

FOUNTAIN CREEK MITIGATION BANK PROSPECTUS



Prepared By: **SCP CONSERVATION, LLC**

ALR APPLIED LAND
RESTORATION

June 17th, 2018

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INTRODUCTION

SCP Conservation, LLC (SCP) submits this Prospectus as Sponsor for the Fountain Creek Mitigation Bank (Bank or Project). This Project will provide wetland mitigation pursuant to 33 CFR 332.8(a)(1). The Prospectus is submitted as complete and intends to provide information in sufficient detail to support informed public comment and review by the Interagency Review Team (IRT). Consequently, with respect to the U.S. Army Corps of Engineers' Bank Approval Timeline (Timeline)(Appendix A), SCP is not requesting the optional Phase 1 Preliminary Prospectus Review and instead seeks Corps determination that this Prospectus is complete such that it may then begin the Phase II approval process as set forth in the Timeline. Subsequent to adequate public comment, Sponsor responses, and IRT evaluation, SCP requests that the IRT issue an initial evaluation letter finding that the proposed Bank has the potential to provide appropriate compensatory mitigation for unavoidable impacts authorized under Section 404 of the Clean Water Act (16 U.S.C. § 1531 *et seq.*) This Prospectus is intended to provide the basis for the development of the Mitigation Banking Instrument (MBI).

Located in rural El Paso County, Fountain Creek is recognized as an important greenway corridor connecting the growing communities of Colorado Springs to the north and Pueblo Springs to the south. The 80 acre Bank property (Bank Site) lies in the lower portion of Fountain watershed (HUC 11020003), near the Pueblo County border, and will be developed as compensatory mitigation for unavoidable impacts authorized under Section 404 of the Clean Water Act. The Bank Site is located in Section 36, Township 17S, Range 65W, approximately 10 miles south of the town of Fountain (Figure 1). As discussed in Sections 2.1 below, sufficient stream flows and hydrology exist to support the establishment and long-term sustainability of the Bank.

The Project will restore, enhance, and protect approximately 80 acres of freshwater emergent wetlands and associated riparian buffers under the guidance of the Compensatory Mitigation for Losses of Aquatic Resources, Final Rule. Regulation 40 CFR Part 230 (USACE & USEPA 2008). IRT participation, led by the Albuquerque District- Southern Colorado Branch Office, U.S. Army Corps of Engineers (ABQ) will include: the U.S. Fish and Wildlife Service, Region VI (FWS); the U.S. Environmental Protection Agency, Region VIII (EPA); the Colorado Division of Water Resources (DWR); Department of Public Health and the Environment (CDPHE); Colorado Parks and Wildlife (CPW); the Colorado Water Conservation Board (CWCB); and the Colorado Natural Heritage Program (CNHP).

1.0 PROJECT OBJECTIVES

The primary goal of the Project is to develop a wetland mitigation bank in the Fountain Creek watershed in association with the granting of Department of Army permits through restoration, enhancement, and preservation of wetlands and associated buffers along Fountain Creek. The Bank Site was selected from a broad array of potential properties using rigorous screening tools developed by the Sponsor. Highlights of the Bank Site's desirability as a mitigation property are: its protection, preservation, and restoration opportunities; sufficient hydrology; the property's proximity to an existing protected areas; the need for wetland mitigation credits in the area, and the prioritization of Fountain watershed by the El Paso and Pueblo County governments. The primary project goal will be accomplished through adherence to the following objectives:

- Permanently protect and restore a prioritized section of the Fountain Creek Greenway Corridor;
- Remove and reduce invasive species populations within the wetland area and restore native plant communities;
- Permanently remove cattle from the entire Bank Site;
- Permanently protect, monitor, and manage the resulting high quality wetland and riparian habitat in perpetuity through an appropriately restrictive conservation easement and adequately funded long-term management and monitoring endowment.

Table 1: Summary information for the proposed Bank

BACKGROUND INFORMATION		
Project Name	Fountain Creek Mitigation Bank	
Project Sponsors	SCP Conservation, LLC	
Project Land Owner	Colorado State Land Board	
Site Location	Section 36, Township 17S, Range 65W	
Counties within the watershed	El Paso, Pueblo, Teller	
HGM Classification	Riverine	
Ecoregion	(L4) Piedmont Plains and Tablelands	
	(L3) Southwestern Tablelands	
	(L2) South Central Semi-Arid Prairie	
6-digit HUC	Upper Arkansas	110200
8-digit HUC	Fountain	11020003
12-digit HUC	Pinon - Fountain Creek	110200030406
Proposed Primary Service Area	Fountain Creek	11020003
	Chico	11020004
	Upper Arkansas*	11020002 *Only the portion of the HUC within the (L2) South Central Semi-Arid Prairie ecoregion
Protection Mechanism	Conservation easement	
Monitoring Frequency	Annually	
Anticipated Date of Final Monitoring	2023	
Size of Project Area	~80 acres	
CNHP Species of Concern	Arkansas darter (<i>Etheostema cragini</i>)	
Wetland area	77.5-acres of existing, enhancement, and restoration areas	
Stream Length	2400 LF	

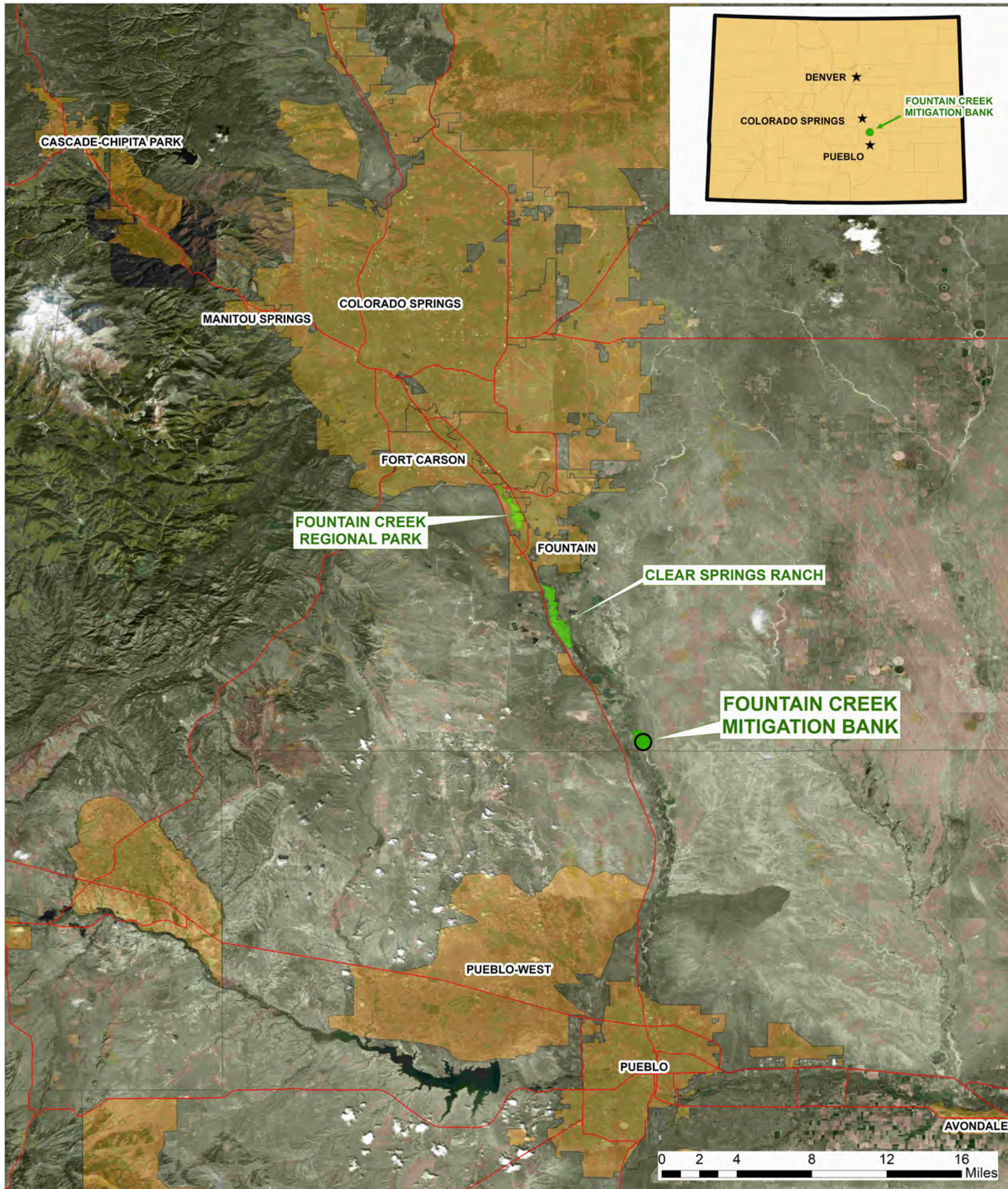


FIGURE 1

**Fountain Creek Mitigation Bank
Vicinity Map**

 Metropolitan Areas



2.0 ECOLOGICAL SUITABILITY OF THE SITE

Situated between the continuous network of suburban and urban communities of Colorado Springs and Pueblo, the Fountain Creek Mitigation Bank will serve as an important refuge to area wildlife and provide support for global and state ranked species (Tables 2 & 3). Additionally, the location will provide added connectivity to two El Paso County Parks featuring Fountain Creek, Clear Spring Ranch Park and Fountain Creek Regional Park (Figure 1). Clear Spring Ranch Park is located six miles upstream from the proposed Bank. This 970-acre park highlights wetlands and riparian habitat along Fountain Creek within the foothills/grasslands ecoregion of the Front Range. Marsh wren, yellow-breasted chat, blue grosbeak, red-headed and Lewis's woodpeckers are found onsite, including a host of eastern migrant species. Clear Spring Ranch Park is also home to a variety of wildlife species such as fox, squirrel, white-tailed and mule deer, muskrat and beaver (Colorado Birding Trail 2017). Twelve miles upstream from the Bank is the Fountain Creek Regional Park (FCRP). This park contains 390-acres of wetlands, floodplains, open space, and trails. With a focus on education, this unique park provides resident and migrant bird species wetland habitat with over 250 bird species documented, including a Great Blue Heron rookery of over 50 pair. The National Audubon Society has designated the FCRP as an Important Bird Area (IBA) of Colorado (FCRP 2016).

The Lower Fountain Creek sub-watershed contains 3,069 acres of wetlands, 77.5 acres of which are contained in the Bank (USACE 2009). With only 2% of Colorado listed as wetlands, CNHP states that:

“wetlands and riparian areas are the most significant habitats in the state for Colorado's at-risk animals.....Wetlands and other aquatic habitats, grasslands, shrublands, and barren landscapes are high priority habitats for immediate conservation attention, including protection, restoration, and management” (Rondeau 2011).

Table 2: List of global and state ranked species within the Bank

Birds			
State Common Name	State Scientific Name	Global Rank	State Rank
Mountain Plover	<i>Charadrius montanus</i>	G3	S2B
Mammals			
Black-tailed prairie dog	<i>Cynomys ludovicianus</i>	G4	S3
Swift fox	<i>Vulpes velox</i>	G3	S3
Insects			
Rhesus skipper	<i>Polites rhesus</i>	G4	S2S3
Simius Roadside Skipper	<i>Notamblyscirtes simius</i>	G4	S2
Plants/ Plant Communities			
Shortgrass prairie	<i>Opuntia imbricata ruderal shrubland</i>	GNA	S1
Gold blazing star	<i>Mentzelia chrysantha</i>	G2	S2
Fish			
Arkansas Darter	<i>Etheostoma cragini</i>	G3G4	S2

Table 3: Species inventoried within the Bank Site by the CPW Species Activity Mapping (SAM) project (CPW 2017).

Common Name	Scientific Name
Bald Eagle	<i>Haliaeetus leucocephalus</i>
Brazilian Free-tailed Bat	<i>Tadarida brasiliensis</i>
Canada Geese	<i>Branta canadensis</i>
Great Blue Heron	<i>Ardea herodias</i>
Mountain Lion	<i>Puma concolor</i>
Mule Deer	<i>Odocoileus hemionus</i>
Preble's Meadow Jumping Mouse	<i>Zapus hudsonius preblei</i>
Pronghorn	<i>Antilocapra americana</i>
Scaled Quail	<i>Callipepla squamata</i>
White-tailed Deer	<i>Odocoileus virginianus</i>
Wild Turkey	<i>Meleagris gallopavo</i>
Reptiles	
Bullsnake	<i>Pituophis catenifer sayi</i>
Common Lesser Earless Lizard	<i>Holbrookia maculata</i>
Great Plains Ratsnake	<i>Elaphe emoryi</i>
Hernandez's Short-horned Lizard	<i>Phrynosoma hernandesi</i>
Milksnake	<i>Lampropeltis triangulum</i>
North American Racer	<i>Coluber constrictor</i>
Ornate Box Turtle	<i>Terrapene ornata ornata</i>
Painted Turtle	<i>Chrysemys picta</i>
Plains Gartersnake	<i>Thamnophis radix</i>
Plains Hog-nosed Snake	<i>Heterodon nasicus nasicus</i>
Prairie Lizard & Plateau Fence Lizard	<i>Sceloporus undulatus</i>
Prairie Rattlesnake & Western Rattlesnake	<i>Crotalus viridis</i>
Six-lined Racerunner	<i>Aspidozelis sexlineata</i>
Smooth Greensnake	<i>Opheodrys vernalis</i>
Snapping Turtle	<i>Chelydra serpentina</i>
Terrestrial Rattlesnake	<i>Thamnophis elegans</i>

2.1 Sufficient Water Rights

The Bank's restoration efforts will focus on cattle removal and restoring Fountain Creek's riparian buffers and wetland communities (4.3.1). Removal of the invasive water consumptive plants such as Tamarisk (*Tamarix* sp.) and Russian olive (*Elaeagnus angustifolia*) will help improve water availability, as will the removal of cattle from the property. Native plantings used in the Bank's restoration plan will be selected as to not require irrigation. Consequently, the Bank's restoration plans will not involve an increase in consumptive water use and, in fact, should decrease water consumption, thereby improving site hydrology while also providing an added margin of water assurance should Fountain Creek water flows be reduced through exogenous factors. The Sponsor looks forward to working with the IRT and the Pueblo USACE Office to provide any additional assurances required as to sufficient hydrology for the Bank plan.

2.2 Baseline Documentation

Ecoregion

The Bank sits within the Great Plains, South Central Semi-Arid Prairies; Piedmont Plains and Table Lands ecoregion (Chapman et.al 2006), approximately 23 miles south of Colorado Springs (Figure 2). This ecoregion is characterized by irregular and dissected plains of silty soils and a loess veneer, with several intermittent and few large perennial streams. The native plant species of the shortgrass prairie consists of buffalo grass (*Bouteloua dactyloides*), blue grama (*Bouteloua gracilis*), sideoats grama (*Bouteloua curtipendula*), sand dropseed (*porobolus cryptandrus*), and western wheatgrass (*Pascopyrum smithii* (Rydb.) A. Love). The smooth and level nature of the landscape lends the majority of the area to dryland farming and ranching, with areas of irrigated cropland throughout.

Hydrology

Fountain Creek flows north to south along the eastern border of the central Front Range. The Fountain Creek watershed is defined by Pikes Peak to the west, the Palmer Divide to the north, and a small divide to the east. The stream enters the Bank from the north and flows approximately 2,400 LF before reaching the property boundary to the south. At this point Fountain Creek drains 788 mi² of the 927mi² watershed which eventually meets the Arkansas River near Pueblo. Primary tributaries include Monument Creek, Sand Creek, Jimmy Camp Creek, and Little Fountain Creek (Figure 3). Fountain Creek is subject to drastic flow conditions ranging from 7.07 ft³/sec during drought conditions (Kohn et. al 2015) to damaging flood events with flow rates of over 71,300 ft³/sec (FEMA 2009) The 2-year peak flood rate is around 2,190 ft³/s (Kohn et.al 2015). Annual precipitation averages 19.67 inches with the majority falling between April and October. Over 35% of the drainage area is covered by grasslands with 32% forested and 19% urban. 2.3% of the contributing watershed is designated as wetland (NLCD 2011). This region is highly susceptible to flooding due to the increased urbanization upstream (EPCP 2016). Two FEMA floodzones are mapped within the site (Figure 4, Table 3).

Table 3: List of FEMA designated floodzones within the Bank

Floodzone	Acreage	Subtype	Definition
AE	78	Floodway	The base floodplain where base flood elevations are provided. AE Zones are now used on new format FIRMs instead of A1 A30 Zones.
AE	2		

Geology/Topography

In this area, most of the Fountain Creek corridor is a terraced floodplain, relatively flat, with elevations around 5180 MSL (Figure 5). Surficial geology along the floodway is Holocene to Pleistocene alluvial sands, silts, and clay. At the Bank site, Fountain Creek is wide (~ 100 LF), with a floodplain width between 1,000 LF and 1,800 LF.

Soils

There are two soil types within the Bank site, both of which occur in the floodplain. Ellicot loamy coarse sand, 0 to 5 percent slopes, makes up 81% of the Bank. This series contains loamy coarse sand derived from sandy alluvium with hydric inclusions of depressional swales. The Manzanola silty clay loam, saline, 0 to 2 percent slopes, comprises 6.5 percent of the site along

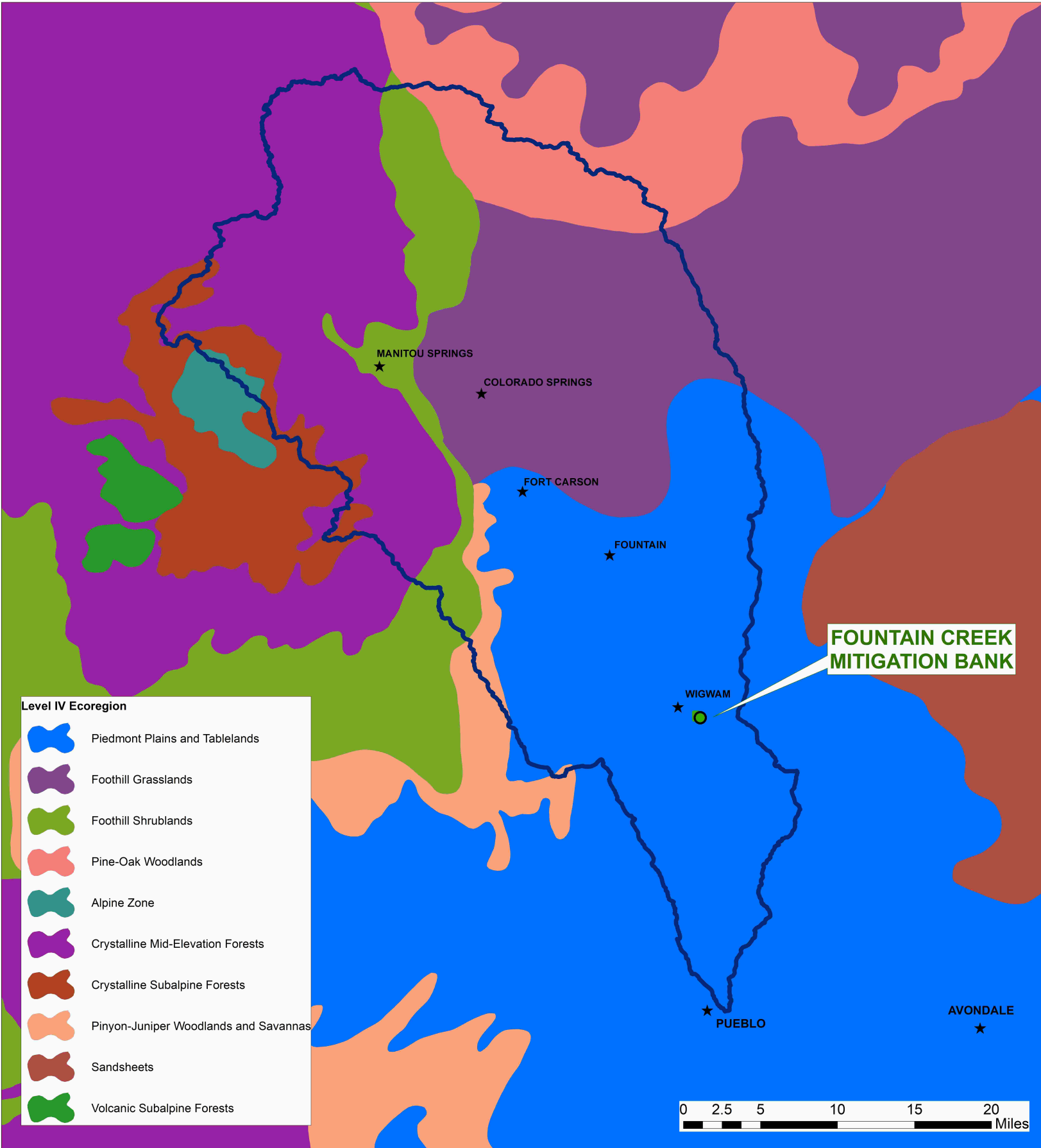
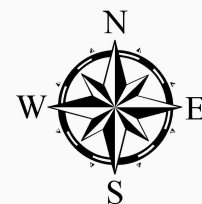


FIGURE 2

Level 4 Ecoregions

U.S. Environmental Protection Agency. 2011. Level III and IV ecoregions of the continental United States. U.S. EPA, National Health and Environmental Effects Research Laboratory. Corvallis, Oregon.
Map Scale 1:3,000,000
http://www.epa.gov/wed/pages/ecoregions/level_iii_iv.htm

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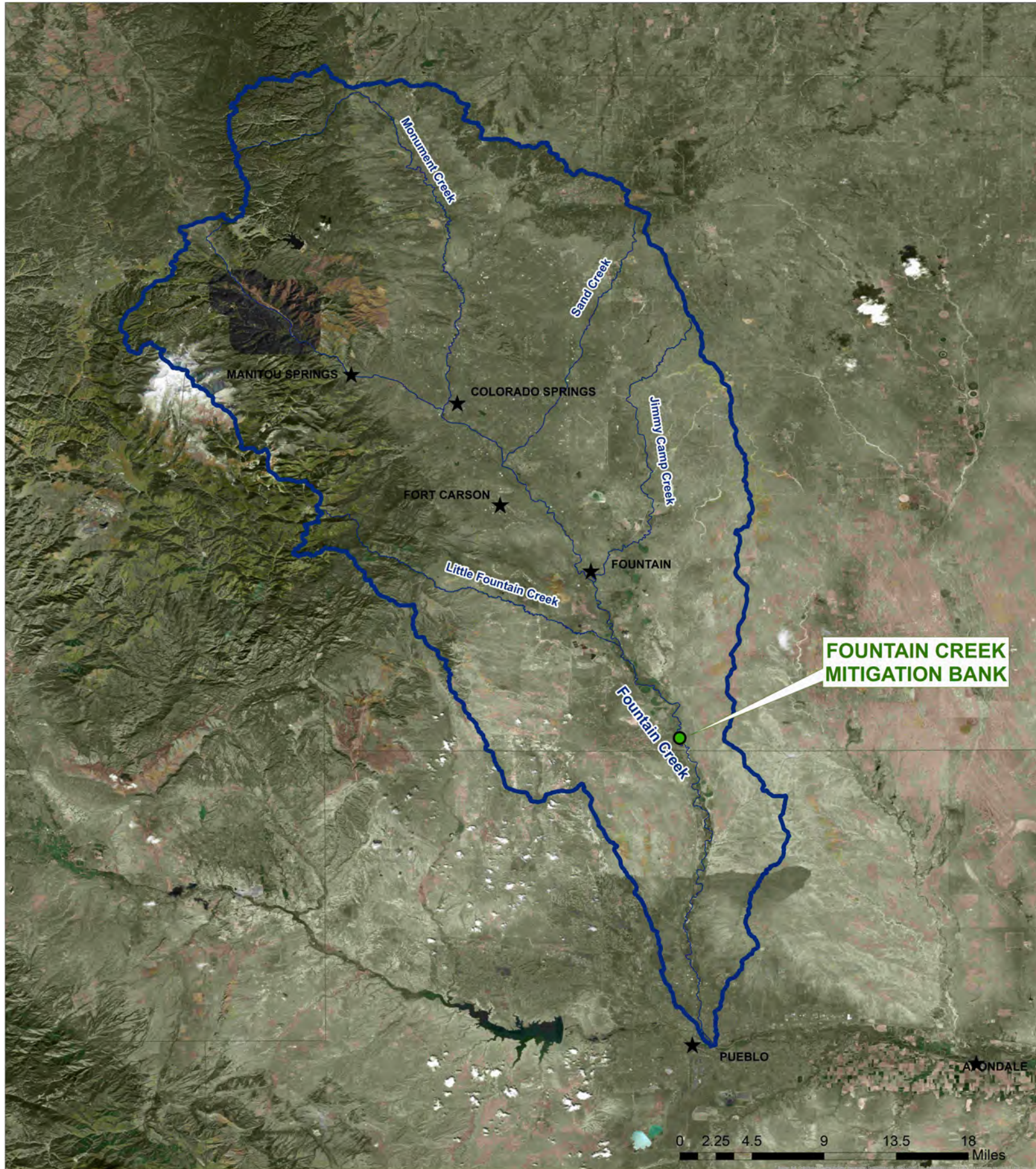


FIGURE 3

Fountain Creek Watershed

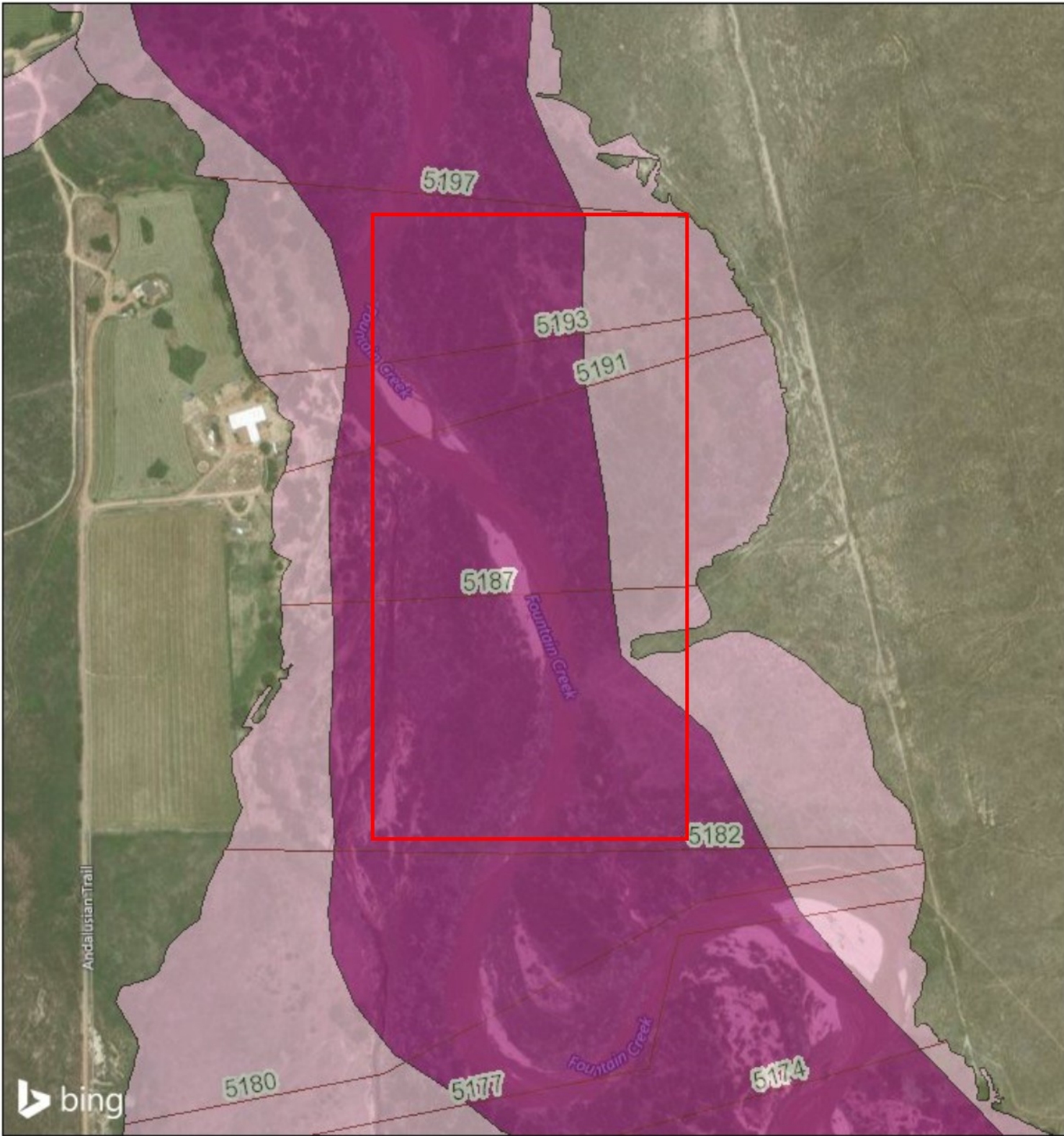
U.S. Geological Survey, 2013, National Hydrography Geodatabase:
The National Map viewer available on the World Wide Web
(<https://viewer.nationalmap.gov/viewer/nhd.html?p=nhd>), accessed 02/15/2018



Fountain HUC 8 11020003



Figure 4: Fountain Creek Mitigation Bank 100-yr Floodplain



April 21, 2018

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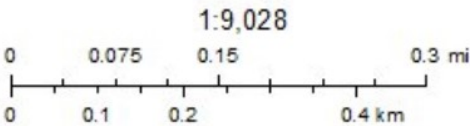
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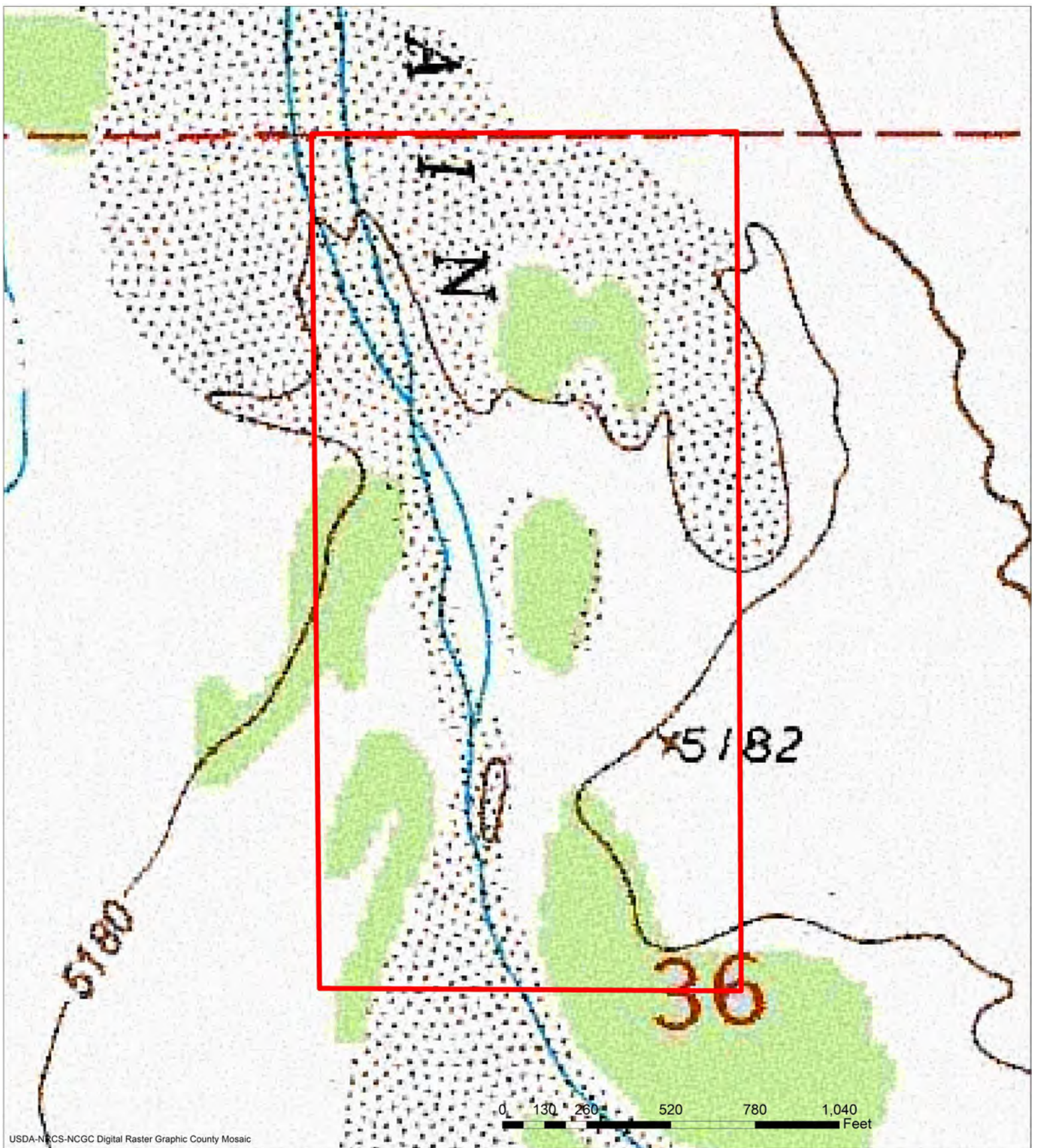


FIGURE 5

**Fountain Creek Mitigation Bank
Topographic Map**

 Fountain Creek SLB boundary



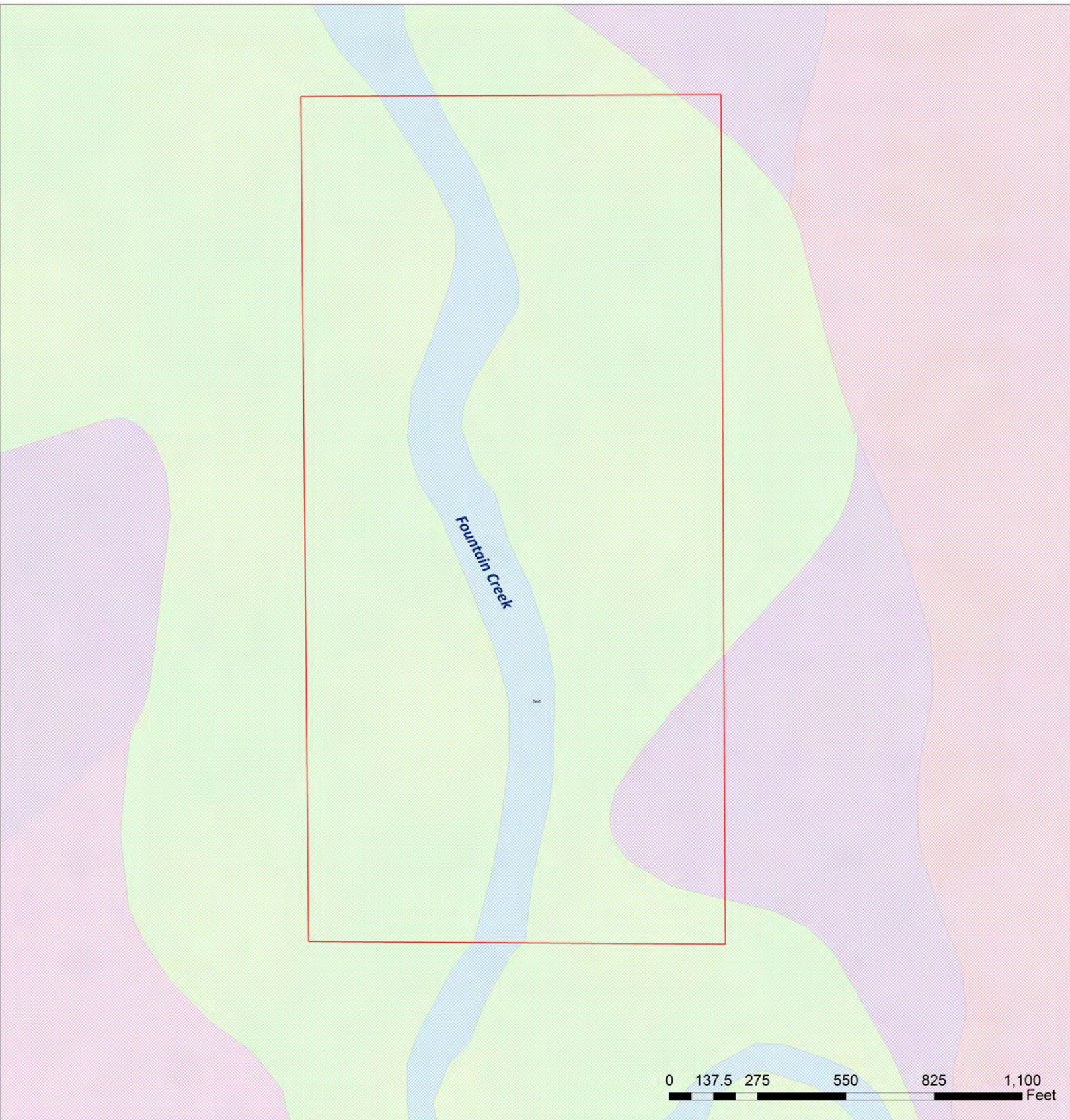


FIGURE 6

**Fountain Creek Mitigation Bank
Soils Map**

-  Ellicot loamy coarse sand 0 to 5 percent slopes
-  Manzanola silty clay loam, saline, 0 to 2 percent slopes
-  Water
-  Blendon sandy loam 0-3 percent slopes
-  Kim loam 1 to 8 percent slopes



the eastern floodplain. Available water storage in profile is very high in these alluvial soils derived from shale. The Fountain Creek streambed occupies 12.5 percent of the site (Figure 6).

2.3 Watershed Approach

The greatest part of Fountain watershed lies within El Paso County with small headwater portions in southern Douglas and eastern Teller counties. A heightened focus on the Fountain Creek watershed over the past decade has manifested in numerous studies, assessments, and planning efforts. Fountain Creek has been heavily impacted over the years due to urbanization, extensive wildfires, and the resultant flooding, erosion and sedimentation. The flooding and erosion have “accelerated the loss of aquatic and wetland habitats, contributed to the loss of hundreds of acres of productive farmland, and caused the foundations of roads and homes to crumble” (FCFGD 2016). These factors prompted several agencies, known as the Pike’s Peak Area Council of Governments (PPACG) and local citizen groups, to collaborate on solutions to address the negative changes in the Fountain Creek watershed. During the course of researching these watershed concerns, two primary groups emerged: Fountain Creek Watershed Technical Advisory Committee (TAC) and The Fountain Creek Vision Task Force. The TAC was formed in 1999 following a flood that brought renewed attention to the watershed and the Fountain Creek Vision Task Force was established in 2006 with a mission to:

“.....turn the Fountain Creek watershed into a regional asset that adds value to our communities. We are working to create a healthy waterway with appropriate erosion, sedimentation, and flooding that supports diverse economic, environmental, and recreational interests. We will cooperate to enhance and protect Fountain Creek, promoting sustainable use by members of our watershed community and by the visitors we know this wonderful natural amenity will attract.” (USACE 2009)

Both of these groups participated in a comprehensive 5-year watershed study and the development of an integrated watershed management plan for Fountain Creek. The initial plan was completed in 2009 with a revision completed in 2013 (USACE 2009, & 2013). The 100-year floodplain of Fountain Creek contained within the Bank site has been identified both as a greenway corridor and a “high impact corridor”. Recommendations for this stretch of the greenway is restoration, mitigation, and protection (FCTF 2008). In addition, USACE identified this section of Fountain Creek for “ecosystem restoration” in a 2007 watershed planning efforts (USACE 2007).

Fountain Creek Watershed Flood Control and Greenway District (District) was established in 2009 through a legislative act (Senate Bill 09-141). “The Fountain Creek Watershed, Flood Control and Greenway District was established to manage, administer and fund the capital improvements necessary in the Fountain Creek Watershed and the Fountain Creek Watershed Management Area. Specifically, the District was formed to:

- prevent and mitigate flooding, sedimentation and erosion;
- improve water quality and otherwise address water quality and water quantity issues;
- improve drainage;
- fund the acquisition and protection of open space;
- develop public recreational opportunities, including park, trails and open space; and

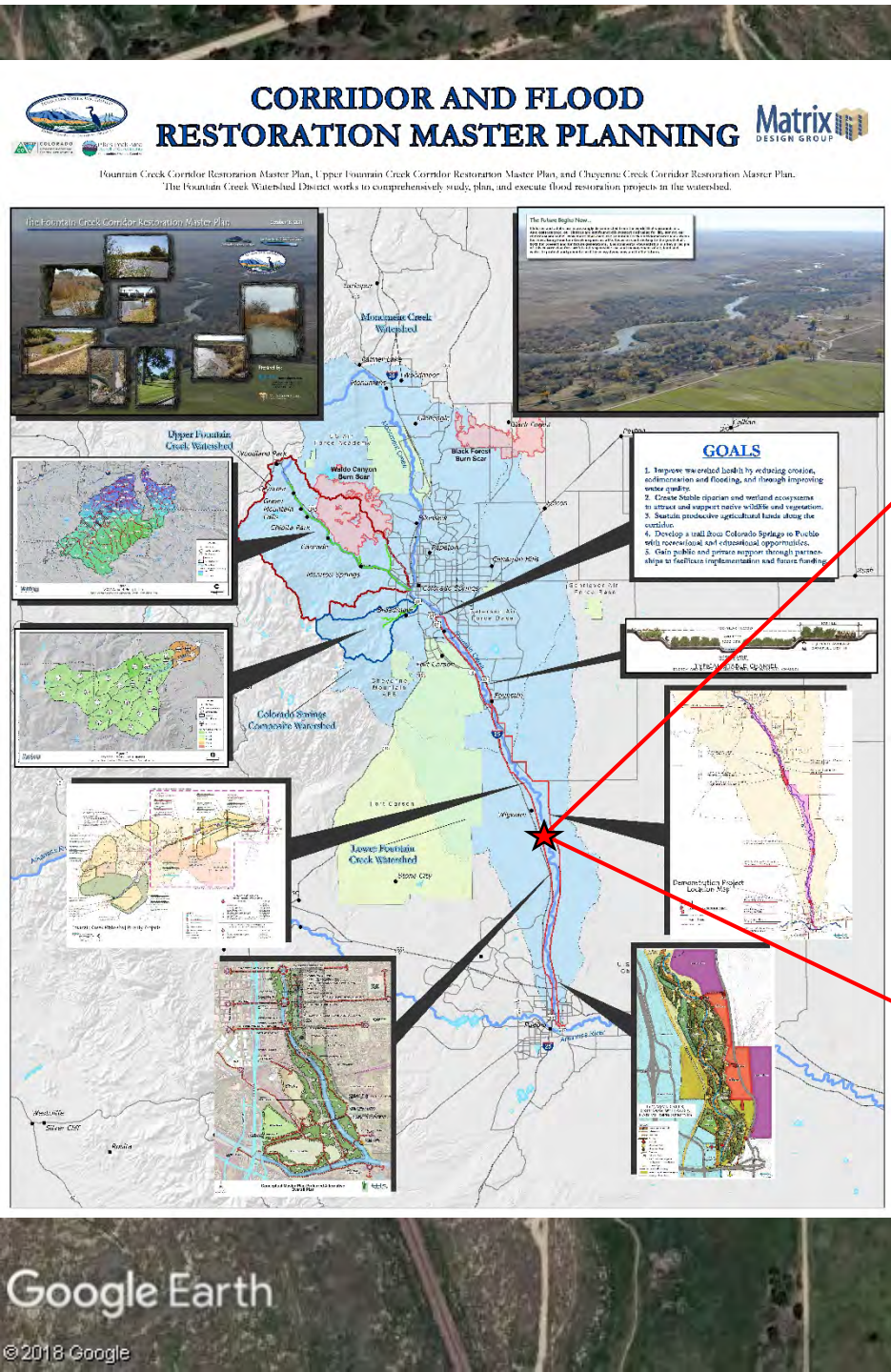
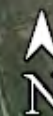


Figure 7

Fountain Creek Mitigation Bank location within the Fountain Creek Watershed Flood Control and Greenway District Master Plan



1000 ft

- improve wildlife and aquatic habitat and restore, enhance, establish, and preserve wetlands.” (FCFGD 2011)

A watershed management plan was developed in 2011 as a tool to inform and guide this newly formed District. Named the Fountain Creek Corridor Restoration Master Plan (Master Plan), it focuses on conservation and restoration strategies within the Fountain Creek Greenway Corridor, defined as a 46-mile stretch of river between Colorado Springs and the confluence with the Arkansas River. The District produced a Watershed Plan Map providing a summary of former and planned watershed activities (Figure 7). The goals and objectives of the Fountain Creek Mitigation Bank are congruent with those identified in the Master Plan.

3.0 BANK ESTABLISHMENT

3.1 Site Protection Instrument

The Colorado State Land Board owns the Bank site in fee simple, including mineral rights and, absent the Bank’s proposed site protection instrument, would be free to continue to lease the land for cattle grazing and agriculture uses or pursue more intense development of the property (the most likely being sand/gravel mining or commercial/residential development). The property is currently zoned RR-5, Rural Residential (5-acres). If approved, the Bank mitigation property will be placed under a permanent conservation easement in favor of a certified land trust acceptable to the IRT. The conservation easement will be recorded in the El Paso County deed records and will not only prohibit cattle grazing and commercial development but also restrict any site activities and disturbance that do not support the functional objectives of the Project. The site will be monitored annually by the land trust to ensure that these easement restrictions are followed. The conservation easement will include the USACE’s rights to enforce the easement and the right to comment on any modifications that could occur at the Bank.

3.2 Determination of Credits

The Sponsor will follow the guidelines set forth in the *Regulatory Program Standard Operating Procedure for Determination of Mitigation Ratios 12501-SPD* (USACE 2017). Functional credit determination will be outlined in detail in the Bank Development Plan using an ABQ District approved functional assessment methodology. This methodology will evaluate existing and potential wetland conditions and allow for the determination of credit types and mitigation ratios.

3.3 Mitigation Work Plan

Once all baseline data are obtained and analyzed, a comprehensive mitigation work plan will be created using guidance from the Fountain Creek Watershed Flood Control and Greenway District Design Manual (District 2017). All implementation efforts will be coordinated with the approval of the District. This includes the formal wetland delineation, vegetative assessment / invasive species inventory and restoration plan development. The entire 80-acre parcel is located within the alluvial plain of Fountain Creek and will be the target of all restoration and protection. This alluvial plain contains the majority of hydric soils, the FEMA 100-year floodplain, and the National Wetland Inventory (NWI) wetlands and streams (Figure 8). Upland buffers will extend up to 750 LF outside the restored wetland area where possible within the property boundary.

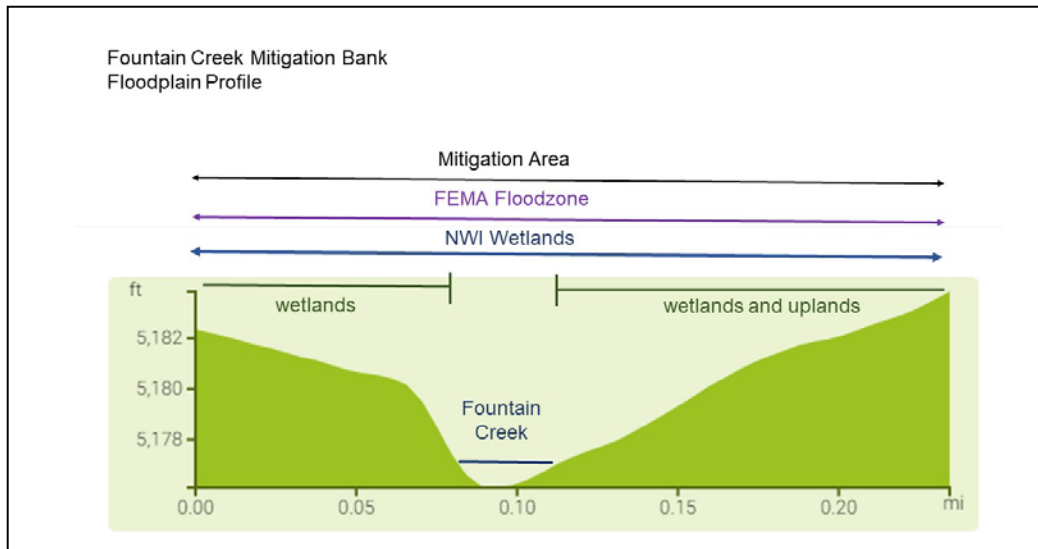


Figure 8: Fountain Creek floodplain illustrating the proposed mitigation area and upland buffers

All of the restoration activities will be performed during the dry season and in consideration of wildlife habitat requirements. Once the existing plant community is determined through a baseline survey and wetland delineation, and the extent and density of noxious weeds is identified, a comprehensive restoration plan will be developed to adjust the floral composition accordingly. The riparian buffers of the project area will be re-vegetated in a succession of native trees, shrubs, grasses, and forbs designed to represent the natural system.

Table 4: Timeline of mitigation activity for the proposed Bank

Mitigation Activity	Timeframe
Initial site survey and planning	
Baseline documentation	
Wetland Delineation	
Design	2018-2019
Conservation easement	
Permitting	
Restoration activity	Summer/Fall 2019
Riparian buffer planting	Winter 2019/2020
Monitoring Year 1	May-September 2020
Monitoring Year 2	May-September 2021
Monitoring Year 3	May-September 2022
Monitoring Year 4	May-September 2023
Monitoring Year 5	May-September 2024

3.3.1 Fountain Creek Greenway Corridor

Initial site investigations reveal the opportunity for wetland restoration and protection along the floodplain corridor of Fountain Creek. Fountain Creek flows south approximately 2,400 LF, bisecting the Bank into two extensive riparian areas. The eastern half, being slightly higher in

elevation, is the primary location for cattle grazing, although cattle have access to the entire site. Cessation of cattle grazing will improve the overall condition of the floodplain zone and allow for the native plant species to reestablish. The western floodplain is more heavily impacted by historic flood events where Fountain Creek migrates within the floodplain leaving large sediment deposits, debris racks, and trash. Especially notable is a large amount of trash caught in a pile of dammed logs in Fountain Creek near the southern boundary of the Bank (Photos A-5 & A-6). The floodplain also contains established galleries of cottonwoods and willows interspersed with mild noxious weed infestations. Of note is the absence of sapling populations. The following herbaceous species were found onsite, Mare's tail (*Conyza canadensis*), sunflower (*Helianthus annuus*), and various mustards (*Brassicaceae* family). Some of the wetland areas within the wetland floodplain were dominated by cattails (*Typha sp.*) and horsetail (*Equisetum sp.*).

3.3.2 Invasive Species

Mullein (*Verbascum thapsus*) is found throughout property, along with light patches of knapweed, cocklebur, and Canada thistle. Heavy infestations of kochia (*Bassia scoparia*) are found on the western edge of the property boundary. Furthermore, small clumps of common reed (*Phragmites australis*) are present along the right descending bank of Fountain Creek. By far, the Bank site's primary invasive species of concern are Tamarisk, and to a lesser extent, Russian olive.

Table 5: List of invasive species found on site February, 2018

Common Name	Scientific Name
Canada thistle	<i>Cirsium arvense</i>
Kochia	<i>Kochia scoparia</i>
Common reed	<i>Phragmites australis</i>
Cocklebur	<i>Xanthium strumarium</i>
Knapweed	<i>Centaurea stoebe</i>
Russian Olive	<i>Elaeagnus angustifolia</i>
Tamarisk	<i>Tamarix ramosissima</i>

In 2007 the Southeastern Colorado Water Conservancy District, along with several federal, state, and local agencies, took action to assess and develop a plan for invasive plant populations in the riparian corridors of the Arkansas River Basin. These efforts resulted in the development of the Arkansas River Watershed Invasive Plants Plan (ARKWIPP 2008), a comprehensive plan to address non-native species, specifically Tamarisk (*Tamarix sp.*) and Russian olive (*Elaeagnus angustifolia*). Of the 22 miles assessed along Fountain Creek (including the Bank property), approximately 2,000 acres were infested with Tamarisk, with a predicted water-loss of 5,309 acre-feet/year.

The main concern with both Tamarisk and Russian olive is that they “out compete the native vegetation and impacts natural plant succession, nutrient cycling and taxes water reserves” (ARKWIPP 2009). Removal and control methods will be based on the vegetation assessment and degree of infestation. Methods range from mechanical extraction using heavy equipment to

manual removal and occasionally biological. Most successful eradication involves a combination of vegetative cutting followed by an application of an environmentally approved herbicide, with preference for stump application (FCFGD 2011). For both species it is recommended that remediation efforts include the following five elements:

- 1) Control
- 2) Biomass Reduction
- 3) Revegetation
- 4) Monitoring
- 5) Long-Term Maintenance

The Sponsor will work with the Fountain Creek Watershed Floodway Corridor and Greenway coalition in the development of the eradication plan.

3.3.3 Wetlands

Three types of USFWS National Wetland Inventory (NWI) wetlands, totaling 77.5 acres, exist within the Bank: shrub-scrub, forested shrub-scrub, and riverine (Figure 9, Table 5). Galleries of cottonwoods exist within the Fountain Creek floodplain; however, understory species are absent due to grazing and flood scour. The riparian area is extensive, and there is evidence of relatively recent flood events- there is a large buildup of woody debris. A large amount of woody vegetation exists (willows, cottonwoods) interspersed with mild noxious weed infestations. We did not note a high abundance of saplings. A formal wetland delineation and evaluation will be conducted during the growing season of 2018. Existing wetland and enhancement/restoration areas will be identified and evaluated in order to determine jurisdictional status and to develop the restoration plan.

Table 6: List of NWI wetland types and acreage within the Bank site

Code	Wetland Type	Flood Frequency	Acreage
PSSA	Palustrine Scrub Shrub	Temporary Flooded	3.5
PFO/SSA	Palustrine Forested Scrub Shrub	Temporary Flooded	53
R4SBC	Riverine Intermittent Streambed	Seasonally Flooded	21
TOTAL Wetland Acreage			77.5

A concentrated effort will be placed on riparian plantings to restore the historic presence of dense willows and cottonwoods and a thick understory of native grasses and forbs that were reduced or removed by intense grazing practices. These plantings will not require irrigation. A management plan based on recommendations will be developed to control the non-native species and reestablish the floodplain with an optimized mix of native trees, shrubs, and grasses. This will also include the exclusion of cattle from active grazing.

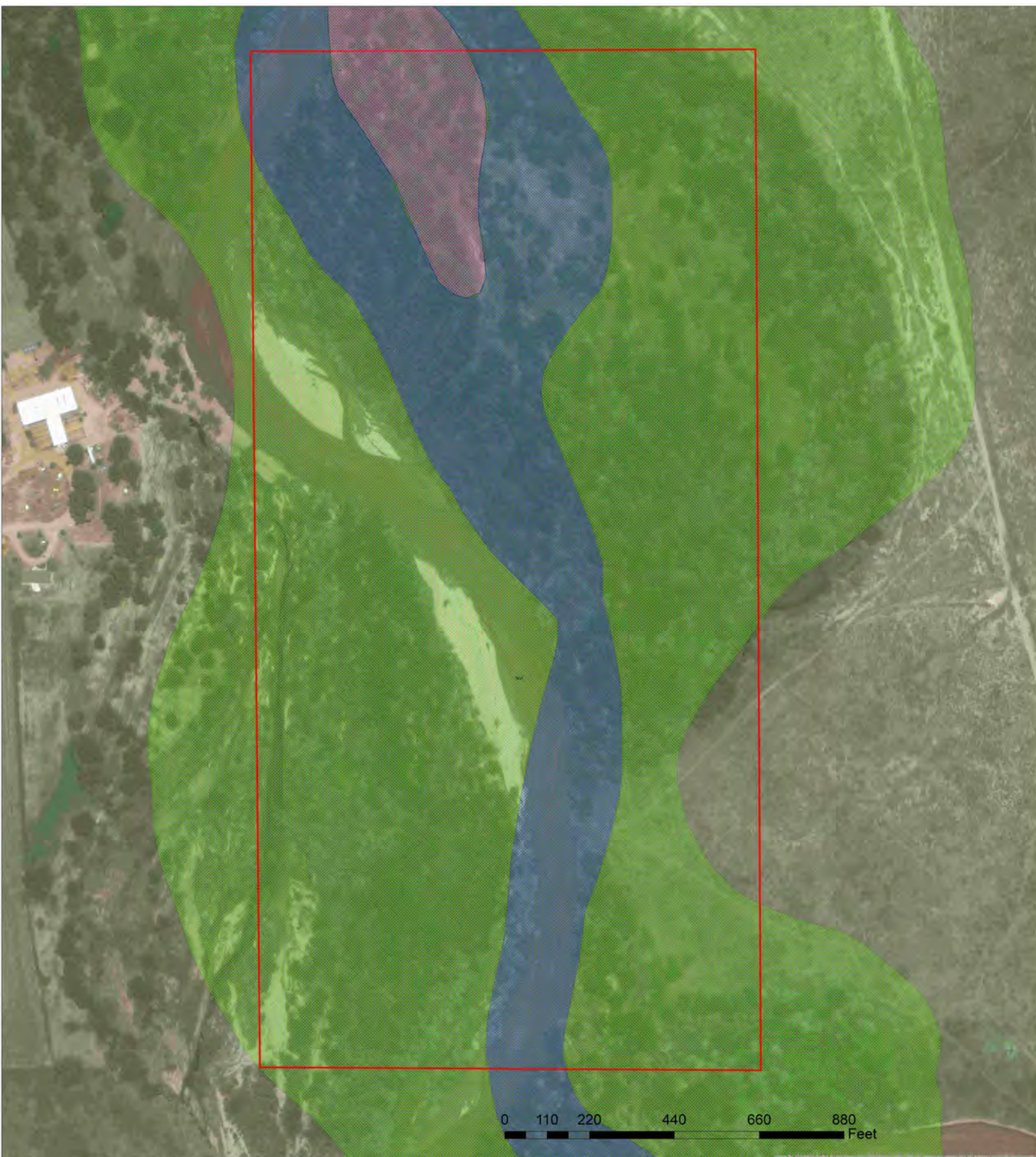


FIGURE 9

**Fountain Creek Mitigation Bank
NWI Wetland Classification**

-  PSSA_Wetland
-  Freshwater Forested/Shrub Wetland
-  Riverine



4.0 PROPOSED SERVICE AREA

The proposed primary service area for the Bank is the entire Fountain watershed (11020003). The secondary service area is the adjacent 8-digit HUCs of Chico (11020004) and Upper Arkansas (11020002) within the L2-South Central Semi-Arid Prairie ecoregion. The proposed tertiary service area includes the remaining HUC-8 watersheds within the Upper Arkansas Basin (110200) (Figure 10).

5.0 GENERAL NEED FOR THE BANK AND TECHNICAL FEASIBILITY

5.1 General Need for the Bank

Fountain watershed is experiencing an unprecedented population growth rate. The recent release from the US Census reveals that the population of El Paso County was the fastest growing county in the state in 2017 (Lotus 2018), increasing its population by 12,526 to 699,232 residents. It is forecasted that El Paso County's population will surpass that of Denver County by 2020, and by 2050, its population will reach 1,076,000 people (Riley 2018). According to the Denver Post, "El Paso County, home to Colorado Springs, will gain 410,163 residents, a 58.6 percent increase that pushes its share of the state population from 12.8 percent to 13.1 percent by 2050." (Svaldi 2017). This rate of population expansion places intense pressure on land and water resources in the Fountain watershed.

Urban expansion and growth throughout the Fountain watershed continues and very few credits are available at an approved wetland mitigation bank to offset future impacts from development. The Bank is designed and intended to offset unavoidable impacts from the high degree of development activity in the area and to ensure a more sustainable aspect to growth. Absent Bank establishment, no protective measures (deed restriction, conservation easement, etc.) exist to protect the Bank property and its stream and wetland assets from the degradation of continued grazing, mining, and residential development, nor is there any restoration plan in place to restore the degraded wetland features caused by invasive species and historic grazing practices. The permanent protection and restoration activities of the Bank will provide vital connectivity within the Fountain Creek Greenway Corridor and accomplish some of the critical watershed goals established by El Paso County.

5.2 Technical Feasibility of the Bank

The Bank site is subject to residential/commercial development by the landowner (CSLB) and is currently leased for cattle grazing and recreation. CSLB has the right to cancel the cattle lease with appropriate notice given, permanently prohibit grazing, and grant the Sponsor the right to place an appropriate conservation easement on the property to ensure its protection in perpetuity. As discussed in Section 2.1, sufficient stream flows and hydrology exist to support the establishment and long-term sustainability of the Bank.

The restoration and management methods proposed for the Bank are standard activities that have been conducted for similar wetland restoration/mitigation sites and have been shown to be effective. There will be no operable control structures within the Bank site that will require management in perpetuity. Performance standards will be in place to evaluate the success of

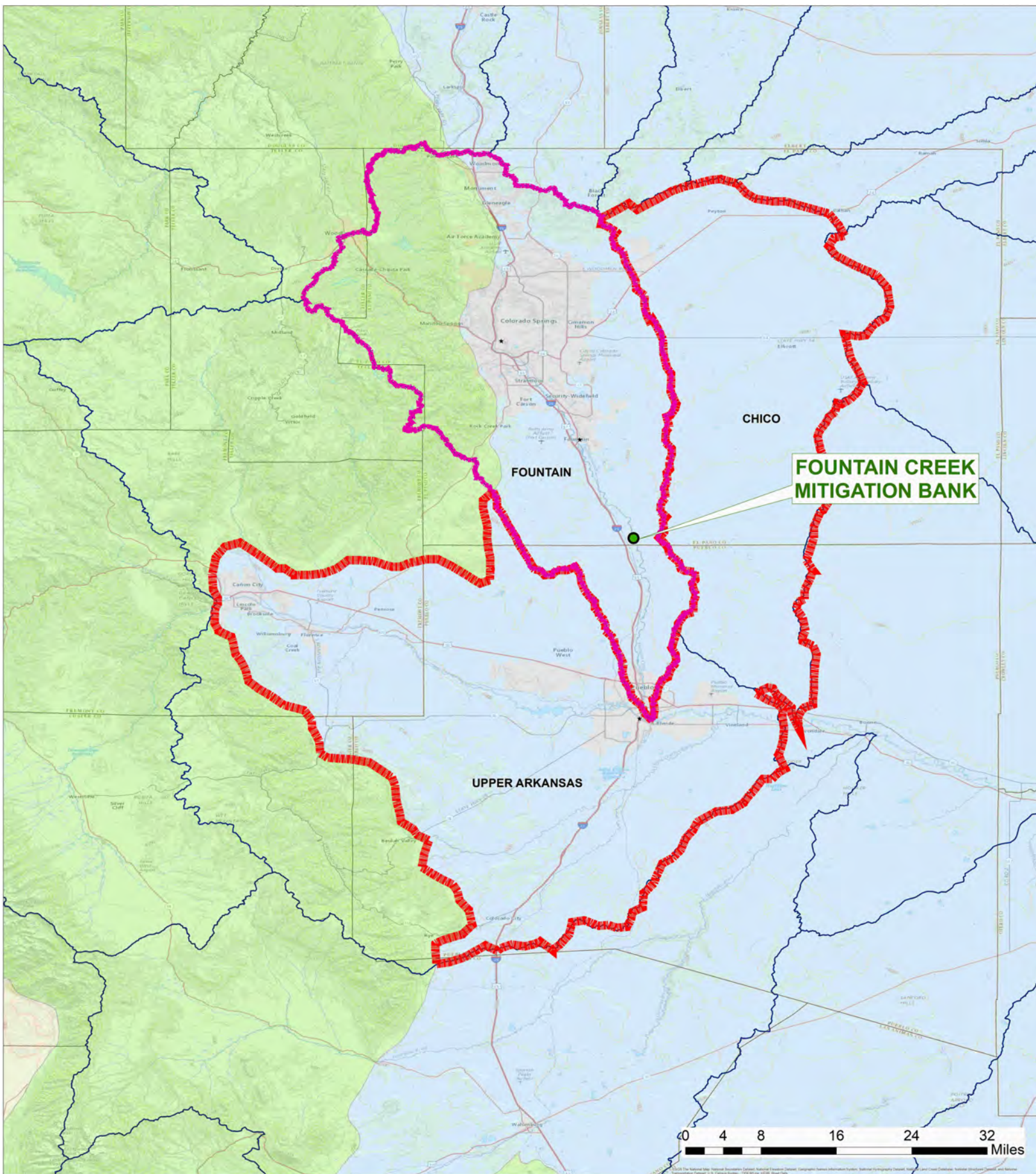


FIGURE 10

Fountain Creek Mitigation Bank Proposed Service Areas

PRIMARY SERVICE AREA



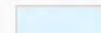
SECONDARY SERVICE AREA



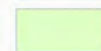
Level 2 Ecoregion



COLD DESERTS



SOUTH CENTRAL SEMIARID PRAIRIES



WESTERN CORDILLERA



restoration efforts, and an adaptive management and adaptive monitoring plan will provide the ability to detect problems and devise specific solutions if they arise.

6.0 BANK OPERATIONS

6.1 Sponsor Qualifications

The Bank Sponsor, SCP Conservation LLC, (SCP) is a Colorado limited liability company managed by Gray Stevens. SCP will not only develop and implement the Bank project but also maintain and monitor the site with annual reports submitted to USACE for review. Mr. Stevens has a successful twelve-year track record as an established mitigation banker with extensive experience in mitigation bank management, habitat offset markets, real estate, and environmental finance. He is a regular instructor on the business of banking at the USFWS Training Center in Shepherdstown, WV and a frequent conference speaker on the topic of successful mitigation banking practices. Mr. Stevens served for several years on the Board of Directors of the Florida Association of Mitigation Bankers. In addition, SCP will be utilizing the consulting expertise of Applied Land Restoration (ALR) and its President Page Shurgar in developing the Fountain Creek Mitigation Bank. ALR is a design/build stream and wetland restoration firm specializing in mitigation. Ms. Shurgar has been working in the conservation field for twenty years and holds a MS in Biological Engineering with a specialized expertise in stream restoration. She has restored over fifteen miles of streams and associated wetlands with the permitting of multiple mitigation projects. Ms. Shurgar currently serves on the Board of Directors of the Ecological Restoration Business Association (formerly National Mitigation Banking Association). SCP and ALR are teaming with CLSB to develop several other mitigation banks in Colorado, including three that are currently in the process of permitting (two are currently on RIBITS: Cherry Creek Mitigation Bank and Rabbit Creek Mitigation Bank).

6.2 Performance Standards

The overall performance standards and success criteria for wetland compensation will center on demonstrable ecological lift within the project site using guidelines set forth by the *SPD Uniform Performance Standards for Compensatory Mitigation Requirements* (USACE 2012). This lift will be measured using physical, hydrological, and biological metrics where applicable. Specific standards and monitoring schedule will be outlined in the Bank Development Plan following approval from ABQ.

6.3 Monitoring Requirements

Monitoring will be conducted by SCP for five years or until the ABQ determines the project is completed. Permanent sampling plots and schedule will be established in accordance to the approved functional assessment methodology. The data will be collected and analyzed annually to ensure success criteria and performance standards are being met.

7.0 OWNERSHIP ARRANGEMENTS AND LONG TERM MANAGEMENT STRATEGY

7.1 Ownership Arrangements

The Fountain Creek Mitigation Bank will be owned and operated by SCP as its Sponsor. CSLB

owns, and will continue to own, the underlying Bank property in fee simple. SCP will operate under an agreement with CSLB to lease the Bank property for the purpose of establishing and owning the Fountain Creek Mitigation Bank. The Bank Site is subject to residential/commercial development by the landowner and is currently leased for cattle grazing and recreation. There are no mineral/subsurface reservations to third parties or other similar site encumbrances that will interfere with Bank establishment.

7.2 Long-term Management Strategy

The long-term management strategy for the Bank will center on monitoring, boundary maintenance, and site protection, along with an adequate long term funding mechanism for these activities. The Sponsor will be the designated Long-Term Steward unless the Sponsor designates, at its option and subject to USACE approval, an alternative third party assignee (“Third-Party Steward”) to be the Bank’s Long-Term Steward. A Long-Term Management Plan (Plan) will be included with the MBI, which will detail management needs, performance standards, costs, and funding mechanism consistent with 33 CFR 332.7(d). The Plan will be developed to ensure perpetual maintenance of the Bank site after all success criteria have been met and all credits released. The Sponsor, or its heirs, assigns, or purchasers, shall be responsible for protecting the Bank in perpetuity. The Long Term Management Plan will be recorded as an attachment to the conservation easement deed, and an escrow account will be established by SCP to assure funding for these long-term management goals. The long-term management activities will initially be conducted by SCP. At a later time, and with approval from the USACE, SCP plans to nominate a permanent long- term steward.

7.2.1 Adaptive Management

In addition to the required monitoring by the Sponsor, CSLB staff will regularly conduct site inspections. In the event that problems arise, these staff members will contact the Sponsor. If the issue is minor, such as trash, a fence breach, a replanting need, or a small patch of invasive species, then the Sponsor will directly address the issue. If the problem is more complex, such as very extensive plant mortality then USACE will be notified and presented with corrective measures and a schedule for remediation. Upon a determination by USACE that performance standards have not been met or the compensatory mitigation project is not on track to meet those standards, the monitoring period may be extended. USACE may also revise monitoring requirements when remediation and/or adaptive management are required. In the event that the success criteria have not been met, remedial action will be taken within 90 days.

7.2.2 Financial Assurances

Financial assurances will be provided by SCP following the guidelines set forth in *Implementing Financial Assurance for Mitigation Project Success* (USACE 2016).

8.0 PROJECT REPRESENTATIVES (Contact List)

Bank Sponsor: SCP Conservation, LLC

Contact Name: Gray Stevens

Address: 1030 3rd Avenue S #304 Naples, FL 34102

Phone Number: 847.404.7509

Email: gstevens@sandycp.com

Bank Consultant: Applied Land Restoration, INC

Contact Name: Page Shurgar

Address: P.O. Box 7901, Little Rock, AR 72217

Phone Number: 479.200.0504

Email: page@alrland.com

Property Owner: Colorado State Land Board

Contact Name: Mindy Gottsegen

Address: 1127 Sherman Street, Suite 300, Denver, CO

80203 Phone Number: 303.866.3454 x-3318

Email: mindy.gottsegen@state.co.us

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Appendix A

USACE Approval Timeline

Compensatory Mitigation Rule Timeline for Bank or ILF Instrument Approval*

		Event	# of Days**		
Phase I		Optional Preliminary Review of Draft Prospectus	30		DE provides copies of draft prospectus to IRT and will provide comments back to the sponsor within 30 days.
	Sponsor Prepares and Submits Prospectus ~DE must notify sponsor of completeness w/in 30 days of submission~				
Phase II	Day 1**	Complete Prospectus Received by DE			
	Day 30	Public notice must be provided within 30 days of receipt of a complete prospectus	30		
	Day 60	30-Day Public Comment Period	30		
	Day 90	DE must provide the sponsor with an initial evaluation letter within 30 days of the end of the public comment period.	30	15	DE distributes comments to IRT members and sponsor within 15 days of the close of the public comment period.
Sponsor Considers Comments, Prepares and Submits Draft Instrument ~DE must notify sponsor of completeness w/in 30 days of submission~					
Phase III	Day 1	Complete Draft Instrument Received by IRT Members			
		30-day IRT comment period begins 5 days after DE distributes draft instrument to IRT members	30		
		DE discusses comments with IRT and seeks to resolve issues ~ # of days variable~	60	90	Within 90 days of the receipt of a complete draft instrument by IRT members, the DE must notify the sponsor of the status of the IRT review.
	Day 90				
Sponsor Prepares Final Instrument ~Sponsor provides copies to DE and all IRT members~					
Phase IV	Day 1	Final Instrument Received by DE & IRT			
	Day 30	DE must notify IRT members of intent to approve/not approve instrument within 30 days of receipt.	30	45	IRT members have 45 days from submission of final instrument to object to approval of the instrument and initiate the dispute resolution process.
		Remainder of time for initiation of dispute resolution process by IRT members	15		
	Day 45	INSTRUMENT APPROVED/NOT APPROVED, or DISPUTE RESOLUTION PROCESS INITIATED			

EPA/Corps draft 4/02/08

Total Required Federal Review (Phases II-IV): ≤225 Days

*Timeline also applies to amendments

**The timeline in this column uses the maximum number of days allowed for each phase.

Appendix A

Photo Documentation



Photo A-1: Aerial view of Fountain Creek Mitigation Bank facing south



Photo A-2: Aerial view of the grazed pasture located along the eastern edge of the Bank



Photo A-3: Aerial view of the grazed pasture located along the eastern edge of the Bank



Photo A-4: Russian olive within the Bank area



Photo A-5: Log debris and trash in the middle of Fountain Creek at the southern boundary of the Bank.



Photo A-6: Exposed trash within the debris dam in Fountain creek



Photo A-7: Invasive *Phragmites australis* along the right descending bank of Fountain Creek



Photo A-8: Relic channel bed located in the western floodplain



Photo A-9: Fountain Creek facing upstream



Photo A-10: Wildlife usage within the riparian corridor of Fountain Creek



Photo A-11: View of left descending bank of Fountain Creek and pasture area of the eastern floodplain of the Bank



Photo A-12: Cottonwood gallery within the western floodplain



Photo A-13: Upstream view of Fountain Creek



Photo A-14: Cattails in the western floodplain of the Bank