



Mitigation & Conservation Banking

WESTERVELT ECOLOGICAL SERVICES



Habitat Banking

Investing in wetland or species protection on speculation that future demand (mitigation for impacts) will create a market.

[Land is fully protected prior to impacts]



Banking Overview

Mitigation Bank

- Wetland Impacts
- CWA Sec. 404 / 401
- USACE
- *Final Mitigation Rule (2008)

Conservation Bank

- Species Impacts
- Endangered Species Act
- USFWS & Cal. DFG





BANKING BASICS

- Acquire Land
 - Location, location, location
 - Mineral Rights, existing easements
 - Price
 - Timing
- Entitle Habitat
 - Service Areas
 - Cost of Business (Endowments, Conservation Easement, Construction)
 - Third Parties
- Restore/Protect habitat
- Sell Credits
 - Pricing
 - Forecasting Future Demand (Do you have a crystal ball?)



Banking Overview

Project Documentation for Interagency Review Team (IRT) Analyses

- Project Prospectus (detailed proposal)
- Technical Studies (e.g., wetland, species, archeology, etc.)
- Design Plan (if construction is needed)
- Monitoring Plan
- Permitting
- Interim Securities
- Clear Title (Prop. Assess. & Warranty)
- **Assurances:**
 - Conservation Easement (Legal)
 - Fully-Funded Endowment (Financial)
 - Long-term Management Plan (Habitat)





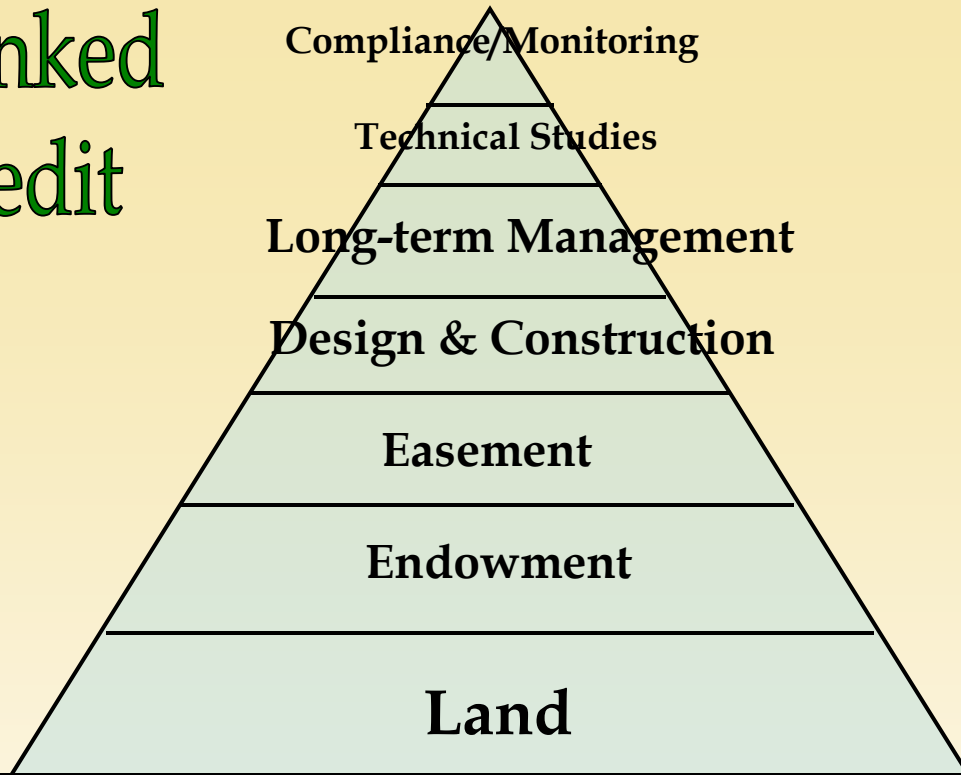
Recipe for a “banked” credit.

What are you buying???

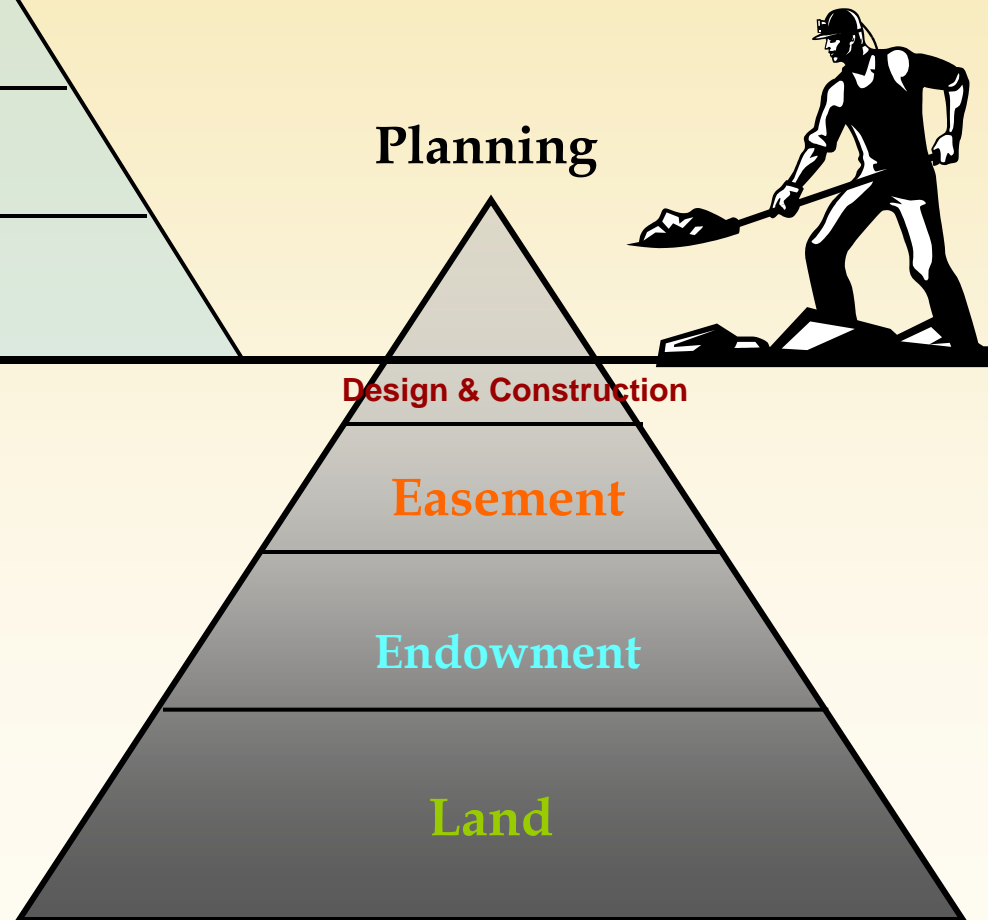
Approved credits include;

- Legal Protection
 - Banking Agreement, Conservation Easement
- Financial Assurances
 - Endowment
- Active Management
 - Management Plan & Monitoring Protocols
- Severance of Liability

Banked Credit



HCP Mitigation





Opportunities & Challenges



Opportunities

For HCP's

- Purchase of credits may help meet initial mitigation commitments. (Get ahead/stay ahead programs)
- Opportunity to understand real costs. Bankers understand what it costs to implement projects.
- Banked properties could be “building blocks” for conservation areas.

For Banker's

- Opportunity to sell a bulk amount of credits
- Opportunity to contract with HCP to implement their plan (land management, design/construction support).



Challenges

For HCP's

- Understanding the amount/value of the credits.
- Recognizing HCPs are mitigation and need to follow the same rules to ensure habitat is appropriately protected
- Spending money on credits vs. “new” land purchases.
- Bank service areas – covering the HCP area but having the bank property outside the covered area.
- HCPs preserve areas cannot guarantee clearance of all title issues (i.e. mineral rights, utility line easements, etc...)

For Banker's

- Making a return on their investment
- Competing with the HCP costs if lower than projected credit prices. (Is the habitat protected at the same level of a “credit”?)
- Committing to work with the potentially new standards that may be required by HCPs.
- Bank service areas – not being able to sell in approved HCP areas.



FINAL THOUGHTS

Evaluate mitigation on the merits of the individual preserves.

Whether protection occurs through a public (non-profit) entity OR through private banks; – mitigation should be evaluated through a consistent regulatory lens in order to fully protect the resources.