

PROSPECTUS

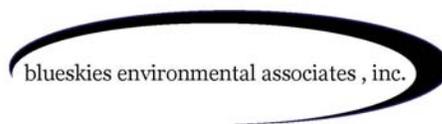
**HULL SPRINGS FARM MITIGATION BANK
LOWER POTOMAC RIVER (HUC#02070011)**

WESTMORELAND COUNTY, VIRGINIA

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1.0 INTRODUCTION

The Bank Sponsor (the “Sponsor”) proposes to establish a mitigation bank (the “Bank”) to provide effective off-site compensation for the unavoidable loss of wetlands and waters of the United States and their functions as a result of impacts within the proposed bank’s Geographic Service Area (GSA). The Bank, named the Hull Springs Farm Mitigation Bank, will occupy a portion of the approximately 638-acre Hull Springs Farm located on Machodoc Neck near the town of Erica in Westmoreland County, Virginia. The site drains eastward to Aimes Creek, Glebe Creek and Lower Machodoc Creek, a tributary of the Potomac River, and westward to Buckner Creek, a tributary to Nomini Creek that also flows to the Potomac River.

As shown in Figure 1, the primary GSA of the proposed bank is defined by the Hydrologic Unit Code (HUC) as the coastal plain portion of the Lower Potomac River sub-basin or cataloging unit (02070011). The secondary GSA would consist of those HUCs adjacent to the primary GSA, and thus would include the coastal plain portion of the Middle Potomac River sub-basin (02070010). This proposed service area would include all or portions of the counties of Northumberland, Richmond, Westmoreland, King George, Stafford, Prince William, Fairfax, as well as the cities of Alexandria, Arlington and Falls Church. Other areas to be considered within the overall GSA are those portions of the Lower and Middle Potomac River sub-basins upstream of the Fall Line on a case by case basis. The use of the Bank to compensate for wetland impacts within the GSA will be reviewed by the Interagency Review Team (IRT) members on a case-by-case basis.

A Mitigation Banking Instrument (MBI) will be developed by the Sponsor to establish the Bank. The MBI will contain the Site Development Plan (SDP) and will include location maps, summary of existing conditions and reference sites, hydrologic analysis, design criteria, success criteria, long term real estate instrument, and plans and specifications for construction, operation, monitoring and maintenance of the Bank. This instrument and the development and operation of the Bank will be in accordance with the Code of Virginia §33.1-223.2.1 Wetland Banking and the “Federal Guidance for the Establishment, Use and Operation of Mitigation Banks”, Federal Register, Volume 60, No. 228 hereafter referred to as the Federal Banking Guidance.

The purpose of the Bank is to compensate for unavoidable impacts to jurisdictional waters and wetlands of the U.S. resulting from development projects in the primary and secondary GSAs. The goals and objectives of the SDP will focus on important ecological functions and values. The preservation, enhancement, restoration and creation of wetlands, streams and forest buffers on this site will provide a positive contribution to water quality, flooding, plant and animal habitat and erosion control.

2.0 EXISTING CONDITIONS

2.1 Property Description

The proposed mitigation bank site is situated within the Lower Coastal Plain of Virginia, a region of low relief adjacent the Chesapeake Bay and along major rivers where elevations generally range from 0 to 60 feet above mean sea level (AMSL). The approximate center of the site is 38.1148° North latitude and 76.6657° West longitude, and the site in general is located east of Erica Road (SR626), south of Glebe Harbor and north of South Tidwells Road near the town of Erica in Westmoreland County, Virginia (Figure 2). As shown in Figures 3 and 4, the ±638-acre farm is separated by North Tidwells Road (SR621) into two main sections, a ±407-acre northern area that extends east from Erica Road towards a peninsula between Aimes Creek to the north and Glebe Creek to the south and a

±231-acre southern area between North Tidwells Road and South Tidwells Road.

The northern area is composed of approximately 176 acres of agricultural fields and 206 acres of forest buffer and timber stands with the remaining area consisting of a mix of residential and open water areas. The southern area is composed almost entirely of pine silviculture.

2.2 Topography

The proposed bank site is displayed on the Machodoc (VA) and the Saint Clements Island (VA/MD) United States Geological Survey (USGS) 7.5-minute topographic quadrangle maps (Figure 3). A majority of the farm property resides on a marine and alluvial terrace that ranges from 15 to 19 feet AMSL based on the National Geodetic Vertical Datum of 1929 (NGVD29). From this relatively level terrace, the land slopes downward along short drainageways typically at an overall 3-5% slope towards the larger tidal creeks.

2.3 Geology

According to the Geologic Map and Generalized Cross Sections of the Coastal Plain and Adjacent Parts of the Piedmont, Virginia (Mixon et al., 1989), the entire site is underlain by undifferentiated Lynnhaven and Poquoson Members (Qtlp) of the Tabb Formation of the upper Pleistocene. The Lynnhaven Unit, a pebbly and cobbly, fine to coarse gray sand grading upward into clayey and silty fine sand and sandy silt, ranges in thickness from 0 to 20 feet. The unit is a surficial deposit of extensive lowlands bounded on the landward side by river-, bay- and ocean-facing scarps having toe altitudes of 15-18 feet AMSL. The Poquoson Member is characterized as medium to coarse pebbly sand grading upward into clayey fine sand and silt, and ranges from 0 to 15 feet in thickness. This unit underlies ridge and swale topography, ranging in altitude from sea level to 11 feet, along the margin of the Chesapeake Bay and in the lower and middle parts of Coastal Plain rivers.

2.4 Soils

According to the Natural Resources Conservation Service (NRCS) Web Soil Survey database for Westmoreland County, Virginia (USDA, 2006), the bank site is mapped primarily with six soil types, including Bibb and Levy soils in the floodplain wetlands, Bohicket silty clay loam in the tidal flats, Lumbee loam in depressions, Nansemond fine sandy loam and Rumford fine sandy loam in the farm fields, and Rumford and Tetotum soils along the forested hillslopes (Figure 5). A brief description of each of these soils is included below:

Bibb and Levy soils (2)

Comprising 50% of this mapping unit, the Bibb soil is a very deep, poorly drained, moderately permeable soil that formed in stratified loamy and sandy alluvium on flood plains of streams in the Coastal Plain. Surface runoff in this soil is very slow and the unit floods frequently.

Typically, the depth to the seasonal high water table is at 9 inches from December through April. This soil meets hydric criteria.

Comprising 30% of this mapping unit, the Levy soil is a very deep, very poorly drained, very slowly permeable soil that formed in marine deposits. Surface runoff in this soil is negligible and the unit floods frequently. This soil is typically saturated to the surface year-round. This soil meets hydric criteria.

Bohicket silty clay loam (3)

Bohicket silty clay loam consists of very deep, very poorly drained, very slowly permeable soil material that formed in marine sediments in tidal marshes. These soils are flooded twice daily by

sea water, and meets hydric criteria.

Lumbee loam (10)

Lumbee loam is a very deep, poorly drained, moderately permeable soil that formed in alluvial, fluviomarine or marine sediments on stream terraces and flats. Surface runoff for this soil is negligible and the unit is rarely flooded. Typically, the depth to the seasonal high water table is at 6 inches from November through April. This soil meets hydric criteria.

Nansemond fine sandy loam (12)

Nansemond fine sandy loam is a very deep, moderately well drained, moderately rapid permeable soil that formed in alluvium or marine deposits on marine and stream terraces on coastal plains. This soil unit is not flooded and surface runoff ranges from very low to medium. Typically, the depth to the seasonal high water table is at 24 inches from December through April.

Rumford fine sandy loam (16B), 0-6% slopes

Rumford fine sandy loam is a very deep, well drained or somewhat excessively drained, moderately rapid permeable soil that formed in marine deposits on marine terraces on coastal plains. This soil unit is not flooded and surface runoff ranges from very low to low. Typically, there is no seasonal high water table within a depth of 72 inches.

Rumford and Tetotum soils (18D), 6-15% slopes

The Rumford and Tetotum soils make up 45% and 30% of this map unit, respectively. The Rumford soil is as described above, however at a greater slope. Tetotum soil is a very deep, moderately well drained, moderately to moderately rapid permeable soil that formed in marine sediments on marine terraces on coastal plains. Surface runoff in this unit is medium to rapid on steeper areas and the soil is not flooded.

2.5 Wetlands

A delineation of jurisdictional wetlands and waters of the US was completed to determine the location and extent of existing wetlands on site as well as provide data on potential reference wetlands. The delineation has been confirmed in September 2008 for an initial phase of the bank within the northern area of the Hull Springs Farm. As shown by the National Wetlands Inventory (NWI) mapping in Figure 6, the wetlands generally occur along the drainages leading to the surrounding tidal creeks and in their headwaters. Although the NWI mapping does show palustrine forested and shrub wetlands occurring within the forested areas underlain by Lumbee, Bibb and Levy soils, field investigations indicate that jurisdictional wetlands occur to a wider extent though these areas. A network of ditches was also observed in the field and can be partially seen in the aerial photography for the site.

3.0 GOALS

The goal of the Bank is to compensate for the unavoidable loss of wetland and stream functions and values resulting from development activities with self-sustaining, functional wetland habitats and streams within the primary and secondary GSAs. Targeted functions include improvements to: water quality, surface runoff volume and peak flow, flood storage, wildlife and plant habitat and erosion control. Restoring the historical wetlands and streams, creating additional forested wetlands, preserving and enhancing upland buffers as well as preserving the existing wetlands and streams on site will achieve these functional goals of the project.

In addition, it is an intention of the Sponsor to foster opportunities for research and education with academic institutions and government agencies through the development, implementation and long

term stewardship of the Bank. The Sponsor wishes to develop a management program for the Bank that addresses land use conservation, natural resource research and environmental education, and will support this program in part by the proceeds from the sale of mitigation credits.

The Sponsor will establish this Bank in phases with a target goal in the first phase of the restoration and creation of approximately 25 acres of palustrine forested wetlands, the enhancement of approximately 25 acres of forested upland buffer, and the restoration of approximately 500 linear feet of stream. Stream credit will be calculated using the Universal Stream Methodology. Depending on the credit market, a second phase of the Bank will involve preservation and enhancement of over 230 acres of wetlands and upland buffer.

To accomplish these goals, the Sponsor, consistent with a site-specific MBI, will:

1. Provide proof of assigned power of attorney for the subject parcel, and financial surety for the development and maintenance of the Bank.
2. Utilize acreage within the boundary of the subject property that has the potential for restoring or creating wetlands and streams or such other adjacent lands that would provide for the preservation or enhancement of existing valuable wetlands or forested upland buffers.
3. Develop a detailed SDP for each phase of the Bank that will include clearly stated goals and objectives for that Bank Phase. The SDP will be based on a site-specific water budget and natural channel design methodology, and will provide detailed construction and planting plans and specifications for the restoration and creation of wetlands and streams and the enhancement of upland buffers to include the following basic elements:
 - a) Establish wetland hydrology through such measures as: site grading to lower site elevation (if necessary), regulating surface runoff by constructing earthen berms and other topographic features and/or installing hydrological control devices to regulate water flow from the site, and modifying soil structure to increase water storage capacity or to reduce permeability rates.
 - b) Design and implement a hydrological monitoring plan for confirmation of target wetland hydrology regimes that are consistent with the vegetative goals and objectives of the Bank and that ensure success of all wetland systems.
 - c) Develop wetland planting plans that reflect the goals and objectives of the project, are compatible with the native wetland communities of the watershed and are indigenous to the region.
 - d) Develop performance criteria and long term goals for success and acceptance of the project as a mitigation bank.
 - e) Develop and implement construction and post-construction monitoring and contingency measures as necessary to meet established performance criteria.
3. Provide assurances of financial resources for the construction and maintenance of the Bank through a post-construction monitoring period to ensure that all performance criteria are met.
4. The Sponsor will administer the compensation credit accounting of the Bank during its operational life (until all credits are debited) and provide for the long-term preservation and management of the wetlands within the Bank.

4.0 CRITERIA FOR USE

With respect to projects seeking mitigation credits from the Bank, decisions concerning project applicability, relationship to mitigation requirements, use of a mitigation bank vs. on-site mitigation, and in-kind vs. out-of-kind determinations will be made during a project's specific permit acquisition process. Decisions concerning credit withdrawal from a Bank will be made in accordance with the Code of Virginia §33.1-223.2.1 Wetland Banking and Sections II.D.6 and 7 of the Federal Banking Guidance (November 28, 1995). In addition, the following general guidelines apply to this bank:

1. Availability of credit will be based on the level of achievement of those goals and objectives contained in the SDP and approved by the IRT.
2. Debits of available credit from the Bank ledger account to compensate for the impacts of authorized projects will be based on the permit requirements for those projects. The permit requirement will normally reflect consideration of the wetlands impacted along with the value of the available compensation credit in the Bank. Standard compensation ratios consistent with those used by permitting agencies for created wetlands will be applied at the time of application.
3. This Bank can be considered as a compensation site for any project in the primary and secondary GSAs based on the review on an individual basis by the IRT and consistent with regulatory guidelines. The bank also reserves the right to service public projects under the guidelines developed by state agencies. Limited use of the Bank for projects outside the GSAs will be considered by the IRT on a case-by-case basis.

The Bank will establish and maintain an accounting system (i.e. ledger) that documents credits and debits to the Bank account. Each time an approved debit/credit transaction occurs, the Sponsor will submit a statement to the permitting agencies. The Sponsor will also generate an annual ledger report to be submitted to all members of the IRT. The ledger will be available for inspection by request by any participating agency.

Remedial action may be necessary during the operational life of the Bank to meet the performance criteria. If the Sponsor does not follow the approved site development plan and as a result, the performance criteria are not achieved, the Sponsor will develop and implement corrective measures to achieve performance criteria or identify other successful areas not previously included and monitored for compensation credit within the Bank. If the Sponsor has followed the approved plan but the performance criteria are still not fully met, the IRT will work cooperatively to determine measures to achieve the performance criteria while minimizing additional costs. If the Bank has not sold any credits for an undeveloped phase of the project, it reserves the right not to develop future phases not currently obligated by permit regulations.

5.0 LONG-TERM MONITORING AND MAINTENANCE

Decisions concerning the operational life of the Bank, long-term monitoring/management, remedial actions and financial assurances will be made in accordance with Section II. E. of the Federal Banking Guidance (November 28, 1995) and approved by the IRT.

Each phase of the Bank will be provided long-term protection in the form of a perpetual legal instrument that is agreeable to the IRT.

APPENDIX A

Figures