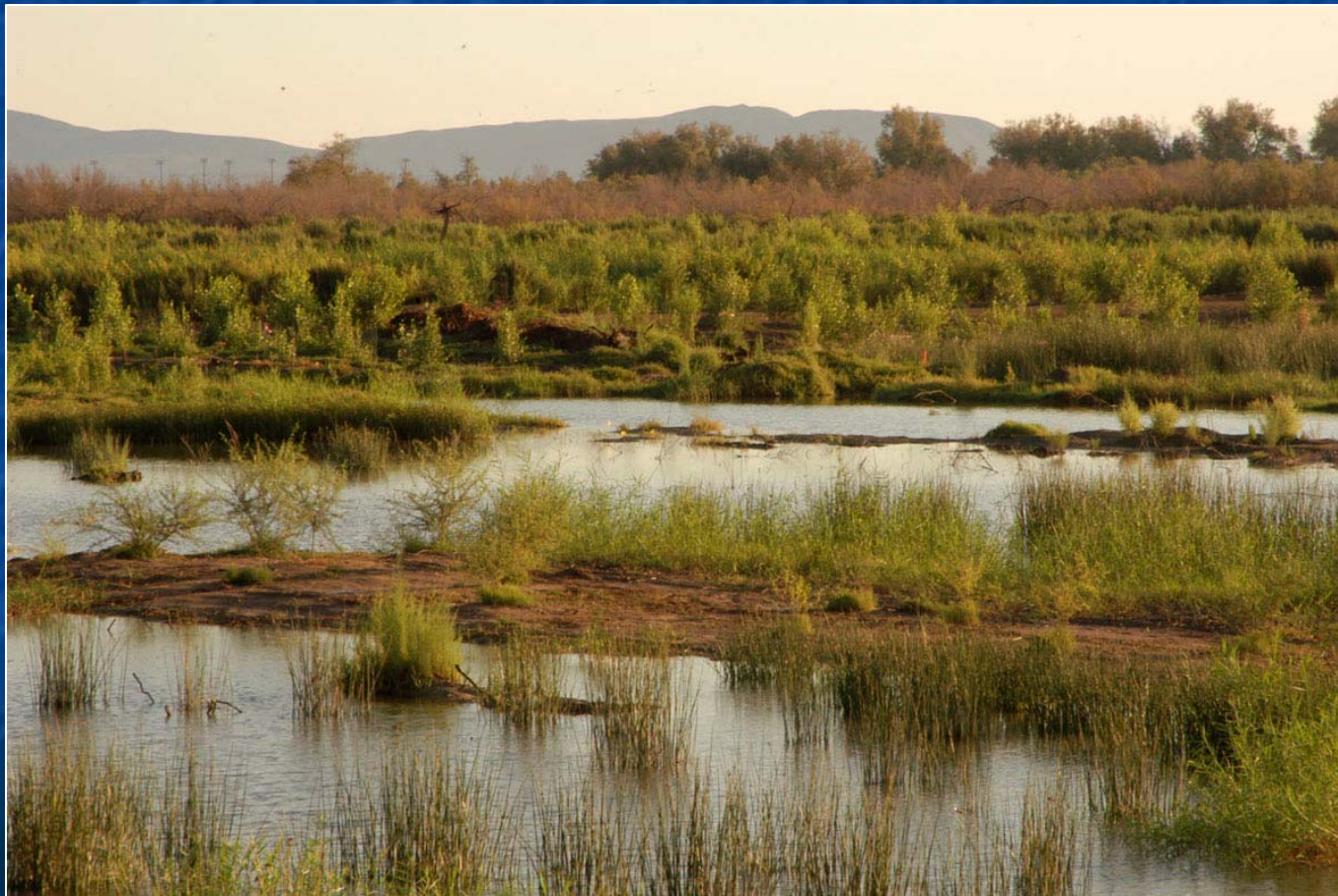


# Advance Crediting



# ILF Instrument Includes:

- Service area(s)
- Accounting procedures
- Assumption of legal responsibility
- Default and closure provisions
- Reporting protocols
- Compensation planning framework
- **Advance credits**
- Method for determining fees and credits
- Description of in-lieu fee program account

# ILF Program Advance Credits

- Approved instrument required
- Limited number (cap) specified for each service area in the instrument
- Available for sale prior to being fulfilled in accordance with mitigation project plan
- As projects produce **released** credits, **advance** credits are fulfilled and available again

# ILF project implementation

- Land acquisition and improvements must be initiated by **3rd growing season** after first advance credit is secured by permittee



# ILF Program Advance Credits

- Number of advance credits based on:
  - Compensation planning framework
  - Service area size
  - Resources available to program
  - Sponsor's past project performance
  - Financing needed for mitigation projects
  - Other considerations

# How to determine the number of advance credits in a service area?

## Approaches:

- No advance credits
- All advance credits
- Historic /Future demand
  - % of permitted impacts over X years
  - % of required mitigation over X years
- Existing ILFs: % of approved but not implemented projects
- Other considerations



# Approach #1: No Advance Credits

- OR DSL
- MS Coastal ILF



# Approach #2: All Advance Credits

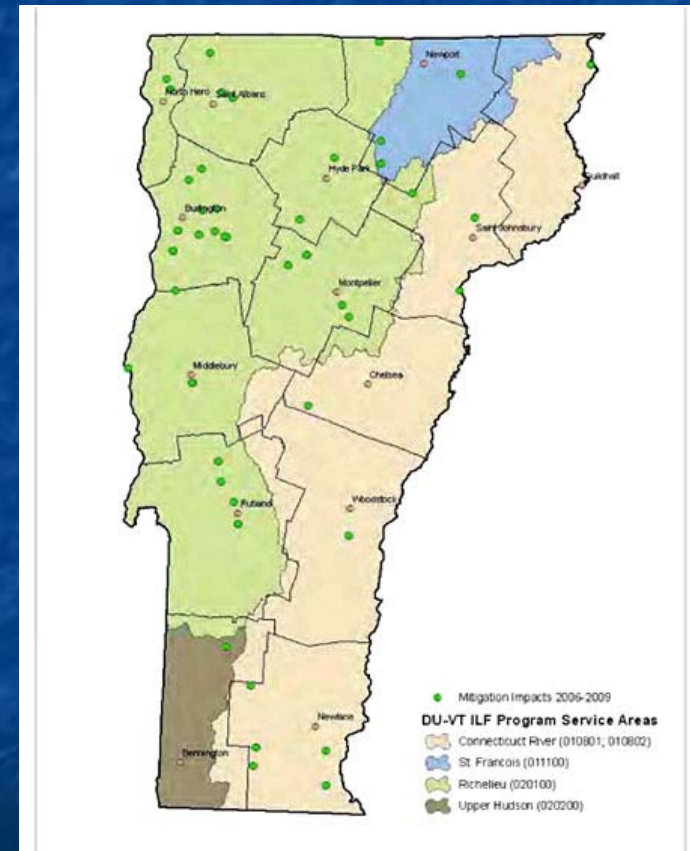
- In circumstances **when** compensation:
  - Cannot be provided by other means
  - Requires extensive planning & coordination
- Living River Restoration Trust (VA)
- La Paz County ILF (AZ)





# Approach #3: Historic/Future Demand

- VT ILF (DU)
- VA ARTF (TNC)
- NC EEP (NC)



# Example: NC EEP Advance Credits Calculation

- Based on EEP projected mitigation needs for next 5 years
- Calculated by River Basin and 8-digit CU
  - NCDOT: 5-year NCDOT forecast of mitigation need (TIP and other transportation plans)
  - MOU ILF (other ILF customers): Annual average of payments over last 7 years

# NC EEP Advance Credits Calculation

## Stream Mitigation Projection for Cape Fear Basin

NCDOT 5 Year Forecast:	101,062
MOU ILF 7 yr Average * 5:	<u>64,835</u>
Subtotal:	165,897

Rounded to nearest 5000

Total Cape Fear Basin:	170,000
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# NC EEP Advance Credit Allocation

River Basin	Cataloging Unit	Advance Stream Credits	Advance Wetland Credits
Cape Fear	<b>TOTAL:</b>	<b>170,000</b>	<b>635</b>
	03030002	62,841	112
	03030003	29,571	8
	03030004	53,717	125
	03030005	13,458	368
	03030006	9,723	4
	03030007	691	18

## Approach #4: Existing ILFs

- % of expected credit yield from approved projects that have NOT been implemented

Example: Standing Proposals where work has NOT yet been implemented

# Other Considerations

- Sponsor experience/track record
- Availability of suitable sites
- Risk of mitigation project failure
- Project costs – esp. land



# Examples: Existing ILFs with released credits

- AZ GFD – Standing proposals
- VA ARTF Exceeded mitigation obligations in some service areas

Credits meeting performance standards  
- Credits needed for program obligations  
Released credits

# Project Site Credit Release Schedule

- Specified in each site's mitigation plan
- Tied to performance-based milestones
- Reserve *significant* share of credits for release only after attainment of performance standards
- Credit release approval by DE in consultation with IRT



# Credit Release Schedule: ILF projects can mirror mitigation banks

% of total expected ILF **project** credits  
once:

1. Instrument approved
2. Project plan approved
3. ILF site has been secured
4. Financial assurances or contingency funding
5. Any other requirements set by Corps

## Example: Wilmington District Credit Release Schedule for Wetlands (non-forested)

Instrument and Plan approved	15%
Site secured; & protected; Financial assurances	
Initial physical & bio improvements	15%
Meets success criteria	10%
Meets success criteria	15%
Meets success criteria	20%
Meets success criteria	10%
Meets success criteria (YR 5 Monitoring)	15%

# Binder Materials

Example of Debiting and Releasing Advance Credits

# *Discussion?*

