

# MONTANA SAGE GROUSE HABITAT CONSERVATION PROGRAM



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## Public Scoping Notice

### Sage Grouse Stewardship Account Grant Application

### Proposed King Ranch 30-Year Term Lease

June 6, 2019

Dear Interested Party:

The Montana Sage Grouse Habitat Conservation Program (Program) is soliciting public scoping comments on a grant application submitted to the Montana Sage Grouse Oversight Team (MSGOT) for funding from the Montana Sage Grouse Habitat Stewardship Account.

The purpose of the Stewardship Account grants is to provide competitive grant funding and establish ongoing free-market mechanisms for voluntary, incentive-based conservation measures that maintain, enhance, restore, expand, and benefit sage grouse habitat and populations on private lands. The majority of Stewardship Account funds must be awarded to projects that generate mitigation credits, which MSGOT makes available to developers to offset the residual impacts of development through compensatory mitigation after developers have already implemented avoidance, minimization, and reclamation efforts.

The Program invited submission of complete applications by May 13, 2019. The Petroleum County Conservation District submitted a grant application request for funding to support a payment for a 30-year term lease on the King Ranch. Petroleum County Conservation District is an agency/organization eligible to apply for Stewardship Account grants MCA §§ 76-15-101 et seq., MCA §76-22-110(3).

Term leases are similar to perpetual easements in that the landowner receives payment in exchange for voluntarily not exercising rights to develop certain surface uses of the property (e.g. subdivision, conversion to cropland). Term leases differ from perpetual conservation easements in that term leases are for a fixed number of years only, and the landowner decides the number of years or duration of the lease. At the expiration of the term, the lease expires, and the landowner



is free to exercise those rights once again. The minimum lease duration is 15 years. Here, the landowner has selected a duration of 30 years.

The King Ranch is located in the Yellow Water Triangle area southwest of Winnett. The property is adjacent to and extends north from the Yellow Water Reservoir in Petroleum County. The proposed lease would include 11,703 acres. The King Ranch adjoins the Gran Prairie Ranch, which is the subject of another application for a term lease with a restoration component submitted by Petroleum County Conservation District (25-year term with 2 conifer reduction and 1 reseeding restoration project).

The King Ranch is managed for livestock production through a deferred grazing rotation system. In addition to the deeded lands of the ranch, the King Ranch holdings are intermingled with U.S. Bureau of Land Management Lands and State Trust Land in a checkboard fashion. Small private land inholding within the proposed project boundary are owned by entities other than the King Ranch and would technically be excluded from the terms of the proposed lease. However, the King Ranch has leased these inholdings for livestock grazing historically and these lands are managed in conjunction with King Ranch deeded lands in a holistic fashion. All told, the King Ranch holds current grazing permits on approximately 7,220 acres of public lands within the project boundary. The King Ranch also adjoins the War Horse National Wildlife Refuge, which preserves uplands associated with Yellow Water Reservoir.

The King Ranch proposed lease parcel has 39 active sage grouse leks within 12 miles, 16 of which are located within four miles. Twelve leks are within two miles of the property and several are located on the property. See figures below.

MSGOT and the Program are required to apply the current designated Habitat Quantification Tool (HQT) to any project that is selected for funding from the Stewardship Account. MCA § 76-6-109(4). The HQT is the scientific method used to evaluate vegetation and environmental conditions related to quality and quantity of sage grouse habitat and to quantify and calculate the number of credits created by a conservation project. MCA § 76-6-103(9). MSGOT approved the current version of the HQT and accompanying Policy Guidance Document in October, 2018.

The HQT considers the many biophysical attributes of Greater sage-grouse seasonal habitats to estimate habitat functionality across multiple spatial and temporal scales. The HQT also accounts for existing human disturbances (e.g. roads, cropland, energy development, etc.). These measures of habitat, expressed as functional acres, are used for calculating conservation benefits (i.e., credits) from mitigation projects. Using habitat quality, expressed as functional acres, provides a common “habitat currency” that can be used for both credit and debit projects to ensure accurate accounting of habitat gains and losses and allows comparisons across projects using a common metric that is calculated in the exact same way.

The HQT starts with a baseline map of habitat quality, or presently existing functional acres on the landscape. Next, the HQT calculates the number of functional acres that would be created (or gained) because of the proposed 30-year term lease. Applicable policy modifiers are applied,



based on the number of functional acres gained and calculated by the HQT. Once a conservation project is implemented, the total functional acres created (after application of policy modifiers) is converted to credits at a 1:1 ratio.

High HQT scores correspond to areas of high quality sage grouse habitat and are shown in warm, red colors on HQT maps. These will typically be areas with high levels of intact sagebrush, good brood-rearing habitat, high densities of breeding male sage grouse (i.e., many leks with strong numbers of males displaying on them), and low levels of human disturbance. Higher numbers of functional acres gained translates to more credits created per physical acre of conservation.

For purposes of considering the number of credits that might be created by each conservation project proposed for funding from the Stewardship Account, the Program has run the HQT using the spatial data provided by the Petroleum County Conservation District (the grant applicant) for the proposed 30-year term lease on the King Ranch. Results do not include non-deed lands within the perimeter of the proposed term lease area (i.e. federal, state, and private land inholdings owned by entities other than the King Ranch are excluded from results and also from the lease itself).

The HQT results show that the 30-year term lease on the King Ranch would conserve very high quality habitat. The functional acres gained per physical acre of the project per year for is 0.394. Higher numbers indicate more functional acres would be conserved and the habitat is of higher quality for the physical acres included in the proposed project. See the HQT figures below.

A 30-year term lease on the King Ranch would generate 138,198.66 total credits. This equates to 0.394 credits created per physical acre of the project per year. Higher numbers indicate more credits are created per year for each physical acre included in the proposed project. Higher numbers are more favorable, and more credits would be created per dollar expended from the Stewardship Account. The 40% baseline adjustment is not applied to term leases less than 31 years.

The estimated payment for a 30-year term lease is \$538,974,78. The full amount of the lease would be paid using Stewardship Account funds through a one-time payment. Petroleum County Conservation District is also requesting an estimated \$20,000 in project-related costs that are directly related to the purpose of the grant to create mitigation credits. Additional project costs include doing the required annual monitoring for compliance with the lease terms, preparing and submitting an annual monitoring report, and the costs associated with the key function required for all credit sites in the Montana sage grouse mitigation system. The final project costs for the duration of the 30-year term lease will be finalized later this summer and are not expected to exceed \$30,000.

The U.S. Fish and Wildlife Service identified the following threats of habitat loss and fragmentation in this part of Montana: conversion of sagebrush grassland to cropland, exurban development, mechanical and chemical sagebrush control, improper livestock management, and energy development.



The terms of the 30-year lease are expected to permit the following activities, consistent with the habitat values protected by the lease: current agricultural practices and production of livestock, haying and cultivation of previously cultivated land. Lands where the King Ranch could envision adding a few additional buildings, gravel would be extracted from an existing pit intermittently over the next 30 years, and the existing hay meadows were excluded from the lands used to calculate HQT scores/credits and that would be covered by the lease.

The terms of the lease are expected to prohibit the following: subdivision, industrial and commercial surface uses for wind or solar development, surface mining other than small scale use to maintain existing roads on the ranch, new road construction, and land conversion to cultivated crops.

If selected for funding, MSGOT would own the credits, but Petroleum County Conservation District would hold the 30-year term lease. The requirements for mitigation credit sites would be fulfilled through the combined actions of the landowner, Petroleum County Conservation District, and MSGOT. Petroleum County Conservation District would monitor the property independently and will work with the landowner to monitor the lease annually for 30 years. Petroleum County Conservation District will provide annual monitoring reports to the Program.

The source of funds necessary to provide the financial assurances to restore this credit site should the habitat (and thus credits) be impaired through breach of the lease terms or an “act of God” event like a wildfire has not yet been determined. Options include reliance on existing or future grant opportunities to cover the restoration costs, obtaining an insurance policy or bond, or relying future agency cost-share opportunities. Research into various options, costs, and funding sources is ongoing. MSGOT’s reserve account would be used to replace credits. Additionality would be met by protection of the habitat for the duration of the lease (i.e. 30 years) and avoiding loss of habitat that might not otherwise be legally protected from surface development, cultivation, or subdivision. Duration and durability would be met for the 30-year term because the proposed project would protect habitat according to the terms of the lease. The site is appropriate given its location in a Core Area and the high HQT results. The site provides suitable breeding, nesting, and brood-rearing habitat.

In accordance with the Montana Environmental Policy Act, public comment and concerns about the project and potential environmental impacts must be considered and analyzed in an environmental assessment. The assessment will be available for public review and comment in the summer of 2019. MSGOT is expected to select grant recipients in the fall of 2019.

Interested parties have until June 24, 2019 to submit concerns or comments relating to this project. Mail written comments to Carolyn Sime, Sage Grouse Habitat Conservation Program, 1539 11th Ave, Helena, MT 59620. Written comments must be received on or before June 24, 2019.








Submit comments electronically and attach documents through the public comment web application tool located on the MSGOT webpage at <https://sagegrouse.mt.gov/Team>. Electronic comments must be received by 8:00 a.m. on June 24, 2019.

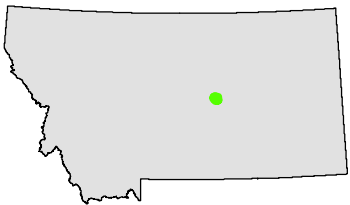


# Habitat Preservation on King Ranch - Surrounding Public Lands



**MONTANA SAGE GROUSE**  
Habitat Conservation Program

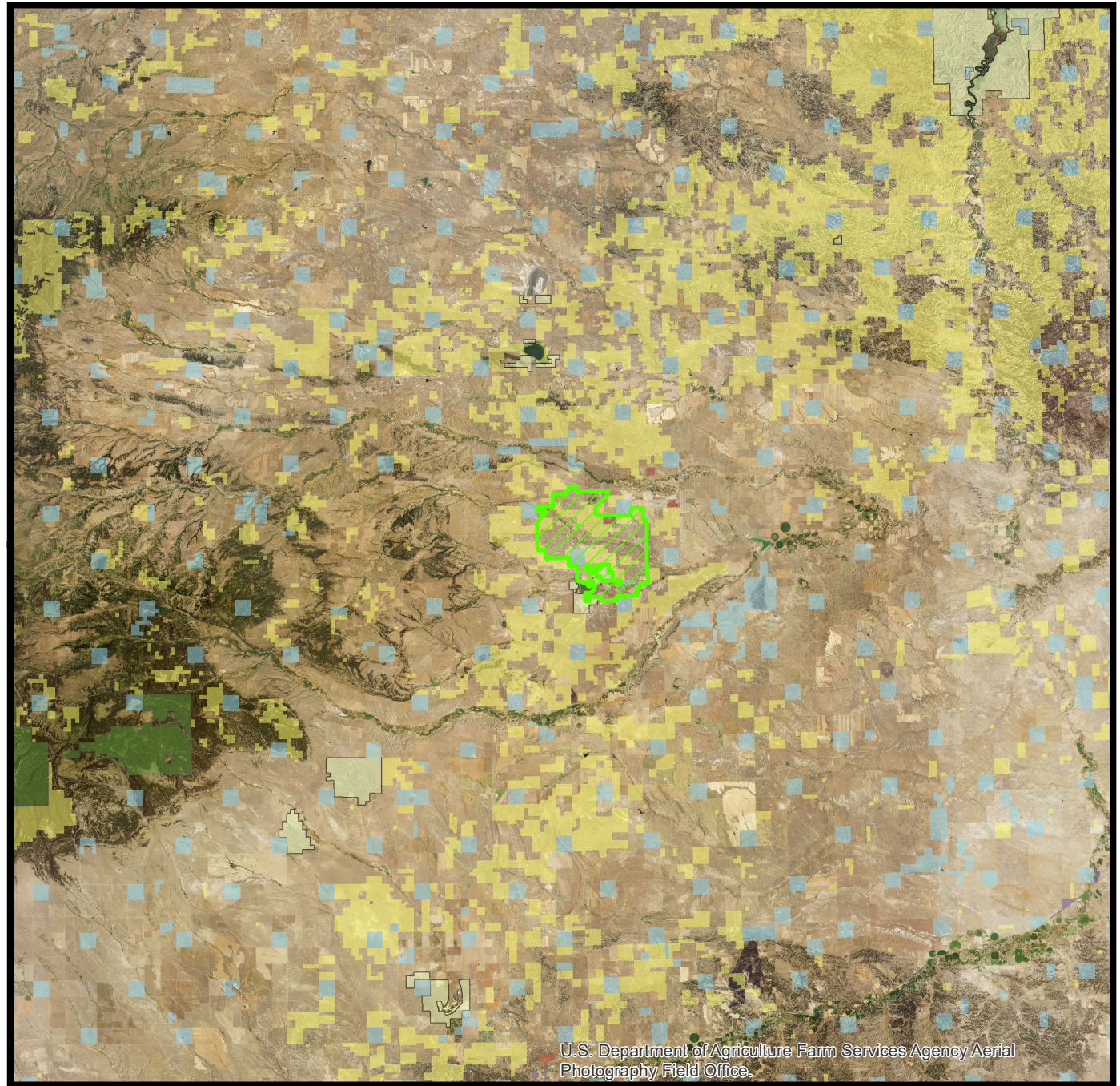
-  **Project Area**
-  **Proposed Project Boundary**
-  **County Government**
-  **US Bureau of Land Management**
-  **US Fish and Wildlife Service**
-  **State of Montana**
-  **Montana State Trust Lands**
-  **US Forest Service**



## Project Information:

Map Date: 28 May 2019  
Path File: G:\CARD\10 Sage Grouse HCP\  
Grant Program\Second Cycle 2019\Complete  
Applications due May 13\ArcMapFiles

Service Layer Credits: U.S. Department of Agriculture Farm Services Agency  
Aerial Photography Field Office.



U.S. Department of Agriculture Farm Services Agency Aerial  
Photography Field Office.

0 10 20 Miles

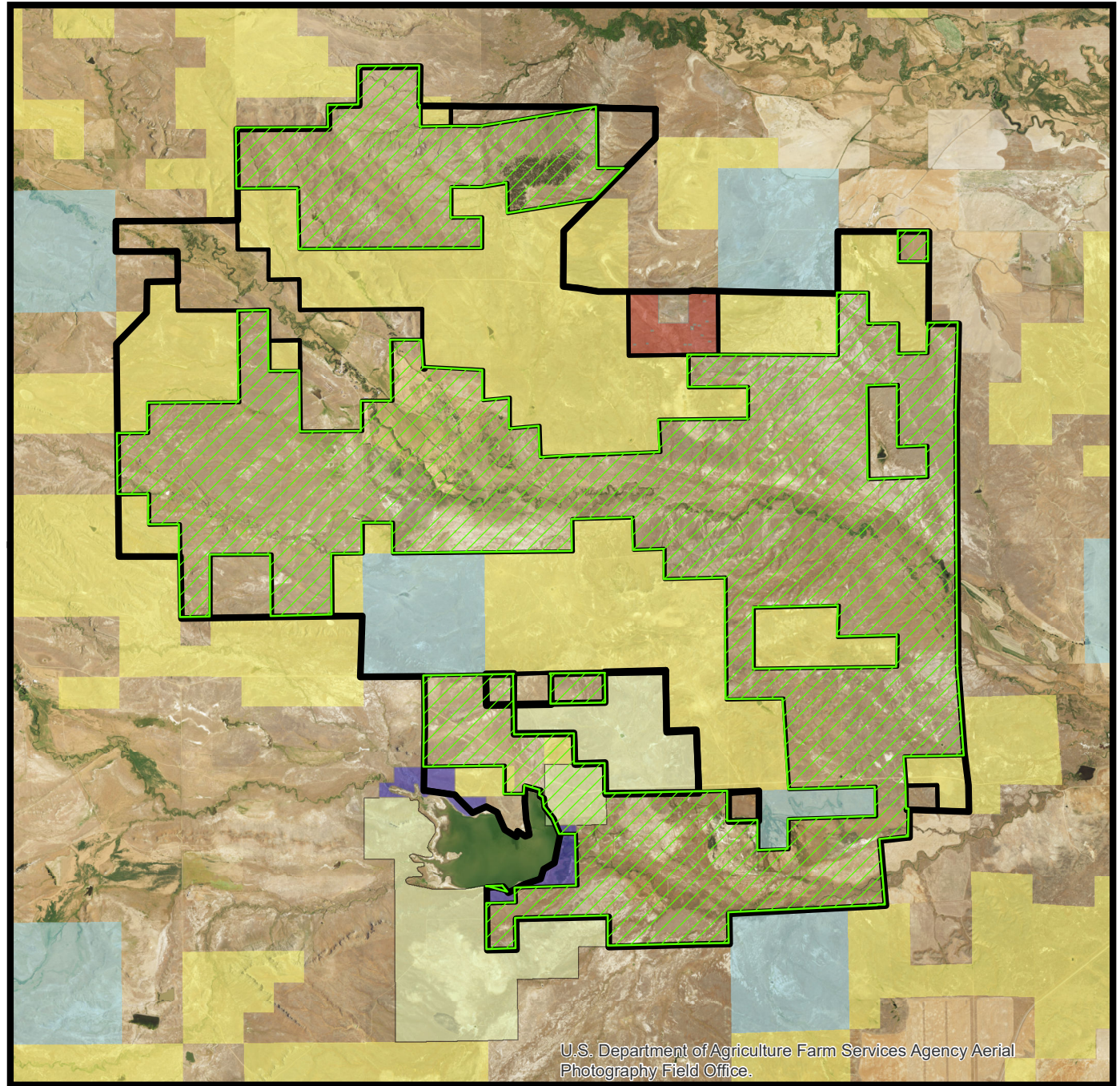
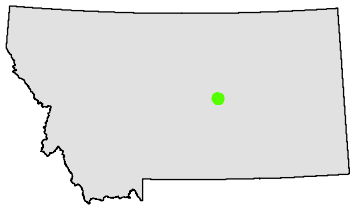


# Habitat Preservation on King Ranch - Aerial Imagery of Project Area



**MONTANA SAGE GROUSE**  
Habitat Conservation Program

-  **Project Area**
-  **Proposed Project Boundary**
-  **County Government**
-  **US Bureau of Land Management**
-  **US Fish and Wildlife Service**
-  **State of Montana**
-  **Montana State Trust Lands**



U.S. Department of Agriculture Farm Services Agency Aerial  
Photography Field Office.

## Project Information:

Map Date: 28 May 2019  
Path File: G:\CARD\10 Sage Grouse HCP\  
Grant Program\Second Cycle 2019\Complete  
Applications due May 13\ArcMapFiles

Service Layer Credits: U.S. Department of Agriculture Farm Services Agency  
Aerial Photography Field Office.

0 2 4 Miles



# Percentage Conserved Lands within 4 Miles of the King Ranch Conservation Lease (Petroleum County Conservation District)













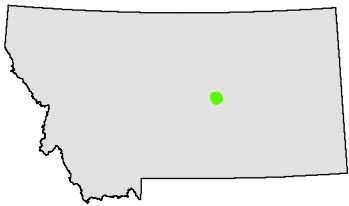
**MONTANA SAGE GROUSE**  
Habitat Conservation Program

## Project Information

-  Proposed Project Boundary
-  Direct Project Footprint
-  Conserved Lands

## Percent of Conserved Lands within 4 Miles of Project Area

-  0% - 10%
-  10.1% - 20%
-  20.1% - 30%
-  30.1% - 40%
-  40.1% - 50%
-  50.1% - 60%
-  60.1% - 70%
-  70.1% - 80%
-  80.1% - 90%
-  90.1% - 100%

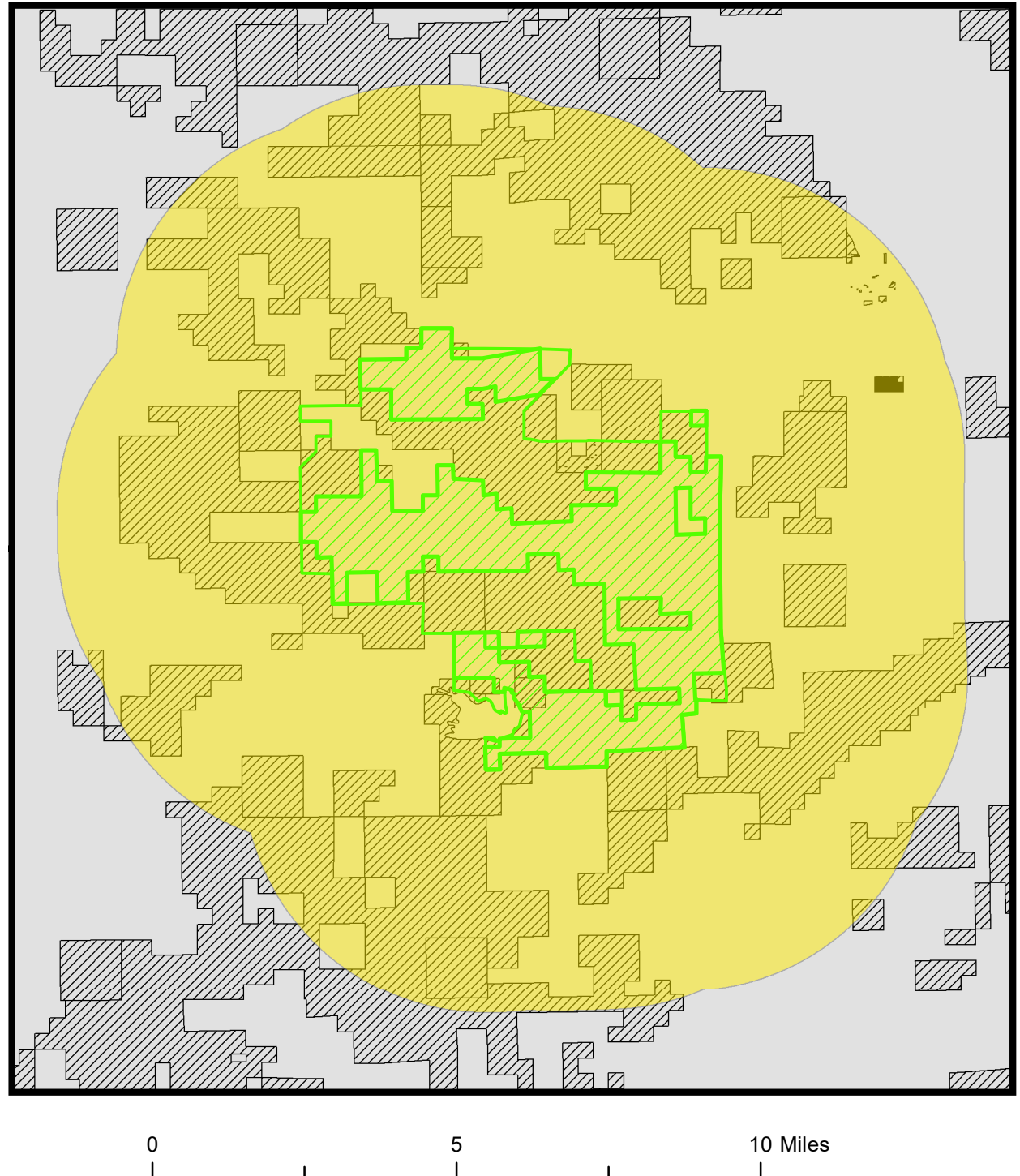


## Map Information:

Map Date: 5 June 2019

File Path: G:\CARD\10 Sage Grouse HCP\  
Grant Program\Second Cycle 2019\Complete  
Applications due May13\ArcMap  
\_Scratch\_Folder\4MileConservedLands

Land Management Dataset from: <http://mtnhp.org/stew.asp>

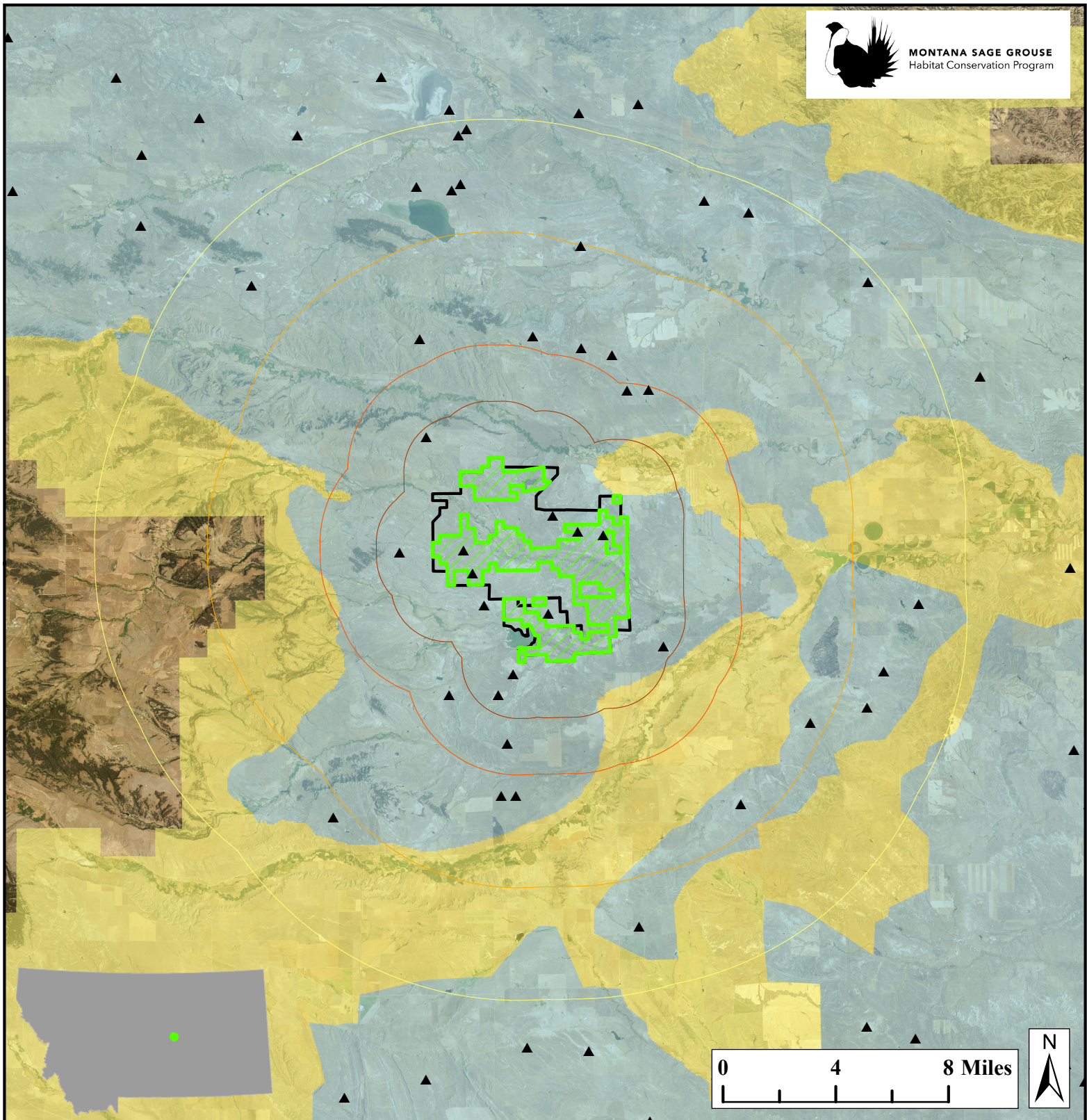




# Habitat Preservation on King Ranch - Lek Proximity









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





## **Project Information:**

Map Date: 06 June 2019  
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HCP\Grant Program\Second Cycle  
2019\Complete Applications due May  
13\ArcMapFiles\ProximityToSGLeks

Service Layer Credits: U.S. Department of Agriculture Farm Services  
Agency Aerial Photography Field Office.

-  **Project Footprint**
-  **Proposed Project Boundary**
-  **2 Mile Buffer**
-  **4 Mile Buffer**
-  **8 Mile Buffer**
-  **12 Mile Buffer**

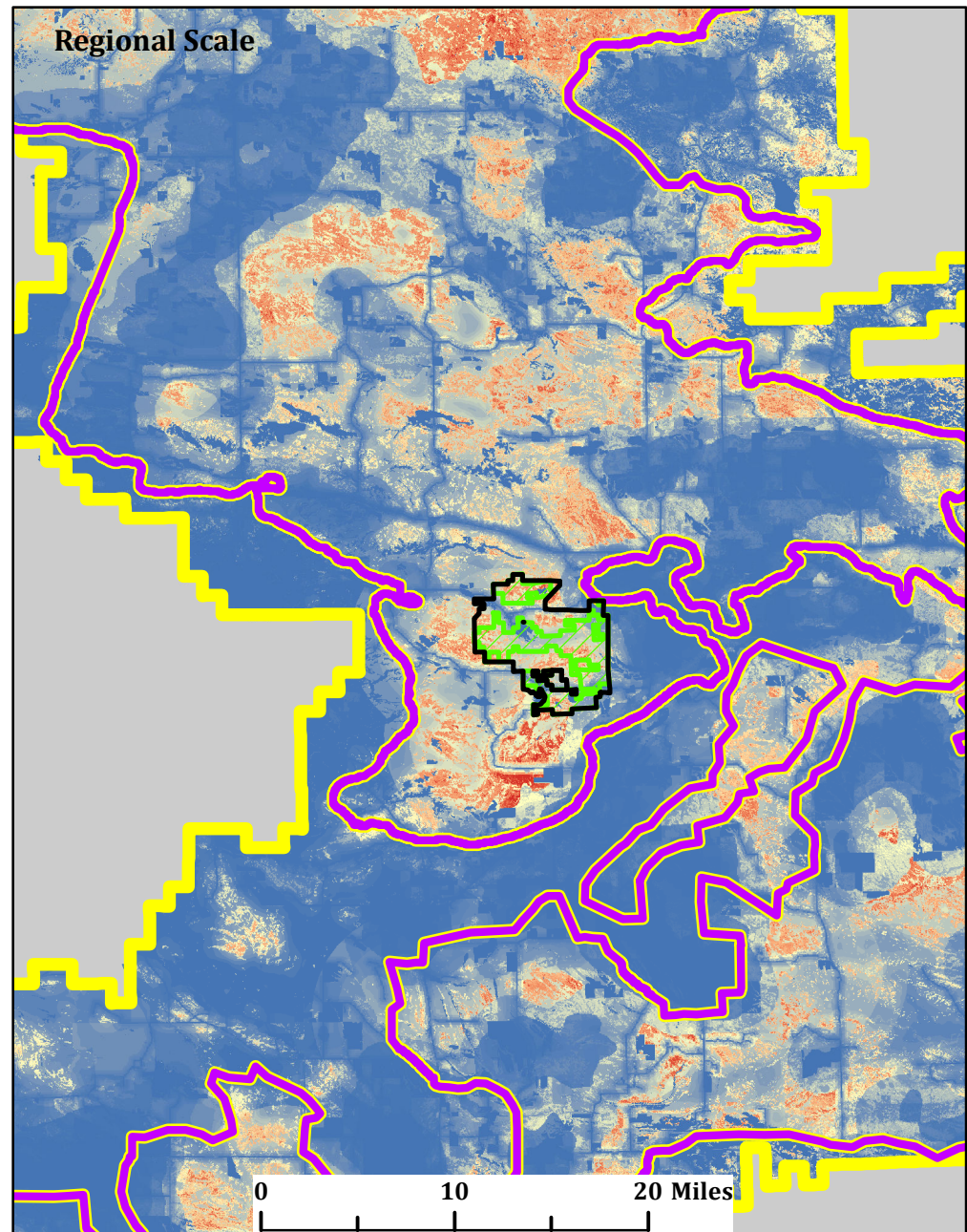
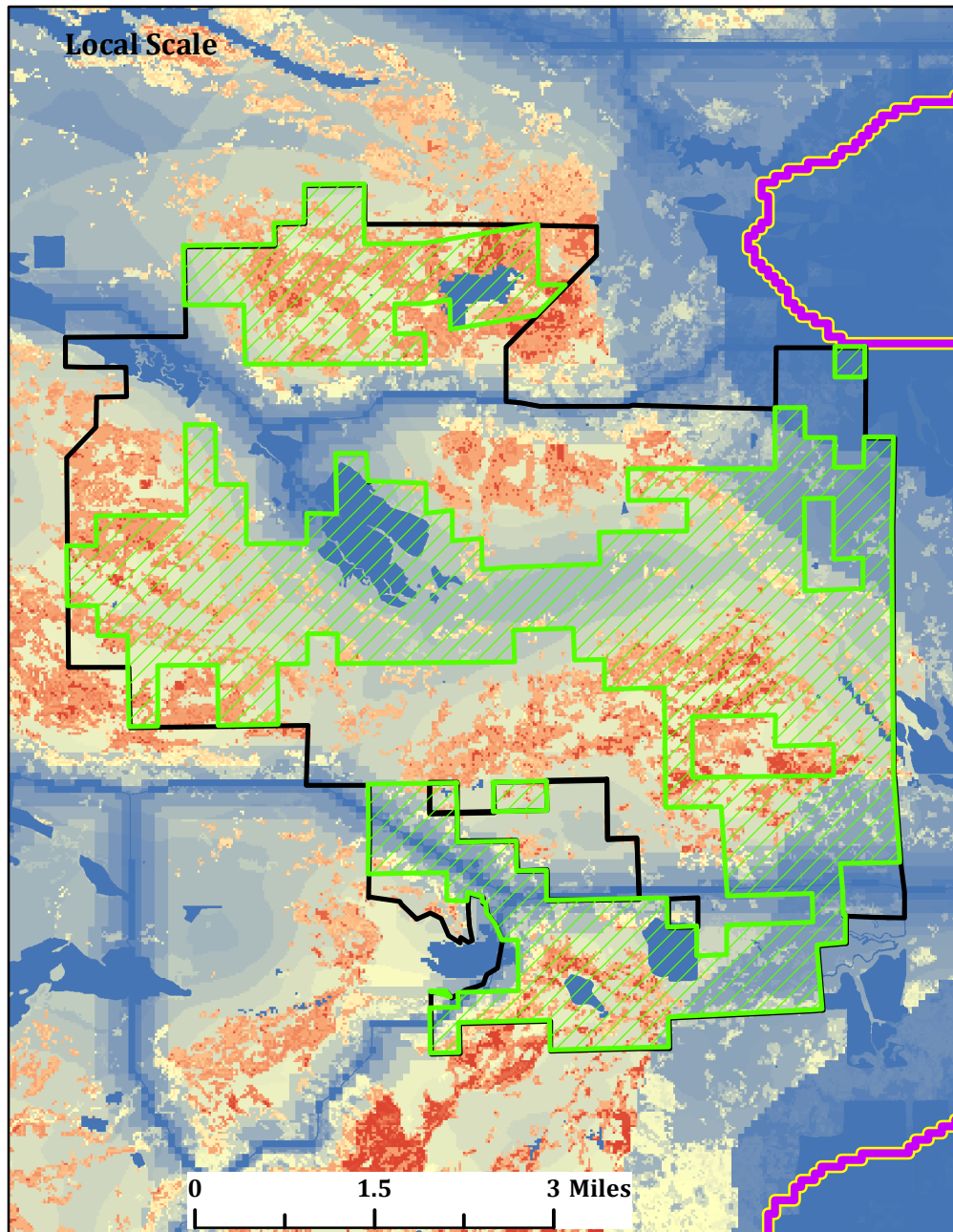
-  **Core Area**
-  **General Habitat**
-  **Connectivity Area**
-  **Sage Grouse Leks**

## **# Leks Within Buffer**

2 Mile: 12  
4 Mile: 16  
8 Mile: 25  
12 Mile: 39



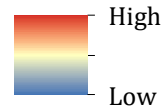
# HQT Results: Habitat Preservation on King Ranch





## Project HQT Metadata

HQT Date: 29 May 2019  
# Years Maintained: 30 Years

## HQT Pixel Value



-  Project Direct Impact Footprint
-  Proposed Project Boundary

-  Core Area
-  General Habitat



MONTANA SAGE GROUSE  
Habitat Conservation Program

| Project Information                                 |                     |                      |            |                                     |                | Raw HQT Score |                   | Applicable Policy                           |                      |                 | Metrics                             |                |                   |   |
|---|---------------------|----------------------|------------|-------------------------------------|----------------|---------------|-------------------|---|----------------------|-----------------|-------------------------------------|----------------|-------------------|---|
| Project Name  | Project Type        | Service Area         | # of Years | Price per Credit for Lease Duration | Physical Acres | 1 Year        | Total (all years) | # of Credits awarded for newly created Fx-A |                      | Baseline at 40% | Total Credits Available / Generated | Fx-A / PA / Yr | Credits / PA / Yr | Estimated Value of Project for Sage Grouse Habitat Conservation |
|   |                     |                      |            |                                     |                |               |                   | Core Area (10%)                             | General Habitat (5%) |                 |                                     |                |                   |   |
| Petroleum County Conservation District / King Ranch | Preservation (Term) | Central Service Area | 30         | \$3.90                              | 11,702.59      | 4,606.62      | 138,198.66        | N/A   | N/A                  | N/A             | 138,198.66                          | 0.394          | 0.394             | \$538,974.78  |

Credit results do not include non-deeded lands within the perimeter of the project area (i.e. State Trust Lands other, public lands not included). Integrated land management activities

For Price per Credit for Lease Duration, See Table 1 in Application Information and Guide

6/4/2019