



**US Army Corps
of Engineers**®
Nashville District



CELRN SOP #2026-01

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Date: February 23, 2026

SUBJECT: 2026 Standard Operating Procedure for Determination of Mitigation Banking and In-Lieu Fee Service Areas in the Nashville District (SA SOP)

BACKGROUND: Nashville District Public Notice 25-26 was issued on August 4, 2025, to solicit comments from DA permit applicants, sponsors, consultants, industry, and the general public on the proposed Mitigation Bank Service Area Standard Operating Procedure (SA SOP) for Nashville District. Nashville District Public Notice 25-26 expired on August 30, 2025. Several comments were received and considered, resulting in the final SA SOP as described herein.

STANDARD OPERATING PROCEDURE:

- 1. Applicability:** Consistent with 33 CFR 332 and RGL 19-01, this SA SOP applies to proposed mitigation banks and in-lieu fee (ILF) programs located within the Nashville District, excluding those within the Commonwealth of Kentucky.
- 2. Grandfathering:** Service areas defined in existing approved mitigation banking instruments, ILF program instruments, and approved modifications thereof (collectively “instruments”), will be honored unless a sponsor specifically requests modification consistent with this SA SOP.

Proposed service areas associated with pending instruments will be honored for the remainder of the review process, provided that the sponsor has received an initial evaluation letter at the close of the prospectus phase in which Nashville District has agreed to (i.e., express written agreement or lack of comment) the proposed service areas on or before the date of this SA SOP publication. A sponsor may, at any time during the review process, request revision of the proposed service area(s) in accordance with this SA SOP.

- 3. Mitigation Bank Primary Service Area:** The primary service area for a mitigation bank shall consist of the United States Geological Survey 8-digit Hydrologic Unit Code (HUC) encompassing the mitigation bank site.

In cases where a single mitigation bank site extends across more than one 8-digit HUC, a separate primary service area shall be established for each 8-digit HUC. Credits shall be generated and assigned according to which primary service area they are physically located in. For example, if a mitigation bank spans two distinct 8-digit HUCs, there would be two separate primary service areas, Primary Service Area A and Primary Service Area B. Credits generated within Primary Service Area A may only be used to compensate for impacts within that same service area, and likewise for credits generated within Primary Service Area B.

Mitigation Bank Secondary Service Areas: The secondary service area for a mitigation bank consists of two 8-digit HUCs that:

- a.** Are adjacent to the primary service area,

- b. Lie within the same 2-digit HUC (e.g., Tennessee or Cumberland River drainage), and
- c. Fall within the same Level III Ecoregion as the bank.

Secondary service areas shall be limited to the same Level III Ecoregion as the mitigation bank site. If the two adjacent 8-digit HUCs are significantly truncated by state or Level III Ecoregion boundaries, Nashville District may allow additional portions of adjacent 8-digit HUCs to be appended to the secondary service area to support economic viability of the bank. In this scenario, the additional portions of the adjacent 8-digit HUCs must also be located within the same 2-digit HUC and Level III Ecoregion as the bank, and be determined to be environmentally appropriate by Nashville District. In the rare case that a single mitigation bank site crosses more than one Level III Ecoregion, the secondary service area may include two adjacent 8-digit HUCs that: (1) are adjacent to the primary service area, (2) lie within the same 2-digit HUC (e.g., Tennessee or Cumberland River drainage), and (3) fall within any of the same two Level III Ecoregions as the bank.

- 4. In-Lieu Fee Program Service Areas:** ILF programs may have one or more service areas; however, ILF programs do not have secondary service areas. The service area(s) for an ILF program shall consist(s) of three adjacent 8-digit HUCs that lie within the same 2-digit HUC (e.g., Tennessee or Cumberland River drainage), truncated to the same Level III Ecoregion shared by all three adjacent 8-digit HUCs. If a service area is significantly truncated by state or Level III Ecoregion boundaries, Nashville District may allow additional portions of adjacent 8-digit HUCs to be appended to support economic viability. In this scenario, the additional portions of the adjacent 8-digit HUCs must also be located within the same 2-digit HUC and Level III Ecoregion, and be determined to be environmentally appropriate by Nashville District.

As ILF programs have an approved watershed-based compensation planning framework and are required to follow a USACE-approved prioritization strategy for selecting and implementing compensatory mitigation activities, the Nashville District, in consultation with the Interagency Review Team (IRT), may consider proposed deviations from this SA SOP for ILF programs on a case-by-case basis.

- 5. Implementation:** Service area means the geographic area within which impacts can be mitigated at a specific mitigation bank or an ILF program, as designated in its instrument. For purposes of addressing compensatory mitigation requirements, Nashville District has determined that it is environmentally preferable to compensate for impacts located within the primary service area of a bank over the secondary service area of a bank, where appropriate credits are available (i.e., number and resource type).

While secondary service areas are further removed from a mitigation bank site, they can still reasonably be expected to provide appropriate compensation for impacts to aquatic resources, as they are sufficiently proximate to the mitigation bank site (i.e., located in an adjacent 8-digit HUC, within the same Level III Ecoregion, and within the same 2-digit HUC as the mitigation bank site) and contain aquatic resources with similar function(s) to those situated within the primary service area of the mitigation bank. Where appropriate credits are not available to compensate for impacts located within the primary service area of an approved mitigation bank, available credits for impacts located within the secondary service area of an approved

mitigation bank may be used as compensatory mitigation.

Consistent with the intent of the preference hierarchy detailed in the Mitigation Rule, Nashville District has determined that compensating for impacts located within a mitigation bank's secondary service area is preferable to compensating for impacts located within the service area of an ILF program operating with advance credits. Mitigation bank credits are not released for debiting until specific milestones associated with the mitigation bank site's protection and development are achieved, thus use of mitigation bank credits can also help reduce risk that mitigation will not be fully successful. Also, development of a mitigation bank requires site identification in advance, project-specific planning, and significant investment of financial resources that is often not practicable for many ILF programs. For these reasons, Nashville District has determined that the use of in-service area mitigation bank credits is preferable over the use of in-service area advance ILF program credits.

When an ILF project has been successfully implemented within a mitigation bank's secondary service area, and the ILF program is functioning like a bank with available released (non-advance) credits, mitigation bank credits in the secondary service area shall be considered a secondary option for compensatory mitigation.

Consistent with the Mitigation Rule, the district engineer will determine, on a case-by-case basis, which compensatory mitigation option is most appropriate and environmentally preferable. The district engineer retains the discretion to assess the suitability and practicability of any compensatory mitigation proposed for Department of the Army permits and may deviate from the mitigation hierarchy as necessary to authorize the use of the most environmentally preferable compensatory mitigation option.

6. Effective Date and Expiration:

This SA SOP is effective as of February 23, 2026. This SA SOP, including subsequent revisions, will be in effect until revoked.

Questions should be directed to the Technical Services Branch Chief.