

Fitzgerald Ranch Conservation Bank (California)

I. OVERVIEW & BACKGROUND

Location:	San Joaquin County, California
Date established:	October 1999
Size of bank:	808 acres
Species:	Vernal pool fairy shrimp (<i>Branchinecta lynchi</i>) and California tiger salamander (<i>Ambystoma californiense</i>) Both species are currently present onsite, and the California tiger salamander has been documented breeding in pools onsite.
Method of credit generation:	Habitat preservation
Credits released / available:	564 CTS & 4.14 VPFS (out of 834.05 total)
Interesting features:	Fitzgerald Ranch Conservation Bank was almost lost to an unsubordinated lien on the property.

II. INTRODUCTION / SITE SELECTION

Fitzgerald Ranch Conservation Bank (Fitzgerald Ranch) sits in San Joaquin County, California, and is owned and operated by Lane Family Partnership. In 1999, Lane Family Partnership entered into a banking agreement with the U.S. Fish & Wildlife Service (USFWS) whereby Lane Family Partnership could continue cattle grazing on the property but also realize additional economic gains through the sale of Endangered Species Act (ESA) credits. The Center for Natural Lands Management (CNLM) was granted a permanent conservation easement over the property.

The USFWS approved the property as a conservation bank after its evaluation determined that the aquatic and upland resources preserved within the bank: (1) perform physical and biological functions, the preservation of which is important to the region, and (2) are under threat of loss or substantial degradation in the California Central Valley due to otherwise unrestricted human activities. (Note, however, that it is not a requirement that the property itself be under the threat of development to qualify as a bank site.)

The wetlands contained at Fitzgerald Ranch are vernal pools, which are held to be a threatened resource in California and are important habitat to the federally threatened vernal pool fairy shrimp. The 1999 banking agreement authorized Fitzgerald Ranch to sell vernal pool preservation credits. Additionally, the property operates as important upland habitat to the

threatened California tiger salamander (CTS). In 2005, the banking agreement was amended to authorize the sale of CTS credits at the bank. Figure 1 shows an example of a vernal pool fairy shrimp, while Figure 2 shows an example of the CTS.



Figure 1. The vernal pool fairy shrimp (*Branchinecta lynchi*).



Figure 2. The California tiger salamander (*Ambystoma californiense*).

III. SERVICE AREA DETERMINATION

The original service area for vernal pool preservation credits encompassed those portions of Sacramento County south of the Cosumnes River, all of San Joaquin County, and those portions of Stanislaus County east of Highway 99. In 2001, the USFWS extended the service area to also include portions of El Dorado, Amador, and Calaveras counties. Appendix A shows a map of the current service area for vernal pool preservation credits.

The service area for CTS credits includes portions of Sacramento, El Dorado, Amador, Calaveras, Tuolumne, Mariposa, San Joaquin, Stanislaus, and Merced counties, as depicted in Appendix B.

IV. CREDIT DETERMINATION / METHODOLOGY

Credits for vernal pool preservation were determined in 1998 when the bank was first established. Today, the USFWS uses a one acre/one credit method, but Fitzgerald Ranch was set up under the older methodology. This methodology, shown in Appendix C, was to first determine the bank's value. The bank's value was derived from assigning points to different categories of features (i.e., preserve size, rare unique vernal pool type, listed species, rare species, condition of the site, and defensibility of the site). The bank value is then divided by the number of categories. The resulting number is the multiplier that is used to determine the number of credits. At Fitzgerald Ranch, the multiplier was 1.723 (10.336 (bank value) / 6 (# categories)). Fitzgerald Ranch preserved 36.03 acres of vernal pools/ swales and ponds, which when multiplied by 1.723, produced 62.08 vernal pool preservation credits. These credits may only be

used to compensate for impacts to federally listed species that occur on the bank site, such as vernal pool fairy shrimp.

In 2005, when the banking agreement was amended to add credit for CTS upland habitat, the USFWS used the one acre/one credit method for determining available credits. The amended banking agreement awarded Fitzgerald Ranch 771.97 credits for impacts to CTS upland habitat.

V. FINANCIAL ASSURANCES

Concurrent with the establishment of the bank, Lane Family Partnership executed a perpetual conservation easement which is held by CNLM, accompanied by a trust account with \$34,000 for the initial monitoring and management of the bank and an endowment fund with a principle of \$53,000 for perpetual monitoring of the property and enforcement of the conservation easement. When the 2005 Amendment added the responsibility of monitoring CTS habitat, Lane Family Partnership was required to add \$92,000 to the endowment fund. The \$92,200 was necessary to produce an annual income of \$4,464.00.

VI. MANAGEMENT (INITIAL & LONG TERM)

Lane Family Partnership is responsible for managing the property in accordance with the management plan. The management plan is tied to the banking agreement while the bank is in operation, and also tied to the conservation easement because after the bank closes, the banking agreement ceases to be operable.

The CNLM is the agency responsible for the initial monitoring of Fitzgerald Ranch, and perpetual enforcement of the conservation easement. The management plan set forth a five-year, initial monitoring phase. Each year, during the initial monitoring phase, CNLM was responsible for conducting general and biological monitoring on site to ensure that it was meeting the performance objectives set forth in the management plan. Once the initial monitoring of the site was complete, CNLM became responsible for conducting general monitoring annually, and conducting biological monitoring in years 10, 15, 20, 30, 40, 50 and every ten years thereafter in perpetuity.

Lane Family Partnership remains the day-to-day manager of the site and is responsible for maintaining the site's ecological values, primarily through cattle grazing, the historic land-use. Grazing is used to manage thatch and control exotic plant species. The grazing program is meant to be adaptive, which means that grazing intensity, duration, and time periods will be adjusted each year as warranted by climatic and ecological considerations. The composition of the plant community, the level of grazing, and the resulting levels of residual dry matter are used to establish the grazing program on a year-to-year basis.

VII. LESSONS LEARNED

In 2001, the USFWS and San Joaquin County developed a Habitat Conservation Plan (HCP). Under the terms of the HCP, a developer could, if impacting certain species (e.g., vernal pool fairy shrimp), pay a determined sum into a fund established under the HCP. This fund was held by the county, and was to be used for implementing the HCP. The result of the HCP was to effectively dry up the need for vernal pool preservation credits for impacts within San Joaquin County. When the HCP was issued, the service area for Fitzgerald Ranch was mainly restricted to San Joaquin County, and Lane Family Partnership found itself in the position of not being able to pay its lenders.

Aggravating the situation was the fact that one lender held an unsubordinated lien on the property. The lien was unrecorded and unknown to the USFWS. It was also established prior to the conservation easement, which must be the primary encumbrance on the bank property. When the conservation easement was drafted the lien holder did not subordinate this unrecorded, unknown lien and therefore the easement could not protect Fitzgerald Ranch. The USFWS and Lane Family Partnership worked together in an effort to protect the conservation values of the Fitzgerald Ranch.

The first action the USFWS took was to expand the service area for vernal pool preservation credits to include El Dorado, Amador, and Calaveras counties. Second, in 2004, after recommendation by the USFWS, San Joaquin County purchased 5.96 credits from Fitzgerald Ranch using the money in the HCP fund (partially funded by impacts to vernal pool fairy shrimp). Finally, in 2005, the USFWS approved the 771.96 CTS credits on Fitzgerald Ranch. Using the CTS credits as collateral, Fitzgerald Ranch was able to obtain a new loan on the property. This new loan was used to pay off the lender who held the unsubordinated lien on the property. Since the conservation easement was already in place at this time, the new loan is secondary to the conservation easement.

VIII. APPENDICES

Appendix

Service Area Map for vernal pool preservation credits	A
Service Area Map for California tiger salamander credits	B
Credit Determination for vernal pool preservation credits	C