

Hood Canal Coordinating Council

In-Lieu Fee Mitigation Program

2016 Annual Program Account Reporting



March 17, 2017

Executive Summary

In 2016 the first credit release for the program was accomplished at the Irene Pond Mitigation site. In April 2016 a credit release for Objective 1A-Site Protection of the mitigation plan was documented as complete and the co-chairs for the program issued a credit release letter. These earned credits are shown in item 2 below within the WRIA 15 Freshwater Service Area Credit Ledger. This credit release fulfills the program's mitigation obligation for WRIA 15 Freshwater Service Area credits sold to date and resulted in a positive 'no net loss balance' for all three wetland credit functional categories.

In 2016 numerous marine mitigation project properties were investigated and pursued; however no properties were acquired in 2016. A Purchase and Sale Agreement was presented to the seller of a large shoreline parcel in Dabob Bay, unfortunately the seller rejected the offer and would not entertain additional offers and ultimately removed the property from listing services. Potential opportunities for marine mitigation will continued to be pursued in 2017.

The Myrvang Wetland project intended to include the acquisition of a conservation easement on a portion of an adjoining parcel. After a long period of discussion with the adjoining landowner they ultimately decided that a conservation easement on their property at this time would not be feasible. As a result of this decision the funds in the Land Fee account that had been held for this easement were applied to the acquisition costs of the Myrvang property. The Myrvang Wetland mitigation plan preparation was delayed while the pursuit of the conservation easement on the adjoining parcel was conducted. The plan will be completed in early 2017 and submitted to the Corps for the public review and comment process.

One spending agreements was executed on November 11, 2016 for the remaining 25% balance of the Program Administration funds from deposits made in 2013/2014.

One credit sale was completed in 2016. On December 19, 2016 marine credits were sold to Mr. Ralph Brindley for NMFS WCR-2016-5272 mitigation requirements and the project was permitted under Corps permit #NWS-2015-1042. The impact project was a repair and replacement of a failed bulkhead within the south marine Assessment and Mitigation Unit, near Belfair, WA.

Annual Program Account Reporting- HCCC ILF Program Account
Reporting Period October 2012 to December 2016

1. All income
 - a. Income Received and Disbursements

HCCC ILF Program Mitigation Accounts Balance Summary				
Report Date			3/6/2017	
Total Deposits		\$7,191,787.90		
Accounts	Fee Deposits	Interest Deposits	Expenditures	Balance to date
Land Fee	\$458,027.53		\$12,073.92	\$445,953.61
Marine	\$445,953.61		\$0.00	\$445,953.61
WRIA 15	\$12,073.92		\$12,073.92	\$0.00
WRIA 16	\$0.00		\$0.00	\$0.00
WRIA 17	\$0.00		\$0.00	\$0.00
Contingency	\$986,707.64		\$0.00	\$986,707.64
Marine	\$910,610.53	\$605.53	\$0.00	\$911,216.06
WRIA 15	\$76,097.11		\$0.00	\$76,097.11
WRIA 16	\$0.00		\$0.00	\$0.00
WRIA 17	\$0.00		\$0.00	\$0.00
Administration*	\$722,839.52		\$501,557.52	\$221,282.00
Marine	\$665,246.07		\$480,585.27	\$184,660.80
WRIA 15	\$57,593.45		\$20,972.25	\$36,621.20
WRIA 16	\$0.00		\$0.00	\$0.00
WRIA 17	\$0.00		\$0.00	\$0.00
Long-term Management	\$538,443.94		\$0.00	\$538,443.94
Marine	\$496,917.54	\$605.54	\$0.00	\$497,523.08
WRIA 15	\$41,526.40		\$0.00	\$41,526.40
WRIA 16	\$0.00		\$0.00	\$0.00
WRIA 17	\$0.00		\$0.00	\$0.00
Mitigation Projects	\$4,469,350.59		\$360,838.75	\$4,108,511.84
Marine	\$4,138,695.16			
WRIA 15	\$345,863.04			
Irene Pond Mitigation Project			\$132,172.05	
Port Gamble Mitigation Project			\$111,165.39	
Myrvang Mitigation Project			\$117,501.31	
TOTAL	\$7,190,576.83	\$1,211.07	\$874,470.19	\$6,317,317.71
* expenditures incl. Capital Expenditures and Added Depreciation				

- b. Interest earned –interest earned on the program accounts is deposited between the Marine Long-Term Management and Marine Contingency accounts (as per co-chairs direction; e-mail November 4, 2015).

HCCC ILF Program Mitigation Accounts Interest Earnings

Report Date

3/6/2017

Total Deposits

\$1,211.07

Accounts	Deposits	Balance to date
Contingency - Marine		
Q3 2015	\$22.27	\$22.27
Q4 2015	\$27.81	\$50.08
Q1 2016	\$129.96	\$180.04
Q2 2016	\$133.62	\$313.66
Q3 2016	\$125.54	\$439.20
Q4 2016	\$166.33	\$605.53
SUBTOTAL		\$605.53
Long-term Management - Marine		
Q3 2015	\$22.26	\$22.26
Q4 2015	\$27.81	\$50.07
Q1 2016	\$129.97	\$180.04
Q2 2016	\$133.62	\$313.66
Q3 2016	\$125.54	\$439.20
Q4 2016	\$166.34	\$605.54
SUBTOTAL		\$605.54
TOTAL	\$1,211.07	

2. A list of all permits for which HCCC ILF Program funds were accepted.

- a. Corps permit number/ State permit number/ Service Area in which the authorized impacts are located/ Amount of authorized impacts/ Amount of required compensatory mitigation.

Marine Credit Ledger
Hood Canal Marine Service Area

Current as of: 12/20/2016

Credit Balance Sheet:

	Subtidal Non- Vegetated	Subtidal Vegetated	Intertidal Wetland	Intertidal Non- Wetland	Intertidal Non- Wetland Non	Riparian	Notes	Credit Fulfillment Site
Advanced Credits	50 Total for All Credit Categories							
Debited Credits (sold or obligated to impacts)	2.7	2.42	0	0	1.98	2.44	Sold on October 22, 2012 to US Navy for Corps permit#NWS-2009-572 and Ecology WQC#9157 under terms of contract N44255-12-C-5002. Intertidal Non-wetland Vegetated credits included in Subtidal Vegetated credit.	
Debited Credits (sold or obligated to impacts)	0	0	0	0	0.044	0	Sold on November 24, 2014 to Mr. Jon Koloski for Administrative Consent Order EPA Docket No. CWA-10-2014-0078.	
Debited Credits (sold or obligated to impacts)	0	0	0	0	0.027	0	Sold on December 19, 2016 to Mr. Ralph Brindley for Corps permit #NWS-2015-1042 and NMFS WCR-2016-5272.	
Credits Earned (released)	0	0	0	0	0	0		
"No Net Loss Balance"	-2.7	-2.42	0	0	-2.051	-2.44	Equals Credits Earned Minus Debited Credits	
Credits Available to Sell	40.416						Equals Advanced Minus Debited Plus Released	

Wetland Credit Ledger
WRIA 15 Freshwater Service Area

Current As of: 12/20/2016

Credit Balance Sheet:

	Water Quality	Hydrology Credits	Habitat Credits	Notes	Credit Fulfillment Site
Advanced Credits	20	20	20		
Debited Credits (sold or obligated to impacts)	2.4	2.4	3.6	Sold on October 22, 2012 to US Navy for Corps permit#NWS-2009-572 and Ecology WQC#9157 under terms of contract N44255-12-C-5002	Myrvang Wetland; acquired October 29, 2015
Debited Credits (sold or obligated to impacts)	2.07	1.52	1.67	Sold on May 27, 2014 to Washington State Department of Transportation permit #NWS-2013-489-DOT under terms of contract GCB 1070	Irene Pond; acquired September 5, 2014
Credits Earned (released)	5.94	5.26	5.77	Irene Pond mitigation site Objective 1a. Site protection IRT letter dated April 13, 2016	
"No Net Loss Balance"	1.47	1.34	0.50	Equals Credits Earned Minus Debited Credits	
Credits Available to Sell	21.47	21.34	20.5	Equals Advanced Minus Debited Plus Released	

- b. Amount paid to the HCCC ILF Program

HCCC ILF Program Mitigation Fees Ledger

Current Program Mitigation Fees

Account balance: \$7,190,576.83

MITIGATION FEES

3/6/2017

Marine Service Area Fee Ledger				
Project Name	Total Mitigation Fee Income	Credit Fees	Land Fees	Impact Permit #
EHW2 (2013)	\$6,568,950.60	\$6,130,148.76	\$438,801.84	NWS-2009-572 WQC#9157
Koloski (2014)	\$60,500.00	\$58,486.30	\$2,013.70	CWA-10-2014-0078
Brindley (2016)	\$27,972.31	\$22,834.24	\$5,138.07	NWS-2015-1042 WCR-2016-5272
	\$6,657,422.91	\$6,211,469.30	\$445,953.61	

WRIA 15 Service Area Fee Ledger				
Project Name	Total Mitigation Fee Income	Credit Fees	Land Fees	Impact Permit #
EHW2 (2013)	\$328,399.20	\$319,200.00	\$9,199.20	NWS-2009-572 WQC#9157
SR3BAWSI (2014)	\$204,754.72	\$201,880.00	\$2,874.72	NWS-2013-489-DOT
	\$533,153.92	\$521,080.00	\$12,073.92	

- c. Date the funds were received from the permittee –

The Statement of Sale between Mr. Ralph Brindley and HCCC was executed on December 19, 2016.

3. A description of HCCC ILF Program expenditures from the account:

Land acquisition – The WRIA 15 Land Fee account was used to fund the Myrvang Wetland property acquisition. The Myrvang Wetland, a 22.97 acre property in Poulsbo, WA at Iverson and Stottlemeyer roads was acquired on November 18, 2015 for use as a mitigation receiving site for the Navy EHW2 WRIA 15 credit sale. This acquisition was funded through the Mitigation Project Account and the Land Fee funds were intended to be used to acquire an additional 4 to 5 acre conservation easement on an adjoining parcel. After a long period of discussion with the adjoining landowner they ultimately decided that a conservation easement on their property would not be feasible at this time. As a result of this decision the funds in the Land Fee account that had been held for this easement were applied to the acquisition costs of the Myrvang property. The Mitigation Project Account for this project was reimbursed the Land Fee amount of \$9,199.20.

HCCC ILF Program Land Fees and Expenditures Ledger					
Current Program Land Fee Account balance:		\$445,953.61			
LAND FEES AND EXPENDITURES					3/6/2017
Marine Service Area Fee Ledger					
Land Fee Balance		\$445,953.61			
Land Fee Deposits	Impact Permit #	Land Fee Expenditures	Acquisition Project Name	Date	Location
\$438,801.84	NWS-2009-572 WQC#9157				
\$2,013.70	CWA-10-2014-0078				
\$5,138.07	NWS-2015-1042 WCR-2016-5272				
\$445,953.61		\$0.00			
WRIA 15 Service Area Fee Ledger					
Land Fee Balance		\$0.00			
Land Fee Deposits	Impact Permit #	Land Fee Expenditures	Acquisition Project Name	Date	Location
\$9,199.20	NWS-2009-572 WQC#9157	\$2,874.72	Irene Pond	9/5/2014	Belfair, WA
\$2,874.72	NWS-2013-489-DOT	\$9,199.20	Myrvang Wetland	10/5/2015	Poulsbo, WA
\$12,073.92		\$12,073.92			

a. Planning – WRIA 15 Mitigation Project Account and Program Administration funds were spent to negotiate with the landowner adjoin the Myrvang Wetland property and to develop the Myrvang Wetland Mitigation Plan which will be completed in early 2017. Review of wetland areas, mapping of weed species and development of concepts for site enhancement actions were all conducted in 2016. Mitigation Project Account funds were used to complete the boundary survey and for legal counsel review of the draft conservation easement for the adjoining property.

b. Construction – No construction actions were executed in 2016.

c. Monitoring – The Great Peninsula Conservancy completed annual site encroachment surveys at the Irene Pond property and the Myrvang Wetland property. An invoice for this activity has not been received to date.

d. Maintenance – Site maintenance at the Irene Pond property was conducted in 2016 by HCCC staff and a Washington Conservation Crew (WCC) sponsored by the Hood Canal Salmon Enhancement Group. Maintenance actions included garbage removal, weed control, plant maintenance and installation of replacement plants. These activities were funded through the WRIA 15 Mitigation Project Account. The WCC crew worked to remove blackberry, English Ivy, holly, and yellow archangel. Approximately 1,100 pounds of English Ivy was hauled to the dump by HCCC staff in 2016. Approximately \$5,941 was spent on site maintenance in 2016.

December 2015

Irene Pond Mitigation Project Expenditures Task	Description of Expenditures - WRIA 15	Amount
Administration	permitting and coordination; recording fees	\$788.34
Land acquisition	land purchase in excess of land fee	\$66,161.02
Design	wetland/site characterization baseline	\$4,105.98
Permitting	Mason County permit fees	\$947.00
Construction	demolition, grading, survey, abatement, planting	\$46,133.70
Maintenance	supplies, gas, staff time, replacement plants	\$7,095.39
Monitoring	encroachment boundary survey	\$1,000.00
Total To Date		\$126,231.43

December 2016

Irene Pond Mitigation Project Expenditures Task	Description of Expenditures - WRIA 15	Amount
Administration	permitting and coordination; recording fees	\$788.34
Land acquisition	land purchase in excess of land fee	\$66,161.02
Design	wetland/site characterization baseline	\$4,105.98
Permitting	Mason County permit fees	\$947.00
Construction	demolition, grading, survey, abatement, planting	\$46,133.70
Maintenance	supplies, gas, staff time, replacement plants	\$13,036.01
Monitoring	encroachment boundary survey	\$1,000.00
		\$132,172.05

e. Contingencies – none to date

f. Adaptive management – none to date

g. Administration – Program administration cost are inclusive of: salaries and wages, employee benefits, payroll taxes, pension plan contributions, advertising expenses, legal fees, computer services, postage and shipping, printing and copying, professional fees, supplies, rent, utilities, telephone and telecommunications, vehicle acquisition, travel and computer equipment. Additionally, administrative funds are used to conduct due diligence on roster sites. Program administration costs for 2016 were approximately \$74,384.

HCCC ILF Program Administration Ledger

Current Program Administration Account balance: \$221,282.00

PROGRAM ADMINISTRATION ACCOUNT

3/6/2017

Marine Service Area Fee Ledger

As of :3/6/2017

Program Admin % is:3.0%

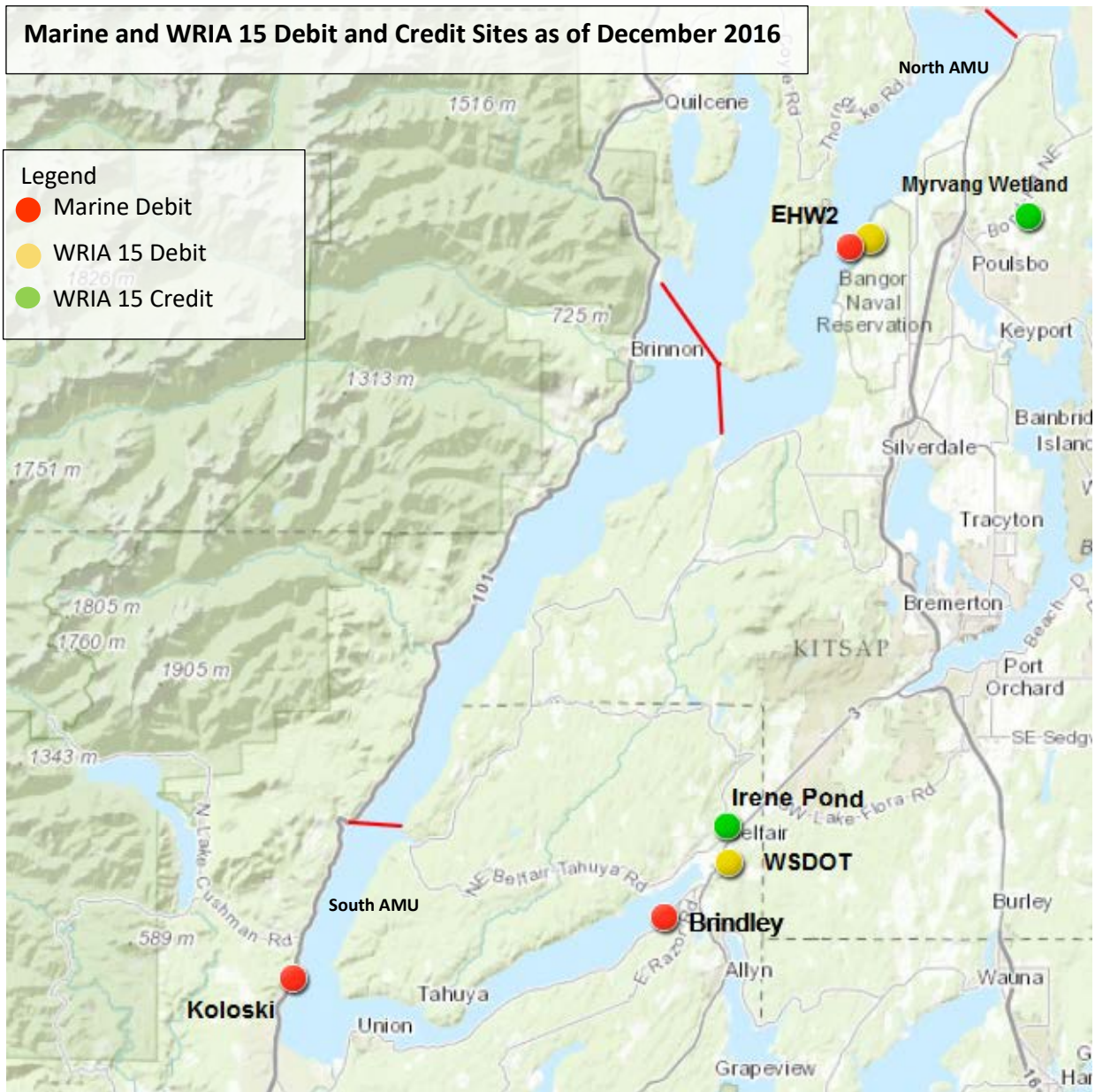
Program Admin

Balance\$184,660.80

Deposits	Impact Permit #
\$656,538.93	NWS-2009-572 WQC#9157
\$6,263.88	CWA-10-2014-0078
\$2,443.26	NWS-2015-1042 WCR-2016-5272

WRIA 15 Service Area Fee Ledger		As of : 3/6/2017	
		Program Admin % is: 7.0%	
Program Admin			
Balance \$36,621.20			

4. A map of all debit and credit sites at the appropriate AMU/sub-basin/watershed/service area scales.



5. The balance of advance credits and released credits at the end of the report period for each service area.

Service Area		Credit Balance		
Marine Advanced	50			
Marine Released	0			
Marine Available to Sell	40.416			
		Water Quality	Hydrology	Habitat
WRIA 15 Advance	20	20	20	20
WRIA 15 Released	5.94	5.26	5.26	5.77
WRIA 15 No Net Loss Balance	1.47	1.34	1.34	0.50
WRIA 15 Credits Available to Sell	21.47	21.34	21.34	20.50
WRIA 16/14b Advance	20	20	20	20
WRIA 16/14b Released	0	0	0	0
WRIA 17 Advance	15	15	15	15
WRIA 17 Released	0	0	0	0

6. Any other information required by the District Engineer.
None requested to date.