



STATE OF NEVADA
SAGEBRUSH ECOSYSTEM COUNCIL
201 South Roop Street, Suite 101
Carson City, Nevada 89701-5247
Phone (775) 684-8600 - Fax (775) 684-8604

DRAFT MINUTES

Date: Wednesday, December 3, 2014 – 8:30 AM
Time: Nevada Department of Wildlife
Place: 1100 Valley Road, Conference Room, Reno, Nevada 89512

The meeting could be viewed on the internet at: <http://www.leg.state.nv.us/App/Calendar/A/>

A full audio recording of this meeting is accessible through the following website -
http://sagebrusheco.nv.gov/Meetings/Sagebrush_Ecosystem_Council_Meeting/

Council Members Present: Allen Biaggi, Steven Boies, Bill Dunkelberger, Leo Drozdoff, JJ Goicoechea, Ted Koch, Starla Lacy, Amy Leuders, Bevan Lister, Chris MacKenzie, Tina Nappe, Sherman Swanson, Tony Wasley, and Proxy: Tina Mudd for Jim Barbee

Council Members Absent: Gerry Emm, Jim Barbee

- 1. CALL TO ORDER** – Chair Goicoechea called the meeting to order at 8:44 AM.
- 2. PUBLIC COMMENT** – Mr. Cliff Gardner, Rural Heritage Preservation Project, asked if the Conservation Credit System (CCS) or State Plan constitutes regulation under state statutes. Chairman Goicoechea noted that they were not state-enforced and the CCS is a volunteer-only system for habitat regulation and improvement.

A full account of the discussion is captured in the audio recording, which is available on the Program's website.

3. WORKSHOP REGARDING THE CONSERVATION CREDIT SYSTEM

- A. Jeremy Sokulsky, Environmental Incentives (EI), introduced both Eoin Doherty and Erik Anderson from EI, who will participate in the presentation on the CCS Manual. Mr. Sokulsky also noted the process for the day, he will act as the moderator for the meeting, capturing issues for follow-up and more discussion on flipcharts.

Ted Koch, US Fish and Wildlife Service (The Service), acknowledged three employees from The Service present for the meeting: Lee Corum, Mary Grim, and Shauna Ginger, Sage-grouse Mitigation Expert.

Kacey KC, SETT, reviewed the Avoid, Minimize and Mitigate processes in the State Plan to illustrate how the CCS fits into the State Plan.

Melissa Faigeles, SETT, noted there is a list on site-specific consultations design features, Appendix A in the State Plan. This list was first developed in the NTP report, then further developed by Bureau of Land Management (BLM), and then by the State. Whenever there is a disturbance proposed all of the design features must be considered. If a design feature is not selected the State must record why.

Mr. Sokulsky noted the minimization efforts in the CCS Manual are legitimate and asked Tony Wasley, Department of Wildlife, and Mr. Koch if they felt something was missing in the manual concerning this issue. There is avoidance and minimization happening within the State's system.

Mr. Koch noted The Service does have concerns and recognizes there is avoid features in the plan. Having some analysis that demonstrates to what extent it will result in avoidance or some practical application that would demonstrate to what extent it avoids would be beneficial to The Service. There is the more traditional approach that BLM has proposed, which is "just say no," which seems much more tangible. The Service recognizes this will impact the performance of the CCS. The Service does think the CCS would be a valuable tool in guiding and facilitating mitigation in the development of 300,000 acres of Sage-grouse habitat over the next 20-years.

Member Lister asked for clarification on if The Service would prefer that there be no new disturbances. Mr. Koch noted the BLM/Forest Service strategy is to allocate resources, stating that there will be some development activities that will be closed and some with no surface occupancy, however, 300,000 acres would still be projected to be developed over the next 20-years through the US Forest Service/BLM plan. There are some instances when the BLM/Forest Service can say "no" to development in key habitats. Member Lister asked if that meant that 300,000 acres out of 25 million will get a pass on development. Mr. Koch clarified 300,000 out of 17.7 million.

Cory Hunt, Nevada Governor's Office, noted the system is not just about offsetting debits, but also generating credits. Groups may want to work on projects that benefit Sage-grouse, which would go beyond the 300,000 acres.

Member Swanson asked if it would be possible to delay a decision on the CCS Manual. Chair Goicoechea noted a delay would push the Council passed their deadline. Ms. Faigeles stated the pressing deadline is December 31, 2014, when the US Fish and Wildlife Service will have a data call.

Mr. Koch agreed with Chair Goicoechea's comments and stated the sooner the implementation of the plan, the better it will be, and The Service anticipates their comfort level will increase as the plan is implemented.

Mr. Doherty noted that the projects used as examples throughout the PowerPoint presentation are similar to actual projects, as they used some of the data from actual projects; however, they are not real projects.

Meghan Brown, Senator Amodei's Office, asked for clarification on if The Service was concerned about the number of Sage-grouse, or the habitat for the Sage-grouse. Mr. Koch noted that the question is if all the efforts being done currently are working for the birds. That would be determined by an increase in the number of birds, however, The Service often uses habitat as a surrogate because tracking the number of birds can be problematic. The Service would like to see both the number of birds increase and habitat being protected, restored, etc.

Vice-Chair MacKenzie noted that listing a species through the Endangered Species Act does not guarantee more numbers of the species. Mr. Koch noted the goal is to conserve, not increase.

Member Nappe asked about how grazing permits will be addressed in the CCS. Mr. Sokulsky noted that grazing permits would be addressed through the pre-project condition analysis. Member Lacy also noted that the issue will most likely be addressed through the verification process.

Bill Dunkelberger, US Forest Service, asked how NEPA regulations would be addressed in the CCS. Mr. Dunkelberger noted he and Amy Leuders, BLM, were concerned that integrating the NEPA process in the CCS will be a challenge. Mr. Sokulsky said the NEPA process should not be complicated by the CCS but facilitated by it. Mr. Dunkelberger noted the CCS needs to allow for public input. Jim Lawrence, SETT, noted that the credits and disturbances would not be a connected action through NEPA.

Joe Tague, BLM, noted any projects on public land will need to go through the NEPA process. It will need to be a case by case determination.

Tina Mudd, Department of Agriculture, asked about opportunities for using additional resources for programmatic items, such as, juniper removal, etc. Ms. Leuders noted BLM has plans to do NEPA on a bigger scale so they have a multi-year program of work; therefore, they have NEPA projects on the shelf ready to go.

Mr. Hunt noted the State is looking into allocating additional resources to the SETT to assist with NEPA work.

Ms. Leuders asked about ACECs not being eligible sites for generating credits. Mr. Lawrence noted this would be addressed with additionally, where you cannot generate credits on sites that are funded through other mechanisms.

Mr. Sokulsky, Mr. Anderson, and Mr. Doherty reviewed an example of a credit project and an example of debit project, including checklist eligibility requirements, validating sites, calculating of credits and debits, baseline, etc.

Ms. Leuders expressed concern about only permittees generating credits, which suggests it precludes others. The hope was a third party could generate credits. Mr. Doherty noted that this is only if grazing practices are relevant. There was discussion about this with the conclusion being the context needs to be clear. EI will take a look at this language.

Vice-chair MacKenzie asked for clarification on if local government and federal agencies can collect credits. Mr. Lawrence noted that the intent is not for these entities to generate monies for their budgets, however, if a public agency were to generate credits and put those credits back toward improving habitat or repairing habitat for the Sage-grouse, it would be a benefit.

Member Swanson asked about how the term "recent" is defined when it comes to wildfire, and the effects of wildfire to an area. Mr. Anderson noted the use of BLM mapping efforts is how wildfire is defined, which is all wildfire since the year 2000. The SETT looks at wildfire through GIS map layers to determine if it is coming back, or if it will not come back. Mr. Sokulsky noted the SETT can go on-site to determine the habitat condition and put that into the system on the site scale.

There was discussion concerning measurements and the formulas used for determining the curves on the presented charts. The concern was about the method of populating the curves consistently.

There was detailed discussion on calculating and determining baseline. All projects must meet baseline before generating credits. Member Swanson suggested using disturbance response based understanding of potential for baseline numbers. Ms. Faigeles noted that part of the concepts included in disturbance response based understanding were included in the formula for calculating baseline.

Lunch Break at 12:12 PM to 12:39 PM.

Mr. Koch stated the greatest threat to habitat is invasive species, primarily cheat-grass, and fire in winter habitat. Wet meadows are evaluated at the Local-scale whereas the threat of cheat-grass is evaluated the Site-scale. Mr. Koch asked, if given the fact cheat-grass and wildfire has such a large footprint is it appropriate that it is being evaluated at a Site-scale. Mr. Sokulsky noted that it is difficult to understand cheat-grass percent cover unless you actually look at it. Lara Niell, SETT, noted that to some degree cheat-grass is pulled into the habitat suitability model. It may not be directly listed in Local-scale, but it helps drive the suitability model.

Ms. Leuders asked about ratios and if the incentives are to preserve habitat or restore habitat. Mr. Sokulsky acknowledged there was discussion on having additional incentives for restoration and increasing habitat. There is a question on if restoration can be done effectively; however, in the future things could change to include additional incentives for restoration. For now, it is set up with the right balance of incentive for preserving and maintaining quality habitat. Lee Corum, The Service, noted this could be addressed in Adaptive Management; however, there is a possibility of initially losing habitat.

Mr. Koch noted that achieving good habitat is a good thing even if it is in the future. The uncertainty is staving off critics until the improvements are documented. Ms. Brown noted that everyone involved in this process, federal and state agencies included, are committed to protecting the bird and habitat. If the trajectory is moving forward, it is okay to take a step back. The process is based enough on science and law that people can be confident.

Ms. Ginger asked about permanent easements that require an endowment for long-term management. Mr. Sokulsky noted that the participant would have to endow 20 percent of their account before credits can be transferred. Ms. Ginger was concerned about the financial hardship this could create.

There was discussion on the financial aspect of the credit system with Mr. Sokulsky noting that using the term "financial instrument" was intentional. It can be a stewardship fund, bank account, bond, etc., as long as the right amount of money is there. The Administrator is the determiner on this.

Gordon Toevs, BLM, asked for clarification on the data collected and if it would be restricted by privacy laws/concerns. Both Ms. Faigeles and Ms. Niell confirmed the data would be publicly available; however, personal information (name, address, phone, etc.) would be protected and not released.

Mr. Sokulsky spoke about the long-term viability of mitigation. This approach is different from mitigation banking in a positive and important way. Verification needs to happen throughout the life of a project. In mitigation banking after you sold all your credits, there is no on-going liability

to produce the quality that is required. This is not allowed in the CCS. This program has a reserve account, on-going verification process through-out project, financial assurances, etc.

Member Lacy noted some projects will probably be a minimum of 50-years. The framework should be flexible enough to accommodate this.

Ms. Leuders asked about a 50-year project. Mr. Sokulsky noted there would be an MOU and SETT Consultation. The parameters of the RFP that would go out would indicate the need for people that would generate credits in this area for at a 50-year duration. If no one is interested, the price goes up and at some point someone will be interested. Ms. Leuders asked if the credits would be releasable at that point. Mr. Sokulsky noted the credits will be needed in 5-years in order to break ground so part of the negotiation would have to include the payment structure. He also explained dynamic credits concerning longer-termed projects (over 30-years) and financial risks, but would not recommend this.

Mr. Koch asked about limiting permitting to 30-years. Ms. Leuders and Mr. Dunkelberger explained this was not always possible.

Mr. Sokulsky reviewed the items for review for the following day's meeting.

There was discussion on how to handle project duration with the idea being to memorialize the issue in the manual.

Member Lister mentioned concern about the debit and credit side not matching up. Mr. Sokulsky noted this is the idea of the dynamic offset. Language is open to do end to end contracts.

Member Nappe noted there should be wording in the Manual specifically stating that excess grazing issues need to be address before the CCS can take place. Mr. Toevs noted his concern that the wording in the manual on grazing permits restricts others, besides permittees, from applying for credits.

A full account of the discussion is captured in the audio recording, which is available on the Program's website.

4. **PUBLIC COMMENT** – No Public Comment.
5. **ADJOURNMENT** – Member Lister moved to Adjourn. Meeting adjourned by acclamation at 4:56 PM.
***ACTION**