

Joint Statement of Agreement for an Ecosystem Credit Accounting System

Issued and signed by organizational leadership

September 2009



Oregon
Department
of Agriculture

CleanWater Services



State of Oregon
Department of
Environmental
Quality



The Nature Conservancy
Protecting nature. Preserving life.™

The Freshwater Trust™
Changing the course of conservation.

ecotrust

Joint Statement of Agreement for an Ecosystem Credit Accounting System

Issued by: *Office of Governor Ted Kulongoski, U.S. Army Corps of Engineers, USDA Forest Service, Oregon Department of State Lands, Oregon Watershed Enhancement Board, Institute for Natural Resources, Oregon Department of Forestry, Mud Slough Wetland Mitigation Bank, Willamette Partnership, Ecotrust, Defenders of Wildlife, Oregon Department of Land Conservation & Development, NOAA Marine Fisheries Service, USDA Natural Resources Conservation Service, Cascades West Council of Governments, Clean Water Services, City of Albany, The Nature Conservancy, U.S. Environmental Protection Agency – Region 10, Oregon Department of Transportation, Oregon Department of Agriculture, Oregon Department of Environmental Quality, The Freshwater Trust, Oregon Department of Fish & Wildlife, City of Eugene, U.S. Fish & Wildlife Service*

Introduction

This Statement represents the collective effort of a Working Group made up of federal, state, and local agencies and other stakeholders applying market-based approaches to restore ecosystem health in the Willamette Basin and beyond. The Working Group was convened by the Willamette Partnership, a nonprofit coalition of leaders striving to expand the pace, scope, and effectiveness of restoration. Funding for the project was made possible by a Natural Resources Conservation Service Conservation Innovations Grant. The accomplishments of the working group represent an integration of several years-worth of work conducted by all parties involved. This statement reflects a consensus agreement among all parties to test and pilot the system described in the ecosystem credit accounting system's Pilot General Crediting Protocol: Willamette Basin Version 1.0 (Protocol).

The Protocol includes A) methodologies for calculating credits and debits for wetlands, salmonid habitat, upland prairie, and water temperature, B) a standardized credit approval process that works across ecosystem types, and C) spreadsheet calculators, web-based tools, and an online registry to make the system easy to use.

The Willamette Partnership is asking the federal and state agencies, who will be responsible for issuing credits developed through this process, to jointly issue this Statement on a pilot basis for two years beginning September 2009 and carrying through to September 2011. The Statement will apply to eligible permitted impacts and eligible compensatory mitigation for wetlands, upland prairie, salmonid habitat, and thermal impacts to water quality. Eligible projects will include the pilot projects begun under the Willamette Partnership's *Counting on the Environment* process and any additional pilot projects determined on a case-by-case basis by agencies and other partners. The criteria described in the Willamette Partnership's Management Plan and the recommendations of the *Counting on the Environment* Coordinating Team will be used to suggest new pilots. This Statement will be revisited in August 2010, and again in August 2011, to assess results and make adjustments, as necessary.

Whereas the Signatory Organizations agree that:

Under current mitigation rules and practices, land managers face significant hurdles in restoring the full breadth of habitat types and ecosystem functions on their lands. There is little or no

opportunity to create multiple types of credits, and if there were, the transaction costs associated with vastly different credit issuance processes make it cost-prohibitive.

The credit calculation methods, integrated credit issuance processes, and joint assurances contained in Version 1.0 of the Protocol should enable land managers to:

- generate, quantify, and have options to sell multiple types of credits from their restoration projects;
- operate within predictable rules that outline the steps and processes necessary to develop those credits;
- restore whole ecosystems towards their full potential rather than to meet the requirements of several distinct regulatory programs; and
- generate higher credit value by restoring the best sites, in the best places, to a broad range of functions.

The Protocol should allow developers and other regulated entities with impacts to natural systems to:

- operate within predictable rules that outline the steps and processes necessary to determine their mitigation obligation; and
- base their mitigation obligation on the quality and context of the sites where impacts occur, providing an incentive to avoid the best sites, in the best places, that provide a broad range of ecological functions.

For agencies, the Protocol should allow them to:

- provide standard, functions-based credit calculation methodologies to measure both impacts and benefits in a way that provides new incentives for restoring the breadth of ecosystem functions and moving impacts from the highest functioning sites;
- provide a more routine, predictable, and less time/money-intensive process for most creditable restoration actions, reducing uncertainty and the time to implementation; and
- track and account for sites selling multiple credit types.

Therefore, the Signatory Organizations agree that:

For compensatory mitigation involving eligible development actions or conservation actions, agencies will accept credit estimates generated from pilot projects using the Protocol so long as this does not conflict with current Agency credit issuance rules and applicable statutes. Administrative rulemaking procedures must be followed where required to implement this Agreement. The Protocol and this Statement do not circumvent existing requirements for regulated entities to first consider options for avoiding or minimizing impacts.

These pilot credit estimates will be subject to the eligibility requirements, verification rules, and credit issuance processes for each market. For most credit types, agency certification will be required before credits and debits can be issued and registered.

Agencies will do their best to streamline their issuance process for pilot ecosystem credits estimated using the Protocol, verified according to the Willamette Partnership's standards, and registered with the Willamette Partnership's registry partner Markit Environmental Registry.

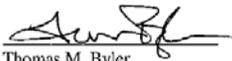
There are a number of recommendations developed as part of the Working Group process that require further work. Agencies will work with each other, the Willamette Partnership, and other signatories to use information generated during the pilot phase to continue work on these recommendations.

Signatures Attached

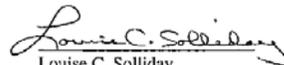
Joint Statement of Agreement for an Ecosystem Credit Accounting System
 Issued and signed by organizational leadership September 2009



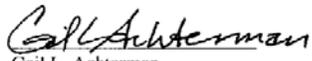
Michael Carrier
 Natural Resources Policy Director
 Office of Governor Theodore R. Kulongoski



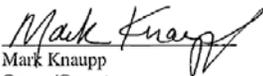
Thomas M. Byler
 Executive Director
 Oregon Watershed Enhancement Board



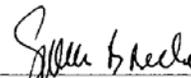
Louise C. Solliday
 Director
 Oregon Department of State Lands



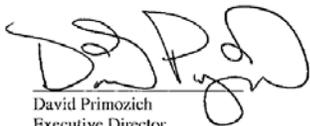
Gail L. Achterman
 Director
 Institute for Natural Resources



Mark Knaupp
 Owner/Operator
 Mud Slough Wetland Mitigation Bank



Spencer B. Beebe
 President
 Ecotrust



David Primozych
 Executive Director
 Willamette Partnership



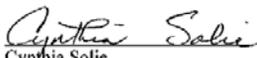
Richard Whitman
 Director
 Oregon Department of Land Conservation & Development



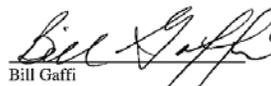
Kurt Corey, P.E.
 Public Works Director
 City of Eugene



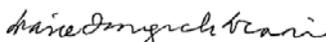
RONALD ALVARADO
 State Conservationist
 USDA/Natural Resources Conservation Service



Cynthia Solie
 Executive Director
 Cascades West Council of Governments



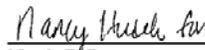
Bill Gaffi
 General Manager
 Clean Water Services



Diane Taniguchi-Dennis
 Public Works Director
 City of Albany



Dick Pedersen
 Director
 Oregon Department of Environmental Quality



Marvin D. Brown
 State Forester
 Oregon Department of Forestry



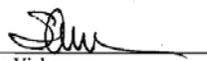
Matthew L. Garrett
 Director
 Oregon Department of Transportation



Cathy Macdonald
 Director of Conservation Planning
 Oregon Chapter of The Nature Conservancy



Roy Elicker
 Director
 Oregon Department of Fish & Wildlife



Sara Vickerman
 Senior Director, Biodiversity Partnerships
 Defenders of Wildlife



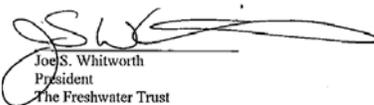
Paul Henson
 State Supervisor, Oregon Fish and Wildlife Office
 U.S. Fish & Wildlife Service



Colonel Steven R. Miles, P.E.
 Commander and District Engineer Portland District
 U.S. Army Corps of Engineers



Mary Wagner, Regional Forester
 Pacific Northwest Region
 USDA Forest Service



Joe S. Whitworth
 President
 The Freshwater Trust



Katy M. Coiba
 Director
 Oregon Department of Agriculture