

The federally endangered species of the Santa Cruz sandhills



Mount Hermon
June beetle



Zayante band-winged
grasshopper

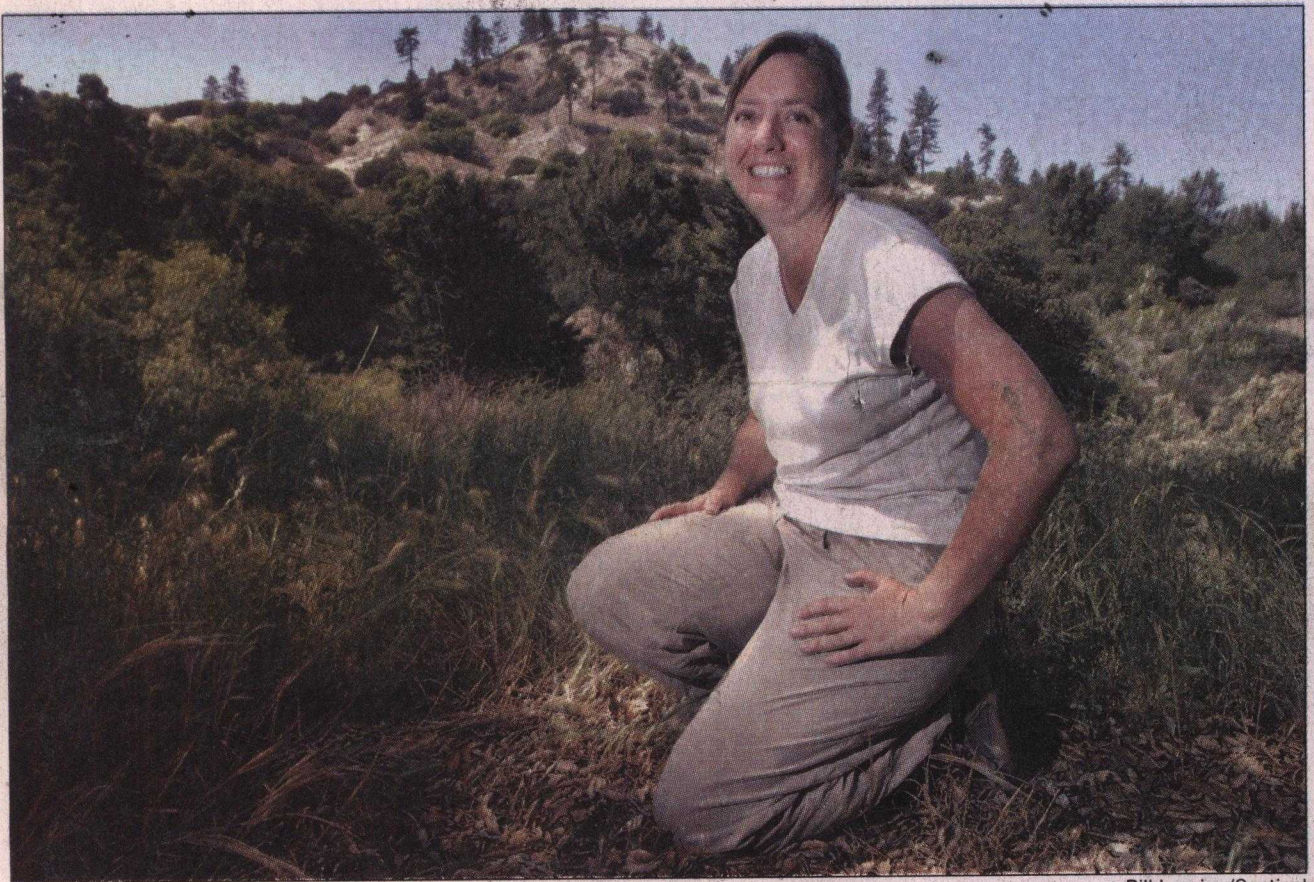


Ben Lomond
spineflower



Santa Cruz
wallflower

Innovative plan to protect rare habitat



Bill Lovejoy/Sentinel

Judy McGraw, an ecologist, kneels near some of the sandhill habitat in Zayante. She contributed the photos above.

Conservation bank a new way to preserve land

By **ROGER SIDEMAN**
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The Mount Hermon June beetle is a shy, brownish bug, spending most of its life underground. The endangered beetle is not intentionally hiding, but some developers and homeowners wish it would.

The beetle has been the subject of

intense local interest because its federally protected status has been an obstacle to people wanting to build home additions, swimming pools and even small decks and porches.

Property owners and the June beetle both may soon get relief through a new industry built around a legal entity called a conservation bank. The proposed conservation bank would be a new

way of securing habitat for the beetle and other species on the brink of extinction in the Santa Cruz sandhills — a rare ecosystem that stretches from Bonny Doon to Felton.

If it gains approval, the system would set aside large tracts of undeveloped land and then sell portions of that land called

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Sandhills

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"credits" to property owners who want to build in less sensitive sandhill habitat.

Environmentalists are concerned that a lot of development has been going forward in the sandhills without adhering to the Endangered Species Act.

"It's good that the conservation bank will give people a way of doing the right thing," said Patricia Matejcek, chair of the Sierra Club's local conservation committee.

She and others, including former Santa Cruz Mayor Celia Scott, hope the conservation bank will be approved by the U.S. Fish and Wildlife Service by the end of the month.

Recognized as one of the rarest ecosystems in the United States, the Santa Cruz sandhills

cover 4,000 acres from the Bonny Doon Ecological Preserve to privately owned sandy ridges in and around Felton, Ben Lomond and Scotts Valley. Their unique combination of sandy soil and moist climate have led to the evolution of seven species found nowhere else on the planet.

With the exception of Quail Hollow Ranch, a county park, most of the sandhills are in private hands. Homebuilding is considered the biggest threat to the ecosystem, said Jodi McGraw, a biologist and president of the Sandhills Alliance for Natural Diversity.

Under the current system to preserve sensitive habitat, federal and state law require the owner of land that is home to an endangered species to set aside a portion of their property then convince the government that it is adequate before being allowed to develop. It is a lengthy and costly process that has resulted in a scattering of small protected plots.

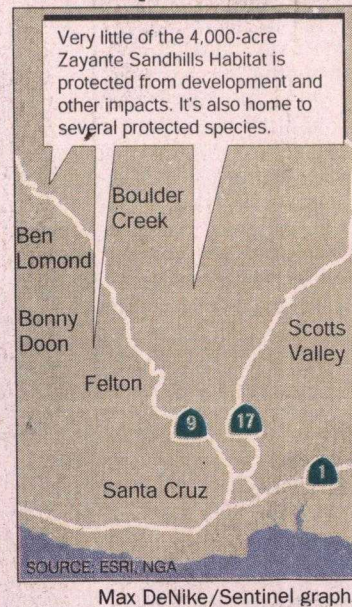
"People are developing where habitat is already more fragmented, essentially creating mini-ecological reserves in everyone's backyard," said Jeff Ringold, an open space advocate who works as a consultant for the Zayante Sandhills Conservation Bank.

Under the proposed system, a conservation banker — in this case a private investment group — buys a large tract of habitat for endangered species. The banker makes a legal commitment to manage the land in perpetuity and performs the legal and biological work needed to win government approvals.

Then a homeowner or developer goes to the conservation bank and writes a check, paying it to set aside a certain number of square feet or acres to offset the land they are required to protect.

The first sandhill preserve is a 23-acre parcel to be sold to landowners for \$6 per square foot in credits, said Ringold. At that

Habitat preservation



rate, the property, just west of the Cemex sand quarry between

Felton and Ben Lomond, could be worth \$6 million to the conservation bank's investors depending on the demand to develop on sandhill habitat nearby.

Felton-area resident Kathleen Lancot is one of the bank's first customers. Although the conservation bank hasn't gotten final approval, she paid \$4,300 to the bank's private managers, frustrated with a long wait for approval to remodel her house. The federal government said pouring a new foundation for her house would hurt the roots of trees that the June beetle calls home.

"I called the U.S. Fish and Wildlife Service for an entire year waiting for them to get their stuff together," said Lancot.

County officials have said they can foresee enough building for developers to offset at least the initial 23-acre property using credits, but not much more. More than 300 additional acres of sensitive habitat are being eyed for protection

by the Sandhills Alliance for Natural Diversity.

Last year, the public 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 for which the developers paid.

Wayne White, supervisor of the U.S. Fish and Wildlife Service's Sacramento office, said in February that the government learned a lot from the bankruptcy. He said 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 into perpetuity.

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