

Northern Kentucky Stream & Wetland Restoration Program

2024 Annual Report



Prepared January 2025

Background / Purpose

The Northern Kentucky University Center for Environmental Restoration (CER)—in partnership with NKU Research Foundation (NKURF)—operates the Northern Kentucky Stream & Wetland Restoration Program (NKSWRP). NKSWRP provides compensatory mitigation for the loss of stream and wetland resources due to land development in the nine northern-most counties of Kentucky. The program was established in 1999, and operates under an Agreement with the Louisville District of the U.S. Army Corps of Engineers (Corps). NKSWRP is specifically an in-lieu-fee mitigation program.

The NKSWRP is fully funded from mitigation fees assessed to entities that impact (fill) streams and/or wetlands for land development under permit from the Corps. NKURF receives in-lieu-fee (ILF) payments from permittees, and the CER uses these funds to operate the program and implement mitigation projects. The CER identifies stream and wetland project opportunities, then undertakes projects to enhance, restore, protect, monitor, and maintain projects. Project sites, plans, and compliance reports are subject to approval by the Corps, in consultation with the Interagency Review Team (IRT). The Compensation Planning Framework, which describes how the CER selects and prioritizes mitigation projects, may be viewed at nku.edu/cer. To date NKSWRP has completed more than \$28 million worth of environmental restoration and preservation at 30 mitigation project sites in northern Kentucky.

NKSWRP is currently in Phase 2 of the program. The Phase 1 Program refers to mitigation approved and funded under the original Agreement (1999-2012). Under this program, mitigation fees paid by permittees were set by the Corps, among other particulars. The Phase 2 Program refers to mitigation funded under a revised Agreement (April 2012-present), operating in accordance with the federal rule entitled Compensatory Mitigation for Losses of Aquatic Resources (2008). Under the current program, NKSWRP sells mitigation credits to permittees, sets mitigation fees (price per credit), and maintains a

program debit/credit ledger (i.e., mitigation credits sold versus mitigation credits produced by approved mitigation projects) to demonstrate a one-for-one replacement of lost aquatic resource functions and services. The mitigation crediting system, project success criteria, etc. are established by the Corps.

A central component of CER's mission is to train, employ, and mentor interns in the field of environmental restoration, and engagement of interns is maximized in undertaking mitigation projects. Most CER interns are NKU undergraduate students, from any discipline, but especially from environmental science, biology, and geology. Other CER interns are recent graduates from NKU or other universities, graduate degree students, military veterans, retirees, addiction recovery program graduates, urban youth, and others seeking vocational training and employment in environmental restoration. These interns are employed directly by CER, or through partner organizations. A summary of CER intern engagement from program inception through December 2024, is as follows:

- 229 NKU undergraduate student interns have been employed for a total of over 123,000 hours (average 537 hours per intern).
- 120 other CER interns have been employed for over 48,000 hours (average 400 hours per intern).



CER crew after a day of native plant management, invasive plant control, mapping, and other conservation tasks at Sleepy Hollow Conservancy. Pictured are four CER staff and nine interns. (Fall 2024)

The CER and NKSWRP are fully funded by mitigation credit sales, receiving no financial support from NKU or any outside source.

Record of ILF Payments

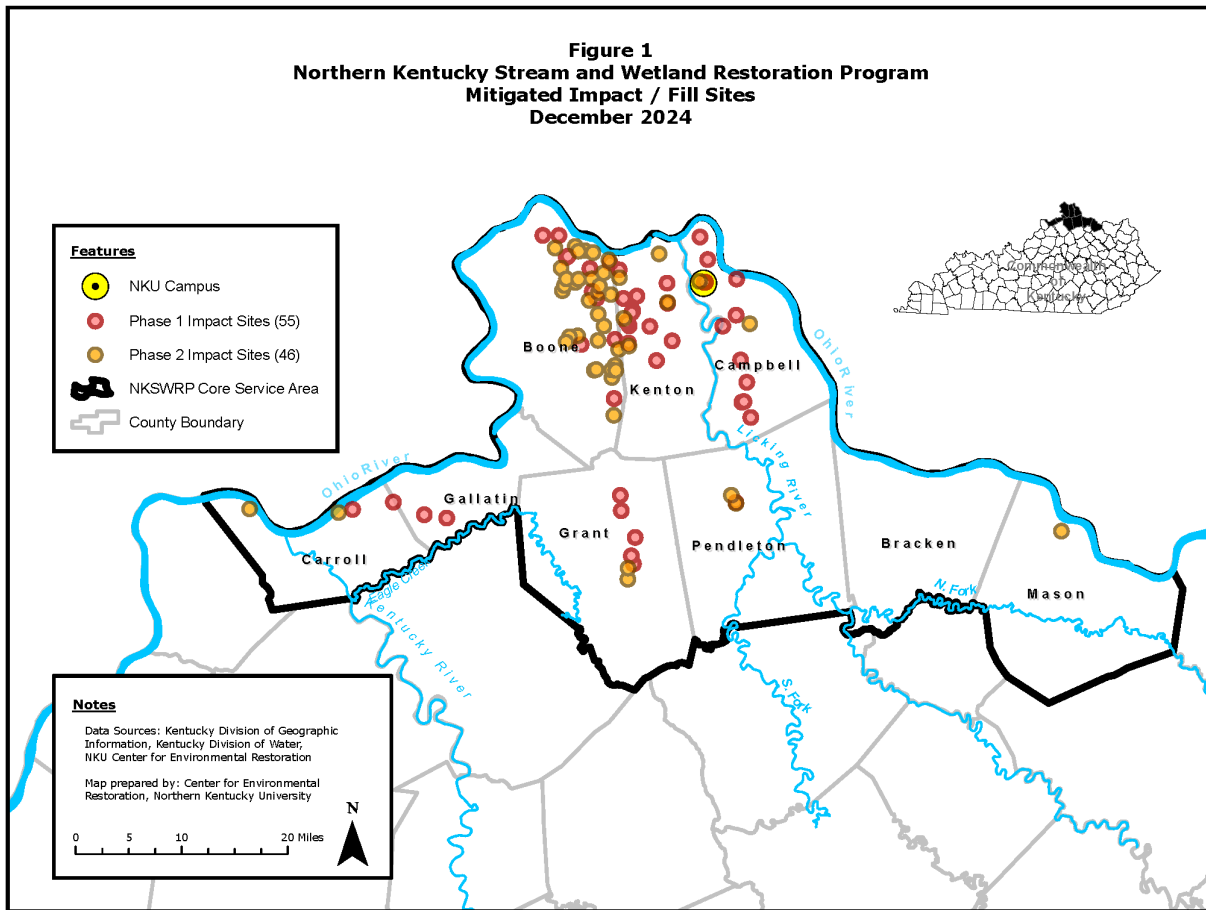
A summary of total ILF mitigation payments made to NKSWRP since program inception through December 2024 is provided in Table 1:

Table 1		
Total In-Lieu Fee Payments Received by NKSWRP		
<i>Program Phase</i>	<i>Number of Mitigated Development Sites</i>	<i>Total ILF Payments Received</i>
Phase 1	55	\$26 million
Phase 2	46	\$23 million
TOTAL	101	\$49 million

A record of ILF payments received in 2024 is provided in Table 2:

Table 2				
In-Lieu Fee Payments Received by NKSWRP in 2024				
<i>Permittee</i>	<i>Corps ID</i>	<i>County</i>	<i>Credits</i>	<i>Mitigation Fee</i>
Drees Company	LRL-2020-00836	Boone	244	\$122,000
Dayton Freight Lines, Inc.	LRL-2023-00708	Boone	623	311,500
Genesis 128 Development, Inc.	LRL-2023-00827	Grant	722	361,000
Rumpke of Kentucky, Inc.	LRL-2006-00464	Pendleton	1,676	838,000
Longbranch Development, Inc.	LRL-2021-00131	Boone	1,267	633,500
TOTAL			4,532	\$2,266,000

Figure 1 illustrates the locations of the 101 land development projects (impact sites) mitigated by NKSWRP, as summarized in Table 1:



Phase 2 Program Debit/Credit Ledger

For the Phase 2 Program and in accordance with the federal mitigation rule, NKSWRP submits to the Corps a Debit/Credit Ledger after each mitigation credit sale to a permittee, documenting all ILF payments received under the Phase 2 Program. Table 3 summarizes key elements of from ledger, including credits sold and credits currently available for sale:

Table 3		
NKSWRP Phase 2 Debit / Credit Ledger Summary – 31 Dec 2024		
<i>Credit Type</i>	<i>Stream Credits</i>	<i>Description</i>
Advance Credits	60,000	NKSWRP start-up allotment of credits to sell
Sold Credits	57,183	Total credits sold to permittees; i.e., “debits”
Released Credits	3,225	Current credits generated by projects after final approval
Available Credits	6,042	Current credits remaining for sale

No wetlands credits have been sold in the Phase 2 Program and are thus not included in Table 3.

Summary of Mitigation Projects

To date, NKSWRP has undertaken 30 Corps/IRT-approved mitigation projects to compensate for stream and wetland impacts from over 100 land development projects in northern Kentucky. All NKSWRP projects are located within the nine-county service area of the program, except the Kingsolver Project in Nicholas County. This project provides an especially large and high-quality mitigation project opportunity (e.g., whole-watershed restoration, rare species preservation, newly-acquired public land, etc.), and was thus approved as a special case by the Corps/IRT as described in the 2012 Agreement.

Most projects have been completed and released from further agency oversight, and some are still underway. Summary conservation statistics for the program include:

- 4,406 acres have been permanently protected as conservation land by conservation easement or deed restriction (not including project acreage on lands previously protected), including:
- 3,071 acres were purchased with mitigation funds for NKSWRP projects; about 400 acres were set apart for perpetual conservation stewardship by the Sleepy Hollow Conservancy, and the remaining purchased properties were donated to State agencies for the benefit of the public, namely, the Big Bone Phase 3 property (now part of Big Bone State Park), and the Kingsolver, Sleepy Hollow, and Stephens Creek properties (now Kentucky Fish & Wildlife Management Areas).
- 84 miles of streams and riparian buffers are protected by conservation easement or deed restriction, including:
- 20 miles of streams and riparian buffers have been physically restored, and
- 49 acres of wetlands have been restored and protected.

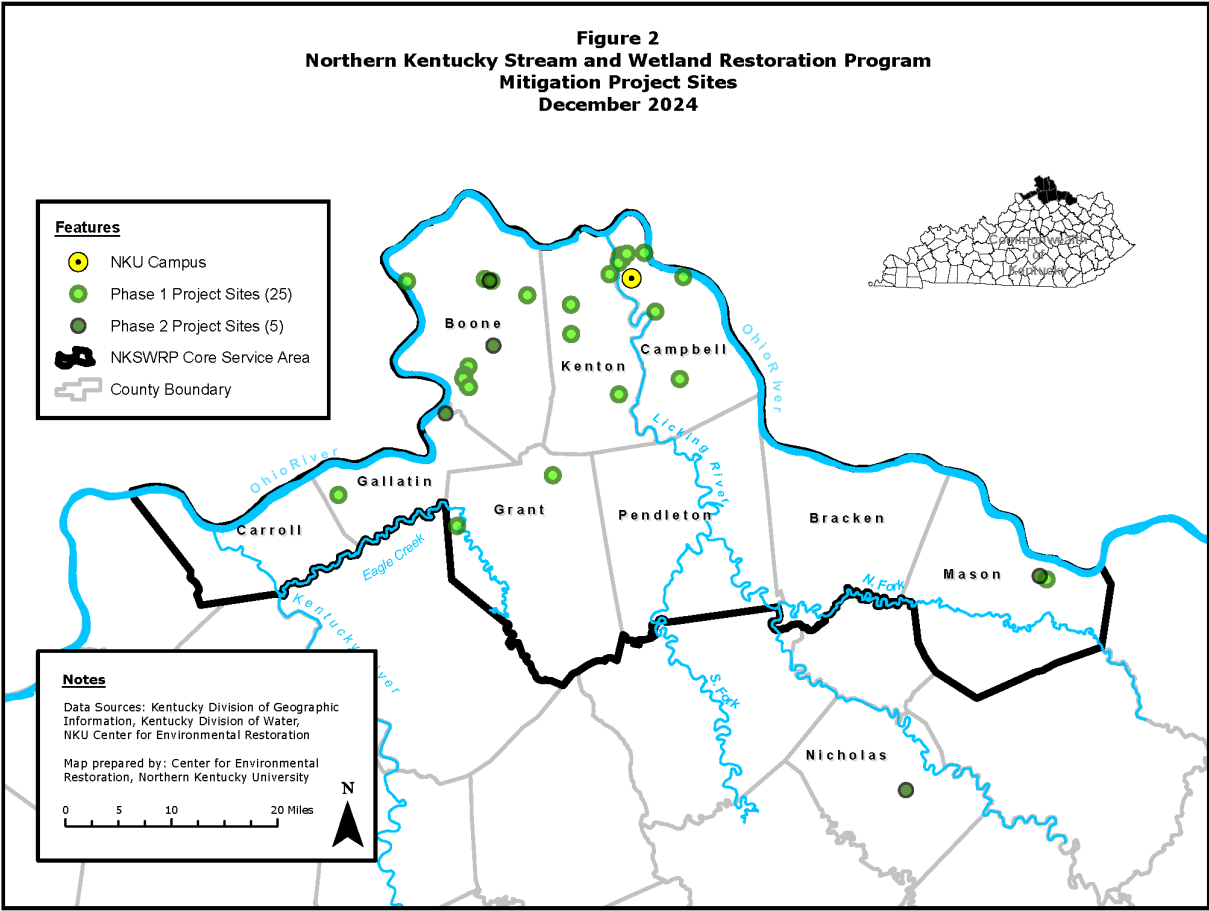
An example NKSWRP mitigation project, Boone Woods Park, is illustrated by the sequence of before-restoration, during-restoration, and after-restoration photographs presented below:

**Boone Woods Park – North Branch of Allen Fork
Restoration of Meandering Channel, Riffle/Pool Complex, Floodplain, & Riparian Forest Buffer**



Additional before-restoration and after-restoration mitigation project examples are provided at nku.edu/cer.

Figure 2 illustrates the locations of the 30 Corps/IRT-approved Phase 1 & 2 Program mitigation projects.



Summary information by project is provided in Table 4a (Phase 1 Program) and Table 4b (Phase 2 Program), including project name, Corps ID number, project completion date or status, conservation summary (acreage, stream length, restoration type, etc.).

Also provided in Tables 4a and 4b is the long-term management status of each project based upon annual visual inspection, including the 2024 annual project inspection date, and any significant prior or current issues.

Table 4a

PHASE 1 PROGRAM - PROJECT CONSERVATION SUMMARY & LONG-TERM MANAGEMENT STATUS (Year 2024)

Project Name & Corps ID	Restoration Phase or Completion Year	Newly Protected Conservation Area (acres)	Total Protected Streams (feet)	Physical Stream Restoration (feet)	Predominant Rosgen Stream Type Restored	Wetland Restoration (acres)*	Site Protection Responsible Party	Annual Restoration Inspection (Date)	Inspection Issues / Required Management
Adair WMA Phases 1 & 2 19990699 & LRL-2007-127	2001 / 2009	n/a	11,810	3,400	Rosgen B	0.0	KDFWR	01/25/24	2024 most West Trib streams exhibit incision and are a candidate for a new watershed-scale project.
Adair / Kruza / McDine / Demler LRL-2012-414	2013	215	16,971	500	Preservation	0.1	Boone Cons	03/04/24	
Bentwood Hills Phases 1 & 2 200300560 & LRL-2010-361	2003 / 2011	21	3,933	2,156	Rosgen B	0.7	NKU-CER	03/01/24	2023 conservation area impact by SD1 being mitigated & monitored under Corps permit.
Big Bone Phases 1 & 2 LRL-2003-1011 & LRL-2005-1739	2005 / 2007	125	25,465	1,500	Rosgen A	8.5	Boone Cons	02/07/24	
Big Bone Annex LRL-2003-1013	2005	7	1,600	1,300	Rosgen A	0.0	Boone Cons	02/15/24	2024 some buried trailer park refuse surfacing on LDB. 2025 cleanup sweep.
Big Bone Phase 3 (Piner) LRL-2013-172	Construction	229	30,325	7,000	Rosgen A, B & C	1.0	Boone Cons	crew on-site	Notify Boone County Engineer to maintain when gravel retention basin is full. 2024 basin capacity increased during stream restoration.
Boone Woods Park LRL-2009-329	2010	11	4,386	3,497	Rosgen C/E	0.2	Boone Cons	03/19/24	2024 Corps & KDOW viewed stormwater gully w/in conservation area from off-site origin requiring stabilization; they agree & claim no jurisdiction.
Bullock Pen LRL-2012-202	2013	27	3,778	600	Rosgen A	0.0	NKU-CER	01/28/24	Bullock Pen deflectors are demonstration; monitor only for long-term stability. Notified landowner of blocked culvert they then cleared.
Burlington Elementary LRL-2005-826	2006	5	700	700	Rosgen B	0.4	Boone Cons	01/12/24	
Canterbury Apartments LRL-2012-203	2015	16	2,723	700	Rosgen A	0.1	NKU-CER	01/31/24	2024 notified SD1 of failed SW basin and they req'd landowner to repair. 2025 breach in concrete dam scheduled for sealing.
Florence Golf Course LRL-2007-1493	2008	9.5	2,700	2,700	Rosgen C	0.1	Boone Cons	03/19/24	Viewed project w Corps & KDOW. A candidate reference reach for Rosgen C restoration.
Hawthorne Crossing LRL-2011-765	2012	n/a	9,635	785	Rosgen A	1.0	CCCD/KHLCF	01/01/24	
Joe's Creek LRL-2007-309	2007	7	1,466	1,466	Rosgen A	1.2	NKU-CER	01/09/24	Beaver activity frequently observed in Aspen Pines SW wetland basin and one-acre pond. 2024 no beaver activity observed in either basin.
Latonia Banklick LRL-2012-201	2015	30	4,212	917	Rosgen B	0.4	NKU-CER	02/01/24	2024 notified Corps of future SD1 & KDSWM impacts to conservation area. 2025 boundary post replacements required due to mower damage.
Lloyd WMA LRL-2012-200	2015	10.6	1,285	1,285	Rosgen B	0.0	KDFWR	02/27/24	
Parkside Preserve LRL-2007-910	2009	9.6	1,580	0	Habitat Enhmnt	1.3	NKU-CER	01/10/24	Kids camp in conservation area; no significant harm, no action proposed.
Reb Stacey Woodlands No Corps ID	2010	576	40,184	300	Preservation	0.0	SH Conserv	10/23/24	2024 about half of former trail network no longer maintained by property owner.
St Anne Wetlands LRL-2014-859	Yr 5 Inv Control	n/a	0	0	Habitat Enhmnt	29.2	CCCD/KHLCF	02/13/24	Pre-project neighbor encroachment known to CCCD.
Sleepy Hollow Tract 1 LRL-2013-85	2023	876	85,695	8,200	Rosgen A & B	0.3	SH Conserv	crew on-site	Inspect stone dam for stability. Inspect for ATV trespass across Kennedy Crk.
Split Rock LRL-2007-1257	2008	63	15,771	6,934	Rosgen A & B	1.3	Boone Cons	02/19/24	
Stephens Creek LRL-2013-83	2019	398	36,996	4,832	Rosgen A	1.5	KDFWR	03/19/24	Viewed project w Corps & KDOW for final inspection & project release.
Tower Park & Carmel Manor LRL-2011-304 & LRL-2012-304	2013	18	5,742	5,742	Rosgen A	0.0	FTFC	01/08/24	Maintain 8 open windows minimum on water control structure.
Wolsing Trails No Corps ID	2008	n/a	50	50	Habitat Enhmnt	0.0	Kenton Cons	03/05/24	2024 sediment discharge into Banklick Creek from off-site development reported to SD1 w pictures.
Woodland Hills Condos LRL-2005-14	2005	10	3,265	3,265	Rosgen B	0.0	NKU-CER	01/13/24	2024 limited conservation area impact by SD1 under Corps permit; now on hold due to condo-owner law suit.
Wright Farm LRL-2011-1026	2012	81	7,579	1,500	Rosgen A/B	0.0	NKU-CER	02/14/24	Cattle within riparian zone exclusion fence noted in some prior years. 2024 some bioswale gulying below grass filter strip; no significant impact at this time.

* - Wetland restoration acreage is estimated.

Table 4b									
PHASE 2 PROGRAM - PROJECT CONSERVATION SUMMARY & LONG-TERM MANAGEMENT STATUS (Year 2024)									
Project Name & Corps ID	Restoration Phase or Completion Year	Newly Protected Conservation Area (acres)	Total Protected Streams (feet)	Physical Stream Restoration (feet)	Predominant Rosgen Stream Type Restored	Wetland Restoration (acres)*	Site Protection Responsible Party	Annual Restoration Inspection (Date)	Inspection Issues / Required Management
Central Park LRL-2012-443	Construction	18	6,000	5,688	Rosgen B & C	0.3	Boone Cons	crew on-site	
Darlington Farm Condos LRL-2013-86	2019	4	1,345	1,345	Rosgen E	1.0	Boone Cons	03/19/24	Viewed project w Corps & KDOW for final inspection & project release. Recurring beaver damming likely a net ecological benefit; no action recommended at present.
Hartig Park LRL-2019-00160	Plan/Permit	71	17,189	6,794	Rosgen A	0.0	Boone Cons	n/a	Inspect for recurrence of horseback-riding trespass.
Kingsolver Tracts 1 & 2** LRL-2013-84 & LRL-2015-127	Construction	945	54,347	20,562	Rosgen A, B & C	0.2	KDFWR	crew on-site	
Sleepy Hollow Tracts 2 & 3 LRL-2014-867 & LRL-2016-51	Construction	623	46,641	9,000	Rosgen A & B	0.3	SH Conserv	crew on-site	Minor-impact ATV trail from town; beneficial as foot path; no action required
NOTES:									
* - Wetland restoration acreage is estimated and not subject to debit/credit ledger (i.e., no wetland advance credits have been sold).									
** - Funded by Phase 2 Program ILF payments, except Kingsolver Tract 1 property acquisition funded by Phase 1 Program ILF payments.									

Table 5 provides summary information for the five approved Phase 2 Program projects generating credits to fulfill sold credits as shown on the debit/credit ledger. It includes extra credits available due to enhanced project characteristics (whole-watershed protection, plus land purchase with public access and education). Table 5 also includes two projects proposed by NKSWRP in 2024 but not yet approved by the Corps/IRT.

Some key mitigation credit and project cost data documented in Table 5 include:

- Including the two proposed projects and extra credit requests, total stream credits generated from NKSWRP mitigation projects (64,489 project credits) exceeds the current requirement to fulfill sold credits (57,183 sold credits, as shown in Table 3).
- Based upon full-cost accounting, the stream project average cost per credit is \$365/credit, and the stream project maximum cost is \$520/credit.

Table 5					
PHASE 2 PROGRAM - ESTIMATED PROJECT STREAM CREDITS & COSTS					
Phase 2 Program Project Name	Estimated Project Mitigation Credits in Approved Plan	Post-Approval Additional Credit Request*	Revised Estimated Project Mitigation Credits	Estimated Project Cost**	Estimated Project Cost/Credit**
Central Park	4,386	0	4,386	\$2,281,356	\$520
Darlington Farm Condos (Released)	3,225	0	3,225	\$305,085	\$95
Hartig Park	6,014	0	6,014	\$2,711,864	\$451
Kingsolver Tracts 1 & 2					
Tract 2 - Preservation	1,849	20%	2,219	\$1,037,288	\$467
Tracts 1 & 2 - Restoration	17,227	20%	20,672	\$8,389,831	\$406
Sleepy Hollow Tracts 2 & 3	7,254	20%	8,705	\$4,142,373	\$476
<i>Proposed - Sleepy Hollow Headwaters</i>	<i>15,638</i>	<i>0</i>	<i>15,638</i>	<i>\$3,028,814</i>	<i>\$194</i>
<i>Proposed - Sergeant Park</i>	<i>3,630</i>	<i>0</i>	<i>3,630</i>	<i>\$1,659,322</i>	<i>\$457</i>
TOTAL PHASE 2 PROGRAM	59,223		64,489	\$23,555,932	\$365
Notes:					
* - Additional credit considered by Corps includes Watershed Protection (10%), New Publically-Accessible Lands with Education/Outreach (10%), and others per Corps memo "Additional Mitigation Credit Types" dated 22 May 2023.					
** - Full-Cost Accounting. Includes land acquisition, plan/permit, restoration, maintenance, monitoring, reporting, & overhead. NKSWRP est'd long-term average 41% overhead (Ph 2 Program range 36-46% of ILF payments) includes NKU F&A, Program Admin, Contingency, Long-Term Management, & Site Protection Endowment.					

Mitigation Project Status

As of December 2024, 22 of the 25 Phase 1 Program mitigation projects (Table 4a) have completed the restoration and post-construction five-year maintenance, monitoring, and reporting phases. All these projects achieved their project performance/success criteria and were released by the Corps/IRT from further oversight.

Three Phase 1 Program projects are not yet completed and released. Due to the exhaustion of all Phase 1 Program project funds in 2023, they are being completed using Program Contingency (reserve) funds, with reduced scope, monitoring, and reporting requirements, as approved by the Corps in an email dated 12 September 2023. The Phase 1 Program projects still to be completed and released are as follows:

- Big Bone Phase 3 (Piner); anticipated construction completion 2025 (GB watershed)
- Sleepy Hollow Tract 1; construction completed 2023; As-Built Report being prepared
- St Anne Wetlands; restoration completed 2019; invasive plants to be controlled through 2029

Among the five approved Phase 2 Program mitigation projects (Tables 4b and 5), project status is as follows:

- Darlington Farm Condominiums; all project requirements fulfilled; Corps/IRT released 2024
- Central Park; under construction; anticipated completion 2026
- Kingsolver Tracts 1 & 2; under construction; anticipated completion 2034
- Sleepy Hollow Tracts 2 & 3; under construction; anticipated completion 2026
- Hartig Park; revised draft Mitigation Plan submitted May 2024; under review by Corps/IRT

Concept Plans for two new projects were submitted to Corps/IRT in 2024 (Table 5): Sleepy Hollow Headwaters Project and Sergeant Park Project. Neither has yet been approved by Corps/IRT.

Mitigation Credit Pricing

NKSWRP updated the stream credit price in 2023 to \$500/credit. This price remains appropriate based upon estimated project credit generation and costs as shown in Table 5, allowing for uncertainty of final credits generated and costs incurred when projects are finally released from further oversight. The CER frequently reviews current program account balances, project construction costs, inflation, etc., and may adjust credit price based upon this review in the future.

Wetlands credits are not currently for sale by the NKSWRP, and no wetland credit price has been established.

Fund Report

NKURF prepares an annual Fund Report documenting program receipts and expenses, account balances, and interest income through the end of each fiscal year. The FY 2024 Fund Report is attached to this document and tracks balances in five program accounts as described in the Agreement: Phase 2 Projects Fund, Program Administration Fund, Site Protection Fund (non-wasting/endowment), Site Protection Income Fund (for conservation easement inspection and protection expenses), and Program Contingency Fund.

Audit Report

The NKU Office of Internal Audit performs an annual audit of NKSWRP to ensure proper accounting of revenues (ILF payment deposits, distribution, and interest), program and project expenses, bank statements, investments, invoices, etc. The FY 2024 Audit Report is attached to this document; no exceptions from generally accepted accounting practices were identified.

Project Site Protection

All NKSWRP mitigation projects are permanently protected by site protection instruments, usually by conservation easement, but in the case of a few publicly-owned lands, by conservation deed restriction. At least annually, landowners of all conservation easement or deed restricted project sites are contacted, and all conservation properties are visited to ensure compliance with conservation restrictions. As illustrated in Tables 4a and 4b, compliance inspections and enforcement are conducted by various conservation organizations, assigned to individual projects, including CER/NKURF, The Boone Conservancy, Campbell County Conservation District, Fort Thomas Forest Conservancy, The Kenton Conservancy, Kentucky Fish & Wildlife, Kentucky Heritage Land Conservation Fund, and Sleepy Hollow Conservancy. NKSWRP's "Procedures for Annual Conservation Easement Area Inspections" are attached to this report.

NKSWRP site protection activities are funded from interest on an endowment (non-wasting account), referred to as the Site Protection Fund, funded from 5% of all ILF payments in accordance with the 2012 Agreement. Interest from the endowment is deposited into the Site Protection Income Fund. In cases where site protection responsibilities were transferred from NKSWRP to another conservation organization such as The Boone Conservancy, the NKSWRP endowment funds assigned to the property(s) were transferred as well. The balances of NKSWRP Site Protection Fund and Site Protection Income Fund at the end of FY 2024 are provided in the attached Fund Report.

Project Long-Term Management

In addition to annual site protection inspections, all stream and wetland restoration projects are visually assessed at least annually for continued project success and stability, including all projects released from Corps/IRT oversight. The CER undertakes all these restoration inspections. The dates and findings of annual restoration inspections for each project are recorded in Tables 4a and 4b.

NKSWRP internal policy is to repair any project-restored stream reach that has significantly degraded, e.g., due to bank erosion or channel incision. Significantly degraded means degraded to a poor condition—based upon USEPA Rapid Bio-assessment Protocol for Stream Habitat—in excess of 200 feet. So far, no significant degradation has occurred on any NKSWRP post-release projects. In practice, where site conditions warrant, NKSWRP also repairs lesser issues such as localized bank erosion. In prior years CER has undertaken such minor post-release repairs at Burlington Elementary, Joes Creek, Latonia-Banklick, and Lloyd WMA Projects. No project stream repairs were required or undertaken during Year 2024.

NKSWRP may additionally address certain stream impairments that arise after project close-out on non-restored stream reaches. In 2024, NKSWRP proposed to Corps and KDOW to stabilize a 300-foot gully within the Boone Woods Park Project conservation area. This feature, originating from an off-site stormwater basin discharge, was formed after project release, exhibits severe channel erosion, and produces sedimentation in downstream project-restored reaches. Corps and KDOW staff viewed the

gully, and acknowledged via email correspondence that CER should undertake stabilization. The stabilization work is planned for Year 2025.

Riparian buffer non-native plant management is generally required of all mitigation projects for five or more years after restoration completion, but is not required after project release. Nevertheless, as allowed in the 2012 Agreement, CER may undertake voluntary post-release conservation activities to maintain project success, at its discretion. In prior years, CER has undertaken post-release invasive plant treatment at Bentwood Hills, Florence Golf Course, and Tower Park. In 2024, CER undertook a post-release invasive plant treatment at Boone Woods Park throughout the South Branch riparian buffer. Additionally, CER has established invasive plant management programs at Darlington Farm Condos and Hartig Park that extend five years after project release.

CER is partnering with the Sleepy Hollow Conservancy to undertake a unique, perpetual forest stewardship program on a 400-acre tract owned by the Conservancy in Mason County. Kentucky Division of Forestry prepared a Forest Stewardship Plan for the property, and has designated the property a Certified Stewardship Forest. Habitats being restored and perpetually managed within the Stewardship Forest include streams, wetlands, ponds, forests, woodlands, native meadows, and native cane. The Corps/IRT approved this program for multi-project, consolidated riparian buffer restoration and endangered bat habitat loss mitigation.

Perpetual implementation of the Sleepy Hollow Conservancy forest stewardship program is funded by a one-million-dollar endowment (non-wasting account) maintained by the Conservancy. All other NKSWRP project long-term management and repairs are funded by a Long-Term Management Endowment maintained within the NKSWRP Program Contingency Fund. This long-term management endowment is maintained with a minimum balance of \$500,000 as stipulated in the 2012 Agreement, and is separate from the site protection endowment discussed in the previous section of this report.

Program Financial Assurance

The federal mitigation rule requires financial assurance that Phase 2 Program mitigation projects will be completed and impacts fully mitigated for sold credits. The NKSWRP provides financial assurance by maintaining a Project Completion Reserve within the Program Contingency Fund, funded by a portion of all ILF payments (currently 10%). As established in the 2012 Agreement, the minimum Project Completion Reserve balance is 15 percent of estimated costs to complete outstanding Phase 2 mitigation. Based upon the estimated costs to complete all projects necessary to fulfill sold credits, as of December 2024, the calculated minimum Project Completion Reserve balance is approximately \$1.5 million. The actual Project Completion Reserve balance is \$2 million, well in excess of the minimum requirement.

Mitigation Advisory Committee

In 2016, a Mitigation Advisory Committee was formed from members of the Boone, Kenton, and Campbell County Judges Executive, local land development and economic development communities, local conservancies and watershed groups, and Sanitation District 1. The Kentucky Fish & Wildlife ILF Program began participating in 2018, and mitigation bank representatives began participating in 2022. The purpose of the Committee is primarily to discuss and understand the stream and wetland mitigation regulatory program (requirements, status, recent and proposed changes, mitigation providers, etc.). It is also a forum to identify projects that complement the stakeholders' conservation, economic development, and other priorities. The Corps has presented to the Committee on several occasions. The Committee is chaired and convened by the Boone County Judge Executive, and typically meets one to four times per year.

Program Adaptive Management

NKSWRP meets in-person, annually with the Corps to discuss the status of the mitigation program and individual projects. Based upon this meeting and other communication with the Corps, as well as input from the Mitigation Advisory Committee, adjustments are made to the program as necessary and desirable within the framework provided by the 2012 Agreement, evolving Corps policies, and evolving regulations, among other factors.

ATTACHMENTS

- Fund Report
- Audit Report
- Procedures for Annual Conservation Area Inspections
& Restoration Project Assessment

Fund Report

Stream and Wetland Restoration Fund

for the year ended June 30, 2024

	2024
RECEIPTS	
In-lieu fees - NKURF Management Fees Fund	\$ 55,230.00
In-lieu fees - Phase 2 Projects Fund	589,120.00
In-lieu fees - Program Admin Fund	138,075.00
In-lieu fees - Program Contingency Fund	92,050.00
In-lieu fees - Site Protection Fund	46,025.00
Interest income - Program Admin Fund	65,438.92
Interest income - Program Contingency Fund	694,646.08
Interest income - Site Protection Fund	44,229.63
TOTAL RECEIPTS	1,724,814.63
EXPENSES	
Project expenses	1,081,667.70
Land purchase expenses	141,140.00
Program admin expenses	298,629.70
Site protection expenses	5,772.50
NKURF management fees	55,230.00
TOTAL EXPENSES	1,582,439.90
NET EXCESS (DEFICIT) OF RECEIPTS OVER EXPENSES	142,374.73
BEGINNING BALANCE AS OF 07/01/2023	15,362,896.97
ENDING BALANCE AS OF 06/30/2024	\$ 15,505,271.70
BALANCE PER FUND AS OF 06/30/24	
Program Admin Fund	\$ 1,182,566.20
Phase 2 Projects Fund	9,332,960.79
Program Contingency Fund	4,102,652.66
Site Protection Fund	822,852.83
Site Protection Income Fund	64,239.22
ENDING BALANCE AS OF 06/30/2024	\$ 15,505,271.70

Audit Report



To: Barb Smith
From: Kristi Horine, Larry Meyer
Date: 12/17/24
Re: Stream and Wetland Restoration Fund FYE 6/30/24 Review Procedures

Internal Audit (IA) completed its review of the Stream and Wetland Restoration Fund. The following procedures were performed for this review.

Statement of Revenues and Expenses and Changes in Fund Balance

1. IA footed revenues, expenses, and fund balances.
2. IA traced beginning fund balance to prior year work papers.
3. IA traced revenues and expenses to the trial balance from SAP.
4. IA traced individual fund balances to individual trial balances from SAP.

Statement of Financial Position

1. IA obtained bank reconciliations and approvals as of 6/30/24 to document cash control amount.
2. IA reviewed the June 2024 invoice from Center for Environmental Restoration, which accounts for the entire amount of A/P as of 6/30/24.

Revenue Testing

1. IA obtained a detailed listing of in-lieu fees from SAP and tied the total to the trial balance. There were four in-lieu fee payments for fiscal year 2024. IA agreed the amount paid by the permittee to the approved amount negotiated by the Army Corps of Engineers and receipts.
2. IA obtained bank statements as of June 2023, December 2023, and June 2024 and verified that interest earned per the bank statements agreed to the trial balance.

Expense Testing

1. IA obtained a detailed listing of project expense and project administration expenses from SAP and tied the total to the trial balance. IA selected 15 of 40 transactions (38% of transactions, 74% of project expense) for testing. For each transaction, IA agreed to supporting documentation, vouched invoices to be for project expense incurred within FY24, and agreed amount paid to interdepartmental billing.
2. IA obtained project summaries for four different projects from the Center for Environmental Restoration invoices. IA reviewed a selection of supporting invoices for reasonableness, accuracy and timing. No issues were noted. IA reviewed the billable hours and rates for reasonableness. No issues were noted.
3. IA recalculated the NKURF fees for the year based on a rate of 6% of paid Phase 2 in-lieu fees and compared to actual NKURF fees for reasonableness.
4. IA obtained a listing of land and right of way expense from SAP and tied the total to the trial balance. There were three transactions for FY24. IA reviewed the invoices/contracts for reasonableness, accuracy and timing. No issues were noted.

NKU Stream Restoration Program

Procedures for Annual Conservation Area Inspection & Restoration Project Assessment

Visit all completed mitigation projects (active and closed) ANNUALLY to ensure the terms of conservation easements or deed restrictions are being met by the landowners, and to assess the continued success of restoration. For projects with multiple/adjoining easements, conduct inspections and reporting simultaneously.

Conservation Area Inspections:

1. Prior to visit, review stamped copy of the conservation easement along with Conservation Area Features Map (paper) and online/ESRI boundary map with post/placard locations (iPad). Review prior-year inspection report (email to landowner saved in network project file folder) to identify past concerns.
2. Referring to Project Contact List, call primary landowner contact and confirm phone, email, and contact(s). Inquire about any landowner-identified conservation area concerns. Update Project Contact List.
3. Visit and inspect the conservation area, especially the entire boundary, areas identified as a concern in prior years, owner-identified areas, and trails. Note on paper map, and photograph, any issues of concern such as ATV trails, dumping, tree cutting, land disturbance, etc.
 - Use iPad to navigate to and confirm each boundary post/placard location. Replace any missing or damaged posts, placards (if not also posted), and/or stickers. Drive posts, if possible, until driver contacts ground. Add no-mow stickers if boundary is edge of mowed area. Add no-ATV stickers if ATV trespass a concern. Add posts if greater than 200' between posts.
4. Use the inspection report template to report back to the landowner contacts the findings of the easement inspection VIA EMAIL, including prior-year issues, current-year issues, and required corrective actions with timeline. Include photos of easement violations (if any), plus conservation easement factsheet, conservation easement generic summary, and notated project Conservation Area Features Map. Request landowner contact reply via email, and save the reply (with original email report) to the electronic project file folder.
 - CER will attempt to resolve any minor infractions directly with the landowner. If any issues are significantly destructive and/or not speedily remedied by the landowner, enlist the assistance of NKURF Executive Director. NKURF Executive Director will determine whether to involve the NKURF attorney.
5. Maintain a record of annual inspections, including visit date, staff involved, issues identified, and resolutions.
6. Bill all inspection labor and expenses to "Conservation Easement Management".

Restoration Project Assessments:

1. Walk and visually assess stream and wetland restoration project areas. Note on paper map, and photograph, any active or impending project failures such as eroding banks, failure of in-stream structures, debris accumulation, etc. Upon return to office, discuss with project manager to determine if repair is warranted.
2. Follow-up project repairs, if any, will be billed to project budgets or Program Contingency Account.