

development. Private sector involvement is a source of capital for initiating wetland projects that are, to some extent, developed in advance of permitted activities, a desirable attribute of a compensation system, even though fully functional wetlands are not always in place before credits are purchased and the permitted activity proceeds. In-lieu fee programs have been criticized for not initiating compensatory mitigation in a timely manner, although this criticism cannot be uniformly applied to all operating programs (Scodari and Shabman 2000). Therefore, it appears that all forms of third-party mitigation have some lag time. However, in many cases permittees delay or never initiate compensation projects (Chapter 6), and the time delays with third-party systems should be viewed in that context.

For third-party mitigation there is less uncertainty about long-term outcomes than with permittee-responsible compensatory mitigation. MBRT-certified commercial mitigation banks offer project management expertise, assume responsibility for meeting defined performance criteria, and bring an entrepreneurial desire to seek out improved and lower-cost approaches to securing compensatory mitigation. Once all regulator-approved credits have been sold, the wetland site is either managed by the same third party or transferred to a conservation authority, usually an entity quite similar to those that now enter into MOUs with the Corps to accept fee payments or offer credits that have not been MBRT-approved. Therefore, a common feature of all third-party mitigation is that all compensation sites become the responsibility of a conservation entity with a responsibility for, or organizational mission of, wetland and watershed management. This is a desirable stewardship outcome of all third-party compensatory mitigation systems and was a recommendation the committee made (above) for permittee-responsible mitigation.

The committee understands that the best way to have confidence that compensatory mitigation will serve watershed goals is to have mitigation projects initially designed, implemented, and managed by reliable mitigation experts who are held accountable for certain results. These projects would be of varying wetland types, sizes, and locations to secure priority functions identified by the watershed planning process. Once these results are secured, sites would be transferred to a long-term stewardship entity. Preferably, all of this would occur before the wetlands are used for compensatory mitigation. In addition, the supply of available credits must be large enough and the price of credits must be low enough so that all permits issued can have a compensation requirement that will address the cumulative and secondary consequences of permitted activities. An institutional system to secure these goals may be in reach whenever there is a public funding commitment. The outline of such a system can be described.