Exercise II: Long-Term Management Funding

In-Lieu Fee Program Training

Group #:

Assignment: You are asked – as a group – to review the hypothetical "Property Description" provided. You will have 45 minutes to address two tasks, after which time your group will be asked to report back on your responses in a plenary session. For Task 2, we have provided a standard set of questions upon which the other groups will assess your analysis (below) during the plenary.

Task 1: Develop a Mini-PAR (20 minutes)

Based on the information provided in the "Property Description," develop a list of broad-based cost categories (such as Biotic Surveys, Accounting, Direct Wages, Contingency Fund and Legal Defense Fund contribution, Preserve Security, Reporting, Organizational Oversight, etc.) that you would include during the Costing Phase to establish your **annualized stewardship and organizational costs**. You do not need to make costs estimates – merely determine what broad-based cost categories you feel are critical to insure that you will be able to meet your obligations of perpetual protection of the conservation values. Think broadly as you develop this list trying to anticipate the unexpected (at least to the extent that you can in just 20 minutes!) Please use the chart provided.

Task 2: (25 minutes)

After reviewing the "Property Description" hypothetical, your group will be asked to review one of four problem statements. Please address what **financial, managerial, and organizational steps** you would take to address the problem, and most importantly **protect the long-term conservation values** of the project property, including, but clearly not preferring transferring the property, the endowment, or both to another entity.

During the plenary session, you will be asked to present your response to the above and the audience will be asked to evaluate your response based on the following questions:

1. How well does the proposed solution to the problem encountered support the primary objective of assuring that the protected conservation values are maintained in perpetuity, bearing in mind the doctrine of cy pres if it is relevant?
2. Looking back at the Costing Phase, are there line items that could have been included or that could have been given more or less weight, thereby helping to avoid or lessen the problem?

3. How might modification to funding assumptions or management and stewardship decisions have helped to avoid or lessen the problem and its impact on the protected conservation values?

Hypothetical: Happy Habitats Property Description

The Happy Habitats Mitigation Project is an in-lieu fee mitigation property owned by Happy Habitats R-Us, a non-profit conservation organization. The project encompasses 400 acres in Wheresthat County, Washoregornia, adjacent to the City of Pleasant Place. It is bounded by state Route 123 to the south, Interstate Route 1 to the east, and Dirt Road to the north. There is high-density housing to the west and south. The project is in the final stages of review by the Relevant Regulatory Agency (RRA) as an in-lieu fee wetland mitigation project for unavoidable impacts to waters of the U.S. and the state of Washoregornia. After the project is complete, Happy Habitats R-Us plans to maintain ownership of the property and carry out the long-term management activities. The easement will be transferred to Wheresthat County.

Three creeks—the main stem of Wet Creek, the east fork of Wet Creek, and Dry Creek—cross the project property. A 1940 aerial photograph shows the property was dominated by wetlands. Subsequent periodic aerial photographs depict native vegetation clearing and drainage ditch construction to facilitate agriculture. Currently, native vegetation is almost entirely absent due to intensive farming. Although the local hydrology has been altered, the property still frequently floods from backflow of the Rafting River, into which Wet Creek drains.

Happy Habitats R-Us plans to restore the local hydrology of the site by filling drainage ditches, placing three engineered logjams in the creeks, and excavating four high-flow side channels off of Wet Creek. After the proposed restoration activities are carried out, Happy Habitats R-Us hopes to have restored 50 acres of emergent floodplain wetlands, 80 acres of scrub-shrub wetlands, and 120 acres of forested wetlands. The remainder of the acreage will primarily consist of buffer area and upland. The RRA has approved the commercial sale of seeds and cuttings from the project property, subject to monitoring of harvested areas and comparison with unharvested reference sites to ensure that the conservation values of the project are not being negatively impacted.

Several fish species listed as threatened under the federal Endangered Species Act currently utilize the project's aquatic habitat: speckled swimmyswim (*Natationatator punctatus*), Rafting swimmyswim (*Natationatator raftingensis*), and Dry Creek sandeater

(*Arenophagus pulvinor*). Following the restoration of the project, these species should benefit from improved water quality, more diverse in-stream habitats, and increased invertebrate density.

Most of the land abutting the project is owned by Happy Habitats. Some of Happy Habitats' parcels to the west may be purchased by the Very Local Land Trust for inclusion in their Very Best Place Preserve. Happy Habitats' holdings to the east of the project may be developed into cluster housing.

The low-lying landscape position of the project contributes to its suitability as a wetland restoration site, but also leaves it vulnerable to negative impacts from without. A gas station is located approximately a quarter-mile upstream from the project. A plant nursery, a potential source of invasive plant propagules and nutrient-enriched runoff, is approximately a half-mile upslope and along a drainage feature connecting to Wet Creek. Exotic plants already present at the project and slated for control as part of restoration include eight acres of nasty stickerbush (*Invictus horribilis*) and 32 acres of River Styx grass (*Mortalitas arundinacea*).

Task 1: Mini-Par

Broad-Based Cost Categories
1.
2.
3.
4.
5.
6.
7.
8.
9.
10.
11.
12.

Task 2

Problem Statement: Group 1

After twenty years of stewardship, significant changes in regional economic conditions have resulted in an increase to your organization's basal operating costs by 200%, inflation-adjusted. This is a condition that is not currently sustainable given assumptions made at the establishment of your endowment portfolio. If you do not make changes, your organization will likely be unable to meet basal operating expenses within three years. Suggest three alternative options for how this could be corrected in ranked order by preference.

For each alternative, what **financial, managerial, and organizational** steps would you take to address the problem? How would you ensure that the **long-term conservation values** of the project property continue to be protected?

Alternative #1:

Alternative #2:

Alternative #3: