

National In-Lieu Fee Program Training Workshop

Session V: Establishing Fee Schedules (II)

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ILF Fee Prices - A Moving Target

- Four years experience with full cost accounting
- Credit prices revised
 - ▶ King County (\$28K to ~\$45K/credit)
 - ~\$1.3 million/acre of “typical” impact
 - ▶ Hood Canal Coordinating Council (\$28K to ~\$35K/credit)
 - Preservation used to fulfill advance freshwater credits
 - Marine credits still outstanding
 - Adjust for inflation (~3.6%)
 - ▶ Pierce County (~\$30K – \$40K/credit)
 - Pre-capitalized ILF mitigation sites
 - Concurrent rather than delayed temporal factor



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King County ILF Credit Price Analysis (ILF Instrument)

Project Name	HGM	Type	Acres of Treatment	Base Credits*			Risk Factor**	Earned Credits*			Total Function credits	Credits / Acre	Site Selection, Planning, Permitting & Design	Construction & Materials	Maintenance & Monitoring	Contingency	Conting %	Large Project Contractor Upcharge	Long-term M & M	MRP Admin	Total Project Budget	CPI Scaling Factor	2010 Adjusted (Using CPI)	Cost / "Universal Credit"		
				Wq	Hy	Ha		Wq	Hy	Ha																
Project 1	Riverine	Enhancement	14.85	0	0	44.55	0.9	0	0	40.1	40.1	2.7	\$161,062	\$322,624	\$166,278	\$97,495	15%	\$64,525	\$13,345	\$64,996	\$890,325	100%	\$890,325	\$22,205		
Project 2	Depressional	Enhancement	1.38	0	0	5.52	0.9	0	0	5.0	5.0	3.6	\$85,253	\$86,860	\$75,920	\$49,607	20%	\$17,372	\$2,108	\$24,803	\$341,923	100%	\$341,923	\$68,825		
Project 3	Riverine	Enhancement	5.85	5.85	0	11.7	0.9	5.265	0	10.5	15.8	2.7	\$370,852	\$295,642	\$44,944			\$59,128			\$770,566	100%	\$770,566	\$48,785		
Project 4	Depressional	Enhancement	6.14	5.53	11.05	11.05	0.9	5.0	9.9	9.9	24.9	4.1	\$72,079	\$123,395	\$37,509	\$46,597	20%	\$24,679	\$12,280	\$23,298	\$339,837	118%	\$401,008	\$16,126		
								10.2	9.9	65.5	85.7															

*Acre-point calculations subject to change as the tool is revised

** Risk Factor values are policy-based.

Weighted Average cost per credit \$28,041
(Subject to change based on further analysis before first credit sale)

Preservation Credits

Project Name	Acres Preserved	Preservation Credits	Land Cost Surcharge	Cost / Preservation Credit
Project 1	18.67	4.2	\$96,948	\$23,083
Project 2	3.9	0.6825	\$242,296	\$355,012
Project 3	9	1.1	\$344,761	\$313,419
Project 4	NA			



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King County ILF Land Surcharge was based on Land Type

Land Type	North KC ⁴	South KC ⁴	Vashon/Maury
Rural	\$65,636	\$52,175	\$45,337
Agricultural ¹	\$32,949		Not applicable
Forest ²	\$6,982		Not applicable
Urban ³	\$302,673		Not applicable

- (1) Agricultural landcost surcharges are based on five fee purchases of agricultural land in the Green River valley
- (2) Forest landcost surcharges are based on a single large transaction involving 7000ac in the Raging River headwaters
- (3) Urban landcost surcharges are based on two transactions in Lake Forest Park
- (4) The North-South dividing line is Interstate 90

King County ILF Land Surcharge will be based on Service Area 2016

Property Owner	WRIA	Project	Parcel No(s).	PM	Price	Closed	Acres	Property Type	Fund. Type	Ownership Interest	\$/Ac
Attai Family LLC	8	Bear Creek	202606-9083	AH	\$ 500,000	4/15/2011	10.45	Ecological	CFT, PEL	Fee	\$ 47,846.89
Larry Granston	8	Bear Creek	202606-9005	AH	\$ 810,000	9/1/2011	17.99	Ecological	CFT, PEL	Fee	\$ 45,025.01
John C. and Dawna J. Klapp	8	Lower Bear Creek Natural Area	312606-9053 312606-9052	AH	\$ 550,000	3/2/2012	1.63	Ecological	CFT, PEL	Fee	\$ 337,423.31
Ernest F. and Elizabeth Friesen	8	Lower Bear Creek Natural Area	202606-9031	AH	\$ 360,000	11/16/2012	11.85	Ecological	CFT, PEL, SWM	Fee	\$ 30,379.75
Kirk J. and Kristin S. Doyle	8	Bear Creek	312606-9037	AH	\$ 367,400	12/20/2012	3.02	Ecological	CFT, PEL	Fee	\$ 121,655.63
					\$2,587,400		44.94				
					Avg price paid per acre: \$57,575						



Hood Canal Coordinating Council ILF Land Surcharge

Table 4. Land Fees were determined as an Average Cost per Acre by Land Use Type

Land Use Type	Jefferson County	Kitsap County	Mason County
Agriculture	\$10,410	\$17,500	\$20,314
Residential Shoreline	\$41,118	\$45,996	~
Floodplain	\$27,272	\$65,934	\$35,934

Revised Table 4. Land Fees will be determined as an Average Cost per Acre by Land Use Type

Land Use Type	Jefferson County	Kitsap County	Mason County
Residential	\$34,250	\$37,400	\$25,300
Marine Shoreline	\$180,000	\$365,000	\$188,000



On-going Issues with ILF Fees

- Consultants pushing back
 - ▶ Too expensive
 - ▶ Advising clients to develop PRM plans
- Urban sites
 - ▶ Contamination; Homeless encampments
 - ▶ KC ILF Chinook Winds Site; Pierce County ILF Site
- Administrative duties
 - ▶ Tribal Coordination
- Adjusting credit fees
 - ▶ Advance vs. Released credits
 - ▶ Type of Impact
 - ▶ Type of Project



Permittee-Responsible Compensatory Mitigation

Permittee-Responsible mitigation plans must sufficiently demonstrate¹ that it:

- Meets all requirements of the Federal Rule²
- Complies with mitigation sequencing
- Will restore an outstanding resource based on rigorous scientific and technical analysis
- Uses a watershed approach for site selection



¹. Preamble of the Federal Rule

². 33 CFR 332.4(c)(2) – (14)



Cost as a Consideration for Compensatory Mitigation

Cost is one of several factors evaluated under the Federal Rule's mitigation preference.

If cost is used as a factor to override the preference hierarchy:

- It cannot be the only reason to not use a Mitigation Bank or ILF Program
- A detailed and comprehensive cost analysis must be submitted for evaluation



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Cost as a Consideration for Compensatory Mitigation

The comprehensive cost analysis must include:

- Land Costs
- Construction Costs
- Implementation
- Financial Assurances
- Site Protection Costs
- Contingencies

Contracting and consulting fees (10 years):

- Design
- Maintenance
- Monitoring
- Reporting

Long-term Management Plan (in perpetuity):

- Development
- Management
- Monitoring
- Reporting



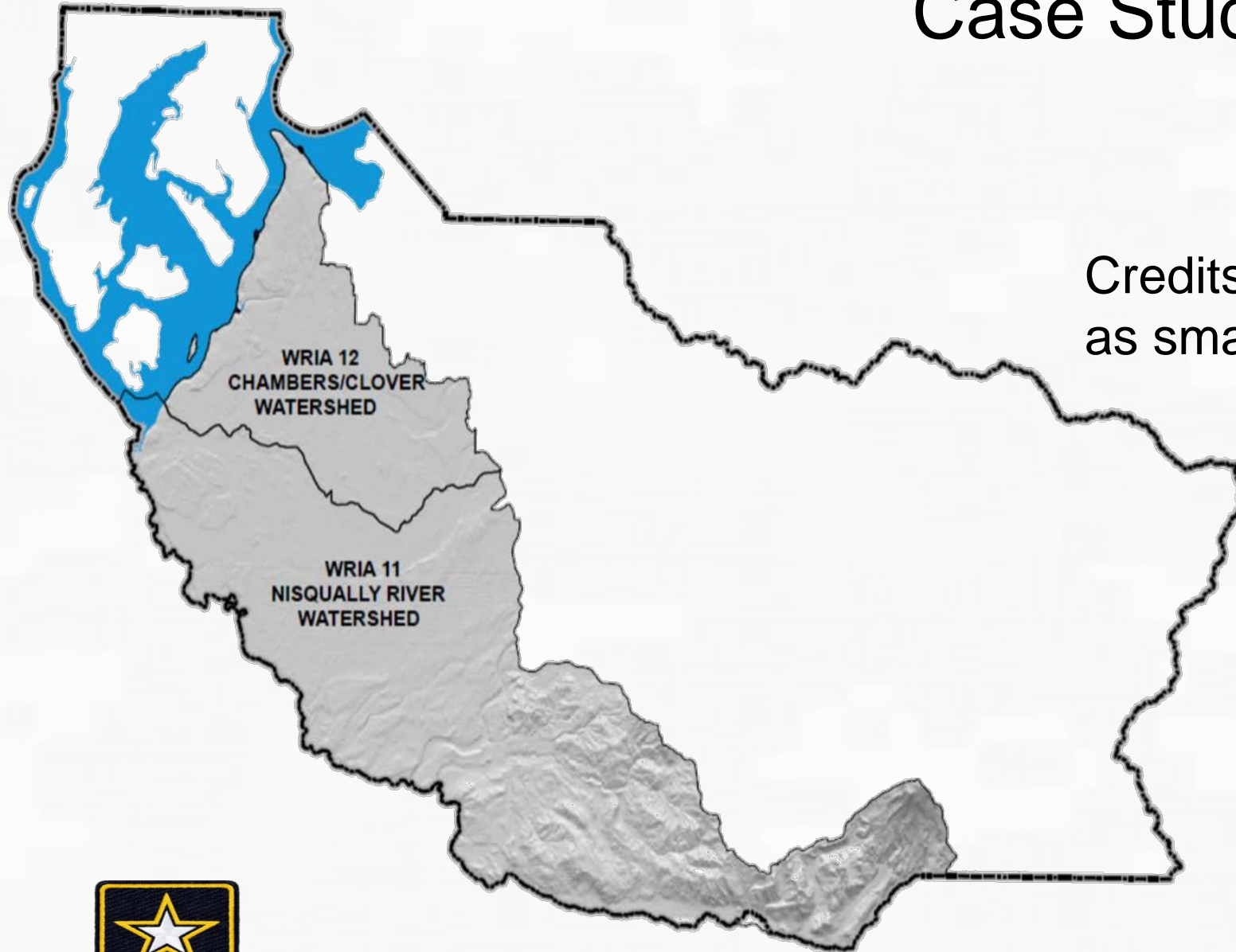
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Case Study using Pierce County ILF Program

Credits may be purchased in increments
as small as 1/100th of a credit.

Cost per acre-credit¹:

- \$30k in WRIA 11
- \$40k in WRIA 12



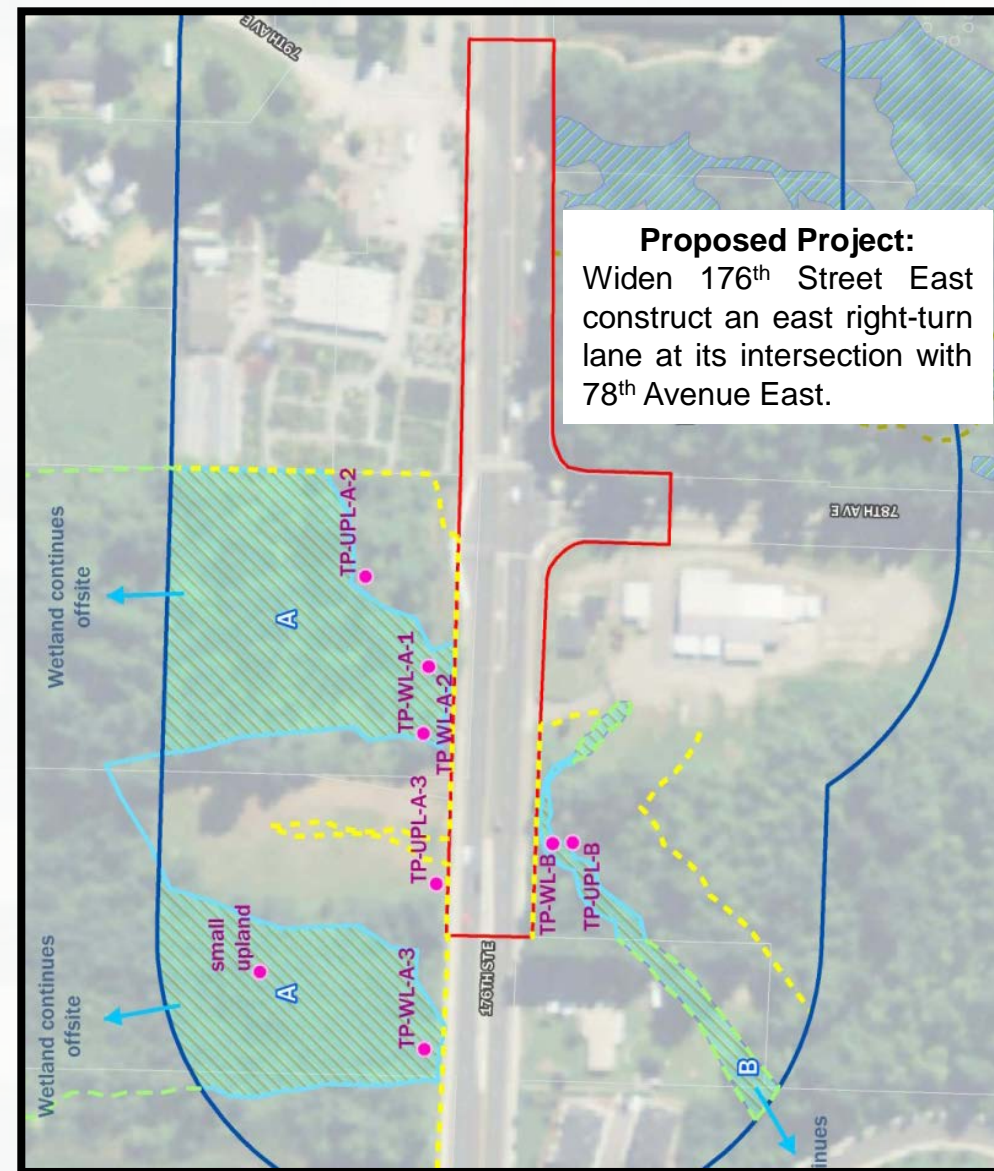
¹. Cost estimates as of 8 June 2016



Case Study using Pierce County ILF Program

Permittee-Responsible Mitigation

\$10k	Identify mitigation site
\$10k	Develop mitigation plan
\$10k	Develop construction plans
\$50k	ROW acquisition
\$30k	Construct mitigation site
\$30k	Monitor & maintain mitigation site
\$140k	Total estimated cost for onsite mitigation



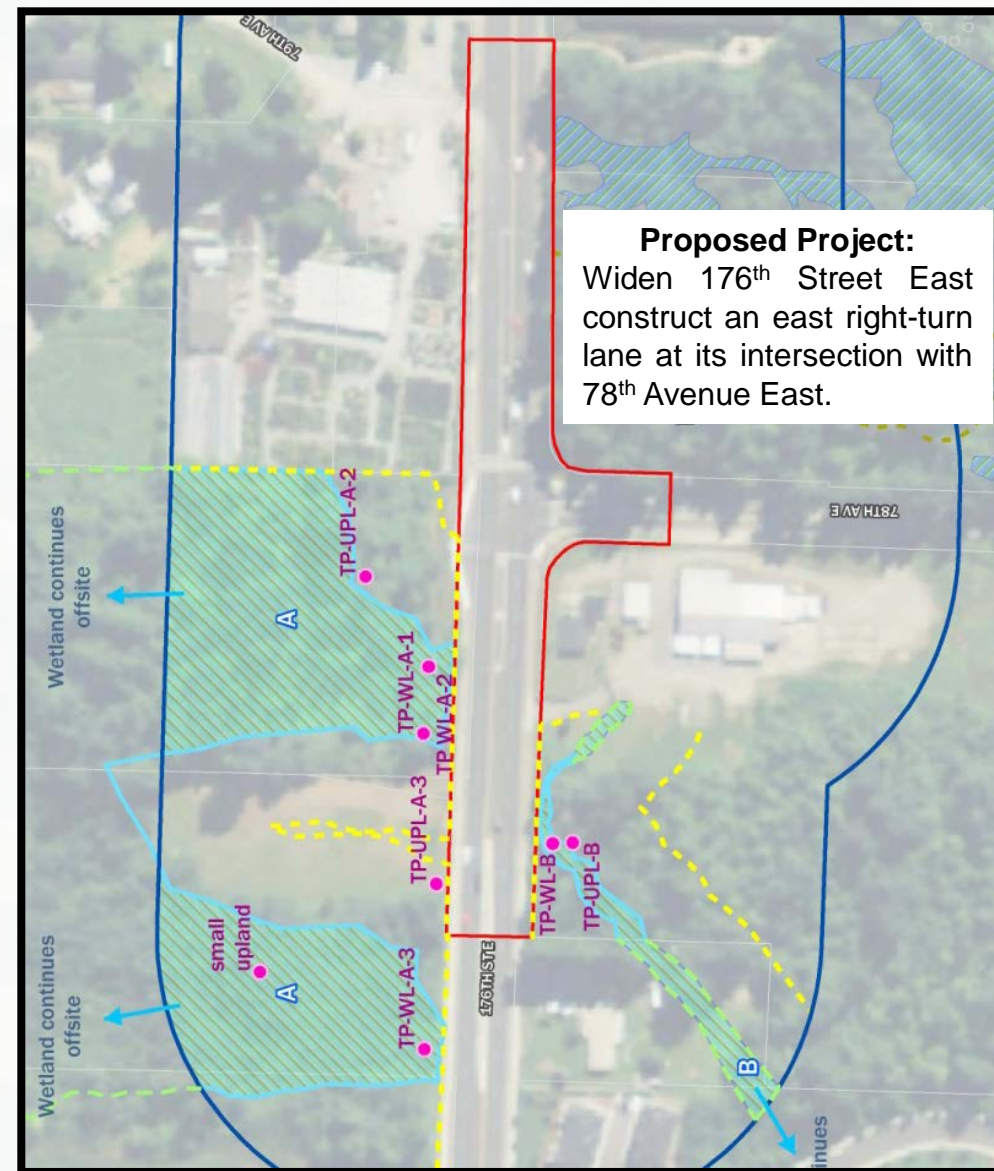
Proposed Project:
Widen 176th Street East
construct an east right-turn
lane at its intersection with
78th Avenue East.



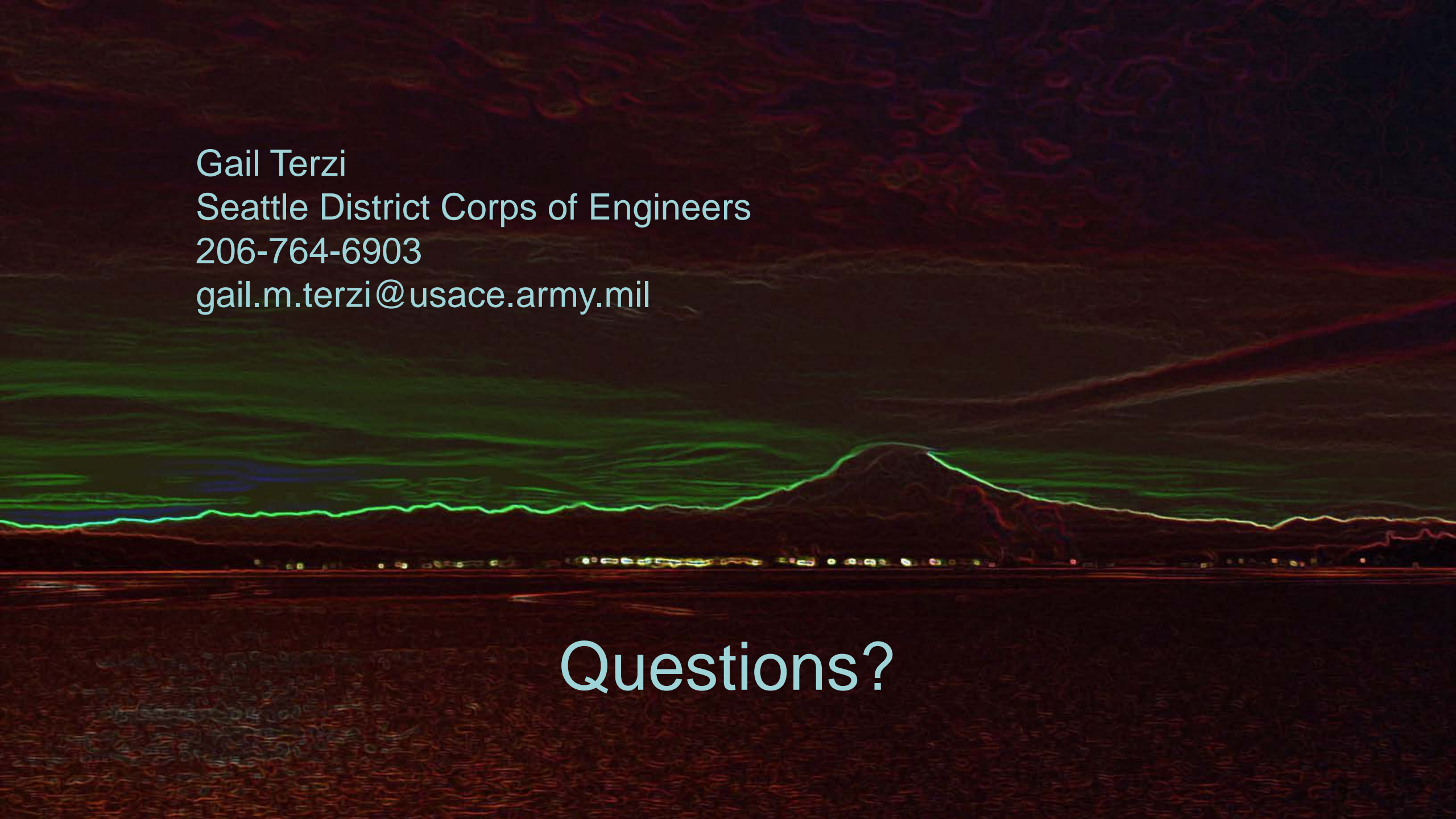
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Case Study using Pierce County ILF Program

Wetland Fill: 700 square feet
Mitigation Required: 0.6 acre-credits
Onsite Mitigation: \$140,000
Pierce County ILF credits: \$ 24,000



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Questions?