, innovative taxes through which MPAs could receive additional funding.

Types of Taxes

Sales Tax: Sales taxes can provide new sources for dedicated funding for protected areas, and can be levied by county, state, and local jurisdictions. For instance, Missouri, Minnesota, and Arkansas all have levied sales taxes to supplement funding for protected lands. This could provide a model for similar marine programs. The broad tax base ensures that tax rates can remain low, ranging from one tenth to three-eighths of one percent.

Real Estate Tax: States can choose to levy a tax either as a small percentage of housing unit costs or as a real estate transaction tax. The State of Maryland uses real estate transfer tax revenues to fund land acquisition and, at times, park operations. Other states, like Florida, Pennsylvania, and New York fund land acquisitions, in part, through transfer tax revenues. See:
http://www.rff.org/files/sharepoint/WorkImages/Download/RFF-Rpt-Walls-FinancingStateParks.pdf

Hotel, airport, cruise, port, and other collection point taxes:
See the Tourism-based Support section.

Examples include:

Minnesota State Parks
The Minnesota legislature voted to enact a sales tax where three-eighths of one percent of all sales goes to fund state parks. Minnesota State Parks receives general fund revenues, and it has also dedicated funding from state lottery proceeds.
http://files.dnr.state.mn.us/aboutdnr/reports/legislative/2013_destination_minnesota.pdf

Maryland's Real Estate Transfer Tax Revenue
Maryland's Program Open Space is funded by real estate transfer tax revenues and since 2007 a portion of those funds has gone to cover annual state park operations. Maryland collects a fixed, small percentage of the property sales price in each real estate transaction, a tax that is usually called a real estate transfer tax. These proceeds go toward acquiring new park lands and funding park operations.
http://dnr2.maryland.gov/land/Pages/ProgramOpenSpace/home.aspx

Measure AA in California – Voter Imposed Parcel Tax
In the June 2016 election, voters in California approved a parcel tax of $12 per parcel transaction levy. This fund will raise approximately $500 million over the next twenty years to support the purchase and restoration of lands and wetlands around San Francisco Bay. It required a two-thirds majority vote by voters in nine San Francisco Bay area counties. This is a recent and important example of regional collaboration using the ballot measure process to provide funds to support environmental enhancements. http://www.yesonaaforthebay.com/about

Pros and Cons for Taxes

Pros

- Taxes could be a substantial and steady revenue stream.

Cons

- These funds can sometimes be diverted (raided), so it is critical that safeguards are in place to keep the money directed to its original purpose.

- People and businesses tend to be averse to additional taxes, and campaigns for increases to support environmental causes are not easy sells. The successful campaign for Measure AA in California, for example, required an extensive outreach effort and substantial fiscal support to succeed. Part of that successful effort was to make it clear to voters that the measure had strong provisions to prohibit these funds from being diverted to other uses.

6. FEES

Fees are payments made for the purpose of privilege, use or access. They can be specific to activities (e.g., boating, docking, or anchoring/moorage of watercraft), or special use of resources within an MPA (e.g., filming). Fees have the potential to raise low to modest streams of revenue that could be used to support conservation activities such as protection, restoration, and education; to ensure maintenance of or improvements to an area; or to prevent overuse of popular recreational destinations.

Case Study: Commercial Services – National Park Service Concessions. See Appendix A.

Types of Fees include:

Special Use Permits

Special uses are activities that provide a benefit to an individual, group, or organization seeking access to and use of MPA resources, in contrast to activities that benefit visitors or the public at large. These uses typically require a permit with certain conditions and involve some degree of management and oversight to protect MPA

resources. Permits may allow one-time events or activities over a period of time. For the purposes of this document, Special Use Permits do not include commercial services and concessions or services provided by non-profits under contracts or agreements.

MPA managers may charge fees associated with Special Use Permits. Examples of special uses include filming activities by commercial or non-profit organizations; use of facilities; access to lands or the seabed for energy, research, telecommunications transmissions; and other activities. Depending on the MPA's legal authorities, managers may be able to recover costs incurred in processing the permit application, and defray expenses from monitoring the permitted activity, if the request is approved. The MPA agency may apply a cost-calculation formula to establish its fees.

The National Marine Sanctuaries Act (NMSA) allows NOAA to assess fees for issuance of Special Use Permits in sanctuaries. Under the NMSA, Special Use Permits may only be issued for activities that establish conditions of access to, and use of, any sanctuary resource or promote public use and understanding of a sanctuary resource. The amount of the fee may account for costs incurred in issuing the permit, costs incurred as a result of the activity itself or monitoring the activity, and fair market value of the use of the sanctuary resource. For example, Florida Keys National Marine Sanctuary issued a permit to a private, offshore powerboat racing company to place marker buoys within the sanctuary for four days of boat races in 2016 with an associated fee of $988.26.

For additional information on this topic, see the following resources:

Section 310 of the National Marine Sanctuaries Act [16 U.S.C. 1441] (p. 14) provides information on Special Use Permits and associated fees.
http://sanctuaries.noaa.gov/library/national/nmsa.pdf

Special Use Permit requirements for certain categories of activities conducted within the National Marine Sanctuary System are described in 78 FR 25957.
http://sanctuaries.noaa.gov/management/fr/78fr25957.pdf

Background on the methods, formulas and rationale for the calculations used to assess fees associated with Special Use Permits is described in 80 FR 72415.
https://www.gpo.gov/fdsys/pkg/FR-2015-11-19/pdf/2015-29524.pdf

The National Park Service Director's Order 53, supplemented by Reference Manual 53, describes the authorities and guidance for park superintendents to require Special Use Permits, and to charge fees for administering permits. See:
https://www.nps.gov/policy/DOrders/DO53.htm and
https://www.nps.gov/policy/DOrders/RM53.pdf

The collection of fees could provide benefits to MPAs:

- Fee collection provides opportunities for information exchange between MPA managers and visitors.

- Collecting fees directly from tourists gives MPA managers incentives to provide attractive services to the public and greater self-sufficiency for the site.
- Tourism-based fees can help quantify the economic value of recreation as an ecosystem service provided by MPAs.

Pros and Cons for Special Use Permit Fees

Pros

- Special Use Permit fees provide a standardized approach for addressing certain uses and recovering costs of authorizing and monitoring those uses.

- MPAs can refer to agency authorities on special uses to communicate with and require external entities to follow permitting requirements and pay fees.

- In the National Marine Sanctuary system, Special Use Permit funds go directly to the site rather than to a general U.S. Treasury account.

Cons

- Special Use Permit fees are unpredictable and determined by demand for permits.

- Revenue is limited to the recovery of administrative costs.

Fee for Service

These are fees collected for products and services provided by the site. The fees are, in essence, business payments for the services provided by the protected area programs. They can be linked to specialty educational programs, excursions, or other visitor programs. For example, the Greater Farallones National Marine Sanctuary works in partnership with the Greater Farallones Association, a 501(c)(3) organization, to jointly deliver hands-on inquiry, and/or experiential learning experiences that take place in the field and classroom. Fees are charged to the schools, public program participants, and partner organizations such as aquariums and other educational institutions for educational services rendered. **Case Study**: Greater Farallones National Marine Sanctuary Fees for Educational Services. See Appendix A.

Pros and Cons for Fee for Service

Pros

- Fees for service can provide a steady stream of funding.

- Funds are not subject to fiscal year funding cycles.

- Fees for service can be used for a range of activities.
- There is no requirement to spend fees for service on the specific site; they potentially could be used on other sites in a protected area system with greater needs.

Cons

- Fees for service require outreach and ongoing management expertise.

- Pricing can be challenging to set and requires research.

- People may resist paying for services that were previously free.

- Financial system limitations can make it challenging to split funds between program levels (e.g., site level and headquarters).

Entrance/Access Fees

Visitors may be charged entrance fees or access fees to support the costs of providing visitor services or other operating costs of MPAs. Visitors pay when they enter the MPA, use MPA facilities, or participate in various MPA activities. Individuals can be charged upon arrival or through a seasonal, annual, or lifetime pass. MPA managers also may require tours or concession companies to collect visitor fees from their customers. MPA managers should consult relevant laws and regulations for the necessary authority to charge visitor fees.

The National Park Service (NPS), Bureau of Land Management, Bureau of Reclamation, U.S. Fish and Wildlife Service, and the U.S. Forest Service are authorized to collect visitor recreation fees under the Federal Lands Recreational Enhancement Act (FLREA). The law allows for expenditures of fee revenues to support:

- repair, maintenance, and facility enhancement directly related to visitor enjoyment;

- interpretation, visitor information, visitor service, visitor needs assessments, and signs;

- habitat restoration directly related to wildlife-dependent recreation that is limited to hunting, fishing, wildlife observation, or photography;

- law enforcement related to public use and recreation;

- direct operating or capital costs associated with the Fee Program; and

- a fee management agreement established under section 6(s) or a visitor reservation service.

In addition to entrance fees, FLREA allows NPS to charge an “expanded amenity fee” for uses of a facility, equipment, or service such as campgrounds or boat launches. The FLREA also authorizes a special recreation permit fee to be charged “in connection with the issuance of the permit, for specialized recreation uses of Federal recreational lands and waters, such as group activities, recreation events, and motorized recreational vehicle use.”

Examples include:

Dive Fees in Bonaire and Saba, Netherlands Antilles: The two Caribbean islands of Bonaire and Saba use revenue from diving fees to finance a large share of the costs of managing their MPAs. Divers are charged a flat fee of US$10 in Bonaire, and $3 per dive in Saba. On both islands, all of the revenue generated by these fees goes into a non-profit conservation foundation that manages the protected areas, based on a long-term contract with the government. The admission fees have enjoyed widespread support from visiting divers, and the existence of well-managed and maintained parks has become a strong positive marketing tool for the islands themselves.

British Virgin Islands (BVI) Marine Conservation Permits: The British Virgin Islands National Parks Trust manages a system of about 200 mooring buoys that have been installed in 17 locations around the British Virgin Islands to avoid anchor damage to fragile coral reefs. Users of the moorings include dive operators, charter boats, and private yachts that pay fees through purchase of a Marine Conservation Permit. The British Virgin Islands National Parks Trust worked in partnership with the Dive Operators Association to install the moorings, and both organizations now collect the fees which range from $25 per year for BVI boat owners to $375 per year for foreign charter vessels. Divers also pay a $1 per day per diver fee. The Trust uses the collected revenues for maintenance and operation of the Rhone Marine Park (the site of a major wreck) and the mooring buoys.

Everglades National Park: In 2016, the park will institute boater education, permit, and fee requirements for visitors using a motorboat in Florida Bay. Florida Bay is a prime destination for sport fishing and boating in South Florida. The boater education course will teach boaters how to use access channels and special zones to properly navigate the Bay’s shallow waters and avoid grounding on fragile seagrass beds. All motorboat users must take the online course and obtain a permit to visit the Bay. Permit fees will be phased in to allow boaters to become more familiar with the program.

Pros and Cons for Entrance/Access Fees

Pros

- Visitor entrance and access fees can provide a significant, steady stream of revenue to support MPA operations.

Cons

- Fee programs require funding, personnel and accounting systems to collect fees and monitor expenditures. (Visitor demand and fees need to be high enough to justify such investment; otherwise, visitor donations or other options may be preferable.)

- Fees require visitors who directly benefit from MPA facilities and services to pay a greater share of their cost than the public at large. However, new fees or fee increases can evoke controversy and resistance from the visiting public to paying for access to public resources.

- Entrance fees can be difficult to collect at MPAs accessible only by boat, as opposed to entrance stations on land, where visitor access is more easily controlled.

Concession Fees

Companies ("concessionaires") providing services within protected areas may be charged fees to conduct their operations. The concession grants the operator exclusivity within a particular area for a particular activity and for a fixed period of time. These concessions can be renewed to help ensure a consistent source of income with businesses familiar with the site. In some protected areas, the agency may choose to carry out all of these services in-house without involving outside concessionaires. However, many protected area managers find that they do not have the expertise or the investment capital needed to provide these services in a professional manner, and prefer to outsource these activities. This is typically a decision made by the management on a site-by-site basis.

The concession system within the NPS is longstanding and well developed for services such as lodging, food and beverage services, horse rentals, recreational equipment rentals, guided tours and boat transportation, and gift/souvenir shops. NPS concessions and park programs in other countries may offer examples and lessons for MPAs. The most common types of concessions within MPAs include those for activities such as boating, boat mooring, sport-fishing, whale watching, scuba diving, and guiding. In addition to entrepreneurs with sufficient capital, a concession fee requires sufficient demand, interest, and risk-taking ability. A concession should not be undertaken unless a marketing study and business plan are prepared.

Concession fee income usually is structured based on the number of people a concession serves during a given year, a percentage of the gross or net income of the concessionaire, an annual fixed fee, or a combination of the above.

Concessionaires frequently make large profits, while site administrations receive very little in fees. According to one study in the U.S., protected area administrations receive only about two to three percent of the concessionaire's earnings. It is important to set concession fees at appropriate levels for all parties and use fee income methods that are easily calculated.

MPAs must also retain control and oversight over the concessionaire's operations to ensure that resources are not over-exploited or damaged, and that protection and management functions are not neglected in favor of profit-making functions. Contracts for concession operations should also require the company to be certified under appropriate sustainable tourism program and/or adhere to *best practices* in the field (e.g., scuba diving, whale watching, boating, etc.). MPA managers are ultimately responsible for ensuring that all standards and contract conditions are monitored periodically and complied with.

National Park Service Concessions: The Commercial Services Program of the National Park Service administers more than 500 concession contracts with gross receipts totaling about $1.3 billion annually. NPS has eighty-eight ocean and coastal parks, many of which benefit from concessions. Concession contracts are written agreements between the NPS and a concession to provide specific visitor services within a park that have been determined as necessary and appropriate for public use and enjoyment of the park, and are provided for a fee. Visitor services may include, for example, lodging, campgrounds, food service, merchandising, tours, recreational activities, guiding, transportation, sale of interpretive material, and equipment rental. (See **Case Study**: Commercial Services – National Park Service Concessions)

Hawaii Beach Concession Fees: Concession stands on the beach are required to pay rental fees (approximately $10,000 per month) plus ten percent of their gross income in order to conduct business. The revenues go to support city functions like beach maintenance and lifeguards, which are paid for by the city.

Dry Tortugas National Park: This park has two forms of concessions: a concession contract and a commercial use authorization (CUA). Their contracts are for daily ferry and seaplane services to Garden Key. These concession contracts have been a lucrative tool, as NPS receives about twelve percent of gross revenues for each the park's two contracts, of which the park receives about eighty percent. For the thirty CUAs, in 2016, the park charges a fixed authorization fee which ranges from $250-

2,000 per authorization. The NPS is considering adjusting the fee structure to recover more costs.

Pros and Cons of Concession Fees

Pros

- Concession fees can be significant and steady stream of revenue.
- Privatization of concession services can increase commercial professionalism and reduces the site manager's business responsibilities and the associated operating costs.
- Concessions can help to engage the private sector and NGOs as service providers and site partners, thereby building local support for the MPA.
- Concessions and licenses can be used to promote eco-certification and best practices among private service provides and can help to better inform MPA managers and users about best practices in environmental and social sustainability.

Cons

- Fees are often set low, so protected area managers do not reap benefits of concessionaire profits.
- Requires monitoring of concessions to ensure resource protection, safety, etc.

7. Corporate Support

Public-private partnerships between MPAs and for-profit or non-profit corporations can contribute toward the funding and capacity needs of MPAs, as well as building constituencies and public awareness for the MPA's mission. Companies can provide support to MPAs or MPA partners from their marketing budgets, their philanthropy budgets, or generally as part of their Corporate Social Responsibility work. Corporate sponsorship agreements define the terms under which the business provides funding to the MPA, and the MPA acknowledges that the business has supported the mission and activities of the MPA. Both organizations benefit from the relationship. MPA managers should consult with their ethics officials for requirements associated with public-private partnership agreements and navigating the prohibition against endorsing corporate products or services. In January 2016, the National Recreation and Park Association and a group of park directors and financial thought leaders convened in San Diego at an Innovation Lab to discuss the economic impact of parks and recreation. Key takeaways from the lab are distilled in this video: https://youtu.be/29qeW016VuI?list=PL3-Qjkytw6Lr-En-D8OscqZb93HKtqWmz

Types of Corporate Support:

- **Financial Support:** A sponsor could provide financial support in exchange for mention of the sponsor's name in advertisements or public service announcements, or in event programs, newsletters, or press releases. The MPA and corporate sponsor also may agree on logo or name recognition on signage or on facilities or equipment.

- **Media Support:** A media sponsor pays for media coverage or secures space or airtime on mass media for the MPA, program, or event. The sponsor receives recognition by tagging ads with their official logo, their name, or by association with an outreach campaign brand.

- **In-Kind Support:** In-kind sponsors donate goods or services, such as equipment, boats, vehicles, materials, or other necessities for MPA operations or special events. Corporate sponsors also may provide volunteers for special events or expert assistance.

- **Corporate Social Responsibility:** A corporation who shares an affinity for an MPA's environmental and cultural stewardship roles or responsibilities can be an especially suitable partner for sponsorships. Corporate engagement may lead to employee volunteer service days, donations to MPA initiatives through financial contributions, and employee donation matching programs.

Example: The National Park Service and its congressionally charted non-profit foundation, National Park Foundation (NPF), agreed on a cause-related marketing campaign named *Find Your Park* to celebrate the NPS Centennial and deepen public engagement with national parks. The foundation recruited corporate sponsors to support the *Find Your Park* campaign, which includes special events in parks; outreach via the web, mass media and social media; celebrity and staff Centennial Ambassadors; and other tactics as part of a comprehensive campaign strategy. In April 2016, Subaru of America, Inc., announced its continued commitment to the environment and America's national parks through a multi-year partnership with the NPF. The partnership celebrates the centennial of the National Park Service and America's national parks. NPF and NPS agreed to co-brand the campaign with typography, logos, and promotional graphics for a uniform visual appearance and messaging approach. The *Find Your Park* and NPS Centennial logos enabled a wide range of partner organizations to associate themselves with the campaign without using the NPS arrowhead logo. NPS does not allow unauthorized use of the NPS logo or any appearance of NPS endorsement of partner services or products.

Pros and Cons for Corporate Support

Pros

- Corporate sponsors could provide a source of funds or in-kind support to enhance MPA capacity.

- Corporations, through their employees and geographic locations near MPAs, may offer an overlooked constituency for individual donations and volunteer support to MPAs.

- Cause-related marketing campaigns can raise visibility and public awareness of the MPA's mission and programs.

Cons

- MPAs must tread carefully when engaging in corporate partnerships to avoid improper or illegal associations with corporate products or services.

- Corporate financial support may create a perception by some that sponsors have undue influence over MPA decision-making.

- Poorly constructed sponsorship agreements may lead to conflicts of interest and loss of public confidence in MPA institutions.

8. Competitive Government Grants and Funding

A government grant is an award of financial assistance from a government agency to a recipient to carry out a public purpose of support authorized by a law of the government.

The federal government offers grants or cooperative agreements to non-profit organizations to support a wide range of activities. See http://www.grants.gov/

State and local governments, and multilateral organizations, also administer grants programs. Those grants could come from state or local sources, or from federal revenue sharing programs.

Beyond what the standard annual government budget process provides, funds may be made available by government entities through Memoranda of Understanding (MOUs), grants, multi-agency partnerships, and agreements. There are wide varieties of funding types that fall under this category, and each has its own criteria and limitations.

In many cases, government funds may be awarded to a non-profit partner to carry out work on behalf of the MPA. Such awards may be non-competitive or competitively awarded. The National Marine Sanctuary Foundation (NMSF) is awarded a series of cooperative agreements and grants from various offices within NOAA to manage

education, outreach, and conservation initiatives. The National Fish and Wildlife Foundation (NFWF) also receives significant federal funding that it administers within a number of competitive grant programs to support conservation of fish, wildlife and habitats, including marine and coastal resources. NMSF and NFWF typically leverage these federal funds, when possible, with non-federal resources to maximize the conservation impact.

Examples include:

NOAA National Sea Grant funding assistance: NOAA's National Sea Grant Program has provided $2.1 million for MPA support, primarily in the form of research, since 2001, with an additional $1.1 million contributed in matching dollars. The program requires a fifty percent matching requirement from the applicant, and applications go through a rigorous review process.

State Sea Grant funding assistance: States have their own Sea Grant programs that provide and administer grants, and provide personnel to assist in various processes. The California Sea Grant programs for example have provided substantial funding for MPA research over the years. The University of California (UC) program averages about $300-400,000 annually supporting three to four projects. In addition, their extension agents have conducted or assisted in a variety of research and information services and served on the MPA Science Advisory Board – benefitting California MPAs. Their director serves on MPA management teams for various California regions. UC Sea Grant has also administered $14,275,000 in funding for baseline MPA monitoring on behalf of the California Ocean Protection Council and State Coastal Conservancy, going back to 2007.

The University of Southern California (USC) Sea Grant has funded several research projects concerned with MPA monitoring techniques or effectiveness over the years. The USC program estimates that they have invested about $50,000 per year over ten years. The program also supports "MPA Watch", the citizen-science based observation training and tracking program that has been adopted throughout California and elsewhere in the U.S. A modest investment of $10,000 has led to an effective and engaging program that teaches people about MPAs, and aids enforcement and monitoring of human uses of MPAs. Finally, USC Sea Grant co-chairs the Los Angeles Regional MLPA Collaborative, a stakeholder-based statewide effort aimed at education, enforcement and public outreach about the statewide system of MPAs.

California State Grant Funding: California state funds are awarded to non-profit organizations through a variety of vehicles. The CA Coastal Conservancy will make competitive awards, as does CA State Department of Parks and Recreation, and CA Natural Resources Agency.

Coastal Impact Assistance Program: The Energy Policy Act of 2005 established the Coastal Impact Assistance Program (CIAP), which authorizes funds to be distributed to Outer Continental Shelf (OCS) oil and gas producing states to mitigate the impacts of OCS oil and gas activities. These funds, in the hundreds of millions of dollars, are shared among Alabama, Alaska, California, Louisiana, Mississippi, and Texas based upon allocation formulas prescribed by the Act. In California, millions of dollars of those funds have been used to support management, research, and enforcement of state MPAs via a competitive grant program. Examples of California MPA support include supporting State Parks engagement in the MLPA process, ecosystem-based monitoring and research, and marine life enforcement.

National Park Service Grants: The NPS offers many types of grants for supporting activities connected to national parks. Examples include:

Maritime Heritage Grants https://www.nps.gov/maritime/

Rivers, Trails, and Conservation Assistance Program
https://www.nps.gov/orgs/rtca/index.htm

State, Tribal, and Local Plans and Grants https://www.nps.gov/orgs/1623/index.htm

NOAA NMFS Habitat-related Grants: NMFS has created a list of funding opportunities that they plan to update annually. https://www.habitatblueprint.noaa.gov/

NOAA Coral Reef Conservation Grant Program: Congress established this grant program in the Coral Reef Conservation Act of 2000. It awards at least $8 million per year in matching grants and cooperative agreements to non-profit organizations, academic institutions, regional fishery management councils, commercial entities, community groups, and state and territorial natural resource management agencies. These funds support conservation projects and scientific studies that benefit coral reef management across seven U.S. states and territories, the Caribbean, and the Pacific. Projects focus on global climate change, land-based sources of pollution, and unsustainable fishing practices. For more information, see: http://coralreef.noaa.gov/conservation/fundingOpps.html.

Pros and Cons for Competitive Government Grants

Pros

- Grant funding is aligned with the public interest of the MPA.
- Public grants leverage government dollars to support government-managed MPAs.

- Substantive expertise may be available with the public grant.

Cons

- Government grants programs are usually very competitive.

- Timing for applications is often very narrow.

9. Tourism-based Support

Tourism, as the world's largest service industry, has the potential to help generate sustainable funding for MPAs through tourism businesses, tourist activities, and tourist contributions.

Along with the strong annual growth of the tourism industry overall, interest in environmentally and socially responsible travel is also growing, with increasing numbers of visitors wanting to contribute to support the destinations they visit. For tourism-based revenue sources to generate funds successfully and sustainably for MPAs, tourism sites need to be both attractive and accessible to tourists. The most effective revenue generating strategies are built on strong market research and collaboration between government agencies, conservation organizations, and private operators.

Examples of some of the most popular and innovative mechanisms are described below. While many examples are from outside the U.S., all of these mechanisms are potentially applicable to MPAs in the U.S. Visitor entrance fees and contributions from corporate philanthropic foundations are not included in this section because they are covered elsewhere in this report.

Tourism businesses directly supporting MPAs: A growing number of private hotels, lodges, tour operators, dive shops, and other types of tourism businesses are providing financial support and other resources to create and manage MPAs on which some or all of their tourism activities are based.

- **Chumbe Island Lodge and Chumbe Island Coral Park Limited (CHICOP), Zanzibar:** This international example of a privately owned nature lodge has, since 1998, sought to develop a financially sustainable model of MPA management with revenues generated through ecotourism. The profits from the small ecolodge are reinvested exclusively in conservation of the surrounding MPA and for education for tourists and local communities, particularly Zanzibari school children.

- **Turneffe Atoll Trust and Turneffe Atoll Marine Reserve:** This reserve was officially established in 2012 as Belize's largest and most diverse MPA. Efforts to

create the reserve and win support of local fishers, and fishing lodge owners, as well as government and NGOs, was successfully spearheaded by the owner of the Turneffe Flats Resort who founded of the Turneffe Atoll Trust (TAT).

Travelers' Philanthropy: This is a growing movement within the tourism industry to raise funds (and on occasion material donations and volunteers) for community and conservation projects, including MPAs, in tourism destinations around the world. Many tourism businesses, including hotels/accommodations and tour companies, make corporate contributions, as well as soliciting donations from their visitors, to support local conservation and community projects. In terms of visitor contributions, one of the most successful methods is the hotel 'opt-out' program, which adds small contributions (usually $1 - $5 per day) to guests' bills to go to specific projects. Guests can ask that this fee be removed, but in practice this rarely happens, especially if hotel staff explains the purpose for this voluntary contribution. Given the growing importance of this source of funding, MPAs have opportunities to work with local tourism businesses to develop programs to solicit tourism and corporate donations for MPAs.

- **O.A.R.S. and "One Percent for the Parks":** In 2015, the California-based river outfitter and adventure travel company, O.A.R.S., launched a "One Percent for the Parks" program to commemorate the National Parks Service Centennial. O.A.R.S. is donating one percent of its sales to the National Park Foundation (NPF) for tours/hiking trips they operate in select parks. Although not a marine example, this principle could be used for marine sites.

- **Lindblad Expeditions-National Geographic Fund:** One of the most successful travelers' philanthropy programs is run by a U.S. NGO and a U.S. tourism company, National Geographic-Lindblad Expeditions, which offers small boat luxury cruises in the Galapagos, the Sea of Cortes in Mexico, and Alaska, among other places. The Lindblad Expeditions-National Geographic Fund contributes corporate and visitor donations to support a range of research, education, conservation, and sustainable development initiatives in the destinations they visit.

- **CARE for the Cape & Islands, Cape Cod, Massachusetts:** In recent years, there has been an effort to create destination-wide travelers' philanthropy programs. The first in the U.S. is CARE for the Cape & Islands, which works with tourism businesses and associations, as well as visitors and vacation homeowners, to raise funds for conservation projects, including the Waquoit Bay National Estuarine Research Reserve and the Cape Cod National Seashore. See Case Study in Appendix A.

Tourism-based Taxes: Government taxes can be levied on visitors at hotels, airports, cruise ports, and other collection points outside the MPAs, and a portion of the tax may be earmarked for use within the MPA. Most tourism-based taxes are used for tourism marketing or tourism industry improvements such as roads, airports, and cruise ports. However, there are a growing number of examples, a few in the U.S. and many around the world, where a portion of these tourism taxes are being channeled into conservation, including MPAs. This model could be used more widely by U.S. MPAs.

- **Airport and Airline Ticket Taxes:** Many countries have airport departure taxes, and increasing numbers are including government taxes within airline tickets. Sometimes, a portion of these taxes is designated for conservation, including MPAs.

  Palau's "Green Fee": The Republic of Palau, an island nation in the Pacific Ocean, has a government mandated $30 "Green Fee" which is part of the $50 per visitor exit tax collected at the airport. This Green Fee goes to the Protected Areas Network (PAN) Fund and is used to support projects in MPAs overseen by Palau's sixteen states. States submit project proposals to a board that determines how the funds should be used. According to Palau's Ambassador to the United Nations Caleb Otto, these funds, which have been collected since 2008, have been "very helpful in protecting and maintaining our state's MPAs."

- **Hotel Room Taxes:** Surcharge taxes on hotel rooms[i] are common around the world and in a number of places a portion of these funds are allocated for coastal areas and marine conservation. A few U.S. states are earmarking a portion of hotel room taxes for conservation. As the number of states with green lodging certification programs grows together with the number of tourists interested in nature-based tourism, MPAs could lobby to obtain a portion of their state's hotel tax.

  Delaware's Beach Preservation Fund: In Delaware, 12.5 percent of the money raised by the state's eight percent tax on hotel rooms is earmarked by law to finance the state's "Beach Preservation Fund".

- **Transient Accommodations Tax:** A transient accommodations (TAT) is a tax imposed on a hotel room or suite, apartment, condominium, house, beach house, or similar living accommodation, which is rented fewer than 180-consecutive days by a transient (a person who has a permanent home elsewhere). While the hotel room tax is charged to hotel room guests, the TAT is charged against the transient accommodation operator.

Hawaii's TAT: In this state, the TAT generated $435 million in 2015, a significant portion of which is dedicated by state law to natural resource management. The TAT and other taxes also support the Hawaii Tourism Authority's Natural Resource Program, which awards $1 million in grants each year to community-based natural resource programs.

- **Cruise Ship "Head Taxes":** Head tax fees are routinely paid by cruise lines for disembarking passengers in ports-of-call, including in U.S. ports. The amounts are negotiated between the cruise lines and the government on a port-by-port basis, and the fees vary widely − from as low as $2 per passenger in Jamaica to about $26.50 in Alaska. While these funds are frequently required to be used by governments for cruise-related improvements (particularly in major port areas), occasionally a portion is used for conservation purposes.

  Belize's Protected Areas Conservation Trust: In Belize, the cruise line pays a $7 per disembarking passenger head tax, of which $1.40 goes to the Protected Areas Conservation Trust (PACT) to support the sustainable management of Belize's natural and cultural resources, including MPAs. The rest of the head tax is used to support cruise infrastructure and tourism marketing.

Pros & Cons for Tourism Related Revenues

Because tourism offers a wide variety of potential funding mechanisms, it is difficult to summarize their pros and cons in one list. The following are some of the main pros and cons for key funding mechanisms.

Pros

- People who enjoy and benefit from a place are frequently willing to pay fees or give donations to support conservation. This can include both tourism-based businesses and visitors.

- Tourism based taxes, fees, licenses, and concessions can offset a portion of the operational costs of MPAs, making them more self-sufficient and less dependent solely on government budget allocations.

- Funding mechanisms can help, where necessary, to effectively control visitor numbers and flows. Many visitors will pay more for a less crowded experience.

- Tourism funding for ocean protection is a tool that is to-date has been most frequently used in smaller island communities where the economies likely have greater dependence on healthy ocean resources.

Cons

- Tourism can be unpredictable, and visitor numbers and revenue are driven by a host of factors (e.g., global economic conditions, regional conflicts, climate change, and seasonal fluctuations), that are beyond the control of the MPAs. Therefore tourism-based income for MPAs should always be considered supplementary to other more stable sources of funding.
- Tourism support is under-utilized. Tourism contributions to ocean management and supporting MPAs could be increased significantly based on the size of this industry and its importance to coastal communities.

Case Studies: CARE for the Cape & Islands. See Appendix A.

10. International Partnerships

Many MPAs are establishing international partnerships to cooperate on the conservation of shared resources and management challenges with protected areas overseas. These partnerships are often supported by sources of funding that focus on international conservation. While U.S.-based organizations often do not qualify for many international funding opportunities, they can potentially benefit from international funding by cooperating with sites in countries that are eligible to receive this funding (e.g., cooperation agreements for joint research, capacity building, monitoring and enforcement, focal species protection, staff exchange, and other joint management activities).

Developing international MPA cooperation agreements requires significant commitment, knowledge, and staff time. These types of cooperation relationships are generally non-binding and voluntary, and sometimes require high-level clearances.

Some recent examples of international funding through partnerships include:

- **Large Marine Ecosystem funding provided by the Global Environment Facility (GEF)** to Chile and Peru for the Humboldt Current ecosystem have helped U.S. west coast marine sanctuaries and national parks staff to collaborate with Chilean and Peruvian MPA staff and participate in joint capacity building activities on topics of common interest (between areas of similar upwelling ecosystems), such as coastal and marine spatial planning and MPA management.

- **UN Environment Programme and TNC** have provided funding to the Dominican Republic to support management activities in their Silver Bank Marine Mammal Sanctuary to protect humpback whales that migrate to feed at the Stellwagen Bank National Marine Sanctuary in Massachusetts. This funding has supported

several joint research and monitoring activities to protect a species of common conservation concern.

- **European Union funding to support marine mammal protection activities** among MPAs in the Caribbean, including MPAs of French and Dutch territories, the Dominican Republic's marine mammal sanctuary, and Stellwagen Bank National Marine Sanctuary.
- **Commission for Environmental Cooperation (North America) funding to support MPA activities of Canada, Mexico, and the U.S**., currently focused on developing a shared approach to assessing the climate vulnerabilities of MPAs and management options to address them.

Established International or Regional Agreements
These agreements can help to promote bilateral or multilateral MPA cooperation. Regional or international conventions and protocols, trade and environmental agreements, bi- or multi-national fora, etc. have developed mechanisms to manage, recognize, and/or fund environmental activities, including MPAs of party members. Being part of or working with these mechanisms normally requires the involvement or endorsement of national/state-level governments and require a significant investment of staff time. Examples of multilateral agreements that promote work among MPAs include the North American Agreement on Environmental Cooperation (NAAEC), the Protocol Concerning Specially Protected Areas and Wildlife (SPAW), and the Asia-Pacific Economic Cooperation (APEC–through the ocean/fisheries working group). Private foundations and NGOs frequently support international MPA projects.

Debt for Nature
While not currently used in the U.S., many countries have used debt for nature swaps, whereby a developing country reduces or cancels its debts with foreign lenders in return for its commitment to use equivalent amounts of local currency to support conservation programs in its country. Over the past thirty years, debt for nature swaps have been used mainly for terrestrial parks, but there are now efforts to apply this idea to marine conservation. The Nature Conservancy has brokered an agreement between the Seychelles government and its creditors to convert over $21 million of the Indian Ocean island state's debt to other countries into more manageable debt held by other parties in exchange for greater marine conservation and climate change adaptation.

Case Study: Caribbean Biodiversity Fund. See Appendix A.

Pros and Cons for International Partnerships

Pros

- International partnerships can provide funding for international collaboration activities that are difficult to fund through core MPA operational budgets.

- They allow MPAs to develop operational work partnerships to protect common resources.

- These partnerships increase visibility for MPAs.

Cons

- International partnerships take time, commitment, and specific knowledge to accomplish.

- They may not be viewed as a high priority compared to core operational needs.

Appendices

Appendix A Case Studies (alphabetical order)
-Business Planning in the National Park Service
-CARE for the Cape & Islands
-California Marine Life Protected Area Network
-Caribbean Biodiversity Fund
-Commercial Services – National Park Service Concessions
-Forever Costa Rica
-Greater Farallones National Marine Sanctuary and Greater Farallones Association Fees for Educational Services

Appendix B Sources

Appendix C Additional Resources

Appendix D Acronyms List

APPENDIX A: Case Studies

Case Study: Business Planning in the National Park Service

Example for: Elements of Success

Definition: A business plan articulates an organization's goals or targets, its strategy to align resources with those goals, and the organization's key performance metrics.

Geographic Area Protected: The U.S. National Park Service preserves unimpaired over 400 areas of national significance spread across every state, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands. These areas include national parks, monuments, battlefields, military parks, historical parks, historic sites, lakeshores, seashores, recreation areas, and scenic rivers and trails. In total the NPS comprises over 84 million acres, from Everglades National Park in Florida to Independence National Historical Park in Philadelphia to Wrangell-St. Elias National Park and Preserve in Alaska.

Background: Business plans can take many forms and the content of a private sector business plan is necessarily different from that of a plan for a non-profit or public organization. One particular difference is purpose. A protected area is created to protect a place of significant long-term value to the public. The value may be historical, cultural, or natural and is typically defined at the outset in some form of long-range management plan. A business plan for a protected area should, therefore, be rooted in the area's purpose and desired state.

The business plan itself fits within the long-term management plan, focusing on operations in the short- to medium- term. Where a long range management plan may specify zones of protection or desired uses, a business plan is specific and detailed enough to drive annual work planning within the protected area. An effective business plan must be:

- **Focused** on a realistic time horizon, ideally 3-5 years,
- **Data-driven** and rigorous,
- **Concise** enough to be useful to area managers,
- **Realistic** and grounded in sound budget assumptions/projections.

The concept of developing business plans for National Park Service units was first introduced by the NPS Comptroller in 1998/1999. After refining the idea through several pilot projects, the NPS engaged a nonprofit partner organization to provide capacity to develop park business plans by creating the Business Plan Internship. Through the BPI program, teams of graduate students in business, environmental management, public

policy, and related programs were recruited, paired up, and sent to national park sites across the country to develop a business plan for their respective host sites. In this way, the BPI program was able to provide the capacity and skill set to complete business plans in the course of a 10-week internship program.

Initially the partner organization raised funds to support the internship program recruiting and logistics, but in time the value of the program and the business plans themselves led Congress to appropriate funding for the Business Plan Internship. In 2000, the Comptroller created a small office, the Business Management Group, to manage the BPI projects and work directly with smaller parks that could not host a BPI team.

NPS business plans developed through 2006 focused on identifying financial gaps, emphasizing the current state of each park. Over time, the value of this approach diminished and business plans evolved to focus on future priorities, financial scenarios, and strategies for aligning a park's constrained resources with its highest priorities. These newer business plans help park leaders make the case that they have thought strategically about the park's direction, priorities, and effectiveness – that the park is a good investment. Plans have expanded to include partnerships and revenue, in addition to efficiencies and maintaining financial flexibility.

Since its inception, the BPI program has allowed over 100 parks to complete nearly 170 business plan projects. Business plans typically address a 3-5 year time horizon; several parks have chosen to complete two or even three business plans over the past 16 years.

Process: The BPI program is 11 weeks, beginning with a week of training for both the graduate student interns and the project liaisons from each host park. Following training, each team of BPI interns spends 10 weeks on site at their respective host parks with on-the-ground support from park managers and technical support from the Business Management Group in Washington, DC.

While the content of each business plan is tailored to the specific needs of each park, a typical NPS business plan articulates four key pieces of information about the respective park:

1) **Current operations**, including legislative requirements, funding sources and trends, resource allocation and organization, staffing, and partnerships.
2) **Operational priorities** for the next 3-5 years, rooted in long term planning and legislated purpose. The process of defining goals and priorities is crucial, since it requires a thorough understanding of tradeoffs and resource constraints the park faces. This is often the most difficult part of the business plan and an objective third party (the BPI team) often serves a critical role as facilitators.
3) **Financial scenarios**, including income/budget assumptions as well as projected labor and non-labor costs across all major fund sources.

4) **Strategies for moving forward**, including an action plan and performance metrics.

Support Provided:

Program Implementation

- In addition to internal funding for the pilot projects, the BPI program was funded for several years by philanthropic organizations.
- Soon thereafter, Congress appropriated funding to support the BPI program.
- Additional support for business plan projects is supplied by host park units. This support is primarily in-kind support and consists of park housing, office space, and staff time to provide input and guidance to the business plan.

Financial Impacts of Business Plan Development

Parks report that the business plan process has many positive financial impacts:

- **Operational efficiencies**, such as reducing fleet costs through right sizing or using life cycle cost data to make better acquisition (lease vs. buy) decisions.
- **Improved cost recovery**, in situations where parks are directed or allowed to charge full cost recovery, such as through Special Use Permits and non-contract commercial uses.
- **Stronger, more diverse partnerships**, especially in cases where parks rely heavily on partners for programming and staffing. Including stakeholders in the business planning process can improve communication between the park and partners, create greater buy-in and, in some cases, help both park and partners streamline their individual and joint activities.

Lessons Learned: Over the past decade the NPS BMG has refined and redefined the business planning process several times to address emerging trends. Parks that develop a business plan report that both the process and outcomes are valuable. The process builds engagement and buy-in; it can drive much-needed internal and external conversations. The outputs – that is the analysis and recommendations contained in the business plan – help communicate the park's value and vision to external audiences. It demonstrates a thoughtful approach to park management and resource allocation. Key findings from a multi-year evaluation found that:

- 80% of participating parks found the business plan development process an "excellent value" or "good value";
- 70% of parks report that the process "moderately" or "significantly" improved their ability to communicate about their operations and priorities staff as well as external audiences;
- 70% report that the process "moderately" or "significantly" improved their ability to make strategic decisions about where to focus resources; and

- 50% reported the process “moderately” or “significantly” helped improve relationships with external partners and stakeholders as well.

References

BPI Program Overview: http://www.nps.gov/aboutus/consultinginternship.htm

North Cascades National Park Business Plan (2012)

Keweenaw National Historical Park (2013)

Pinnacles National Park Business Plan (2014)

Antietam National Battlefield Business Plan (2015)

Case Study: CARE (Creating a Responsible Environment) for the Cape & Islands

Example for: Tourism-based Support

Definition: Travelers' philanthropy is tourism businesses and travelers making concrete contributions of time, talent, and treasure to local projects beyond what is generated through normal tourism business.

Geographic Area Protected: Cape Cod and the Islands of Martha's Vineyard and Nantucket are located approximately 70 miles south of Boston, Massachusetts. The main focus of CARE's work has been in the Cape Cod town of Falmouth, the Mid Cape towns of Dennis and Hyannis, and the outer Cape region along the Cape Cod National Seashore to Provincetown. Other state and federal MPAs located in this region include Stellwagen Bank National Marine Sanctuary and the Waquoit Bay National Estuarine Research Reserve.

Background: CARE was founded and directed by Jill Talladay, a longtime Cape Cod tourism professional, in 2012. As a nonprofit, CARE has an advisory board comprised of prominent Cape Cod residents. Its fiscal sponsor and mentor is the Center for Responsible Travel (CREST), which has a travelers' philanthropy program. CARE's objectives are two-fold: 1) to raise funds from vacationers, residents and tourism-related businesses to assist specific environmental and cultural-heritage conservation projects in the region and 2) to assist visitors, residents, and businesses in developing a greater appreciation for and a deeper connection to the region's unique and fragile natural beauty, native plant, marine and wildlife habitats, culture, and history through education and hands on experiences.

Companies and organizations participating in CARE include hotels, chambers of commerce, transportation, tour operators, and attractions. CARE's members pay $100-250 annually depending upon the size of the business and also help to raise funds from their guests and visitors.

Over the last two decades, travelers' philanthropy has grown in all regions of the world as a new source of international development assistance and a core component of responsible or sustainable travel. It involves civic-minded travelers and travel businesses giving volunteer time, labor and expertise, and financial and material resources -- "time, talent and treasure" -- to improve and steward the places that they visit. Most travelers' philanthropy programs are run by individual tourism businesses to generate resources for handpicked conservation and community projects in tourism destinations. However, since 2010, the concept of destination-wide travelers' philanthropy has been piloted with tourism businesses in particular locations working together to collectively raise contributions for a select number conservation and community projects. Today, CARE is one of a handful of innovative, destination-wide

travelers' philanthropy initiatives in the Americas. Others programs include Monteverde, Costa Rica; the state of Oregon; and the island of Grenada, West Indies (currently being created).

Process: In the late fall each year, CARE issues a Request for Proposals to local organizations to apply to be a designated project for funds and promotion for the following year. Projects must directly improve the visitor experience, fit into one of five funding themes (Sense of Place, Environmental Stewardship, Carbon Footprint, Food and Culture, and Infrastructure), and meet additional criteria including having an educational component, be a stand-alone project, and be able to be completed with one-time funding. Project selection is made by the Executive Director and CARE's Board of Directors. The committee also tries to choose projects from different geographic regions of Cape Cod.

Support Provided: CARE has provided modest financial assistance as well as volunteers to the projects it supports. CARE has already succeeded in raising public awareness and generating a growing number of volunteers through media coverage of its activities.

Financial Support: Funds are raised through a variety of ways. Some hotels give corporate contributions or provide vacation packages which are auctioned by CARE, while others solicit donations from guests as part of their advance reservation process. In addition, CARE has developed an "alternative" wedding favor program where a wedding party donates to CARE instead of buying favors for guests.

CARE's projects have each received $1,000- $2,000. In some cases, projects have been fully funded through the grant from CARE, while in other cases the grant has been matched by the organization's "Friends" committee. Examples of CARE funded projects include:

1) **Cape Cod National Seashore:** CARE has funded several projects for the Cape Cod National Seashore including the development of "Join the Green Team" video, which educates visitors about the Seashore's environmental initiatives and suggests 'green' activities for visitors both at the seashore and at home. CARE also funded two water bottle filling stations to reduce the use of throw away plastic bottles, as well as an educational display on whales and Stellwagen Bank, their feeding ground.



2) **Waquoit Bay Reserve's** Wetu Educational Project: (A Wetu is a traditional Wampanoag Indian tribe home.) The educational project is designed to improve and enhance an existing outdoor Wetu exhibit at the Reserve. The Reserve offers professional development workshops for teachers on Native life-ways and estuaries that highlight the vital connection between people and the environment. With CARE's support, this exhibit and a teachers' workshop help build appreciation for the rich indigenous culture and historic significance of the Mashpee Wampanoag Tribe.



3) **Hyannis Sea Captains' Home Trail and Map:** This project shares the history of early life on the Cape, helping visitors to develop an appreciation for the need to preserve its fishing industry and local architecture. The map includes various points of interest and encourages people to explore the area on foot.

4) **Cape Abilities Farm Tour**: Cape Abilities supports local individuals with disabilities through education, training, and employment. They have a sizable farm and farm store in Dennis, growing vegetables and flowers hydroponically. CARE has funded the development of a Farm Tour which is led by people with disabilities.

Volunteer Support: CARE also coordinates and provides volunteer opportunities to visiting groups. These have included beach cleanups, which help to educate participants through hands on activities. Each spring, CARE hosts an annual CARE for the Cape Day at a preselected attraction or nonprofit. Attendees volunteer a half-day at that site on a range of activities such as painting, gardening, and landscaping. These volunteer efforts add up to a significant cost savings to the organization. In 2015, CARE for the Cape Day was held at Waquoit Bay Reserve.



Lessons Learned: Based on experiences with building travelers' philanthropy programs, it takes time – five years or more – to grow this type of community fund into a vehicle for raising significant financial contributions. Time is required to educate businesses before they are willing to be supportive and get involved in fundraising and volunteering programs such as CARE for the Cape and Islands. Many businesses have been reluctant to ask their guests or visitors for donations. CARE has found that packaging a donation into the visitor's hotel room or inviting them to donate online prior to their arrival has been more successful.

References

CARE for the Cape & Islands, http://careforthecapeandislands.org

Oregon Travel Philanthropy Fund, www.traveloregon.com

Monteverde Community Fund, www.monteverdefund.org

CREST's Travelers' Philanthropy program, www.travelersphilanthropy.org or *Travelers' Philanthropy Handbook (2011)*, published by CREST. Downloadable PDF copy at www.responsibletravel.org. Printed copies can be purchased.

"Giving Time, Talent and Treasure," a Travelers' Philanthropy documentary created by CREST. Trailer can be viewed at www.responsibletravel.org, and a downloadable version or DVDs can be purchased by emailing staff@responsibletravel.org.

Case Study: California Marine Life Protected Area Network

Example for: Philanthropy; Bond Funding

Geographic Area Protected: California's MPA network protects 850 square miles, or 16.5%, of California state waters, including: 21.8% of all kelp forests, 22.5% of all rocky reefs, 14.2% of all eelgrass beds, and 16.5% of all estuaries in California state waters.

Background: The California Marine Life Protection Act (MLPA), passed in 1999, required California to reevaluate all existing marine protected areas (MPAs) and design new MPAs, as necessary, to complete a science-based statewide network of protection. A phased, regional approach was used to redesign MPAs along California's 1,100-mile coast based on scientific guidelines and stakeholder input. The MLPA process demonstrates how philanthropic giving, combined with government funding and substantial volunteer support, came together to provide an international model for successful conservation planning.

Designing and implementing an MPA network was complex and process-intensive. The California Secretary for Natural Resources convened a Blue Ribbon Task Force to oversee a science-based and stakeholder driven design and evaluation process. The analysis was guided by regional stakeholder groups, science advisory teams, California Fish and Wildlife and other agency staff, and supported by a team of consultants who staffed the Task Force and advisory bodies. Alternative MPA proposals were developed, refined, and ultimately presented to the California Fish and Game Commission, who had the sole authority to adopt and implement MPAs.

Funding Process: The MLPA design process was supported by substantial philanthropic funds that led the way for significant federal, state, and local funding and in-kind support.

Philanthropic Support: $19.5 million in philanthropic funds to support the eight-year public MPA designation process. The Resources Legacy Fund Foundation (RLFF) served as the fiscal administrator for combined philanthropic funding. The philanthropic contributions also supported development of MarineMap, a web-based tool that allowed users to access and manipulate large volumes of spatial information to develop and analyze MPA scenarios rapidly. The tool, now used in other marine planning processes worldwide under the name SeaSketch, also enabled decision makers to compare alternative MPA proposals across a variety of metrics.

Support Provided: $18.5 million from State resources over that same time period. Approximately $4 million is included now annually in general funding to support staffing the network. In 2015, the California legislature approved an ongoing augmentation of

$2.5 million annually to support a long-term MPA monitoring program, reflecting the state's commitment to ongoing MPA management.

Other Support: California's MPA network has helped to galvanize considerable investment in ocean science and monitoring in the state. An estimated $78 million in total state and federal funds/services/in-kind support (including the $18.5 million in state funding mentioned above) was leveraged by the philanthropic investment over the past decade for: seafloor mapping, baseline monitoring, agency staff support, monitoring and research.

Funding from the Bureau of Ocean and Energy Management (BOEM), National Science Foundation (NSF), and NOAA supported many MPA related studies. Notably, much of this research and science investment has had benefits that extend far beyond the State MPA network. For example, the detailed bathymetric mapping of California coastline used to help design MPAs is now helping to improve climate change and ocean circulation models, identify submerged faults to improve our understanding of tsunami potential, enable more effective regulation of offshore development, improve maritime safety, and improve our understanding of sediment transport and sand delivery.

Volunteer Support: Many stakeholders, scientists, fishermen, and NGOs contributed thousands of hours cumulatively to support this project. Ultimately over 200 organizations volunteered their time during the MLPA designation process. Many of these organizations continue to engage in MPA implementation through citizen science, MPA stewardship, outreach and education activities and programs.

As with any natural resources management issue, effective implementation of the MPA network over time will require sustained long-term financial and political support.

Case Study: Caribbean Biodiversity Fund

Example for: Philanthropy; International Partnerships

Definition: A regional endowment whose objective is to contribute substantially to conversation, protection, and maintenance of biodiversity within national MPAs and other areas of environmental significance in the Caribbean.

Geographic Area Protected: The Caribbean. Currently ten participating and observing countries, with potential for other countries to join.

Background: Established in September 2012, the Caribbean Biodiversity Fund (CBF) is a regional endowment fund with initial commitments of US$42 million. It seeks to support efforts to effectively manage the Caribbean's coastal and marine resources essential to the well-being of the local people, businesses and economy. The Caribbean's critical marine and coastal environment face growing threats from climate change, coastal development, land-based sources of pollution, resource extraction, and unsustainable fishing practices. Funding for the environment is recognized as important, but the reality is that in the current economic hard times, there are more pressing short term needs that require funding. The CBF is designed to provide innovative ways to pay for the conservation, enhancement and restoration of the environment, including MPAs.

In its first three years, the CBF has included 10 participating and observer countries: Antigua and Barbuda, The Bahamas, British Virgin Islands (Observer), Dominican Republic, Grenada, Jamaica, Puerto Rico (Observer), Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. CBF includes earmarked endowments for each of the participating countries. Each participating country is required to establish a National Protected Area Trust Fund (NPATF) which will raise funds locally and receive and disperse funds from the CBF.

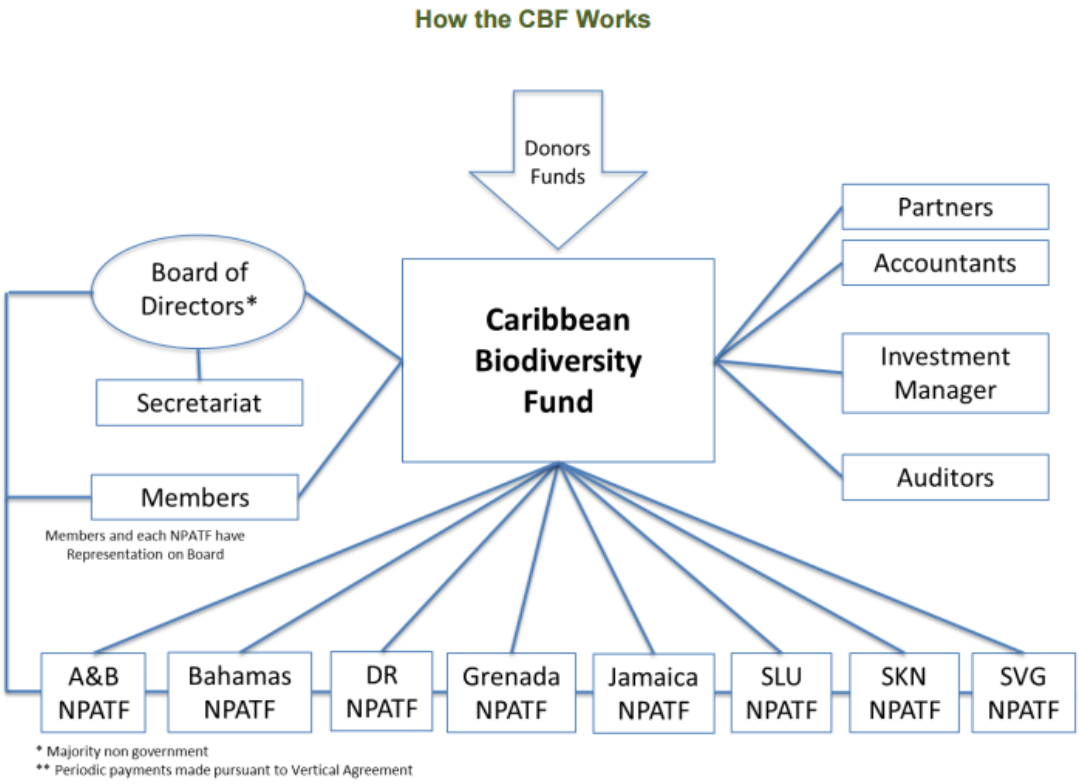
Process: The CBF is the first regional endowment that will channel annual support to multiple National Protected Area Trust Funds (NPATFs) established in the participating countries. The amount of funding available for disbursement to the participating NPATFs will be approximately up to 4.5% of the monthly value of the portion of the CBF endowment earmarked for each trust fund (averaged over the previous three years). This formula is designed to help smooth out the fluctuation of investment returns. The transfer of funds will be governed by the terms and conditions set out in Vertical Agreements between the CBF and individual NPATFs.

Starting in the third year of its existence, each NPATF will need to generate matching funds in order to draw its annual payout from the CBF. For every dollar generated nationally as match, the NPATF will be able to draw down a dollar from the CBF, effectively doubling the money available for sustaining and restoring MPAs and other

natural resources. The local match needs to come from new, sustainable sources of funding. A wide variety of options for generating the local matching funds are being assessed. These include: park entrance fees or permits; moorage, diving and fishing licenses; travelers' philanthropy; corporate funding; special event and program revenues; product sales; debt for nature swaps; resource extraction fees; development/mitigation revenues; and environmental fines.

The CBF headquarters is in The Bahamas. It is governed by a Board of Directors made up of its two permanent members (German Development Bank (KfW) and The Nature Conservancy (TNC)), and when they are created, representatives of each of the NPATFs. At present, each of the participating and observer countries is represented on the Board by an observer who participates in Board meetings and serves as a national focal point on CBF matters. In accordance with the terms of the CBF Articles of Association, a majority of the Board shall not be affiliated with the governments of any of the participating countries and must be representatives of civil society. In turn, the NPATF boards must include a majority of members who are from civil society.

Support Provided*:* Approximately US$42 million of initial financial commitments have been made to capitalize the CBF endowment, with plans to grow CBF capital over time. Donors to date include the Government of Germany through the KfW, the Global Environment Facility (GEF) – through the World Bank and the United Nations Development Programme (UNDP), and TNC.



Lessons Learned: The process of creating the National Protected Areas Trust Funds (NPATFs) for each country has proven politically and legally challenging and time consuming. Issues raised by countries embarked on the process include: what should be the role of government in overseeing the NPATF, how to structure the fund to avoid possibility of corruption, and how to justify a fund dedicated to conservation when there are so many pressing social and economic needs. To date, the Dominican Republic, The Bahamas and St. Lucia have made the most progress in establishing their NPATF, with the Dominican Republic fund (Fondo MARENA) already generating additional resources through sustainable finance mechanisms.

CBF's CEO Yabanex Batista says that U.S. MPAs and CBF could mutually strengthen each other. According to Batista, "The CBF model is not only applicable to developing countries. Territories like Puerto Rico and the US Virgin Islands (USVI) can also participate. The CBF is well positioned to help Puerto Rico [and USVI] on the establishment and effective management of its protected areas." Indeed, Puerto Rico is already a CBF Observer and has presented a plan for how to set up a Protected Areas Trust Fund that would be independent from the government and comply with CBF expectations. A next step is to determine how to endow a CBF sub-account earmarked for Puerto Rico. The USVI has expressed interest in the CBF, but no formal action has yet been taken.

References

Caribbean Biodiversity Fund, www.caribbeanbiodiversityfund.org

Case Study: Commercial Services – National Park Service Concessions

Example for: Fees

Definition: Commercial services are business operations authorized by the MPA agency under permit or contract to provide services and facilities to visitors in MPAs.

Geographic Area Protected: The National Park System contains 87 ocean and Great Lakes units across 22 states and four territories, including 11,200 miles of coastline and 2.5 million acres of ocean and Great Lakes waters. Thirty-four of these parks are included in the National System of MPAs. In 2014, ocean and coastal parks attracted over 88 million visits and generated $4.8 billion in visitor spending benefits for local communities.

Background: The Commercial Services Program of the National Park Service administers more than 500 concession contracts with gross receipts totaling about $1.3 billion annually across the National Park System. NPS concessioners employ over 25,000 hospitality industry people during peak season. Concessioners provide a wide range of services in ocean and coastal parks, including transportation, land and water-based tours, lodging, marinas and recreational boating facilities, food and merchandise sales, and other services. The NPS Management Policies for commercial services states: "The National Park Service will provide, through the use of concession contracts, commercial visitor services within the parks that are necessary and appropriate for visitor use and enjoyment. Concession operations will be consistent with the protection of park resources and values and demonstrate sound environmental management and stewardship." Legislative authorization for commercial visitor services is governed by the 1965 Concession Policy Act (Public Law 89-249) and the 1998 Concessions Management Improvement Act (Public Law 105-391). Title 36 of the Code of Federal Regulations (36 CFR 51) outlines the requirements for the preservation of the parks and administration of commercial service operations.

Process: The NPS awards concession contracts based on development of a prospectus, which invites the general public to submit proposals for the contract. The prospectus describes the financial terms and conditions of the concession contract to be awarded and the procedures to be followed in selection of the best proposal. The minimum requirements of the concession contract typically include: (1) Minimum acceptable franchise fee or other forms of payment to the Government; (2) Minimum visitor services that the concessioner is authorized and required to provide; (3) Minimum capital investment, if any, that the concessioner must make; (4) Minimum measures that the concessioner must take to ensure the protection, conservation, and preservation of the resources of the park area; and, any other terms or requirements. NPS also approves rates that concessioners may charge park visitors.

Support Provided*:* NPS concession contracts must provide for payment to the government of a franchise fee, or other monetary consideration as determined by the NPS. The franchise fee is based upon the probable value to the concessioner of the privileges granted by the contract. The probable value is calculated according to the reasonable opportunity for net profit in relation to the capital invested and the obligations of the contract. In 2014, NPS revenues from concession franchise fees were approximately $92 Million for all the 408 units of the National Park System including but not limited to operations in coastal parks. Public Law 105-391 provides for the retention of 80% of these franchise fees for use at the park unit first for visitor service needs and also for funding high-priority and urgently necessary resource management programs and operations.

Lessons Learned:

Concession contracting and its focus on visitor services that are necessary, appropriate and environmentally responsible have resulted in the provision of responsible services that support MPA goals. Examples include innovative technologies (e.g. hybrid ferry transportation systems); use of advanced pollution prevention technologies for on-shore and on-water facilities, vessels and equipment (e.g. greywater treatment and storage); and high quality interpretive programs (e.g. sea life viewing program).

Franchise fees generate some non-appropriated revenue; however, priority use of these funds has been for visitor services-related requirements such as buying down concessioner investment in NPS property, visitor services construction and facility maintenance, prospectus development and other program support. After these priorities have been met, less than one percent has been available for resource protection projects without commercial services aspects.

References

National Park Service Commercial Services website:
http://www.nps.gov/commercialservices/

Case Study: Forever Costa Rica

Example for: Philanthropy

Definition: Forever Costa Rica is an independent, non-profit initiative to create a stable funding source for Costa Rica's marine and terrestrial protected areas system through a private trust.

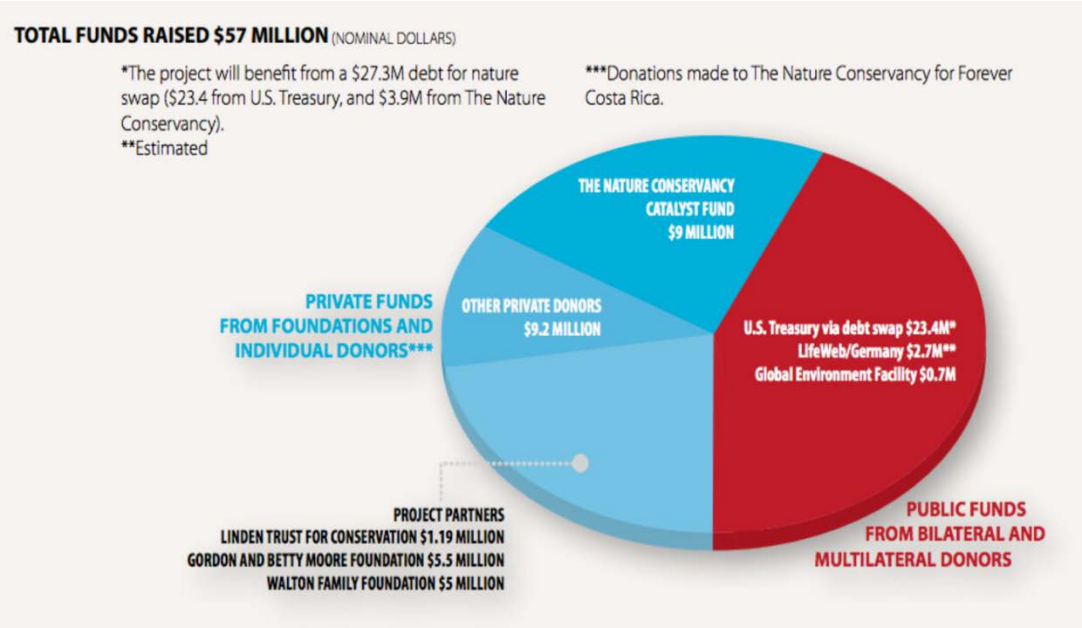
Geographic Area Protected: Costa Rica's system of marine and terrestrial protected areas. It includes plans to increase by 100% or more the size of its MPAs based on a scientific study, "Conservation Gap Analysis in Costa Rica" (2007), which highlights priority conservation areas based on the threats to marine biodiversity derived from climate change.

Background: Launched in 2008 after many years of preparation, Costa Rica Forever is a public-private conservation initiative developed by the Costa Rican government and its partners – The Nature Conservancy, the Linden Trust for Conservation, the Gordon & Betty Moore Foundation, and the Walton Family Foundation – to secure adequate financing for Costa Rica terrestrial and marine protected areas in perpetuity and prepare them to adapt to the impacts of climate change. In doing so, Costa Rica expects to be one of the first developing countries to complete its protected area goals under the Programme of Work on Protected Areas (POWPA) of the United Nations Convention on Biological Diversity.

Process: The government and the private partners agreed early in the process on their respective roles. The government set goals to expand the MPA system, increase the government's funding of the marine areas, improve the management of all protected areas, undertake best efforts to continue funding at then-current levels, and assist the private partners in securing external funding. The private partners agreed to assist the government in planning and costing the project, to raise external funds, and to establish an independent trust to manage these funds and spend them in ways that enhance the sustainability of Costa Rica's protected areas. Over the first three years of project development, a multi-partner team organized itself into four Working Groups that reported back to the Steering Committee, including conservation planning, legal issues, financial analysis, and fundraising. By early 2009, the working groups had been simplified into two, Fundraising and Legal Issues Working Group.

Support Provided: Costa Rica Forever jointly raised $57 million from private and public donor partners concentrated in the U.S. In addition, the private partners collectively funded three years of project development costs and supported project implementation

for the first year after closing. When a $27.3 million debt for nature swap became a possibility, much of the focus turned to advancing the information needed and the strategy to quickly complete the debt swap. The debt swap was finalized within four months from the beginning of official negotiations.



Lessons Learned: The partners recognized early on that Costa Rica, because of its globally-important biodiversity, political stability, strong public institutions, and 40-year history of commitment to environmental conservations offered an optimal scenario for permanent conservation. Forever Costa Rica has also benefited from many project-specific factors, including: presidential sponsorship; major strides completed by the government towards meeting POWPA goals; ambitious nationwide targets covering all ecosystems, project fully funded at closing; a “deal” between government and external partners in which each does its share to achieve the common objective; a “single closing” which provided a strong incentive for donors and government to deliver the needed funds and conservation actions before the trust was launched; aggressive project management, resulting in very fast execution of the deal; commitment by core donors to funding a strong project team; and a 30-year conservation partnership between the government and The Nature Conservancy.

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Case Study:
Greater Farallones National Marine Sanctuary and Greater Farallones Association Fees for Educational Services

Example for: Fees – Fees for Services

Definition: Fees are charged for educational services provided. For this case study educational services are hands-on inquiry and/or experiential learning experiences that take place in the field and/or classroom. Program services are provided to schools, adults, families and youth as well as to partner organizations such as aquariums, and other educational institutions. Fees are charged to the schools, public program participants and partner organizations for educational services rendered.

Geographic Area Protected: Greater Farallones National Marine Sanctuary protects 3,295 square miles of central and northern California coastal waters. In addition, Farallones manages approximately 1,300 square miles of Monterey Bay National Marine Sanctuary, from Point Ano Nuevo, north to Marin County. Recognizing one of the most biologically important ecosystems in the world, the federal government designated the region as a national marine sanctuary in 1981.

Background: The National Marine Sanctuaries Act (NMSA) authorizes the Secretary of Commerce to designate and protect areas of the marine environment with special national significance due to their conservation, recreational, ecological, historical, scientific, cultural, archaeological, educational or esthetic qualities as national marine sanctuaries. Greater Farallones National Marine Sanctuary staff work to protect the sanctuary through research, education, conservation and stewardship programs.

The National Marine Sanctuary System education mission is to increase ocean and climate literacy and inspire a conservation ethic through its national marine sanctuaries. Education programs are designed to increase public awareness, understanding and appreciation of sanctuary wildlife and habitats, as well as to build stewards to take on the responsibility of protecting these special places.

In 2015, Greater Farallones National Marine Sanctuary outreach and education programs engaged about 2.5 million people. The fees for services programs served approximately, 10,000 students who participated in hands-on classroom and/or field trips and a further 2,000 people who participated in public programs such as lectures, workshops and field trips. The fees for services program raised $250K in 2015.

Process: The Greater Farallones National Marine Sanctuary works in partnership with the Greater Farallones Association, a 501(c)(3) organization, to jointly deliver outreach and education programs. The Sanctuary leads the direction and development of the programs. Both organizations facilitate and deliver them. Program fees are processed through the Association and the proceeds are used to pay sanctuary education

contractors. Program fees are determined by the going rate in the San Francisco Bay Area for similar services and the average rate for a service is usually charged. There are three main fee-for-service program categories: school programs, public programs and partner institutions. Schools pay for programs for their students. Individuals pay for public programs they attend. Partner institutions pay for educational services rendered to their staff and/or their program participants.

K-12 School Fee-for-Service programs: All programs are grade specific and correlate to the Next Generation Science Standards (NGSS).

Farallones Sanctuary Visitor Center Field Trips: Programs are 90-minutes long, interactive, and include indoor and outdoor components. A class of up to 36 students is $125.

School Classroom Programs: Programs are 60-minutes long, hands-on, inquiry based and bring to life diverse marine topics such as crabs, deep-sea corals, ocean acidification and others. One, program is $90 per class. Two classroom programs on the same day are $65 per program and, three or more classes on the same day are $60 per program.

Oceans After-School Program: The program is 16-hours of hands-on, inquiry and play-based marine science for after school programs. Fee is $2,500 for the full program for up to 30 kids.

Public Fee-for-Service programs: All programs are designed to increase ocean literacy and inspire an ocean conservation ethic.

Soirée's: A three-hour, integrated art and science program for a large audience of 200 to 400 adults. Participant fees range from $15 to $20 per person, (these vary with venue, and if beverages are included in the ticket price).

Family Workshops: A ninety-minute workshop on a specific marine animal that includes information, activities, a live animal or specimen and an outdoor experience. Programs take place on the weekends at the sanctuary campus. Participant fee is $10 per person.

Sanctuary Explorations: Day field trips geared for adults and teens, to explore sanctuary habitats and wildlife. Participants explore on foot, in kayaks, on paddleboards, or by boat. Participant fees range from $15 to $150 per person, depending on the type of trip.

Marine Explorer Day Camps: The camps are in partnership with Randall Museum and the San Francisco Recreation and Park Department. Campers, 8-12 year olds, travel in vans to nearby sanctuary shores to learn about local marine life. Each session is one week long and runs from 9 am - 5 pm. The fee is $375 per child.

Partner institution programs: These are programs that sanctuary staff develop and teach for partner education institutions, such as museums and aquariums. These programs include: staff trainings, teacher trainings, and programs and workshops for partner participants (e.g. teaching a 40 hour marine science program for underserved youth). Fees are paid by the partner institution, for the service(s) rendered. Fees have ranged from $300 to $15K, depending on the length and complexity of the program developed and delivered.

Support Provided: NOAA's Greater Farallones National Marine Sanctuary provides base funding for three full-time education staff and one full-time education contractor, as well as office and classroom space for all education staff and contractors. The fees for services program pays for fifty percent of the salary cost for an additional three full-time and one part-time education contractors. The other fifty percent of their salary cost is covered through grants and donations administered through the Association.

Lessons Learned: The fee for services program for educational experiences has proven to be a good business model for the sanctuary. In 2007 the sanctuary was hesitant to charge fees and started the program with 'suggested donations.' Charging fees provides more operating funds and participants and schools. When programs were free, there was often a high rate of 'no shows' even though the school or participant had registered for the program, leading to wasted staff time. This problem has been greatly reduced through fee for service.

A scholarship program and sliding scale has also been established for most of these programs, so that a school or individual is not turned away if they cannot afford the full fee.

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Appendix C: Additional Resources

Background on the methods, formulas and rationale for the calculations used to assess fees associated with Special Use Permits issued by NOAA's Office of National Marine Sanctuaries is described in 80 FR 72415. https://www.gpo.gov/fdsys/pkg/FR-2015-11-19/pdf/2015-29524.pdf

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Appendix D: Acronyms List

APEC	Asia-Pacific Economic Cooperation
BMG	Business Management Group
BOEM	Bureau of Ocean Energy Management
BP	British Petroleum
BPI	Business Plan Internship
BVI	British Virgin Islands
CA	California
CC	Coastal Conservancy
CARE	Creating A Responsible Environment (CARE for the Cape & Islands)
CDFW	California Department of Fish and Wildlife
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act
CHICOP	Chumbe Island Lodge and Chumbe Island Coral Park Limited
CHOW	Capitol Hill Ocean Week
CIAP	Coastal Impact Assistance Program
CUA	Commercial Use Authorizations
DC	District of Columbia
DOI	U.S. Department of the Interior
DOJ	U.S. Department of Justice
EEL	Environmentally Endangered Lands
ESA	Endangered Species Act
FLREA	Federal Lands Recreational Enhancement Act
FR	Federal Register
GEF	Global Environment Facility
GFNMS	Greater Farallones National Marine Sanctuary
HFA	Habitat Focus Area
IDEA	Impact-Directed Environmental Account
IUCN	International Union for the Conservation of Nature
KfW	German Development Bank
MBNMS	Monterey Bay National Marine Sanctuary
MLPA	California Marine Life Protection Act
MMPA	Marine Mammal Protection Act
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MPA	Marine Protected Area(s)
M/V	Merchant Vessel
NAAEC	North American Agreement on Environmental Cooperation
NFWF	National Fish and Wildlife Foundation
NGO	Non-governmental organization

NGSS	Next Generation Science Standards
NMFS	National Marine Fisheries Service
NMS	National Marine Sanctuary
NMSA	National Marine Sanctuaries Act
NMSF	National Marine Sanctuary Foundation
NOAA	National Oceanic and Atmospheric Administration
NPATF	National Protected Area Trust Fund
NPF	National Park Foundation
NPS	National Park Service
NRDA	Natural Resources Damage Assessment
NSF	National Science Foundation
OARS	Outdoor Adventure River
OCS	Outer Continental Shelf
ONMS	Office of National Marine Sanctuaries
OPA	Oil Pollution Act
OPC	Ocean Protection Council
PACT	Protected Areas Conservation Trust
PAN	Protected Areas Network
POWPA	Programme of Work on Protected Areas (of the UN Convention on Biological Diversity)
PSRPA	National Park Service – System Unit Resource Protection Act
RAE	Restore America's Estuaries
RLFF	Resources Legacy Fund Foundation
SPAW	Specially Protected Areas and Wildlife
SWRCB	State Water Resources Control Board
TAT	Transient Accommodations Tax
TAT	Turneffe Atoll Trust
TNC	The Nature Conservancy
UC	The University of California
UN	United Nations
UNDP	United Nations Development Programme
US	United States
USC	The Code of Laws of the United States
USC	University of Southern California
USVI	U.S. Virgin Islands

Marine Protected Areas Federal Advisory Committee

marineprotectedareas.noaa.gov/fac