

PROPOSED COMPENSATORY MITIGATION – IN-LIEU FEE PROGRAM

The Navy proposes to mitigate for project impacts and comply with the Compensatory Mitigation Rule through a proposed In-Lieu Fee (ILF) Program. The goal of the ILF Program is to ensure no net loss of nearshore aquatic resource functions by providing mitigation within the Hood Canal watershed. The Navy would partner with a qualified ILF sponsor that would be responsible for preparing all documentation associated with establishment of the program. Documentation would include a draft prospectus, which would be circulated for public review by the Army Corps of Engineers and Washington Department of Ecology, a draft instrument including a credit/debit calculation tool, a final instrument for the program, mitigation plans, and other appropriate documents. The ILF sponsor would be responsible for performing all of the required functions of the program including fiscal management; agreement(s) with entities that would purchase and hold mitigation sites in conservation status in perpetuity; reporting; and contracting for the design, construction, and monitoring for specific mitigation projects.

Mitigation could include habitat protection, restoration, enhancement, and/or creation. The mitigation strategy selected would be based on an assessment of type and degree of disturbance at the landscape, drift cell, and nearshore assessment unit scales. The Navy is developing site designs for projects that could potentially serve as pre-capitalization sites for the ILF program. The Navy issued a Sources Sought (Request for Information) announcement in November 2010 to seek information on agencies or organizations interested in sponsoring an ILF program in Hood Canal. The Puget Sound Partnership and Hood Canal Coordinating Council indicated they would be willing to sponsor and/or co-sponsor an ILF program in Hood Canal. The Navy is coordinating with these potential program sponsors to discuss ILF program development. The Navy has also initiated consultation with tribal governments on the development and use of an ILF program for mitigation on this project.

In the event that an ILF program is not established in Kitsap County in time for use as mitigation for the proposed action, other mitigation options would be considered. As an alternative to an ILF program for Kitsap County/and or Hood Canal, the Navy is assessing nearshore permittee-responsible mitigation opportunities within Hood Canal and Puget Sound with state and local agencies and tribes. The Navy would identify appropriate mitigation sufficient to compensate for losses of function and value of aquatic resources associated with the proposed action. Strategies to achieve compensatory mitigation could include restoration, enhancement, creation, and preservation of nearshore habitats or a combination of these mechanisms. The Navy is presently in consultation with resource agencies and tribal governments to identify candidate mitigation sites and projects. The Navy is conducting feasibility investigations and ecological assessments for several candidate mitigation locations including: potential for restoration of Big Beef Creek Estuary; restoration of Big Quilcene River Delta; supporting the preservation of high-value nearshore habitat in Dabob Bay; or supporting the preservation efforts for habitat in Port Gamble Bay.