

Conservation Banks Catch On, Aiding Wildlife and Builders

By JOHN J. FIALKA

Encinitas, Calif.

THE CALIFORNIA gnatcatcher is a shy gray bird. It makes a soft mewling sound and usually scuttles unseen beneath the brush along this sandy coastland, north of San Diego. But real-estate developers call it "the bird that roared."

In the 1980's developers nearly wiped out the bird in their frenzy to build condos and shopping malls. In the 1990's environmentalists struck back, applying to get the bird protected under the federal Endangered Species Act. Panicking at the prospect of new legal restrictions on their land, some developers went bankrupt. Others hired bulldozers to scrape away the bird's favorite brushy habitat. Cooler heads finally stopped this war by creating a new industry built around a legal entity called a conservation bank, a new way of financing better habitat for the bird and other species on the edge of extinction.

Now the concept is going national. There are about 70 conservation banks nationwide, some aimed at a variety of species, including the golden-cheeked warbler in Texas and the Preble's meadow jumping mouse in Colorado. And they have started to catch the attention of politicians, such as Mike Crapo. The Republican Senator from Idaho wants to make the banks part of a pending revision of the Endangered Species Act to promote their greater use.

Government agencies, once skeptical of the pri-



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vate effort, have become among the biggest customers of the banks, particularly state highway departments. After realizing the Preble meadow jumping mouse, a long-legged nocturnal creature, was costing it a \$1 million a year in work stoppages, Colorado started its own conservation bank. Now, when the state's bulldozers run up against the mouse, the department measures the acreage and sets aside that much land in its bank for permanent protection. "We can make the decision right then and there," explains Jeff Kullman, a regional transportation director. "Then we go and do what we've got to do."

The California gnatcatcher, which helped spark the rise of conservation banks.

Under the old system, federal and state law required an owner of land with an endangered species to set aside a piece of the tract and then hire a biologist to convince the agencies that the parcel provided adequate habitat for the species, a lengthy, costly process that developers hated. If the agencies agreed, the landowner got the permits needed to develop the rest, but it resulted in a scattering of small plots surrounded by big, busy developments. They weren't very bird-friendly environments.

Under the new system a conservation banker—sometimes an entrepreneur, sometimes a developer—buys a large tract of habitat for one or more endangered species, usually within the same county and often a hundred acres or more. The banker makes a legal commitment to manage the land in perpetuity and does the legal and biological work needed to win government approvals. Then the developer goes to the conservation bank and writes a check, paying it to set aside a certain number of acres.

The species may or may not move. These are wild animals, and the assumption is that if there's better habitat in the vicinity, they'll find it. But at least the habitat has been certified by biologists

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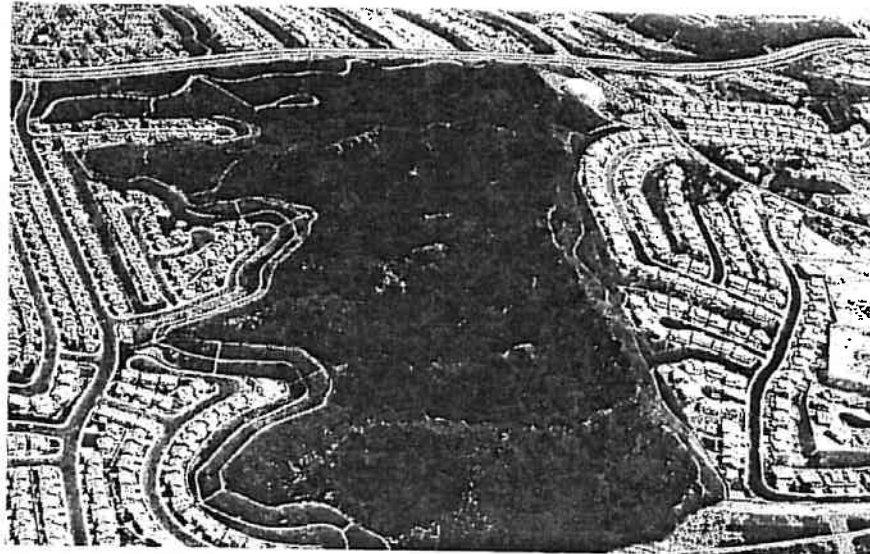
as being good for whatever species is being threatened in the area. And the greater size and permanent management of the conservation tracts should attract wildlife, who will have to move somewhere once the earth-moving machines start to shake, rattle and roll.

"In biology bigger is better, larger sites have more chances of success," asserts Craig Denisoff, president of the National Mitigation Banking Association, whose members include many of the nation's conservation banks. He says banks also help state and federal agencies do their enforcement because they no longer monitor 20 different landowners and the plots they've set aside. They simply have to keep track of the bank owner, he explains. "This really is a kind of win, win, win."

Not everybody fully agrees. "Some examples will fail," explains Michael Bean, a wildlife expert for Environmental Defense, a New York-based environmental group. "But potentially there's a way here to create significant incentives for some landowners to turn endangered species into assets."

From its start, conservation banking won over developers. When the country's first multispecies conservation bank was formed near here in 1995, mainly to save the gnatcatcher, credits started at \$1,200 per acre and zoomed to \$30,000. "We sold out," recalls Mike McCollum, a former California Fish and Game official, who created it.

Now, one of the best examples of a conservation bank is Manchester Tract, a 123-acre plot in the middle of gnat-



The gnatcatcher's natural habitat, north of San Diego, is surrounded by areas of dense development.

catcher territory. Ted Tchang, vice president of Techbilt Cos., a local developer, gave the land to the Center for Natural Lands Management, a nonprofit bank that manages 54 properties around San Diego, along with an endowment to pay for its management in perpetuity.

Then Techbilt bought credits, setting aside some acres of the tract to help offset habitat destruction on some of its developments in the neighborhood and sold some to other developers. "It worked out, we're pleased," says Mr. Tchang.

A brushy, hilly area cut by steep ra-

vines, Manchester has an abundant supply of gnatcatchers and it has begun to attract even wilder species, including coyotes and an assortment of rattlesnakes. Markus Spiegelberg, a 38-year-old biologist who manages the property for the center, said it brings out some of the more caring people in the neighborhood, such as eagle scouts and other volunteers who help him build trails, remove trash and pull out weeds.

But it also brought out others, who didn't always appreciate the need to protect the nature and the tranquility of the

gnatcatcher's realm. There was the man who insisted on walking his two bulldogs unleashed along the bank's trails, which are open to the public. The dogs quickly hunted down the rattlesnakes, which killed one dog and seriously injured the other. Then there was the man who installed a piece of plastic AstroTurf in the refuge, where he frequently whacked golf balls into the brush.

Vandals have torn down signs and some neighbors have pushed their fences into the refuge, an act that surreptitiously removes habitat for the bird and enlarges their gardens.

"There's always going to be something," sighs Mr. Spiegelberg, who patrols the tract every day.

Last year, agencies responsible for monitoring the banks' performance also got something new to think about. One big California conservation bank filed for bankruptcy, raising doubts about whether the gnatcatcher and other species on the bank's 4,340 acres will enjoy the protections that the developers paid for.

Wayne White, supervisor of the Fish and Wildlife Service's Sacramento office, says the government "learned a lot" from the bankruptcy. He says state and federal wildlife agencies have developed computer software that will help them monitor the banks' financial performance, including whether they charge enough to protect species like the gnatcatcher into perpetuity.

"This idea has a long life ahead of it," he predicts, "but right now it's kind of like a teenager."

U.S. Fish and Wildlife Service