



# COMMONWEALTH of VIRGINIA

W. Tayloe Murphy, Jr.  
Secretary of Natural Resources

## *Marine Resources Commission*

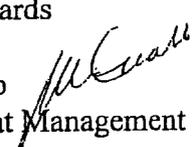
2600 Washington Avenue  
Third Floor  
Newport News, Virginia 23607

William A. Pruitt  
Commissioner

July 13, 2005

### MEMORANDUM

**TO:** Wetlands Boards

**FROM:** Robert Grabb   
Chief, Habitat Management

**SUBJECT:** Wetlands Mitigation/Compensation Policy

Attached is a copy of the revised **WETLANDS MITIGATION-COMPENSATION POLICY AND SUPPLEMENTAL GUIDELINES: REGULATION 4 VAC 20-390-10 ET SEQ.**, adopted by the Commission at its May 24, 2005, meeting. The revisions to the policy were published in the Virginia Register on July 11, 2005.

This is a revision to the original Wetlands/Mitigation Compensation Policy adopted by the Commission in 1989. The Mitigation/Compensation Policy and Supplemental Guidelines are a component of the guidelines the Commission is required to promulgate pursuant to Section 28.2-1301 of the Code of Virginia.

The original policy was adopted to encourage compensation for permitted wetland losses in certain instances following a determination that wetland impacts associated with a given project were justified, and had been minimized as required by the standards for use and development of wetlands provided by the Code of Virginia. The policy also provided supplemental guidelines for compensation requirements and development of compensation plans.

The revised policy suggests that the Commission and/or wetland boards require compensation for all permitted tidal wetland losses, especially vegetated wetlands. The need to compensate for all permitted wetland losses is emphasized by the Commonwealth's commitment to the Restoration of the Chesapeake Bay. In 2000, Virginia, as a Chesapeake Bay Program partner committed to "achieve a no-net loss of existing wetlands acreage and function in the signatories' regulatory programs."

*An Agency of the Natural Resources Secretariat*

Web Address: [www.mrc.virginia.gov](http://www.mrc.virginia.gov)

Telephone (757) 247-2200 (757) 247-2292 V/TDD Information and Emergency Hotline 1-800-541-4646 V/TDD

Memo  
July 13, 2005  
Page Two

Key changes in the policy eliminate the previous threshold of 1,000 square feet for non-commercial projects and recognizes a Code change (Section 28.2-1308) that allows use of mitigation banks to satisfy compensation requirements. Furthermore, the policy recognizes the potential for use of in-lieu fees to fund wetland restoration or creation projects. The use of in-lieu fees should be the last form of mitigation used to offset permitted wetland losses and must be the result of an agreed upon permit condition between the applicant and the Commission or wetlands board provided the applicant can demonstrate that on-site or off-site compensation options are not practical and no compensatory mitigation banks have been established in the project watershed. The policy stipulates the sequence of acceptable mitigation options to be as follows: On-site, off-site within the same watershed or mitigation bank in the watershed, or through the proffered payment of an in-lieu fee if on-site and off-site compensation are shown by the applicant to be impractical considering the project location. The revised policy, however, maintains the essential requirement that proposed activities, which result in wetlands loss, should stand on their own merit in the permit approval process, and that compensation should not be used to justify permit issuance.

It is essential that your wetland board review the revised policy, and along with the existing Wetland Guidelines, consider the policy during your public hearings for each wetland application.

The Habitat Management Division Staff member assigned to your county or city is available to answer any questions about the revised policy and can provide you with an overview of the policy, and the need for wetlands compensation, at one of your upcoming board meetings.

RWG:blh  
HM  
Attachment

**VIRGINIA MARINE RESOURCES COMMISSION**

**“WETLANDS MITIGATION-COMPENSATION POLICY AND  
SUPPLEMENTAL GUIDELINES”**

**REGULATION 4 VAC 20-390-10 ET SEQ.**

**4 VAC 20-390-10. DEFINITIONS**

The following words, when used in these guidelines, shall have the following meaning unless the context clearly indicates otherwise:

**"Compensation"** means actions taken which have the effect of substituting some form of wetland resource for those lost or significantly disturbed due to a permitted development activity; generally habitat creation or restoration. Compensation is a form of mitigation.

**"Mitigation"** means all actions, both taken and not taken, which eliminate or materially reduce the adverse effects of a proposed activity on the living and nonliving components of a wetland system or their ability to interact.

**4 VAC 20-390-20. POLICY**

In spite of the passage of the Virginia Wetlands Act and the Federal Water Pollution Control Act in 1972, the pressures to use or develop tidal wetlands along Virginia's shoreline, have continued to accelerate as evidenced by the increasing number of permit applications being submitted. While losses are controlled by existing permit programs, data compiled by the Virginia Institute of Marine Science (VIMS) over the last 11 years (1993 – 2004) has shown a total permitted loss of 132 acres of tidal wetlands. Of these losses, most are associated with shoreline stabilization projects where each individual project may account for only a few hundred square feet of impact. Compensation for these losses has not usually been required. In fact, during the same period only 20.3 acres of mitigation have been required. Research, however has demonstrated that certain wetlands can be established or re-established in areas where wetlands are not presently found. As such, compensation for permitted wetland losses is viewed as a means of offsetting impacts of necessary projects.

The Commission, through this policy, intends to encourage, where appropriate, the compensation of all permitted tidal wetland losses especially vegetated losses provided all mitigative measures have been considered to avoid any impact. This should include compensation on-site, compensation within the watershed, compensation through the use of a mitigation bank as authorized by § 28.2-1308 of the code of Virginia or

**VIRGINIA MARINE RESOURCES COMMISSION**

**“WETLANDS MITIGATION-COMPENSATION POLICY AND  
SUPPLEMENTAL GUIDELINES”**

**REGULATION 4 VAC 20-390-10 ET SEQ.**

through acceptance of an applicant’s offer of payment to an in-lieu fee account established at the local, regional or state level and dedicated to wetland creation and restoration.

The need to compensate for all permitted wetland losses is further emphasized by the Commonwealth’s commitment to the Restoration of the Chesapeake Bay. In 2000, Virginia, as a Chesapeake Bay Program partner committed to "achieve a no-net loss of existing wetlands acreage and function in the signatories' regulatory programs." If Virginia is to meet this goal, wetland losses permitted through the tidal wetland regulatory program, no matter how small, must be replaced.

**4 VAC 20-390-30. GENERAL CRITERIA**

It shall remain the policy of the Commonwealth to mitigate or minimize the loss of wetlands and the adverse ecological effects of all permitted activities through the implementation of the principles set forth in the existing Wetlands Guidelines promulgated by the Commission. To determine whether compensation is warranted and permissible a two-tiered mechanism will be implemented. This dual approach will consist first of an evaluation of necessity for the proposed wetlands loss (See Specific Criteria below). If the proposal passes this evaluation, compensation will be required and implemented as set forth in the second phase, the Supplemental Guidelines of this policy.

The primary thrust of combining the existing Wetlands Guidelines with the two-tiered compensation criteria is to preserve the wetlands in their natural state as much as possible, and to consider appropriate requirements for compensation only after it has been proven that the loss of the natural resource is unavoidable and that the project will have the highest public and private benefit.

A reading of the original Wetlands Act clearly indicates that the General Assembly intended for the Commonwealth's wetland resources to be preserved in their "natural state," and emphasized through its declaration of policy, the importance of an overall ecological approach to wetlands management.

"The Commonwealth of Virginia hereby recognizes the unique character of the wetlands, an irreplaceable natural resource which, in its *natural state*, is essential to the ecological systems of the tidal rivers, bays and estuaries of the Commonwealth." (Emphasis added)

**VIRGINIA MARINE RESOURCES COMMISSION**

**"WETLANDS MITIGATION-COMPENSATION POLICY AND  
SUPPLEMENTAL GUIDELINES"**

**REGULATION 4 VAC 20-390-10 ET SEQ.**

The General Assembly has also originally stated that where economic development in the wetlands is clearly necessary and justified it will be accommodated while preserving the wetlands resource.

"... it is declared to be the public policy of this Commonwealth to preserve the wetlands and to prevent their despoliation and destruction and to accommodate *necessary* economic development in a manner consistent with *wetlands preservation*." (Originally adopted under § 62.1-13.1 of the Code of Virginia, now under Powers and Duties of the Commission pursuant to § 28.2-1301 of the Code of Virginia) (Emphasis added)

In § 28.2-1308 of the Code of Virginia the General Assembly mandated the preservation of the ecological systems within wetlands of primary ecological significance and then stated:

"Development in Tidewater, Virginia, to the maximum extent practical, shall be concentrated in wetlands of lesser ecological significance, in vegetated wetlands which have been irreversibly disturbed before July 1, 1972, in nonvegetated wetlands which have been irreversibly disturbed prior to January 1, 1983, and in areas of Tidewater, Virginia, outside of wetlands."

The General Assembly has clearly spelled out that "necessary economic development" is to be accommodated in Tidewater, Virginia, but that the emphasis is on wetlands preservation in their natural state.

Since use and development of tidal wetlands are regulated through the Wetlands Zoning Ordinance, commitments to preserve other existing tidal wetlands are not ordinarily an acceptable form of compensation.

**4 VAC 20-390-40. SPECIFIC CRITERIA**

In order for a proposal to be authorized to destroy wetlands and compensate for the wetland loss in some prescribed manner, the three criteria listed below must be met. If the proposal cannot meet one or more of these criteria, the activity shall be denied, or must occur in areas apart from the wetlands. Should it satisfy all three criteria, however, compensation for the wetlands lost is required. Since the proposed activity should stand on its own merits in the permit approval process, compensation should not be used to justify permit issuance.

**VIRGINIA MARINE RESOURCES COMMISSION**

**“WETLANDS MITIGATION-COMPENSATION POLICY AND  
SUPPLEMENTAL GUIDELINES”**

**REGULATION 4 VAC 20-390-10 ET SEQ.**

1. All reasonable mitigative actions, including alternate siting, which would eliminate or minimize wetlands loss or disturbance must be incorporated in the proposal.
2. The proposal must clearly be water-dependent in nature.
3. The proposal must demonstrate clearly its need to be in the wetlands and its overwhelming public and private benefits.

**4 VAC 20-390-50. SUPPLEMENTAL GUIDELINES**

If compensation is required, then the following guidelines should be given due consideration and, if appropriate, may be included as conditions of the permit. In any case, on-site compensation at the project site is the preferred location alternative with off-site, in the same watershed, as a consideration when on-site is not feasible. Locating a compensation site outside the river basin of the project is not acceptable unless it is done as part of a state-coordinated program of ecological enhancement. The sequence of acceptable mitigation options should be as follows: On-site, off-site within the same watershed or mitigation bank in the watershed, or through a proffered payment of an in-lieu fee if on-site and off-site compensation are shown by the applicant to be impractical considering the project location.

**1. Use of on-site and off-site Compensation** - When on-site or off-site compensation is required as a condition of permit approval the following items should be considered. The Commission or wetlands board may wish to condition any approval on the receipt of an acceptable compensation plan before issuance of the final permit for an approved project.

- A. A detailed plan, including a scaled plan view drawing, should be submitted describing the objectives of the wetland compensation, the type of wetland to be created, the mean tide range at the site, the proposed elevations relative to a tidal datum, the exact location, the areal extent, the method of marsh establishment and the exact time frame from initial work to completion. The plan should also include plans for replanting areas where vegetation fails to grow.
- B. Once the grading is completed at the planting site, it should be inspected by a competent authority to insure that the elevations are appropriate for the vegetation to be planted and that the surface drainage is effective.

**VIRGINIA MARINE RESOURCES COMMISSION**

**“WETLANDS MITIGATION-COMPENSATION POLICY AND  
SUPPLEMENTAL GUIDELINES”**

**REGULATION 4 VAC 20-390-10 ET SEQ.**

- C. The compensation plan and its implementation should be accomplished by experienced professionals knowledgeable of the general and site-specific requirements for wetland establishment and long-term survival.
- D. A performance bond or letter of credit should be required and remain in force until the new wetland is successfully established; a minimum of two growing seasons and a required planting success rate established by the Commission or wetlands board has been achieved.
- E. The compensation marsh should be designed to replace as nearly as possible, the functional values of the lost resource on an equal or greater basis. In general this means creating a marsh of similar plant structure to that being lost. This may not be the case where a lesser value marsh is involved (i.e. Group 4 or 5 wetlands). A minimum 1:1 area exchange should be required in all case. The ratio of required compensation to approved loss should be specified by the Commission or wetlands board and may be based on the use of the Function Specific Credit Calculation Method established by the Virginia Institute of Marine Science (VIMS) and contained in the Guidelines for the Establishment, Use and Operation of Tidal Wetland Mitigation Banks in Virginia
- F. The compensation should be accomplished prior to, or concurrently with, the construction of the proposed project. Before any activity under the permit may begin, the permittee should own all interests in the mitigation site, which are needed to carry out the mitigation.
- G. All reasonable steps should be taken to avoid or minimize any adverse environmental effects associated with the compensation activities themselves.
- H. In selecting a compensation site, one aquatic community should not be sacrificed to "create" another. In cases where dredged material must be placed overboard, the area may be used to create marsh, oyster rock or improve the resource value of the bottom.
- I. The type of plant community proposed as compensation should have a demonstrated history of successful establishment in order to be acceptable.

VIRGINIA MARINE RESOURCES COMMISSION

“WETLANDS MITIGATION-COMPENSATION POLICY AND  
SUPPLEMENTAL GUIDELINES”

REGULATION 4 VAC 20-390-10 ET SEQ.

- J. Manipulating the plant species composition of an existing marsh community, as a form of compensation, is unacceptable.
- K. Nonvegetated wetlands should be treated on an equal basis with vegetated wetlands with regard to compensation and mitigation, unless site-specific information indicates one is more valuable than the other.
- L. Both short-term and long-term monitoring of compensation sites should be considered on a case-by-case basis. For unproven types of compensation the applicant will be responsible for funding such monitoring as is deemed necessary.
- M. Conservation or other easements to be held in perpetuity should be required for the compensation marsh. Easements accepted by the Commission will be processed in accordance with the provisions of § 28.2-1301 of the Code of Virginia.

**2. Use of Mitigation Banks** – Pursuant to § 28.2-1308 of the Code of Virginia, when any activity involving the loss of tidal wetlands authorized by the Commission or a wetlands board is conditioned upon compensatory mitigation the applicant may be permitted to satisfy all or part of such mitigation requirements by the purchase or use of credits from any approved wetlands mitigation bank. Guidelines for the Establishment, Use and Operation of Tidal Wetland Mitigation Banks in Virginia have been promulgated by the Commission. Unless the applicant can demonstrate compliance with specific criteria contained in § 28.2-1308 for use of a compensatory mitigation bank outside the watershed where a permitted project is located the use of a mitigation bank for permitted activities requiring compensation must be in the same U.S.G. S cataloging unit or adjacent U.S.G. S cataloging unit in the same watershed. When approving the use of a compensatory mitigation bank the ratio of required compensation to approved loss must be specified by the Commission or wetlands board and should incorporate the use of Function Specific Credit Calculation Method established by the Virginia Institute of Marine Science (VIMS) and contained in the Guidelines for the Establishment, Use and Operation of Tidal Wetland Mitigation Banks in Virginia.

**VIRGINIA MARINE RESOURCES COMMISSION**

**“WETLANDS MITIGATION-COMPENSATION POLICY AND  
SUPPLEMENTAL GUIDELINES”**

**REGULATION 4 VAC 20-390-10 ET SEQ.**

**3. Use of in-lieu fees** - The use of in-lieu fees should be the last form of mitigation used to offset permitted wetland losses and must be the result of an agreed upon permit condition between the applicant and the Commission or wetlands board provided the applicant can demonstrate that on-site or off-site compensation options are not practical and no compensatory mitigation banks have been established in the project watershed. Localities are encouraged to establish a fund, for such payments, that is dedicated to tidal wetlands restoration and creation. At the local level this could be the same fund established for the receipt of Civil Charges or Civil Penalties. Administration of such a fund should include an ability to trace the contribution of in-lieu fees to eventual use in actual wetland restoration or creation projects. If payments are made to other dedicated wetland restoration funds this should be recognized in the permit issued by the board. In no case should an in-lieu fee amount be accepted for less than the cost of necessary compensation acreage or the purchase of necessary credits in an approved bank. This is intended to prevent the avoidance of use of on-site or off-site compensation, or compensatory mitigation bank for a cheaper alternative that would not be able to fund the same level of wetland restoration or creation required by on-site or off site compensation or through use of a compensatory mitigation bank. Use of the fund could be for actual tidal wetland creation or restoration projects in the locality or for the purchase of credits in an approved compensatory mitigation bank that is authorized subsequent to the receipt of any in-lieu fee. Localities are encouraged to combine any in-lieu fee with other potential or available funds for wetland restoration or creation projects.

VIRGINIA MARINE RESOURCES COMMISSION

“WETLANDS MITIGATION-COMPENSATION POLICY AND  
SUPPLEMENTAL GUIDELINES”

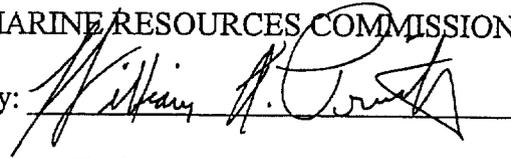
REGULATION 4 VAC 20-390-10 ET SEQ.

This is to certify that this Policy and Supplemental Guidelines were approved by the Commission at its regularly scheduled meeting on May 24, 2005, and is recorded in the official minutes of that meeting. This regulation is promulgated pursuant to the authority contained in Sections 28.2-103 and 28.2-1301 of the Code of Virginia. The effective date of this regulation is July 1, 2005.

COMMONWEALTH OF VIRGINIA

MARINE RESOURCES COMMISSION

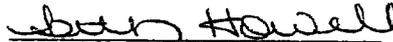
By:



William A. Pruitt

Subscribed and sworn before me on this 14<sup>th</sup> day of June, 2005

My Commission expires: December 31, 2007



Notary Public