

## Companies from many industries have implemented ecological asset development programs—and landowners and mine operators can learn from their experiences

Many companies from a wide variety of industries—including power companies and timber-product companies—have implemented programs to develop and enhance ecological assets that provide economic benefits while improving the environment. Landowners and mine operators can benefit from their experiences. Two companies with valuable stories to share are Allegheny Power and Champion International.

### **Example #1—Developing ecological assets can increase property value and produce tax benefits if lands are conserved**

Allegheny Power owns more than 20,000 acres of land in West Virginia's Canaan Valley, which was timbered about 100 years ago. Instead of simply selling surplus land to a private developer, the power company worked with the U.S. Fish and Wildlife Service (FWS) to place the land into conservation. By appraising the complete ecological asset value of its Canaan Valley holdings, Allegheny Power was able to sell the land to the FWS and obtain tax benefits based on the difference between the sale price and the land's appraised value.

### **Why did FWS want to conserve the Canaan Valley Land?**

The Canaan Valley is extremely ecologically diverse. It is home to 40 different wetland and upland plant communities, with more than 580 plant species and 290 species of mammals, birds, reptiles, amphibians, and fishes. The area also contains habitat for the threatened Cheat Mountain salamander and potential habitat for the endangered West Virginia northern flying squirrel and the Indiana bat. As a result, FWS wanted to conserve this land—but Allegheny did not want to sell the property outright.

### **What did Allegheny Power do instead of just selling the land?**

Allegheny hired a certified independent appraiser to determine the ecological asset value of the land. Unlike a traditional real estate land appraisal, this appraisal considered the worth of the land's ecosystems, taking into account the worth of the property in terms of its development potential (e.g., resort, residential, etc.) and ecological assets value (wetland, species habitat, and carbon sequestration potential).

This appraisal valued Allegheny's Canaan Valley holdings at \$33.3 million. The company sold the land to FWS for \$16 million and claimed a \$17.3 million charitable contribution based on the land's ecological asset value.

### **Example #2—Environmental markets can resolve conflicts between the needs of business and the needs of the environment**

When Champion sold a tract of land to Misstex Properties, an evaluation of the site revealed a cluster of red-cockaded woodpeckers. As a result, FWS required that Misstex not harvest timber from a large area of its newly acquired land. To solve this problem, Misstex proposed relocating the woodpeckers living in the logging zone to woodpecker habitat on Champion's property. The FWS approved, and all three involved parties—Champion, Misstex, and the woodpeckers—benefited.

#### **How were the woodpeckers discovered?**

In 1997, Misstex purchased a 753-acre tract of forestland in Montgomery County, Texas, from Champion, for the specific purpose of harvesting timber. During the timber purchase, one occupied and one abandoned red-cockaded woodpecker cluster were discovered on the land.

As a result, FWS required Misstex to leave 80 acres of timber surrounding the clusters uncut to provide foraging habitat for the birds. However, Misstex had planned to harvest all of the timber on the tract, so the company considered obtaining an incidental-take permit that would

allow it to legally harvest the entire site, which would eliminate the cavity trees and result in the eventual loss of two adult woodpeckers.

#### **How did the two companies resolve the conflict between timber harvesting and maintaining the woodpeckers' habitat?**

Misstex developed a Habitat Conservation Plan (HCP) that proposed mitigating the impact of tree cutting by gradually relocating the red-cockaded woodpeckers from the Misstex land to Champion's Brushy Creek site, a parcel of two-thousand acres in east Texas managed by the U.S. Forest Service as a red-cockaded woodpecker habitat.

Champion agreed to Misstex's proposal and enrolled its Brushy Creek site in the FWS's East Texas Regional Safe Harbor program for red-cockaded woodpeckers. Misstex paid Champion \$50,000. The result was a "win-win" situation between the companies, which also helped the survival of an endangered species.



*Red-Cockaded Woodpeckers. U.S. Fish and Wildlife Line Art by Robert Savannah.*