



# MEMORANDUM

DATE: February 23, 2016

TO: Honorable Board of Supervisors

FROM: Michael J. Johnson, AICP, Agency Director  
Loren Clark, Assistant Agency Director  
Gregg McKenzie, PCCP Administrator

BY: Jennifer Byous, Senior Planner

SUBJECT: Placer County Conservation Program Update

## **ACTION REQUESTED**

1. Receive a status report on the preparation of the Placer County Conservation Plan (PCCP) with a particular emphasis on the costs and funding plan associated with the implementation of the overall program.
2. Receive a status report on the preparation of the County Aquatic Resources Program (CARP) In-Lieu Fee Program.

This report presents the following items as an update to the October 8, 2013 report to the Board of Supervisors on the PCCP:

- a. Placer County Conservation Plan Background and Update
- b. Funding Plan Overview and Preliminary Fee Schedule
- c. County Aquatic Resources Program In-Lieu Fee Status

## **PLACER COUNTY CONSERVATION PLAN BACKGROUND AND UPDATE**

The Placer County Conservation Plan (PCCP) applies to western Placer County as shown in Exhibit A (Figure 1-2 *Western Placer County and the Plan Area*). The goal of the PCCP is to provide an effective framework to protect, enhance, and restore the natural resources in specific areas of western Placer County, while streamlining environmental permitting for Covered Activities. Covered Activities include anticipated future development and growth within the City of Lincoln and unincorporated Placer County, City and County facilities and ongoing road and other maintenance activities, Placer County Water Agency infrastructure and ongoing operations and maintenance, as well as the South Placer Regional Transportation Authority's Placer Parkway and I-80/SR-65 improvement projects. The PCCP includes two separate, but complementary, components which support two sets of state and federal permits:

- **Western Placer County Habitat Conservation Plan and Natural Community Conservation Plan**, referred to as the HCP/NCCP or "Plan". The Plan is a joint Habitat Conservation Plan (HCP) and Natural Community Conservation Plan (NCCP) that will protect fish and wildlife and their habitats, and fulfill the requirements of the Federal Endangered Species Act (ESA), the California Endangered Species Act (CESA), and the California Natural Community and Conservation Planning Act (NCCP Act);

- **Western Placer County Aquatic Resources Program** referred to as the CARP. The CARP will protect streams, wetlands, and other water resources and fulfill the requirements of the federal Clean Water Act and analogous state laws and regulations (including Section 401 of the Federal Clean Water Act related to wetlands and water quality).

One key objective of the PCCP is to shift regulatory responsibility from state and federal agencies to Placer County, the City of Lincoln and the Placer County Water Agency (the "permittees"). Once complete, the PCCP will allow the participating agencies to integrate regulatory actions associated with endangered species and wetlands with their local entitlement processing. The PCCP will also allow for more efficient planning and permitting for local infrastructure projects. Lastly, the PCCP will help meet the County's conservation goals by developing a large, managed and monitored reserve area that will provide open space and agricultural conservation in perpetuity.

#### PCCP Summary

The PCCP Plan Area is divided into two parts for permit coverage as shown in Exhibit A, Figure 1-2, *Western Placer County and the Plan Area*:

- Plan Area A is the main focus of the HCP/NCCP and is where all future growth and most of the Covered Activities will take place. Plan Area A includes the City of Lincoln plus all unincorporated lands within western Placer County, covering approximately 212,000 acres or roughly five-sixths of western Placer County.
- Plan Area B comprises several specific additional areas in Placer County and adjacent Sutter County where only specific Covered Activities may occur.
  - B1. Permittee Activity in a Non-Participating City Jurisdiction
  - B2. PCWA Zone 1 Operations and Maintenance
  - B3. Coon Creek Floodplain Conservation in Sutter County
  - B4. Fish Passage Channel Improvement
  - B5. Big Gun Conservation Bank in Michigan Bluff

Covered Activities are those projects or ongoing activities that will receive incidental take authorization under the state and federal endangered species acts. To help organize and describe Covered Activities (and to subsequently analyze effects), seven categories of Covered Activities were developed. These are based on both geographic boundaries or features and program goals and are shown on Exhibit B, Figure 2-4 *Plan Area Components Covered Activities*. The categories include: 1) Valley Potential Future Growth, 2) Valley Conservation and Rural Development, 3) Foothills Potential Future Growth, 4) Foothills Conservation and Rural Development, 5) Regional Public Programs, 6) In-Stream Programs, and 7) Conservation Programs.

The first four categories of Covered Activities encompass future growth and rural development in the Foothills and Valley in Plan Area A. These categories (1 - 4 above) are defined geographically by mapped boundaries that reflect patterns of anticipated urban and rural residential expansion and that implement the designation of the Potential Future Growth and Reserve Acquisition Areas shown on Exhibit C, Draft PCCP Reserve Map and Figure 1-5 *PCCP Designation Map*.

The final three categories of Covered Activities occur throughout the Plan Area and overlap geographically with the other categories. These categories (5 - 7 above) are defined primarily

by similar habitat features (i.e., In-Stream Programs) or programmatic objectives (i.e., Regional Public Programs and Conservation Programs).

Growth Scenario

Land conversion to accommodate urban and suburban growth, rural development, and associated infrastructure over the 50 year permit term is the driver for the vast majority of Covered Activities and accounts for 98 percent of the estimated effect. PCCP effects are based on land conversion estimates that account for current Placer County (with subareas) demographic and economic information, the Great Recession effects, and recent indications of recovery from that downturn. The 50-year growth projection is based on analysis of development potential in Placer County and West Placer cities as well as specific assumptions about long-term trends for economic growth and housing demand for the County and City of Lincoln. Approximately 30,000 acres would be converted for development/infrastructure and public facilities over the permit term.

Conservation Strategy Summary

The PCCP contains one overall conservation strategy that mitigates impacts associated with population and employment growth and associated land development on the list of covered species (Exhibit D - List of Species) and their habitats. The PCCP will also restore and conserve the western Placer County landscape through activities and long-term management that improve the overall ecological function of the reserve lands. The Plan proposes to conserve 47,300 acres. Table 1 summarizes the acreage objectives that result from land acquisition, restoration and the final reserve system at the end of the permit term. It is important to note that the conservation strategy proposes a significant amount of habitat restoration that is largely associated with vernal pool resources (e.g., 3,000 acres of vernal pool complex and 410 acres of aquatic/wetland complex restored).

<b>Table 1 Reserve Land Acquisition, Preservation, Restoration, and Final Reserve (Acres)</b>	<b>Acquired for Reserve</b>	<b>Preserved in Original Condition</b>	<b>Added by Restoration</b>	<b>Final Reserve System</b>
<b>Community Type</b>				
Vernal Pool Complex	17,000	17,000	3,000	20,000
Grassland	7,150	2,740	1,000	3,740
Aquatic/Wetland Complex	600	600	410	1,010
Riverine/Riparian Complex	2,200	2,200	1,425	3,625
Valley Oak Woodland	190	190	285	475
Oak Woodland	10,110	10,110	100	10,210
Rice and Other Agriculture	10,050	8,240		8,240
<b>Total (Acres)</b>	<b>47,300</b>	<b>41,080</b>	<b>6,220</b>	<b>47,300</b>

County Aquatic Resources Program (CARP) Summary

As a part of the overall PCCP process, the County is preparing a CARP that is intended to provide a local process for compliance with the Federal Clean Water Act Sections 401 and 404 (CWA). The CARP will provide opportunities for compliance with federal regulations through the implementation of local procedures at the County and City of Lincoln. All projects covered under the PCCP would be able to follow a streamlined process for obtaining CWA Section 404 permits based on the environmental analysis and mitigation measures in the PCCP

and the CARP. A similar streamlined permit process is being developed for the Placer County Water Agency's unique regulatory issues.

For the County and City of Lincoln, the Corps of Engineers would issue a Programmatic General Permit (PGP) for PCCP covered activities with relatively small impacts. The PGP permitting process would occur at the local level and would be integrated into the environmental and entitlement review process. Projects covered by the PGP would represent the majority of permit activity that the County would review on a day-to-day basis, although the total area impacted by such projects would be small on an annual basis. A typical small project would be a grading permit that has a small amount of wetland or a small stream/drainage area that needs to be crossed or modified. It is likely that small parcel/tentative maps and use permits will also be covered by the PGP. For projects with larger impacts, the Corps of Engineers would issue CWA Section 404 permits under one or more special streamlined procedures, which would occur at the same time that the County/City environmental review was being conducted. The mitigation measures would be based upon compliance with the PCCP.

The Corps of Engineers will issue CWA Section 404 permits once the CARP review procedure has been completed including any necessary environmental review required pursuant to the National Environmental Policy Act (NEPA). Any NEPA document would be able to tier from the program-level EIR/EIS prepared for the PCCP and could be prepared concurrently with the CEQA document for the project. In most, if not all cases, an Environmental Assessment would be sufficient for NEPA purposes. An Environmental Assessment is analogous to an Initial Study/Negative Declaration under CEQA.

#### Value of the PCCP

The primary value for the public's investment in the PCCP work program is the ability of the PCCP to replace the current highly fragmented, time consuming and expensive project-by-project approach to mitigation and regulatory compliance with a more efficient, comprehensive, long-term plan that is developed with state/federal agency concurrence and stakeholder input and is integrated into the local project review process.

The approach reflected in the PCCP is increasingly seen as a solution to problems associated with project-by-project review of land development projects and the timely delivery of public infrastructure. In Northern California there are seven similar efforts underway including efforts in the counties of Yuba/Sutter, Butte, South Sacramento, Solano, East Contra Costa, Yolo, and Santa Clara. The interest on each jurisdiction's part is to solve the numerous and complicated problems associated with balancing growth in the region with the mandate of the state and federal agencies to protect sensitive species and their habitats. Southern California began implementing programmatic solutions only after the project-by-project process became so untenable that a programmatic solution was the only viable alternative. Placer County's objective of proactively balancing growth and conservation while avoiding uncertainty and delay has always been the reason to consider a regional approach to resource conservation. With the likelihood of development activity increasing, completion of the PCCP will be essential to avoiding future conflicts and delays that result from the status quo, in which environmental review and permitting is carried out in separate processes by local, state and federal agencies.

PCCP Benefits

The specific benefits of the PCCP include the following:

- Improved governmental efficiency and elimination of redundant review procedures
- Intergovernmental coordination to resolve regional problems
- Local regulatory control, with state and federal agencies in an oversight role
- 50-years of permit coverage for endangered species impacts
  - Coverage for major land development projects (i.e., Regional University and the Placer Vineyards Specific Plans, and the City of Lincoln's General Plan)
  - Coverage for the countless smaller land development projects
  - Coverage for routine maintenance activities by participating agencies (PCWA)
  - Coverage for major infrastructure projects (e.g., Placer Parkway)
- Integration of species and wetland permitting into the County's CEQA review procedures and timeline
- Creation of comprehensive mitigation fee for compliance with local, state and federal laws
- Improved habitat conservation
- Improved biological monitoring and coordination of mitigation efforts
- Stabilization and recovery of sensitive local species
- Potential removal of local species from lists of endangered and threatened species
- A program for long-term stewardship and management of the natural landscape
- Five years of programmatic permitting for wetland impacts with a rollover provision for additional years of coverage.

Program Update and Schedule

The Community Development Resource Agency is continuing with the preparation of the PCCP policy document, including the CARP, and the continued Conservation Strategy discussions with the Wildlife Agencies. The PCCP work program is presently focusing on the preparation of the 2016 Agency-review draft document and working on a joint environmental impact report/ environmental impact statement document. The County received both verbal and written comments from Wildlife Agencies (California Department of Fish and Wildlife, U.S. Fish and Wildlife Service, and the National Marine Fisheries Service (NMFS) and Regulatory Agencies (U.S. Army Corps of Engineers and U.S. Environmental Protection Agency) on various draft Chapters of the PCCP document, including Chapter 5 (the Conservation Strategy).

In addition, there are other tasks such as revisions to the CARP policy document, and the development of the in-lieu fee program, and habitat management plans being completed which will advance the overall PCCP work schedule.

<b>PCCP Projected Schedule</b>		
Tentative Timeline	Board Action	Task
Feb. 2011		First Agency review of Admin Draft PCCP
May 2011		Comments on 1st Admin Draft PCCP back from Agencies
June 2011-present		Staff, Ad Hoc, and BWG review of agency comments
Sept 2013 Feb 2016		Preparation of 2016 Admin Draft PCCP
March-April 2016		Agency review of 2016 Admin Draft PCCP
Feb 2016	X	Board review of the Conservation Strategy and Funding Plan
Feb 2015-Aug 2016		Initiate preparation of ADEIR/EIS

May-June 2016		Ad Hoc review of Agency Comments on 2016 Admin Draft PCCP
May-Aug 2016		Preparation of Public Review Draft PCCP
April 2016		Initiate Preparation of the Admin Draft Implementing Agreement
August 2016		Complete preparation of the ADEIR/EIS
September 2016	X	Board Review of governance alternatives for PCCP management/implementation and review of Draft Implementing Agreement and release of the Public Review Draft PCCP documents
August- Nov 2016		Agency review of the ADEIR/EIS
Nov- Dec 2016		Preparation of the Draft EIR/EIS and Federal Notice
Jan 2017		Final Agency review of Public Review Draft PCCP & ADEIR/EIS
May-Jul 2017		Public circulation of the Draft EIR/EIS
July-Aug 2017		Initiate preparation of the AFEIR/EIS
Sept-Oct.2017		Agency review of response to comments and AD FEIR/EIS
Nov-Dec. 2017		Final Agency review of final PCCP and FEIR/EIS
Dec 2017	X	Board approval of the PCCP Conservation Strategy and Funding Plan
Dec 2017	X	Board Certification of the Final EIR/EIS
		Agency approval of FEIS
	X	Board approval of final Implementing Agreement
	X	Board Certification of the Final EIR/EIS
		Agency approval of FEIS
		Incidental take authorization granted
<p>1 Many factors can affect the outcome of the schedule. This table reflects a possible outcome if there are no delays in the work program. Key issues include: 1) the availability of state and federal staff persons to review draft documents, 2) the FWS is the federal lead on the EIS and their decision-making is independent of the County as the CEQA lead agency, 3) BWG, Finance Committee and Ad Hoc Committee deliberations.</p>		

**FUNDING PLAN OVERVIEW AND PRELIMINARY FEE SCHEDULE**

Development of the Funding Plan has been an iterative, multi-year process reflecting changes in the Conservation Strategy over time, as well as review and comment by the Biological Stakeholder Working Group, the PCCP Finance Committee, the Ad Hoc Committee, and state and federal agencies. The Finance Committee (a diverse group representing interests with a background in real estate, land costs, development costs, habitat restoration, local government, and land conservation) reviewed and commented on assumptions and methods in 2013 and 2014. Most recently, the Finance Committee reviewed a completed draft of Chapter 9: Cost and Funding, including detailed cost and funding model appendices. The project team met in November 2015 with the Finance Committee to solicit comments and finalize discussion on the draft cost and funding analysis.

In January 2015, at the request of the Placer County Landowners Group, Economic & Planning Systems (EPS) conducted peer review of the cost and funding models. The County's consultant team provided the detailed models for review, conducted working sessions on model assumptions, and answered written questions submitted by EPS. The review concluded that the cost model approach was comprehensive and detailed and consistent with standard approaches. The review also concluded that "the funding strategy implicit in the mitigation fee calculation indicates a well-accepted approach to HCP funding" (Economic & Planning

Systems, memorandum entitled "Potential Implementation Strategies for the Placer County Conservation Plan", June 16, 2015).

#### PCCP Cost Assumptions

The planning effort requires estimating the costs of the conservation strategy and designing a funding plan to ensure costs are allocated equitably and that the plan is fully funded. Habitat conservation plans must demonstrate adequate funding for implementation of conservation measures. Prudent implementation planning also mandates a detailed, up-front assessment of one-time capital and ongoing operating budgets for the Plan.

The costs of the Plan are essentially a 50-year implementation budget. This section describes updated cost estimates, both total cumulative costs over the permit term and some of the key individual cost factors. The cost factors and the implementation budget will be refined at regular intervals based on actual Plan implementation experience. Following the description of costs, the report presents an overview of the proposed funding plan.

There are three major components of the Plan implementation budget: 1) reserve assembly in the form of acquisition of fee title or conservation easements and the costs associated with conducting acquisitions; 2) habitat restoration costs including design and permitting; and 3) on-going operational/management costs.

#### Reserve Assembly Cost Summary

Reserve assembly costs are the largest single component of Plan implementation costs. The land acquisition cost analysis considered the generalized location (e.g., valley/foothills) and characteristics of properties (e.g., large/small) that would be acquired to satisfy the conservation goals of the Plan. Land value estimates are based upon an analysis conducted by the appraisal firm of Bender-Rosenthal, supplemented by an analysis of recent open space acquisitions undertaken by Placer County and the Placer Land Trust. Land costs were also discussed with the Finance Committee and initial estimates were revised based on comments from appraisers, real estate brokers, and others with direct knowledge of trends in the local land market.

The estimating factors (see Table 2) represent reasonable averages for the purposes of these planning level cost estimates. Actual values will vary depending on the specifics of the property and the transaction. Over the course of Plan implementation, land cost estimating assumptions will be updated annually and reviewed periodically to capture changes in the local land market.

<b>Table 2 Land Acquisition Cost Estimate Assumptions Fee Title Average Values per acre by Community Type, Parcel Size and Location</b>		
	<b>Valley</b>	<b>Foothills</b>
Wetland Community Types	\$12,500	(assumed to be part of the other community types)
Rice	\$9,000	-
All other community types (large parcels over 100 acres)	\$7,250	\$6,600
All other community types (small parcels of 40-100 acres)	\$8,250	\$11,500

Table 3 indicates the assumptions regarding the means of acquiring Plan reserve land. Acquiring and protecting land by means of conservation easements alone without fee title acquisition will reduce Plan costs. Acquisition costs for easements are assumed to be about 60 percent of costs for fee title, on average. However, some land must be acquired in fee title, such as the land base for restoration activity. Other lands may require extraordinary management that is best undertaken with the control afforded by fee title ownership. In other cases, landowners may be willing to sell fee title but not a conservation easement. All land will be acquired from willing sellers, and conservation easements are increasingly attractive to landowners whose long-term interests are aligned with those of the Plan.

<b>Table 3 Percent of Acquisitions by Conservation Easement</b>		
<b>Community Type</b>	<b>Valley</b>	<b>Foothills</b>
Vernal Pool Complex	10%	10%
Grassland	0%	0%
Aquatic/Wetland Complex	10%	40%
Riverine/Riparian Complex	10%	40%
Valley Oak Woodland	40%	40%
Oak Woodland	40%	40%
Rice	62%	NA
Field Agriculture, other natural/semi-natural	0%	0%

Based on these assumptions and other estimates for real estate transactions costs, site improvement costs to stabilize reserve properties, and a contingency budget, the cost to assemble the 47,300 acre reserve is estimated to be \$478.7 million over the 50-year permit term. This represents 50 percent of total Plan cost.

#### Habitat Restoration Costs

Habitat restoration is expensive resulting from many factors including specialized site preparation and grading, planting, and establishment, so these plan objectives add significantly to costs. After reserve lands are acquired, it is then necessary to design and permit the restoration action, to construct the new habitat, and to monitor the restored habitat to ensure that success criteria have been met. Consequently, more monitoring occurs,

more labor-intensive site management occurs, and remedial costs are incurred to correct deficiencies over time.

Table 4 summarizes estimates of restoration costs by natural community type through the 50-year permit term.

<b>Community Type</b>	<b>Cost</b>
Vernal Pool Complex	\$51,756,000
Grassland	\$10,863,000
Aquatic/Wetland Complex	\$15,153,000
Riverine/Riparian Complex	\$71,769,000
Valley Oak Woodland	\$5,830,000
Oak Woodland	\$291,000
<b>Total</b>	<b>\$155,662,000</b>

On-going Costs for Reserve Management, Monitoring, Environmental Compliance, and Program Administration

The preceding sections described the major one-time reserve assembly and restoration costs to achieve Plan biological goals and objectives—accounting for two-thirds of total Plan cost. Reserve lands and restoration sites will be monitored and managed to ensure the success of these goals and objectives over the long term. Table 7 summarizes the cost of the rest of Plan operations during the 50-year permit term. Estimates indicate an average annual cost of approximately \$5.7 million. These costs include plan administration, restoration contract management, habitat enhancements, monitoring, and reserve land management including controlling invasive species, and fuels management activities.

<b>Cost Category</b>	<b>Cost</b>
Restoration Monitoring & Management	\$50,542,000
Other Reserve Management & Enhancement	\$83,045,000
Other Monitoring, Research & Scientific Review	\$53,560,000
Environmental Compliance	\$17,320,000
Plan Administration	\$73,206,000
Operating Contingency	\$8,767,000
<b>Total</b>	<b>\$286,440,000</b>

Plan implementation includes a number of ongoing annual costs that extend beyond the permit term. The largest ongoing cost is associated with the management of the reserve area assembled over the 50-year permit term. Total annual costs post-permit are estimated at approximately \$2.9 million per year - equivalent to \$61 per acre under management (see Table 6).

<b>Table 6 Estimated Annual Ongoing Costs – Post Permit Term</b>	
<b>Cost Category</b>	<b>Annual Cost</b>
Land Acquisition	\$0
Habitat Restoration	\$0
Reserve Management/Enhancement	\$1,658,000
Monitoring, Research, and Scientific Review	\$518,000
Environmental Compliance	\$0
Plan Administration	\$689,000
Contingency Fund	\$0
<b>Total</b>	<b>\$2,865,000</b>

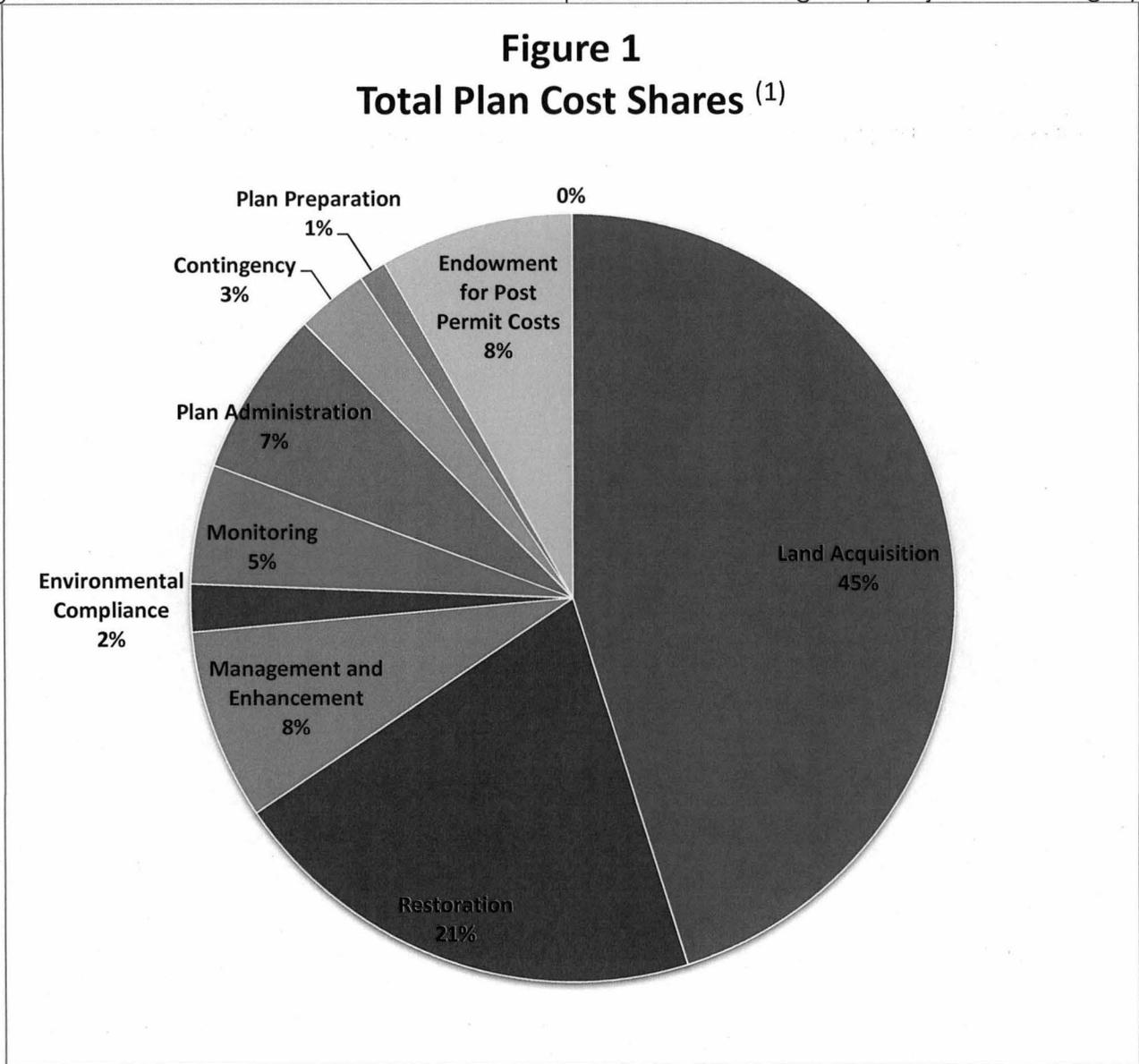
The funding of management, monitoring and administrative costs in perpetuity requires a consistent and reliable stream of revenue over time. An endowment payment, paid during the 50-year permit term, is the most cost-effective way of providing these funds.

The endowment will be able to grow over the entire permit term through allocation of a percentage of development fee revenue, interest earnings on endowment fund balances, and the absence of any withdrawals until the end of the permit term. Nominal rates of return on endowments routinely exceed inflation. Consequently, of the total endowment fund balance required at the end of the permit term, only 40 percent will come directly from development fee revenue, or about \$34 million (2015 dollars). The remainder of the funding will come from endowment capital gains, interest, and dividend income on endowment investments.

Table 7 presents the total cost of Plan implementation adding plan preparation costs and the endowment to fund post-permit costs to the permit-term costs described above.

<b>Table 7 Total Plan Costs</b>	
<b>Cost Category</b>	<b>Total</b>
Assemble Reserve System, before contingency	\$456,619,000
Restore, Manage, and Monitor Natural Communities	\$206,204,000
Reserve Management and Enhancement	\$83,045,000
Monitoring, Research & Scientific Review	\$53,560,000
Environmental Compliance	\$17,320,000
Plan Administration	\$73,206,000
Contingency (all categories)	\$30,870,000
<b>Sub-total of Capital &amp; Operating Costs</b>	<b>\$920,826,000</b>
Plan Preparation Costs	\$11,700,000
Endowment Funding for Post Permit Costs	\$82,730,000
<b>Total Plan Costs</b>	<b>\$1,015,250,000</b>

Figure 1 illustrates the distribution of the Plan implementation budget by major cost category.



#### Funding Plan and Fee Schedules

Methods for assembling and equitably distributing the costs associated with this HCP/NCCP have been the subject of extensive discussion and consideration by members of the public, officials from local, state, and federal agencies, and elected officials. This HCP/NCCP, which incorporates the input from this diverse group, offers a balanced approach to mitigating the impacts of covered activities and conserving species and habitats while equitably distributing the costs. Plan funding will come from several different sources, which fall into one of three categories.

- **HCP/NCCP Development Fees.** This source includes a land conversion fee on private and public sector development. Fees are also charged on impacts specific to wetlands and streams (restoration and enhancement fees) and temporary effects (temporary impact fee).

- **Local Funding.** Non-fee local funding will complement fee-based funding sources. Non-fee local funding will take many forms and primarily consist of dedication of existing open space to the reserve by the County of Placer, interest income, and grazing leases. The PCA is expected to gain substantial revenue from interest on this HCP/NCCP endowment as it grows prior to its use to fund costs in perpetuity after the 50-year permit term. Except for the endowment interest earnings, these non-fee local funding sources are programmed to assist in fulfilling the NCCP objectives of this HCP/NCCP (i.e., provide for the conservation of Covered Species in the Plan Area necessary to meet the requirements of the NCCPA) and not for mitigation purposes.
- **State and Federal Funding.** This source includes federal and state grant programs. Most state and federal funding can only be used for portions of this HCP/NCCP that provide for conservation actions and contributions to recovery that benefit Covered Species in the Plan Area (i.e., not for mitigation)<sup>1</sup>.

Table 8 summarizes the expected revenues and their sources over the 50-year permit term. The funding plan fully funds all costs associated with this HCP/NCCP described in above. Development fee funding is calculated to fund the fair share of total costs associated with mitigation of impacts, while non-fee funding from local, state, and federal sources is calculated to fund the fair share of total costs associated with the conservation needs of this HCP/NCCP.

#### HCP/NCCP Development Fees

This HCP/NCCP utilizes a variety of development-based fees paid as a result of both private and public Covered Activities to assist in meeting both ESA and NCCP Act requirements. Fees will generate sufficient funding to offset a proportionate share of this HCP/NCCP's costs including endowment contributions to fund all post-permit activities in perpetuity and reimbursement of the local share of plan preparation costs. This proportionate share is based on the cost of mitigation that will offset losses of land cover types, Covered Species habitat, and other biological values, as well as benefits related to open space and fuels management. These one-time fees pay for the full cost of mitigating project effects on the Covered Species and natural communities. Table 9 presents a list of development fees and their amounts.

Preparation of the funding plan paid particular attention to the Foothills. The predominance of rural residential development in the Foothills presents a challenge because impacts are relatively high per dwelling unit due to the low density development pattern. Development fees needed to ensure that new development pays its full share of mitigation costs under the HCP/NCCP without prohibiting the economic feasibility of development. To address these issues the funding plan proposes that the available credit from the County's contribution of existing reserves to the HCP/NCCP be applied against Foothills mitigation costs (see "Existing Reserve Credit" in Table 9).

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<sup>1</sup> The exception to this rule is if a state agency seeks permit coverage for a public project under the HCP/NCCP as a Special Participating Entity (see Section 9.4.1.11, Participating Special Entities).

**Table 8  
Funding Plan**

	Valley		Foothills		Total	
<b>HCP/NCCP FUNDING</b>						
<b>Mitigation Funding</b>						
Land Conversion Fee	\$485,320,000	61%	\$78,600,000	36%	\$563,920,000	56%
Existing Reserves Credit <sup>1</sup>	-	<1%	13,980,000	6%	13,980,000	1%
Bickford Ranch Funding	-	<1%	500,000	<1%	500,000	<1%
Temporary Effects Fee <sup>2</sup>	-	<1%	-	<1%	-	<1%
Restoration & Enhancement Fees	<u>112,920,000</u>	<u>14%</u>	<u>45,310,000</u>	<u>21%</u>	<u>158,230,000</u>	<u>16%</u>
Subtotal	\$598,240,000	75%	\$138,390,000	64%	\$736,630,000	73%
<b>Other Funding</b>						
State & Federal Grants	155,100,000	19%	63,570,000	29%	218,670,000	22%
Endowment Investment Income <sup>3</sup>	35,400,000	4%	13,830,000	6%	49,230,000	5%
Operating Interest Income <sup>4</sup>	5,300,000	<1%	1,200,000	<1%	6,500,000	<1%
Grazing Leases	3,700,000	<1%	530,000	<1%	4,230,000	<1%
Local Nonprofits & Foundations <sup>5</sup>	-	<1%	-	<1%	-	<1%
Subtotal	<u>\$199,500,000</u>	<u>25%</u>	<u>\$79,130,000</u>	<u>36%</u>	<u>\$278,630,000</u>	<u>27%</u>
<b>Total PCCP Funding</b>	<b>\$797,740,000</b>	<b>100%</b>	<b>\$217,520,000</b>	<b>100%</b>	<b>\$1,015,260,000</b>	<b>100%</b>
<b>HCP/NCCP COSTS</b>						
Plan Implementation (Permit Term)	\$727,130,000	91%	\$193,700,000	89%	\$920,830,000	91%
Endowment Fund Balance, Yr. 50 <sup>3</sup>	59,490,000	7%	23,240,000	11%	82,730,000	8%
Plan Preparation	<u>11,120,000</u>	<u>1%</u>	<u>580,000</u>	<u>&lt;1%</u>	<u>11,700,000</u>	<u>1%</u>
<b>Total PCCP Costs</b>	<b>\$797,740,000</b>	<b>100%</b>	<b>\$217,520,000</b>	<b>100%</b>	<b>\$1,015,260,000</b>	<b>100%</b>
<b>HCP/NCCP NET REVENUE</b>						
<b>Surplus/(Deficit)</b>	-	<b>0%</b>	-	<b>0%</b>	-	<b>0%</b>

<sup>1</sup> Value of existing County-owned open space (418 acres in Valley and 2,227 acres in Foothills) to be dedicated to reserve to offset future mitigation, net of estimated fee obligation for County public infrastructure projects.

<sup>2</sup> Temporary effect fee estimated to generate relatively small amount of revenue. Any revenue generated will be credited to the land cover fee as part of every five-year update to the funding plan.

<sup>3</sup> Endowment fund investment income and fund balance allocated based on share of total reserve by sub-area.

<sup>4</sup> Interest income allocated based on development fee revenue by sub-area.

<sup>5</sup> At this time there is no estimate of potential local funding for land acquisition from local agencies, nonprofits, and foundations. This will be updated as appropriate during Plan implementation.

**Table 9**

**HCP/NCCP Development Fees**

<b>Development Fee and Geographic Area</b>	<b>Fee</b>	
<b>LAND CONVERSION FEE<sup>1</sup></b>		
<b>Plan Area A: Valley Sub-area and Plan Area B: Sub-areas B1 (Roseville, Rocklin, and Loomis parts only), B3, and B4<sup>2</sup></b>		
<b>All Covered Activities Except Single Family Residential Development Projects</b>	\$23,866	per acre
<b>Single Family Residential Development Projects (see footnote for land area calculation)<sup>3</sup></b>		
Subdivided parcel	\$11,933	per acre
Existing parcel	\$5,967	
Roads & other infrastructure <sup>4</sup>	\$23,866	
<b>Plan Area A: Foothills Sub-area and Plan Area B: Sub-areas B1 (Auburn part only), B2, and B5</b>		
<b>All Other Covered Activities Except Single Family Residential Development Projects</b>		
Existing parcel up to 1.0 acre	\$2,410	per acre
Existing parcel > 1.0 up to 2.3 acres	\$5,178	
Existing parcel > 2.3 acres	\$8,007	
<b>Single Family Residential Development Projects</b>		
Existing or subdivided parcel up to 1.0 acre	\$2,410	per acre
Existing parcel > 1.0 up to 2.3 acres	\$4,551	per DU
Subdivided parcel > 1.0 up to 2.3 acres created from existing parcel > 1.0 up to 2.3 acres	\$4,551	
Subdivided parcel > 1.0 up to 2.3 acres created from existing parcel > 2.3 acres	\$7,380	
Existing or subdivided parcel > 2.3 up to 4.6 acres	\$7,380	
Existing or subdivided parcel > 4.6 to 10.0 acres	\$12,977	
Existing or subdivided parcel > 10.0 acres	\$18,574	
Roads & other infrastructure <sup>4</sup>	\$8,007	
<b>RESTORATION AND ENHANCEMENT FEES (all Plan areas)</b>		
Vernal Pools	\$96,245	per acre
Aquatic/Wetland	\$63,462	
Riverine/Riparian	\$86,736	
In-stream	\$345	per linear foot
<b>TEMPORARY EFFECT FEE</b>		
Land Conversion Temporary Effect Fee	Depends on duration of effect.	
Restoration and Enhancement Temporary Effect Fees	See Sec. 9.4.1.5 for details.	
Notes: All amounts in 2015 dollars. See Chapter 1, Figure 1-5 for a map of Plan areas, sub-areas, and sub-area parts.		
"Single Family Residential Development Projects" means construction of one or more buildings designed for occupation by one family, including factory-built housing (modular housing), and for purpose of this fee schedule does not include residential development included in specific plans, planned developments, or tentative maps approved after Plan adoption.		
"Existing Parcel" refers to parcel size at time of Plan adoption.		
"Subdivided Parcel" refers to parcel created from subdivision activity (parcel map or tentative map) following Plan adoption and includes the existing parcel and all resulting parcels.		
<sup>1</sup> In the unincorporated area the project applicant will pay either the land conversion fee or the fee pursuant to the County's Tree Ordinance, whichever is greater (see Section 6.3.2.3.3 Community		

Condition 3.3, Valley Oak Woodland Individual Trees).

<sup>2</sup> Land conversion fee in the Valley sub-area only does not apply to parcels less than or equal to 20,000 square feet.

<sup>3</sup> Fee based on acres of direct effect related to parcel size at time of development as follows:

Parcels  $\leq$  20,000 square feet are exempt from the fee.

Parcels  $>$  20,000 square feet and  $<$  1.0 acre = direct effect is equal to parcel size

Parcels  $\geq$  1.0 acre and  $<$  4.6 acres = 1.0 acre of direct effect

Parcels  $\geq$  4.6 acres and  $<$  10.0 acres = 2.0 acres of direct effect

Parcels  $\geq$  10.0 acres = 3.0 acres of direct effect

<sup>4</sup> Roads and other infrastructure includes driveways larger than 10,000 square feet and roads and other infrastructure that extend beyond the assumed direct effect acreage (see footnote #3). Fee based on area of additional direct effects above the assumed direct effect acreage.

The Plan includes consideration of exemptions from development fees, collection of fees, automatic annual adjustment, and periodic assessment and adjustment of fees to ensure full funding based on what is learned as the Plan is implemented. In addition, there are three topics related to fee implementation that have received particular scrutiny.

#### Timing of development fee payment

The fee obligation will be due at the first step in the permitting process that results in ground disturbance or other impacts on covered species depending on which one occurs first (not all projects require all steps):

1. Grading permit or grading plan issuance
2. Improvement plan approval
3. Building permit issuance
4. Any other final permit action for a covered activity that authorizes an action that will result in an impact to a Covered Species or its habitat.

If a development project requires either a grading permit or improvement plan and in addition requires a building permit, then the developer could pay a portion of the fee at the grading permit or improvement plan stage and the remainder at building permit issuance. The fee due at grading permit or improvement plan approval would be based on the area of land disturbed and the share of the total obligation associated with reserve acquisition costs to be determined by the PCA. If a partial fee payment is made at grading permit or improvement plan approval, then the remaining share of the fee obligation representing: (1) PCA costs during the permit term excluding reserve acquisition, (2) post-permit endowment contribution, and (3) plan preparation reimbursement will be due at building permit issuance.

#### Payment of fees with a special tax or special assessment district

The PCA may allow development fees to be funded with a special tax or assessment adopted through formation of a Community Facilities Districts (CFD) or a special assessment district to the extent allowed by the appropriate enabling statute. Fee payments would remain due according to the timing described above, bond proceeds may be used to refund prior fee payments made prior to bond issuance to the extent allowed by the applicable special district enabling statute.

Restrictions apply if the special tax or assessment is used to fund ongoing public services rather than payment of bond debt. Public service special taxes and assessments may only fund that portion of the fee obligation associated with PCA costs during the permit term excluding

reserve acquisition costs. The post-permit endowment contribution and plan preparation reimbursement may not be funded with an ongoing special tax or assessment for public services. Securing payment of the fee obligation in this manner is the only way to extend payment beyond building permit issuance as described above. The ongoing special tax or assessment must be levied in an amount sufficient to fully fund the associated fee obligation by the end of the permit term and must be adjusted annually for inflation. The Permittee would have to guarantee to the PCA any fee obligation associated with a special tax or assessment for public services should funding be eliminated by property owner vote following establishment of the special district.

The County of Placer or the City of Lincoln in cooperation with the PCA would determine the appropriate use of a financing district during a project's entitlement process. For the County, any use of a financing district would require the project applicant to submit an application to the Placer County Bond Screening Committee. The Committee would have the authority to recommend financing for approval by the Board of Supervisors in accordance with the Committee's adopted rules and procedures.

#### Land provided in lieu of development fees

Any public or private project proponent subject to the land conversion fee may propose dedication of land to the reserve in lieu of payment of all or a portion of the land conversion fee. Any land dedication in lieu of a fee obligation shall require a land dedication agreement with the PCA. The PCA and the project proponent must execute the agreement before commencement of covered activities to which the credit will be applied.

If land proposed for dedication is of sufficient conservation value to the reserve, the PCA may offer an incentive to the project proponent for the land dedication. The PCA shall determine the conservation value of lands proposed for dedication based on the PCA's analysis of current reserve requirements and the role that the proposed lands will play in meeting those requirements.

#### Local Funding

Funds for Plan implementation will come from local sources other than development fees. The Permittees are not expected or required to utilize local general funds for implementation of the HCP/NCCP unless, at the discretion of the Permittee, general fund revenues are utilized to mitigate for effects caused by the Permittees' Covered Activities or other Plan implementation costs. While private foundations and non-profit organizations that support open space acquisition and biodiversity planning have played a role in funding land conservation in Placer County, they are not expected to play a significant role in supporting the HCP/NCCP; largely due to the scope and scale of the effort and because the majority of PCCP costs are associated with the mitigation of effects resulting from covered activities. There may be support from private foundations and non-profit organizations on the conservation measures that are not associated with impacts from covered species.

Placer County Parks anticipates dedicating to the reserve 2,227 acres in the Foothill sub-area. An additional 418 acres will be dedicated in the Valley sub-area through a joint venture with the County of Placer and Placer Land Trust. The value of this dedication of a total of 2,645 acres to the funding plan is \$20.3 million. The County anticipates crediting its fee obligation for public projects such as Placer Parkway that require coverage under the Plan against the

value of this land dedication. The County estimates that these public projects will generate fee obligations of \$6.3 million. The net value of this land dedication to the funding plan is thus \$14.0 million as shown in Table 10. As discussed above, this net credit is used to partially fund the mitigation obligation in the Foothills area.

Other sources of local funding include grazing leases on reserve land and interest and other earnings on fund balances generated by development fee revenues held prior to expenditure.

#### State and Federal Funding

The U.S. Congress and the California Legislature have determined that conserving species and their natural habitats is an issue of both national and state importance. The federal and state governments will strive to assist local governments and property owners to assemble, manage, and monitor this HCP/NCCP's Reserve System.

State or federal funding is restricted to land acquisition costs based on existing funding sources. Funding could come from a variety of sources, including several sources administered by CDFW and USFWS. Land contributions by USFWS and CDFW could be provided through contributions by the Wildlife Conservation Board (WCB) and through periodic issuance of state bonds that fund a wide diversity of conservation programs. A portion of the reserve is located in the Spenceville Conceptual Area Protection Plan and as such is already a priority for funding from the WCB. An assessment of progress toward this goal will be made annually and included in the annual report of the PCA submitted to CDFW and USFWS.

State and federal contributions to this HCP/NCCP are earmarked only for that share of total costs for this HCP/NCCP that provides for the conservation of Covered Species in the Plan Area. State and federal contributions cannot be used for the mitigation share of total costs for this HCP/NCCP. The PCA will measure contributions by the state or federal government in terms of the amount of land acquired rather than in dollars provided. This approach helps to ensure the Plan's land acquisition requirements can be met regardless of the fluctuation of land prices or the variations in land availability.

#### **PLACER COUNTY IN-LIEU FEE PROGRAM UPDATE**

Since 2008, the County has been working to prepare an in-lieu fee (ILF) program for concurrent adoption with the PCCP. An ILF will allow a project proponent to mitigate many, if not all, of their impacts on wetlands through the payment of a fee in lieu of implementing the mitigation activity on their own.

When an ILF is available to mitigate impacts to waters of the United States (e.g., wetlands), the methodology used to develop an ILF must comply with Corps of Engineers regulations that govern how projects compensate for impacts. This "Final Compensatory Rule", issued in 2008, makes it a priority to utilize mitigation banks and ILF programs to mitigate impacts over permittee initiated or other mitigation.

In 2013, County staff was contacted by the Placer Vineyards Development Group, LLC about the possibility of developing an interim ILF as a means to provide mitigation for impacts associated with the Placer Vineyards Specific Plan project. The development of an interim ILF

began in the winter of 2013 with financial support from the Placer Vineyards Development Group, LLC. To date, the ILF work program has completed the following tasks:

- Prepared an ILF Prospectus – The prospectus identifies the need for an ILF, the service area boundary, anticipated threats to aquatic resources, historic losses, stakeholder participation, a description of the long-term protection and management strategies and monitoring and adaptive management. The Corps of Engineers issued a public notice for the in-lieu fee program on January 14, 2016 with a comment period expiring February 15, 2016.
- Prepared a Compensation Planning Framework necessary to identify the location, types, and general approach for wetland mitigation. The Corps of Engineer's required "compensation planning framework" is compatible with the PCCP in a number of ways (e.g., landscape level, watershed approach, in-kind replacement of function, in perpetuity management and monitoring, and no net loss for wetlands).
- Prepare a draft and final ILF Program Instrument (pending) – the Program Instrument is the document that will be reviewed and approved by the agencies and will serve as the program document for the County's implementation.

County staff are still working with the agencies on issues including: 1) The use of an ILF for endangered species mitigation (combining wetland credits and endangered species mitigation requirements), 2) Understanding how the PCCP conservation strategy for endangered species and CARP for impacts on waters of the United States will align with the ILF and 3) Providing assurances to the Corps of Engineers and U.S. Fish and Wildlife Service that the County has the ability to operate an ILF program prior to and in the event the PCCP is never completed.

With the continued financial support by the Placer Vineyards Development Group, LLC, the preparation of an ILF can continue in advance of the adoption of the PCCP. Under the current schedule, the ILF will be available at least one year prior to implementation of the PCCP. There are a number of benefits associated with the preparation of an interim ILF including:

- The availability of private sector funding from the Placer Vineyards Development Group to develop an interim ILF (a savings to the County of approximately \$98,000).
- An interim ILF will serve as a pilot project for PCCP implementation prior to adoption of the larger program.
- An ILF will facilitate implementation of the PCCP and enable a smooth transition to the PCCP when adopted.
- An interim ILF will encourage coordinated mitigation that advances the County's overall conservation strategy. Early integration of state and federal regulations associated with wetlands and endangered species with the County's objective of having more local control and local implementation within one unified conservation strategy and will help lay the foundation for a successful PCCP.
- An interim ILF would help to coordinate mitigation measures needed for County requirements with mitigation measures needed for federal endangered species and wetlands requirements for the Placer Vineyards Specific Plan and Regional University Specific Plan Projects.
- All public and private projects that impact aquatic resources in the service area (Exhibit A) would be able to utilize the ILF program.

- The ILF would also be available to other plan participants including the City of Lincoln and the Placer County Water Agency.

There are a few issues which need to be noted. First, if the PCCP is not finalized, the County would remain obligated to manage ILF program funds and use them to implement the ILF program's compensation planning framework. Second, unless and until the PCCP is finalized, the ILF program will require County staff to implement the program, and the staffing obligations would precede the formation of a joint powers authority for the PCCP. The ILF program is scheduled to be ready for approval by the fall 2016 which would be approximately one year before the full PCCP is tentatively scheduled to be adopted. Given this schedule the ILF program would require staff funding starting as early as the FY 16/17 budget cycle. This will mostly impact the Community Development Resources Agency (CDRA) and Department of Public Works and Facilities. Third, ILF revenues will fund implementation but may be less than the estimated PCCP funding depending on the endangered species requirements and other factors that need to be evaluated. Lastly, lands acquired with ILF revenues will need to be managed and monitored in perpetuity, even if the PCCP program is not adopted and the ILF program is eventually suspended.

**RECOMMENDATIONS:** There are no actions required of the Board at this time.

1. Receive a status report on the preparation of the Placer County Conservation Plan with a particular emphasis on the costs associated with the implementation of the overall program.
2. Receive a status report on the preparation of the County Aquatic Resources Program (CARP) In-Lieu Fee Program (CARP).

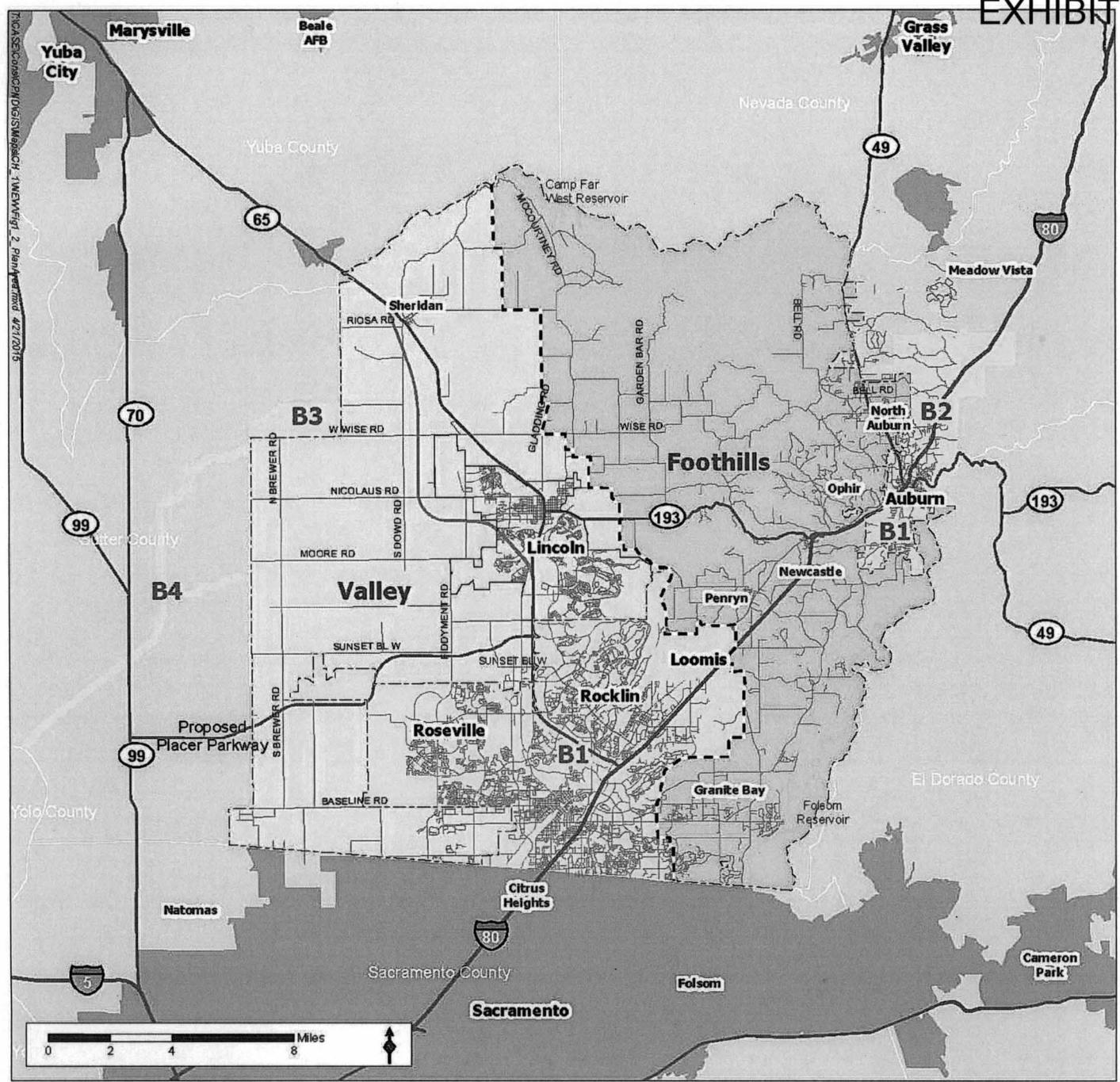
Exhibit A: Figure 1-2, Western Placer County and the Plan Area

Exhibit B: Figure 2-4 Plan Area Components Covered Activities

Exhibit C: Draft PCCP Reserve Map and Figure 1-5 PCCP Designation Map

Exhibit D: List of Species

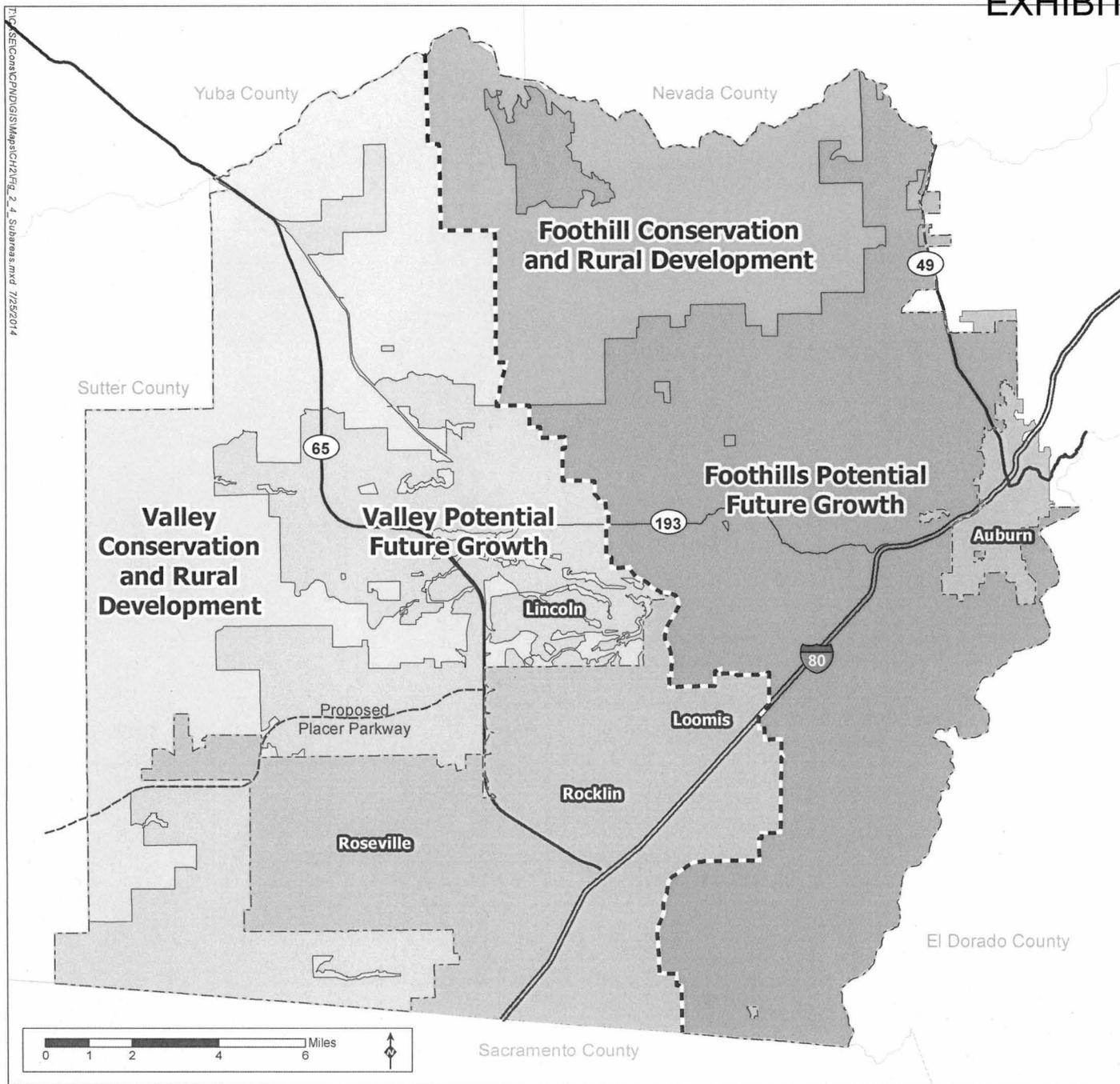
cc: Donna Kirkpatrick, CDRA  
Loren Clark, CDRA  
James Importante, County Executive Office  
Matt Brower, City of Lincoln  
Matt Wheeler, City of Lincoln  
Einar Maisch, PCWA  
Celia McAdams, PCTPA  
Chris Beale, Resources Law Group  
PCCP BWG Members  
PCCP Finance Committee Members  
Sally Nielsen, HEG  
Robert Spencer, Urban Economics



Source: Placer County, 2014; MIG | TRA 2015; Caltrans

<ul style="list-style-type: none"> <li>— Interstate</li> <li>— Highway</li> <li>— Road</li> <li>□ City of Lincoln</li> <li>- - Valley/Foothill Divide</li> <li>■ Surrounding Urban Area</li> </ul>	<p><b>Plan Area A</b></p> <ul style="list-style-type: none"> <li>Valley 100,921</li> <li>Foothills 109,295</li> <li>All Plan Area A 210,216</li> </ul> <p><b>Plan Area B</b></p> <ul style="list-style-type: none"> <li>B1. Permittee Activity in Non-Participating City Jurisdiction. 50,636 acres</li> <li>B2. PCWA Zone 1 Operations and Maintenance. 6,315 acres</li> <li>B3. Coon Creek Floodplain Conservation. 1,724 acres in Sutter County</li> <li>B4. Fish Passage Channel Improvement. 33 miles of channels in Sutter County</li> <li>B5. Big Gun Conservation Bank. 52 acres in Placer County (Not shown on map)</li> </ul>
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Figure 1-2 Western Placer County and the Plan Area



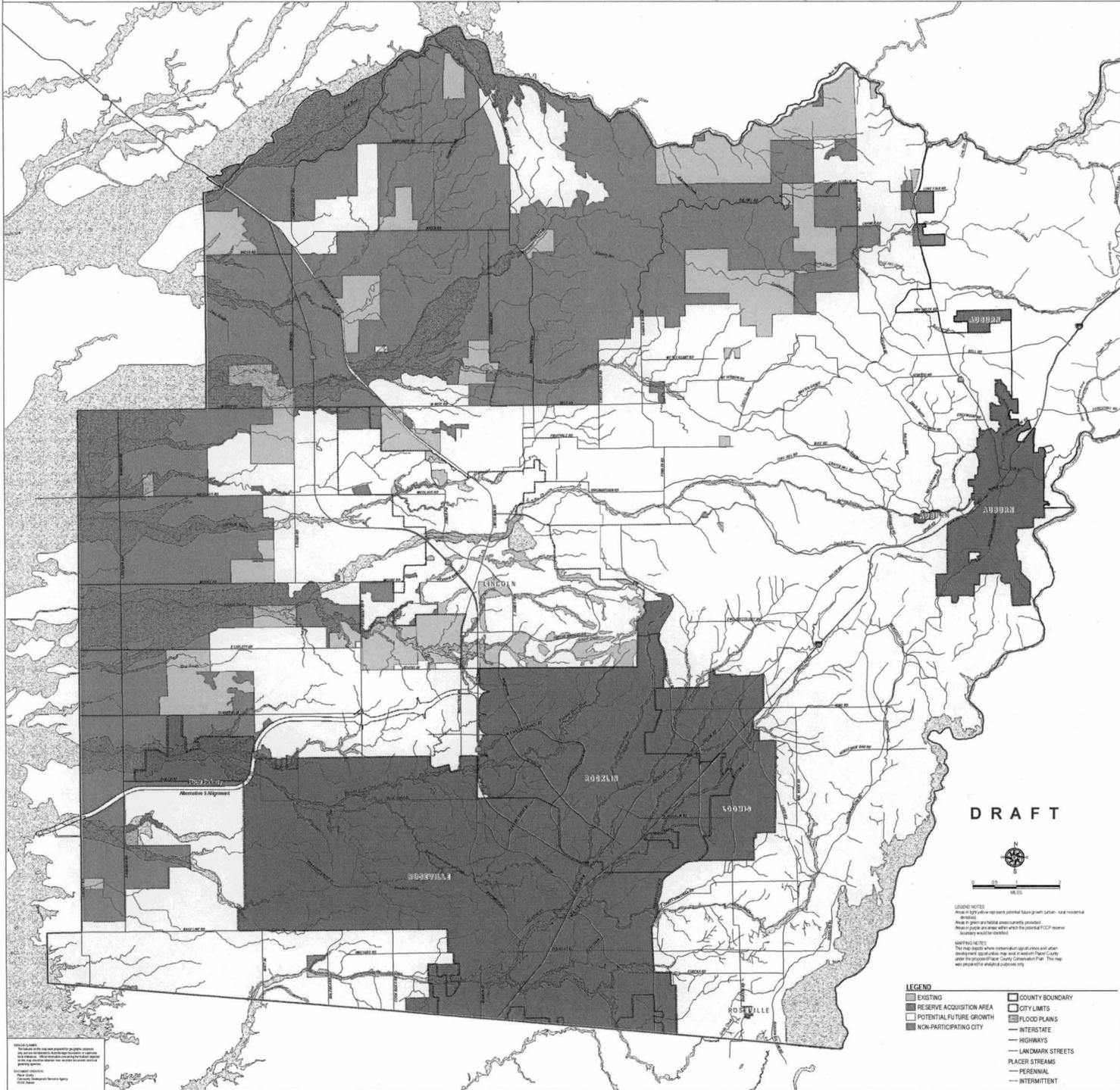
Source: Placer County, 2014; TRA 2014

- |                            |   |
|----------------------------|---|
| Primary Plan Area Boundary | <b>Primary Plan Area Components</b>         |
| Valley/Foothill Divide     | Valley Conservation and Rural Development   |
| Non-participating City     | Valley Potential Future Growth              |
|                            | Foothill Conservation and Rural Development |
|                            | Foothills Potential Future Growth           |

DRAFT

Figure 2-4 Primary Plan Area Components

# DRAFT PCCP RESERVE MAP (2-1-16)



## DRAFT



**LEGEND NOTES:**  
 Areas in light gray represent potential future growth (urban - not residential) identified.  
 Areas in dark gray are areas which the potential PCCP reserve boundary would be identified.

**NOTING NOTES:**  
 This map depicts urban residential applications and urban development applications only and is not a final PCCP Reserve Map. It is subject to change and is not a final PCCP Reserve Map. This map was prepared for informational purposes only.

- LEGEND**
- EXISTING
  - RESERVE ACQUISITION AREA
  - POTENTIAL FUTURE GROWTH
  - NON-PARTICIPATING CITY
  - COUNTY BOUNDARY
  - CITY LIMITS
  - FLOOD PLANS
  - INTERSTATE
  - HIGHWAYS
  - LANDMARK STREETS
  - PLACER STREAMS
  - PERENNIAL
  - INTERMITTENT

**PROJECT CONTACT:**  
 Mr. [Name] - [Title]  
 [Address]  
 [City, State, Zip]

**DATE:** [Date]

**SCALE:** [Scale]

Western Placer County HCP/NCCP Covered Species

Common Name	Scientific Name	Status	
		Federal	State
<b>Birds</b>			
Swainson's hawk	<i>Buteo swainsoni</i>	BCC	ST
California black rail	<i>Laterallus jamaicensis coturniculus</i>	BCC	ST & FP
Western burrowing owl	<i>Athene cunicularia hypugea</i>	BCC	SSC
Tricolored blackbird	<i>Agelaius tricolor</i>	BCC	SSC
<b>Reptiles</b>			
Giant garter snake	<i>Thamnophis gigas</i>	FT	ST
Northwestern pond turtle	<i>Actinemys marmorata marmorata</i>		SSC
<b>Amphibians</b>			
Foothill yellow-legged frog	<i>Rana boylei</i>		SSC
California red-legged frog	<i>Rana draytonii</i>	FT	SSC
<b>Fish</b>			
Central Valley steelhead – Distinct Population Segment	<i>Oncorhynchus mykiss irideus</i>	FT	
Central Valley fall/late fall-run Chinook salmon Evolutionary Significant Unit	<i>Oncorhynchus tshawytscha</i>		SSC
<b>Invertebrates</b>			
Valley elderberry longhorn beetle	<i>Desmocerus californicus dimorphus</i>	FT	
Conservancy fairy shrimp	<i>Branchinecta conservatio</i>	FE	
Vernal pool fairy shrimp	<i>Branchinecta lynchi</i>	FT	
Vernal pool tadpole shrimp	<i>Lepidurus packardii</i>	FE	

Status

**Federal**

- FE Federally Endangered
- FT Federally Threatened
- BCC U.S. Fish and Wildlife Birds of Conservation Concern

**State of California**

- SE State Listed as Endangered
- ST State Listed as Threatened
- FP Fully Protected
- SSC California Department of Fish and Wildlife Species of Special Concern

