

UPPER YELLOWSTONE MITIGATION BANK

Mitigation Bank Credits - Efficiency and Value

Beartooth Mitigation, LLC has partnered with the Lazy EL Ranch Corporation near Roscoe, Montana to sponsor the Upper Yellowstone Mitigation Bank, providing credit for both wetland and stream impacts within a broad service area in south central Montana. The sponsor will restore and enhance up to 80 acres of wetlands, and over 50,000 linear feet of streams including Morris Creek, Ingersoll Creek and West Rosebud Creek. The project lies in the Stillwater Basin of the Upper Yellowstone Major Watershed and represents a significant contribution to the habitat resources of the Greater Yellowstone Ecosystem in Carbon and Stillwater Counties. The Bank has been approved by the U.S. Army Corps of Engineers, U.S. EPA, U.S. Fish and Wildlife Service, Montana Department of Environmental Quality and the Montana Department of Fish, Wildlife and Parks.



Geographic Service Area

Counties served: Big Horn,
Carbon, Gallatin, Park, Sweet Grass,
Stillwater, Yellowstone



Mitigation banking is the creation, restoration and/or protection of areas of wetlands and streams in advance of, and as an offset (mitigation) for, anticipated impacts to those resources within the same watershed. The mitigation banking option provides a means of advance planning that makes the permitting process more predictable and minimizes time and costs. In addition, all of the permittee's liabilities for mitigation are transferred to the Bank as part of the process.

Mitigation banking differs from other forms of mitigation in four key aspects. First, it is the preferred means of

mitigating impacts (33 CFR 332). Second, banked wetlands and streams are developed in advance of, or concurrently with, anticipated impacts in the area so that fully functional habitat areas are in place by the time impacts occur. Third, banks are typically large areas which provide credits for numerous contemplated impacts, as opposed to the typical impact-by-impact process associated with conventional wetland permitting. Finally, once the permittee and Bank Sponsor have come to agreement, all of the permittee's liabilities and obligations associated with producing the mitigation transfers to the Bank.

PROJECT LOCATION

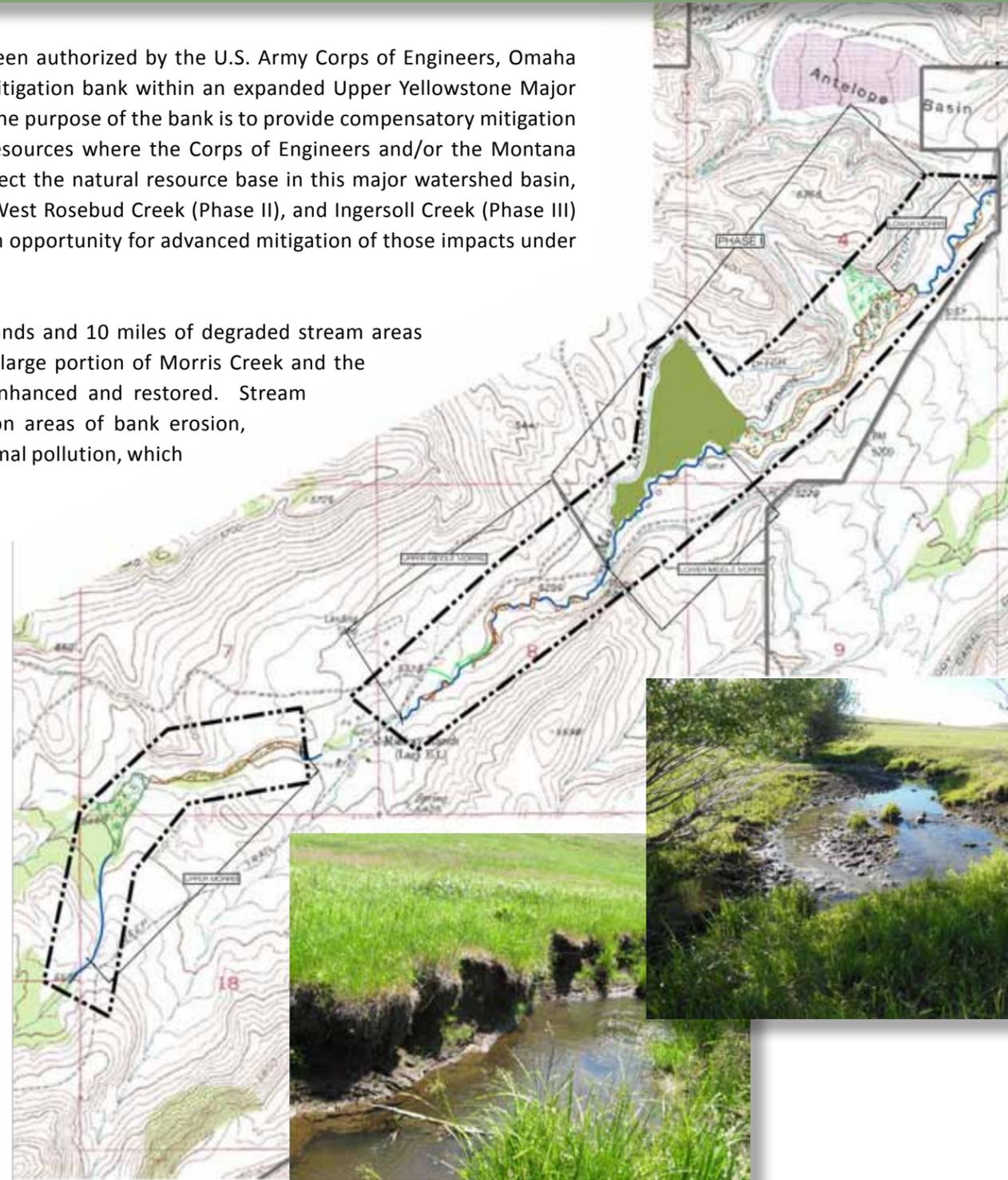
The Upper Yellowstone Mitigation Bank has been authorized by the U.S. Army Corps of Engineers, Omaha District, to serve as a stream and wetland mitigation bank within an expanded Upper Yellowstone Major Watershed Basin in south-central Montana. The purpose of the bank is to provide compensatory mitigation for projects which impact wetland and/or stream resources where the Corps of Engineers and/or the Montana DEQ have jurisdiction. As development activities affect the natural resource base in this major watershed basin, the proactive restoration of Morris Creek (Phase I), West Rosebud Creek (Phase II), and Ingersoll Creek (Phase III) and adjacent riparian and wetland habitats creates an opportunity for advanced mitigation of those impacts under Section 404 (Clean Water Act) regulatory program.

There are approximately 80 acres of impacted wetlands and 10 miles of degraded stream areas including over four miles of West Rosebud Creek, a large portion of Morris Creek and the headwater area of Ingersoll Creek which will be enhanced and restored. Stream restoration and enhancement activities will focus on areas of bank erosion, overwidened channels and significant sources of thermal pollution, which is disruptive to fish breeding and hold-over capacity.

Morris Creek - Phase I

A large portion of Morris Creek is contained within the Lazy EL Ranch, where stream function has been affected by a combination of agricultural activities and beaver influence (both historic and active). These impacts have significantly altered the natural channel stability, leaving only small portions of channel features intact. The existing channel also contains areas where the channel has become disconnected from its historic floodplain, which limits the stream's ability to properly distribute energy during storm events.

Several wetlands, particularly those along Morris Creek, have been established due to beaver activity. These wetlands create unique diversity that is beneficial both hydrologically and biologically. The creation of beaver ponds is important in the formation of new wetland and riparian areas. These environments are vital to the continued persistence of a variety of plant and animal species in addition to maintaining the water quality and quantity within streams. These areas will be enhanced and protected as part of the Bank.



Mitigation banks "increase ecological benefits, save money for project applicants, and improve efficiencies in application and permitting processes."

Washington State Department of Ecology

Future Phases

Future phases of the Bank will include restoration and enhancement of West Rosebud Creek, a large, freestone creek system with similar character to the Stillwater and Yellowstone Rivers to which it is tributary. Also in a future phase is Ingersoll Creek, a small, headwater spring creek system that provides a high quality, cold water input to the larger Yellowstone River system.

Mitigation banks "are committed to a unique concept for restoring and conserving America's wetlands and other natural resources - a concept that unites sound economic and environmental practices."

National Mitigation Banking Association

How the Bank is Valued

The U.S. Army Corps of Engineers determines the Bank's "value" by quantifying the created or restored wetland and stream functions in terms of "credits". A "Mitigation Banking Instrument" establishes the Bank's goals, ownership, location, size, wetland and stream types included, trading area, crediting methods and accounting procedures, performance and success criteria, monitoring and reporting protocol, contingency plans, financial assurances, long-term responsibility, etc. Subsequent permit applicants proposing wetland and stream impacts must first meet all other normal permitting requirements imposed by state and federal agencies, such as avoidance and minimization of impacts, prior to proposing mitigation. Once the mitigation step is reached, however, purchase of Bank credits is a simple and efficient means of obtaining final approval for a permit. Permittees simply reach a financial agreement with the Bank, and then withdraw credits from the Bank based on anticipated impacts associated with their development activities.

Administrative Process

The mitigation bank is operated through an administrative management partnership between Beartooth Mitigation Bank, LLC and Eco-Asset Management, LLC. Companies and individuals interested in taking advantage of this opportunity are typically going to be permittees under the 404 regulatory program who have been directed to mitigate for project impacts. Utilizing credits from the Upper Yellowstone Mitigation Bank is a relatively simple process – identify the mitigation bank during the permit application process as the source of mitigation credits and, after the permit is issued, execute a credit purchase agreement with the Bank sponsors.

Following payment of the credit fees, the Bank's ledger will be updated and a copy forwarded to the permitting district of the Corps of Engineers referencing the permit number and types/numbers of credits debited from the Bank for the permittee's project. ALL LIABILITY, RESPONSIBILITY, COSTS, ETC. FOR THE MITIGATION CREDITS FROM THE BANK ARE ENTIRELY BORNE BY THE BANK SPONSOR. Once payment is made, the permittee has no further obligations to the Corps for the mitigation project, EVER.

Vital Statistics

PHASE I

Wetland credits: 21.9
Stream credits: 31,084

TOTAL BANK

Wetland credits: 47.9
Stream credits: 211,000

Wetland credit types – Herbaceous, scrub-shrub, and forested

Stream credit types – Stream Orders 1 through 8

Contact Us

General questions about the bank:

David Patrick
Ph: 406.422.5209
Fax: 888.470.2824

dpatrick@eco-asset.com

Specific questions about credit availability/pricing:

Kent Carter
Ph: 406.209.8325
Fax: 888.470.2824

kent@carterecosvc.com

www.beartoothmitigation.com

