

Restoration Banking: A concept for increasing restoration nationally. Is it viable?

Based on Presentations by:

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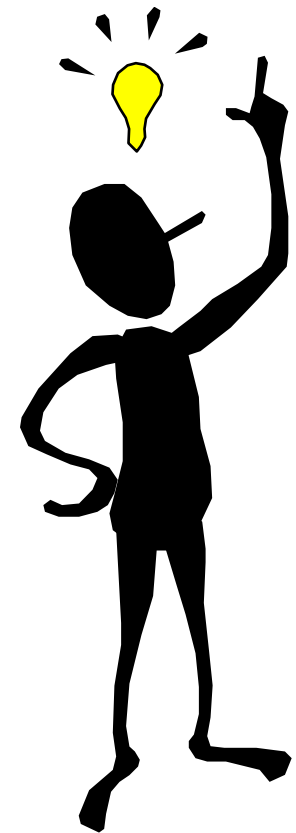
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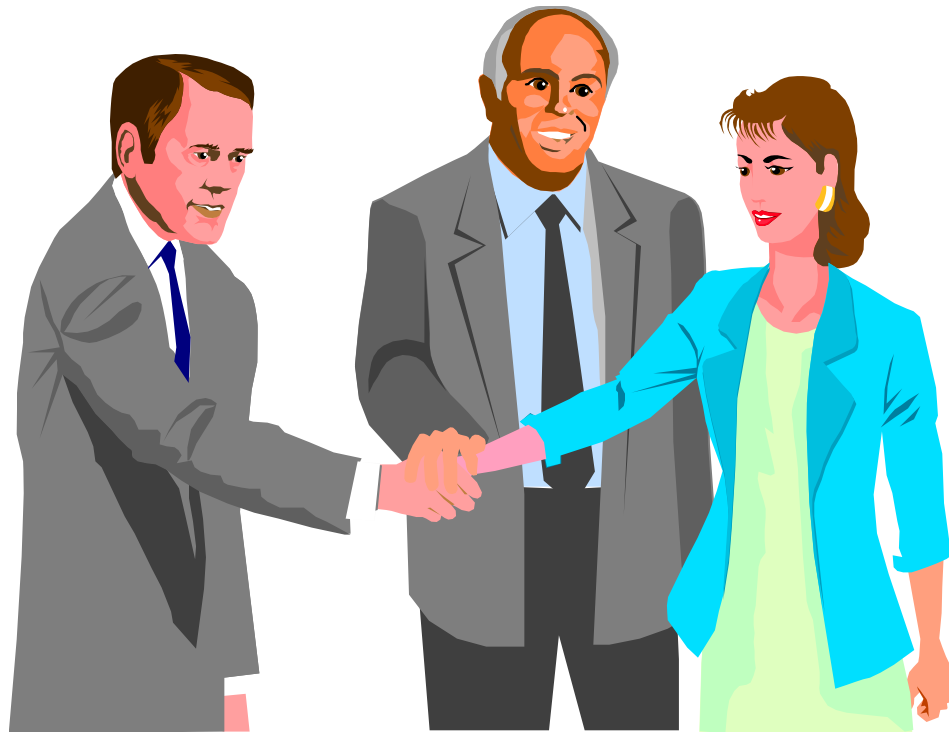
Mid-Atlantic Joint Assessment Team

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Today... Remember We're Just Getting Started



Future... Benefits to the Public and Businesses



What is Restoration ?

- Can be viewed in at least three ways:
 - Improving an existing habitat.
 - Common/preferred in a regulatory context.
 - Creating a habitat.
 - Compensating or mitigating for an action.
 - Acquiring and conserving habitat.
 - Common where restoration opportunities are constrained.

What is Restoration Banking ?

- The ability of an entity to gain "credits" for restoration and to use those "credits" to offset a liability (for natural resource injury) or to sell them to another for similar use.

Possible Analogues

- **Mitigation Banking - CWA section 404**
- **Conservation Banking - endangered species management**

Why might restoration banking be useful?

- Provide an opportunity for development of ecologically valuable properties & tracts never used by the company.
- Some watersheds have limited opportunities for restoration and scale of existing projects doesn't match well with the population of site specific NR losses.
- Mechanisms are needed that provide incentives for large land owners to dedicate property to provision of ecological services in a natural, managed state.

Why are we talking about restoration banking?

- The concept has been discussed among various companies and the federal (NOAA, DOI) and state natural resource trustees for several years - with current efforts at the Hylebos Waterway and Duwamish in WA.
- Some companies have large, unused properties that do not appear to be needed for future growth.
- A one-day workshop was sponsored by Dept of Interior in summer 2004.
- A concept paper was drafted in late 2004 and circulated among a number of federal and state groups, and conservation organizations.
- Potential pilot sites are being or may be discussed.

Possible Restoration Banking Approaches

Restoration Aggregation/Pooling (saving up, build as can afford)

Taking advantage of timing, multiple site projects are planned and implemented at once for efficiency. Pooling funds recovered from multiple similar projects allows construction of larger projects.

Megasite Restoration Banking (one builds, contemporaneous apportionment)

Injury determined, scales and one large project, larger than needed by the implementing party, is constructed and credits apportioned contemporaneously at settlement among other settlers.

Restoration Investment Banking (one builds, prospective apportionment)

Projects is constructed prior to knowledge of scale of injury, but where the type of restoration type needed is well established.

Restoration requirements from separate, future NRDs are satisfied from the acres available in the restoration bank.

How Restoration Banking (the Virtual Bank) Might Work

- An entity undertakes “restoration”.
- The “restoration” and the services provided by the resource or habitat are quantified by the trustees.
- The trustees assign a “credit” to the restoration, and the entity has a “letter of credit” certifying such.
- The “credit” is good so long as the restoration is not harmed.

Mechanics of the Virtual Bank

- The natural resource trustees re-certify the credit value when an entity applies it to their situation.
- “Exchange rates” may apply when credit from one type of habitat or resource is used to resolve a liability for a different habitat or resource.
- “The bank” is virtual; however, it may present a business opportunity that someone pursues in the future.

Mechanics cont'd

- The holder of the “credit” bears the responsibility of maintaining the restoration.
 - The value of the credit would not decline so long as the restoration is maintained.
- Credits are more likely to apply locally.
 - Credit for restoration in one state may be difficult to apply in another state.
 - Restoration within the same watershed should be applicable, perhaps with the proviso that the services are roughly equivalent.

The Bank - How It Would Work

- The “bank” could be any number of entities, willing to be responsible for the credits.
- Able to work on a national basis, yet with state-specific subunits.
- Could be an NGO, existing conservation organization, or any other entity subject to existing legal frameworks.
- Could be “virtual”..... credits bartered, exchanged, sold, etc. by word of mouth.

Benefits

- **Increased conservation/restoration - enhance service flows, especially in urban areas**
- **Take advantage of scaled efficiencies, mobilization synergies, and fixed costs**
- **Provides some certainty thru company/trustee commitments**
- **Creates additional opportunities and flexibility for restoration and liability relief**

Potential Problem Areas

- **Trustee work load**
 - Not enough time to quantify and certify restoration.
- **Geographical limitations**
- **Legal ramifications**
- **Liability**
- **Lack of pilot sites**

Next Steps

- **Revise concept paper**
- **Seek feedback from various forums**
- **Continue dialog with trustees and the conservation community**
- **Look for suitable test cases / pilot sites and begin the process**

Soooooooooooooooo??????

