



# WETLAND BANKER

January 2013



Board of Water & Soil Resources [www.bwsr.state.mn.us](http://www.bwsr.state.mn.us)  
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## 2013 Road Bank Project Solicitation and Sign-up

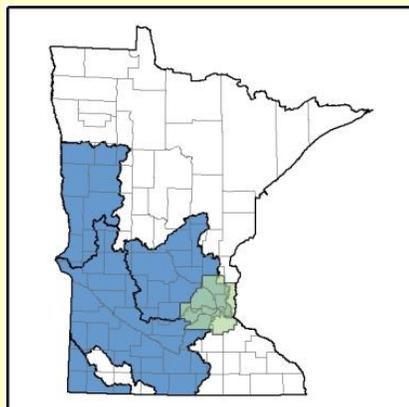
The 2012 Legislative session conferred a \$5.1M funding appropriation for the BWSR Road Program. Similar to past efforts, BWSR will roll out a project solicitation request for proposals (RFP) and an easement sign-up in February.

The RFP allows wetland bankers to undertake a banking project with a guaranteed buyer (the State of Minnesota) of the credits at the end of the project. The easement sign-up allows landowners to receive an upfront payment for allowing BWSR to complete a wetland restoration on their land.

The proposed RFP for new sites targets the seven-county metropolitan area and watersheds in Bank Service Areas four, seven, nine, and ten (see map below). Proposals not in a target area will not be considered.

Bonding appropriation money must be used to develop new bank sites—it cannot be used to buy existing credits.

To keep informed and make sure you don't miss new developments, click "Sign-up for Wetland Banking Updates" at the Wetlands page of the BWSR website. Enter your e-mail address and check the appropriate box. You will receive any and all information related to this solicitation and the easement sign-up.



Map: RFP target areas

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## Bank Owner Spotlight

### TOM MARISKA, WASECA COUNTY

Tom Mariska owns the first agriculture-dedicated wetland credits to be deposited into the State Wetland Bank. Quickly followed by several more, Mr. Mariska's Waseca County site was already in the works when the plan for the agriculture credits was proposed just over a year ago.



A deep marsh area of one Mariska site in Rice County.

Please see *Bank Owner Spotlight* on page 2

**Bank Owner Spotlight** *from page 1*

Mr. Mariska started his bank business as a buyer. In 1997, he had to purchase credits for building a field road. Learning quickly from his experience, he thought, "I can do that!" and turned some marginal property into wetland credits. Over the years, Mr. Mariska found more "rough" land while on hunting trips with his family. This marginal land had low areas that converted easily back to wetland; he established four accounts between 2001 and 2010.

Deciding to enroll his latest effort in the Agricultural Exchange instead of the commercial bank came after a meeting last year in Mankato about the new process. "It made sense," he says, adding that at his age, selling credits to avid farmers brings quick cash in a market that seemed to have dried up with the housing boom crash.

BWSR Wetland Specialist Jeremy Maul eased some worries by reassuring Mr. Mariska that he expected a strong demand for agriculture credits. Also important in pioneering the new credit type was the option to move the credits back into the commercial market; because he had gone through the regular bank process, rather than CRP as many agriculture sites are expected to do, Mr. Mariska's credits can be converted back to standard credits.

For Mr. Mariska, selling more credits at a reduced rate makes sense to keep the cash flow coming in.

Although "farmers don't like rules telling you want to do with your own land," Mr. Mariska admits that replacing wetlands is a good idea. "I saw enough wetlands that shouldn't have been drained," he says, before the Wetland Conservation Act started requiring replacement. "That was a good move for the state in general," he says, appreciating that a pothole in the middle of a field can be drained and "then you can get a good-functioning wetland" somewhere else.

As for changes in the bank program itself, this long-term participant sees increased regulation as a positive trend. "Looking back, I can see where it has to be done right," he says. "Rules and regulations used to be a grey area. I used an existing field road as dike! I should have put in a brand new structure with an outlet [instead of using the]

existing culvert. It's worked well but... it does have to be replaced." "I don't like it, but that structure is supposed to last a lifetime so you probably better do it right" from the start, despite the added cost of hiring a professional engineer.

Just as the State banking program evolved from its early years, there are likely changes ahead for the agriculture exchange. Mr. Mariska expressed dissatisfaction with the rapid and not always linear evolution of the NRCS rules. In particular, a recent allowance for impacts to be replaced at distant bank sites, crossing bank service area boundaries, allows buyers to "jump the fence," which, Mr. Mariska says, almost "encourages draining" in the lower half of the state. "It's an unintended consequence" of a rule and "somebody has to fix it," he says. "I am so frustrated about that part." Also, he points out, it will limit future investment in banking if the lowest-cost credits can replace impacts anywhere in the state.

Mr. Mariska's concerns for the future of the banking program are that, once the credits are sold, there is "a lifetime of maintenance and paying taxes" ahead. He looks ahead to how his remaining producing land can generate enough to cover the taxes on the rest. Selling for hunting land is one option but Mr. Mariska would prefer a way to lock in a lower property tax rate on easement land.

"BWSR got it right after a time," Mr. Mariska says. On the other hand, from his point of view, "there is no direction from the state office" to the local NRCS field offices. Buyers, he reports, are purchasing three to five acres at a time, rather than smaller amounts that would indicate a sticky spot in the middle of an existing field.

"I liked [the BWSR] system," he says, of encouraging replacement within the watershed, then allowing a move to the next adjoining watershed, with gradual "stepping out" of boundaries. The Corps' bank service area line, he says, cut him off from clients in Mankato. He was "on the wrong side of the line."



## Agricultural Bank Up and Running

Last year, BWSR and NRCS announced a joint initiative on wetland mitigation for agricultural producers. This included the establishment of a single-use agricultural wetland bank focused on restored wetlands and expiring Conservation Reserve Program contracts. Through a partnership with NRCS, BWSR has investigated over 100 expiring CRP sites for potential eligibility. The application process is the same as any other bank under WCA.

As this newsletter went to press, there were five sites with agricultural credits available. One of them, highlighted on Page One, was already well along in preparation to be deposited in the regular bank. Two were approved specifically as ag\_banks. Another two converted one group of existing standard credit to agriculture credits in order to take advantage of the high demand for agricultural credits from tiling projects.

Standard credits can be converted to agriculture credits if they are associated with a restoration project. Created or preserved acres are not eligible. Only whole subgroups can be changed. Ag credits can be sold only for qualifying agriculture-related impacts. Once converted, they are off the market for other buyers.

As a federal agency, NRCS staff follow slightly different but similar rules as the State when requiring mitigation. Most withdrawals will use a different application and form (see page 7), but otherwise follow the same transaction procedures, including the required fee. Approval of the credit use for a particular impact will typically come from the local NRCS staff, although many will also require WCA official approval.

For more information about projects eligible to buy ag credits, contact your local SWCD or the NRCS at the USDA service center in your county. If you have internet access, you can locate the office nearest you by using the web map tool at this site: <http://offices.sc.egov.usda.gov/locator/app?agency=nr&state=mn>



*Seeding a wet meadow mix at the Janet Johnson road bank site in Chisago County.*

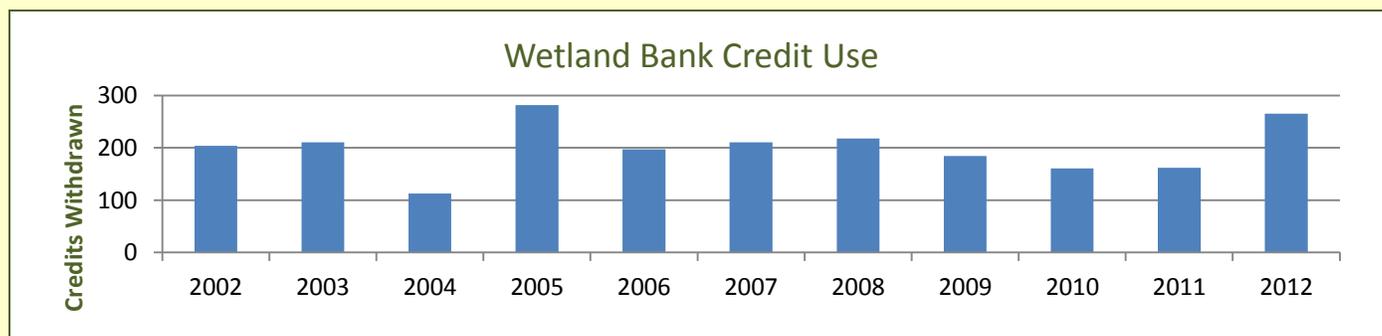
### How Does the Agriculture Credit Bank Affect Your Bank?

Only qualified producers draining land for agricultural production may purchase ag credits. Restrictions on location of replacement wetlands are based on local NRCS District Conservationist approval. An “Ag Bank vs. Regular Bank” fact sheet on our website will be updated as BWSR responds to new questions in this rapidly-evolving program.

## Bank Purchases Up Slightly

Wetland credit sales are at their highest level since 2005. The number of applications rose slightly since leveling

off in 2009-2011. Over 260 unique purchases were processed, up from 230 last year. The average credit purchase amount also increased, to just over one credit per transaction.



## Hydrology Monitoring of Wetland Restoration Sites Continues

- Eric Mohring, BWSR Hydrologist

While BWSR staff have been monitoring wetland restorations for over 10 years, the hydrology monitoring of wetland restoration sites did not begin in earnest until late 2006. There has been a focus on hydrology monitoring for wetland mitigation bank sites, especially those associated with the Cooperative Road Wetland Replacement Program (or “Road Program”).

What is “hydrology monitoring”? The phrase can mean different things to different people, but in the case of the Road Program, it has mostly meant keeping track of water levels with a combination of staff gauges and shallow water table monitoring wells. These are read manually or with remote data loggers.

Hydrology monitoring is done to answer specific questions – in our case questions such as: “*Has wetland hydrology been restored to the site?*” or “*What is the depth, duration, and frequency of saturation or inundation?*” These are questions that need to be answered in order to get credit for a successful wetland restoration [the State needs to prove that our sites are good to get credit, too].

BWSR staff have been monitoring hydrology at 14 wetland mitigation bank sites (**Figure 2**). We have

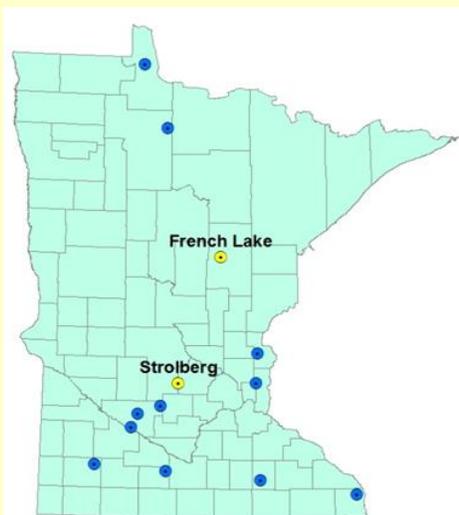


Figure 2: Wetland bank sites where BWSR has been monitoring hydrology.

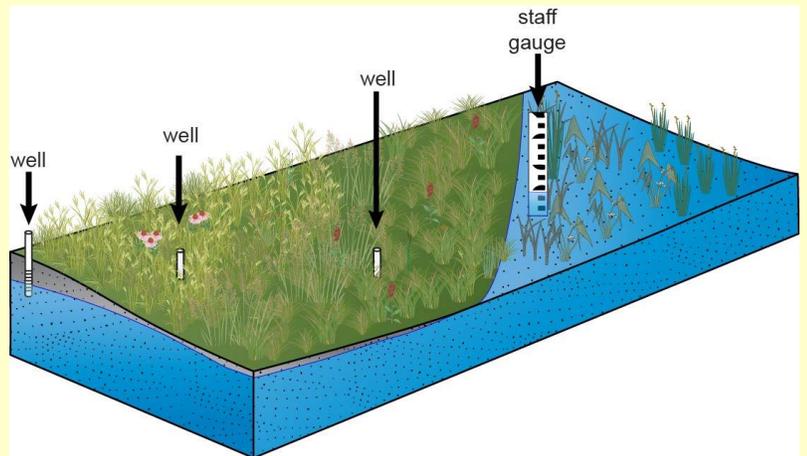


Figure 1. Some “tools of the trade” for hydrologic monitoring of wetlands: staff gauge and shallow water table monitoring wells.

installed 170 monitoring wells or staff gauges since 2006.

At several of the sites, we now have four or five growing seasons worth of monitoring data. It has been gratifying to be able to witness and document the return of wetland hydrology to these sites over a period of years (**Figure 3**).

However, it is not enough simply to keep track of water levels. The water level data must be interpreted in the context of climatic conditions. Periods of abnormally wet or abnormally dry conditions can throw a wrench in our efforts to determine whether wetland hydrology will be present under normal precipitation conditions.

Luckily, Minnesota is blessed with one of the best State Climatology Offices in the country. Using their web tools, we have precipitation records from anywhere in the state at our fingertips, as well as statistical tools to help determine what is “normal”.

Consider the data in **Figure 4**. Have the water levels in the different basins achieved the design (or “target”) elevations? This would be difficult to determine if we were not able to interpret the water levels in the context of climate. Looking at one year’s worth of data

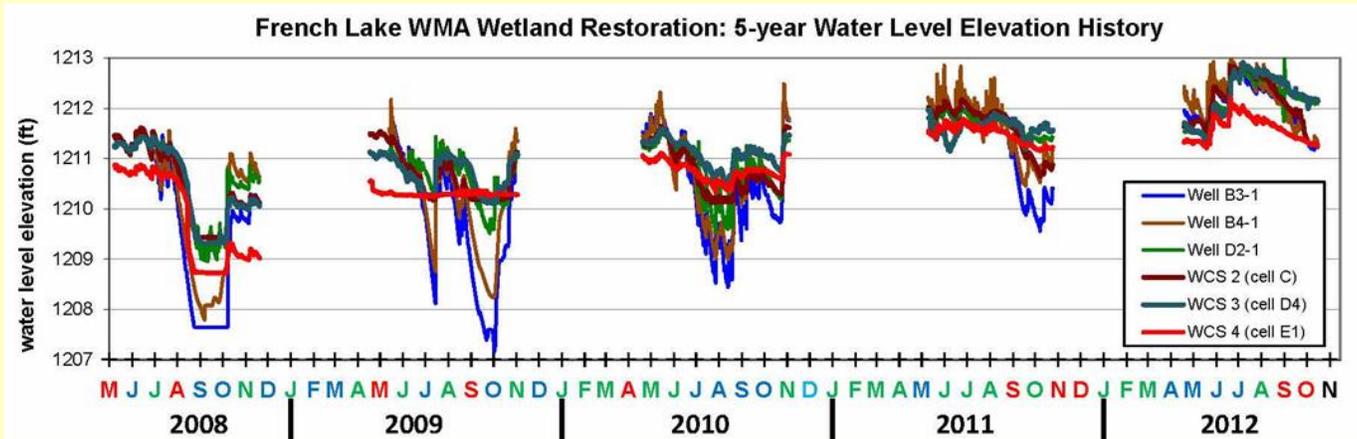


Figure 3: Five-year water level elevation history of French Lake WMA wetland bank showing restoration of wetland hydrology. The colors of the month labels indicate wet (blue), normal (green) or dry (red) precipitation conditions.

(Figure 5), we can see the effects of individual rainfall events as well as the overall wet, normal, or dry conditions. A particularly useful tool is the “30-day rolling sum” of daily precipitation – the squiggly lighter-blue line in the graph at the bottom of Figure 5. Each point on the line represents the sum of the past 30 days of precipitation. This can be compared to the range of normal monthly precipitation (between the red and darker blue lines on the graph) to delineate wet, normal, or dry periods (bottom of graph). This helps us make much more sense of what the water levels are doing. What do you think? In which basins did we meet our targets?

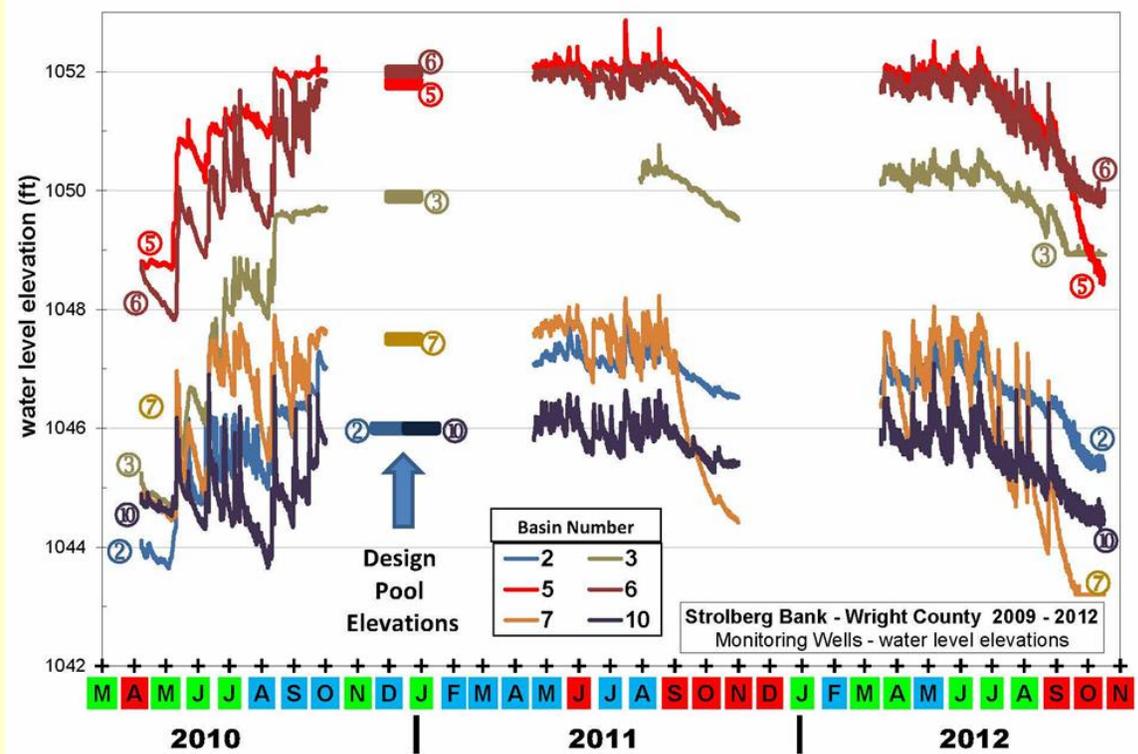
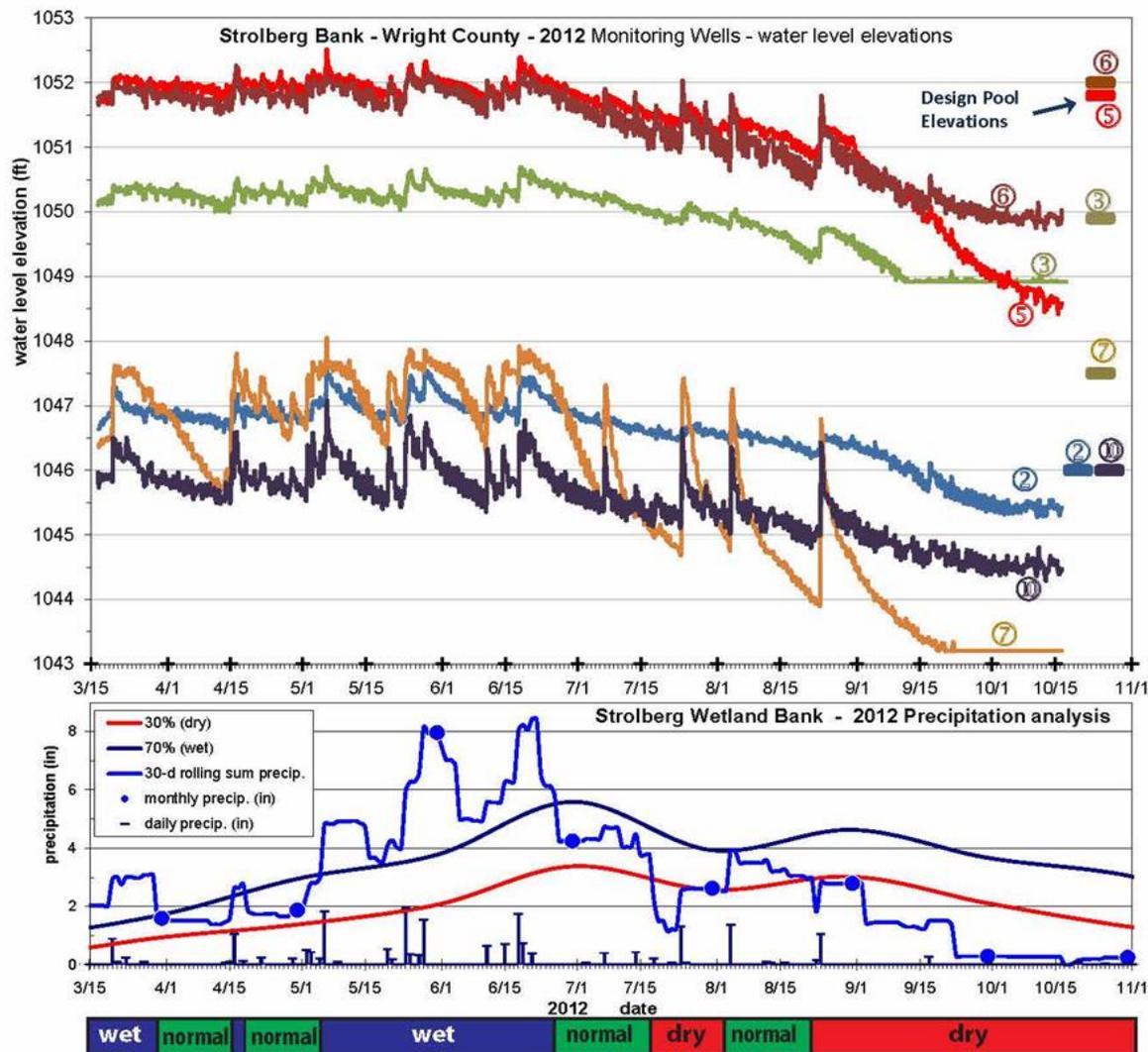


Figure 4: Three years of water level elevation data from a wetland bank in Wright county. The colors of the month labels indicate wet (blue), normal (green) or dry (red) precipitation conditions. The “design” or “target” elevations are also shown.



**Figure 5. Top:** 2012 Water level elevations for several basins in the wetland restoration, Wright county compared to “design” water level elevations. **Bottom:** Analysis showing daily, monthly, and the 30-day rolling sum of daily precipitation, together with the range of normal precipitation. With this we can determine which periods are “wet”, “normal”, or “dry,” greatly helping in the interpretation of the water level data.

## Meet the Central Office Wetland Bank Staff

There have been several changes in the past year on the BWSR bank staff. In July, Ken Powell took on the role of State Wetland Bank Coordinator, replacing Dan Girolamo. Ken had been a BWSR Senior Wetland Specialist for the nine-county metro area.

Processing daily withdrawal applications is Michelle Lewis, a BWSR employee for eight years who comes to the banking world from Grants, where she manages e-Link reporting data.

Char Sokatch continues to handle easements and related legal documents. She no longer processes transactions.

Natasha DeVoe coordinates bank activity, although her hours at BWSR have been reduced in order to devote attention to the U.S. Army Corps of Engineers’ wetland database RIBITS. She does deposits and has been busy sorting out agriculture exchange credits.

The wider bank cast includes monitoring and engineering staff, regional wetland specialists, our partner local WCA authorities, and seasonal interns, all playing a role in keeping the program running.

## Transaction Form Changes

A big behind-the-scenes change is in the works for the BWSR staff who work with your bank transactions. Our database, which was built in 2000, is being updated to run on a new software platform. We'll incorporate the bank account data in the same database that we use to collect other wetland-related data, a program we call e-Link.

The short news is: you shouldn't notice much of a difference. If we do our job right and if all goes well with the new software, the only thing that will have changed is the form that Buyers fill out to purchase credits or that you might use to deposit additional acres.

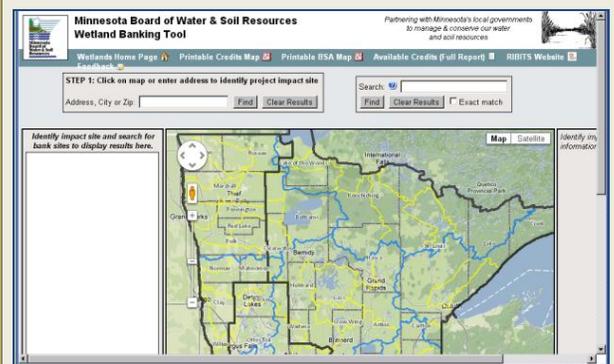
There is a different form for credit withdrawals from the agricultural bank. This is a joint NRCS/BWSR form that should clarify the process.

The new forms are always available on our website and we've included a sample with this newsletter. After a short transition period, BWSR will require the use of the new forms for both deposits and withdrawals.

However, if you've ever dealt with a computer, you know that software can be fickle. Our current database has a lot of twists and turns we've installed in order to keep pace with changes over the years: fees, the shift to a standard credit, ability to enter an email address or keep track of agricultural bank credits. We're realistic enough to expect the unexpected. The old database will remain in action until we're sure that the new one is up and running.

### New Wetland Bank Mapping Tool

There is a new way for buyers to find wetland bank credits. Using mapping software linked to our database, users can zoom in on their wetland impact site and click to find available wetland banks in the bank service area or major watershed. Find it online at: <http://maps.bwsr.state.mn.us/banking/>.



## Monitoring Staff Photo of the Year



*The sign reads: "Wetland Buffer Zone. No mowing or filling beyond this point."*



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**Minnesota Wetland Bank**

Unless otherwise noted, original photos and drawings by BWSR monitoring staff.

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## Calculated Values Update January 31, 2013

On December 12, the BWSR Board approved an update of the calculated wetland values for each Minnesota County based on information from the Department of Revenue. This annual exercise allows BWSR to keep our fees in line with changing land values. Most county land values remained fairly stable; the average change from 2012 was eleven percent. No counties required the 75% increase limit.

New calculated values go into effect for transactions signed after January 31. If you sign a Purchase Agreement before then, enclose that with your application to ensure smooth processing using the old fee.

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*BWSR Hydrologist Eric Mohring checks a water level data logger at the French Lake road bank in Aitkin County.*