TOPIC: Spanish Lake Mitigation Bank – valuation of credits

DATE: 02 August 2017 **CONTACTS: Raul Gutierrez (480-612-1188)**

PURPOSE/ACTION NEEDED: Informational

SUMMARY:

Spanish Lake Mitigation Bank transferred ownership from Lago Espanol, LLC, to Spanish Lake, LLC. Only surface rights were transferred, with Lago Espanol keeping the subsurface mineral rights. Oil and gas activities are allowed under the 1999 Conservation Servitude set up by Lago Espanol (the owner at the time) and the Corps of Engineers.

SPANISH LAKE REQUEST:

The New Orleans District of the US Army Corps of Engineers (Corps) has since adopted the Louisiana Rapid Assessment Method (LRAM) to assess credits for impacts and compensatory mitigation. Spanish Lake requested that their credit assessment be re-evaluated with particular emphasis on three issues:

1. Mitigation Type, (Preservation vs. Enhancement): The Corps converted the credits for Spanish Lake Mitigation Bank and kept the mitigation type (Re-establishment, Rehabilitation, Enhancement, etc.) as Preservation for this bank. The bank objected and requested the mitigation type be reclassified as enhancement due to the role the sponsors played in opening the culverts in Alligator and Frog bayous where they empty into Bayou Manchac. While the culverts are located off the bank, the MBI is written so that the sponsors may be able to claim enhancement credits for Unit II for their efforts in restoring a more natural hydrologic regime to the Spanish Lake Basin.

2. Management of the site (Active vs. Passive): Spanish Lake requested a change from active to passive since the structure at Bayou Manchac stays open unless certain events (storm, high water) trigger a closure.

3. Size of the bank: If mitigation type is to be changed to enhancement, then the size of the bank should be adjusted accordingly (to greater than 500 acres). As it stands, the size of the bank is not factored into LRAM when the mitigation type is Preservation.

IRT DECISION:

1. The IRT decided to award Enhancement credits for Units I and IIa. Unit I, while not specifically mentioned in the MBI, is composed of BLH and is most likely benefitting the most from the removal of a hydrologic regime consisting of permanent inundation. Additionally, less than 20 of the 1750 acres remain to be sold by the bank.

   Unit II consists of Cypress swamp, and credits were split into Unit IIa (380.55 acres in Spanish Lake Basin affected by the removal of standing water) and Unit IIb (707.34 acres in the adjacent Bluff Swamp basin and still under the influence of standing water).

2. Since the Parish has control of the structure and its operation, the IRT decided not to change the management of the site from active to passive. If the culvert were on the bank and open at all times, a culvert of that size (8'x8') would require regular maintenance to remove trees and other debris to ensure proper function, and long-term maintenance and replacement costs would be significant.

3. Since mitigation type changed from Preservation to Enhancement, the size factor has been updated accordingly.

Unit	Current LRAM Score	IRT recalculated LRAM
I	0.4	2.5
IIa	0.4	2.5
IIb	0.4	0.4
III	2.5	2.5
VI	2.5	2.5