BOARD OF WATER AND SOIL RESOURCES

Wetland Conservation Act (WCA) Topic of the Week

Wetland Replacement Credits

July 8, 2020

WCA topics of the week are a series of informal fact sheets that provide practical information on WCA program implementation in a question and answer format. They are intended to better clarify and summarize certain aspects of WCA implementation and should be considered as supplemental to WCA statutes, rules and any associated BWSR guidance and policy. Information in these fact sheets are subject to change over time.

Question: What is wetland replacement?

Answer: Wetland replacement is any action in WCA rule that replaces the wetland area or the public value of wetland functions lost due to a wetland impact. It is often used synonymously with wetland mitigation. However, mitigation literally means “make less” and encompasses both wetland replacement and wetland impact avoidance/minimization.

Question: What actions are allowed to replace wetlands?

Answer: Eligible actions include wetland restoration, creation, and preservation; wetland buffer establishment/preservation; and permanently protecting wetlands previously restored via conservation programs. Each action has associated requirements and credit amounts (see appendix).

Question: What is a wetland replacement credit?

Answer: A wetland credit is a unit of trade used to offset loss of wetland function from a wetland impact. Wetland credits represent the gain in wetland function generated from an eligible replacement action. This is referred to as functional lift. The more functional lift provided by an eligible action, the more credits generated.

Question: How are wetland credits determined?

Answer: The amount of wetland credit generated depends on the area (acreage) affected by the replacement action and the difference between the existing wetland functional level before versus after the replacement action is completed (functional lift). Precise quantitative measurement of functional lift is not possible with current functional assessment tools. Therefore, WCA sets credit limits for each action based broadly on the ability of those actions to produce functional lift. Credit limits are expressed as a percentage and multiplied by the area affected by the action to produce a credit yield. For example, an action with a credit limit of 50% that affects an area of 15 acres would potentially yield 7.5 credits.

Question: How is functional lift factored into credit amount?

Answer: The different credit actions (restoration of partially drained wetland, wetland creation, wetland preservation, etc.) and associated credit ranges (0-50%, 50-100%, etc.) are based in part on the degree of functional lift. For example, restoration of a completely drained wetland (no wetland hydrology) will typically generate more functional lift than restoration of a partially drained wetland (some wetland hydrology). Functional lift is assessed qualitatively by the Technical Evaluation Panel (TEP) within the credit ranges for each replacement action based on the condition of the wetland at the time of restoration and the improvement in condition after restoration.

Question: When and how are credits released for use in replacing wetland impacts?

Answer: Credit amounts are estimated at the beginning of a project and are based on achieving certain measurable outcomes typically related to wetland hydrology and vegetative condition. These outcomes are referred to as "performance standards" and provide the basis for credit releases. Performance standards associated with incremental credit releases during the development of a wetland replacement project (typically 5 - 7 years) are referred to as a "credit release schedule" which is the mechanism for releasing credits for a wetland bank. Released credits are deposited into a wetland bank account where they can be sold to or otherwise used by applicants proposing to impact wetlands that require replacement. Project-specific replacement does not involve credit releases, but requires that the replacement project provide the number of credits necessary to satisfy replacement plan requirements by the end of a specified monitoring period.

Question: How many credits are needed to replace impacts to a wetland?

Answer: The number of credits needed to replace a wetland impact depends on the size of the impact (in acres) and the required replacement ratio. A wetland impact of 2 acres can be replaced by 2 credits if the replacement ratio is 1:1 (meaning one acre of impact is replaced by one credit). If the replacement ratio is 2:1, then 4 credits are needed to replace 2 acres of wetland impact. The replacement ratio is based on several factors including the method of replacement (wetland bank vs project-specific) and the location of the wetland impact relative to the location of the replacement area.

Question: What if someone legally drains a wetland under an exemption and then proposes to restore it?

Answer: WCA rules do not allow someone to utilize an exemption and then restore a wetland for replacement purposes within 10 years of conducting an exempt activity if it effects the eligibility and credit allocation for replacement. If the existing condition of the wetland prior to the exempt activity can be reasonably approximated, the TEP and LGU may base credit allocation on the pre-exemption condition. In some instances exempt activities in certain wetlands may have no effect on the credit allocation and this restriction would not be applicable.

Question: Are there other considerations beyond credit actions and amounts for evaluating replacement projects?

Answer: Yes. Replacement wetlands must be sustainable, not result adverse impacts on adjacent landowners, and be restored to natural conditions to the extent practicable. These requirements are part of the review process and, if not met, may result in the project being denied, project re-design, additional land acquisition/easements, and/or decreased credit amounts.

Appendix – Summary of WCA Actions that Generate Wetland Replacement Credits

Credit Action	Percent of Acreage Receiving Credit	Key Requirements
Establish buffer adjacent to a wetland.	Up to 10, 25, or 50	• Must be associated with a restored, created or preserved wetland generating replacement credits
Restoration of a completely drained/filled wetland.	Up to 100	• Is currently a non-wetland • Was historically a natural wetland • Must restore hydrology and vegetation
Restoration of a partially drained/filled wetland with cropping history.	Up to 100	• Is currently a wetland • Was planted or in a crop rotation at least 10 of the last 20 yrs. • Must restore hydrology and vegetation
Restoration of a partially drained/filled wetland w/o cropping history.	Up to 50	• Is currently a wetland • Must restore hydrology and vegetation
Vegetative restoration of a farmed wetland in BSA's 2, 3, or 4.	Up to 90	• Is currently a wetland • Was planted or in a crop rotation at least 10 of the last 20 yrs. • Cannot have existing hydrologic alteration due to drainage (e.g., tile or ditch)
Vegetative restoration of a farmed wetland in BSA's 1, 5, 6, 7, 8, 9, or 10.	Up to 50	• Is currently a wetland • Was planted or in a crop rotation at least 10 of the last 20 yrs. • Cannot have existing hydrologic alteration due to drainage (e.g., tile or ditch)
Protection of a wetland restored under expired conservation easements.	Up to 75	• Was previously restored. • Landowner has the right to drain/fill wetland upon termination of the conservation easement
Creation of a wetland	Up to 75	• Is currently a non-wetland and was not historically wetland • Must meet certain design criteria if part of a water quality treatment/storage system
Restore a wetland with exceptional natural resource value	Variable	• Must include a restoration component • TEP must determine eligibility per criteria in WCA rule and BWSR guidance
Preserve a wetland	Up to 12.5	• Located in a >80% presettlement wetland area of the state • TEP must determine eligibility per criteria in WCA rule and BWSR guidance.