



## RECOMMENDATIONS

- Executive Order (EO) 12-04: Supporting and Strengthening Implementation of the State's Wetland Policy, December 14, 2012 (EO)
  
- Siting of Wetland Mitigation in Northeast Minnesota, March 7, 2014 (Siting)

July 23, 2014

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## A. Regulatory Policy

### **1. No Net Loss (EO)**

- i. Clarify the state policy goal of no net loss of wetland quantity, quality, and biological diversity applies to state wetland protection programs on a statewide basis for activities subject to their regulations. These factors are a general surrogate for the public value of wetlands. Maintaining or increasing these factors on a statewide basis provides public value, which is in the public’s interest and provides policy direction for state wetland regulatory and conservation programs.
  - a. The statewide no net loss goal should recognize that there are areas, such as northeast Minnesota, that may be able to tolerate some loss of wetlands without affecting watershed ecological integrity, while other areas of the state already face a significant deficit of wetland resources. Focusing wetland restoration efforts in areas of greatest need is consistent with the public interest in regards to biological diversity.
- ii. Increase the availability of information relating to wetland quantity, quality and biological diversity in Minnesota.
  - a. Periodically make available reported data from WCA and other State wetland protection programs, including approved wetland impacts, mitigation, and exemptions. Also develop a simple, web-based tool to facilitate reporting.
  - b. Continue and support DNR efforts to update the National Wetland Inventory, which will provide significantly more accurate data on current wetland quantity.
  - c. Continue and support DNR/MPCA efforts to survey and track trends in wetland quantity and quality over time.

iii. Voluntary restoration activities are primarily intended to restore wetlands that will contribute to an increase in the quantity, quality, and biological diversity of Minnesota's wetlands. Current state and federal policies assuring publicly funded voluntary wetland restoration and conservation programs not be used to offset regulated wetland impacts should be retained and clarified.

## **2. Agricultural Drainage (EO)**

- i. Assess the extent to which wetlands on agricultural lands are being lost or degraded and that are not subject to compensation requirements under existing programs.
- ii. Improve coordination of WCA and 'Swampbuster' implementation activities at the local level. This will be especially relevant when the modified parameters of the next Federal Farm Bill are known pending Congressional action.
- iii. BWSR should evaluate the following:
  - a. The potential for incentives and funding for landowners to install managed drainage systems that can maintain the benefits of temporary/seasonal wetlands and to install other BMPs to minimize impacts to adjacent wetlands and waterways.
  - b. The mechanisms for landowners and local drainage authorities to collaborate on drainage projects to improve water quality via the state drainage code.

## **B. Regulatory Processes**

### **1. De minimis Exemption (EO)**

- i. *Simplification.* The options listed below should be evaluated to simplify the De minimis Exemption while maintaining current overall levels of protection and enhancing compliance. Simplification options associated with geographic differences in the application of this Exemption are discussed in Alignment of Pre-Settlement Zones on Watershed Boundaries.
  - a. Eliminate some or all of the wetland type criteria from the Exemption.
  - b. Consider revising de minimis amounts in shoreland areas while improving coordination with other programs to ensure that riparian/water quality values are protected.
  - c. Simplify the 5% cumulative impact provision.
  - d. Reduce the cost to road authorities by establishing a process to estimate small impacts that would otherwise qualify for the de minimis exemption that are to be reported by the road authority to BWSR under the Local Government Road Wetlands Replacement Program.
  - e. Consider an in-lieu fee alternative to cost-effectively accomplish replacement for small impacts.
- ii. *Flexibility.*
  - a. Amend Minn. Stat. 103G.2241, subd. 9 to allow local wetland plans and official controls to deviate (including being less restrictive) from state standards where the overall effect will be at least as protective of wetland functions and values; and

b. Work with the State agencies and the US Army Corps of Engineers to develop and implement a local government wetland planning and local controls option that will be applicable under state and federal laws to provide flexibility to local governments in the application of a de minimis while protecting important wetland functions. This work would include the identification of necessary changes to statute, rule and policy that are required to place such a program into effect.

iii. *Resources*

a. Increase State funding by \$2.0 to \$3.0 million to support local government capacity to effectively work with landowners via early project reviews to avoid and reduce wetland impacts while allowing desired development.

**2. Alignment of Presettlement Zones on Watershed Boundaries (EO)**

Evaluate, in cooperation with the US Army Corps of Engineers, simplifying the geography of WCA by eliminating or adjusting current pre-settlement wetland zones. A guidepost for these changes is to ensure similar levels of regulation as under current law. The options that should be evaluated are:

i. Rectify bank service areas along county lines to a “nearest county boundary fit” and establish an 11-county metropolitan area (Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, Wright) wetland bank service area; or

ii. Eliminate the 50-80% zone, thereby creating a greater than 80% and a less than 80% zone and establish an 11-county metropolitan area wetland bank service area.

**3. Consistent Review, Approval and Implementation (EO)**

i. Coordination should be improved between WCA and CWA Section 404. The following options should be explored to address the issues stated by stakeholders.

a. BWSR should work with the St. Paul District of the U.S. Army Corps of Engineers to explore options to reduce regulatory redundancy and overlap. One option is to implement a new US Army Corps of Engineers programmatic general permit and the existing WCA Federal Approvals Exemption. Under this concept, WCA would regulate relatively small impacts, and the Corps would regulate relatively larger impacts, subject to program jurisdiction.

b. BWSR should analyze assuming CWA Section 404. This evaluation should assess the costs and benefits of Assumption, as well as identify changes to state wetland and water regulatory programs that may be required.

ii. The MPCA CWA 401 certification process (and Minnesota Rule 7050-Water Quality Standards) improvements started in May 2012 should continue to be implemented to coordinate with existing wetland processes, reduce redundancy, improve timeliness and focus on larger projects with significant water quality concerns. Timeliness of MPCA 401 certifications was frequently commented on by stakeholders. The integration of the MPCA into the multi-agency joint notification processes shared by WCA, the US Army Corps of Engineers, and DNR Public Waters Programs should be continued and completed.

iii. BWSR and DNR should review the regulatory authority and procedures of the Public Waters Work Permit Program and WCA to identify opportunities to reduce overlap and improve consistency between these and related programs.

iv. BWSR should continue current cooperative efforts with the USDA Natural Resource Conservation Service (NRCS) to improve coordination of WCA and Swampbuster implementation activities at the local level, including improved communication of program requirements to agricultural producers. This cooperative effort should include exploring methods to improve data sharing on agricultural activities subject to Swampbuster. Development of the Agricultural Wetland Bank should continue. Areas of agreement should be documented in an interagency Memorandum of Understanding between BWSR and NRCS, including any items identified according to Minn. Stat. § 103G.2241, Subd. 1(7). The implementation of this recommendation will be directly affected by the next Federal Farm Bill.

v. BWSR should conduct a review of the Local Government Road Wetland Replacement Program with its stakeholders to ensure the Program is structured and operated to address current local government road authority needs.

vi. BWSR should explore the possibility of establishing an in lieu fee wetland mitigation program consistent with Minn. Stat. § 103G.2242, Subd. 3. This effort should include assessing the economic costs and benefits of establishing such a program. The possibility of amending this statute to expand BWSR's authority statewide to all project types, including mining, should also be considered. One option that should be considered to address mining related issues is the Northeast Regional Wetland Mitigation Cooperative that was proposed in the Northeast Minnesota Wetland Mitigation Inventory and Assessment (January 2010).

vii. Improve input opportunities and processes related to off-site wetland replacement projects completed to replace wetland impacts occurring under a Permit to Mine. BWSR and DNR should work with the mining industry, interested LGUs, and other stakeholders to develop and implement actions to:

- a. improve notification and input procedures and technical evaluation panel (TEP) involvement;
- b. clarify appeal procedures and improve transparency of replacement credit accounting (project-specific vs. wetland banking); and
- c. achieve high quality replacement that best meets state wetland goals, including location and quality.

1. By January 31, 2013, the DNR shall convene a group of stakeholders to develop specific recommendations to address items 1-3 above. The stakeholder group shall include representation from the DNR, BWSR, MPCA, local government, mining industry, U.S. Army Corps of Engineers, and one or more non-governmental organizations. The group shall pull in additional agency expertise or other stakeholders as needed.

viii. Increase State funding by \$2.0 to \$3.0 million to support local governments that implement WCA.

ix. Several other studies and evaluations are underway that address similar issues regarding environmental management and regulation. The implementation of recommendations of these other efforts should be integrated with those of this report.

## C. Compensatory Mitigation

### **1. Costs and Benefits of Wetland Mitigation Targeted to a Specific Watershed (EO)**

i. Continue to focus mitigation efforts on wetland banking and watershed based bank service areas as the basis for wetland mitigation under WCA.

ii. BWSR should leverage the work of an interagency group (BWSR, DNR, MPCA, and the US Army Corps of Engineers) that has already been established to address the issue of wetland mitigation, particularly for large wetland impacts in the northeast. The group is currently in the process of developing recommendations and expects to complete their work by spring 2013. However, some general initiatives have been identified. BWSR recommends pursuing these and other initiatives that are identified by the interagency group:

a. Improve available information and options for the siting of wetland mitigation within the watershed of impact.

1. Develop interagency guidance summarizing the State and Federal criteria for evaluating project proposals, particularly the adequacy of potential mitigation sites.

2. Explore the potential for targeting broader, non-traditional options for mitigation (improving and protecting trout streams or adjacent upland habitat, etc.) within northeast watersheds.

3. Review the requirements of other regulatory programs with relevance to wetland function and explore the potential for mitigating some wetland functions within the watershed (e.g. water quality), while allowing others to be replaced outside the watershed (wildlife habitat, floodwater retention, etc.)

4. Pursue funding to establish an electronic database to develop a running inventory of potential wetland mitigation sites that have been considered (by project proponents and regulatory agencies) in the northeast, including relevant information on each. This inventory will help applicants in their search for wetland mitigation sites and agencies in determining the availability of potential mitigation sites within specific watersheds.

b. Develop recommendations for procedural/administrative mechanisms to target and bring about mitigation in priority watersheds when mitigation is not reasonably available within the watershed of the wetland impact. The mechanism may include an in-lieu fee program or other options, as well as procedures for identifying priority watersheds.

### **2. Wetland Mitigation Search Criteria (Siting)**

#### **a. Practicability**

##### Recommendation:

1. Pursue further clarification on sequencing criteria including joint agency guidance on practicability determinations. Additional clarification should build on the analysis completed by the interagency team.

### Action Items

1. Review previously completed sequencing reports (in combination with the development of the inventory recommended under Inventory of Siting Analyses and Potential Mitigation Sites Evaluated) and, if applicable, further refine practicability criteria and sequencing requirements.
2. Review agency sequencing guidance and publish updates as necessary.

### **b. Quality of Replacement Wetlands**

#### Recommendation:

1. Improve clarity and consistency among agencies and applicants regarding what constitutes a high quality replacement wetland that is adequate to replace wetlands lost to permitted impacts under current regulations.

#### Action Items:

1. Develop decision-support procedures for using existing tools and information to better predict functional gain and aid in assessing site suitability.
2. Seek funding to establish long-term monitoring of existing high quality wetlands to provide specific baseline data. Assemble and summarize existing available information as appropriate.

### **3. Replacement Wetland Siting Criteria (Siting)**

The goal of compensatory mitigation is to replace the functions and values lost from unavoidable wetland impacts, particularly on a watershed basis. Current state and federal replacement siting criteria incorporate a sequential preference for locating wetland replacement based on increasingly large watershed units. However, for impacts in NE Minnesota, mitigation located in a different major drainage basin than the impact is ultimately permissible under current policy if practicable in-watershed replacement options are not available. In those cases, the link to watershed integrity is lost and there is currently no clear resource-based rationale for the location of the replacement. To better serve the public interest, the interagency team recommends that state and federal wetland replacement siting criteria for NE Minnesota be revised to require replacement in the following sequential order:

1. On-site or in the same minor watershed as the impact.
2. In the same major watershed as the impact.
3. In the same wetland mitigation service area as the impact.
4. In an area of the state that has been designated as high priority for wetland restoration.\*
5. In another wetland mitigation service area.

\*The agencies will base their designation on accepted resource-based conservation or restoration plans and related information as appropriate. For example, some existing plans have identified the prairie pothole region of Minnesota as a general high priority region. Additional or more specific areas may be recognized as high priority for restoration as other plans are reviewed and accepted by the agencies.

Currently, both the State and Federal programs utilize bank service areas and ratios as a surrogate for functional replacement of permitted impacts. Under the proposal in this report, if there were no practicable mitigation opportunities within the bank service area where the impact occurred, the project sponsor would have alternative options available for the mitigation action and location. For clarification, the report also recommends using the term “mitigation service area” (MSA) to include both forms of mitigation available to project proponents: project-specific or permittee-responsible mitigation and mitigation banking. MSAs are equivalent to the bank service area boundaries currently recognized by the agencies.

The conceptual framework described in this report utilizes current replacement ratios. However, expanded mitigation actions would be available within the NE area as options to primarily address water quality functions lost as a result of the permitted activity. The varied mitigation options combined with current replacement ratios would provide incentives for siting mitigation in priority areas and maintaining watershed integrity in NE Minnesota. Additional targeting of priority areas could be accomplished through ratio incentives alone, a specific search-sequence requirement, or a combination of both.

Achievement of the resource and public value benefits necessary to adequately replace wetlands impacted in NE Minnesota will require a prioritization of mitigation service areas and a change in the current siting criteria and incentives. Specifically, this report recommends the targeting of mitigation through the establishment of primary and secondary service areas. The primary service area is the service area in which the impact is located, while secondary service areas will correspond to the State’s priorities as outlined in recognized and approved state planning documents. Each category can be assigned a corresponding replacement ratio which will provide a greater incentive for replacement in priority areas. The regulatory agencies will need to determine MSA priorities, however, a variety of existing state-wide natural resource or wetland plans have identified high priority areas of the state for wetland restoration. These areas generally coincide with the prairie pothole region of Minnesota. Additional, tertiary, or alternative secondary service areas could be determined based on current BSAs, major watersheds, ecoregions, historic wetland loss, current conditions, and/or other such criteria or combinations of criteria. Establishment of such areas should be based on a sound resource-based rationale and developed through interagency coordination and agreement for consistency.

The recommended approach for implementing the prioritization concept within NE Minnesota is provided below. It is applicable to both project-specific replacement and the purchase of bank credits. Project proponents can only move down the sequence of steps when it has been demonstrated that adequate mitigation opportunities are not available. As described here, this *example* generally uses current search criteria and ratios but includes the concepts of secondary MSAs and alternative options for mitigation credit.

- 1) Pursue mitigation for wetland impacts within the MSA in which the impact is located (primary MSA) at 1:1 ratio. All actions eligible for credit are available, including alternative actions, except the “Approved Watershed Plan Implementation Project” option. If adequate mitigation is not available, proceed to step 2.
- 2) Replace wetland impacts in a high priority area (secondary MSA) at a 1:1 ratio, and within the impacted MSA, implement:

- a. one or more approved watershed plan implementation projects focused on maintenance or improvement of water quality (according to yet-to-be determined credit allocation procedures);
  - b. any alternative options for mitigation credit equivalent to a 0.5:1 ratio; or
  - c. any combination of a and b.
- 3) Replace wetland impacts in a secondary MSA at a 1.5:1 ratio.
  - 4) Replace wetland impacts at an increased ratio in an area of the state not designated as high priority.

Completion of the details may benefit from further discussion, stakeholder input, and consideration by the agencies as appropriate. These details may include the utilization of ratios as incentives to replace in priority areas; more specific targeting of priority areas for mitigation; whether or not, or under what circumstances, mitigation could be allowed outside of the primary or secondary service areas; and/or other implementation options. However, consistency between WCA and the CWA is essential.

Alternatively, if an In-Lieu Fee program is established, it can provide another option for achieving the goals discussed in this report. As discussed here, an ILF program would implement the same (or similar) siting sequence as identified above.

#### **4. Alternative Options for Compensatory Mitigation within NE Minnesota Watersheds (Siting)**

##### **a. Expanded Use of Preservation**

1. Clarify for applicants and staff that preservation is a viable and accepted mitigation option in NE Minnesota in accordance with current eligibility and credit allocation criteria.
2. Consider expanding eligibility criteria to allow credit for larger amounts of upland areas that provide habitat connections and/or water quality benefits to aquatic resources, particularly in upstream reaches of watersheds and riparian areas.
3. Include in future inventory efforts the identification of areas important for watershed function and integrity that may be candidates for preservation.

##### Action Items:

1. Modify MN Rule 8420.0526 to allow the allocation of mitigation credit for the preservation of additional upland acres and riparian areas in NE Minnesota. Review the St. Paul District Policy and determine if modifications are needed.
2. Review and update State and Federal guidance on the use of preservation for consistency where necessary.

##### **b. Restoration and/or Protection of Riparian Corridors and Streams**

##### Recommendations:

1. Allow mitigation credit for the preservation of buffers adjacent to trout streams and other important or sensitive northeast streams.

2. Allow mitigation credit for the restoration of buffers through reforestation activities that improve shading, habitat, or water quality of trout streams and other important or sensitive northeast streams, including impaired streams with an established TMDL.
3. Allow mitigation credit for stream restoration projects that include such actions as re-meandering lost channels, stream bank stabilization, and day-lighting buried/piped streams.

Action Items:

1. The agencies should collaborate to establish specific criteria to implement the above recommendations, including the amount of mitigation credit to allocate to such actions.
2. Modify MN Rule 8420.0526 and St. Paul District Mitigation Policy as needed to allow mitigation credit in NE Minnesota for the preservation and establishment of stream buffers, and for stream channel restoration and protection activities, in accordance with the agencies' established criteria.
3. Develop consistent programmatic guidance for implementation of the credit allocation mechanisms described in Rule/Policy.

**c. Stabilization of Natural Hydrology**

Recommendation:

1. Provide clarification that the stabilization of natural hydrology is eligible for compensatory mitigation credit under both State and Federal policy, and may be particularly relevant in northeast watersheds.

Action Item:

1. Review existing agency guidance for changes or additions, and develop new guidance as needed.

**d. Peatland Hydrology Restoration**

Recommendation:

1. Provide clarification that the restoration of peatland hydrology through strategic ditch blocks is eligible for compensatory wetland mitigation credit, and that it may be particularly relevant in NE Minnesota.

Action Item:

1. Pursue a functional evaluation of drained peatlands on a larger, watershed context to estimate the potential benefits from available restoration actions.
2. Review existing agency guidance for changes or additions, and develop new guidance as needed. The guidance should address the process for assessing peatland restoration potential, restoration techniques, credit allocation, and issues relating to ownership and drainage rights.

**e. Approved Watershed Plan Implementation Projects**

Recommendation:

1. Allow compensatory wetland mitigation credit for the completion of certain approved watershed plan implementation projects.

Action Items:

1. Evaluate current State and Federal policies for potential amendments necessary to allow the allocation of wetland mitigation credit and to promote effective wetland planning efforts via existing planning mechanisms.
2. Pursue policy changes (if needed) and develop corresponding guidance for implementation and credit allocation.
3. Identify and evaluate watershed plans in BSAs 1 and 2, and compile a list of agency approved plans.
4. From the list of approved plans, identify specific measures that could be used as components of a compensatory mitigation package for authorized impacts in BSAs 1 and 2.

**5. Alternative Mechanisms for Providing Compensatory Mitigation (Siting)**

**a. Northeast Regional Wetland Mitigation Cooperative (Umbrella Bank) Option.**

The Northeast Minnesota Wetland Mitigation Inventory & Assessment Report (NE Report) recommended the establishment of a Northeast Regional Wetland Mitigation Cooperative. The final report for Executive Order 12-04 also identified a Cooperative as one option to consider for addressing concerns with wetland mitigation in northeast MN. According to the NE Report, the primary goals envisioned for a Wetland Mitigation Cooperative were to develop a program to:

- 1. Establish and ensure a self-sustaining, positive balance of wetland mitigation credits for use in northeastern Minnesota.*
- 2. Establish wetland bank credits based on priorities for location and wetland type derived from an evaluation of historic wetland resources, opportunities within the various watersheds, impaired waters, significant natural resources, and other factors.*
- 3. Establish wetland bank credits that have multiple ecological and societal benefits, including water quality protection/improvement, wildlife habitat, flood control, fisheries habitat protection, carbon sequestration, and biodiversity.*

According to the NE Report, it was envisioned that the Cooperative be managed by a public entity with oversight from an interagency committee. However, the actual structure of such a Cooperative could range from a single public entity to an agreement between multiple private interests. The report also identified two primary hurdles to the establishment of such a Cooperative. These hurdles are still relevant today:

- 1. Identification of a public organization to manage the cooperative.*
- 2. Initial funding to develop mitigation bank credits.*

As described here, the Cooperative would focus on establishing in-advance wetland banking credits, primarily in northeast watersheds. For the Cooperative approach to be a viable option, it would need to be structured similar to a true cooperative rather than a publicly managed and funded entity as recommended in the NE Report. The Cooperative could operate as a partnership between mining interests and/or other private entities with

wetland mitigation needs in northeast Minnesota, with direction and guidance provided by an interagency wetland mitigation committee. Structured as such, the Cooperative could not operate as an In-Lieu Fee program. The responsibility and initiative to establish the Cooperative would lie with the identified private entities. A cooperative consisting of non-governmental organizations unaffiliated with project proponents and focusing on northeast watersheds could possibly be an alternative structure, however.

**b. In-Lieu-Fee Program Option.**

An “In-Lieu Fee” (ILF) wetland mitigation program differs from traditional wetland banking in that the mitigation is often established after the impacts occur. The process for identifying and approving wetland impacts remains unchanged. However, as an alternative to the purchase of banking credits or the establishment of project-specific mitigation, a fee is paid to the entity operating the ILF program to be used specifically for obtaining the required mitigation.

The Federal Rule that took effect in 2008 (33 CFR Parts 325 and 332, Compensatory Mitigation for Losses of Aquatic Resources) provided a consistent process for establishing an ILF program for mitigation under Section 404 of the Clean Water Act. The parameters of an individual ILF program are defined in an ILF Instrument – an agreement between the U.S. Army Corps of Engineers and the entity administering the ILF program. Such parameters will include the service area of the program, the process and goals for establishing mitigation projects, the process for setting fee amounts, and numerous other considerations.

In 2012, legislative amendments to the Wetland Conservation Act included modifications to MN Stat. § 103G.2242 Subd. 3. The new language clarified BWSR’s authority pertaining to wetland banking, and included the following specific to ILF programs: “The board may establish, sponsor, or administer a wetland banking program, which may include provisions allowing monetary payment to the wetland bank for impacts to wetlands on agricultural land, for impacts that occur in greater than 80 percent areas, and for public road projects.”

Given the goal of balancing the needs of NE watersheds with statewide resource priorities, a statewide ILF program should be a serious consideration. Such a program could be operated by a non-federal public entity or a non-profit organization with expertise in the NE and other priority areas. As recommended here, the ILF program would serve projects that impact wetlands in the NE region. However, the program could be expanded to other specified service areas or statewide.

## 6. Other Recommendations for Providing Compensatory Mitigation (Siting)

### a. Inventory of Siting Analyses and Potential Mitigation Sites Evaluated

#### Recommendation:

1. Establish an electronic database and repository to archive siting search documents and to maintain a running inventory of potential wetland mitigation sites that have undergone some initial scoping review in the northeast, including basic relevant information on each.

*Note:* This recommendation is similar to one of the recommendations from the *Northeast Minnesota Wetland Mitigation Inventory & Assessment Report*, which recommended the establishment of a “wetland mitigation opportunity registry” in which landowners could advertise their property and interest in wetland mitigation. The primary difference is that this recommendation takes an additional step – where the inventory is not just a registry of “possible” sites based primarily on landowner interest, but a database of information on the quality, feasibility, and practicability of possible sites.

#### Action Items:

1. Develop a framework for the database and its usage, including establishment and operating cost estimates. Explore options to utilize or expand existing systems, such as the DNR online permitting platform or the BWSR wetland banking map tool.
2. Determine agency responsibilities and pursue funding for establishment of the database.

### b. “Rapid Response” Interagency Review Team

#### Recommendation:

1. Establish and utilize a “Rapid Response” Interagency Review Team for the early scoping of potential mitigation sites as described above.

#### Action Item:

1. Establish the Team structure and operating procedures via interagency agreement.
2. Identify and pursue funding for implementation.

### c. Promote Private Wetland Banking

#### Recommendations:

1. Improve the availability of information regarding wetland banking, particularly in the northeast.
2. Promote and utilize local watershed planning efforts.
3. Utilize agency and local government expertise to proactively inventory and assess potential mitigation sites and promote banking.

**Action Items:**

1. Publish a public notice about the statewide demand for wetland mitigation credit that includes the current availability of credits in each BSA along with general information of historic credit needs, as well as the availability of other mitigation credit options in the northeast (see recommended alternative mitigation options). Provide this same information directly to local governments in NE Minnesota.
2. Promote the integration of wetland planning, particularly the inventory and prioritization of mitigation opportunities, into local water planning efforts in Minnesota.
3. Consider pursuing a State agency position, through new funding or the reallocation of existing staff duties, to focus on the inventory and assessment of potential wetland mitigation sites and the promotion of wetland banking. This position, the inventory of mitigation sites and the “Rapid Response” Interagency Review Team can be mutually beneficial. The position could also be helpful to identify options for non-traditional mitigation and to coordinate with other local and regional planning efforts (e.g. TMDL plans).

**D. Program Funding**

**1. Adequacy of Wetland Bank Program Funding (EO)**

- i. BWSR should conduct an actuarial study to estimate future costs for wetland bank monitoring, maintenance and compliance and the associated public risk. This study should also evaluate long-term costs and methods of finance associated with general administration, application review and processing, and credit management. An implementation plan should then be developed to ensure the long-term viability of the Wetland Banking Program.
- ii. Another option to consider is combining monitoring and maintenance responsibilities of wetland banking with other similar monitoring efforts.
- iii. BWSR should assess the potential for using alternative methods to monitor wetland bank sites, such as via aerial imagery. Such an assessment should highlight both the effectiveness of these methods and the cost savings to the State.

**2. Strategic use of Funding Sources and Tools to Achieve Continued Restoration of Drained Wetlands (EO)**

- i. Continue efforts, particularly collaborative efforts such as the Prairie Pothole Regional Integrated Landscape Conservation Strategy, to improve science and decision tools that refine the ability to target wetland restorations to their highest value locations.
- ii. There are limited resources available to support wetland management on private lands, if those wetlands are not enrolled in a conservation program. Assess gaps in those programs and support funding initiatives to improve and maintain the quality of these wetlands.

iii. Evaluate and analyze current incentives and payment rates to determine if they are sufficient to attract landowner interest in participating in wetland restorations. Non-traditional incentives (e.g. tax incentives) should be analyzed as part of this effort. Such incentives are vital to maintaining and increasing the quantity, quality and biological diversity of wetlands. Of particular significance is the expected expiration of thousands of acres of Conservation Reserve Program contracts. Providing incentives can ensure that some of the wetland areas on these lands remain.

iv. Work with conservation partners to evaluate how voluntary efforts can be enhanced with wetland bank funding so that there is an opportunity to leverage mitigation funding while continuing to avoid subsidizing private mitigation with public dollars.

v. Support local government planning in the metropolitan area to support more strategic wetland management.

vi. Promote and support a comprehensive, local, watershed-based planning framework that provides for the identification and prioritization of wetland resources for protection, management, and restoration on public and private lands. Cumulatively, these watershed planning efforts can provide a basis for improved statewide decision-making regarding issues that affect wetland quantity, quality, and biological diversity, including the targeting of wetland restorations and mitigation.

vii. Targeted restoration of wetlands to achieve multiple benefits such as wildlife habitat restoration, water quality improvement and flood attenuation will require the use of many land management tools and funding sources, including: enhancement activities, cost-share contracts, and land acquisition by public entities via fee title or easements.