

Sagebrush Ecosystem Program

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STATE OF NEVADA
Sagebrush Ecosystem Program

SAGEBRUSH ECOSYSTEM COUNCIL
STAFF REPORT
MEETING DATE: April 5th, 2017

DATE: April 5th, 2017
TO: Sagebrush Ecosystem Council Members
FROM: Sagebrush Ecosystem Technical Team
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SUBJECT: Update on State Solicitation for Conservation Credit System Projects

SUMMARY

The purpose of this item is to discuss moving forward with four recommended projects related to the State Solicitation for Conservation Credit System (CCS) credit projects. These four projects represent the highest scoring projects of the six full proposals which were received. One of four recommended projects seeks to mainly preserve high quality habitat and the remaining three aim to enhance as well as preserve greater sage-grouse habitat. In total, these projects recommended for funding represent more than 21,500 acres of greater sage-grouse habitat, across three counties and all three WAFWA Management Zones. Project proponents for these four projects requested a total of approximately 1.03 million dollars, and projects were estimated to potentially generate more than 9,500 credits when enrolled in the CCS.

BACKGROUND

In November, the State announced more than \$1,000,000 in funding was available through the Sagebrush Ecosystem Program (SEP) for projects that will preserve, enhance, and restore high quality greater sage-grouse habitat within the State of Nevada.

The purpose of these funds is two-fold:

- (1) Improve greater sage-grouse habitat, and
- (2) Create a supply of "compensatory mitigation credits" to be used in the Nevada CCS.

Private landowners, businesses, conservation organizations, mitigation bankers, and state agencies were all encouraged to apply with potential projects to enhance and protect habitat within the State of Nevada. Each interested project proponent was asked to submit a Letter of Interest (LOI) to the SEP to be considered for funding. LOI's were due in January, and the State received 11 LOI's from potential project proponents. The Sagebrush Ecosystem Technical Team (SETT) along with

representatives from the Nevada Department of Wildlife (NDOW) then worked to evaluate the 11 projects according to defined eligibility requirements. From the initial 11 projects, all were determined to meet general eligibility requirements, although one project was eventually withdrawn from consideration. The projects were ranked by the SETT and NDOW.

At the SEC Meeting on March 3rd, 2017, six projects were recommended by the SETT to be selected to develop full proposals. The SETT continued to work with each project proponent to collect additional information necessary to further evaluate each project, assess potential funding needs and amounts, and collect additional project site information. Efforts were also made by the SETT to estimate the amount of credits each project would potentially generate.

Full proposals were due on Wednesday, March 29th of 2017, and evaluated using the following criteria to ensure selected projects create meaningful benefits to greater sage-grouse and leverage the State's funding:

- 1) *Current Habitat Quality* – Estimated landscape-scale and local-scale metrics in HQT.
- 2) *Assessment of Anthropogenic Disturbances* – Within the vicinity of project areas, anthropogenic disturbances were assessed that may indirectly impact greater sage-grouse, their habitats, and the potential generation of meaningful credits in the project areas.
- 3) *Habitat Improvement & Risk Reduction* – Estimated increase in habitat function based on proposed conservation actions.
- 4) *Credit Generation Readiness & Probability* – Ability to complete the project this year and commitment to participate in the CCS.
- 5) *Cost Effectiveness of State's Investment* – Estimated investment by the State per credit generated.
- 6) *Other* – Very meaningful characteristics of the project not captured by other criteria.

Full project proposal descriptions, funding requests, and rankings are displayed in the table on the page that follows. The top four ranking projects are being recommended for funding by the SETT.

During April, the SETT will be working with the proponents of selected projects to finalize proposed actions and budgets and to discuss project expectations including the need for the State to recover the upfront funding provided upon the sale of credits to seed additional credit projects.

FULL PROJECT PROPOSAL DESCRIPTIONS, FUNDING REQUESTS, AND RANKINGS

PROPOSED PROJECT	MGMT CATS	PROPOSED ACTIONS	ACRES	TOTAL FUNDS REQUESTED*	TOTAL ESTIMATED CREDITS	ESTIMATED CREDITS PER ACRE	PROPOSED STATE INVESTMENT PER ESTIMATED CREDIT	RANKING SCORE
Eureka Livestock	PHMA (99%), GHMA (1%)	Protecting high quality habitat, utilizing adaptive grazing management, installing additional fencing and a cattle guard.	1,641	\$99,750	1,956	1.19	\$51	18 of 25
Crawford Cattle Co.	PHMA	Protecting high quality habitat, utilizing adaptive grazing management, installing additional fencing, increasing/protecting forbs in wet meadows, aeration, seeding of sagebrush, opening up areas with decadent sagebrush, and conducting weed management.	12,394	\$473,431	4,838	0.39	\$98	17 of 25
Heguy Ranch	PHMA	Protecting high quality habitat, utilizing adaptive grazing management, installing additional fencing, increasing/protecting forbs in wet meadows, aeration, seeding of sagebrush, opening up areas with decadent sagebrush, conducting weed management, and developing livestock water sources.	6,450	\$238,896	1,708	0.26	\$140	16 of 25
RDD	PHMA	Protecting high quality habitat, utilizing adaptive grazing management, removing old fencing, establishing new fencing, and seeding forbs in wet meadows.	1,155	\$214,461	1,011	0.88	\$212	15 of 25
Earthton Coogan	PHMA (91%), GHMA (9%)	Protecting high quality habitat, conducting PJ removal, and seeding forbs and sagebrush.	1,938	\$159,138	451	0.23	\$353	11 of 25
Getch Fields	GHMA (85%), OHMA (15%)	Protecting high quality habitat, utilizing adaptive grazing management, installing additional fencing, increasing/protecting forbs in wet meadows, aeration, seeding of sagebrush, opening up areas with decadent sagebrush, and developing livestock water sources.	5,268	\$514,584	1,223	0.23	\$421	9 of 25
AVERAGE			4,808	\$283,377	1,865	0.39	\$152	14.3 of 25
TOTALS			28,846	\$1,700,260	11,187			

**Total funds requested from each project include an additional 5% for contingencies.*

Funding Recommendations:

From the table on the previous page, the SETT is recommending that the Council approve the top four ranking projects for funding should contract terms be agreed upon in April/May of 2017. This approval will not be a guarantee of funding, but will allow the SETT to pursue finalization of agreement terms with funding anticipated to potentially be as high as the amounts requested (including 5% for contingencies).

More detailed summaries for each project recommended for funding are provided on the pages that follow.

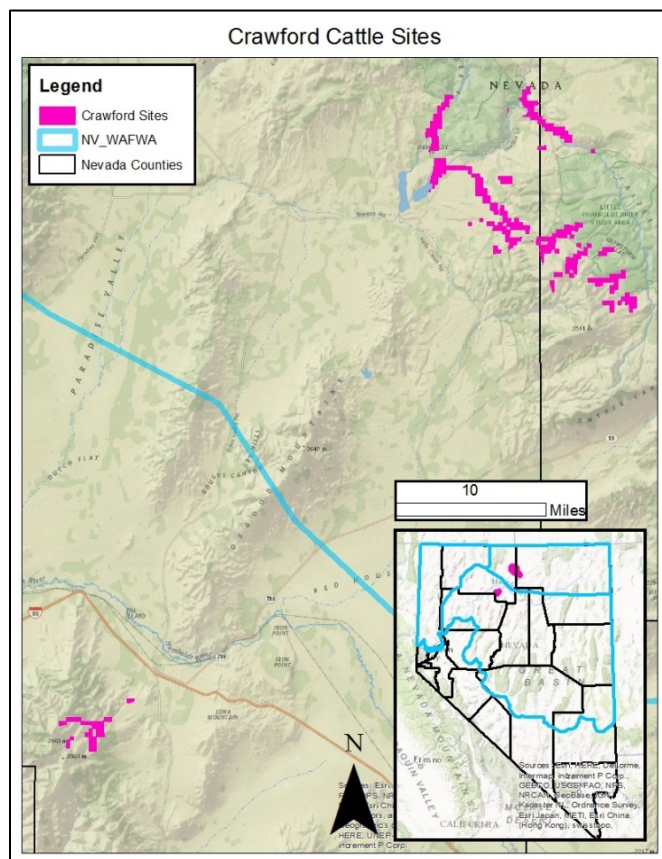
Crawford Cattle Company

County	Elko, Humboldt
Acres	12,394
Potential Credits	4,838
Requested Funding	\$473,431
Management Categories	PHMA
Land Ownership	Private
Management Action Type	Enhancement; Preservation; More Details Below
WAFWA MZ, BSU & PMU	IV and III; Owyhee and Northwest Interior; Santa Rosa, Tuscarora, Desert, and Sonoma
Partners	KCOE Conservation, Crawford Cattle Co.
Total Project Rating Score	17 out of 25

Project Description

Crawford Cattle Company is a working livestock operation in Northern Nevada. The project area encompasses more than twelve thousand acres of private land on PHMA in Elko and Humboldt Counties. The vast majority of the project area lies within the Snowstorm Mountains (10,896 acres) and is surrounded by public lands with only a few low-use roads in the 6 km vicinity. Springs, seeps, and year-round streams including First Creek are found within this part of the project area that will be enhanced to better benefit local sage-grouse populations. Additional lands (1,498 acres) involved with the project are located in the Snowstorm Mountains outside Golconda with more anthropogenic disturbance found in the 6 km vicinity, but little within close proximity. Long-term habitat protection in this part of the Snowstorms is viewed by NDOW as important for local sage-grouse populations due to previous development in the area.

The proposed work under the Nevada CCS consists of protecting high quality habitat, implementing adaptive grazing management, installing additional fencing and cattle guards, increasing/protecting forbs in wet meadows, aerating, seeding sagebrush, opening up areas dominated by decadent sagebrush, and conducting weed management actions. In addition, the proponent will be responsible for project management, including having the HQT process completed, annual maintenance and monitoring efforts, and ultimately working to get the credits on the market.

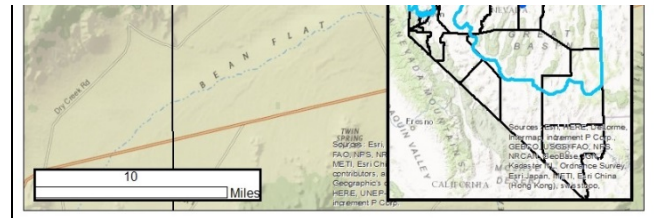


Eureka Livestock

County	Eureka
Acres	1,641
Potential Credits	1,956
Requested Funding	\$99,750.00
Management Categories	PHMA (99%), GHMA (1%)
Land Ownership	Private
Management Action Type	Preservation; More Details Below
WAFWA MZ, BSU & PMU	III, Central Great Basin, Three Bar
Partners	NA
Total Project Rating Score	18 out of 25

Project Description

Eureka Livestock is a working livestock operation in Central Nevada. The project area encompasses more than fifteen hundred acres of private land in Eureka County. The vast majority of the property is PHMA (99%) and much of it is a meadow that extends six miles through the heart of the valley. The meadow is known to be of high quality and great importance to local sage-grouse populations in a part of the state where mining operations have been relatively common. Only a road exists within close proximity to the project, although powerlines and mines are located in the 6 km vicinity.



The proposed work under the Nevada CCS consists of protecting high quality habitat, implementing adaptive grazing management, and installing additional fencing and cattle guards to allow for better long-term habitat protection. In addition, the proponent will be responsible for project management, including having the HQT process completed, annual maintenance and monitoring efforts, and ultimately working to get the credits on the market.

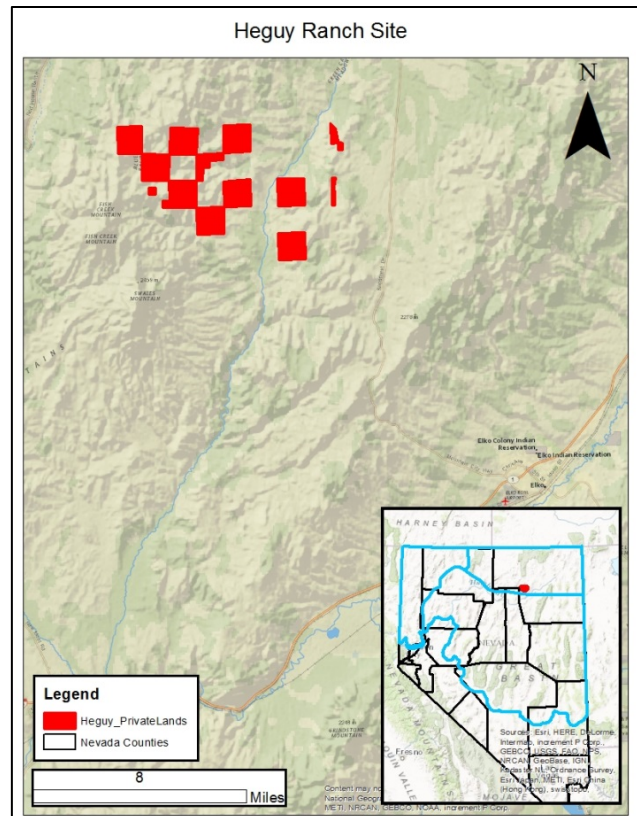
Heguy Ranch

County	Elko
Acres	6,450
Potential Credits	1,708
Requested Funding	\$238,896
Management Categories	PHMA
Land Ownership	Private
Management Action Type	Enhancement; Preservation; More Details Below
WAFWA MZ, BSU & PMU	IV, Central Elko, North Fork
Partners	Jiggs Conservation District, Magnolia Land Partners, Heguy Ranch
Total Project Rating Score	16 out of 25

Project Description

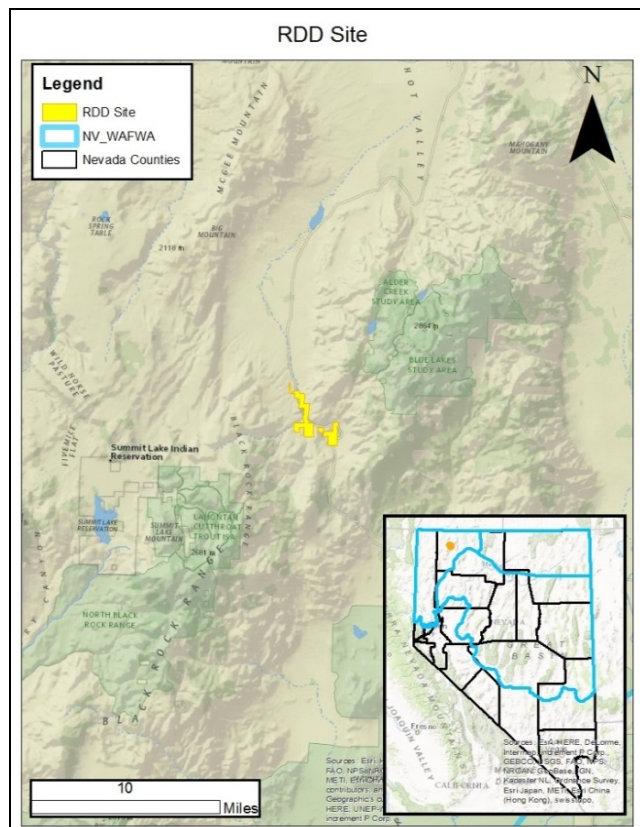
Heguy Ranch is a working livestock operation located relatively close to Elko. The project area encompasses nearly sixty-five hundred acres of private land in Elko County that includes portions of Blue Basin and Susie Creeks, among other named water features. Surrounded by BLM lands, the property is all characterized as PHMA and has multiple sage-grouse leks in its vicinity. Powerlines and high use roads are located in the outer extent of the 6 km vicinity.

The proposed work under the Nevada CCS consists of protecting high quality habitat, implementing adaptive grazing management, installing additional wildlife-friendly fencing, increasing/protecting forbs in wet meadows, aerating, opening up areas dominated by decadent sagebrush, seeding sagebrush, and developing three off-stream watering sites. In addition, the proponent will be responsible for project management, including having the HQT process completed, annual maintenance and monitoring efforts, and ultimately working to get the credits on the market.



RDD

County	Humboldt
Acres	1,155
Potential Credits	1,011
Requested Funding	\$214,461
Management Categories	PHMA
Land Ownership	Private
Management Action Type	Enhancement; Preservation; More Details Below
WAFWA MZ, BSU & PMU	V; Black Rock; Pine Forest and Black Rock
Partners	None
Total Project Rating Score	15 out of 25



Project Description

The R.D.D. Project is a livestock ranch operation in northern Humboldt County, not far from Sheldon National Wildlife Refuge. The project has three distinct areas which are comprised of Crane Meadow, Center Creek, and Cove Meadow. These areas are mostly meadows that are surrounded by sagebrush, with steeper terrain to the East of the project area. There is live water in two of the parcels being fed by Cove Creek and Crane Creek. The third parcel is a sagebrush covered parcel that is surrounded by BLM land. The project area is 100% PHMA, and the southern portion appears to be located in close proximity to documented sage-grouse leks. Anthropogenic disturbance is minimal within the vicinity of the project area with the exception of a low use road. However, it should be noted that the R.D.D. parcel is directly in between two wild horse herd management areas, hence the need for improved fencing

The proposed habitat improvements and the associated costs include, but are not limited to removal of six miles of old fence materials, installation of six miles of replacement fencing, and forb seeding on 250 acres. In addition, the proponent will be responsible for project management, including having the HQT process completed, annual maintenance and monitoring efforts, and ultimately working to get the credits on the market.

POSSIBLE MOTION

Should the Council agree with the staff recommendation, a possible motion would be: “Motion to have the SETT pursue final negotiations with the four recommended projects to potentially fund up to the amounts requested including 5% for contingencies.”