EXHIBIT B

Service Areas

Aquatic Resource Service Area

Vernal Pool Service Area

Service Area Narrative

Exhibit B – Service Area Narrative

The ILF Program Area is defined as the jurisdictional limits of the U.S. Army Corps of Engineers Sacramento District within California. The ILF Program offers two credit types: Aquatic Resource Credits and Vernal Pool Credits. Aquatic Resource Credits for permitted Impacts to wetlands (excluding vernal pools), other Waters of the U.S., Waters of the State, and other aquatic resources including threatened or endangered anadromous fish, are available in Aquatic Resource Service Areas. These service areas are delineated by the watersheds which contain portions or the entirety of distinct rivers systems, spanning the headwaters to the floodplains. Vernal Pool Credits for permitted Impacts to vernal pools are available in Vernal Pool Service Areas. Vernal pool wetlands are geographically and functionally distinct from other wetland types in the ILF Program Area, and as such as have service areas based on the vernal pool regions as accepted by USACE, U.S. Fish and Wildlife Service, and California Department of Fish and Wildlife.

Aquatic Resource Service Areas

The Program establishes Aquatic Resource Service Areas to promote the comprehensive watershed approach to evaluation of wetland losses, pressures, and restoration objectives endorsed by the 2008 Rule. This approach incorporates aspects of habitat functions, species utilization, water quantity and quality, and connectivity within a contiguous integrated unit. As such, it promotes the ecologically coherent assessment of stresses and restoration potentials across a spectrum of wetlands functions, services, and landscape position. In addition, because the Program will provide compensation in locations underserved by mitigation banks often due to lower levels of permit activity, the Aquatic Resource Service Areas will allow small amounts of in-lieu fees to be generated across larger areas and aggregated into amounts sufficient to develop meaningful ILF Projects to address critical or priority needs.

A typical planning level watershed in the Sacramento District is defined by the eight-digit hydrologic unit codes (HUCs). However, a review of USACE permit data from 2007 through 2012 reflects that an 8-digit watershed area is not large enough to consolidate sufficient funds for adequate programmatic planning across all landscapes of the Program Area. Therefore, the Program looks to the next larger logical geographical units which are based on major river systems. As an example, the Feather River Aquatic Resource Service Area consists of the Feather River and tributaries, including the North Fork, Middle Fork, South Fork, and contributing streams; this area encompasses four eight-digit (HUCs). The Aquatic Resource Service Areas are listed in **Table 1** and depicted in **Figure 1**, along with the 8-digit HUCs they encompass. Detailed maps of each Service Area are provided in the Compensation Planning Framework (**Exhibit D of the Instrument**).

Some river drainages that are relatively narrow have been combined with ecologically similar adjacent river basins in order to increase the potential that adequate funds could accrue for viable compensation projects (e.g., the Chowchilla River has been included in San Joaquin River Service Area). Even with the use of larger river systems to define service areas, some of the Aquatic Resource Service Areas are likely to have very few impacts requiring compensation and funding thresholds for implementation of an ILF Project may be challenging.

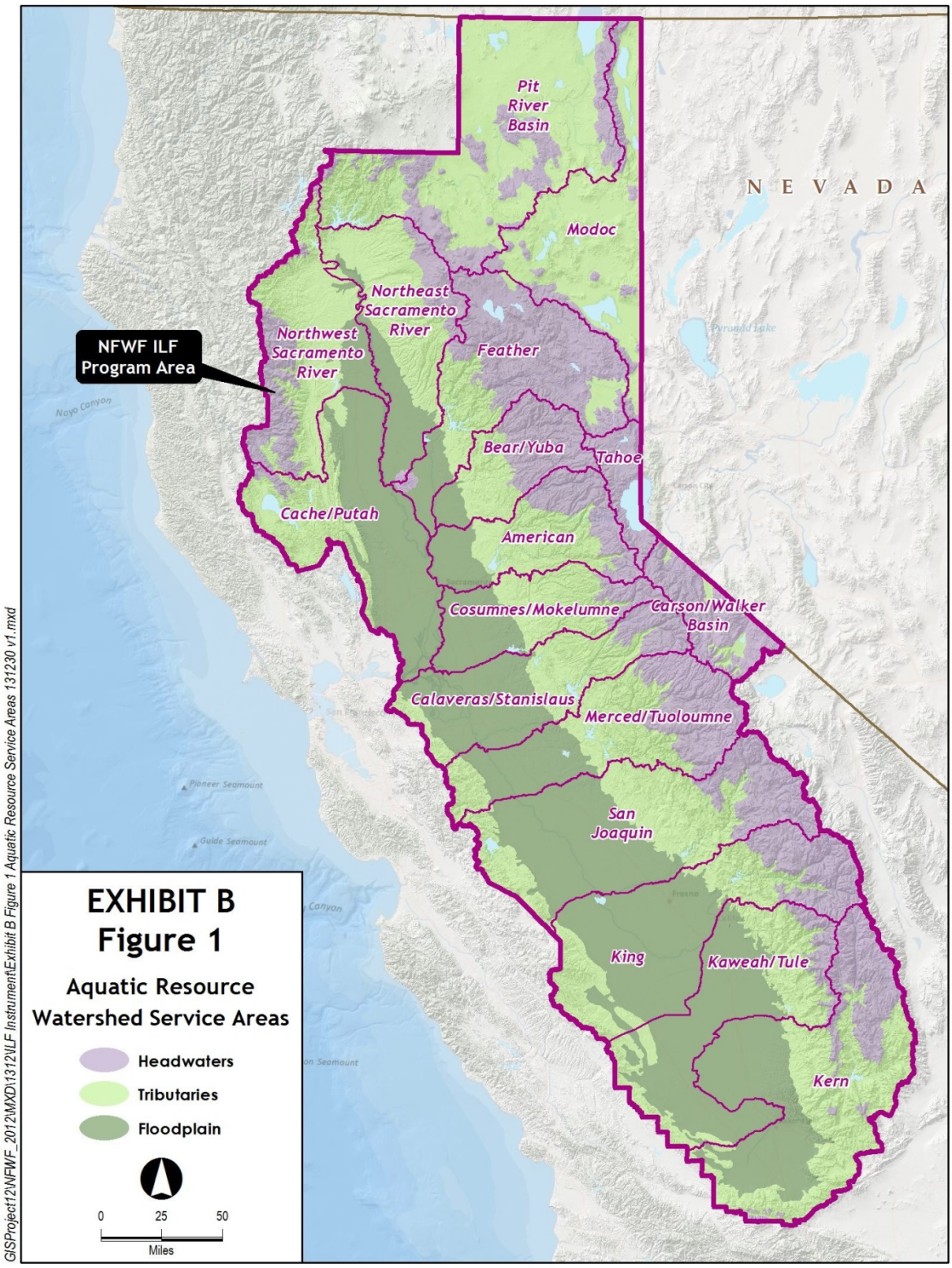

Pit River Basin
NEVADA
Modoc
Northeast Sacramento River
Northwest Sacramento River
NFWF ILF Program Area
Feather
Bear/Yuba
Tahoe
Cache/Putah
American
Cosumnes/Mokelumne
Carson/Walker Basin
Calaveras/Stanislaus
Merced/Tuoloumne
San Joaquin
King
Kaweah/Tule
Kern
EXHIBIT B
Figure 1
Aquatic Resource Watershed Service Areas
Headwaters
Tributaries
Floodplain
0
25
50
Miles
GISProject12\NFWF_2012\MXD\1312\ILF Instrument\Exhibit B Figure 1 Aquatic Resource Service Areas 131230 v1.mxd

Table 1: Aquatic Resource Service Areas

"Watershed" Service Areas	HUC 8
Pit River	18010204, 18020001, 18020002, 18020003, 18020004, 18020005
Modoc	18080001, 18080002, 18080003, 17120007, 16040203, 16040204
Northeast Sacramento River	18020151, 18020152, 18020154, 18020155, 18020156, 18020157, 18020158
Northwest Sacramento River	18010103, 18010104, 18020115, 18020151, 18020153, 18020155, 18020156, 18020157
Cache/Putah Rivers	18010110*, 18020104, 18020162, 18020116, 18020163
Feather River	18020121, 18020122, 18020123, 18020159
Bear/Yuba Rivers	18020125, 18020126, 18020159
American River	18020111, 18020129, 18020128, 18020161
Cosumnes/Mokelumne Rivers	18020163, 18040013, 18040012
Tahoe	16050101, 16050102
Carson/Walker Rivers	16050201, 16050301, 16050302
Calaveras/Stanislaus Rivers	18040003, 18040011, 18040010, 18040051
Merced/Tuolumne Rivers	18040002, 18040008, 18040009
San Joaquin River	18040001, 18040006, 18040007, 18040014
King River	18030009, 18030010, 18030012
Kaweah/Tule Rivers	18030006, 18030007, 18030012, 18060003, 18060004*
Kern River	18030001, 18030002, 18030003, 18030004, 18030005, 18060003, 18060007, 18070102

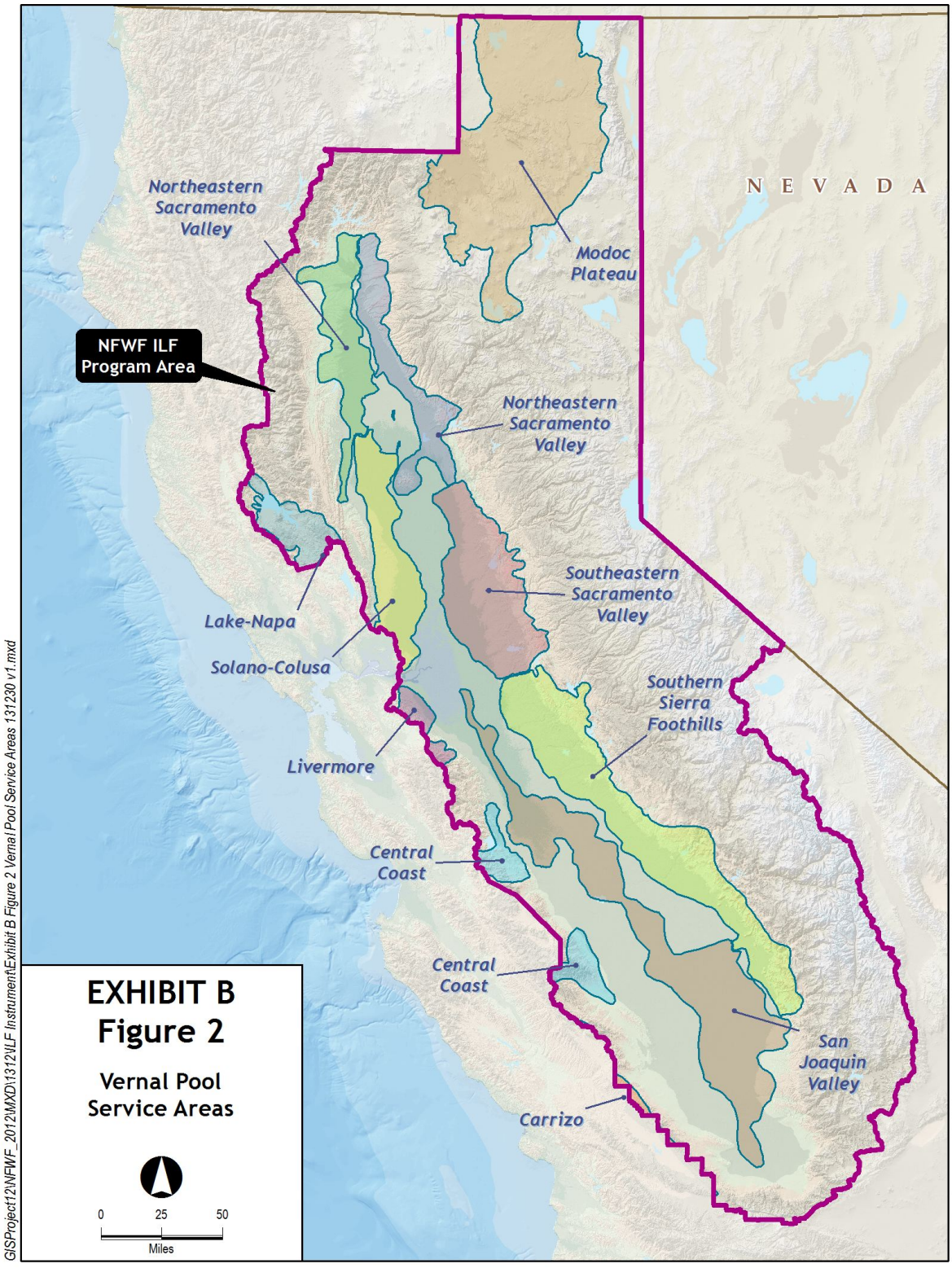
*Denotes HUC 8 watersheds split between two Aquatic Resource Service Areas

Vernal Pool Service Areas

Vernal Pool Service Areas are based on the vernal pool regions identified in the USFWS Vernal Pool Recovery Plan that occur within the Sacramento District (**Figure 2**). Detailed maps of each Service Area are provided in the Compensation Planning Framework (**Exhibit D of the Instrument**). The vernal pool regions are geographic areas that encompass unique communities of vernal pool species, based on land formations, soils, hydrology, and other distinctive physical features. The vernal pool recovery units within the ILF Program Area are listed below:

1. Carrizo (partially within the ILF Program Area)
2. Central Coast (partially within the ILF Program Area)
3. Lake-Napa (partially within the ILF Program Area)
4. Livermore (partially within the ILF Program Area)
5. Modoc (partially within the ILF Program Area)
6. Northeastern Sacramento Valley
7. Northwestern Sacramento Valley
8. San Joaquin Valley
9. Solano-Colusa (partially within the ILF Program Area)
10. Southeastern Sacramento Valley
11. Southern Sierra Foothills
12. All Other Vernal Pool Areas (Vernal Pool landscapes not within a vernal pool region)

Some of the Vernal Pool Service Areas that are partially within the ILF Program Area are small; the Carrizo and Central Coast service area are examples. These small service areas are likely to have very few permitted impacts requiring compensatory mitigation. The All Other Areas Service Area addresses the fact that there are vernal pool resources located outside of the Vernal Pool Regions identified in the USFWS Vernal Pool Recovery Plan. Compensatory mitigation for impacts occurring in this All Other Vernal Pool Areas Service Area should generally occur within the Vernal Pool Region closest to the location of the impact.


NEVADA
Northeastern Sacramento Valley
Modoc Plateau
NFWF ILF Program Area
Northeastern Sacramento Valley
Southeastern Sacramento Valley
Lake-Napa
Solano-Colusa
Southern Sierra Foothills
Livermore
Central Coast
Central Coast
San Joaquin Valley
Carrizo
EXHIBIT B
Figure 2
Vernal Pool Service Areas
0
25
50
Miles
GISProject12\NFWF_2012\MXD\1312\ILF Instrument\Exhibit B Figure 2 Vernal Pool Service Areas 131230 v1.mxd