

# Market-Based Conservation for Working Lands, Natural Resources and Military Training: Lessons Learned from the Market Based Conservation Initiative (MBCI) Pilot



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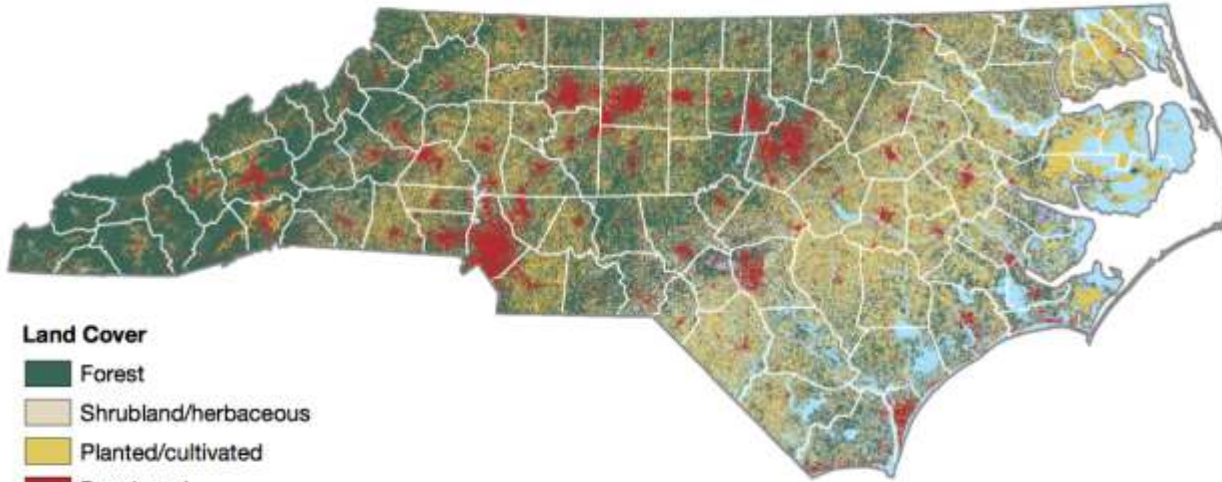




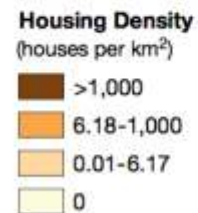
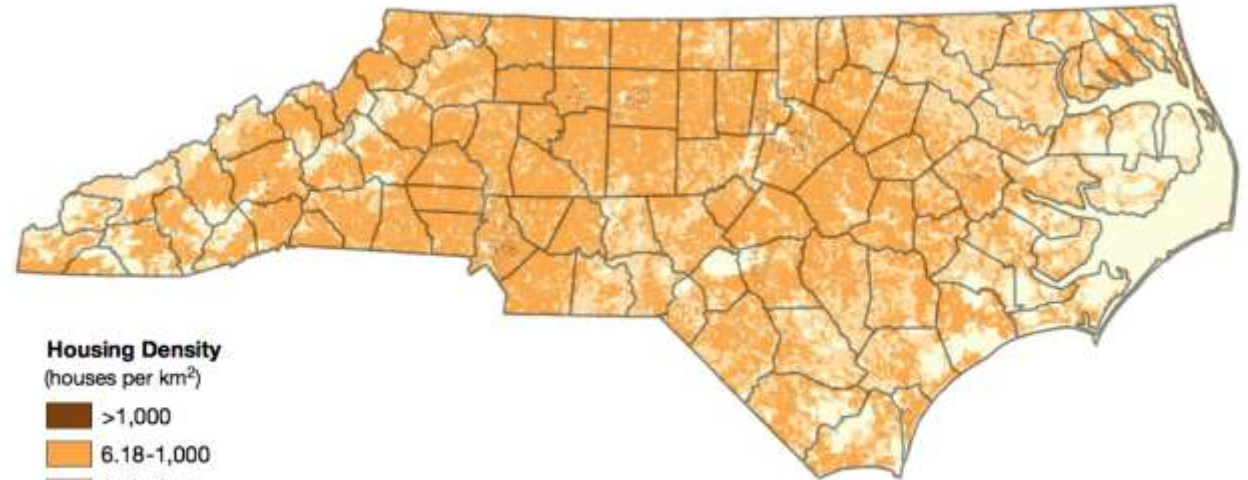
# North Carolina

- NC Military Presence
  - 3<sup>rd</sup> largest military population
  - Home to the largest Army installation in the world
  - Home to largest Amphibious Training Complex in the world
  - 10% of the states economic activity
  - 2<sup>nd</sup> largest economic sector in NC



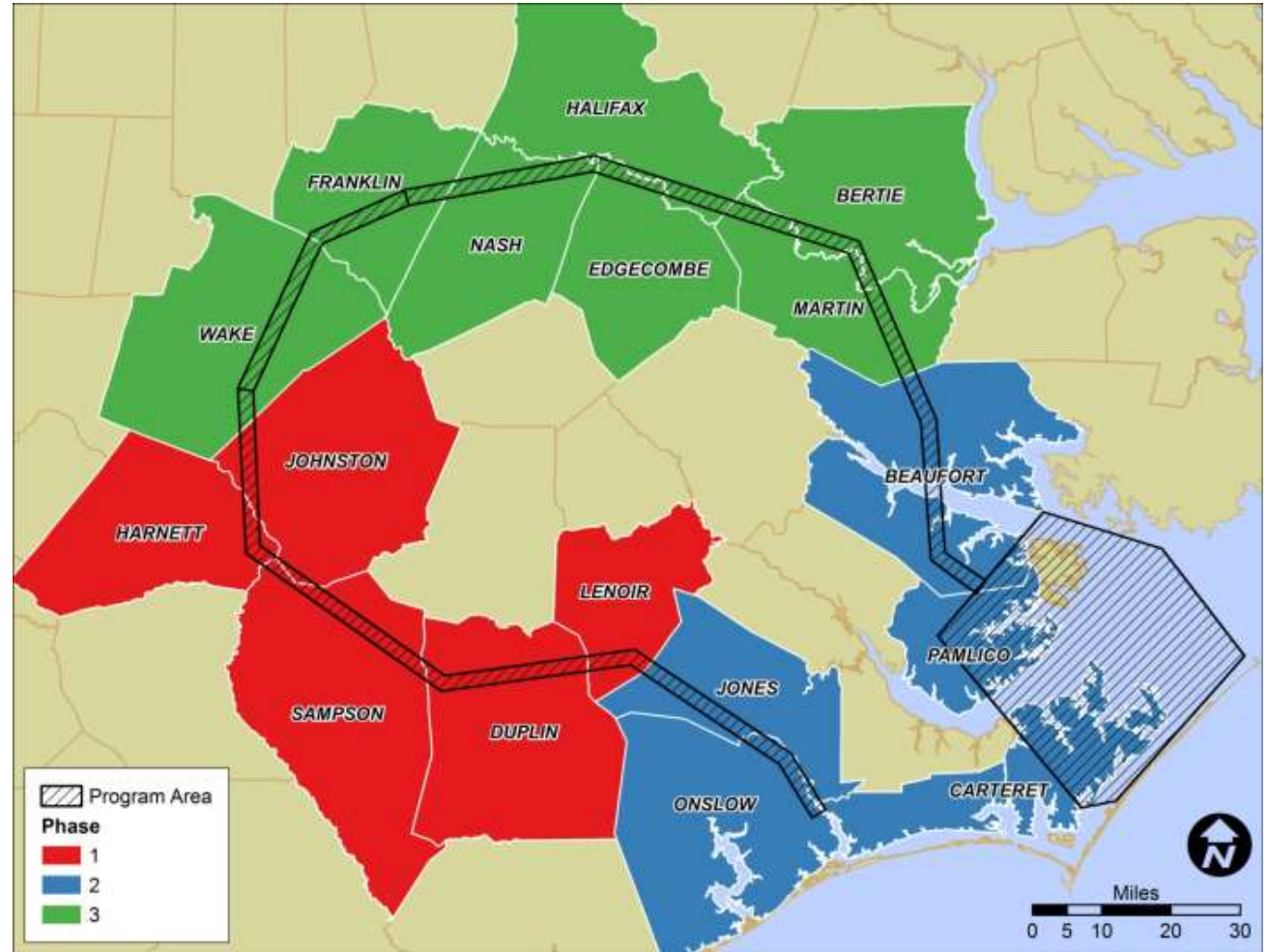


- Threats to working lands, conservation, and military readiness
  - Unplanned Development
  - Encroachment



# Market Based Conservation Initiative

- Protection of military training route
- Used by all services
- 17 counties
- Reverse auction bidding
- Steering committee selection process
- Performance-based contracts
- Attempt to quantify military training as ecosystem service



# MBCI Partners: NC Sentinel Landscapes Partnership



North Carolina Foundation for  
Soil & Water Conservation, Inc.



# Methods

- Case study design
- Semi-structured interviews
  - Purposive and snowball sampling
- Analysis: constant comparative method
  - Interviews and partnership documents
  - Evaluative framework for cross-sectoral partnership programs  
*(Melaville & Blank, 1991)*
- Results: Key factors influencing results of program



Photo Credit: The Growth Engine

# MBCI Landowner Bids

Aggregated Data									
Phases	#Apps	Acres	\$\$	10 Yrs		20 Yrs		30 Yrs	
				#App	Acres	#App	Acres	#Apps	Acres
Phase I	385	15,735	\$66,078,523.20	113	4,741	104	3,795	169	7,198
Phase II	117	10,877	\$32,680,995.90	50	1,922	35	4,308	32	4,647
Phase III	399	38,662	\$35,372,964	121	10,875	170	16,468	107	11,026
PH I BR 2	264 119 <i>rebids</i>	10,959 ~5,500 <i>rebids</i>	\$6,984,102	81	3,960	132	5,002	50	2,016
<b>TOTALS</b>	<b>1,165</b>	<b>76,233</b>	<b>\$141,116,584</b>	<b>365</b>	<b>21,498</b>	<b>441</b>	<b>29,573</b>	<b>358</b>	<b>24,887</b>



# MBCI Landowner Bids

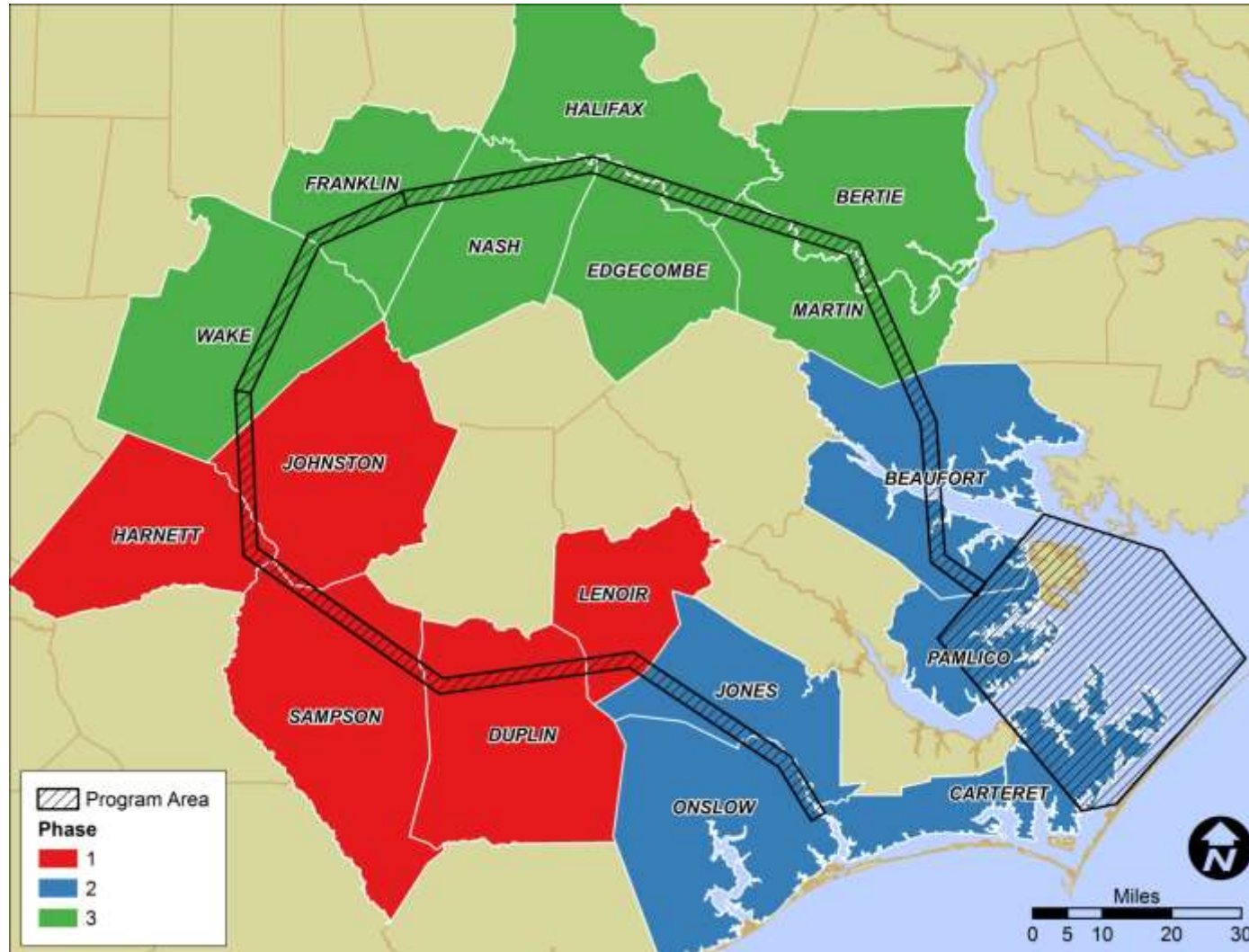


Image Credit: NC Foundation of Soil and Water Conservation

A 40% increase in acreage offered between Phase I (Ag) and Phase III (Forestry).

More landowner interest in 20 year contracts as lower bids considered in later bid rounds.

- Phase I – 44% at 30 years, 27% at 20 years
- Phase III – 27% at 30 years, 42% at 20 years
- Phase I Bid Round 2 – 19% at 30 yrs, 50% at 20 yrs



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CONSERVATION**



## MBCI Landowner Bids

- As predicted during program design:
  - Bid Round 2 Phase 1 represents the first occurrence of competition amongst landowners thus driving bids below \$20/acre.
  - The bid range ceiling trended to \$30/acre.
- Approximately 70% of the acreage offered by landowners was for 20+ year contracts.
- First contact signed spring 2015

## Results: Key Factors

1. Understanding the purpose and associated risks of a pilot program
2. Perception of rural landownership patterns
3. Institutional mandates of the Navy
4. Funding authority to establish agreements
5. Development of landowner trust and program credibility

# Results: Key Factor 1

## *Purpose and associated risks*

- Had to pitch as “concrete” program to attain military support
- Disconnect between idea of testing concept and full protection of military training route (MTR)
- Misunderstood financial risk of approach
- One reason for early termination of pilot



Image Credit: Marine Corps Installations East

**\*\*Demonstrates deficiency in education/communication approach\*\***

## Results: Key Factor 2

### *Rural Landownership Patterns*

- Navy → lack of engagement with local communities
  - Less than other branches of service
- Did not understand property ownership in NC
  - Predominantly small family farms
  - Misperception that they could purchase a few tracts and achieve goals
- Resulted in incompatible military process requirements
  - *“restrictions on [landowners] not matching up with the realities of farmers on the ground.”*
  - Required perfect land tenure records

**\*\*Demonstrated need: better educate military stakeholders on the context\*\***



## Results: Key Factor 3

### *Institutional Mandates of the Navy*

- Program designed to have multiple bid rounds
  - Identify lowest cost to achieve conservation goals
  - Achieve results among breadth of landowners (early-late adopters)
- \$25/acre internal mandate from Navy
- Resulted in early termination of pilot
- Insufficient bidding iterations
  - Unable to test concept and identify acceptable market
  - Inability to identify market characteristics (value of airspace: urban-rural gradient)
  - *“questions still surround the bid floor, conservation drivers, limitation of development rights, and possibility of enhancing other ecosystem services”.*



**\*\*Multiple bid rounds needed to identify salient market, variance across landscape and affect among breadth of adopters\*\***

## Results: Key Factor 4

### *Funding Authority and Landowner Agreements*

- U.S. Code § 2684a (Agreements to limit encroachments and other constraints on military training, testing, and operations)
  - Evokes real-estate transaction process
  - *“complicated tremendously the process of doing the due diligence, title searches, the question about appraisals, the questions about do we need surveys or not, on and on and on.”*
  - *“boils down to...[the Navy] want[s] to assume zero risk.”*
- Increased cost for due diligence and lengthy process resulting in lost deals
  - Due diligence requirement 60 year title search
  - Involved attorneys and real estate specialists
  - 3 year time from first bid to contract

**\*\*Recommendation from partnership: SIKES Act Provides better and more flexible funding authority\*\***

## Results: Key Factor 5

### Landowner Trust and Program Credibility

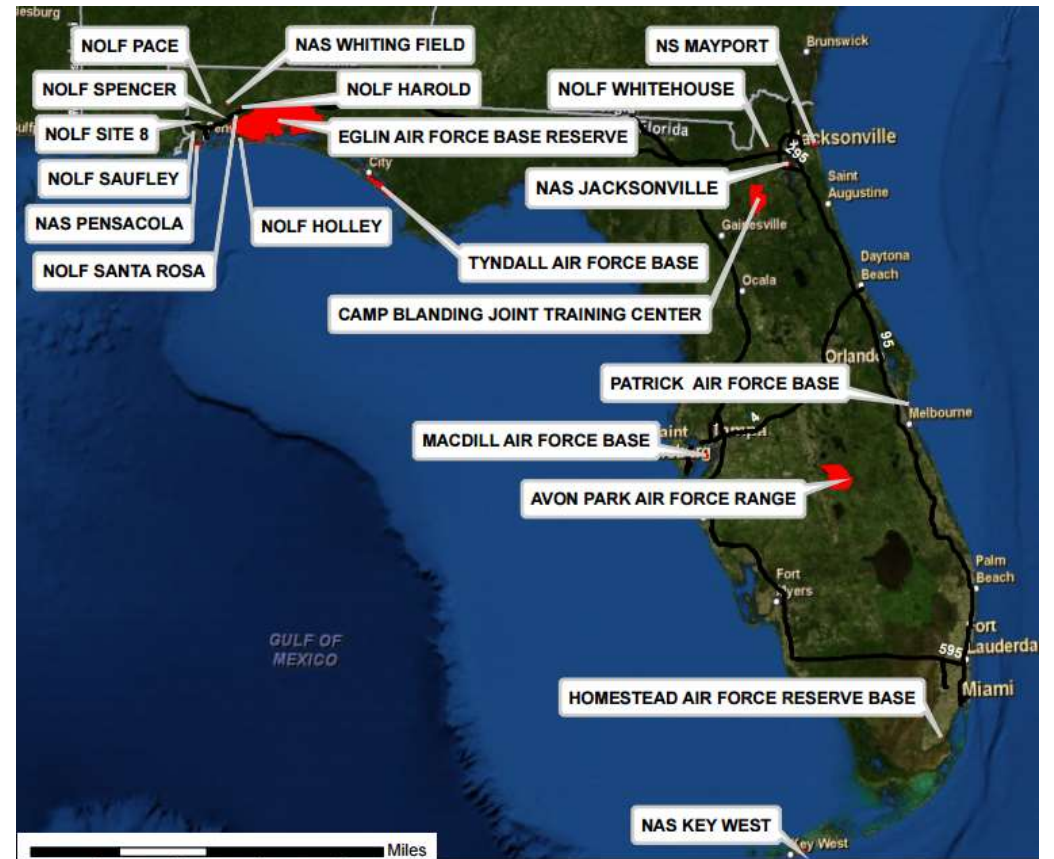
- Trust and program credibility were significant military issues
- BMPs
  - Partners with established relationships and trust with landowners and community leaders
  - Local administration of program through Soil and Water Conservation Districts
  - Landowner workshops provide effective venue for discussion
  - Farmer from Sampson County began program manager

**\*\*Trust building using intermediaries sympathetic to landowner needs is critical to program success\*\***



# Conclusion

- Military involvement creates special nuanced challenges
- Transferable lessons across varying contexts (i.e. Florida)
- Special attention is needed to communication and education efforts
  - Allow program to be implemented in its intended fashion
  - Perception and trust issues will persist without thoughtful, strategic efforts



# Questions?

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