MITIGATION UPDATES

Joshua Frost Technical Services Branch Chief Nashville Regulatory Division 23 May 2019

"The views, opinions and findings contained in this report are those of the authors(s) and should not be construed as an official Department of the Army position, policy or decision, unless so designated by other official documentation."





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REGULATORY INITIATIVES

Existing Guidance

- Draft Prospectus Guidance for Stream Mitigation Banks or ILF Projects
- Draft Prospectus Guidance for Wetland Mitigation Banks or ILF Projects
- Permittee-Responsible Mitigation Guidance
- Mitigation Banking Instrument Template
- Conservation Easement and Warranty Template
- Financial Assurance Templates
- Site Protection Templates
- Stream Quantification Tool

Future Guidance

- Prospectus Checklist for Stream and Wetland Mitigation Banks or ILF Projects
- Performance Standards and Monitoring for Stream and Wetland Compensatory Mitigation
- Performance Bond Template

Purpose: To provide clear expectations to the public and a consistent and more efficient review that is rooted in sound science and is compliant with all applicable laws



JS Army Corps of Engineers.

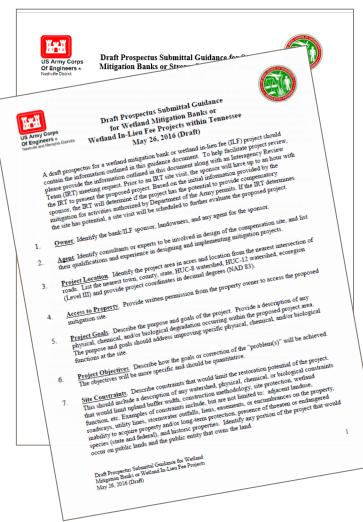
Guidance Review and Updates





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DRAFT PROSPECTUS GUIDANCE FOR STREAM AND WETLAND MITIGATION BANKS OR ILF PROJECTS



- The draft prospectus guidance document is applicable for banks and ILF programs
- It facilitates early feedback to mitigation providers
- Draft Prospectus Submittal Procedures:
 - Submit draft prospectus information and request a meeting with the IRT
 - Based on the information provided, the IRT will determine if the project has potential
 - If the site has potential, a site visit will be scheduled
 - IRT will provide written comments following the site visit

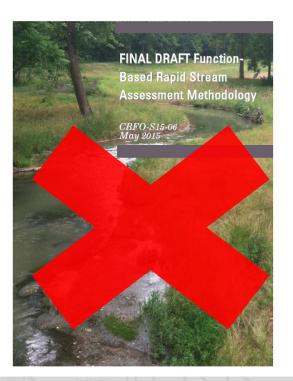


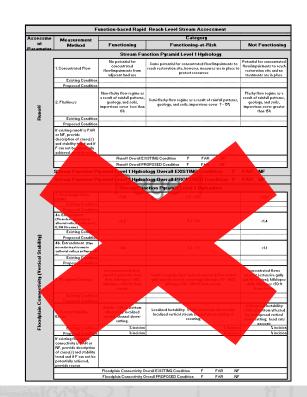
of Engineers.



DRAFT PROSPECTUS GUIDANCE FOR STREAM MITIGATION BANKS OR ILF PROJECTS

- Draft Prospectus Guidance for Streams has been updated
 - DO NOT USE Function-based Rapid Stream Assessment Methodology
 - SQT Methodology and data forms will be used







PERMITTEE-RESPONSIBLE MITIGATION GUIDANCE



Permittee-Responsible Stream Mitigation Guidance for PRM Projects within Tennessee November 2018



This Permittee-Responsible Mitigation (PRM) document has been developed to provide guidance on the required elements of a compensatory mitigation (CM) plan that is compliant with 33 CFR 332. This guidance document is applicable to all type of permittee-responsible compensatory mitigation, including on-site and off-site mitigation. As stated in 33 CFR 332.3(c)(3)(iii) and 230.93(c)(3)(iii), the level of information and analysis contained in a mitigation plan must be commensurate with the scope and scale of the authorized impacts and functions lost. Please provide the following information with the submittal of a permittee-responsible mitigation plan:

A. Basic Information

- 1. <u>DA Permit Number</u>. Provide the Department of the Army (DA) permit number for which PRM is proposed as well as other past or current permits from state or federal agencies.
- 2. Applicant. Provide contact information for the applicant, landowner(s), and agent(s).
- <u>Agent</u>. Identify consultants or experts to be involved in design of the mitigation site, and list their qualifications and experience in designing and implementing mitigation projects.
- 4. <u>Impact Site</u>. Identify the resource type(s) and amount(s) of waters of the U.S. to be impacted by the project for which PRM is proposed. Please specify whether impacts will be temporary or permanent. For temporary impacts, please include an estimated schedule outlining when restoration of the temporary impacts would occur.

List the impact site(s) location from the parent intersection of roads. List the parent tour

PRM Guidance has been updated

- DO NOT USE Function-based Rapid Stream Assessment Methodology
- SQT Methodology and data forms will be used

- **Purpose**: To provide guidance on the required elements of a compensatory mitigation plan that is compliant with 33 CFR 332.
- **Benefits**: To provide clear expectations to the public and a consistent and more efficient review that is rooted in sound science and is compliant with all applicable laws

Components of the PRM Guidance:

- Basic Information
- Components of a Compensatory Mitigation Plan
- Environmentally Preferable
 Consideration



of Engineers.



OVERVIEW OF MITIGATION BANKING TEMPLATE DOCUMENT

- Document consists of 10 Sections and Exhibits A - I
- All italicized BLUE text should be replaced with project specific information.
- Do not change or remove parts of the template, any changes to standard language should receive prior IRT approval.
- Any changes to standard language should be submitted in red highlights.

DRAFT DELIBERATIVE – Information Contained in this Draft Document is Subject to Change

Note: Do not change or remove parts of the template, any changes to standard language should be submitted in red highlights. All blue text should be replaced with project specific information.

> MITIGATION BANKING INSTRUMENT

[BANK NAME] MITIGATION BANK

This Mitigation Banking Instrument ("MBI"), dated this ________, day of _______, 20_____, is made by and among [Bank Sponsor's full legal name(s)] ("Bank Sponsor'), [Property Owner's full legal name(s)] ("Property Owner"), and [delete name(s) of any of the following agencies that is not a party: the Nashville District of the U.S. Army Corps of Engineers ("USACE"), Louisville District of the U.S. Army Corps of Engineers ("USACE"), Memphis District of the U.S. Army Corps of Engineers ("USACE"), Region 4 of the U.S. Environmental Protection Agency ("USEPA"), the U.S. Fish and Wildlife Service ("USFWS"), the Natural Resources Conservation Service ("NRCS"), the Tennessee Valley Authority ("TVA"), the Tennessee Department of Environment and Conservation ("TDEC"), the Tennessee Wildlife Resources Agency ("TWRA"), Kentucky Department of Fish and Wildlife Resources ("KDFWR"), Kentucky Division of twater ("KDOW"), the Alabama Department of Environmental Management ("ADEM"), and the Alabama Department of Conservation and Natural Resources ("ADCNR")]. These agencies comprise and are referred to jointly as the Interagency Review Team ("IRT"). The Bank Sponsor, Property Owner, and the IRT are hereinafter referred to jointly as the "Parties." This MBI sets forth the agreement of the Parties regarding the establishment, use, operation and maintenance of the [Bank name] Mitigation Bank (the "Bank").

USACE approval of this Instrument constitutes the regulatory approval required for the Mitigation Bank to be used to provide compensatory mitigation for Department of the Army permits pursuant to 33 C.F.R. § 332.8(a)(1). This Instrument is not a contract between the Sponsor or Property Owner and USACE or any other agency of the federal government. Any dispute arising under this Instrument will not give rise to any claim by the Sponsor or Property Owner for monetary damages. This provision is controlling notwithstanding any other provision or statement in the Instrument to the contrary.

RECITALS

- A. The Bank Sponsor is responsible for establishing, operating, and maintaining the Bank according to this MBI.
- B. The Property Owner is the owner of real property containing approximately _____acres (the "Property"), located at _____[insert coordinates in decimal degrees, address and county], State of (Alabama, Tennessee, or Kentucky), designated Assessor's Parcel

[Bank Name] Mitigation Bank [Version Date]

- Property Assessment & Warranty Document
- Land Use Restrictions Template
- Conservation Easement Template
- Example Escrow Agreement
- Letter of Credit Template





NOTE: The following Property Assessment and Warranty is provided by the U.S. Army Corps of Engineers, Nashville District, as a standard template document for compensatory mitigation projects. The Property Assessment and Warranty must be completed and returned to the Corps with all attachments included after a public notice has been issued for the permit application, mitigation bank prospectus or in-lieu fee project proposal, or, if public notice is not required, upon receipt of a proposed detailed mitigation plan. The Property Assessment and Warranty, including the attachments and documents incorporated by reference in it and any amendments thereto, must be attached as an exhibit to the final mitigation plan or mitigation banking instrument, as applicable. Any modifications to this template must be identified using track changes or other electronic comparison and explained in an attached addendum. This template should not be construed or relied upon as legal advice or opinion on any specific facts or circumstances. (Template Version Date: January 29, 2018)

PROPERTY ASSESSMENT AND WARRANTY

This Property Assessment provides a summary and explanation of each recorded or unrecorded lien or encumbrance on, or interest in, the Protected Property (as defined below), including, without limitation, each exception listed in the Preliminary Report issued by *finsert tille company name]*, *finsert tille report date]*, *finsert tille report number]* (the "Preliminary Report"), covering the Protected Property, as described in Attachments 1 and 2 attached hereto and incorporated by this reference. Specifically, this Property Assessment includes a narrative explaining each lien, encumbrance, interest or other exception to title and the manner in which it may affect the conservation easement to be recorded against the Protected Property (the "Conservation Easement") pursuant to the *[choose one: approved mitigation plan or MBIJ*.

Property Owner covenants, represents, and warrants to *[choose one:* the Corps *or* each of the IRT members/ as follows:

 Property Owner is the sole owner in fee simple of certain real property containing approximately _____ acres located at *[insert address]* in _____ County, State of _____, designated as Assessor's Parcel Number(s) *[insert parcel number(s)]* (the

Property Assessment & Warranty Document

- Used to identify encumbrances on a property that might affect the viability of the mitigation project.
- Must be completed and returned to the Corps with all attachments included after a PN has been issued for the project, or if PN is not required, upon receipt of a proposed detailed mitigation plan.
- Reviewed by Office of Counsel.



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Conservation Easement Template

- Preferred form of site protection for mitigation sites.
- It should be submitted with the mitigation plan and requires review by Office of Counsel.

This instrument prepared by:
Tennessee Department of Environment and Conservation
Division of Water Resources
Attn:
312 Rosa L. Parks Ave., 10th Floor
Nashville, Tennessee 37243

STATE OF TENNESSEE COUNTY OF _____

NOTICE OF LAND USE RESTRICTIONS ("[Add Property Name]")

Notice is hereby given that, pursuant to their respective authorities found at Ternessee Code Annotated (T C A') § § 94:22:25 and 35 Code of Federal Regulations (°C.F.R.') § 332:7(a), the Commissioner of the Tennessee Department of Environment and Conservation ("TDeC) and the District Engineer of the United States Corps of Engineers ("USACE") determined that land use restrictions are appropriate for the protection of streams and wetlands, or for other environmental conservation purposes, at the below-described property. Pursuant to T.C.A § 68-212-22(6) the register of deeds shall record this Notice of Land Use Restrictions (Notice") and index it in the grantor index under the names of the owner(s) of the property.

WITNESSETH

WHEREAS. ('Owner'), a is the sole owner in fee simple of approximately acres of real property described in a deed of record with the County, Tennessee Register O Deeds, Book , Page [or Instrument Number] ('Property'), and as more particularly described in the legal description attached as Exhibit A and incorporated herein by reference.

WHEREAS, the Property is shown on a survey drawn by ______ dated _____, attached hereto as Exhibit B and incorporated herein by reference;

WHEREAS, the Property possesses natural resources with significant aquatic, coological and habita values (Conservation Values). These natural resources are of aesthetic, ecological, educational, historical, recreational, and scientific value to the Nation and its people. These values include Watters of the United States, as defined in 40 CF. R§ 1222 and 33 CF. R. Part 328, and Waters of the State, as defined in TCA § 69-3-101, et e.e., including streams, wetlands and the adjacent uplands, and other native vegetation and wildlife. These natural resources are of great importance to USACE, TDEC, and Owner.

WHEREAS, the Property has been approved by USACE for use as compensatory mitigation pursuant to and as defined in 33 C.F.R. Part 332; NOTE: The following Conservation Easement Deed template is provided by the U.S. Army Corps of Enghneers, Nasiwille District, as a standardized site protection document for compensatory miligation sites within the Nasiwille District area of responsibility in Tennessee. The template must be completed with all exhibits attached before submitting it to the Corps for review. Any modifications to this template must be identified using track changes or other electronic comparison and explained in comments or an attached addendum. This template should not be construed or relied upon as legal advice or opinion on any specific facts or circumstances. (Version Date: March 29, 2018)

CONSERVATION EASEMENT DEED

THIS CONSERVATION EASEMENT DEED ("Conservation Easement") is made this ______day of ______ou__by [full legal name(s) of granting landowner(s)], (address of granting landowner(s)] ("Grantor"), in favor of (full legal name (s) holder of the conservation easement), [address of holder"] ("Holder"), with reference to the following facts:

RECITALS

A Grantor is the sole owner in fee simple of certain real property consisting of approximately ______ences, located at [address] in ______ County, Tennessee (the "Protected Property"), as described in Deed Sook (state dated book and page numbers] in the records of the Register of Deeds for _____ County, Tennessee, and as more particularly described and depicted in **Exhibit A**, attached and incorporated into this Conservation Easement by reference.

[NOTE: Grantor must attach a legal description (i.e. metes and bound) and survey of the Protectal Property Stepd and attamped by a lensed surveyor in an exhibit identified as Exhibit A to the Conservation Easement. If the Protected Property consists of lass than the whole property described, also include a suparate, eachy identifiable legal description of the conservation area(i) and learly identifiable legal description of the conservation area(i) and learly identifiable legal description of the conservation area(i) and learly identifiable the Protected Property on the survey. In addition, Grantor must include on a scaled drawing of the areas subject to the Conservation Easement, the location and extern of all hown, existing easements, property interests, right=0-fwaps, utilities, draitange ditches, storm water facilities, cattle crossings, and structures.]

B. Holder, which has as its primary purpose [describe Holder's mixtion or purpose, it to protot and preserve natural lands or resource in their natural, its conti, agricultural, forested, or open space condition or use], is a [describe Holder's ling] status as either a public body legaily empowered to hold an interest in real property or charitable corporation, association or mural, qualified as a tax-exempt non-profit organization under Sections 501(c)[3] and 170(h) of the Internal Revenue Code, as amended is sumforzed to hold this Conservation Easement Act of 1981, Tem. Code Ann. §§ 66-9-301, er seq., and has agreed to accept this grant.

Notice of Land Use Restrictions Template

- Private Property and State Property
- Typically this is only used on very small PRM projects where a CE cannot be obtained.
- It should be submitted with the mitigation plan and reviewed by Office of Counsel.





US Army Corps of Engineers.

NOTE: The following Escrow Agreement template is provided by the U.S. Army Corps of Engineers, Nashville District as a standardized financial assurance document for compensatory mitigation sites within the Nashville District area of responsibility in Tennessee. The template must be completed with all exhibits attached before submitting it to the Corps for review. Any modifications to this template must be identified using track changes or other electronic comparison and explained in comments or an attached addendum. This template should not be construed or relied upon as legal advice or opinion on any specific facts or circumstances. (Version Date: October 1, 2018)

EXAMPLE ESCROW AGREEMENT [NAME OF MITIGATION BANK] CONSTRUCTION AND ESTABLISHMENT FUND

WITNESSETH THAT:

WHEREAS, on _____20____the Sponsor and CELRN, in consultation with the Interagency Review Team (the "IRT"), entered into a Mitigation Banking Instrument (hereinafter referred to as the "MBI") for the establishment of the [NAME OF MITIGATION BANK] Mitigation Bank (hereinafter referred to as the "Mitigation Bank");

WHEREAS, pursuant to the MBI, the Sponsor is required to ensure that sufficient funds are available to assure the construction, monitoring and adaptive management, and long-term management of the Mitigation Bank to the needs and projected costs of the Mitigation B STRAIGHT IRRE

WHEREAS, the Sponsor and CELRN have a should be deposited into an escrow account and he MBI and this Escrow Agreement; and

WHEREAS, the Bank has agreed to serve a and to act as escrow agent for the Sponsor and CE

NOW, THEREFORE, the parties agree as follows:

 The Bank is hereby appointed the escrow and is designated the depositary for the monies del to the aforementioned MBI. The Bank shall establis BANK] Construction and Establishment Fund (here

STRAIGHT IRREVOCABLE LETTER OF CREDIT

The [INSERT FINANCIAL INSTITUTION'S NAME AND ADDRESS], (incremafter referred to as the "Bank") grants a straight inrevocable letter of credit (hereinafter referred to as the "letter of credit") for the amount of **Dolars (5**_____00] [INSERT WRITTEN & NUMERICAL AMOUNT], in favor of the U.S. Army Corps of Engineers, Nashville District (hereinafter referred to as the "Beneficiary"), at the request of and on behalf of [INSERT APPLICANT'S NAME, CITY, & STATE] (hereinafter referred to as the "Applicant"), to monitor, perform, complete, pays or supply required documents regarding [INSERT MITIGATION PROJECT OR PLAN NAME] ("Project"), associated with the Department of the Amy Pennit No. ("Pennit").

This letter of credit is irrevocable and effective on [DATE], and will expire on [MINIMUM LENGTH OF TIME ESTIMATED NECESSARY FOR ACHIEVEMENT OF MITIGATION PERFORMANCE STANDARDS], unless extended or renewed by written consent of the parties.

The Bank warrants and represents it is a federally regulated and insured financial institution rated investment grade or higher by a commercial rating service. The Bank will notify the Beneficiary at least 120 days before this letter of credit is revoked, terminated, modified, or observise affacted. Neither this letter of credit on any rights with respect thereto may be assigned or otherwise transferred, in whole or in part, to any other person or entity without the express written cosment of the Beneficiary.

The Beneficiary can demand payment from the Bank to the Beneficiary's designee or to study trust agreement up to an amount of **Dollars** (S _00) [NSERT WRITTEN & NUMERICAL AMOUNT] or fractions thereof up to said amount. This letter of redit will only be considered terminated once withdraval of **Dollars** (S _____00) [INSERT WRITTEN & NUMERICAL AMOUNT] has been completed or by written agreement between the Beneficiary and the Applicant.

The Beneficiary has the exclusive right to demand payment from the Bank to the Beneficiary's designee or to a standby trust agreement of any unus under the terms of this letter of credit from the Bank, to be used to complete the Project a provided in the Permit or to provide alternative compensatory mitigation as approved by the Beneficiary. The demand shall be made by presentation of a letter set by certified multi to the Bank located a [UNSERT BANK'S FULL ADDRESS], similar to Attachment A signed by the District Engineer, U.S. Amy Corps of Engineers, Nashville District.

The Bank's payment of the demand shall be made by means of a certified theck payable to the Beneficiary's designee or to a standby trust agreement. Payment hall be made by certified mail within one Bank working day after the Bank receives the demand via certified mail. The District Engineer, US. Amy Corps of Engineers, Nashville District, or his/her officially designated representative, is the official authorized by the Beneficiary to make demand upon the Bank for payment to the Beneficiary a designee or to a standby trust agreement.

Nothing in this letter of credit will be construed as making the Beneficiary responsible in any manner for any failure of the Applicant to provide adequate assurances to the Bank. Example Escrow Agreement and Letter of Credit Template

- Forms of financial assurances.
- Fact sheets on financial assurances located on website
- This should be submitted with the mitigation plan and forwarded to office of counsel for review.

Example Performance Bond Template under development

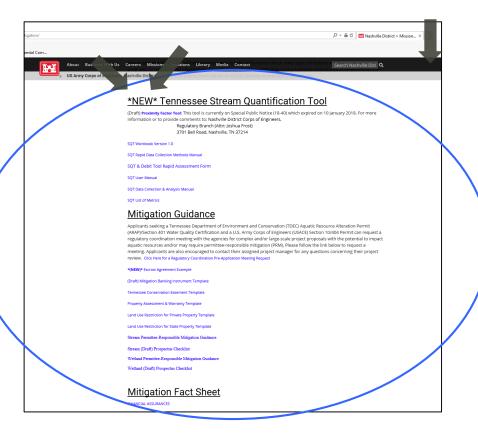


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NASHVILLE REGULATORY MITIGATION WEBPAGE

https://www.lrn.usace.army.mil/Missions/Regulatory/Mitigation/



Review the mitigation website for the most upto-date mitigation documents and templates





PROJECT REVIEW MEETINGS

- TDEC & Corps meet jointly with the applicants to review regulatory permit applications for complex and/or a largescale projects which may also include permitteeresponsible mitigation.
- Meetings are held first week of every month.
- To request a pre-application meeting, please send a brief description of the project to <u>Scott.Hall@tn.gov</u>.
- <u>https://www.tn.gov/content/tn/environment/permit-permits/water-permits1/aquatic-resource-alteration-permit-arap-/wr-wq-mitigation-pre-application.html</u>





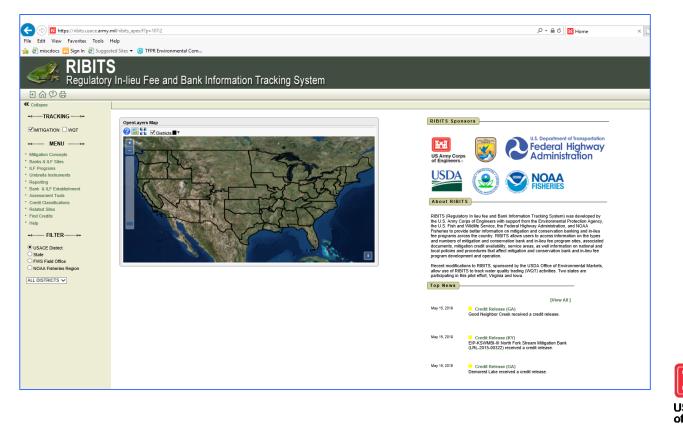


RIBITS – REGULATORY IN-LIEU FEE AND BANK INFORMATION TRACKING SYSTEM

The RIBITS database tracks Mitigation Banks and ILF Projects

- Ledgers (credits / debits)
- Document Repository

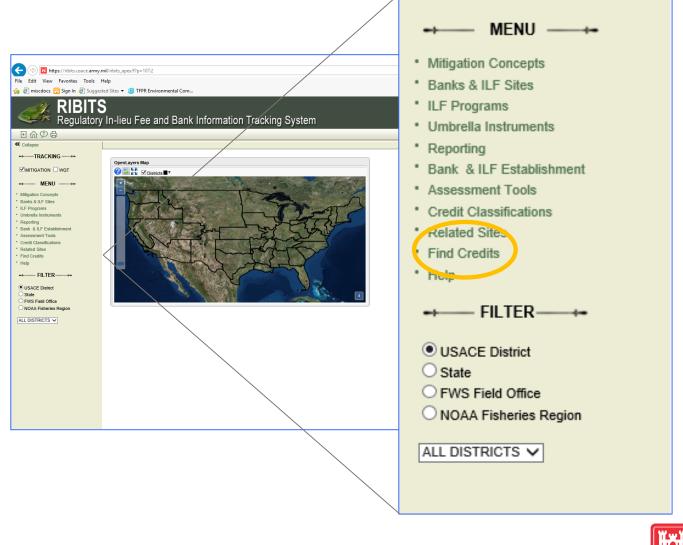
RIBITS Website: https://ribits.usace.army.mil/ribits_apex/f?p=107:2







RIBITS – FIND CREDITS

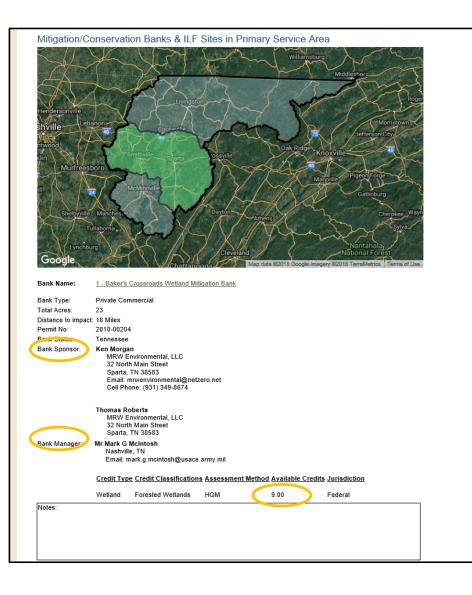






US Army Corps of Engineers.

RIBITS – FINDING CREDITS



- Includes bank sponsor contact information
- Credit availability
 (does not track reserved credits)
- Check with the bank sponsor for credit availability





Mitigation Banking Updates





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Third Party Compensatory Mitigation **Updates**

- Evaluated **38** mitigation bank/ILF sites ۲
- 780 acres of wetland restoration/enhancement
- **103 miles** of stream restoration/enhancement











The TN IRT holds monthly IRT meetings to evaluate proposed bank and ILF projects, conduct site investigations and discuss programmatic initiatives.

Before

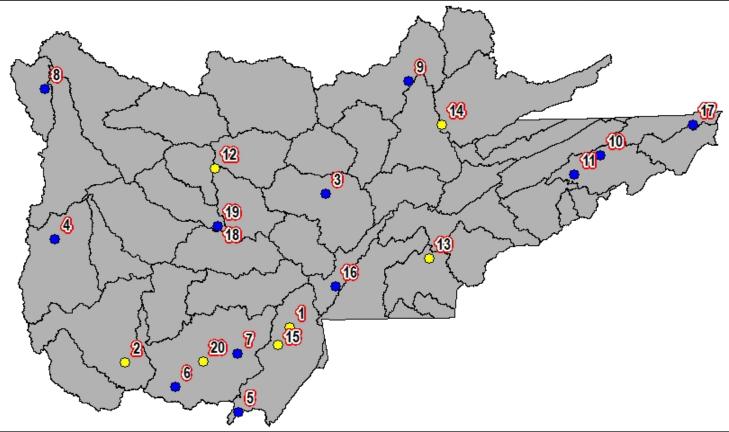
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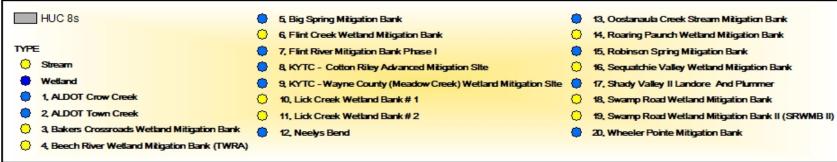
BUILDING STRONG_®

and Taking Care of People!



Nashville District - Approved Stream and Wetland Mitigation Banks





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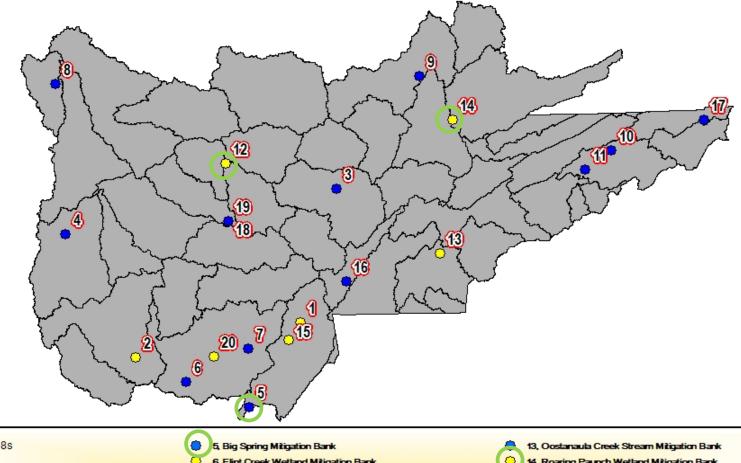
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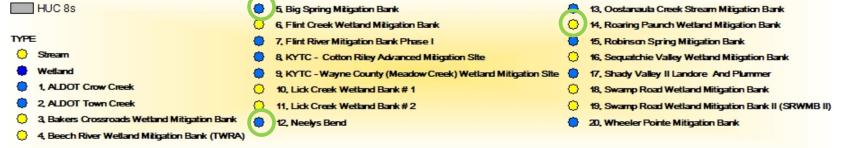
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Miles



Nashville District - Approved Stream and Wetland Mitigation Banks





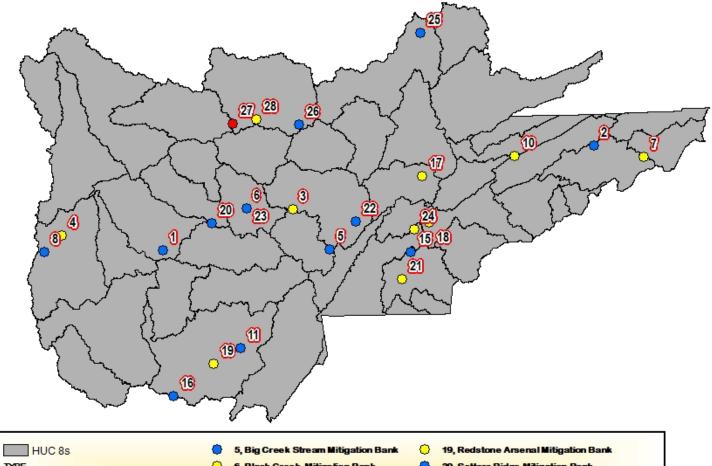
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US Army Corps

of Engineers & Nashville District



Nashville District - Pending Stream and Wetland Mitigation Banks





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US Army Corps of Engineers » Nashville District

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THE TENNESSEE INTERAGENCY REVIEW TEAM REPRESENTATIVES



US Army Corps of Engineers.



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