

## **Decision Document:**

### **Selection of Pre-Capitalization Pilot Sites for Puget Sound Partnership's Pilot In-Lieu-Fee Mitigation Program**

#### Background

In April 2010 the Puget Sound Partnership (PSP) asked for information about projects suitable for its Pilot In-Lieu-Fee (ILF) Mitigation Program. The Partnership's ILF Program intends to mitigate for impacts to aquatic and other resources. However, the Pilot ILF Mitigation Program will focus primarily on freshwater wetlands. Projects were sought in the pilot areas, which include the following watersheds in Pierce and Thurston Counties that drain into Puget Sound:

Pierce – WRIA 10 (Puyallup/White), WRIA 11 (Nisqually), WRIA 12 (Chambers-Clover)  
Thurston – WRIA 11 (Nisqually) and WRIA 13 (Deschutes)

The Washington State Legislature allocated approximately \$4 million dollars to develop pilot mitigation projects prior to the collection of mitigation fees. This pre-capitalization money will help ensure no net loss of ecological function as the ILF program is being established.

Nine projects were proposed. These projects were reviewed and scored by a Site Selection Review Team, whose members comprised representatives from PSP, the Department of Ecology (Ecology), the Corps of Engineers, the Squaxin Island Tribe, the Environmental Protection Agency, and Cascade Land Conservancy. Scoring was based on how well projects met ecological criteria, in addition to demonstrating consistency with feasibility conditions. The primary feasibility condition was ability to sign an inter-agency agreement that would obligate this money by June 30, 2010.

One pilot project has been selected in each pilot county.

#### Pierce County Pilot Area

Based on a recommendation from the Site Selection Review Team, PSP and Ecology have selected the 14-acre **Larchmont Wetland Reserve** site in the Chambers-Clover watershed (WRIA12). Though the Larchmont Wetland Reserve project initially scored lower ecologically for some members of the Site Selection Review Team, it is a few blocks away and just upstream from the South Midland Wetland Reserve. We believe that restoration of Larchmont in combination with SMWR will provide even greater benefits to water quality, downstream flood reduction, and habitat in this urban watershed.

Rehabilitation of the Larchmont Wetland Reserve site, in combination with the already constructed South Midland Wetland Reserve site, will provide a more system-wide approach to restoring and protecting the watershed functions of Clover Creek. The South Midland Wetland Reserve also provides a

model and example of the potential for the Larchmont Wetland Reserve in terms of design, construction, maintenance, management, and performance expectations.

Three other projects in Pierce County were proposed. Here is a brief summary of the rationale for the selection of the Larchmont Wetland Reserve:

1. The members of the Site Selection Review Team scored the South Fork Levee Setback project, in WRIA 10, high ecologically. However, the project has already received Salmon Recovery Funding (SRF) Board grants for design, and Pierce County has a proposal in to the SRF Board for phased funding to implement the project. PSP intends to avoid mingling restoration funds with mitigation funds.

In addition, the South Fork Levee Setback Project is primarily river/floodplain restoration. The wetlands currently on the site appear to be high functioning. The reviewers believed that this project would not provide much new or improved wetland function. Since PSP's Pilot ILF Mitigation Program will focus on impacts to freshwater wetlands this project did not seem like a good fit for a pilot project.

Finally, Pierce County staff seemed very confident that the South Fork Levee Setback project would get funded in the future with or without ILF pre-capitalization money.

2. The members of the Site Selection Review Team scored the South Midland Wetland Reserve (SMWR), in WRIA 12, high ecologically. However, this project is already constructed and providing wetland functions. The site selection review team agreed that the pre-capitalization money should be used to develop and construct a new project that will result in a gain in wetland functions. The reviewers did not support purchasing a project, such as SMWR, that is already constructed.

Furthermore, the pilot projects are intended to allow PSP to gain experience developing mitigation projects, such as reviewing and finalizing designs, obtaining permits, and overseeing construction, maintenance, and monitoring. All of these tasks have already occurred with SMWR project.

Finally, Pierce County is very supportive of having the SMWR in the ILF Program. PSP could act as a broker to help the county sell credits at SMWR through the ILF program without needing to use the pre-capitalization money.

3. The members of the Site Selection Review Team scored the Northwest Trek Wildlife Park project, in WRIA 11, lower ecologically. In addition, WRIA 11, the Nisqually watershed, does not have the same degree of development pressure as WRIA 10 and 12. Therefore, it is not a priority for the Pilot ILF Mitigation Program.

Furthermore, this project focused on enhancing and re-establishing wetlands that would provide habitat for state endangered and candidate species of amphibians and reptiles. Though creation of this type of habitat is critical to the successful recovery of these species, the project did not seem like a good fit for a pilot project.

### Thurston County Pilot Area

Based on a recommendation from the Site Selection Review Team, the Puget Sound Partnership (PSP) and the Department of Ecology (Ecology) have selected the 160-acre **Deschutes River Wetland Project** in the Deschutes watershed (WRIA 13). The members of the Site Selection Review Team scored the Deschutes River Wetland Project high ecologically because of its potential for ecological lift on site and improvement/protection of watershed functions. This project also appeared to be the most feasible.

The members of the review team discussed that development and funding of the project could occur in phases. At a minimum, the pre-capitalization money will be used to acquire the land, record conservation easements, perform hydrologic monitoring and modeling, which will be used to inform and produce a design for construction. If sufficient funds remain, the first phase of construction will be initiated.

Four other projects were proposed in Thurston County. Here is a brief summary of the rationale for selection of the Deschutes River Wetland Project:

- The members of the Site Selection Review Team believed that the following three projects were not feasible because the sites are privately owned and the landowners had not been contacted. Furthermore, the projects did not even have conceptual designs because no site assessments had been conducted.
  - Bigelow Complex Project
  - Capital Land Adjacency Project
  - Ag and Riparian Project (Dobbs Creek)
- The members of the Site Selection Review Team did not support selection of the Woodland Creek Estuary project because they believed it would not provide much lift or gain in functions. The project as proposed would replace an under-sized culvert with a bridge. This type of project would not allow PSP the opportunity to gain experience developing a traditional wetland mitigation project. In addition, the project involves estuarine wetland. Since PSP's Pilot ILF Mitigation Program will focus on impacts to freshwater wetlands this project did not seem like a good fit for a pilot project.

If you have additional questions concerning the selection process please contact Patricia Johnson, Mitigation Program Coordinator with the Puget Sound Partnership at (360) 725-5464 or via e-mail at [patricia.johnson@psp.wa.gov](mailto:patricia.johnson@psp.wa.gov)