

BAYFIELD COUNTY, WISCONSIN
Carbon Offset Reserve Fund (COR)
Allocation and Implementation Plan

Introduction:

On April 1, 2021, Bayfield County registered nearly 160,000 acres (roughly 90%) of the Bayfield County Forest (Forest) for participation in the voluntary carbon offset (credit) market under the American Carbon Registry (ACR) Improved Forest Management (IFM) program. As part of this program landowners must maintain a certificate from an independent, third-party forest certification system and commit to reporting and verifying carbon stocks for a period of 40 years, among other requirements.

Carbon Sequestration and Offsets:

As forests grow, they capture or sequester carbon dioxide. Sequestration refers to the capture and storage of carbon dioxide by trees and shrubs through natural processes, such as photosynthesis. Trees absorb (sequester) carbon dioxide from the atmosphere and store it within their growing biomass (trunk, branches, leaves and root systems). The amount of carbon sequestered, as well as the number of carbon offsets produced, will vary.

A forest's ability to absorb carbon is important as 45% of the carbon dioxide emitted by humans remains in the atmosphere, which is a significant factor contributing to global warming.

As part of the Bayfield County Forest carbon project, offsets will be produced annually and sold in the voluntary carbon market. These carbon markets have specific accounting, eligibility and verification requirements.

Once sold, an offset is commonly referred to as a credit. One forest carbon credit is a metric ton of carbon dioxide equivalent (CO₂e), that may be purchased by greenhouse gas emitters to compensate for their own emissions occurring elsewhere. A carbon offset is calculated, by totaling the amount of carbon sequestered in a project, less removals (e.g. timber harvesting and mortality) and measured against a modeled baseline standard.

Carbon offsets are regulated, verified, and administered by carbon registries/standards. Each standard prescribes the rules landowners and project developers must follow to generate carbon offsets. The standards also specify monitoring, reporting, and verification requirements ensuring that each carbon offset represents a real ton of avoided, reduced, or removed emissions.

Potential revenue generated from the annual sale of carbon offsets will be re-invested in a variety of county projects. Reinvesting in outdoor, forest or "green" based projects, especially those that strive to improve or enhance climate resiliency reinforces the intent of this initiative by increasing offsets generated, although not measured through this program. These efforts will resonate with voluntary carbon market buyers; improve the overall project strength, competitiveness and long-term viability, in addition to supporting prices paid for Bayfield County Carbon Offsets.

County and Forest Carbon Offset Reserve (CCOR) Outlines:

This document proposes the creation of a Carbon Offset Reserve Fund (COR). The COR would establish an expenditure reserve for county-wide and forestry projects and consist of two different categories: the County Carbon Offset Reserve (CCOR) and Forest Carbon Offset Reserve (FCOR). CCOR initiatives will have a county-wide reach, while FCOR projects will focus on natural resource management and recreation.

Revenue from the sale of carbon offsets is expected annually, starting in 2023. Over a three-year period (2023-2025) a distribution formula of roughly 60% CCOR and 40% FCOR is proposed. Until a long-term trend can be established Bayfield County should focus funding on one-time projects or projects with well defined objectives. If used for operating expenses, it is recommended that funding allocations be provided every other year for projects to ensure that diverse funding streams are available in the event COR funds become unavailable. Annual funding will be considered for multiple year projects when funds are committed and dedicated up front.

In anticipation of potential carbon funds, Bayfield County has begun a list of potential projects. Bayfield County also anticipates local government, non-profit and business interest.

County Carbon Offset Reserve Mission:

The CCOR Mission is to direct carbon offset funds to support projects that address priority criteria established by the Bayfield County Board. These criteria may change annually.

CCOR Project Criteria and Goals:

Bayfield County has multiple potential projects and programs. A tool to evaluate the requests will help direct funds based on county priorities. Project proposals will be accepted from Bayfield County, local units of government, non-profits, and private citizens/businesses. A formal application form will be available for project submittals.

- A minimum of 10% of funds will be designated to other units of government including utility districts in Bayfield County.
- A minimum of 10% of funds will be designated to non-profits, private businesses and residents serving Bayfield County.
- A minimum of 50% of all funds will be designated towards efforts that reduce or sequester carbon emissions.
- A minimum of 10% of all annual CCOR funds will be “undesignated” and available for urgent county initiatives that may arise. These funds will be deducted from the total.
- Up to 3% of funds shall be reserved for project administration expenses. These funds will be deducted from the total.
- Funds may be held in reserve for future proposals or multi-year efforts at the discretion of the Bayfield County Board.
- At the outset of CCOR project solicitations, the county may also allocate a fixed amount to specific categories.

The following 100-point criteria will be the ranking criteria for the 2023 and 2024 budgets unless modified by the County Board. Criteria and scoring will be considered and formerly adopted by the County Board by May 1 of each year, 90 days before submittals are required on August 1. Point

allocations are maximums per category. Lower point allocations may also be allocated, for instance, a 10-point category may be allocated 8 points.

1. Carbon Reduction/Sequestration	20 points
2. Applicants	
• County	15 points
• Other units of Government	10 points
• Non-profits/business/residents	5 points
3. Protect Water	10 points
4. Housing	10 points
5. Addresses Public/Social Needs	10 points
6. Economic Development	10 points
7. Match:	10 points
8. Cost Reduction:	5 points
9. Sustainability	10 points

TOTAL =	100
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1. Carbon Reduction/Sequestration: Efforts and projects could include agricultural projects that increase carbon sequestration. Could also include a multitude of energy projects.
2. Applicant: County refers to Bayfield County projects or programs. Local units of government refer to Towns, Cities, Village, Tribe and Schools in Bayfield County.
3. Protect Water: Projects that directly protects or improves ground or surface water resources. Examples could include assistance to municipal/utility districts, agricultural practices, wellhead protection zones, etc.
4. Housing: Projects that support, further the development of affordable, workforce and senior housing across the county.
5. Addresses Public/Social Needs: Human Service, public health, senior citizen efforts.
6. Economic Development: Business efforts in Bayfield County that benefit the county through the creation of lasting employment opportunities.
7. Match: Matching support in addition to CCOR funding is required. A minimum of 10% funding is required. 50% match would receive 10 points.
8. Cost Reduction: Projects that reduce or control costs in the years ahead. More efficient HVAC equipment, building design that reduces energy needs, EV Chargers that allow for less expensive fueling, program funding that result in less expensive outcomes, etc.
9. Sustainability: Projects with funding sources in place and committed to maintaining this effort after completion in the years ahead.

CCOR projects and goals will be reviewed and evaluated periodically. The criteria and goals may be modified based upon the results of funded projects and/or new opportunities.

Specific topics areas raised already:

1. Applicants:
 - a. County:
 - i. Highway Garage upgrades
 - ii. Sheriff storage building upgrade
 - iii. Courthouse boiler replacement
 - iv. Other Courthouse Energy projects, ie: geothermal, solar, EV Charging, Battery, etc.

- b. Local Government:
 - i. EMS Facilities
 - ii. Public utilities, system improvements and expansion
- c. Non-Profits:
 - i. Infrastructure
 - ii. Program
 - iii. Operating expenses
- d. Private Business / residents:
 - i. Agroforestry
 - ii. Projects that implement EQIP Agroforestry Practice Standards
 - iii. Efforts that help create employment.
- 2. Workforce Housing Initiatives: Efforts that create and encourage senior, veteran, workforce and affordable housing including housing summits, awareness campaigns, innovative financing opportunities in addition to direct funding for specific projects, including zoning code updates impacting housing.
- 3. Municipal building backup power ensuring local government and school operations during power outages, allowing resident use during outages.

Spending Guidelines:

Project Size, Planning and Application Process:

- Minimum CCOR Allocations will be:
 - County and Local Government/Public Utility: \$50,000
 - Business: \$10,000
 - Non-profit: \$5,000

Expenditures will be authorized through the annual Bayfield County budget approval process with CCOR project submittals due August 1 annually. Upon approval, a separate project contract form will be required with project requirements and criteria for non-county projects. The first year of CCOR project funding will be 2024 based on funding availability. The County will accept proposals for 2024 until August 1, 2023 or at a date specified by the county if funding is not available on May 1. Advertisements will be made when fund availability is confirmed, and amounts specified by the Bayfield County Executive Committee.

Forest Carbon Offset Reserve (FCOR):

The FCOR will focus on issues impacting the sustainable management of the Forest, including climate change and associated influences, as well as recreational opportunities.

A core tenet of the FCOR will be to: protect, sustain and enhance the natural resources of the Forest, for generations to come, as well as foster and facilitate outdoor recreation within Bayfield County.

The FCOR would provide the Bayfield County Forestry and Parks Department (Department) with a stable and secure financial foundation, built with “green” based proceeds derived from the sustainable management of the Forest, through the sale of carbon offsets.

The FCOR will provide a framework for the Department to make important natural resource investments that will address key current and future Forest program needs and priorities. Equally important, a

fundamental goal of all COR initiatives will be to leverage other funding sources to further extend the impact of investments.

Seeding the FCOR is proposed using proceeds from the first three (3) carbon offset payments. A minor portion of all subsequent carbon offset payments could be used to maintain FCOR programs and initiatives.

Below is a summary of programs that would be established within the FCOR and the seeding targets for each.

A. SECTION 1: Executive Summary

1. Program Categories. Three primary program categories would be created within the FCOR.
 - a. **Recreation.**
 - b. **Land Acquisition.**
 - c. **Forest Management.**
2. Targeted Funding Amounts. Total targeted (seeding) allocations.
 - a. Recreation: \$1.75 million.
 - b. Land Acquisition: \$3.0 million.
 - c. Forest Management: \$1.25 million.
3. Program Categories – Brief Descriptions.
 - a. **Recreation: (\$1.75 million).** Foster the improvement, development and growth of dispersed outdoor recreation in Bayfield County.
 - i. Recreation Grant. Establish a significant long-term annual grant, with the goal of facilitating a variety of new and existing recreational opportunities throughout Bayfield County. Of the total funding target dedicated to the Recreation Program, \$1.25 million would be allocated for the Rec Grant.
 - ii. County Recreation Projects. Fund existing and new recreational opportunities on lands managed by the Department. Of the total funding target dedicated to the Recreation Program, \$500,000 is proposed for County Recreation Projects.
 - b. **Land Acquisition: (\$3.0 million).** Target forested properties with high natural resource or conservation value optimizing public benefit and promoting climate resiliency. Also consider parcels that will produce increased recreational value, even if not suitable for entry in County Forest Law.
 - i. County Projects. 85%+ of available funds will be targeted towards county land acquisition projects
 - ii. Other Conservation Projects. Consider investing up to 15% of available funds towards acquisition, conservation easement or similar projects, where land is permanently protected by another unit of government or non-profit and available for public use.
 - c. **Forest Management: (\$1.25 million).** Identify and prepare for current issues and future priorities that are expected to impact the long-term sustainable management of the Forest, with an emphasis on enhancing, improving or promoting sustainability, ecological diversity, climate resiliency, including enhanced carbon sequestration and storage rates, and/or hazard mitigation.

B. SECTION 2: Detailed Summary

1. **FCOR Seed 1: First Payment.** Revenue from the first carbon offset payment will be distributed as follows:

The first carbon offset payment is expected to arrive in Q2 2023. This would involve the first payment, originating from credits generated from the inaugural reporting period (April 2021-March 2022).

Total carbon revenues received in 2023 will first be used to address any anticipated shortfalls in the Department's operating budget and addressed as per the standard budget development and/or amendment process. The payment(s) received in 2024, and every year thereafter, will be treated in the same manner.

The remaining amount of the first carbon credit payment, less funds needed to address operating budget shortages, will then be released to the FCOR, as per below. A similar budget adjustment calculation and distribution will occur annually from this year forth.

After operating budget adjustments have been addressed, **40%** of the first carbon offset payment or up to \$3.0 million, whichever is lesser, will be transferred to the FCOR. The FCOR will consist of three primary categories: Recreation; Land Acquisition; and Forest Management.

This initial transfer of revenue will establish a foundation for the development of various forest management, recreation and land acquisition related projects. Non-lapsing revenue and associated expense accounts will be created.

The first distributions to the FCOR will prioritize Recreation. The Forest Management and Land Acquisition programs are equally important, but will be secondary in funding priority. The proceeds from the first two carbon payments will be assigned as follows:

- a. Recreation. The initial total targeted funding amount for the Recreation program is \$1.75 million. The general framework will include:
 - a. Establish a long-term outdoor recreation grant.
 1. A minimum of \$1.25 million will be used to form this grant. This will be achieved by assigning all funds directed to the FCOR to this project until the minimum threshold has been met. Meeting this financial threshold will be considered the highest priority for Seed 1 carbon funds.
 2. The initial goal will be to develop, promote and implement a long-term outdoor recreation grant, available to local units of government, chambers of commerce, school districts, 501c non-profits and similar entities, for projects that occur within Bayfield County only and that are open to public use. Roughly 20% of the total available funds assigned to this grant will be available every year for the first five years (CY 2023-2027). In this example, roughly \$250k would be available annually over the five-year period.
 3. Funds would be available for eligible projects that provide free public outdoor recreational opportunities in Bayfield County.
 4. The amount of annual funding, total amount of funds assigned or the duration that funding will be available may be modified depending on the collective response to this grant opportunity, as determined by Bayfield County, through the Forestry and Parks Committee (Committee).
 5. If the outdoor rec grant is determined to be unsuccessful, the balance of unallocated funds will be returned to the FCOR and re-allocated to other eligible projects.

6. If other identified FCOR projects have been fully subscribed and no additional carbon funds are needed, then all or a portion of the funds that have been earmarked for this category may be unencumbered and released to the COR.
7. Outdoor rec grant terms, condition and requirements of application will be developed by the Department in 2023, reviewed by the County Administrator and addressed by the Committee. Modifications to the grant will occur as needed and follow a similar review and approval process.
8. An outdoor rec grant oversight committee will be formed to select projects and determine the awarded amount. The oversight committee will consist of:
 - a. Forestry and Parks Department Administrator or designee;
 - b. Tourism Director or designee;
 - c. Bayfield County Administrator or designee;
9. The Committee will consider the recommendations of the oversight committee to select the final projects and determine the actual awarded amounts, as part of a regularly scheduled Committee meeting.
10. All grant administration and management will be the responsibility of the Department.
11. An annual report of grant activity will be presented to the Committee and included in the Department's annual accomplishment report.
12. A priority will be given to dispersed, non-motorized outdoor recreational activities, including, but not limited to: hiking, mountain bike, horse-back riding, cross-country ski, and dog-sled trails, especially those that provide multiple compatible public uses. These funds are not intended to address activities that require dedicated, more specialized developed infrastructure, including, but not limited to: tennis courts, pickleball courts, athletic fields/facilities e.g. baseball, soccer, football, hockey, basketball, etc., swimming pools, downhill skiing, exercise yards, playgrounds, dog parks and similar facilities or developments.
13. Core rec grant application criteria and review considerations, will include, but not be limited to:
 - a. Summary of need, including goals and plans for long-term management and maintenance.
 - b. Extent to which the proposed project fills a recreational need or gap, improves already established opportunities or connects to existing infrastructure.
 - c. Anticipated number of people served.
 - d. Local letters of support.
 - e. Local government support.
 - f. Project location (prioritize an equal distribution of funding throughout the county, whenever possible).
 - g. Type of recreation and if similar opportunities exist nearby.
 - h. Land ownership. Projects will only be considered on public lands, where public use rights have been permanently secured or on properties owned by a non-profit organization. The lands must be open to the public, in perpetuity, and free for public use (though some considerations will be given to projects that include a fee to address maintenance expenses, see below).

- i. A modest match requirement should be considered e.g. 20%. Force account labor and equipment, volunteer labor, donated equipment and materials, etc., would be eligible as the match. A project that leverages other funding sources should receive a stronger consideration.
 - j. Long term financial stability (demonstrated).
 - k. If a fee would be required for use. Preference will be given to projects that will be free to public use or where a nominal fee is charged only to help offset maintenance costs (e.g. grooming cross-country ski trails).
 - l. Preference will be given to non-motorized recreation. Motorized recreation will be considered, but only if the project is otherwise not eligible for funding through existing DNR motorized recreational trail aids (e.g. DNR snowmobile or ATV/UTV trail aids) and grant funds are still available after all eligible non-motorized applications have been addressed.
 - m. Preference will be given to new trail development or existing trail improvement projects. Infrastructure and equipment purchases will be considered, but only if determined to be a critical part of the project, a clear benefit to the trail user or otherwise add significant value to the potential rec experience, as determined by the Committee.
 - n. Funding ongoing maintenance activities will be considered, but likely of lower priority. To be considered, an applicant would be required to demonstrate a financial need; that the recreational services to the public would otherwise not occur without assistance from this grant; where services would be reduced or eliminated if financial support were not secured; or where the quality of recreational activity would be impacted due to a lack of routine maintenance, resulting from demonstrated financial constraints.
- b. A total of approximately \$500,000 will be directed to recreation projects located on county owned lands, as managed by the Department. If \$1.25 million has been assigned to the recreation grant, as described above, then the next priority will be to designate funding to county rec projects, up to the \$500,000 threshold. This could include, but is not limited to, improvements to existing infrastructure, the development of new rec opportunities and planning on county owned lands. This could also include commissioning local or regional recreational studies or similar plans that attempt to determine opportunity areas, gaps and/or future needs. Approximately half of the total \$500,000 funding goal or up to \$250,000, will be assigned to county rec projects in 2023. A larger percentage of the remaining Seed 1 carbon funds could be allocated to county rec projects in 2023, if determined a higher priority.
 - c. Expenses pertaining to the development and administration of the rec grant, including the cost of personnel, as well as similar cost or workload increases associated with the creation of additional recreational facilities or infrastructure, and managed by the Department, can be addressed through the FCOR and budgeted accordingly.

- b. Land Acquisition. Land acquisition projects would primarily focus on parcels located within the Forest Blocking, as per the Bayfield County Forest Comprehensive Land Use Plan (Comp Plan).
 - a. The initial total FCOR funding target for the Land Acquisition program is \$3.0 million. The actual distribution of these funds will be based on identified need and priorities, as outlined in the FCOR or similar planning documents.
 - b. If the minimum funding targets for the Recreation program are met, then roughly half of the remaining balance, or up to \$1,000,000, would be assigned to land acquisition as part of Seed 1. The rest would be allocated in payments 2 and 3, until the total funding target has been met. A larger percentage of the remaining Seed 1 carbon funds could be allocated to land acquisition projects in 2023, if determined a higher priority.
 - c. Land acquisition projects would prioritize the purchase of forested parcels that would be enrolled in County Forest Law (CFL) and managed as part of the Forest. Keeping forests as healthy, productive, intact forests has been identified as one of the core principles of maintaining or improving climate resilience.
 - d. Other properties could be considered, even if located outside of the Blocking, if they provide high conservation value, additional public outdoor recreational value or are otherwise not suitable or eligible for entry into CFL.
 - e. Rec properties acquired with FCOR funds would be administered and managed by the Department, as part of the Recreation program.
- c. Forest Management. The Forest Management allocation will address specific issues, goals and/or concerns regarding the management and administration of the Forest, both current and anticipated, with an emphasis on increasing productivity and improving or enhancing climate resiliency. Including, but not limited to:
 - a. Invasive species inventory and control;
 - b. Reforestation/regeneration concerns, issues and challenges, including monitoring and analysis, as well as impacts of herbivory and climate change;
 - c. Forest management:
 - 1. Silvicultural effectiveness, including monitoring and analysis;
 - 2. Forest management strategies, including the incorporation of carbon metrics, modeling and forecasting, as well as climate related planning, with the goal of improving carbon offset development, carbon sequestration and storage rates, and climate resiliency without significantly impacting traditional harvesting outputs;
 - 3. Climate adaptation and resilience, including modeling and planning;
 - 4. Continuous Forest Inventory (CFI) data collection and analysis, as it pertains to maintaining plots included in the carbon offset program;
 - 5. Education, including interpretive signs, kiosks and similar information;
 - 6. Efficiency (e.g. technology improvements, equipment upgrades, management tools, replacing fleet vehicles with EV's, etc).
 - d. Wildlife habitat development, maintenance and monitoring, including young forests and barrens, as well as studying how a changing climate may influence habitat;
 - e. Forest road maintenance, development and improvement (access management), as it pertains to improved sustainability and hazard mitigation;
 - 1. County Forest infrastructure (roads and trails);
 - 2. Increased Town road improvement aids (supplement to existing program).

- f. The forest management issues, goals or concerns described above are generally classified as being above and beyond the current capacities of, and resources available to, the Department. Funds available through the FCOR are not intended to address standard or routine forest management obligations that are administered through the normal operating budget. Whenever possible, FCOR funds should be used to address areas of need that are viewed as over and above the current capacities of the Department and not considered a regular or routine management activity or obligation.
 - g. The Department may consider the development of a small local grant to assist private landowners with the maintenance of invasive species, especially on properties that border county owned lands.
 - h. The Department may also consider the development of a small local grant to assist private landowners with reforestation activities.
 - i. The initial total FCOR funding target for the Forest Management program is \$1.25 million. If the minimum funding targets for the Recreation program have been met, then roughly half of the remaining balance, up to \$1,000,000, would be assigned to the Forest Management program in 2023. The rest would be allocated in payments 2 and 3, until the total funding target has been met. A larger percentage of the remaining Seed 1 carbon funds could be allocated to forest management projects in 2023, if determined a higher priority.
 - j. The actual distribution of the remaining Seed 1 funds between the Forest Management and Land Acquisition programs will be determined based on priority and need.
- d. Seed 1 Allocations:
- a. Recreation: up to \$1.75 million;
 - b. Land Acquisition: up to \$1,000,000;
 - c. Forest Management: up to \$1,000,000.
 - d. Total Allocation: up to \$3.0 million or about 40% of the total amount received from the first carbon offset payment, whichever is lesser.
2. **FCOR Seed 2: Second Payment.** A total of **40%** of the carbon offset payment, likely to be received in CY 2024, or up to \$2.0 million, whichever is lesser, would be allocated to the FCOR as follows and expended as described in section B.1 above. This second payment would involve credits originating from the second reporting period (April 2022-March 2023):
- a. Seed 2 Allocations:
- a. Recreation: \$1.75 million less the amount assigned to Recreation in the Seed 1 FCOR allocation;
 - b. Land Acquisition: if the total funding target for Recreation has been met, then roughly half of the remaining Seed 2 balance or up to \$1 million;
 - c. Forest Management: if the total funding target for Recreation has been met, then roughly half of the remaining Seed 2 balance, or up to \$1 million;
 - d. Total Allocation: up to \$2.0 million or about 40% of the total amount received from the second carbon offset payment, whichever is lesser.
3. **FCOR Seed 3: Third Payment.** A total of roughly **40%** of the carbon offset payment, likely to be received in CY 2025, or up to \$2.0 million, whichever is lesser, will be allocated to the FCOR as follows and expended as described in Section B.1 above. The third payment would involve credits originating from the third reporting period (April 2023-March 2024):
- a. Seed 3 Allocations (in the following order):
- a. Recreation: \$0.00 (Recreation is expected to be fully funded after the Seed 1 or 2 FCOR allocations);

- b. Land Acquisition: the total remaining Seed 3 FCOR allocation, less the amount directed to Land Acquisition from Seeds 1 and 2, needed to reach the targeted financial threshold for the Land Acquisition program;
 - c. Forest Management: the total targeted financial threshold for the Forest Management program, less the total amount already assigned to Forest Management from the Seed 1 and 2 FCOR allocations;
 - d. Total Allocation: approximately \$2.0 million or about 40% of the total amount received from the fourth carbon offset payment, whichever is lesser.
- 4. Approximately 40% of the first three carbon offset payments would be directed to the FCOR and allocated to the three primary programs listed above. The total financial threshold directed to the FCOR from the first three carbon payments will be \$7.0 million. If the total amount of carbon revenue received from the first three payments exceeds \$17.5 million, then less than 40% will be assigned to the FCOR.
- 5. The targeted carbon revenue distributions listed above are recommendations and can be adjusted to meet specific FCOR program needs, goals or priorities, as determined by the Committee.
- 6. Carbon returns can be used to replace the net loss of stumpage revenue as a result of intentional forest management modifications that enhance climate resiliency or optimize carbon metrics. Such modifications will still be subject to compliance with County Forest Law (s.s. 28.11), as well as all valid planning documents that govern the management of the county forest.
- 7. The revenue accounts created for the FCOR will be non-lapsing. The FCOR will have an unencumbered cap of \$2.0 million. If, at the end of a calendar year, more than \$2.0 million in the FCOR has not been designated or assigned for a specific use, then the difference (overage) will be released to the COR.
- 8. Whenever possible, all COR funds should be managed in interest bearing accounts. All interest generated from COR accounts will be directed to the General Fund.
- 9. The FCOR will be managed by the Department, with funds allocated and administered as part of the annual budgetary process.
- 10. Additional COR funds can be requested as part of the normal budgetary process or when projects have been identified, where supplementary funding is required.
- 11. By the end of 2023, the Department will target the development of a priority list, implementation plan or similar analysis, for all three programs identified in the FCOR. The document(s) will incorporate items that have been categorized above to highlight the anticipated impacts on each of the respective programs, including identifying potential gaps or future needs. Short and long-term planning, as well as the development of associated budgets may be part of the process. Each document will be presented to the Committee and addressed accordingly. Some projects may also be identified within the Department's Annual Workplan and addressed accordingly.
- 12. Up to 3% of the carbon funds assigned to the FCOR may be reserved for project and/or program administration. An additional amount may be considered, especially if full-time staff is required, in part, to manage the additional workloads created through FCOR initiatives.
- 13. In CY 2025, the FCOR will be reviewed by the Forestry and Parks Administrator and County Administrator to determine effectiveness and future direction, with the results presented to the Committee. During the review process, goals and direction for the next 5-year period (CY 2026-2030) will be determined.
 - a. All long-term projects (e.g. five-year rec grant), that were previously established and funded through the FCOR and that have been determined to be successful, as determined by the Committee, in consultation with the County Administrator, will be prioritized and recommended for extension/continuation.

- b. If, after the review, the FCOR or a program within it, is recommended for termination, then the unspent, but encumbered revenue balance will be maintained in the associated non-lapsing account(s) until the projects are completed. All unassigned funds would be released to the COR.
- 14. A variety of factors have the potential to significantly influence annual net carbon revenue, including, but not limited to: the total volume of carbon credits produced annually; the price per credit (market) at the time of sale; the total number of carbon credits sold; the total volume of timber harvested (or other removals e.g. tree mortality) during the carbon project reporting period; and project management expenses.
 - a. The maximum amount of carbon funds assigned to the FCOR is capped within each Seed year. The level of funding directed to the FCOR will be influenced solely by the actual amount of carbon offset revenue received from each reporting period.
 - b. It should be noted that carbon credit revenue was not included in the 2022 or 2023 budgets.
 - c. If the total funding targets for each program are met within the first two payments, then a portion of carbon funds expected in 2025 could be unassigned and shifted to any FCOR project or priority.
- 15. Funds generated through the sale of carbon offsets, derived solely from the sustainable management of the Forest, present a unique, once in a generation type opportunity. An opportunity to establish progressive climate protocols, initiatives and direction, that have the potential to effectively address future needs and develop strategies that will better optimize the sustainable management of the Forest, both now and over the long-term. The FCOR is an investment in the future of Bayfield County.