

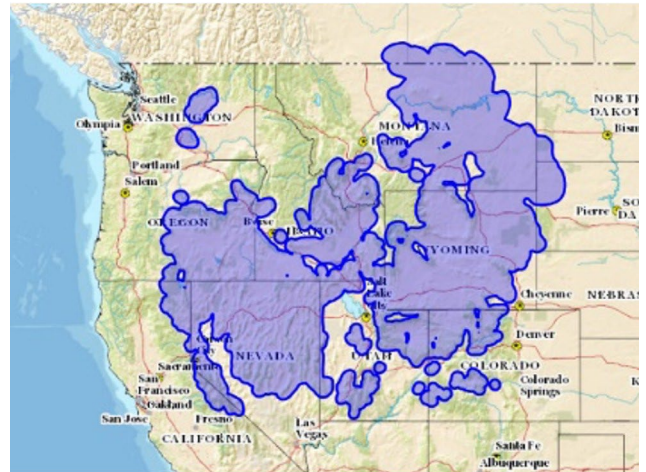


Catalyzing Private Investment in Habitat Mitigation Markets

USDA NRCS Conservation Innovation Grant 69 3A75-17-38

Project Summary

In 2016 K·Coe Isom received a Natural Resources Conservation Service (NRCS) Conservation Innovation Grant (CIG) designed to increase the amount of private capital available to finance habitat conservation projects on private lands in sage grouse habitat across seven western states in the NRCS Greater Sage Grouse Focal Area. Between 2016 and 2020 K·Coe Isom worked with project partners including private landowners, agencies at all levels of government, non-profits, conservation organizations, and universities leading to projects that mitigated the loss of vital sage-grouse habitat.



Map of NRCS Greater Sage Grouse Focal Area

Areas of Focus

Private lands are vital for conserving threatened and endangered species and other important natural resources. Unfortunately, landowners, investors and prospective credit purchasers are reluctant to finance early-stage activities necessary for mitigation credit development and necessary for compliance with these federal policies. Risks associated with the timing, requirements, and certainty of market demand serve as significant barriers to advance financing of credit development.

The goal of K·Coe Isom's Conservation Innovation Grant was to keep working lands working and to help ranchers to diversify income while implementing sage brush habitat conservation practices.



Sage Grouse

Importance of Developing Habitat Mitigation Markets

Many species are in serious decline due to unprecedented habitat loss. Habitat loss is occurring at a historic pace despite a multitude of government and private efforts to protect species.

Habitat needs cannot be met using only public lands. Of the millions of acres of grasslands and pastures across the United States, only about 13 percent is publicly owned. Nearly two-thirds of threatened and endangered species in the U.S. exist on private lands. Conservation of critical habitat will depend on the involvement of private landowners and market solutions that are scalable across the entire United States.

Greater sage-grouse once occupied more than 290 million acres of sagebrush in the West, but almost half of that habitat has been lost. Of the remaining habitat about 38 percent of the grouse's habitat is on state and private lands, which often include the wetter meadows and riparian habitat that are essential for young chicks. Measures taken by private landowners is critical to any efforts designed to protect and restore sage-grouse habitat.



Original Design of Project Methods

To keep working lands in the hands of agricultural producers, this project sought to dramatically increase the amount of private capital available to finance habitat conservation projects on private lands in sage grouse habitat. Originally the project was designed to increase private investment in habitat mitigation markets by creating a pilot-scale catalyst fund to ensure landowners could recover costs for credit-development activities. By guaranteeing these costs could be recovered and enabling landowner financing investment risk would have been reduced and private capital would have been attracted into habitat mitigation markets.

Challenges

Early in our outreach the project was favorably received. However, landowners were still concerned and wary of the uncertainty in the sale of credits and state and federal mitigation policies. In addition, the election of 2016 shifted policy and agency goals in a way that fundamentally altered the project.

Due to the continued uncertainty surrounding habitat mitigation markets K Coe Isom, after consultation with NRCS, decided to add an option for landowners in which they could still use funds to evaluate and develop credits, but they could also choose to use funds to implement measurable habitat improvement projects or develop a management plan which are still part of the credit generation process. Given the uncertainty at the federal level, project focus shifted to state mitigation markets. These adjustments to the project encouraged more landowners to participate.

Catalyst Fund

Guarantees cost recovery for:

- Habitat surveys
- Development risk screening
- Conceptual design of mitigation projects
- Outreach to agencies, investors, and prospective credit purchasers

Private-sector investment

For viable credit projects, private sector investment is used instead of catalyst funds:

- Cost recovery for early-stage development activities
- Finalization of mitigation design
- Funding for habitat restoration projects
- Purchase of conservation easements
- Marketing of credits

Projects

The wide range of projects selected as part of this CIG were all selected based on their ability to advance habitat mitigation markets. These projects included assessing habitat for its credit potential, improving habitat to enhance its credit potential, and developing tools used to aid compensatory mitigation programs.



Circle Bar Ranch, Utah

Protecting Sage-Grouse Habitat and State of Utah Priority Elk Corridor

The Circle Bar Ranch is home to high priority sage-grouse habitat and several significant sage-grouse leks. The ranchland is a strategic priority for the Utah Division of Wildlife Resources, Pheasants Forever, The Nature Conservancy, and the Natural Resources Conservation Service.

The goal of this project was to prevent trespass impacts on two significant sage grouse leks, restore sagebrush habitat, and elk corridor wildlife-friendly management fencing. CIG funds brought the Utah Department of Wildlife Resources together with the landowner to understand all the benefits of fence installation for elk and sage grouse. Once the fencing was installed, the landowner asked the local NRCS field office to remove junipers and help restore native grasses and sage brush. The project resulted in managing impacts to critical habitat and the realization of significant sage grouse lek protections.



Cave Valley Ranch, Nevada

Developing a Greater Sage-grouse credit project through the state Conservation Credit System

Cave Valley Ranch had been working on the development of a Greater Sage-grouse Conservation Credit System for the ranch. This effort included close partnerships with the Nevada Department of Wildlife (NDOW) and the Sagebrush Ecosystem Technical Team (SETT). The SETT has determined from the data collected from our funding that over 600 credits will be available from this project.

The objective of the CIG funding was to restore native sagebrush ecosystem that connects to existing sage-grouse habitat. The Bureau of Land Management, US Forest Service, Rocky Mountain Elk Foundation and the Nevada Department of Wildlife worked with the landowner to mechanically remove pinyon juniper trees on private and adjacent federal lands. This significant habitat restoration not only benefited sage grouse but elk and the hydrology of the project area.



Projects

WY

Kaisler Cattle, Wyoming

Developing Habitat Assessment Framework for sage grouse

The Kaisler Ranch is home to exceptional sage-grouse habitat. K Coe Isom has worked with Kaisler Cattle to have the ranch become a credit provider for sage-grouse compensatory mitigation. CIG funding was used to produce an assessment of habitat health and condition for sage grouse and rangeland by using the Habitat Assessment Framework. The ranch scored high on vegetation cover, plant diversity, and vegetation height along with wet meadows. The landowner utilized the data to design and implement a grazing management plan with sage grouse habitat enhancement.



WY

Berger Ranches, Wyoming

Developing a Greater Sage-grouse 50-year Term Habitat Mitigation Credit Project per state legislation

K Coe Isom worked with the Saratoga-Encampment-Rawlins Conservation District to conduct field habitat assessments for the Berger Ranch. The Berger Property provides access to all seasonal habitats for sage-grouse and meets the requirements for conservation credit eligibility.

CIG funds were used to assess habitat health and condition for sage grouse and rangeland by using the Habitat Assessment Framework, design a habitat management plan, and submit habitat as part of the state's habitat mitigation framework credit program. The entire project area was approved for mitigation credits due to suitable nesting and brood rearing habitat.



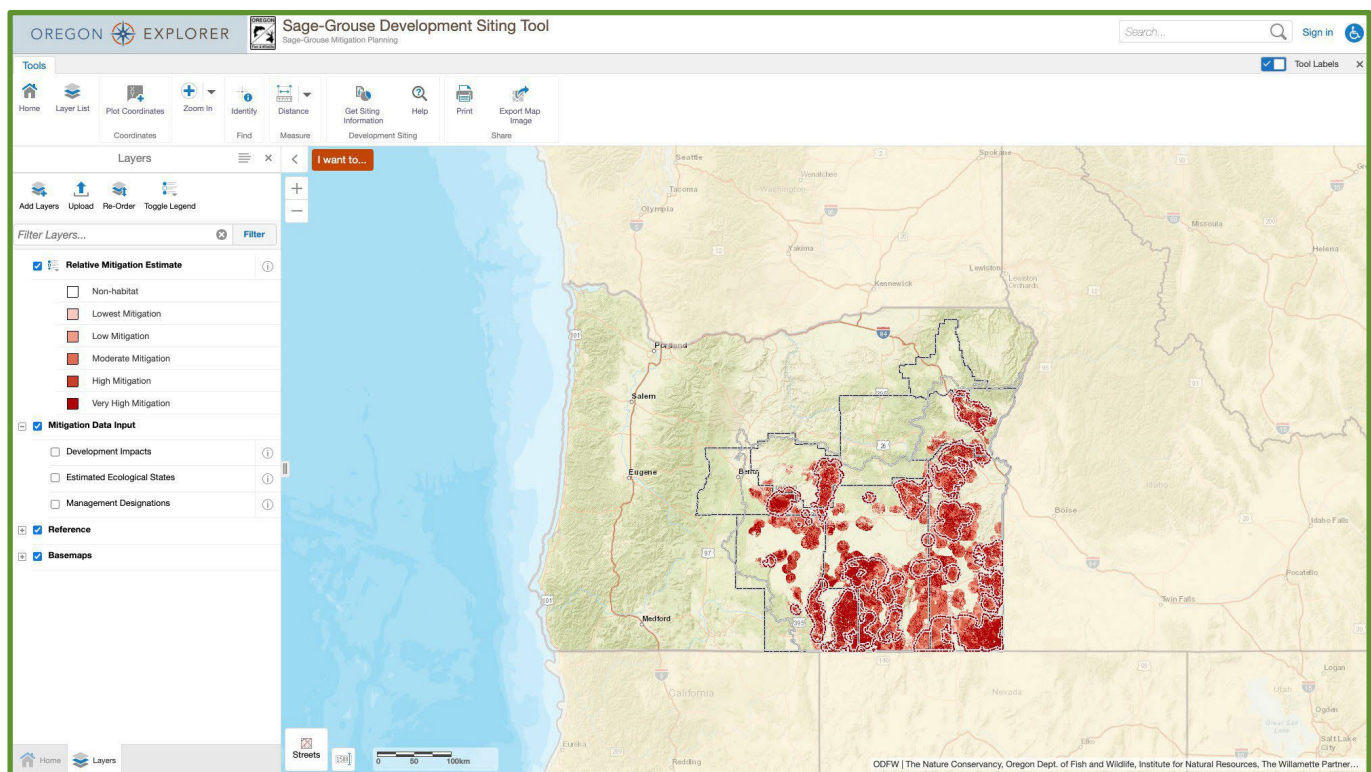


Oregon State University

In 2015 the Oregon Department of Fish and Wildlife (ODFW) passed new administrative rules that govern how certain types of human development can be implemented in sage-grouse habitat.

The rules incorporate a mitigation hierarchy that requires proposed development in sage-grouse habitat to avoid, minimize, and mitigate project impacts. To help prospective developers initially screen proposed projects in sage-grouse habitat, the ODFW in coordination with the Willamette Partnership, The Nature Conservancy, the Institute for Natural Resources, and the Oregon State University Libraries and Press derived the Sage-Grouse Development Siting Tool. The Siting Tool is a web-based mapping application on the Oregon Explorer (www.oregonexplorer.info) that utilizes best available remotely-sensed data to aid developers and planners in avoiding and minimizing human development impacts in important sage-grouse habitat and determining potential coarse scale habitat mitigation.

CIG funds were used to finalize the sage grouse habitat quantification tool that ODFW will utilize for their compensatory mitigation program. ODFW now has a tool to quantify impacts and offsets, developers now have clarity on how to calculate their impacts to habitat for planning, and landowner have an opportunity to participate in offsetting project impacts for additional income or reinforcement of their healthy range management practices.



Screen shot of Sage-Grouse Development Siting Tool

CO

Gunnison Sage Grouse and Private Lands Conservation Project

Brush management in listed Gunnison sage grouse habitat

K·Coe Isom coordinated with the Rocky Mountain Bird Conservancy to accomplish enhancement and improvement of important Gunnison sage-grouse habitat on private lands. Enhancement and improvement measures included brush management and pinyon and juniper removal. Restoration of rangeland and Gunnison sage grouse habitat by shrub and pinyon juniper treatments, weed treatments and seeding. These efforts increased range forage and grouse mating habitat enhancement for historical leks. The landowner's property is a focus area for the U.S. Fish and Wildlife Service for re-establishing listed Gunnison sage grouse breeding at historical leks.



access to water sources.

Pinyon-juniper removal

WY

Thunder Basin Grazing Association

Water development projects in state designated core sage-grouse habit adjacent to Thunder Basin National Grassland

Thunder Basin Grazing Association (TBGA) is a private organization that administers grazing in the commingled private, state, and federal lands of the Thunder Basin National Grassland located in northeastern Wyoming. CIG funds were used on projects located within or near sage-grouse core habitat in Wyoming's Thunder Basin National Grassland managed by the US Forest Service.

CIG funds were used to mitigate raptor predation perches, strategic placement of water sources for cattle management, and enhance sage grouse core designated habitat. Windmills were removed and replaced with solar panels in order to reduce raptor perches. The water developments enhance sage grouse habitat with better cattle movement rotations and reduce sage grouse predation risk while additionally providing increased wildlife



Solar panel at well site



K·Coe's (NRCS Conservation Innovation Grant) contribution allowed the landowner to complete critical brush management to benefit the Gunnison Sage-grouse that were otherwise unaffordable. Their contribution afforded our resources the flexibility to address other critical habitat needs like native grass seeding and exotic invasive weed management, which will in turn provide more suitable habitat to the GUSG. Additionally, the landowner was so happy to receive additional financial assistance that they agreed to allow landowner tours to view their completed projects so others can be inspired to undertake similar habitat treatments.

- Marcella Tarantino

Private Lands Wildlife Biologist & Project Lead, Bird Conservancy of the Rockies

Outcomes and Impacts

The conservation innovation grant funds along with in-kind contributions from diverse partners provided stimulus for ranchers in Wyoming, Utah, Oregon, Colorado, and Nevada to invest in range and sagebrush improvements that in return resulted in being eligible in their state's compensatory mitigation programs. Without these investments, pinyon juniper removal with habitat restoration in strategic locations (NV), targeted management fences protecting migration corridors and sage-grouse leks (UT), wet meadow protections (CO), state mitigation framework tools would not be completed (OR), and habitat assessment framework results translated into management plans (WY) would not have been implemented. Long-term goals for land managers were made reality thanks to the stimulus funds and in-kind contributions.



Lessons Learned

Stability and Certainty Matters

At the onset of this project the goal was to dramatically increase the amount of private capital available to finance habitat conservation projects on private lands in sage grouse habitat across seven western states. Although that was the intent, unforeseen events forced the project to shift direction midstream. When the project began there were numerous measures, executive orders, and federal government agency policies encouraging and promoting mitigation markets. When these conditions evaporated, so did the momentum for mitigation markets. It is difficult for any marketplace to grow and thrive in an atmosphere of uncertainty and instability. Landowners require the mitigation market to be viable and more predictable for them to want to move forward.



The Importance of State-level Involvement

State-level markets could help fill the void. However, the only state mitigation market that is truly up and running is in Nevada. Other states are still cautiously and slowly finalizing their credit approval and debit assignment processes and it is unclear if the state markets will produce the type of markets needed. State mitigation markets could be vital. When state agencies are involved, the interest of the landowner in the CIG and the success of the CIG funds being implemented were significantly higher.



Partnership is Essential

Private landowners are vital to the long-term health of the sage-grouse and the habitat they depend on, but these landowners cannot tackle such a monumental task alone. Partnerships are needed. State, local, and federal agencies as well with non-profits and conservation organizations are instrumental in ensuring any sage-grouse habitat project is successful. Each project in each state depended on these diverse partnerships.

Long-term goals for land managers were made reality thanks to the CIG funds and in-kind contributions. Each project in each state had the team members collaborating in design and implementation of each project. These partners included non-profits, state wildlife agencies, and federal land managers of adjacent lands. Without all these entities collaborating, screened projects would not have been targeted for implementation, field implementation would not have occurred, and match funding would not have allowed for the entire project to be completed or monitored for success criteria.



About K·Coe Isom

K·Coe Isom, LLP is the nation’s leading agricultural accounting and consulting firm representing agricultural landowners throughout the United States. We are experts in financial and business consulting, food and agriculture sustainability. K·Coe Isom consultants assist agricultural producers to understand and capitalize on their carbon credit potential. We work in partnership with many state and private organizations to help access markets and create private-land conservation projects.



NRCS Conservation Innovations Grant Program

This project was funded through NRCS Conservation Innovation Grants (CIG). CIG is a competitive grant program that stimulates the development and adoption of innovative approaches and technologies for conservation on agricultural lands. Through CIG, NRCS partners with public and private entities to accelerate technology transfer and adopt promising technologies.



Project Partners



KAISLER CATTLE • CIRCLE BAR RANCH • BERGER RANCH • ORME FAMILY PARTNERSHIP LLLP