

# Surroundings



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### Third Party Funding for Natural Resource Mitigation

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Almost every project that impacts a wetland, a stream, or an upland habitat requires some type of compensatory mitigation. That is, the project sponsor must, in some way, replace the resource functions and values lost due to the impacts. Mitigation for natural resources has become increasingly difficult to accomplish due to a variety of issues. Finding and acquiring a suitable project site competes with ever-increasing development pressures and costs for usable land. Because of concerns over such things as mosquitoes carrying West Nile virus, property owners adjacent to proposed mitigation sites are becoming more skeptical of "environmental improvement projects". Meeting project sponsor design, construction, and approval standards not originally developed for natural resource projects are all factors making compensatory natural resource mitigation more and more difficult.

Traditionally, compensatory mitigation has involved the construction project sponsor conducting the siting, design, and construction of natural resource mitigation on their own. Several options to this traditional independent approach are presently being evaluated and utilized. Some of these options include wetland banking, in-lieu fee agreements, research funding, and preservation projects. Recently, third party funding has become an option pursued by many project sponsors.

Third party funding, simply described, is paying someone else to complete the required mitigation efforts. This approach often includes different aspects of the afore-mentioned options but involves an organization not directly associated with the project sponsor or regulatory community. Local government agencies (municipalities, counties, conservation districts) and environmental organizations (conservancies, watershed associations) are the main focus of third party arrangements. These groups often have projects or programs established for environmental restoration or improvement but lack sufficient funding to complete them. Their projects are sometimes ecologically better than potential project sponsor mitigation due to the understanding of local environmental needs. Reduced design standards and local resident contact also provide improved project potential.



This 1.45 acre wetland was created through the traditional process to mitigate impacts associated with a roadway improvement project.

Third party funding usually follows one of two paths; either direct funding of a specific local project or development or enhancement of a program funding agreement. Local entities often have a specific environmental project identified

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but do not have any or complete funding for the project. Mitigation funding is then supplied directly to these projects for completion. Other times funding is supplied to the local entity to develop or increase funding for a program that identifies and completes a series of environmental improvement projects. Several examples of such programs include County Conservation District streambank fencing programs, Watershed Association streambank stabilization programs, and Land Conservancies conservation easement acquisition programs.



**This stream improvement project included riparian and in stream habitat improvements conducted adjacent to a community park. The trees planted along the stream help improve the stream and also improve the park scenery.**

While third party funding can be rewarding and beneficial to both the local organization and the project sponsor, it is not always easy or feasible to accomplish. Many constraints exist to completing this approach to mitigation:

**Project timing** - Both the local project or program and the mitigation requirements must be on similar time schedules. Usually required mitigation must be accomplished within a project related timeframe, i.e. before construction completion. Therefore, the local organization must be able to show that their project can be completed within a similar timeframe.

**Project compatibility** - The local project or program must reasonably replace the functions and values lost due to the construction project. For example, if a wetland is impacted, there should be some wetland construction as part of the mitigation. If a stream is being straightened or relocated and therefore shortened, there should be some additional stream length created by the mitigation.

**Regulatory consensus** - The regulatory agencies overseeing the mitigation must approve the entire mitigation scenario in order for the construction project sponsor to obtain their permits.

**Funding transfer** - After all the issues above are taken care of, executing the agreement can be the final obstacle. Developing a legal agreement for the funding and identifying a mechanism to transfer the money from the project sponsor to the local organization can be difficult and time consuming.

As environmental regulation continues to strengthen and mitigation becomes more difficult, more creative ways to obtain project clearance need to be developed. Utilizing local organizations can help satisfy mitigation needs and improve the overall success of the mitigation.

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