



HARPETH RIVER WATERSHED ASSOCIATION

"Protecting the State Scenic Harpeth River and Clean Water in Tennessee Since 1999"

February 22, 2017

Nashville District, US Army Corps of Engineers
Regulatory Branch
3701 Bell Road
Nashville, Tennessee 37214
Attention: Joshua Frost

Re: File Number LRN-2016-00511, Public Notice 17-03

Dear Mr. Frost:

The undersigned groups submit the following comments in response to the Cumberland River Compact ("CRC") Stream Restoration In-lieu Fee ("ILF") Program Prospectus dated December 2016 (the "Prospectus").

We appreciate the need for additional mitigation projects and opportunities statewide and support the efforts to identify and perform such projects. We also support and applaud CRC in its efforts to fashion solutions for such projects. We believe, however, that the CRC program may be subject to many of the same challenges that have been identified with respect to other ILF programs sought to be implemented previously in Tennessee. We look forward to working with CRC and the US Army Corps of Engineers ("Corps") to address these challenges with mitigation programs in general with respect to this proposed CRC program as well as on mitigation projects and opportunities across the state.

Several of the signed organizations have detailed experience with restoration projects that have generated mitigation credits as well as working with various state and federal agencies and ILF programs such as TSMP.¹ We understand from talking to the Executive Director of CRC that the list of potential partners in the prospectus was not meant to be exhaustive or exclusive. The breadth of conservation organizations across the state with their various areas of expertise all have the common goal to restore and protect our natural resources and work with the various state and federal agencies on how mitigation programs best accomplishes this.

These comments are intended to address the continuing unresolved challenges facing similar mitigation programs, and how these might affect the CRC ILF proposed program. We incorporate

¹ For example, the Harpeth River Watershed Association was the project coordinator for the Harpeth River Lowhead Dam Removal and Restoration Project, a project that garnered state and federal awards and recognition for all the partners involved. See <http://www.harpethriver.org/resources/press-room/2016/06/22/harpeth-river-dam-removal-in-tennessee-receives-national-legacy-project-award.2070351>. This project is similar to those targeted on pps. 13-14 of the Prospectus. Other commenting organizations have relevant experience.

by reference our comments on those prior programs,² and highlight certain of those comments in this letter.

1. Significant Issues with Prior Mitigation Efforts in Tennessee Remain Unresolved; Mispricing of Credits.

The Prospectus correctly notes that all nine (9) of the mitigation banks developed by the Tennessee Stream Mitigation Program (“TSMP”) have limited or no availability to provide compensatory mitigation. The Prospectus does not, however, indicate how its program will differ from, or otherwise resolve the issues, facing those prior programs. In particular, we have previously noted issues with mis-pricing credits offered with respect to wetlands banks. We believe that very similar considerations are likely to be applicable here:

“After three and a half years of conducting this work, the ILF Program is likely familiar with the areas and watersheds with the most limiting factors and lacking adequate sites. We believe the ILF Program should explore other options.

- a. The ILF Program appears to be mispricing the amounts charged to establish and perform mitigation work. It appears a significant component of the current ILF Program’s inability to find appropriate sites in the same watershed on a timely basis is that it is not offering enough to landowners to participate in projects where credits can be created. Thus, the ILF Program sponsors should be charging project proponents enough to incentivize landowners to participate in its programs. Further, the ILF Program should examine increasing the cost of credits in these areas in order to allow the ILF Program to offer better purchase prices for land or conduct more complicated mitigation projects. Financial assurances are a component of the Corps requirements for compensatory mitigation success³ and the current credit costs are not providing this assurance. The significant loss of wetlands in specific geographic areas of the state – west Tennessee and urban areas - justify the higher cost of credits. These areas lack suitable land and are more costly in general for land acquisition and project development. Rather than distancing mitigation from the impact site, other options such as increasing the amounts charged to project proponents and raising credit prices should be explored to ensure ILF Program success.
- b. The ILF Program should also explore outreach efforts in order for interested landowners to participate. These efforts should target areas known to historically have wetlands and work with local land conservation groups. The ILF Program should also work with the state on public lands, specifically state parks in need of wetland restoration or creation.”⁴

² Incorporated by reference are the following: 1) Letter dated February 10, 2016 re File No. LRN-2011-00206, Public Notice 15-46; Letter dated August 31, 2009, from Obed Watershed Community Association to Roger Allen, Corps. Copies of these letters are attached for your convenience.

³ 40 C.F.R. § 230.93(n) *The district engineer shall require sufficient financial assurances to ensure a high level of confidence that the compensatory mitigation project will be successfully completed.*

⁴ See letter dated February 10, 2016 re File No. LRN-2011-00206, Public Notice 15-46.

This mis-pricing appears to fail to take into account the dynamics of free, private markets. Such failure could adversely affect CRC's proposed ILF program as well if the pricing issues are not addressed.

Pricing of credits should also take into account the potential for two (2) additional issues: 1) that of long term (perpetual) oversight of the project site, and 2) of the necessity for adaptive management, i.e., the need for re-work of projects that do not initially achieve their objectives or subsequently fail or need additional restoration or enhancement to achieve project objectives. We believe that the Corps should use probabilistic cost estimating techniques such as those discussed in ASTM E 2137 – 06, "Standard Guide for Estimating Monetary Costs and Liabilities for Environmental Matters"⁵ to account for and "price in" those possibilities.

2. The CRC Program, as Currently Proposed, Is Not Sufficiently Watershed-based.

The federal regulations clearly state "[t]he district engineer must use a watershed approach to establish compensatory mitigation requirements in DA permits to the extent appropriate and practicable."⁶ This is reiterated throughout the regulations: "In general, the required compensatory mitigation should be located within the same watershed as the impacted site..."⁷ While the proposed CRC program purports to provide two (2) service areas, these are very broad, and confined only by 6-digit HUC codes. Without justification or explanation, the Prospectus (p. 12) states that 6-digit areas are at "an appropriate scale." No rationale is offered why 8- or 12-digit areas are not appropriate.⁸ (This may be related to the mis-pricing issues noted above.) The scale proposed in the Prospectus is too great to meet the requirements of the regulations. As noted previously with respect to wetlands credits (which principles are applicable here):

"The size of the watershed addressed using a watershed approach should not be larger than is appropriate to ensure that the aquatic resource provided through compensation activities will effectively compensate for adverse environmental impacts resulting from the activities authorized by the DA permits. The district engineer should consider relevant environmental factors and appropriate locally-developed standards and criteria when determining the appropriate watershed scale in guiding compensation activities."⁹

ILF [p]rograms are specifically required to consider the watershed scale. As described by the federal regulations an ILF [p]rogram devotes "significant resources to identifying and addressing high-priority resource needs on a watershed scale as reflected in their compensation planning framework."¹⁰

When considering options for successful mitigation it is incumbent upon the Corps to take into consideration whether the site is located within the same watershed as the proposed impacts. The Corps must consider "the likelihood of ecological success and sustainability,

⁵ <https://www.astm.org/Standards/E2137.htm>.

⁶ 40 C.F.R. § 230.93(c)(1).

⁷ 40 C.F.R. § 230.93(b)(1).

⁸ Note that the basis for proposed service area "must be documented in the instrument." 40 C.F.R. § 332.8(d)(6)(A).

⁹ 40 C.F.R. § 230.93(c)(4).

¹⁰ 40 C.F.R § 230.93(b)(3).

the location of the compensation site relative to the impact site and their significance in the watershed"¹¹ (emphasis added).

Of note, watershed level mitigation is a priority for TDEC as they certify Section 404 Permits. It is one of TDEC's objectives to "achieve no overall net loss of wetlands acreage and functions in each USGS hydrologic unit."¹²¹³

Approving an ILF program with too great a scale may inhibit the Department from issuing Section 401 Certifications of Section 404 Permits utilizing the CRC ILF program for compensatory mitigation.

3. Projects Need to Ensure Permanent Improvements.

The Prospectus states that for some projects, best-management practices ("BMPs") will be incorporated.¹⁴ We assume that the reference here is to BMPs constituting particular restoration or stabilization techniques. Certain BMPs, such as those commonly utilized on 319 projects, do not require permanent easements (but most work is designed to make a permanent fix). Further, some BMPs for 319 projects can be temporary, in some cases lasting only as long as the contractor or consultant for them is actively working on the site with the landowner. Applicable regulations clearly state preferences (in order) for restoration, enhancements, and, finally, preservation.¹⁵ The need to preserve project sites in perpetuity through appropriate real estate arrangements is also recognized.¹⁶ In light of the function of ILF programs, i.e., to replace natural features lost to development, and the clear preference for restoration, temporary programs should not substitute for actual, permanent solutions to lost natural features, and we trust that the reference in the Prospectus is to permanent BMPs.

4. The Prospectus Needs to Assure Full Compliance with Applicable Law, Regulations, and Guidance

Regulations under the federal Clean Water Act contain a number of detailed provisions in furtherance of the "fundamental objective of compensatory mitigation ... to offset environmental losses resulting from unavoidable impacts to waters of the United States...."¹⁷ These regulations are amplified in applicable guidance (the "Guidance").¹⁸

¹¹ 40 C.F.R. § 230.93(a).

¹² Tennessee Department of Environment and Conservation. [Tennessee's Wetland Conservation Strategy](#), Chapter 3.

¹³ See letter dated February 10, 2016 re File No. LRN-2011-00206, Public Notice 15-46.

¹⁴ Prospectus, at p. 14-15. The Prospectus also cites CRC's experience with "Section 319" grants as qualifying experience. Prospectus, at pps. 8-10.

¹⁵ See, e.g., 40 C.F.R. § 230.93 (a)(2). Note also that credits on public lands "must be based solely on aquatic resource functions provided by the compensatory mitigation project, over and above those provided by public programs already in place." 40 C.F.R. § 230.93 (a)(3).

¹⁶ "Guidance" (as hereafter defined), at p. 7.

¹⁷ 40 C.F.R. § 230.93(a)(1).

¹⁸ "Federal Guidance on the Use of In-Lieu-Fee Arrangements for Compensatory Mitigation under Section 404 of the Clean Water Act and Section 10 of the Rivers and Harbors Act," <https://www.fws.gov/habitatconservation/corps%20in-lieu-fee%20guidance.pdf>.

Among the requirements are: 1) that the project be protected in perpetuity,¹⁹ 2) when required, appropriate financial assurance be posted and maintained,²⁰ 3) provisions containing the ILF sponsor's agreement to assume responsibility for a permittee's compensatory mitigation,²¹ 4) that "[i]mplementation of the compensatory mitigation project, to the maximum extent practicable, shall be in advance of or concurrent with the activity causing the authorized impacts" and that additional mitigation is required to offset any temporal losses.²²

Although a number of these requirements are referenced in the Prospectus, it appears that many of them will be implemented upon the execution of the "ILF Instrument."²³ Accordingly, we look forward to the opportunity to review the proposed ILF Instrument and appropriate project-specific documents. We note that the Prospectus calls for completion of land protection and initial improvements by the end of the third full growing season,²⁴ which appears in conflict with the requirements of 40 C.F.R. § 230.93(m) and the Guidance.²⁵ We look forward to the resolution of this conflict.

We appreciate the opportunity to comment on the Prospectus. We believe that a meeting with the commenting organizations, CRC, and the Corps and others would be an effective way to address these issues; we are willing to facilitate such a meeting at your earliest convenience.

Sincerely,



James M. Redwine
Director, Water Quality Protection
And Sustainability
Harpeth River Watershed Association

Dana Wright
Water Policy Director
Tennessee Clean Water Network

Axel Ringe
Conservation Chair
Tennessee Chapter of the Sierra Club

John McFadden
Chief Executive Officer
Tennessee Environmental Council

Dennis Gregg
Executive Director
Obed Watershed Community Association

Barry Sulkin
Tennessee Director
Public Employees for Environmental Responsibility

cc: Mekayle Houghton, Cumberland River Compact

¹⁹ Guidance, at p. 7.

²⁰ 40 C.F.R. § 230.93 (k), (l)(2), n; Guidance, at p. 3.

²¹ 40 C.F.R. § 230.93(l)(2).

²² 40 C.F.R. § 230.93(m).

²³ See, e.g., Prospectus, at p. 11,13.

²⁴ Prospectus, at p. 3.

²⁵ Guidance, at p. 6-7; see also 33 C.F.R. § 332.8 (t)(2).

February 10, 2016

Mr. Marty Tyree
Nashville District, US Army Corps of Engineers
Regulatory Branch
3701 Bell Road
Nashville, Tennessee 37214

Mr. Randy Clark
Memphis District, US Army Corps of Engineers
167 North Main Street, Room B-202
Memphis, Tennessee 38103

Re: File Number LRN-2011-00206, Public Notice 15-46

Dear Mr. Tyree and Mr. Clark,

The Tennessee Clean Water Network submit the following comments on behalf of the Tennessee Environmental Council, the Obed Watershed Community Association, and the Southern Environmental Law Center. These comments are submitted in response to the US Army Corps of Engineers' proposed modification to the Tennessee Wildlife Federation Statewide Wetland In-Lieu Fee Program Instrument (ILF Program).

We appreciate Mr. Chris Roberts and Mr. Mike Butler taking the time to discuss the proposed changes and the reasoning behind the requested modifications. We understand the ILF Program is having difficulty obtaining adequate wetland mitigation sites within the existing services hence the modification request, but we cannot support these proposed changes for multiple reasons, most importantly because the planned changes negate the watershed approach established by federal regulations which ensures compensatory mitigation actually compensates for lost resources.

1. The watershed approach is firmly established within federal regulations.

The federal regulations clearly state "The district engineer must use a watershed approach to establish compensatory mitigation requirements in DA permits to the extent appropriate and practicable."¹ This is reiterated throughout the regulations: "In general, the required compensatory mitigation should be located within the same watershed as the impacted site..."² While the proposed modifications to the ILF Program base the expanded service areas along watershed lines, the scale is too great to meet the requirements of the regulations.

The size of the watershed addressed using a watershed approach should not be larger than is appropriate to ensure that the aquatic resource provided through compensation activities will effectively compensate for adverse environmental impacts resulting from the activities authorized by the DA permits. The district engineer should consider relevant environmental factors and appropriate locally-developed standards and criteria when determining the appropriate watershed scale in guiding compensation activities.³

¹ 40 C.F.R. § 230.93(c)(1)

² 40 C.F.R. § 230.93(b)(1)

³ 40 C.F.R. § 230.93(c)(4)

ILF Programs are specifically required to consider the watershed scale. As described by the federal regulations an ILF Program devotes “significant resources to identifying and addressing high-priority resource needs on a watershed scale as reflected in their compensation planning framework.”⁴

When considering options for successful mitigation it is incumbent upon the Corps to take into consideration whether the site is located within the same watershed as the proposed impacts. The Corps must consider “the likelihood of ecological success and sustainability, *the location of the compensation site relative to the impact site and their significance in the watershed*”⁵ (emphasis added).

Of note, watershed level mitigation is a priority for TDEC as they certify Section 404 Permits. It is one of TDEC’s objectives to “achieve no overall net loss of wetlands acreage and functions in each USGS hydrologic unit.”⁶ Altering the ILF Program with expanded service areas may inhibit the Department from issuing Section 401 Certifications of Section 404 Permits utilizing the ILF Program for compensatory mitigation.

2. Compensatory mitigation must serve to offset the wetland functions lost through the permitted discharge of fill material.

Compensatory mitigation should be located as close to the impacted site as feasible and serve the same functions of the impacted wetland. The federal regulations note that the required compensatory mitigation “...should be located where it is most likely to successfully replace lost functions and services...”⁷ Mitigation must actually compensate for the resources and functions lost by the issuance of a Section 404 Permit:

...all mitigation will be directly related to the impacts of the proposal, appropriate to the scope and degree of those impacts, and reasonably enforceable.⁸

As TDEC noted in the latest 305(b) Report:

Wetlands are some of Tennessee’s most valuable natural resources. Wetlands serve as buffer zones along rivers, help filter pollutants from surface runoff, store floodwaters during times of high flows, serve as spawning areas for fish, and provide habitat for specialized plant and wildlife species.⁹

Wetlands provide essential functions to water quality, ecological connections and habitat for wildlife. The habitat, flood control and runoff filtration benefits provided by wetlands at a specific site cannot be adequately compensated through the creation, restoration or preservation of a site as far away as the expanded service areas would allow.

3. Expanding the service areas is not the most appropriate solution to the ILF Program issue.

We appreciate the ILF Program management’s efforts to ensure appropriate sites with the likelihood of success are selected for mitigation and understand obtaining such sites is difficult. However, we do not condone the expansion of the service areas as a solution to this problem. After three and a half years of conducting this work, the ILF Program is likely familiar with the areas and watersheds with the most limiting factors and lacking adequate sites. We believe the ILF Program should explore other options.

⁴ 40 C.F.R. § 230.93(b)(3)

⁵ 40 C.F.R. § 230.93(a)

⁶ Tennessee Department of Environment and Conservation. *Tennessee’s Wetland Conservation Strategy*, Chapter 3.

⁷ 40 C.F.R. § 230.93(b)(1)

⁸ 33 C.F.R. § 320.4(r)(2)

⁹ Tennessee Department of Environment and Conservation. *2010 305(b) Report, The Status of Water Quality in Tennessee*.

- a. The ILF Program appears to be mispricing the amounts charged to establish and perform mitigation work. It appears a significant component of the current ILF Program’s inability to find appropriate sites in the same watershed on a timely basis is that it is not offering enough to landowners to participate in projects where credits can be created. Thus, the ILF Program sponsors should be charging project proponents enough to incentivize landowners to participate in its programs. Further, the ILF Program should examine increasing the cost of credits in these areas in order to allow the ILF Program to offer better purchase prices for land or conduct more complicated mitigation projects. Financial assurances are a component of the Corps requirements for compensatory mitigation success¹⁰ and the current credit costs are not providing this assurance. The significant loss of wetlands in specific geographic areas of the state – west Tennessee and urban areas - justify the higher cost of credits. These areas lack suitable land and are more costly in general for land acquisition and project development. Rather than distancing mitigation from the impact site, other options such as increasing the amounts charged to project proponents and raising credit prices should be explored to ensure ILF Program success.
- b. The ILF Program should also explore outreach efforts in order for interested landowners to participate. These efforts should target areas known to historically have wetlands and work with local land conservation groups. The ILF Program should also work with the state on public lands, specifically state parks in need of wetland restoration or creation.

4. The Corps has the responsibility to ensure compensatory mitigation is sufficient.

Pursuant to Section 404 of the Clean Water Act, the Corps has purview over the content and authorization of applicable permits. The Corps has the authority to deny permits if mitigation is insufficient. It is the district engineer’s responsibility determine if compensatory mitigation is adequate and can determine a “permit for the proposed activity cannot be issued because of the lack of appropriate and practicable compensatory mitigation options.”¹¹ Rather than modifying the ILF Program, the Corps can and should require permit applicants to use appropriate, watershed-level, function-replacing mitigation.

5. Public Notices for permits issued employing the ILF Program as mitigation are now insufficient.

The public notices for any permittee that paid into the ILF Program for compensatory mitigation are now inaccurate and misleading. Anyone reviewing a public notice in the past few years for a permit that utilized the ILF Program is now unaware mitigation may occur farther away. The set boundaries of service areas gave the public a specific understanding of where mitigation would occur. Public input may have been different or impacted land owners may have had more interest if the newly proposed service areas were in those public notices instead. These modifications deny the public the right to notice and input on the changes to previous issued permits.

6. The ILF Program should not pursue more advanced credits.

Advanced credits serve to initiate an ILF program, not to assist in financial shortcomings. As projects are put on the ground and produce credits, advanced credits are fulfilled and only then become available again. Additionally, given this program has now existed for three and a half years, the track record currently demonstrates that there is not sufficient need to increase the advanced credits available. The sponsor has

¹⁰ 40 C.F.R. § 230.93(n) *The district engineer shall require sufficient financial assurances to ensure a high level of confidence that the compensatory mitigation project will be successfully completed.*

¹¹ 40 C.F.R. § 230.91(c)(3)

also shown that even with the current levels of advanced credits, it has encountered difficulty in getting projects implemented in the appropriate "third growing season" time frame."

As noted in the federal rules, for determining the appropriate number of advanced credits, the program sponsor must clearly demonstrate the economic need for an increase in advance credits, but more importantly, provide sufficient supporting documents that confirm prospective in-lieu fee project sites. If prospective sites have not been adequately identified and researched, then the requested increase in advance credits is inappropriate.¹²

We appreciate the opportunity to comment on the proposed modifications to the TWF ILF Program Instrument and hope the Corps will take into consideration the concerns expressed in this letter.

Sincerely,

Dana Wright
Water Policy Director
Tennessee Clean Water Network

Anne Davis
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Southern Environmental Law Center

John McFadden
Chief Executive Officer
Tennessee Environmental Council

Axel Ringe
Conservation Chair
Tennessee Chapter of the Sierra Club

Dennis Gregg
Executive Director
Obed Watershed Community Association

Barry Sulkin
Tennessee Director
Public Employees for Environmental Responsibility

Cc: Mr. Mike Butler, Chief Executive Officer, Tennessee Wildlife Federation
Mr. Chris Roberts, Tennessee Mitigation Fund Director, Tennessee Wildlife Federation
Mr. Mike Lee, Division of Water Resources, TDEC

¹² 33 C.F.R. §332.8



August

*Dennis Gregg, Executive
Director
185 Hood Dr.
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931/484-9033*

Roger Allan
U.S. Army Corps of Engineers
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Memphis, Tennessee 38103-1894

Dear Mr. Allan,

Having had the opportunity to review both your Public Notice No: MVM-2009-249-RSA and TDEC's Prospectus for a State-wide In-Lieu Fee Program, there are a number of issues that cause me some concern. Let me begin by concurring with the thrust of the desire to come up with additional mitigation strategies. Most science-based research has raised significant questions about the effectiveness of existing mitigation programs, and the recent survey in Tennessee of mitigations that were promised by contractors uncovered an embarrassingly high rate of non-compliance and/or inadequately designed or implemented projects. Clearly there is a need to find new methods of ensuring that mitigation projects are designed, implemented, and monitored more effectively.

TDEC's proposal has a number of flaws. First, TDEC is understaffed and incapable of either developing the information necessary to develop the level of detail needed for watershed plans that would provide a complete listing of suitable mitigation sites, or to carry out and implement the mitigations in a cost-effective way. The Watershed Plans referenced in the Prospectus are at the HUC 8 level. The plans were developed primarily through the use of a few sampling sites in each watershed where both water quality and benthic assessments were made. TDEC has done no systematic stream assessments that map the problem areas that exist on all the tributary streams. Unfortunately, the same condition exists on 303(d) streams. They earn their designation based on sometimes as little as one monitoring point. The TMDL standards are not tied to particular sources or locations, with the exception of point sources. Analysis of aerial photography can show inadequate buffers but will not usually assist in identifying eroding stream banks, which on the Cumberland Plateau is the source of more than half of the sedimentation. The Prospectus allows mitigation funds to be used for doing such assessment work, but when contracted to private engineering firms or even newly-hired TDEC employees, this can eat up a lot of funds. The tendency will be and has been for TDEC to focus on large-scale, easy-to-identify projects, rather than to tie the mitigation to the actual watershed being impacted. The preference should be to HUC 12 level mitigation, starting on the same reach as the disturbance, and then moving to the next reach or the next trib looking for restoration and stabilization needs, before moving to the next stream in HUC 10 where the same process occurs. Only, and this will be extremely rare, if there are no mitigation needs in the immediate impact area, should projects be sought in the broader HUC 8 level. Just because it is easier to identify a few big projects in each HUC 8 watershed, and it is simpler to administer and monitor a few projects rather than many, does not mean that this is the appropriate level of administration.

Related to this first concern is the lack of support for local watershed groups and local watershed plans. In a number of parts of the state, local watershed groups have developed detailed watershed plans at the HUC 12 level. They have mapped and identified a variety of problem areas on the main streams and their tributaries. A number of these watershed organizations are actively involved in stream stabilization and restoration projects using 319 funds. They have assessed

streams that TDEC lists as “unassessed” on TDEC maps. They have creatively used donated materials and volunteers to come up with the 40% match required with 319 funds and have been able to effectively deliver projects at a much lower cost than either the TSMP program or those that TDEC has done directly. TDEC’s Prospectus mentions these groups in passing - as in they would receive suggestions for projects from them and might enter into an agreement with them for long-term monitoring, but ignores both the on-the-ground data that these groups possess as well as their capacity to do the projects cost-effectively as well as continue the monitoring that most of the groups already have in place. Given the important role that local watershed groups play and can play in this issue, the Prospectus needs to be revised to provide a mechanism for contracting with the watershed groups to provide the mitigation projects within their watershed, while allowing TDEC to administer the mitigation funds (for less than 15% on small projects) and provide oversight.

The third concern is scale. TDEC’s enforcement rules, particularly in terms of stormwater permits have not used numeric standards related to the TMDL’s on 303(d) streams. This, in effect, ignores the cumulative impacts of multiple source that can cause the TMDL to be exceeded. In terms of mitigation, the same principle holds. In fact, it may be argued that stabilizing ten one hundred foot sections of eroding stream bank will have a larger impact on the stream health than doing one thousand foot continuous stretch. There is typically less engineering involved and less heavy equipment with the smaller projects, which both reduces the cost and reduces the impact on the stream of the project itself. Given that the Corp has reiterated its commitment to avoid impacts to the greatest extent possible, most future in-lieu impacts should be relatively small. It is far preferable to have a one hundred foot impact result in a three hundred foot mitigation in a nearby reach or trib, than to “save-up” these funds to do a larger project somewhere down the line. While this will result in a much larger number of small projects, and TDEC has not historically done a good job in monitoring these projects, it is still the best way to get the appropriate results for the environment. TDEC simply needs a better way to do its oversight and monitoring. Where watershed groups don’t exist, TDEC should encourage their formation and contract with them to do the stream assessment needed to develop appropriate mitigation projects. There will still be areas in the state where TDEC-directed mitigations will be appropriate. The Prospectus discusses building the fund through in lieu fees. It would be more optimal to have each in-lieu fee project directly tied to the equivalent mitigation project.

The fourth issue is Watershed Plans. While I touched on it above in discussing the resources that watershed groups bring to the process, the question of watershed planning has increased in importance both do to water supply issues and habitat conservation issues that are being pioneered by the US Fish and Wildlife with two Habitat Conservation Plans being developed for the northern Cumberland Plateau. TDEC has funded a number of groups, including OWCA to develop watershed plans for watersheds below the HUC 8 level. It would strengthen the importance of these Watershed Management Plans that we have been developed if they are explicitly referenced here. Language needs to be inserted that gives priority to whatever Management Plan that exists at the finest level of detail. It would serve to force local governments to pay more attention to the work involved in developing these watershed plans and would encourage planning bodies to incorporate these plans in a way that would hopefully reduce impacts on streams and wetlands.

The final issue is one of transparency. Ronnie Bowers has been empowered to work with some engineers and contractors to develop and implement some mitigation projects. There is no question that this has resulted in some high quality work. It is our understanding that he has been given the responsibility and funds to address the 120 delinquent projects related to TDOT projects over the years. What is not clear is what the process will be to select and prioritize these projects and how he will manage all these projects at the same time that he will take on the new responsibility for the In-Lieu Fee program. Further, he has operated his current projects using some pre-selected

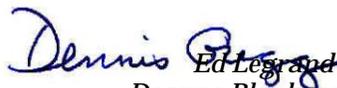
engineering and contracting companies. If this practice of contracting the work is going to continue, as implied in the Prospectus, how will projects be selected and how will contracts be advertised and awarded? What level of experience and/or positive accomplishments will be used to screen prospective contractors? What special provisions, if any, will be in place to allow non-profits to receive contracts? None of these issues are addressed in the Prospectus, which was prepared on contract by an engineering firm that has been involved in previous mitigation work. It is important that there be both transparency and accountability in the process. Related to the issue of transparency are two other issues. The Prospectus talks about a 15% administration fee and also allows mitigation funds to be used for research and scientific monitoring projects. It is not clear whether the research and scientific monitoring is part of the 15% or in addition. This needs to be clear. It is also not clear whether the research and scientific monitoring will also be contracted or will be performed by TDEC employees.

In summary, the Obed Watershed Community Association recognizes that mitigation of impacts caused by various projects' impacts on streams and wetlands has not had the results desired due to inadequate monitoring and oversight of promised mitigation projects. We recognize that an increased role for TDEC will be important to assure more effective mitigation going forward. We would prefer that TDEC act as the administrator and overseer of projects rather than taking the role of prime contractor in all cases, and that it develop the mechanism to build on the work of watershed organizations and to support their efforts to do mitigation projects, rather than to take funds away from the direct areas of project impact.

We look forward to future discussion with both TDEC and the Army Corp of Engineers on this important issue.

Sincerely,

Dennis Gregg, Executive Director



OWCA Board of Directors

*Ed Legrand (President), Rita DeFrees (Secretary), Fran Grant (Treasurer),
Deanna Blankenship, Jean Cheely, Sandra Goss, Pete Peterson, and June Zettlemeyer.*