An Evaluation of Corporate Perceptions of a Payment for Ecosystem Services Program in the McKenzie River Basin

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EXECUTIVE SUMMARY

This report presents the results of three business engagement focus groups conducted in March 2013. The primary purpose of the focus groups was to determine corporate interest in sponsoring payment for ecosystem service programs. A secondary purpose was to determine local business interest in supporting a voluntary incentive program for watershed services being developed by a local utility to protect source water quality. These focus groups are part of a larger research project analyzing the potential for utilities to act as local Payment for Ecosystem Services (PES) marketplace drivers. The research included three focus groups with a total of 17 business participants from the Eugene Springfield area.

Key Findings

The following key findings summarize the common themes and findings from the three focus groups with corporate representatives.

- Preexisting corporate sustainability practices and community involvement programs may be useful indicators for recruiting PES investors. Participants with strong sustainability programs appeared to be more receptive to investing in PES programs.

- Participants indicated being strongly motivated to invest in PES because of the ability to increase their corporation’s community involvement and provide benefit to the community as a whole.

- Corporation size and geographic reach are good indicators for the types of benefits potential corporate investors are interested in. For example, small corporations with a strictly local geographic reach were more highly motivated by purely monetary benefits (e.g., increases in gross revenue) than larger corporations with regional or national scope.

- Participants expressed the importance of education and public awareness components of PES programs.

- Participants that were able to make a direct connection between their product and water quality expressed a higher level of interest in labeling/branding of their products in relation to a PES program.

- Providing a menu of choices for corporations to determine their own level of investment, how they want to invest, and what benefits they receive in return will appeal to a broader range of corporations and give corporations an opportunity to build a unique program that works for their individual needs.

- Participants were more interested in a participatory investment approach; they saw higher participation as having more potential benefit to them as well as a way to be more involved in the program and the community.
Examples of participatory investment included: sponsoring events, investing through product and service giveaways, and volunteer hours.

- Participants thought that partnerships with other environmental, conservation, and state organizations and agencies working in the McKenzie River watershed would help to create a universal logo and program that is more recognizable to the community.

- Participants indicated that clearly defined opportunities and suggestions for how corporations can capitalize on their investment in PES would make the program more desirable.

- Participants recommended built in accountability through property evaluation, monitoring, and annual or semi-annual reporting.

**Implications for Corporate Engagement in PES Programs**

Based on the key findings from focus groups with corporate representatives and the resulting conceptual framework found in Chapter and 5 engaging corporations in PES programs will create the following potential implications:

- Increase the amount of available funding.

- Increase corporate involvement and relationships in the community.

- Increase public and corporation awareness and education about watershed health and other ecosystem services.

- Establish partnerships and build relationships between public utilities and corporations.

- Increase available opportunities for corporations to incorporate sustainability practices into their business practices.
CHAPTER 1: INTRODUCTION

This report presents the results of three business engagement focus groups conducted in March 2013. The primary purpose of the focus groups was to determine corporate interest in sponsoring payment for ecosystem service programs. A secondary purpose was to determine local business interest in supporting a voluntary incentive program for watershed services being developed by a local utility to protect source water quality. These focus groups are part of a larger research project analyzing the potential for utilities to act as local Payment for Ecosystem Services (PES) marketplace drivers. The research included three focus groups with a total of 17 business participants from the Eugene Springfield area.

Background

Interest is growing at the federal, state, and local level in programs that protect watershed health by offering incentives to landowners that restore or maintain their property in ways that benefit and preserve water quality and supply. Such programs recognize there is economic value to managing land in a way that protects environmental goods of public interest – such as water quality, native wildlife, or recreation opportunities. Referred to as payment for ecosystem services (PES), such programs have shown to be successful in a number of places in the United States. Notably, the City of Denver, Colorado has taken steps to establish PES markets to proactively protect the watershed that supplies their drinking water sources.

In 2011, Oregon State University (OSU) and the University of Oregon (UO) received a grant from the National Institute of Food and Agricultural (NIFA) to investigate how public water districts/utilities and corporations might provide sufficient funding and incentives to pay for ecosystem services. To facilitate research members of the OSU’s Institute for Natural Resources, University of Oregon’s Institute for a Sustainable Environment, and UO’s Community Planning Workshop, formed a joint team (referred to as the research team).

This report is part of a larger research project that investigated multiple elements regarding the potential role of utilities and corporations in local marketplace development. Methods for the larger research project include land use evaluation, participant observation, surveys of ratepayers and landowners, in-depth, semi-structured interviews with local, regional national/international business owners with a presence in the Willamette Valley, including Eugene; and focus groups with local businesses. This report focuses on the findings from the focus groups with local businesses.

For this portion of the larger research project the research team was interested in understanding if locally situated businesses—enterprises operating strictly in the local community or regional or national firms with a local presence—would be willing to pay for ecosystem services linked to water quality, providing viable additional sources of revenue for the long-term sustainability of small and medium-
sized farms and rural communities, and to explore the feasibility of instituting these models at different scales.

In March 2013, the Research Team conducted three businesses engagement focus groups. All three focus groups centered on learning about participants’ views and current engagement in sustainability activities and their willingness to participate in the Eugene Water & Electric Board (EWEB) Voluntary Incentives Program (VIP). Focus group discussions were based on current business sustainability practices, motivating factors to investment, what incentives would encourage businesses to invest in the VIP, and what types of barriers exist to investment.

**Organization of this Report**

The remainder of this report is organized as follows:

- **Chapter 2** presents the framework for the overall study, including an overview of payment for ecosystem services, and a more detailed discussion of the structure of this study.
- **Chapter 3** presents the purpose and methods used to conduct business focus groups.
- **Chapter 4** describes the three focus group discussions and the common themes that developed from the three discussions.
- **Chapter 5** describes the potential corporate framework based on the common themes of the focus groups and the landowner focus groups.

This study also contains the following appendices:

- **Appendix A**: Focus group recruitment and facilitation instruments.
- **Appendix B**: Pre-focus group program overview and questionnaire with business participant responses.
- **Appendix C**: Focus group structure and discussion questions.
CHAPTER 2: FRAMEWORK

This chapter describes the framework for thinking about innovative approaches to protect and improve ecosystems in Oregon and across the country, and why payment for ecosystem services, with EWEB’s voluntary incentive program (VIP) as a local example, may be a good option. It also describes the shift toward business sustainability and how PES may be able to add to business sustainability and help fund such programs, as business investment may be significantly underutilized and understudied as a funding mechanism for local PES programs. This chapter concludes by describing the rationale that underlines the research for this project.

Background

Payment for Ecosystem Services (PES) programs are a market based, non-regulatory strategy for protecting ecosystem health, for the purposes of this research we are focusing specifically on watershed health. The beneficial services provided by a healthy watershed such as flood control, water filtration, erosion control, recreation opportunities, and fish and wildlife habitat can to some degree be quantified and valued. Methods for valuing ecosystem services are really still evolving and there are difficulties associated with doing an economic valuation, typically they underestimate the true value and are rarely straightforward. Normally, financial incentives are offered to landowners in exchange for adopting land management and water use practices that protect watershed or ecosystem services. Protection of riparian habitat, reduction of non-point source pollution, and storage of flood waters are some examples of ecosystem services. Landowners who choose to participate in such a program are often referred to as providers, because through their protective or restorative actions, they are providing watershed services. Funding for watershed protection typically is generated by users of the ecosystem services (also called buyers) (Hickson, 2012).

Much of the attention surrounding PES has focused on the public sector and non-profit organizations; private sector investment in the form of businesses and corporations has received less attention (Waage, et al., 2007). Along these lines, there are a number of federal and state policies and programs – e.g.’ USDA Conservation Reserve Program (CRP), Conservation Reserve Enhancement Program (CREP), and Environmental Quality Incentives Program (EQIP) – that encourage producers to adopt ecologically beneficial practices on agricultural lands (Bernstein, Cooper, and Classen 2004; Wu and Lin 2010).

However, private sector interest in PES is growing, in part because of an emerging paradigm shift within the business community that seeks to reposition businesses within a broader social and environmental context (Waage, Armstrong, Hwang, & Bagstad, 2011). In addition, with businesses becoming more aware of potential resource scarcity businesses are coming to understand that environmental stewardship may be critical to ensuring their longevity and managing risk over time. Other potential benefits to businesses include, but are not limited to, regulatory compliance, cost savings, and creating a favorable relationship with the community.
The private sector also represents a crucial opportunity for investment in ecosystem services. The scale of investments available from the private sector is much greater than that of the public and voluntary sectors (Mulder, ten Kate, & Scherr, 2006; Waage, et al., 2007); also businesses have much to contribute in terms of expertise, networking, and innovation (Perrot-Maitre, 2006; Gutman & Davidson, 2007). With appropriate institutions and incentives, payments for ecosystem services hold the potential to add new revenue streams for producers while restoring ecosystem functions in a positive feedback loop (Zhang, Ricketts, Kremen, Carney, & Swinton, 2007; Parkhurst, et al., 2002; Goldman, Thompson, & Daily, 2007).

Eugene Water & Electric Board’s (EWEB) Voluntary Incentive Program\(^1\) is a local example of a PES program in development and was used in focus groups as a tangible example for discussion. EWEB’s VIP will pay participating private landowners for maintaining high quality riparian areas that provide ecosystem services to EWEB and its customers. Landowners whose properties are located within a defined boundary adjacent to the McKenzie River and its largest tributaries and contain high quality riparian areas could participate.

The initial VIP program boundary encompasses approximately 6,500 acres of riparian and floodplain lands. Boundaries were arrived at using a geographic information system (GIS) based model developed at Michigan Technological Institute.\(^2\) Criteria for healthy riparian forest comes from a combination of definitions used by Willamette National Forest, United States Department of Agriculture National Resource Conservation Service (NRCS), Defenders of Wildlife and other entities with established criteria. EWEB will launch the envisioned VIP with ratepayer funds. Potential sources of additional funding under consideration include business contributions, development mitigation fees, a watershed protection fee and other sources. Business focus groups focused on the feasibility of business contributions to the VIP.

EWEB envisions the development of a PES program (called VIP) that would make annual dividend payments to landowners who maintain riparian buffers within an identified stewardship boundary encompassing riparian forests and floodplains. Participation in the VIP is open to non-industrial private landowners, local governments, and non-profit organizations that own land with a designated boundary. The program is currently in a conceptual state; EWEB’s intent is to implement the VIP in 2014.

EWEB’s approach is to reward good land stewards that maintain high quality riparian buffers to ensure that these landowners continue these practices. This

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1 http://www.eweb.org/sourceprotection/vip
differs from other programs, such as NRCS’s Environmental Quality Incentives Program (EQIP), which offer incentives to landowners with degraded land to restore their properties to an improved condition. Instead, EWEB has chosen to reward landowners already protecting land that contributes to maintaining water quality as an ecosystem service. In doing so, EWEB can maintain both ecosystem and community resilience, which in turn provide opportunities for cost savings and PES marketplace development.

**Rationale**

The rationale for the bigger picture NIFA research project is to contribute to a better understanding of the potential for public utilities to participate in PES schemes, which is currently a little-explored subject in the scholarly literature. In practice, PES programs are just beginning to be investigated by isolated utilities around the country. However, PES programs have risen to prominence in select locations, such as Denver, Colorado (Toombs, Goldstein, Hanson, Robinson-Maness, & Fankhauser, 2011) and New York City (Goldman, Thompson, & Daily, 2007), as a means to proactively address growing concerns around the relationship between watershed land stewardship and water quality, especially in the context of drinking water resources.

Widespread business investment in PES could be transformative; it could effectively shift the discussion of environmental initiatives from isolated, discrete actions to cumulative, system wide approaches (Waage, Hwang, & Armstrong, The Quiet (R)Evolution in Expectations of Corporate Environmental Performance: Emerging Trends in the Uptake of Ecosystem Services, 2012). The focus groups with businesses in the Eugene and Springfield area seek to gain perspectives from a variety of business representatives ranging in geographic scale and business type.

In order to gain insight into PES programs, business representatives were asked about their current sustainability practices, potential level of interest in PES programs, recommendations for benefits that would make PES programs more attractive to them and potential barriers to their investment in such programs.
CHAPTER 3: FOCUS GROUP PROCESS

This chapter describes the purpose and methods used to conduct the focus group meetings. It describes methods the Research Team used to recruit participants as well as the structure of the focus group meetings.

Purpose

The purpose of the focus groups was to determine local business interest in PES programs such as the VIP and what sorts of incentives would encourage corporate investment. Specifically, the research objectives were to:

1. Determine local business interest in PES programs.
2. Identify incentives such as acknowledgements or other benefits that would promote a range of different business types and levels of geographic reach (local, regional, national) to participate in PES programs.
3. Understand motivating factors behind investment in PES programs.
4. Identify barriers or constraints that would hinder different types and scales of businesses to participate in PES programs.

Methods

The methods used to conduct focus groups are divided into the business recruitment process and focus group structure.

Business recruitment

To recruit businesses to participate in focus groups the research team first compiled a list of businesses based on local knowledge, participation in Green Lane Sustainability Network, history of support for the McKenzie River watershed, reliance on high water quality to develop products, and recommendations from the research team’s business network. Green Lane Sustainable Business Network is a membership organization focused on education, resources, networking, and marketing for sustainability. Green Lane’s mission is to help organizations be more sustainable. This list of businesses was then categorized based on the type of business and ranked on priority for recruitment based on current sustainability efforts, their local, national, or regional presence, their water use, and their reliance on high water quality. Businesses were dived into the following 17 business categories:
Each of the 17 categories of businesses were given first, second, and third tier contact priority based on current sustainability practices, business scale (local, regional, or national), and quality of contact information. The goal of the prioritization process was to contact a range of business types that would potentially have an interest in PES programs. This included a variety of business types (see categories listed above) and sizes, as well as businesses representing a range of interests in sustainability practices. Each business category had between three and eight first priority businesses. In order to contact and invite a range of businesses the first priority businesses were contacted first and as time and resources allowed the second and third priority businesses were contacted.

Businesses were contacted via phone and email. On initial contact businesses were given a brief explanation of the project and were asked if they would like to participate in a focus group. A one page invitation was emailed to all businesses contacted with an email address. See Appendix A for invitation and phone and email scripts. All businesses were followed up with several times to ensure that they were given ample opportunity to participate in one of the focus groups.

Focus group structure

Focus group participants were emailed a program overview and a questionnaire prior to the focus group. The questionnaire was structured to give the research team some basic information about the type and geographic scale of businesses that participated in focus groups. See Appendix B for program overview and questions and participant answers to the questionnaire. At the beginning of each focus group participants were provided a brief in person overview of PES and specifically the VIP program.

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3 A back office is a part of most corporations where tasks dedicated to running the company itself takes place. Back offices may be located somewhere other than company headquarters. Examples of back office tasks include information technology departments that keep the phones and computers running, accounting, human resources, administrative functions, order management, operations support, and customer support call centers.
During each focus group participants were first asked about their businesses current sustainability activities and how these activities fit into their core business mission and goals. Participants were also asked what parts of the PES concept would motivate them to participate in this type of program. This question was followed by participant ideas for additions or concepts that would make PES a more attractive investment for their business. Participants were asked about whether or not the geographic scale of PES programs was important to them, their feelings about an additional watershed protection fee, and other potential barriers to investment in PES. See Appendix D for focus group structure.
CHAPTER 4: FINDINGS

This chapter presents a summary of the three business focus groups with a total of 17 participants conducted in March 2013. This chapter describes participating business characteristics, the key findings from each of the three focus groups, and a summary of the common themes.

Characteristics of Business Participants

This section describes the characteristics of the businesses that were represented in focus groups. This group of 17 businesses was not intended to be representative of all Eugene-Springfield area businesses. This is a small subset of the population that is used to gauge general interest and obtain feedback for PES programs. A concerted effort was made to reach a diverse group of businesses; however, the information cannot be used to generalize the opinions of the business population of the Eugene-Springfield area. Rather, the information serves to highlight the range of issues businesses might have with investing in PES.

The Research Team administered a pre-focus group questionnaire to participants that included questions about the type and geographic scale of their business as well as the sustainability culture in their industry and whether their business had a sustainability champion or director. Eight businesses identified their business as retail, two identified as service, and two identified themselves as a combination of retail and service. The remaining three businesses identified themselves as either distribution/production or lodging.

Fourteen of the 17 participating businesses identified themselves as having a culture of sustainability in their industries. The other three responses varied from a minimal to mixed sustainability culture. Nine businesses responded that they have a sustainability champion/director; seven said they do not have one, and one business said their entire staff acts as sustainability champions.

The participating businesses ranged in size, with the number of employees ranging pretty evenly from six to fifteen employees to more than 80 employees. Only two businesses identified as having five employees or less. Ten of the businesses (59 percent) identified as only having a local component to their business model. None of the businesses identified as having only a national or multinational component. See Appendix B for questions and answers from the questionnaire.

Findings

Findings are presented separately for each of the three focus groups. This is followed by the common themes that were present throughout all of the focus groups.
Focus group 1

Sustainability practices

All participants identified some level of sustainability practices in their current business practices. Sustainability practices included recycling, choosing to purchase green power, purchasing energy efficient equipment, and partnerships with environmental organizations and state agencies to implement monitoring, restoration, and mitigation projects. All businesses identified the importance of sustainability to the local community.

Participation

Participants indicated several reasons for their potential participation in a PES program. All participants indicated the importance of being involved in the community and supporting community partnerships. The majority of participants said they could use their participation and investment in PES as a marketing tool to leverage potential customers. One product-driven business said they could potentially use their investment as a way to leverage customers that might not otherwise be interested in their product because it is not organic. One participant representing a product driven business stated:

“We’ve never been able to say we’re organic or sustainable but this program could be a way of addressing questions about sustainability...important with organic competitors right around the corner.”

In order to use their participation in PES as a marketing tool, participants identified the need for the program to fit their core business values and mission. All businesses agreed about the importance of choosing community partners that share their values and have a similar mission to their business.

One small, local, service-focused business was primarily interested in receiving monetary benefits for investing in PES and suggested offering a tax credit.

Benefits to Business

All participants agreed their potential investment in a PES program would be a means to market their products or services as more sustainable or community oriented. The majority of business from product to service-driven and local to national agreed that there was potential for their investment in a PES program to have long term benefits on building their customer base.

Increasing program attractiveness

All participants identified the need to understand why this program is important to the community and why companies should pick this program to invest in over others. In order to understand the importance businesses would like information marketed to them based on how this program fits into their company mission and core values as well as the core values of the community. One participant described this as follows:
“I would want information marketed to me as an organization about what we do and why we should support it, not numbers in terms of ROI [return on investment], but tangible benefit.”

Businesses with core sustainability practices and values would like to be able to add their participation in a PES program into their sustainability practices and company mission. For businesses to be able to make this connection they need to understand the tangible benefits of this program. Participants identified two primary tangible benefits: long term benefits to local community and monetary benefits for participating businesses. Businesses with a regional and national scale were less interested in labeling of their products and services and monetary benefits and more interested in the long term benefits to the community and creating a tie between their business and the local community.

All participants endorsed the idea of being able to participate at different levels. Businesses identified the different levels of investment as including not only monetary investments but also product or service giveaways and discounts. All businesses agreed that having different levels of support and different methods of support will enable more businesses to participate. Methods of support included direct monetary investment and product and service discounts and giveaways. One retail business stated:

“I would like to see what creative ways we could help bring awareness to this: giveaways, raffles, etc. to leverage other funds.”

Service industries or companies with memberships suggested providing an option for their guests or customers to be able to opt in or out of investment in PES. For example when a customers or member shops or buys a membership from a business they would have a choice to pay more in order to add funds for the business to invest in PES.

Participants expressed that with different methods and levels of investment it will be imperative to have a calculation method to determine the return on investment. All participants agreed that it was important to have a return on investment that felt equal to what they put in.

All participants recommended having an annual or semiannual reporting process showing in a very straightforward way what the program goals were, how those goals were met or worked towards, and how business investments helped to reach those goals and/or go above and beyond them. Participants also expressed the importance of understanding the full program including how the funds are being used, who are receiving the benefits, and what the benefiting properties look like. One participant expressed the importance of understanding what businesses were investing in as follows:

“How many miles or landowners are benefiting? What has been going on on those properties? Is it a bunch of old school landowners who have been doing nothing? Are we paying them to continue to do nothing?”
Labeling

Regional and national businesses were not as concerned with having a labeling scheme for their products and services. However, all businesses including the regional and national businesses recognized that a universal, recognizable logo was necessary in order to effectively benefit participating businesses. Having this type of universal and recognizable logo requires a substantial marketing strategy that creates a general level of education and awareness throughout the community.

Business participants recommended the marketing strategy and labeling effort emphasize the local aspect of the program as well as how it benefits the community as a whole and the benefits to the quality of the entire watershed rather than as small components like drinking water. According to businesses this type of strategy will appeal to a broader community audience. One participant representing a retail business said:

“Has to include other elements, drinking water is great but has to be broader to appeal to [our] customers.”

Geographic scope

Participants in this focus group representing regional and national companies said the geographic scope is not as important to them. For businesses that have more of a local focus, the local geography is very important. Local businesses were not opposed to having a bigger outreach and said it could potentially be better to have a more widely recognizable program but in reality the majority of their customers are from the local area. As the customer base extends beyond the local community it becomes so widespread they were not sure of the effectiveness unless it is associated with a nationally recognizable name.

Watershed protection fee

With the exception of businesses with the largest geographic reach, all businesses expressed more hesitancy in potential PES investment when presented with the potential for a watershed protection fee on top of their voluntary investment in a PES program. Participants expressed the desire to better understand the difference between the watershed protection fee and investing in a PES program.

Barriers

Two main barriers were identified: (1) the need for monitoring landowners, and (2) recognition for even the smallest investors. Businesses expressed concern that without monitoring in place landowners would receive benefits without holding up their part of the agreement.

Small, local businesses were concerned that they would not be recognized because they aren’t able to invest as much as larger businesses with more funds available. One participant explicitly said seeing a small business name in the middle of a list of a bunch of other business would not be beneficial. Finding ways to call out individual businesses, large and small would be more imperative to encouraging business investment.
Focus group 2

Sustainability practices

All of the participants in the second focus group have sustainability practices as part of their current business strategy and core values. Some of these strategies were the same from business to business and included recycling, reusing, and composting, participation in Bring’s ReThink program, purchase of green power, and support of local and national social and environmental organizations and programs through monetary support or product and gift certificate donations.

Four business participants with local and regional focus identified sustainability as being built into their whole business plan encompassing everything from water and energy consumption, materials used, partnerships, and suppliers. All four of these businesses expressed their interest in reducing their consumption and keeping their footprint small. Two of these four businesses have installed solar panels at their businesses.

Other ways that these businesses incorporate sustainability into their business is through providing benefits to employees that bike, walk or carpool to work and paying employee wages to volunteer up to 16 hours a year with community organizations.

Participation

Participants stated several motivating factors for potential investment in PES. Reasons ranged from the necessity of clean drinking water, potential for a marketing tool that is in alignment with owners, employees, and customers’ personal values, and water quality matters for the product they create. Several regional and national businesses identified the importance of being involved in the community, one participant representing a national business said:

“[Eugene is] the one location where we can prove face to face what we stand for. Eugene is a tiny part of what we do, but the one place where we can prove it.”

Several participants thought this program has the potential to create a more direct link to businesses that is not present in the green power program. One suggestion that businesses identified was an annual McKenzie River Celebration or music festival with sponsors directly participating.

Benefit to Businesses

The main benefit identified by business participants was to create spot advertisements similar to Eugene Weekly’s Happening Businesses. One local business said that they had a lot of past success with these types of stories about their business. The stories would be about the business and how they are participating and investing in the program. This was expressed by a participant representing a local restaurant:

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4 http://www.bringrecycling.org/home/brg/smartlist_57/rethink_business.html
“People love a story, pictures, seeing people who own the business. You could run a story with us by the river. Eugene Weekly does Happening Businesses, spot advertisements seem to be really effective.”

**Increasing program attractiveness**

There was a lot of support for figuring out a way for the PES program to partner up with other national programs like LEED so that businesses would be able to double down on their investment. One local participant said:

“The LEED name is recognizable for folks from here to Spokane, it resonates with people.”

The majority of participants recommended having a cost benefit analysis of the program so that business investors are able to see where their investment is going and how it is benefiting the community, the watershed, and their business.

All businesses said that different levels of participation were a necessity. One recommendation was to have a standard small investment as the jump off point and steps up from there for businesses that want to invest at a higher level. With the higher investment, businesses would be eligible for more and varied benefits. Participants said program benefits would be most effective if the business gets to choose which benefits would be the most effective for their particular business.

Discounting or giving away product would be much easier for many focus group participants because as a business you aren’t just getting a label but a potential new customer and is economically more feasible. One participant representing a service focused business said:

“Get us in somebody’s door to a potential customer…guarantee the vote is no today for another charitable donation, but handing out more gift certificates or discounts for participants, I can do off my desk.”

According to participants product and service giveaways and tapping into employer paid volunteer hours is a more participatory approach and has more potential to increase the businesses customer base.

All businesses thought that there should be lines between corporate sponsors and small businesses, partners, and allies. This is a way to create transparency in who is participating and how. Customers and ratepayers would know which businesses are investing and how.

**Labeling**

In order for labeling to be effective it would have to be something that is recognizable to the community and the community understands what it stands for. One participant recommended a way to implement this would be to encompass all the smaller organizations that are benefiting the McKenzie River watershed—something like the United Way of the McKenzie River Watershed. This would create a universally recognizable label rather than a bunch of smaller labels that don’t have much meaning to the community.
Geographic scope

Small, local businesses would be less likely to participate if the program were at a larger geographic scale. This is stated very concisely by a focus group participant:

“If we have to choose we would do a local program over a larger generic program.”

Participants representing businesses with a regional and national presence said the geographic scale would not matter as much. If the larger geographic scope created a more recognizable name it may hold more weight for businesses with a regional or national presence or distribution of product.

Watershed protection fee

When participants were asked if their participation in a PES program would be affected by an additional watershed protection fee on top of their existing bill all businesses said it would be like a double whammy regardless of how small the fee might be.

“If businesses are already contributing through surcharge, need something that promotes and explains why businesses are being asked to contribute extra.”

One participant suggested that businesses that invest in the PES program automatically have the watershed protection fee waived from their bill. This would mitigate the feeling that businesses are getting hit twice for the same purpose.

Barriers

All participants said it is difficult to decide which organizations to contribute to and who not to contribute to. This can be attributed to the quantity of requests for donations every business is faced with on a daily basis. According to participants it is rarely an easy decision to contribute to one organization or program over another.

Several businesses brought up the concept of green washing (green marketing deceptively used to promote the perception that an organization’s aims and policies are environmentally friendly) being present everywhere. One small business owner expressed concern that businesses could potentially use the VIP as a form of green washing. Most of the other participating businesses said this was a non-issue and that for the program to be successful it would need some of these larger sponsors that are not necessarily environmentally friendly but have the need to offset some of the damage they do. Having these businesses invest in the program has the potential to be a win-win situation. One local product driven business brought up the fact that many environmental initiatives start small with local businesses and organizations doing the right thing and soon large corporations are on board which can bring more awareness and broader support to the program.

Another potential barrier was customer and ratepayer understanding of PES. Participants expressed concern that if individual customers are assessed a watershed protection fee they may not understand that businesses are investing
above and beyond those same fees. Ratepayers may think they are also investors because they also pay a fee. In order for businesses to receive some benefits from their investments in the PES program it is important for the community to be educated and aware of the program and that business investments in PES are voluntary and are on a larger scale than the standard involuntary watershed protection fee.

One participant brought up the concern that there are antagonists to just about every program and as part of developing this program participants must think about who the antagonists to this program will be. This was not brought up as a reason to not participate but more as something to be aware of as the program is developed.

**Focus group 3**

**Sustainability practices**

Of the three focus groups, Group 3 was the most diverse in their business sustainability practices and values. All businesses identified recycling, reusing, and repurposing products as being important to their companies when thinking about production, distribution, and waste generation. Two businesses expressed the desire to use more environmentally friendly reusable materials but the materials are not available. None of the businesses have developed a formal sustainability program; however, four of the businesses said it underlies most of their decisions. Several participants said that due to the nature of their business they attract employees that are concerned about sustainability and bring their personal values into business practices.

Several businesses identified the desire to use the most environmentally friendly sustainable products available; however, doing so is sometimes at odds with meeting market demands and turning a profit. This requires decisions about sustainability and environmental issues made on a decision by decision basis and not necessarily as standard operating procedures. In this respect most of the businesses that participated in this focus group were self-identified as more reactive than proactive when it comes to sustainability practices.

Participants in this focus group incorporated the following sustainability practices into their business operations and physical plant: a bioswale, reuse of graywater, local deliveries by bicycle, distribution only within the Northwest, and partnerships and investments to environmental organizations. Participants also identified the desire to partner with and buy products from companies and organizations with missions and goals similar to their own.

**Participation**

Several firms—from small local retail businesses to regional businesses with both a retail and service component—said the PES would probably not be a priority for investment. These businesses explained this was because they did not see a direct connection between PES programs and their business.
Most of the participants that expressed interest in participating did so because they are dependent on high water quality and the program fits with their business mission and the personal values of employees and business owners. One participant said if they were to participate it would be purely a feel good donation project to involve themselves in the community and would not be based on water quality or other environmental factors.

Benefits to Businesses

One business with a specific product that could be easily labeled with a PES or environmental logo was interested in labeling of their products. Two other product driven businesses with just as easily labeled products said they did not see how product labeling would benefit their business. This lack of interest seemed to be because these participants did not see the connection between PES and their products.

Most of the participants said that having a story come out in the local newspaper or EWEB newsletter telling the story of the program and the recognizing business investors was more attractive than labeling and would be more beneficial to their business. This difference between labeling of products and advertisements in the form of business stories as expressed by a participant:

“Every time I see an emblem I need to research it. But when you show me a story, I can go right there and look at it.”

Increasing program attractiveness

All of the participating businesses expressed the importance of a well-developed plan for the watershed that showed how the money was spent; e.g., landowner accountability, monitoring, and evaluation. A couple businesses thought that a project by project program would be more tangible and effective than a general fund. This was explained as a preference for solicitation of funds for particular projects. This preference seems to stem from participants being more comfortable and familiar with restoration and watershed projects and lacked an understanding of how PES funds would be used and distributed.

Several of the businesses wanted a more participatory approach, not just a label or a sticker in the window. Participants said a participatory approach that gets customers into their stores or purchasing their products and services would be more attractive. Businesses were not able to describe more clearly what this participatory approach would look like, only that stickers and other labels were very passive and not that desirable. The preference for a more participatory approach as described by a participant representing a local retail business:

“Not just by putting a label on something, that’s so passive. We have to be involved beyond a sticker in the window.”

There was a strong consensus among participants that there should be an education component to the PES program. Participants recommended that the PES program should bring attention to where our water comes from and why that is of importance to the entire community. Participants thought that this type of awareness could lead to political clout and a broader public awareness.
Labeling

There was no real consensus on labeling. All businesses except for one seemed indifferent but said labeling should be available for those that want it.

Geographic scope

According to participants the geographic scope of the project becomes more important as the amount of investment increases. If businesses invest more it is more important that the program has a local focus. Participants agreed that the program loses some of its clarity as the geographic scope expands. Several businesses have customers at a regional level and thought it would be beneficial to have something that was recognizable at a regional level but said if the program gets too broad for example on the scale of the Columbia River, the program loses its appeal.

Watershed protection fee

We did not have a chance to discuss the idea of an additional watershed protection fee.

Barriers

There was some concern from participants that a PES program would be expensive to implement; and there was some uncertainty whether that expense would be a worthwhile investment for the watershed, the investors in the program, and rate paying customers.

One participant suggested that businesses, customers, and rate payers may perceive EWEB as not necessarily being the right organization to filter funds for watershed protection. One participant expressed concern that EWEB is also a power provider, and there is some disapproval among some of their customers right now regarding EWEB’s perceived lack of transparency regarding recent power rate increases.

One participant was concerned that this program was paying people to maintain property when they should be doing it anyway.

One participant who is also a property owner on the McKenzie River said that landowners in the McKenzie River area are there because they don’t want to participate and be told what to do. According to this participant if that’s the case, this program may have difficulty getting landowners to participate. It should be noted that, based on a landowner survey that is a part of this project (Community Planning Workshop, 2013), there is, in fact, landowner interest in voluntary participation.

Common themes

Current sustainability practices

All focus group participants identified some level of sustainability practices currently in place within their business. Businesses with the least amount of
current sustainability practices still recycle and are conscious of sustainability principles and environmental concerns when making daily decisions.

Other participants identified a stronger engagement with sustainability that included supporting environmental organizations through donations, discounts, and gift certificates as well as participating in Bring’s ReThink program, purchasing green power, and paying particular attention to the sustainability activities of vendors in their supply chain. The businesses with the strongest commitment to sustainability have purchased solar panels for their businesses; created bioswales on their property; provide benefits to their employees for walking, biking, and carpooling to work; and pay their employees for up to 16 volunteer hours for community service per year.

**Participation**

All focus group businesses agreed that their VIP participation would be motivated by their desire to be involved and have a positive impact in the community. Most businesses also recognized the ability to use the program as a marketing tool to make their businesses attractive to potential customers on the periphery of their existing customer base or those that are particularly motivated by environmental issues. The majority of firms also recognized the opportunity to use the PES program as a method to incorporate more sustainability practices into their businesses.

For some small, local businesses, the motivation for participation was mostly monetary. These businesses said they would probably not be able to justify investing in a PES program unless there was a monetary benefit for their business. These participants said they would need to be able to capitalize on the value of the program and they were still unclear on if and how that would be possible for their businesses.

There were two businesses—one local service oriented business and one regional business with a retail and a service component—that said, if they chose to participate in a PES program, it would be solely for feel good, donation and community involvement purposes and not for environmental or sustainability aspects of the program.

**Benefits**

All participating businesses saw the potential benefit of investing in a PES program if the return for investment included spot advertisements telling the story of their businesses and how and why they were participating in the program. Businesses regarded this as a way of creating community awareness and education about the program as well as a way to build their customer base.

Businesses with specific branded products were split about whether labeling would be beneficial. Wineries and breweries thought being able to label their products as indicating investment in a PES program would be beneficial. Other similar businesses with branded products did not think labeling would be beneficial for their business or were not certain about the benefit.
Increasing program attractiveness

Having a menu of choices appears to be essential to attract business investment in the PES.

There was a strong consensus from participants that they wanted to be presented with a well-developed PES plan that identifies who will be benefiting from the program; why they should participate; the connection between the PES program and their business; how the program fits into their business mission and values; the tangible benefits for their business, the community, and the environment; and a plan for continual monitoring and evaluation.

The majority of participants also wanted to see a cost benefit analysis of the program so that they could see that the program made sense economically. Participants expressed interest in seeing the costs to their business as well as the cost of implementing the entire program in relation to the benefits to businesses, the community, and the environment.

The majority of businesses expressed interest in having a more participatory approach to investing in the program. Many of the businesses said they would be more likely and able to participate through product and service giveaways and donation of labor hours than though a strictly monetary investment.

Most participants recommended having different levels of investment as well as a variety of investment options available to business investors. Participants agreed having options would encourage and allow for a broader range of business investment. Suggestions for different investment options included product or service giveaways, donation of employee labor hours, discounts, and offering guests or customers the choice to opt in or opt out of the program. In this way business are able to decide what works the best for their particular business.

Along these same lines participants recommended a smorgasbord of benefits available for businesses to choose from. The more businesses invest in the program the more benefits they are able to choose from. Benefits mentioned by participants included: spot advertisements, stories in local newspapers about their business and their voluntary investment in PES, and labeling of products indicating their investment in PES.

Giving businesses choices of how much to invest, different methods of investment, and types of benefits enables them to customize their participation so that it works for their particular business.

Labeling

There was not much consensus on how beneficial labeling of products or having logos in business windows would be but most businesses said that it should be one of the options available. The labeling brand should emphasize the local aspect and benefits to the whole watershed. Participants thought that emphasizing the whole watershed was the best way to appeal to a broad audience. Another recommendation was to partner the PES program with other McKenzie River
watershed environmental groups such as the local watershed council to create a universal logo that is more recognizable to the community.

Geographic Scope

Overall, those participating in the focus groups indicated that a local program would be most attractive to area businesses.

Regional and national businesses did not express the same importance on the geographic scope as local businesses. Most of the representatives from regional and national businesses said the more recognizable the program was the better and something on a larger geographic scale would potentially benefit their business more. One participant from a regional business said they thought the program would lose some of its clarity at a larger geographic scale. On the other hand, at least one national business indicated significant interest in such a program as their business model emphasizes local partnerships and participation.

Focus group participants from local businesses indicated they would be less likely to participate if the program were at a larger geographic scale. Most of the participants from local businesses said their customers are primarily members of the immediate community and their businesses would benefit the most from a smaller, more local geographic program scale.

Watershed protection fee

The majority of participants, except for one representative from a national business, thought that participating in a PES program and having to pay a watershed protection fee, no matter how small, would feel like a “double whammy” (e.g., that they were paying twice—once for the watershed fee and once as a corporate contribution) to their businesses. Several participants recommended that businesses choosing to participate in the PES program automatically have the watershed protection fee waived. Most businesses agreed this would be a way to mitigate the feeling of being charged twice for the same purpose.

Barriers

Businesses identified a variety of barriers, the most common being the larger investors potentially overshadowing the smaller investors. Businesses recognized the need for an education component to the program so that the community is aware of the program goals and how the program is different than their potential watershed protection fee. Participants also identified the difficulty that they already have in choosing certain organizations and programs to donate to over others and several participants expressed interest in understanding how investment in PES is different than just a simple donation. This program will be thrown into the mix for potential investment or donation and it will be extremely important to identify why businesses should invest in this program rather than other programs and organizations.

Participants mentioned several times that there is a tendency with the push for green products and services for companies and programs to participate in green washing. As this becomes more common programs such as PES will have to be
extra transparent and clear what the goals of the program are and how it is much more than just a marketing strategy.

Several participants also identified the market downturn leading to their businesses having fewer funds available for donations. This led to many of the discussions over having different investment levels and options including product and service giveaways that are often more economically feasible for businesses.

In all focus groups participants brought up the fact the some businesses do not have customers that are swayed by environmental issues. Participants that expressed this concern were not sure how they could capitalize on the value of the PES program.
CHAPTER 5: CONCEPTUAL CORPORATE FRAMEWORK

This conceptual corporate framework presented in this chapter is based on the findings from the business engagement focus groups as well as landowner surveys and focus groups that were conducted as part of the larger research project and landowner focus groups that were conducted concurrently. The intention is to provide examples and a broad framework for building a business investment framework for a PES program. Specific details of building an actual PES program that incorporates business investment will have to be decided upon based on the community and the types of businesses the program is trying to engage.

The conceptual framework is divided into three components: (1) marketing strategy, (2) program implementation, and (3) business investment. Business investment is further broken down into: levels of investment, methods of investment, and benefits to businesses.

Marketing Strategy

To appeal to different types of businesses at a variety of geographic scales with unique missions and goals it is important to market PES programs as having a three-fold benefit to businesses; ability to increase business sustainability practices, increase businesses social impact and community involvement, and highlight tangible benefits investing in the PES program.

Investments in PES programs are a way that businesses can increase their level of participation in sustainable business practices. This is important to businesses that have sustainability and environmental missions and goals built into their business plan. As businesses become more aware of potential resource scarcity an increasing number of businesses are building various sustainability practices into their business plans. It is also important to some businesses to be able to see a direct tie to the ecosystem service they are investing in. For example local breweries are able to draw a direct connection between the quality of their product and the quality of the water they are using to produce their product.

Investments in PES programs are also a way that businesses can increase the social aspect of their business and their involvement in the community. This concept appealed to the majority of business representatives across geographic scales and types of businesses. Most businesses identified community involvement and other social programs as being important to their business mission and goals. National businesses saw PES and other locally based programs as venues where they are able to really show what their business stands for and create community awareness. Local business representatives saw the benefit because most of the business owners, employees, and their customers are all a part of the local community. Based on local business and national business perspectives it is important to identify the benefits to the local community.
For all businesses it is important to see the tangible benefits of the program and understand what their business is getting out investing in PES. Businesses identified four main benefits that would appeal to them: ability to use PES investment as a marketing tool, potential to build customer base, direct monetary benefits, and benefits to the local community. Examples of these benefits will be discussed in Benefits to business investors.

**Implementation**

All business representatives expressed a desire to thoroughly understand the PES program they would be investing in and recommended PES programs having certain components, including monitoring of participating landowner properties and reports on achievement of transparent goals and objectives.

**Property evaluation**

Landowner property evaluation strategies and descriptions should be transparent and accessible to businesses. The majority of business representatives requested a thorough description of which properties qualify and why. Several business representatives thought pictures of eligible properties would be helpful in understanding exactly what they are investing in. Business representatives also stressed the importance of understanding what properties are not eligible and what these properties look like in comparison to eligible properties. To ensure transparency in the evaluation process potential investors should have access to the evaluation criteria for landowner property. Potential investors should also be provided with descriptions and examples of properties that are not eligible. For example most businesses were relieved to hear that industrial forest landowners were not an eligible recipient. Other possibilities in addition to pictures are videos and site visits to the area.

**Monitoring**

Business representatives expressed the importance of a monitoring program that continually evaluates properties that are receiving benefits from PES programs. This was an important feature during the course of the program so that investors are reassured that landowners are being held. This was also an important feature that would encourage businesses to continue to invest in the PES program.

**Reporting**

Many businesses indicated that some sort of regular reporting on program progress was important to understanding how their investment makes a difference and would likely influence their decision to continue their investment. Quantifying program activities and relating them to program goals and objectives is a piece of this reporting. Miles of stream with quality riparian habitat or acres of floodplain or riparian forest land being protected are examples of metrics to track. Reporting could also incorporate photo monitoring to show how the properties look over time.
Business Investment

In order for a variety of business types ranging in size and economic ability to invest it is imperative for PES programs to offer an investment regime that can be tailored to individual business preferences. The three components of PES programs that were of particular importance to business representatives were levels of investment, a variety of methods of investment, and a variety of benefits that investors are able to choose from.

Levels of investment

The levels of investment would be based on the monetary value that businesses invest in the PES program. The variety of businesses being targeted for investment may determine how many levels of investment would be most effective for the PES program. To ensure the greatest success, we recommend that the PES program offer small, local businesses a level of participation that works for them while still providing something in return that they see as beneficial to their business. We also recommend offering ample incentives to encourage larger, national businesses to invest at higher levels. Due to this difference the levels of investment should correspond directly to the amount of benefits that businesses are offered in return for their investment.

Potential levels of investment could be basic tiers like bronze, silver, and gold or could be based on an adoption scheme. For example the lowest level of investment might allow the business to adopt one acre of riparian area while the higher levels of investment might be 100 acres or more of riparian area. It might also be possible to partner business investors with particular landowners. For example one business or maybe a group of businesses could adopt one landowner. This has the potential to create partnerships and a sense of community between the urban area where most of the businesses are located and the more rural upper regions of the watershed where most of the landowners with riparian forest are located.

Methods of investment

Potential business investors expressed interest in non-monetary methods of investing in PES. Business representatives said that this is generally more economically feasible for their businesses, usually requires less red tape, creates more of an opportunity to build their customer base, and results in a more participatory approach that gets them involved in the community and the community more aware of their presence. Potential landowner beneficiaries of the program expressed a similar desire to be offered a variety of non-monetary benefits.

Some methods of investment that came up in both business focus groups and landowner surveys include:

- Provide monetary investment
- Discount products and services for participating landowners
- Giveaway products or services to participating landowners
- Sponsoring community event(s)
- Donating employee volunteer hours to landowners
• Providing customers an option to opt in or out through paying more for membership or services

Monetary investment was not popular among business representatives or landowners but as a simple way for some businesses to participate this should still be offered as a type of investment. The money invested could be used to fund the administrative and infrastructure costs of a PES program.

This list of methods of investment is not comprehensive and potential investors should be given the opportunity to offer other methods of investment that meet their business investment capabilities.

**Benefits to Businesses**

Business representatives all expressed varying levels of interest in the types of benefits that came up in focus group discussion. Some participants representing product-oriented businesses said they would be interested in environmental labeling of their products while others were not interested in labeling their products. It is because of these types of differences and businesses with different customer bases that it is important to give business investors the opportunity to select benefits that fit their business needs. Potential benefits for business investors to choose from include:

• Environmental labeling (includes products, services, and place of business)
• Spot advertisements (for example individual business stories in local newspapers)
• Business logos and advertisements on utility newsletters, descriptions of the program, and local events
• Potential partnership with LEED certification programs

Again, these benefits are not comprehensive and should be revisited based on the businesses that are investing in the PES program. What is especially important is that the benefits to business investors correlate to their investment level and a menu of options are available. Business representatives wanted more and varied benefits as they invested more in the program. For example if a business invested at the lowest level they would get to choose one benefit and as they invest more in the program they are offered additional benefits with the highest investors being offered the most benefits. Also of importance is that the business investors get to choose the benefit(s) they are receiving in return for this investment.
REFERENCES


Recruitment phone script

**No contact person identified**

Hi my name is _________________. I am calling from the Community Planning Workshop at the University of Oregon. We are reaching out to local and national businesses with a local presence to learn more about business perceptions of the values for healthy water and watersheds. Would you be able to put me in touch with someone at your business (manager/owner/sustainability coordinator) that might be interested in talking with me and perhaps getting more involved in this project?

**Contact person identified**

Hi my name is _________________. I am calling from the Community Planning Workshop at the University of Oregon. I was referred to you by _______________ who thought you might be interested in a project I am working on. The project is related to reaching out to local and national businesses with a local presence to learn more about local business values for healthy water and watersheds. Is this a good time to talk, or can I contact you at a better time to talk more about the project and how you can get involved?

**Setting up an informational meeting time:**

- Date
- Time
- Best contact method
- Estimate of time (plan for 10-15 minutes)
- Give my contact information (listed below)

**Informational Meeting**

The purpose of the information meeting is to talk briefly about the project (see description) and how it will benefit the business but most importantly to get them to commit to attending a focus group to discuss their opinions and learn more about the project.

**Questions**

1. Would you be interested in participating in focus groups with other local and national businesses with a local presence to discuss the following topics:
   - Local ecosystems
• Role businesses can play in restoring and maintaining our local ecosystems
• Benefits to the community
• Benefits to the local businesses that participate

2. Do you have any recommendations of other businesses that might be interested in participating? If yes, who might we contact at that particular business?
• Name
• Phone
• Email

Focus group dates:

They can choose from three focus group times all will be held at a TBD location.

• **Friday, March 1**
  11:30am – 1:30pm
• **Tuesday, March 5**
  2:30pm – 4:30pm
• **Wednesday, March 6**
  11:30am – 1:30pm
• **Friday, March 8**
  10:00am – 12:00pm

If you can get a commitment over the phone that’s wonderful otherwise you can let them know if they are interested we will send out an official invitation and RSVP instructions will be included with the invite.

Information to record if they are committing to attend a focus group:

• Name
• Business they are representing
• Phone
• Email
• Which focus group they would like to attend

Information to record if they are interested in attending a focus group:

• Name
• Business they are representing
• Phone
• Email

Explanation of our project

Community Planning Workshop is partnering with the National Institute of Food and Agriculture and Public Utilities to identify a possible collaborative
and voluntary pilot program that engages local businesses to financially assist in the protection and restoration of local watersheds that provide basic community needs such as food, water, clean air, biodiversity, and climate regulation.

The overall goal is to bring together private and public sectors to develop and participate in investment opportunities that promote sustainable resource management and watershed restoration in the McKenzie River watershed. Land owners and land managers will be compensated for undertaking sustainable management practices and restoration activities.

**Local businesses that voluntarily take part in the project be able to:**

Promote themselves as a participant in the program - a business that promotes healthy watersheds and gives back to local resources.

Creating networks and partnering with other local area businesses

Another strong step to Oregon becoming a leader in sustainability actions

**Explanation of Community Planning Workshop**

Community Planning Workshop is an experiential learning program within in the Department of Planning, Public Policy and Management at the University of Oregon. Students get real world experience working with community organizations to develop possible solutions to planning problems in Oregon communities.

If you have further questions or comments about scheduling and focus group logistics please contact:

Angela San Filippo at the Community Planning Workshop
asanfili@uoregon.edu
(541) 499-3841

If you have further questions or comments that are related to the project itself please contact:

Robert Parker at Community Service Center
(541) 346-3801
rgp@uoregon.edu
Max Nielsen-Pincus at Institute for a Sustainable Environment
(541) 346-0676
maxn@uoregon.edu

We will be in touch in the next week with an official time and date of focus groups. We really appreciate you taking the time to provide your insights;
they are invaluable to our project and will help us to be more effective in our efforts.

**Recruitment Email Script**

Dear ________________,

My name is ________________; I am working on a project with the University of Oregon's Community Service Center and EWEB. I am working to engage local businesses to provide input and insight into our effort to develop a voluntary, collaborative program that partners local businesses to support and promote healthy watersheds.

In order to gain insight from local businesses we are holding focus groups in the beginning of March, please see attached invitation. We have three dates and times to choose from:

- **Friday, March 1:** 2:00pm - 4:00pm
- **Tuesday, March 5:** 2:30pm - 4:30pm
- **Wednesday, March 6:** 11:30am - 1:30pm
- **Friday, March 8:** 10:00am – 12:00pm

The goal is to have a voluntary program in place that allowed businesses in the Eugene area would have an option to pay a little higher rate in order to directly benefit watershed restoration projects.

What we are hoping to learn from these focus groups is business perspectives and insight into how this program should be developed to best serve our local businesses that we are looking to for participation.

We would like to know from a business perspective what details of this program that you like and those that you dislike or that would potentially hinder your participation. Our goal is to develop a program that not only promotes healthy watersheds but that serves local businesses in a positive way promoting their sustainability efforts and marketing strategies.

As a local business with a community presence your insight and perspectives would be extremely helpful in our effort to create a successful program. Please let me know if you or one of your colleagues is able to attend one of the focus group times listed above.

Sincerely,

_______________
Focus group invitation

COMMUNITY SERVICE CENTER AT THE UNIVERSITY OF OREGON
REQUESTS YOUR PARTICIPATION

RSVP
Please confirm attendance to the focus group of your choice:
Angela San Filippo | (541) 499-2641 | angelamoyla@gmail.com

Our Objective
To engage local businesses in a brainstorming and information session to learn more about your interests and ideas for the program.

Potential Program
The McKenzie River environmental benefits program would unite local businesses to assist in sustaining healthy watersheds.

This program would be an innovative, collaborative, and voluntary effort to protect and restore nature’s benefits and support local economies.

The Watershed
The McKenzie River provides high-quality drinking water for the City of Eugene. The McKenzie is nonetheless threatened by urban, agricultural, and forestry land uses upstream as well as by changes in water management in the watershed.

From the headwaters of the McKenzie River in Oregon’s Cascade Mountain Range to the confluence with the Willamette River just north of Eugene we envision a future in which public and private sectors are brought together in a program that promotes sustainable resource management.

FOCUS GROUP 1
Date: Friday, March 1
Time: 2:00pm – 4:00pm
Location: EWEB board room

FOCUS GROUP 2
Date: Tuesday, March 5
Time: 2:30pm – 4:30pm
Location: EWEB community room

FOCUS GROUP 3
Date: Wednesday, March 6
Time: 11:30am – 1:30pm
Location: EWEB community room

FOCUS GROUP 4
Date: Friday, March 8
Time: 10:00am – 12:00pm
Location: TBD
Program Overview

Thank you for agreeing to participate in the upcoming focus group on business support for water quality and watershed health. We are looking forward to your insights and perspectives about the importance of supporting water quality and watershed health to your business.

We have provided some basic information below about the types of issues we will touch on in the focus group. We have also included a very brief questionnaire that we will ask you to complete and turn in at the focus group.

What are Ecosystem Service Markets?

Ecosystem service markets offer a growing opportunity for private landowners who manage their land to provide some sort of environmental service like clean drinking water, wildlife habitat, or carbon sequestration. Ecosystem services can be broadly defined as any benefit of nature to households, communities, or economies.

Payment for ecosystem or environmental services is the practice of offering incentives to farmers or other private landowners in exchange for managing their land to provide some sort of ecological service.

EWEB’s Voluntary Incentive Program (VIP)

The VIP would help protect water quality in the McKenzie River watershed through protection of streamside forests and floodplains by paying landowners in the McKenzie River watershed to maintain healthy riparian forest lands and floodplains. These lands, which act as natural filters, help protect the quality of our community’s sole source of drinking water.

In addition to water quality, other major benefits from the program would include cost avoidance around the construction of a new water treatment that would have to be passed on to ratepayers and improved habitat for native fish and wildlife and endangered salmon and steelhead.

Most PES programs have relied on government funding. We are exploring a program model whereby public utilities—in this case, EWEB—would create opportunities for businesses to invest into these programs in exchange for acknowledgements, marketing benefits and business sustainability activities.

Who would be eligible for funding?

Funding provided by businesses and other contributors would provide a revenue source for landowners within an established stewardship boundary to pursue restoration activities and avoid development along streamside forests and floodplains

Information that we are hoping to learn from you
What sorts of sustainability activities you currently have and how you think about sustainability in terms of how you do business.

What would your business need in return for investing into the VIP program?

Marketing and recognition may be an obvious opportunity. What type of recognition would your business benefit from? What would you need to make this program worth your investment?

The following are some examples of recognition and business benefits:

- Stickers or posters certifying your participation
- Labeling rights
- Recognition in EWEB’s newsletter
- Newspaper advertising listing businesses investing in local watershed health
- Tangible accounting of the benefits of the program

What hurdles do you see in getting a business like yours to participate in a program like EWEB’s VIP?

We are looking forward to engaging with you and learning your perspectives on ways for businesses in our community to support and sustain healthy local watersheds. Please complete the attached questionnaire and bring it to the focus group.

Please feel free to call or email me with questions you may have. I look forward to meeting you.

**Questionnaire and Business Participant Responses**

Please answer the following questions to the best of your ability and bring the completed questionnaire to the focus group. Your answers will help us to ensure we are reaching out and engaging with a broad variety of businesses.

1. What type of business are you representing?

<table>
<thead>
<tr>
<th>Answer</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution/production</td>
<td>1</td>
<td>6%</td>
</tr>
<tr>
<td>Lodging</td>
<td>1</td>
<td>6%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2</td>
<td>12%</td>
</tr>
<tr>
<td>Retail</td>
<td>8</td>
<td>47%</td>
</tr>
<tr>
<td>Retail/service</td>
<td>2</td>
<td>12%</td>
</tr>
<tr>
<td>Service</td>
<td>2</td>
<td>12%</td>
</tr>
<tr>
<td>Wholesale food distribut</td>
<td>1</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
2. Is there a culture of sustainability in your industry?

<table>
<thead>
<tr>
<th>Answer</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimal</td>
<td>1</td>
<td>6%</td>
</tr>
<tr>
<td>Mixed</td>
<td>1</td>
<td>6%</td>
</tr>
<tr>
<td>Not typically, organically focused food</td>
<td>1</td>
<td>6%</td>
</tr>
<tr>
<td>Yes</td>
<td>14</td>
<td>82%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

3. Does your business have a sustainability champion/director or equivalent?

<table>
<thead>
<tr>
<th>Answer</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>7</td>
<td>41%</td>
</tr>
<tr>
<td>Yes</td>
<td>9</td>
<td>53%</td>
</tr>
<tr>
<td>All of us</td>
<td>1</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4. How many employees does your business employ?

<table>
<thead>
<tr>
<th>Answer</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>2</td>
<td>12%</td>
</tr>
<tr>
<td>6-15</td>
<td>3</td>
<td>18%</td>
</tr>
<tr>
<td>16-40</td>
<td>4</td>
<td>24%</td>
</tr>
<tr>
<td>41-80</td>
<td>4</td>
<td>24%</td>
</tr>
<tr>
<td>More than 80</td>
<td>4</td>
<td>24%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

5. What is the geographic focus of your business?

<table>
<thead>
<tr>
<th>Answer</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>local</td>
<td>6</td>
<td>35%</td>
</tr>
<tr>
<td>local/regional</td>
<td>3</td>
<td>18%</td>
</tr>
<tr>
<td>local/regional/national/multinational</td>
<td>1</td>
<td>6%</td>
</tr>
<tr>
<td>regional</td>
<td>6</td>
<td>35%</td>
</tr>
<tr>
<td>regional (service), multinational (manufacturing)</td>
<td>1</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Focus Group Structure and Discussion Questions

Introductions

- Thank you for attending
- Opportunity for us all to introduce ourselves
- Additional copies of program overview and questionnaire
- Overview of focus group structure and format
- Project Overview

Focus group discussion questions

Participants are asked to answer question 1 in turn. Questions 2 through 9 have an open discussion format.

1. What business sustainability activities do you currently have? Do you think of your sustainability activities as part of your core way of doing business?
2. Given the overview of PES and business sustainability, what would motivate your business to invest in a water quality PES program?
   
   Examples: In line with business mission, solely for recognition/acknowledgement benefits.

3. What would make a water quality PES program attractive?
4. What product are you buying? Why is this product important to you?
5. What kind of message/value proposition (including “landscape labeling”) would be beneficial and fit in with your business image?
6. What type of recognition/acknowledgement or other value for purchase would be attractive to you and your business?

   Examples: stickers or posters certifying your participation, labeling rights -- for example, something similar to 1% for the planet logo (message/value proposition and landscape labeling), recognition in EWEB’s newsletter, newspaper advertising listing businesses investing in local watershed health, tangible accounting of the benefits of the program.

7. Is the geographic scope of this program important to you? Would you be more or less likely to invest if the funding were to go to a broader area such as the Willamette or Columbia rivers?
8. If EWEB were to add a small watershed protection fee to monthly charges would this affect your willingness to make a voluntary investment to the VIP program?
9. What other barriers/issues exist to your business’ participation in programs of this nature?

Additional comments, questions, or things that you would like to discuss

Wrap-up and thank you for participating