



## ***Frequently Asked Questions about the Draft Economic Analyses for San Diego Fairy Shrimp and Coastal California Gnatcatcher Proposed Critical Habitat***

***Q. What is the purpose of an economic analysis?***

When designating critical habitat for a federally listed species, the Endangered Species Act of 1973, as amended (Act), requires the U.S. Fish and Wildlife Service (Service) to estimate economic and other impacts associated with designating any particular area as critical habitat. This assessment is completed through the preparation of an economic analysis.

Impacts identified in an economic analysis may be used by the Secretary of the Interior to determine if certain areas should be excluded from critical habitat based on a comparison of the benefits of exclusion versus the benefits of including a particular area as critical habitat. However, economic impacts are not used to determine whether or not a species should be listed under the Act – decisions to list species under the Act are based solely on an assessment of a species' status using the best available scientific and commercial information.

***Q. What are the results of the draft economic analysis for the coastal California gnatcatcher?***

The draft economic analysis prepared for the April 2003 proposed critical habitat rule estimates total economic impacts of \$915.3 million over the next 23 years, or about \$113.4 million annually. Approximately 77 percent of the total estimated cost is associated with project modifications requested for private development projects, primarily in the form of on-site habitat set-asides to compensate for construction in coastal sage scrub habitat. Project modification costs for public projects represent about 11 percent of total estimated costs and represent the second largest cost category. Remaining impacts identified in the draft report are associated with regulatory uncertainty, administrative, and delay costs. The total estimated impacts pertain to all of the areas the Service proposed as critical habitat for the coastal California gnatcatcher.

***Q. What are the results of the draft economic analysis for the San Diego fairy shrimp?***

Total impacts related to the April 2003 San Diego fairy shrimp critical habitat proposal are estimated to be \$54.6 million over the next 20 years, or \$5.2 million annually. Most of this impact - approximately 96 percent - results from vernal pool avoidance measures during private land development, primarily in the cities of San Marcos, and Newport Beach, and unincorporated Orange County. For all other jurisdictions in the proposed designation, two factors eliminated the role of critical habitat in imposing significant costs: (1) avoidance or mitigation of vernal pool impacts already required through pre-existing regulations, and (2) some landowners have made conservation commitments for vernal pool habitat that predate the prior critical habitat designation that was completed in October 2000.

***Q. What framework was used to prepare these economic analyses?***

The draft economic analyses first identified a baseline (world without critical habitat) then estimated the total costs to Federal, State, and local agencies and governments, and private entities related to consultations that would likely be required under section 7 of the Act.

Under the Act, section 7 consultations are required to ensure that a listed species will not be jeopardized by a project and that critical habitat will not be adversely modified. Impacts associated with section 7 consultations include costs related to administration, project modifications, and project delay.

***Q. How do these analyses differ from the ones that accompanied the October 2000 designations of critical habitat for the gnatcatcher and San Diego fairy shrimp?***

There are several differences between these new draft analyses and the ones that were completed for the October 2000 critical habitat designations, as follows:

(1) These analyses comply with the Tenth Circuit Court of Appeals ruling in New Mexico Cattlegrowers Association v. Norton. The Tenth Circuit Court said that economic analyses for critical habitat designations should take into account all impacts associated with the designation of critical habitat, coextensive with other causes. These new draft economic analyses consider the direct costs that result from compliance with section 7 of the Act, such as administrative costs to complete informal and formal consultations with the Service, and project modification costs occurring as a result of these activities.

Section 7 of the Act requires Federal agencies to insure that their actions are not likely to jeopardize the continued existence of any listed species or result in the destruction or adverse modification of its critical habitat. The total economic impacts of \$915.3 million for the gnatcatcher and \$54.6 million for the San Diego fairy shrimp includes costs related to both the jeopardy and adverse modification provisions of the Act;

(2) Unlike the analyses completed in 2000, these new analyses **quantify** the potential economic impacts;

(3) The analyses also evaluate indirect effects of the designation, such as costs of project delays and regulatory uncertainty, and costs associated with changes in implementation of other laws such as the California Environmental Quality Act that would potentially be triggered by the designation of a particular area as critical habitat; and

(4) The new draft analyses also include estimates of potential economic impacts that could occur if areas the Service is proposing to exclude from critical habitat are actually included in a final designation.

These changes are designed to provide the public with a fuller understanding of the range of impacts that could occur as a result of the proposed designation of critical habitat for the coastal California gnatcatcher and San Diego fairy shrimp.

***Q. How does the designation of critical habitat potentially result in economic impacts?***

Section 7 of the Act requires Federal agencies to consult with the Service if an action that is carried out, funded, or permitted by them may affect a federally listed species or its designated

critical habitat.

The purpose of a consultation is to ensure that proposed projects that are being carried out, funded, or authorized by a Federal agency will not jeopardize the continued existence of a listed species or adversely modify its designated critical habitat. Through the consultation process impacts to species or designated critical habitat can be minimized or offset through the development of appropriate conservation measures. Implementation of conservation measures and the process of conducting a consultation itself involve costs to Federal agencies, including the Service, and to project applicants.

***Q. Does critical habitat affect all projects?***

No. Critical habitat only directly affects those projects that have some type of Federal agency involvement. Projects proposed on non-Federal land are not directly affected by the designation of critical habitat, even if a project is proposed in an area designated as critical habitat. The only way that non-Federal land can be directly affected by the designation of critical habitat is if a proposed project is carried out, funded, or authorized by a Federal agency.

***Q. Are all of the economic impacts identified in the draft analysis solely attributable to costs related to consultations to address the adverse modification provisions of the Act?***

No. Due to the similarity in the definitions of ‘jeopardy’ and ‘adverse modification’, the draft analyses for the gnatcatcher and San Diego fairy shrimp do not separate out what proportion of impacts resulting from a section 7 consultation are specifically related to the jeopardy provision or adverse modification provision of the Act. Therefore, it is likely that these analyses overstate impacts specifically associated with the proposed critical habitat designations for the species.

***Q. Where are most of economic impacts related to the coastal California gnatcatcher proposed critical habitat expected to occur?***

Of the total estimated impact of \$915.3 million, about \$460 million in costs would be incurred in Riverside County; this is more than 50 percent of the total impacts identified in the draft analysis.

Much of the land proposed as critical habitat in Riverside County lies within the planning area of the draft Western Riverside Multiple Species Habitat Conservation Plan (MSHCP). Significant progress has been made in the development of this plan and it is nearing completion.

In accordance with other recent proposed and final critical habitat rules, the Service is considering excluding those lands within the boundary of the draft MSHCP from the final critical habitat designation. If these areas are ultimately excluded from critical habitat the total economic costs would decrease to about \$455 million over the next 23 years.

***Q. How can I comment on the draft economic analyses and proposed critical habitat rules for these species?***

The Service is providing several ways for the public to comment on the draft economic analyses and proposed rules. Written comments and materials can be submitted to the Field Supervisor, Carlsbad Fish and Wildlife Office, 6010 Hidden Valley Road, Carlsbad, California 92009.

Comments and information can also be submitted to the Service by electronic mail (e-mail). If you want to submit comments on the San Diego fairy shrimp by e-mail, please send them to

**fw1sdfs@r1.fws.gov**. E-mail comments on the coastal California gnatcatcher proposed rule, draft economic analysis and proposed listing of a distinct population segment can be sent to **fw1cfwocagn@r1.fws.gov**.

Any comments sent by e-mail should be sent in ASCII file format and we request that you avoid the use of special characters or encryption. Please write 'RIN 1018-AI72' in the subject line of your e-mail message and include your name and address in the body of your message. If the Service's Internet is not functioning, please submit your comments using the alternate methods described above.

Public hearings are also scheduled to allow for oral comments on the proposed economic analyses and proposed critical habitat rules for the gnatcatcher and San Diego fairy shrimp. Public hearings will take place on April 29, 2004, at the Carlsbad Fish and Wildlife Office, 6010 Hidden Valley Road, Carlsbad, California. Hearings are scheduled from 1:00 pm to 3:00 pm and from 6:00 pm to 8:00 pm.

Anyone wishing to make an oral statement for the record is encouraged to provide a written copy of their statement and present it to the Service at the hearing. In the event there is a large attendance, the time allotted for oral statements may be limited. Oral and written statements receive equal consideration. There are no limits on the length of written comments submitted to the Service. If you have any questions concerning the public hearing, please contact the Carlsbad Fish and Wildlife Office at the address listed above.

For further information, please call or write to us:

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