

MEMO

June 1, 2015

To: Chief Weller  
From: Greg Fogel, National Sustainable Agriculture Coalition  
Re: Wetland Mitigation Banking

Jason,

At the last conservation group meeting, you requested input on implementation of the 2014 Farm Bill's mitigation banking provision. We gathered input from our member organizations that have experience with non-profit mitigation banking, and make the following recommendations based upon that input.

**Recommendation #1:** We recommend that the \$10 million in mandatory funding be used to help entities start or expand mitigation banks. Neither the NRCS funding, nor leveraged grant or loan funding, should be used to subsidize the purchase of credits by farmers wishing to mitigate wetland conversions. Compliance is the farmer's responsibility, not a taxpayer responsibility. NRCS grant funding should be fully recovered within a year or two through fairly priced mitigation credit income, then the capital can roll over into additional restoration sites within the same mitigation bank.

**Recommendation #2:** We recommend that the Announcement of Program Funding (APF) clearly state that any mitigated wetland must generate ecological values and functions that are equal to or greater than those of the corresponding converted wetland.

**Recommendation #3:** NRCS should ensure that all mitigation banking instruments clearly identify the parties responsible for the long-term management and monitoring of mitigation sites, and the source of funding to be used for long-term management and monitoring. The banking instrument should require periodic monitoring reports over the life of the mitigation site.

**Recommendation #4:** The grantee should continually and quickly revolve the NRCS grant funds within its mitigation banking business to provide more sites for Swampbuster mitigation in unserved or underserved watersheds. The APF should advance NRCS policy, which prioritizes mitigation that happens in or near the same watershed as the drainage improvement being mitigated. Grant proposals should explain how additional sites will be funded to expand mitigation services into additional watersheds where these services are needed.

**Recommendation #5:** The APF should strongly encourage mitigation banking entities to leverage funding from additional sources to enable serving as many watersheds as feasible for meeting Swampbuster mitigation needs (note: conditions outlined in recommendation #1 should still apply). Serving multiple watersheds would substantially increase mitigation credits sold each year and help lower credit costs by distributing administrative and overhead costs among more customers.

**Recommendation #6:** Land Trusts should be eligible applicants for grants to establish revolving loan assistance to Swampbuster mitigation banks. Direct grants to mitigation banks will not have long-term oversight to assure the intent of the grant and the rules are consistently honored. Land

trust partners have unique opportunities to provide oversight, technical assistance, loans and leveraged credit to mitigation bank partners. In some locations the land trusts will partner with others to create public recreation benefits at completed mitigation sites. In other cases, the public benefits will come from higher quality restorations and long-term maintenance. Accredited land trusts are organized to function in perpetuity, which means a NRCS capital grant revolving within a land trust should generate permanent and cumulative public benefits.

Thank you for considering our recommendations. I'm happy to talk further or to set up a call with some of our members, if that would be helpful.

Greg