

# Private companies struggle to compete with N.C. agency

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A fledgling industry in North Carolina thinks it's good business to restore swamps and creeks. But the "wetland banking" companies complain that they can't compete with the state's own swamp builder, the N.C. Wetlands Restoration Program.

The main reason: The state agency doesn't actually have to restore anything before it takes money from those who pay for destroying streams and wetlands. By contrast, private entrepreneurs have to construct expensive engineering projects before they can make money from developers who want a piece of their swamp. Then they can

sell a specific number of acres each year if the government determines the environment has been improved.

George A. Howard is an entrepreneur who helped create the 618-acre Barra Farms wetland bank in Cumberland County four years ago. "To go in and compete with an entity that frankly doesn't have to perform the work ahead of time is very difficult," said Howard, now with a Raleigh-based company, Restoration Systems LLC.

That's only one of the problems. The wetlands program acknowledges that the \$125-per-linear-foot it charges developers who damage streams isn't enough to cover the cost of restoring them, so a profit-oriented

wetlands bank can't possibly match the price.

Wetlands Restoration Program representatives also sit on the Mitigation Banking Review Team, a board that has to approve any restoration projects by the program's private-sector competitors.

For that reason, many of the companies have given up trying to do business in parts of 11 watersheds. Those are the areas in which the biggest buyer of wetlands and streams, the state Department of Transportation and the Wetlands Restoration Program, have signed an agreement that the bankers say gives the wetlands agency a virtual monopoly on DOT business.

Ronald E. Ferrell, manager of the Wetlands Restoration Program, said the arrangement is fair because government has more accountability than business.

"The reality is that the state of North Carolina and the Department of Environment and Natural Resources stand behind this program and are committed to making it work," Ferrell said. "With the private sector, you don't have that assurance. What's going to keep the private banker from walking away from this project?"

Over the past several months, DOT has insisted that it wants to do business with private companies as well as the Wetlands Restoration Program. On Jan. 9, the state

Board of Transportation's safety and emerging issues committee invited the N.C. Environmental Restoration Association, the trade group of wetlands bankers, to air its gripes.

The board asked DOT staff to investigate the concerns and issue a report within 90 days. Roger Sheats, DOT's deputy secretary for environment, planning and local government affairs, said his agency has made overtures to private mitigation bankers. "No mitigation options are off the table with DOT."

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