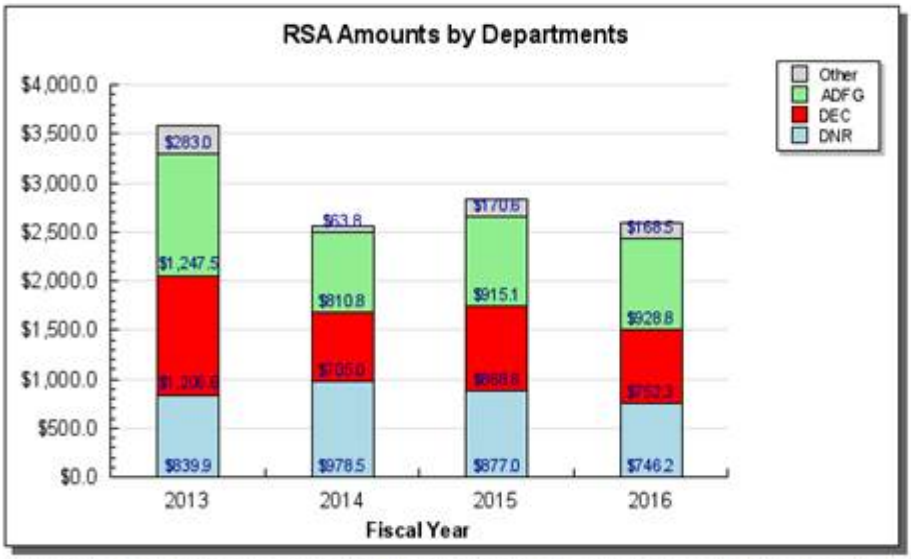

Methodology: Total amount of funding (in budget dollars) available to other state agencies via reimbursable services agreements provided by OPMP.

RSA Amounts by Departments

Fiscal Year	DNR	DEC	ADFG	Other
FY 2016	$746.2	$752.3	$928.8	$168.5
FY 2015	$877.0	$868.6	$915.1	$170.6
FY 2014	$978.5	$705.0	$810.8	$63.8
FY 2013	$839.9	$1206.6	$1247.5	$283.0

Compensatory Mitigation Questions

By what date is the USACE anticipated to approve or reject the State of Alaska's mitigation bank application?

- Ultimate timing for approval or denial is up to the USACE
- We have done a couple of informal reviews with the USACE and are submitting a revised prospectus in the very near future (a "prospectus" is our "application" to the USACE to run an In-Lieu Fee (ILF) Bank)
- I've attached a timeline that shows the review timelines (please see enclosure #3, we are beginning phase II on that timeline)

Which DNR division or office would administer the wetlands mitigation bank?

- Currently planning for OPMP, but not set in stone.

How long after USACE's approval would it take for DNR to implement the program?

- 6 months (rough estimate). Somewhat dependent on demand for these services. Currently trends suggest that there would be an immediate need, if that were to change program should have the flexibility to start and grow when needed.

Would DNR promulgate regulations to implement wetlands mitigation bank program?

- No

What expenses and revenues does DNR project for the first five years of bank operation?

- Expenses for the first two years after the program is initiated is estimated, at this time, for approximately $200,000 per FY. The intent is to have the program self-funded after the first 2 years
    - Current estimate includes the initial funding for 1 full time position and additional funding for activities needed to set up the program and initiate the first couple of projects
        - Activities associated with setting up program once approved (administrative work, budget/accounting work, create templates for initial sales, create templates for initial reports)
        - Additional cost for initial project work and site selection (RSAs to reality services for title review, planning department, ADF&G and DEC for review of methodologies and site selection, contract out work if needed)
- Revenues to the bank will be dependent on demand for mitigation services in the State.

How long after inception would the program pay for itself?

- It's hard to estimate the demand for these services but could be as short as 2 years if enough mitigation is needed within the State.

How long after inception would it provide revenues in excess of program expenses, and how much would yearly revenues be?

- If there is a high demand it could be within the first 2-3 years where the program could be established enough and have the data collected to develop projects upfront and efficiently.
    - The way the In Lieu-Fee (ILF) model works is that an applicant would give the ILF bank money (per their requirements in the USACE's 404 wetlands fill or dredge permit) and then the ILF Bank would be reasonable to find suitable a project within a given amount of time (in general 3 years). In this scenario ILF Bank funds taken in are limited by the USACE's regulations to only the activities of the ILF program.
- Revenue though can be generated and put into general funds when a project is completed and approved by the USACE first and then sold. This requires upfront funding for project development. Depending on the project the cost can greatly vary. For stream or wetland restoration or enhancement the project cost is much greater than a preservation project that doesn't require construction. The approval process for the USACE is different but funds are not restricted in the same way as an ILF.

Describe the wetlands mitigation requirements for Point Thomson, Donlin (or the proposed gas pipeline to the mine site) and the Port Mackenzie Rail Extension.

- Wetland mitigation requirements are administered by the USACE and described in 33 C.F.R. Part 332 ("mitigation rule")

> *"§ 332.3 General compensatory mitigation requirements.*
>
> *(a) General considerations.*
>
> *(1) The fundamental objective of compensatory mitigation is to offset environmental losses resulting from unavoidable impacts to waters of the United States authorized by DA permits. The district engineer must determine the compensatory mitigation to be required in a DA permit, based on what is practicable and capable of compensating for the aquatic resource functions that will be lost as a result of the permitted activity. When evaluating compensatory mitigation options, the district engineer will consider what would be environmentally preferable. In making this determination, the district engineer must assess the likelihood for ecological success and sustainability, the location of the compensation site relative to the impact site and their significance within the watershed, and the costs of the compensatory mitigation project. In many cases, the environmentally preferable compensatory mitigation may be provided through mitigation banks or in-lieu fee programs because they usually involve consolidating compensatory mitigation projects where ecologically appropriate, consolidating resources, providing financial planning and scientific expertise (which often is not practical for permittee responsible compensatory mitigation projects), reducing temporal losses of functions, and reducing uncertainty over project success. Compensatory mitigation requirements must be commensurate with the amount and type of impact that is associated with a particular DA permit. Permit applicants are responsible for proposing an appropriate compensatory mitigation option to offset unavoidable impacts."*

- Project specific details can be hard to come by. Project proponents or service providers do not always wish to release this information and therefore we have tried to stay away from speaking for individual applicants on how they settled these requirements. I have tried to make some generalizations below and above is a link to the federal C.F.R.
- Generally speaking:
  - Cost for a project the size of a gas pipeline from North Slope to market has been described as serval $100's of millions for compensatory mitigation alone
  - Cost on the North Slope have been described as ranging from $44,000 – $125,000 per acre
  - Impacts within Colville River have been mitigated at a 10/1 ratio (in general this means for every one acre of impact in this area an applicant would be required to mitigate 10 acres).

Explain how each project met or will meet its wetlands mitigation requirement

- Mitigation options listed in order of preference by the USACE (i.e. types of projects to aquatic resources that the USACE will accept)
    1. Restoration of aquatic resources
    2. Enhancement of aquatic resources
    3. Creation of aquatic resources
    4. Preservation of aquatic resources
- Three options of where these types of projects can come from
    1. Mitigation bank credits
    2. In-lieu fee (ILF) program (known as "advanced credits")
    3. Permittee-responsible mitigation
        - Permittee-responsible mitigation means - applicant proposes a mitigation project, completes the project, and maintains it in perpetuity or for some other defined amount of time as required by the USACE permit and approved mitigation plan

What have other States done with regards to compensatory mitigation?

- 31 States have compensatory mitigation programs
    - 25 States operate mitigation banks
    - 12 States operate In-Lieu Fee programs
    - 7 have both

Enclosures

1. OPMP project list
2. OPMP Large Ming Permitting Team (LMPT) overview (illustration)
3. Approval/review timeline for In-Lieu Fee compensatory mitigation bank
4. Coordinated State comments on Donlin Gold draft EIS
5. BLM letter for title issue on Iditarod National History Trail
6. Example of coordinated State comments on federal actions