

any other relevant impact, of specifying an area as critical habitat (section 4(b)(2)). Further, see response to comment 42.

#### *Issue 7: Economic Issues*

(44) *Comment:* The Army believes that the direct and indirect costs and the anticipated costs of project modification, as they relate to military activities, are not adequately considered.

*Our Response:* Chapter VI, Section 3.q. of the DEA presented estimates of section 7 costs associated with activities in 10 separate areas on Oahu that are under the control of the U.S. military. During public comment, the U.S. Army stated that the cost-estimates for consultations and for possible project modifications on their installations were too low. The addendum revisits the sections of the analysis addressing Army installations and provides revised cost-estimates based upon further discussions with the Service and additional information gathered since completion of the DEA, including the Oahu Training Areas Integrated Natural Resources Management Plan 2002–2006 (OTA INRMP).

However, based on the considerations given in “Analysis of Impacts Under Section 4(b)(2)” and consistent with the direction provided in this section of the Act, we have determined that the benefits of excluding lands under jurisdiction of the U.S. Army on Oahu outweigh the benefits of including them as critical habitat for 76 species of listed plants. Therefore, these lands have been excluded from the critical habitat designations in this final rulemaking.

(45) *Comment:* The DEA does not indicate that the designation of critical habitat will generate any “new” money. It does show that increased regulation due to designation of critical habitat will increase economic risks, drive down profits, and drive away potential investors, thereby reducing “new” money entering Hawaii.

*Our Response:* The DEA states that a portion of the expenditures on conservation management by the Service, NRCS, and the military could be “new” money. Based on State multipliers, each additional \$1 million of new money spent in Hawaii would generate approximately \$1.8 million in direct and indirect sales in Hawaii and would support approximately 22 direct and indirect jobs in Hawaii (DEA, Chapter VI, Section 7.f.).

Regarding development projects and “new” investment money that could be lost, the DEA noted in Chapter VI, Section 4.h. that: “Over the next 10 years, the number of affected

(development) projects is expected to be small because most of the proposed critical habitat units are: (1) In mountainous areas that are unsuitable for development due to difficult access and terrain, and (2) within the State Conservation District where land-use controls severely limit development.” The development projects that were addressed in Chapter VI of the DEA included: (1) Communications facilities (Sections 3.e. and 4.d.), (2) residential development (Section 3.o.), and (3) a private landfill (Sections 3.p. and 4.e.). The intended designation does not include the large communications complexes at Palehua and Koko Head, urban land suitable for residential development, or the site for the proposed landfill. Only a few of the smaller communications complexes remain in the intended designation. Because of the small footprints of communications towers and for other reasons, the analysis does not anticipate costly project modifications (Section 3.p.). Thus, the analysis anticipates no significant loss of “new” money.

(46) *Comment:* The DEA argues that because critical habitat is mandated by law, it must therefore have economic value. The alleged benefits of species preservation are not economic at all.

*Our Response:* As noted in Chapter VI, Section 6.a. of the DEA, “[m]any economic studies have demonstrated benefits associated with the conservation and recovery of endangered and threatened species and their ecosystems.

The DEA continues, “However, the additional economic benefits of conservation and recovery that would be attributable to the designation of critical habitat are difficult to estimate because of the scarcity of (1) scientific studies on the magnitude of the recovery and ecosystem changes resulting from the critical habitat designation, and (2) economic studies on the per-unit value of many of the changes. \* \* \* And while some economic studies have been done on the per-unit value of some of these changes, studies have not been done for most.”

The DEA concludes, “As a result, it is not possible, given the information that is currently available, to estimate the value of many of the benefits that could be ascribed to critical habitat designation.”

(47) *Comment:* The DEA dismisses the “worst-case” impacts and does not consider the major adverse impacts from secondary effects or indirect costs. Indirect costs are not considered in the bottom line analysis of the cost of designating critical habitat.

*Our Response:* Chapter VI, Section 4 of the DEA and Section 5 of the Addendum discuss various indirect costs that can result from the critical habitat designation. These indirect costs are not “worst-case” estimates. Instead, most of them are conditioned upon actions and decisions by the State, the county, investors, etc. Because critical habitat has a limited history in Hawaii, and other States have environmental laws that differ from Hawaii’s laws, uncertainty exists regarding the outcome of these actions and decisions.

Also, these indirect impacts are not dismissed. Rather, they receive the same importance that direct costs receive. The reason the indirect costs are not summed is that many of them should be weighted by the probability of occurrence, but information is not available to determine these probabilities beyond a subjective estimate. As indicated in the DEA, several of the probabilities are “small.” In the case of property values, a loss is expected, but uncertainty exists over the magnitude of this loss.

(48) *Comment:* One commenter stated that the DEA lacks a thorough benefits analysis. Multiple commenters stated that the DEA ignored the benefit of keeping other native species off the endangered species list, of maintaining water quality and quantity, of promoting ground water recharge, and of preventing siltation of the marine environment, thus protecting coral reefs. Another commenter noted that additional benefits of critical habitat include combating global warming, providing recreational opportunities, attracting ecotourism, and preserving Hawaii’s natural heritage. Although the DEA makes general observations of the benefits associated with designating critical habitat, it makes no attempt to quantify these acknowledged benefits. The Service must use the tools available, such as a University of Hawaii Secretariat for Conservation Biology study that estimated the value of ecosystem services, to determine the benefits of critical habitat. On the other hand, one commenter stated that the DEA overestimates economic benefits, and many of the alleged benefits are entirely speculative, unquantifiable, or lack any commercial value.

*Our Response:* Chapter VI, Sections 6 and 7 of the DEA discussed potential direct and indirect benefits that can result from the proposed designation, including those addressed in the above comment. However, the DEA also indicated that these benefits are not quantified due to lack of information on the value of the environmental benefits that would be attributable specifically to