

# Wisconsin Wetland Conservation Trust



## ANNUAL REPORT FOR FISCAL YEAR 2017

(REPORTING PERIOD JULY 1, 2016 TO JUNE 30, 2017)

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## Introduction

This annual report is respectfully submitted to fulfill the requirements detailed in 33 CFR 332.8(i)(3)(i)-(v) as well as those listed in the Reporting Protocols section as detailed in Appendix C of the approved [Program Instrument](#). The information contained herein reflects the 2017 state fiscal year reporting period from July 1, 2016 to June 30, 2017 (“FY 2017”).

The WI Wetland Conservation Trust in lieu fee mitigation program (herein, “WWCT”) was established on November 19, 2014 through a legal agreement referred to as the Program Instrument, which was executed by signatories from the U.S. Army Corps of Engineers St. Paul District, U.S. Environmental Protection Agency, and WI Department of Natural Resources.

The purpose of establishing the WWCT was to provide an additional method of compensatory mitigation to offset unavoidable adverse impacts to wetland resources focusing on the greatest watershed need. The overall objective of the WWCT is to complete compensatory wetland mitigation projects selected through a watershed approach. Through the sale of WWCT credits the Sponsor accepts the legal responsibility to satisfy wetland compensatory mitigation requirements specified by US Army Corps of Engineers-St. Paul District permits authorized under Section 404 of the Clean Water Act, Section 10 of the River and Harbors Act and Wisconsin DNR Wetland Individual Permits pursuant to Chapter 281.36, Wis. Stats. The Sponsor may also collect separate non-credit related funds including, but not limited to those resulting from supplemental environmental projects, donations and Wisconsin wetland General Permit surcharge fees.

This annual report reflects a single comprehensive report detailing both the financial activity of the program along with credit-based actions.

## Program Summary

The WWCT program has been a successful way for permit applicants to satisfy their wetland compensatory mitigation obligations, enabling projects to move forward. In FY 2017, advanced credits sales increased compared to FY 2016. Most credits were sold in the Third Quarter of Calendar Year (CY) 2016 (see **Table 1** below), primarily due to several large utility projects requiring wetland mitigation.

**Table 1 – Program Credit Sales Summary for FY 2017**

Time Period	Total Credit Revenue	Total Advanced Credit Sales
3rd Quarter of CY 2016	\$4,112,570	67.82
4th Quarter of CY 2016	\$332,320	5.36
1st Quarter of CY 2017	\$1,669,090	27.33
2nd Quarter of CY 2017	\$34,100	0.55
<b>TOTAL</b>	<b>\$6,148,080</b>	<b>101.06</b>

### Overall Program Credit Transaction Summary

**Table 2** below provides an overall program ledger detailing each credit sales transaction along with the relevant permit details and associated impacts. It should be noted that the standard ratio applied to impacts was 1.45:1 (credits: impact acres) to account for the state minimum ratio of 1.2:1 plus an additional 0.25:1 to address the temporal loss associated with selling advanced credits. **Table 3** below depicts the program-wide acres of impact per wetland community cover type. **Table 4** identifies the total advanced credits sold per Service Area (SA) as well as any credit generation to communicate the credit liabilities the program must produce in order to maintain program compliance. Since no projects have yet been constructed, no credits have been generated, so all sold advanced credits are shown as credit discrepancies. This will be addressed as projects are constructed. **Table 5** provides details on the quantity of advanced credits sold per SA along with the remaining advanced credits after considering any released credit generated.

**Table 2 – Overall Program Credit Ledger for FY 2017**

Service Area	Invoice #	Project Name	Credit Price	# Adv Credits	Total Invoice	Date of Credit Purchase Authorization	DNR Permit Docket #
NW Lake Mich	370-000002132	ATC Appleton-Morgan (Bay Lake) - ADDITIONAL	\$62,000	0.91	\$56,420	06/01/2016	IP-NE-2015-43-N21001
NW Lake Mich	370-000002362	HARP OU/4 Upper	\$62,000	0.98	\$60,760	06/15/2016	IP-NE-2014-8-00626
Fox	370-000002586	Expera Specialty Solutions LLC	\$62,000	5.29	\$327,980	06/28/2016	IP-NE-2015-45-03346
Lower WI	370-000002587	ATC Badger-Coulee Segment 4	\$61,000	16.55	\$1,009,550	06/30/2016	IP-WC/SC-2015-N20001

Upper IL	370-000003514	Waste Mgmt of WI Metro RDF Expansion	\$61,000	8.44	\$514,840	07/27/2016	IP-SE-2015-41-01130
Fox	370-000003299	CTH JJ Roadway Improvement Project	\$62,000	1.10	\$68,200	09/23/2016	IP-NE-2016-45-T02682
SW Lake Mich	370-000003298	Triangle Tool	\$62,000	1.42	\$88,040	09/21/2016	IP-SE-2016-41-01872
Fox	370-000003114	Prevea Health Shawano Clinic	\$62,000	0.16	\$9,920	08/26/2016	IP-NE-2016-59-02685
Fox	370-000002979	Brown County CTH D Reconditioning Project	\$62,000	1.71	\$106,020	08/04/2016	IP-NE-2016-5-T02104
UPPER WI	370-000002900	ATC M13	\$61,000	20.20	\$1,232,200	08/03/2016	IP-NO-2016-34-N02755
UMBR	370-000002705	A & K Alexander Cranberry Co. LLC	\$61,000	5.27	\$321,470	07/11/2016	IP-WC-2013-42-03072
Superior	370-000002613	Enbridge Line 3 Replacement	\$59,000	16.75	\$988,250	07/08/2016	IP-NO-2015-22001

SW Lake Mich	370-0000003514	Waste Mgmt of WI Metro RDF Expansion	\$62,000	1.51	\$93,620	07/27/2016	IP-SE-2015-41-01130
SW Lake Mich	370-0000003613	20th Street Extension Oak Creek	\$62,000	0.61	\$37,820	10/21/2016	IP-SE-2016-41-T02309
NW Lake Mich	370-0000003990	Specialty Granules, LLC	\$62,000	2.23	\$138,260	11/30/2016	IP-SE-2016-38-03920
Lower WI	370-0000004150	Badger-Coulee Segment 6	\$61,000	15.90	\$969,900	12/20/2016	IP-WC/SC-2015-N20001
SW Lake Mich	370-0000004323	Wimmer Communities Artisan Development	\$62,000	0.45	\$27,900	01/09/2017	GP-SE-2016-68-03776
Upper Illinois	370-0000004547	ATC - Spring Valley North Lake Geneva	\$61,000	1.03	\$62,830	02/06/2017	IP-SE-2016-65-N02428
Fox	370-0000005125	Cherryvale-Lexington Homes	\$62,000	0.55	\$34,100	04/03/2017	IP-NE-2016-45-03614
TOTAL				101.06	\$6,148,080		

**Table 3 – Summary of Wetland Impact by Type for FY 2017**

ACRES OF IMPACT PER WETLAND COVER TYPE											
Shallow, Open Water	Deep and Shallow Marshes	Sedge Meadows	Fresh (Wet) Meadow	Wet to Wet-Mesic Prairie	Calcareous Fens	Bog (Open or Coniferous)	Shrub Swamp (Shrub-Carr or Alder Thicket)	Wooded Swamp (Hardwood or Coniferous)	Floodplain Forests	Seasonally Flooded Basins	Total Impact Acres
0	4.78	11.88	8.10	0	0	1.84	77.36	72.62	6.91	0	183.48

**Table 4 – Overall Program Credit Liabilities and Compliance from 12/01/2014 through 06/30/2017**

Service Area Name	Service Area HUC #	Total Advanced Credit Liability	Total Released Credit Generation	Proposed Project Released Credits	Compliance Discrepancy
Chippewa	70500	11.29	-	-	11.29
Fox	40302	43.72	-	-	43.72
Lake Superior	40103	25.15	-	-	25.15
Lower WI	070700-L	28.12	-	-	28.12
NW Lake Michigan	40301	38.46	-	-	38.46
Rock	70900	8.95	-	-	8.95
St. Croix	70300	3.64	-	-	3.64
SW Lake Michigan	40400	13.59	-	-	13.59
UMBR	70400	33.12	-	-	33.12
UMMP	70600	0	-	-	0
Upper IL	71200	26.82	-	-	26.82
Upper WI	070700-U	20.20	-	-	20.20
<b>TOTALS</b>		<b>253.06</b>	-	-	<b>253.06</b>

**Table 5 – Overall Service Area Credit Availability from 12/01/2014 through 6/30/2017**

<b>Service Area</b>	<b>Authorized Advanced Credits</b>	<b>Advanced Credits Sold</b>	<b>Released Credits Fulfilled</b>	<b>Available Advanced Credits</b>	<b>% of Available Advanced Credits Sold</b>
Chippewa	50	11.29	0	38.71	23%
Fox	55	43.72	0	11.28	79%
Lake Superior	75	25.15	0	49.85	34%
Lower WI	40	28.12	0	11.88	70%
NW Lake Mich	100	38.46	0	61.54	38%
Rock	90	8.95	0	81.05	10%
St. Croix	30	3.64	0	26.36	12%
SW Lake Mich	60	13.59	0	46.41	23%
UMBR	50	33.12	0	16.88	66%
UMMP	30	0	0	30	0%
Upper IL	30	26.82	0	3.18	89%
Upper WI	100	20.2	0	79.8	20%



## Overall Program Financial Status

**Table 6 – Annual Revenue-Based Financial Report FY 2017**

Please note that four SAs (Chippewa, Rock, St. Croix, and Upper WI) did not sell any advanced credits in FY 2017, therefore they are not included in **Table 6**. Also, all numbers have been rounded to the nearest dollar for display purposes.

INVOICE #	Service Area									INVOICE TOTAL
	Fox	L. Superior	Lower WI	NW Lake Mich	SW Lake Mich	UMBR	Upper IL	Admin	Contingency	
370-0000002132				\$47,957				\$5,642	\$2,821	\$56,420
370-0000002362				\$51,646				\$6,076	\$3,038	\$60,760
370-0000002586	\$278,783							\$32,798	\$16,399	\$327,980
370-0000002587			\$858,118					\$100,955	\$50,477	\$1,009,550
370-0000002613		\$840,013						\$98,825	\$49,412	\$988,250
370-0000002705						\$273,250		\$32,147	\$16,073	\$321,470
370-0000002900							\$1,047,370	\$123,220	\$61,610	\$1,232,200
370-0000002979	\$90,117							\$10,602	\$5,301	\$106,020
370-0000003114	\$8,432							\$992	\$496	\$9,920
370-0000003298					\$74,834			\$8,804	\$4,402	\$88,040
370-0000003299	\$57,970							\$6,820	\$3,410	\$68,200
370-0000003514					\$79,577		\$437,614	\$60,846	\$30,423	\$608,460
370-0000003613					\$32,147			\$3,782	\$1,891	\$37,820
370-0000003990				\$117,521				\$13,826	\$6,913	\$138,260
370-0000004150			\$161,772			\$662,643		\$96,990	\$48,495	\$969,900
370-0000004323					\$23,715			\$2,790	\$1,395	\$27,900
370-0000004547							\$53,406	\$6,283	\$3,141	\$62,830
370-0000005125	\$28,985							\$3,410	\$1,705	\$34,100
<b>TOTAL</b>	<b>\$464,287</b>	<b>\$840,013</b>	<b>\$1,019,890</b>	<b>\$217,124</b>	<b>\$210,273</b>	<b>\$935,893</b>	<b>\$1,538,390</b>	<b>\$614,808</b>	<b>\$307,402</b>	<b>\$6,148,080</b>

**Table 7 - Annual Expense-Based Financial Report FY 2017**

Again, similarly to FY 2016, in FY 2017 the only expenses recorded within this reporting period were under the Administrative Category as no projects have yet been selected or constructed and therefore there was also no activity under the Contingency account.

Expense Category	Administrative Expenditures (WTLA)
Salary	\$90,916.76
Fringe	\$39,319.49
Travel/Supplies/Othe	\$12,009.75
Total Direct	\$142,246.00
Total Indirect	\$19,431.25
<b>Total Expenses</b>	<b>\$161,677.25</b>

**Request for Proposals Summary**

The WWCT Program’s second Request for Proposals (RFP) was announced on February 3, 2017 and remained open for 90 days. Proposals were solicited for the SAs listed below (**Table 8**). Also shown in **Table 8** are the minimum numbers of credits required to be generated by projects to meet advanced credit sales in each SA, and available project funds for each SA.

**Table 8 – Minimum Credit Generation Required by Service Area for Second RFP**

Service Area Name	Service Area HUC	Minimum Service Area Credit Generation	Total Project Funds Available
Lake Superior	HUC-040103	25	\$1,214,413
St. Croix	HUC-070300	4	\$185,640
Upper Wisconsin	HUC-070700-U	21	\$1,047,370
Lower Wisconsin	HUC-070700-L	29	\$1,452,575
Rock	HUC-070900	9	\$456,450
Southwestern Lake Michigan	HUC-040400	12	\$581,971
Northwestern Lake Michigan	HUC-040301	17	\$857,870
Upper Mississippi – Black Root	HUC-070400	13	\$684,890
Fox	HUC-040302	44	\$2,284,829

From the RFP, nine project proposals were received for five SAs. Two proposals were received for both the Lake Superior and Lower Wisconsin SAs, one proposal was received for both the Fox and Rock SAs, and three proposals were received for the Southwestern Lake Michigan SA. Because no external proposals were received for the UMBR SA, one project was proposed internally by DNR Wildlife staff,

but eventually withdrawn. Next, because of low credit sales (3.64), the WWCT proposed transferring sold St. Croix credits to the Chippewa SA. This proposal was approved. Finally, no projects were submitted for the Upper Wisconsin SA, but the program has until the end of the 2019 growing season to begin a project in this SA. No projects were submitted for the Northwestern Lake Michigan SA, but again, this service area has extra time to fulfill these recently-sold credits.

The WWCT Technical Review Team met in May 2017 to review projects. At the end of FY 2017, project review and selection was on-going. **Table 9** below provides a brief of summary of the nine proposals that were reviewed.

**Table 9 – Summary of Projects Submitted for Second RFP**

Applicant	Project Name	Service Area	ILF Funds Requested*	Match Dollars Proposed	Credits Proposed*
Wisconsin DNR	Maine Creek	Fox	\$1,050,000	\$0	58
Bayfield Regional Conservancy	Pikes Creek	Lake Superior	\$495,895	\$19,145	29.79
West Wisconsin Land Trust	Balsam Creek	Lake Superior	\$400,000	\$0	50
Wisconsin DNR	Quincy SNA	Lower WI	\$1,452,575	\$394,260	55.24
Village of Plover	Soik Property	Lower WI	\$1,450,970	\$0	34.23
Wisconsin DNR	Avon Bottoms	Rock	\$250,000	\$0	30.46
Tallgrass Land Conservation	Cliffside	SW Lake Michigan	\$581,971	\$0	14.87
River Revitalization Foundation	River Hills Wetlands	SW Lake Michigan	\$165,000	\$185,000	3.53
Schlitz Audubon	Schlitz Audubon	SW Lake Michigan	\$5,681,700	\$0	94.7
*Amounts could change as project review continues					

**Credit Fee Evaluation**

For CY 2018 credit fee evaluation, the Sponsor used the same methodology used to determine CY 2016 and CY 2017 credit fees. Again, because projects have not yet been implemented in the field, the Sponsor estimated construction and monitoring costs from approved mitigation banks in Wisconsin. Next, the Sponsor utilized land sales data in the same way as for CY 2017 credit fees. The land sales data, [Agricultural Land Sales: Total Agricultural Land, Wisconsin, 2016](#), was prepared by the U.S. Department of Agriculture’s National Agricultural Statistics Service Wisconsin Field Office. The most-recent data was for CY 2016. Total agricultural land sales specific to nine separate districts that span

Wisconsin provided the basis for the land-cost portion of the credit fee. The Sponsor again used this data to estimate the percent change in land sales for Wisconsin’s three major HUC-4 basins. These two costs (mitigation bank costs and ag land sales) provide the foundation for the credit fee method, which also considers the estimated long-term maintenance, contingency, and administrative costs when ultimately setting the credit fee.

Once WWCT projects are constructed on-the-ground, WWCT credit fees will be further refined based on actual construction and monitoring costs for these projects. Until this occurs, only estimates of mitigation bank construction and monitoring costs and land sales data can be analyzed, as outlined above. Below is a synopsis of the changes to these baseline metrics utilized to set the credit fee:

CY 2017 Construction/monitoring costs: assumed to be similar to CY 2016 costs

Ag Land Sales Data: Data from 2014 was used for comparison with the most-current data (2016) because 2014 was the last data year that resulted in a credit fee change. From 2014 to 2016, Total Agricultural Land Sales (from [Agricultural Land Sales: Total Agricultural Land, Wisconsin, 2016](#), dated 6/21/2017) have changed on average:

- Superior HUC-4 Basin – Ag Land Sales from 2014 to 2016 increased 9%
- Mississippi River HUC-4 Basin – Ag Land Sales from 2014 to 2016 increased 6%
- Lake Michigan HUC-4 Basin – Ag Land Sales from 2014 to 2016 increased 1%

The below table further illustrates the changes in averaged land sales per HUC-4 Basin:

Region	2014 Average Ag Land Cost/Acre	2016 Average Ag Land Cost/Acre	% Change from 2014 to 2016 Land Cost	Avg. % Change of Regions in Each Basin	HUC-4 Basin
Northwest	\$3,847	\$3,511	-9%	9%	Lake Superior
North Central	\$3,765	\$4,761	26%		
Northeast	\$4,427	\$4,603	4%	6%	Mississippi River
East Central	\$7,373	\$8,074	10%		
South East	\$8,024	\$8,673	8%		
West Central	\$4,603	\$4,690	2%		
Central	\$4,639	\$4,608	-1%	1%	Lake Michigan
Southwest	\$5,239	\$4,917	-6%		
South Central	\$7,002	\$7,701	10%		

When the percent change in land sales data was incorporated into the credit fee determination methodology, CY 2018 credit fees would change less than 1.0% for the three major HUC-4 basins:

HUC-4 Basin	Unrounded Credit Fee Using 2014 Ag Sales	Unrounded Credit Fee Using 2016 Ag Sales	% Change
Lake Superior	\$58,806	\$59,136	0.56%
Mississippi River	\$60,371	\$60,479	0.18%
Lake Michigan	\$61,608	\$62,117	0.82%

Because of these very minor changes in land values, there was no substantial evidence suggesting that a change in CY 2018 credit fees was justified. Therefore, it was determined that CY 2018 credit fees would remain the same. Credit fees have been rounded for simplicity.

**Table 10 – Credit Fee Schedule for CY 2018**

The information below depicts the old credit fee of the preceding program year alongside the new credit fee for CY 2017 organized by SAs within the three major HUC-4 basins.

Service Area	2017 Credit Fee (Effective Jan 1, 2017-Dec 31, 2017)	2018 Credit Fee (Effective Jan 1, 2018-Dec 31, 2018)	Major HUC-4 Basin Area
Lake Superior	\$59,000	\$59,000	Lake Superior Basin
St. Croix	\$61,000	\$61,000	Mississippi River Basin
Chippewa	\$61,000	\$61,000	Mississippi River Basin
Upper Mississippi – Black Root	\$61,000	\$61,000	Mississippi River Basin
Upper Wisconsin	\$61,000	\$61,000	Mississippi River Basin
Lower Wisconsin	\$61,000	\$61,000	Mississippi River Basin
Upper Mississippi – Maquoketa Plum	\$61,000	\$61,000	Mississippi River Basin
Rock	\$61,000	\$61,000	Mississippi River Basin

Upper Illinois	\$61,000	\$61,000	Mississippi River Basin
Northwestern Lake Michigan	\$62,000	\$62,000	Lake Michigan Basin
Fox	\$62,000	\$62,000	Lake Michigan Basin
Southwestern Lake Michigan	\$62,000	\$62,000	Lake Michigan Basin

**Additional Information**

Additional information related to the WI Wetland Conservation Trust can be found by visiting the following webpage: <http://dnr.wi.gov/topic/Wetlands/mitigation/WWCT.html>

Additional information on the WWCT’s RFP process can be found here: <http://dnr.wi.gov/Aid/wwct.html>