COUNTY OF PLACER
Community Development/Resource Agency

Michael J. Johnson, AICP
Agency Director

PLANNING SERVICES DIVISION

Paul Thompson, Deputy Director

MEMORANDUM

TO: Board of Supervisors

FROM: Loren Clark
Assistant Agency Director

DATE: October 8, 2013

SUBJECT: PLACER COUNTY CONSERVATION PLAN

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 program.
2. Provide direction regarding preparation of an interim in-lieu fee (ILF) program

There are no net County costs associated with these actions.

BACKGROUND

In this report, staff will present a number of items related to the work program including the following topics:

1. Background, Growth/Impact Assumptions and Conservation Strategy
2. Overview of updated preliminary costs and cost assumptions
3. Overview of the PCCP Funding Plan
4. PCCP Governance – Staffing Alternatives
5. Development of an in-lieu fee program prior to plan adoption
6. Status of the work program to develop a programmatic process for Federal Clean Water Act Section 404
7. Plan Completion Schedule

Staff is recommending one action for Topic No. 5 related to the preparation of an interim in lieu fee program.

Topic No. 1 – BACKGROUND, WORK PROGRAM UPDATE, GROWTH/IMPACT ASSUMPTIONS and CONSERVATION STRATEGY:

The PCCP work program implements the goals and policies of the Placer County General Plan. The PCCP is intended to provide 50 years of compliance for the following state and federal regulations:

- Incidental Take Permit - Federal Endangered Species Act
- Natural Communities Conservation Plan - California Endangered Species Act and Natural Communities Conservation Act
- Sections 404 and 401 of the Federal Clean Water Act related to wetlands and water quality

- Section 1600 Fish and Game Code - Streambed Alteration Agreements

One key objective of the PCCP is to shift regulatory responsibility from state and federal agencies to Placer County, City of Lincoln and Placer County Water Agency (the "participating agencies"). The PCCP is also intended to assist with the mitigation of impacts associated with the construction of the Placer Parkway. Once complete, the PCCP will allow the participating agencies to integrate regulatory actions associated with endangered species and wetlands with their local entitlement processing. It 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.

Plan Subareas

For organizational purposes, both the cost and funding plan divide the plan area into two distinct geographic regions, the Valley and the Foothills (See Exhibit A). This accounts for the significant differences between the types of natural communities that exist in the two areas and the type of development that is projected for each area.

The separation between the two areas generally follows the 200 foot contour elevation at which the valley floor transitions into the oak woodlands of the foothills of the Sierra Nevada. The Valley subarea is 100,872 acres in size and the Foothill subarea is 109,305 acres in size. The Valley subarea is projected to have ~79,000 new dwelling units constructed by the end of the permit term and the Foothill subarea is projected to have ~16,000 new dwelling units constructed by the end of the permit term. The total amount of new residential development projected over the permit term is ~95,000 dwelling units. In addition, non-residential development is projected in the form of commercial, industrial, professional, public/quasi-public and some rural/farm uses.

Valley Subarea

- Grasslands
- Riparian/riverine
- Wetlands (representing around 6 percent of all landcover in the valley)
- Vernal Pool Complexes
- Large floodplains
- Rice
- Other Agricultural
- Dominant pattern of development receiving coverage: Urban/Suburban
- Primary regulatory concerns: wetland fills and endangered species impacts associated with vernal pools

Foothill Subarea

- Oak Woodlands
- Riparian/riverine
- Wetlands (representing around 2.3 percent of all landcover in the foothills)
- Narrow floodplains or the floodplain is absent
- Small farm operations and ranching
- Dominant pattern of development receiving coverage: Rural Residential
- Primary regulatory concerns: oak woodland impacts, salmon/steelhead habitat, and wetland fills

Covered Activities

The PCCP plan document must identify and describe the various activities that will be covered by the Plan. The covered activities are those activities spelled out by the participating agencies and must

be specifically addressed by the PCCP. The conservation strategy must mitigate the anticipated impacts resulting from all covered activities that are requested by the participating agencies.

A covered activity could be a single one-time action (e.g., construction of a sewer pump station or development of a subdivision) or could be activities that are routine maintenance actions of local government (e.g., clearing of flood control channels). The selection of covered activities is the choice of the participating agencies that seek coverage through the PCCP and the various stakeholder interests that are part of plan preparation. The following is a summary of the types of activities that are proposed to be covered by this plan.

- Placer Parkway
- Cumulative and indirect effects of providing Sacramento River water to west Placer
- Land development activities during the permit term for unincorporated Placer County, west of Auburn, and for the City of Lincoln.
- The construction of new facilities, and operations and maintenance activities related Placer County Water Agency infrastructure.
- County infrastructure and roadway projects – new construction
- County maintenance activities (flood control, roads, drainage facilities, etc.)
- Restoration activities related to PCCP implementation and Placer Legacy

Placer Conservation Authority (PCA)

Each permitting agency will be responsible to ensure that its covered activities adhere to the PCCP and avoid, minimize, and mitigate impacts to covered species as described in the Plan, successful implementation of the PCCP will require a local administrative structure, effective coordination with local, state and federal partners, and significant interaction with various private sector stakeholders. In order to manage a complex program such as the PCCP, careful consideration must be given to the governance or implementation structure in order to meet PCCP objectives and comply with regulatory obligations. At this time it is generally assumed that a joint powers authority agency will be created known as the Placer Conservation Authority or PCA.

Projected "Take" Over the 50-year Permit Term

The PCCP provides for both the conservation and mitigation of 31 endangered or threatened species known to be found in western Placer County. The PCCP estimates effect (i.e., the take) on these species (including their habitat) that is expected from land development activities (i.e., covered activities).

The PCCP estimates take of covered species (see Exhibit D) or covered species habitat by analyzing growth projections and land conversion. Take can be caused directly (e.g., replacement of habitat with homes and businesses), or indirectly (e.g., water quality impacts from urban runoff impacting aquatic species such as Chinook salmon and steelhead). For larger rural residential properties, the PCCP estimates take by assuming an average effects footprint when a property is developed with a single-family home.

The total acreage of the PCCP coverage area is approximately 206,355 acres excluding Folsom Lake (See Exhibit B). Based upon a 2011 economic forecast, the PCCP estimates that over the 50-year permit term, 30,755 acres of land will be affected by covered activities (i.e. land development and infrastructure improvements).

The direct take footprint, or the area of habitat impacted by covered activities, is estimated to represent ~15 percent of the total land area covered by the PCCP. This figure also includes about 3,600 acres of infill within existing urban/built up areas. It also includes impacts associated with the ongoing fragmentation of oak woodlands through rural residential development.

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Table 1 summarizes the total amount of land conversion that is anticipated through the 50-year permit term.

Table 1
Projected Land Conversion 50-year Permit Term (Measured in Acres)

PCCP Land Cover Type	Acres	Percent of total
Vernal Pool Complex	12,366	40%
Grassland	5,343	17%
Aquatic/Wetland	106	<1%
Riverine/Riparian	193	<1%
Valley Oak Woodland	29	<1%
Foothill Oak Woodland	6,140	20%
Rice	1,929	6%
Field Orchard	1,033	3%
Infill	3,616	12%
Total PCCP Area	**30,755**	**100%**

Conservation Strategy

The PCCP contains one conservation strategy that mitigates impacts associated with 50 years of growth on a list of covered species and their habitat. The PCCP also conserves and restores the western Placer County landscape as a whole through conservation and restoration activities that improve the overall ecological function of the landscape.

For land development and new infrastructure projects, the key features of the conservation strategy are the mitigation requirements that offset the impacts associated with the 30,755 acres of land conversion over the next 50 years. At the end of the permit term, it is anticipated that mitigation actions will result in the conservation of 31,813 acres of PCCP reserve land permanently under management for the benefit of species and their habitat.

In addition to providing a mitigation strategy for land conversion, the PCCP is a conservation plan that seeks to develop an ecologically viable reserve area that will not only compensate for impacts associated with the covered activities but will also provide for a functioning ecosystem within which sensitive species can survive and even restore populations. These actions, referred to as conservation measures, contribute to the overall development of the reserve area.

The PCCP's conservation measures will acquire and restore lands through funding largely derived from state and federal agencies. This distinction between mitigation costs and the costs associated with the conservation measures is an important element of the PCCP's funding plan. In addition to the 31,813 acres acquired and restored to mitigate impacts, it is anticipated that an additional 16,437 acres will be acquired and restored through outside funding sources; largely state/federal grant programs. This will yield a 48, 250 acre Reserve Area at the end of the permit term. The funding plan is designed to raise sufficient funds to manage the mitigation and conservation lands in perpetuity.

In summary, the 30,755 acres of impact will be compensated through the acquisition and restoration of 31,813 acres of land. To achieve the County/City's overall conservation objectives, an additional 16,437 acres will be acquired through outside funding (See Exhibit C for the current Reserve Acquisition Area Map). For the entire Plan Area, approximately one-third of the cost of implementing the conservation strategy would be funded by state/federal funding.

Table 2 presents the PCCP land acquisition objectives by community type and anticipated mitigation and conservation acreage objectives that result from the implementation of the conservation strategy over the next 50 years. Overall, overall 92 percent of the plan's objectives are met in three community types: grasslands/vernal pool grasslands, rice and oak woodlands.

Table 2
PCCP Reserve Acres Acquired and Managed by Community Type[1]

PCCP Community Type	Total
Vernal Pool Complex	17,000
Grassland	7,150
Aquatic/Wetland	1,000
Riparian	2,600
Foothill Oak Woodland	10,150
Valley Oak Woodland	200
Rice	10,000
Field Agri/Orchard	150
Total Acres	**48,250**
Total: Mitigation Share	**31,813**
Conservation Share (Contribution to Recovery)	**16,437**

[1]These figures are based upon a preliminary conservation strategy which has not yet been approved by the wildlife agencies. These figures will be adjusted once the conservation strategy is approved for public review.

Habitat Restoration

In order to meet the biological objectives of the PCCP and, in some cases regulatory requirements of the wildlife agencies, it is necessary to restore certain habitat types. Restoration and compensatory mitigation activities are prevalent today for most forms of project mitigation. For some community types, restoration and compensatory mitigation will also be necessary at a landscape scale as well. In other cases the plan will deemphasize restoration in favor of land conservation (e.g., oak woodlands). In particular, in order to meet the anticipated long-term regulatory obligations, a significant amount of vernal pools and other wetlands will need to be restored to compensate for the loss of these wetlands. This is a requirement of the federal Clean Water Act which has a "no net loss standard" that is mirrored in County policy. In addition, there are conservation actions funded by state/federal sources that will also restore a significant amount of habitat (e.g., valley foothill riparian restoration and salmonid fish passage improvements). Table 3 summarizes the type and amount of habitat restoration that will be completed by the end of the permit term. These acres are a subset of the 48,250 acres to be acquired by 2060.

Habitat restoration costs are discussed below.

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Table 3
Restoration Acres by Community Type

Community Type	Total
Vernal Pool Complex/a/	9,000
Grassland	1,000
Aquatic/Wetland	859
Riparian/Riverine	855
Valley Oak Woodland	214
Foothill Oak Woodland	1,000
Total	**12,928**
Stream Miles	1.5

/a/ Within the 9,000 gross acres of Vernal Pool Complex grasslands, the PCCP will restore 403 wetted acres of vernal pools. Note: Acres restored/created include a mix of gross acres (actually wetted acres plus surrounding upland areas) and wetted acres only. The final Plan will include data for wetted acres only.

Topic No. 2 – UPDATED PCCP COST ASSUMPTIONS

The planning effort for the PCCP 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, such as the PCCP, must demonstrate adequate funding for implementation of conservation measures. Prudent implementation planning also mandates a detailed up-front assessment of one-time capital and on-going operating budgets for the Plan.

The costs of the PCCP 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 PCCP implementation experience. Following the description of costs, the report presents an overview of the proposed funding plan.

There are three major components of the PCCP implementation budget: 1) land acquisition costs 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. The costs associated with implementation of the PCCP are linked to the conservation strategy referenced above.

Land Acquisition Cost Summary

Land acquisition costs are the largest single component of PCCP 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 PCCP. Land value estimates are based upon an analysis conducted by the appraisal firm of Bender-Rosenthal in June 2004 and again in April 2011 supplemented by an analysis of recent opens space acquisitions undertaken by Placer County and the Placer Land Trust. Land costs were also discussed with the PCCP 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 4) 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 PCCP implementation, land cost estimating assumptions will be updated annually and reviewed periodically to capture changes in the local land market.

Table 4
Land Acquisition Cost Estimate Assumptions
Fee Title Average Values per acre by Community Type, Parcel Size and Location

	Valley	Foothills
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

The current land acquisition analysis is conservative in that the analysis assumes that the majority of acquisitions will be through the purchase of fee title. Table 5 describes the assumptions about the percentage of PCCP reserve land that would be acquired by means of conservation easements. The assumption is that it is generally possible to identify willing sellers for fee title transactions over time because property is routinely transferred and sold. Identifying willing sellers for conservation easements has proven to be more difficult and that trend is expected to continue. Conservation easements could, on average, reduce the cost of land acquisition by as much as 40 to 50 percent for each property acquired.

Table 5
Percent of Acquisitions by Conservation Easement

Natural Community Type	
Oak Woodland	40%
Aquatic/Wetland/Riparian in Foothills	40%
Aquatic/Wetland/Riparian in Valley	10%
Grassland and Vernal Pool Grasslands	10%
Riparian and wetlands	5%
Rice and other Agriculture	30%
Easement cost is assumed to be 60% of the fee title cost, on average.	

Table 6 presents the resultant estimate of the PCCP land acquisition budget over the 50-year permit term. The budget to acquire the 48,250 acre reserve is estimated to total about $458 million.

Table 6
Acquisition Cost by Community Type

Community Type	**Total**
Vernal Pool Complex	$204,000,000
Grassland	$58,176,000
Aquatic/Wetland	$9,984,000
Riparian	$27,840,000
Foothill Oak Woodland	$76,734,000
Valley Oak Woodland	$1,344,000
Rice	$79,200,000
Field Agri/Orchard	$1,144,000
Total:	**$458,422,000**

Habitat Restoration Costs

Restoration efforts are expensive, so these plan objectives add significantly to the cost of the PCCP. 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 insure 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 7 summarizes current estimates of restoration costs by natural community type through the 50-year permit term.

Table 7
Restoration Cost by Community Type

Community Type	Total
Vernal Pool Complex	$23,130,000
Grassland	$12,250,000
Aquatic/Wetland	$40,170,000
Riparian	$42,080,000
Valley Oak Woodland	$10,480,000
Oak Woodland	$48,940,000
Streams (Fish Passage)	$4,620,000
Total	$181,670,000

One of the restoration objectives of the plan is to restore oak woodland habitat function on 1,000 acres in the foothills. The objective is not to compensate for oak woodland losses but instead to restore, to full function, about 10 percent of the area that is going to be placed into conservation by the end of the permit term. Staff is evaluating the cost estimates currently applied to the restoration of this area (almost $44M). The current estimates are based upon an active restoration effort that involves planting, irrigation, substantial ongoing monitoring, and other activities that are both labor and capital intensive. Alternative restoration efforts that are more passive may reduce costs substantially. Staff will be discussing the current cost estimates with restoration ecologists familiar with hardwood restoration in order to determine if lower estimates are possible while still achieving the biological objective of restoring oak woodlands in the foothills.

Capital and Operating Costs Summary

During the 50 years of implementation, lands will need to be acquired and restored, monitoring will commence, and land stewardship actions will be initiated.

Table 8 depicts the cumulative estimate of the one-time capital costs (acquisition, restoration, land management actions, and contingency costs) for the 50-year permit term. This table is a cumulative summary of costs to acquire and restore 48,250 acres of land by the end of the 50-year permit term.

Table 8
Summary of Cumulative Capital Costs over the Permit Term

Cost Category	Total
Land Acquisition	$487,434,000
Restoration	$161,383,000
Reserve Management	$10,176,000
Monitoring, Research & Scientific Review	$276,000
Environmental Compliance	$3,000
Program Administration	$354,000
5% Contingency on land acquisition costs & site improvement costs	$24,371,000
Total	**$683,994,000**

Table 9 summarizes the cost of PCCP operations during the 50-year permit term. Current estimates indicate an average annual cost of about $4.6 million. These costs include program administration, restoration contract management, monitoring, and reserve land management including controlling invasive species, and fuels management activities.

Table 9
Summary of Cumulative Operating Costs over the Permit Term

Cost Category	Total
Land Acquisition	$15,769,000
Restoration	$20,281,000
Reserve Management	$67,058,000
Monitoring, Research & Scientific Review	$37,895,000
Environmental Compliance	$17,308,000
Program Administration	$63,792,000
3% Operating Contingency	$6,995,000
Total (Avg. of $4.6 million/year)	**$229,099,000**

The implementation of the PCCP includes a number of on-going 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 about $3.1 million per year - equivalent to $64 per acre under management (see Table 10).

Table 10
Estimated Annual Ongoing Costs – Post Permit Term

TOTAL BUDGET	
Land Acquisition	**$0**
Habitat Restoration/Enhancement	**$0**
Reserve Management	**$1,908,000**
Monitoring, Research, and Scientific Review	**$500,000**
Environmental Compliance	**$0**
Program Administration	**$694,000**
Contingency Fund	**$0**
Total	**$3,102,000**

The post permit, ongoing, administrative and management costs are the most difficult to fund because they require a consistent and reliable stream of revenue over time. At this time, the staff and consultants are considering the use of an endowment payment, paid during the 50-year permit term.

The endowment funds will not be used for any purpose until after the permit term has ended allowing the endowment fund to build such that a balance of approximately $103 million would be available at the end of Year 50. Assuming a 3.00 percent real rate of return (net of inflation and administrative costs), this endowment fund balance is estimated to yield an annual discretionary budget of $3.1 million per year.

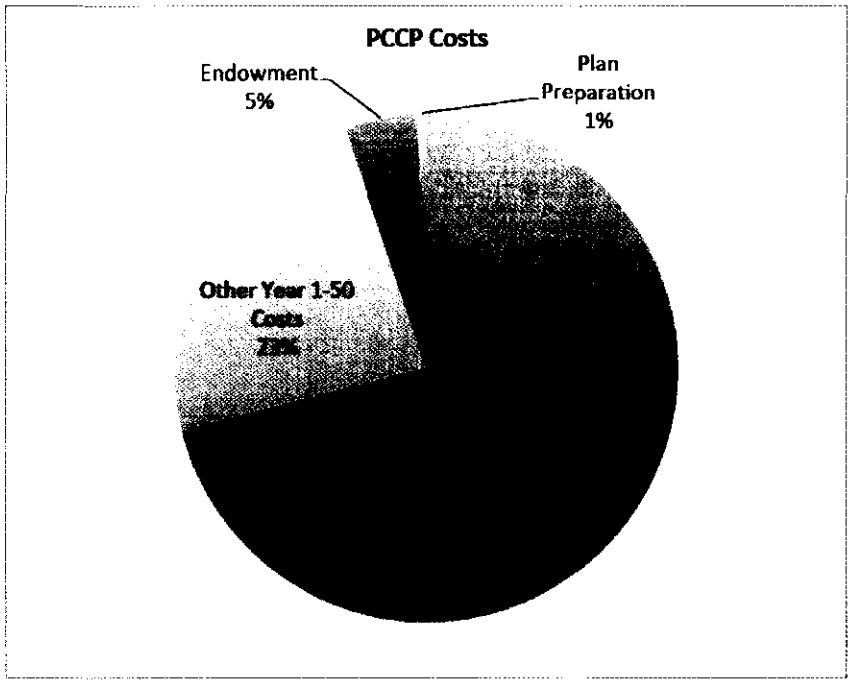
Table 11 is the total cost of PCCP implementation adding plan preparation costs and the endowment to fund post-permit costs to the permit-term capital and operating costs described above.

Table 11
Cumulative Capital and Operating Costs over the Permit Term

Cost Category	**Total**
Land Acquisition	$503,203,000
Restoration	$181,663,000
Reserve Management	$77,231,000
Monitoring, Research & Scientific Review	$38,171,000
Environmental Compliance	$17,310,000
Program Administration	$64,146,000
Contingency	$31,366,000
SubTotal of Capital & Operating Costs	**$913,090,000**
Plan Preparation Costs	$6,440,000
Endowment Funding for Post Permit Costs	$45,000,000
Total Plan Costs	**$964,530,000**

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

Figure 1[1]



[1]"Other Year 1 to 50 Costs" includes monitoring, research and scientific review, environmental compliance, contingency, program administration, and reserve management.

Comments on Cost Estimates

First, it is important to note that these are preliminary cost assumptions. Some of the costs that have the greatest influence on the overall cost of the PCCP are the number of acres acquired, restored and monitored. Because the conservation strategy has not yet been approved for public distribution the costs must be considered preliminary in nature. The cost estimates and overall funding plan will be revised again once the public review draft PCCP is ready for distribution.

Secondly, in addition to the influence of the conservation strategy on cost, a number of individual factors could reduce these costs including spreading the costs across a broader base, reducing the overall footprint of take, acquiring a higher percentage of conservation easements versus fee title, obtaining greater funding support from state/federal agencies over time, establishing revenue generating activities, etc. Conversely other factors could increase these costs including inflation in land costs, increased administrative costs, increased adaptive management and monitoring requirements, an increase in the number of acres acquired or restored, and others.

Lastly, because the Permittees will ultimately be responsible for compliance with all the terms and conditions of the State and Federal Permits, it is not possible for staff to ensure the Board that the above costs will not, in some way, result in support costs from the County/City in order to ensure implementation of the PCCP. The County and the City may need to designate staff to support and advise the PCA on implementation of the PCCP's conservation strategy.

Topic No. 3 – OVERVIEW OF THE PCCP FUNDING PLAN

The PCCP consists of a number of documents including: 1) Conservation Strategy, 2) PCCP Funding Plan (Chapter 9 of the PCCP with supporting documentation), 3) County Aquatic Resources

Program (CARP), 4) EIR/EIS, and 5) various implementing agreements and ordinances. Until recently, limited work had been completed on a Funding Plan because the PCCP's Conservation Strategy was too undeveloped. Because the Conservation Strategy is now moving forward with agency review, work on the preliminary PCCP Funding Plan was initiated in May 2013. Two members of the County's consultant team, Sally Nielsen of Hausrath Economics Group and Robert Spencer of Urban Economics, have been developing the background data that will serve as the foundation for a Funding Plan for the Board's consideration once the Conservation Strategy has been developed. This background data is summarized in this report and is intended to provide the Board and public with information on how the PCCP is funded and how the mitigation strategy is implemented on a project-by-project basis.

The foundation for a Funding Plan has been developed in order to evaluate costs, to provide stakeholders and the Board with information on anticipated costs and to insure that the funding strategy and conservation strategy are fully integrated into the PCCP. The preliminary Funding Plan also gives stakeholders, elected officials, and administrators within the participating agencies the opportunity to understand the overall order of magnitude costs associated with the implementation of the PCCP and to understand the procedures associated with collecting and spending fee revenues and other revenues from state and federal grant programs. The public review draft PCCP Funding Plan will be developed concurrently with the PCCP Conservation Strategy and EIR/EIS in 2014.

The preliminary PCCP Funding Plan addresses three elements of implementation funding:

- Conservation funding – For the most part these are state/federal grant programs that help the PCCP achieve conservation objectives that are above and beyond the need to mitigate impacts.
- Area-wide Mitigation Funding – This is the primary source of funding for the PCCP. An area-wide land conversion fee would apply to projects that convert natural and semi-natural landscapes. The fee is evenly applied across the valley and foothill landscape. The Area-wide mitigation funding will also address landscape-scale cumulative impacts that are shared equally for all projects processed during the permit term.
- Special Habitat Mitigation Funding – The source of mitigation funding is associated with the habitat-specific impacts (e.g., wetlands, valley oak, and riparian habitat) associated with projects that impact these particular resources.

The Funding Plan will also provide the necessary nexus evaluation for the various fee components of the Plan consistent with the Mitigation Fee Act.

Methodology

The development of the costs and funding alternatives is the result of a long series of interrelated tasks. One change in any number of assumptions and variables can have a very real effect on the costs associated with the program. In summary, the tasks included the following:

1. Determine the scope of the overall effort (i.e., what areas of the County are to be covered by the PCCP).
2. Determine the length of time for which development impacts are to be covered (The PCCP is assuming 50 years).
3. Determine the amount of growth to be covered over the term of the permit.
4. Predict the amount of land required to accommodate the growth.
5. Determine which species are to be covered and how projected changes to the western Placer County landscape will affect those species today and over time.
6. Determine which covered activities will be mitigated.
7. Develop a conservation strategy to address the predicted impacts and to provide for the conservation of the species and their habitat.

8. Identify measureable biological goals and objectives that can be analyzed for their costs.
9. Prepare a cost assumptions model for the one-time and ongoing costs to acquire and maintain those lands protected through the PCCP.
10. Develop a funding plan that provides for mitigation fee payments and ensures that in perpetuity management funding is assured.

Steps 1 through 9 have been completed and the results of a preliminary Funding Plan are discussed below. Steps 7 through 9 will be evaluated again once the conservation strategy has been approved by the wildlife agencies. Step 10 will be completed for the public review draft PCCP documents.

PCCP Finance Committee

In order to assist with the development of the Funding Plan, it was determined that a diversity of stakeholder interests should be identified and formed into a Finance Committee. Exhibit F is a list of individuals who have agreed to be members of the Finance Committee. The Committee members include a diversity of interests with an awareness of real estate, land costs, development costs and land conservation efforts. Their role will be to assist with a number of areas related to the development of the funding plan including:

- Review of cost assumptions
- Review of funding options for capital costs
- Review of funding options for operating costs during the permit term
- Review of funding options for ongoing costs – post-permit term
- Review of the administrative draft funding plan documents

A PCCP Finance Committee was formed to allow for stakeholder input on cost assumptions and funding plan concepts. The Finance Committee met a total of nine times and covered a range of topics. The Finance Committee will be reconvened once the conservation strategy has been approved by the wildlife agencies and the costs associated with implementation have been refined.

- 05/30/2013 Kick off meeting with overview of PCCP and Cost/Funding Plan
- 06/13/2013 Growth projections and cost model assumptions
- 06/27/2013 Restoration strategy and cost assumptions
- 07/11/2013 Management, monitoring and environmental compliance cost assumptions
- 07/25/2013 Funding plan and mitigation fee nexus concept
- 08/01/2013 Funding plan and mitigation fee nexus model
- 08/07/2013 Subcommittee meeting on restoration costs
- 08/22/2013 Updates to funding plan and nexus model
- 09/19/2013 Preliminary draft funding plan, project-level cost model run and final overview

Summary of changes

With the input of the PCCP Finance Committee a number of changes were made to the cost assumptions and the funding plan. The following is a summary of the key areas where the Finance Committee had a substantive input on the preliminary cost estimates and Funding Plan:

- Land acquisition cost reduction for the valley vernal pool grassland and other wetland land costs
- Land acquisition cost reduction for foothills acquisitions
- Restoration contingency factor reduced
- Number of field facilities reduced
- Estimate of fuel break buffer refined - so some grazing costs reduced
- Staffing plan refined; staffing peaks at 14 FTE instead of 19 FTE

Preliminary Funding Plan Summary

The following tables and figures provide a summary of how the funding plan will work and the order of magnitude of costs to be applied to projects on a per acre or per dwelling unit (du) basis. Staff is not recommending any action on the preliminary Funding Plan at this time. The information is being provided to the Board to understand the cost implications of the PCCP and to provide an opportunity for the public and stakeholders to comment.

Land Conversion Fee Formula

Figure 2 represents the calculation that was developed to determine the cost per acre in the Valley and Foothills. This land conversion fee would apply to all projects subject to the PCCP. Exempt projects or activities not covered by the PCCP will have impacts assessed through the status quo regulatory environment. Changes to the conservation strategy, changes to the cost assumptions and other factors could affect the fees depicted in this report.

The land conversion fee is based on the following formula. The formula is applied separately to the Valley and the Foothills to calculate a separate fee for each subarea.

- Step One: Determine the total plan cost (See Tables 12 and 13) for the Valley and Foothill areas respectively.

- Step Two: Deduct the total restoration costs from the total plan costs for the Valley and Foothill Area.

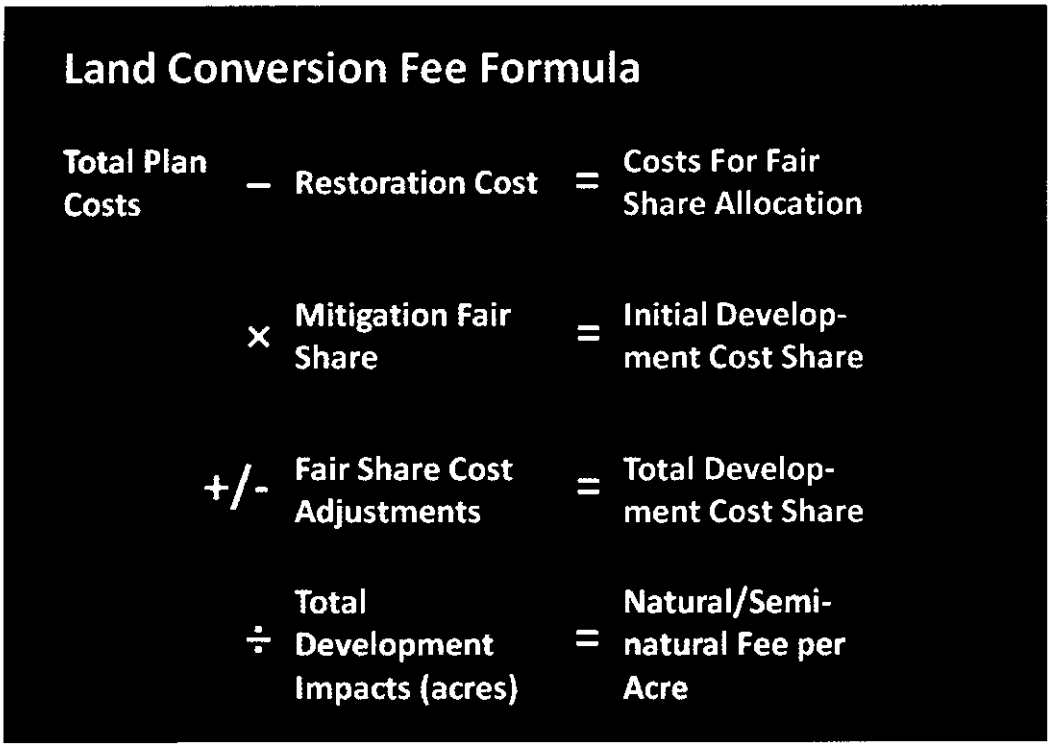
- Step Three: Multiply the cost for Fair Share Allocation by the mitigation fair share amount to determine the Initial Development Cost Share of costs associated with mitigation of land conversion impacts. The remaining costs are associated with contribution to recovery and would be funded by state, federal, and other non-fee funding sources.

- Step Four: Several Fair Share Cost Adjustments are made to the Initial Development Cost Share. These adjustments include, for example, (1) adding in a share of Total Restoration Costs associated with area-wide mitigation of indirect and cumulative impacts to special habitats, (2) shifting costs among the two subareas to reflect actual impacts and mitigation responsibilities (i.e., approximately 1,000 acres of oak woodland associated with the City of Lincoln's General Plan will be mitigated in the Foothill area because there is not suitable mitigation area in the Valley), and (3) credits for open space funding and existing reserves.

- Step Five: The resulting Total Development Cost Share is then divided by the acres of Total Development Impacts to calculate the cost per acre used in the Natural/Semi-natural Fee per Acre ($25,397/ acre for the Valley and $7,449 for the Foothills).

- Step Six: Additional adjustments were made to determine the pro-rata share for infill projects in the Valley and Foothills.

Figure 2
Land Conversion Fee Formula



Valley Subarea Land Conversion Fee

Table 12 uses the above fee formula for calculating impacts on the valley floor. The net result of the calculation is that the land conversion fee applied to all projects other than infill properties, would be charged $25,397/acre of land disturbed. Property owners who avoid impacts on their projects and/or dedicate lands to the reserve system can get credits against their fee obligation. The valley land conversion fee does not include impacts on special habitats (See Table 15).

For example, a project that converts 100 acres of grassland that has 2 acres of vernal pool wetlands would pay $25,397 x100 acres or $2,539,700 plus the wetted acre restoration cost of 2 x $172,186 for a total of $2,884,072. This fee would cover all of the estimated habitat mitigation costs, monitoring costs, land management costs, compensatory mitigation replacement costs, endowment payment for post-permit management and operational costs for implementation of the PCCP.

As noted in the fee schedule, "infill" projects have a substantially lower fee of $1,016/acre. While additional work needs to be completed on the definition of infill for the valley floor, this definition is intended to account for most of the smaller rural residential properties and urban infill areas in the City of Lincoln and unincorporated areas. Infill properties are also subject to the special habitat mitigation fees in Table 15 if such habitat is present on the infill property. For example, a 0.25-acre parcel in the townsite of Sheridan that has no special habitat fee obligation would pay $254. A 2-acre industrial infill parcel in the Sunset Industrial Area with a small tributary of Pleasant Grove would pay $2,032 for the conversion of grassland and a second special habitat fee for the riparian/riverine impact.

Table 12
Valley Subarea Land Conversion Fee Per Acre

Amount	
Total PCCP Costs (including plan preparation & endowment)	$693,180,000
Total Restoration Costs	($117,390,000)
Net Cost Subject for Fair Share Allocation	$575,790,000
Development Fair Share	67.4%
Development Fair Share Cost Allocation (before adjustments)	$388,080,000
Fair Share Adjustments	($81,350,000)
Total Development Mitigation Costs & Fee Revenue	$469,430,000
Acres Weighted by Impact	18,484
Natural/Semi-natural Fee Per Acre	**$25,397**
Infill Development Fee Per Acre	**$1,016**

Foothills Subarea Land Conversion Fee

The foothill land conversion fee is more complicated due to the wide range of development impacts that occur from commercial and industrial development the Auburn/Bowman area, residential parcels as small as a quarter-acre in the North Auburn area and 10- to 80-acre rural residential parcels in the foothills west of Auburn. Table 13 depicts how the fee was derived based upon total plan costs. Table 14 depicts how the fee is applied based upon a variable standard of parcel size and an estimated impact footprint for rural residential properties.

In order to address this diversity of impacts, the foothill land conversion fee is largely based upon assumptions about the size of the parcel and the anticipated level of disturbance. It is also necessary to account for the residual habitat value that remains on larger parcels after they are developed. While the academic record is limited on the effects of oak woodland fragmentation through rural residential development, for purposes of this plan it is assumed that some function and value is present on parcels with intact woodlands that are greater than 10 acres in size.

Fee revenues are largely dedicated to the conservation of oak woodlands and oak woodland restoration. The special habitat fees referenced in Table 15 also apply to foothill development in the same manner as they apply to valley development.

For parcels less than 4.61 acres in size, the foothill fee has two components: the landcover impact fee which is largely dedicated to the establishment of an oak woodland conservation reserve; and an open space fee that is derived from the goals and policies of 0the General Plan related to land conservation and open space. In effect, a property owner is mitigating for their impacts to oak woodlands (variable as to parcel size) and contributing towards an oak woodland conservation area in the foothills consistent with open space and agricultural conservation policies of the County (separate from their biological resource values).

The land conversion fee is based upon an assumed landcover footprint impact of 1.0 acres in area for parcels 1.00-4.60 acres, 2.0 acres in area for parcels 4.61 to 10.00 acres and 3.0 acres in area for parcels greater than 10.00 acres. The landcover impact fee of $7,449/du is increased in equal proportion to the amount of land converted. The open space fee of $3,555 is a flat fee per single-family dwelling unit, regardless of the development footprint for residential parcels less than 4.61 acres in size. Multi-family parcels pay a reduced open space fee of $2,694/du.

Infill projects in the foothills would pay $372/acre in addition to any special habitat fee obligations and open space fee.

Table 13
Foothills Subarea Land Conversion Fee

Amount	
Total PCCP Costs (including plan preparation & endowment)	$271,350,000
Total Restoration Costs	($64,270,000)
Net Cost Subject for Fair Share Allocation	$207,080,000
Development Fair Share	62.3%
Development Fair Share Cost Allocation (before adjustments)	$129,010,000
Fair Share Adjustments	($63,250,000)
Total Development Mitigation Costs & Fee Revenue	$65,760,000
Acres Weighted by Impact	8,828
Natural/Semi-natural Fee Per Acre	**$7,449**
Infill Development Fee Per Acre	**$372**

Table 14
Foothills Land Conversion Fee Based Upon Parcel Size and Density

	Assumed Landcover Footprint Impact	**Landcover Component**	**Open Space Component**	**Total**
Natural/Semi-Natural Impacts				
Residential				
Single Family Detached, >=1				
Parcels 1.00 to 4.60 ac	1.0 acres	$7,449/du	$3,555/du	$11,004/du
Parcels 4.61 to 10.00 ac	2.0 acres	$14,898/du	-	$14,898/du
Parcels > 10.00 acres	3.0 acres	$22,347/du	-	$22,347/ac
Single Family Detached, <1 ac		$7,449/ac	$3,555/du	Varies
All Other Residential		$7,449/ac	$2,694/du	Varies
Non-Residential		$7,449/ac	-	$7,449/ac
Infill Development Impacts				
Residential				
Single Family Detached		$372/ac	$3,555/du	Varies
All Other Residential		$372/ac	$2,694/du	Varies
Non-residential		$372/ac	-	$372/ac

Special Habitat Fees – Restoration

Table 15 depicts the special habitat fees for habitat restoration. These fees will serve as compensatory mitigation fees that will replace the function and value of key habitats that will be lost over time. Special habitat fees will also account for the federal no net loss standard for wetlands protected by the Clean Water Act. The area of the impact resources is specifically identified, the unit cost is applied, then a ratio is applied to account for temporal effects and the loss of value associated

with restored habitat (e.g., it may take decades to replace the lost function of a mature riparian forest). Special habitat fees apply to the valley, foothill, and infill projects.

Table 15
Special Habitat Fees – Restoration

Community Type	Unit Cost	Mitigation Ratio	Restoration Fee
Vernal pool wetlands	$57,385	1.5	$86,093 per wetted acre
Other wetlands	$46,764	1.5	$70,146 per gross acre
Riverine/riparian	$49,216	1.5	$73,824 per gross acre
Valley oak woodland	$48,946	1.5	$73,419 per gross acre
Stream	TBD	TBD	TBD per linear foot

PCCP Funding Plan

The PCCP Funding Plan will collect approximately $1 billion in revenues (including land dedications equal to the revenue projection) over the 50-year permit term (See Table 11, above). Table 16 is a summary of the various sources of program revenue including fee payments, state/federal funding, grazing lease revenue, endowment income. Table 16 also depicts reserve credits which are associated with lands acquired with General Fund revenues through the Placer Legacy program that can be used as mitigation credit for County-initiated covered activities (e.g., new park or roadway construction).

Figure 3 depicts where the funds are proposed to be distributed including a small percentage that will be allocated to reimbursement to the County for the costs incurred to develop the PCCP. As noted, over 90 percent of the funds collected during the permit term are allocated to plan implementation. Around 8 percent of the revenue is directed to an endowment account that is assumed to earn a net 3 percent per year compounded over the 50-year permit term providing for a fund balance of $103 million that will be used to fund in perpetuity management and monitoring obligations.

Figure 4 depicts the overall breakdown of revenue sources which are largely divided between mitigation and restoration fees (59 percent) and state and federal funding (34 percent).

Table 16
Funding Plan (Years 0-50)

	Valley	Foothill	Total	%
Mitigation Funding				
Land Conversion Fee(before credits)	$469,430,000	$65,760,000	$535,190,000	52%
Existing Reserve Credit	$4,910,000	$15,710,000	$20,620,000	2%
Reserve Credits used for Infrastructure projects[1]	($4,910,000)	($1,640,000)	($6,550,000)	<1%
Land Conversion Fee Revenue	$469,430,000	$79,830,000	$549,260,000	54%
Restoration Fee Revenue	$50,600,000	$7,960,000	$58,560,000	6%
Subtotal	$474,340,000	$81470,000	$607,820,000	59%
Other Funding (Contribution to Recovery)				
State & Federal Funding			$347,050,000	34%
Endowment Fund Investment Income			$58,040,000	6%
Operating Fund Interest Income			$2,500,000	<1%
Grazing Leases			$7,160,000	<1%
Subtotal			$414,750,000	41%
Total PCCP Funding			**$1,022,570,000**	**100%**
Total PCCP Costs (excluding endowment contributions)			**$919,530,000**	**90%**
Endowment Fund Balance, Year 50			**$103,040,000**	**10%**

[1]Reserve credits are those lands already in conservation acquired through the Placer Legacy program that can be used to mitigate County infrastructure projects.

Figure 3
Land Conversion Fee Allocation

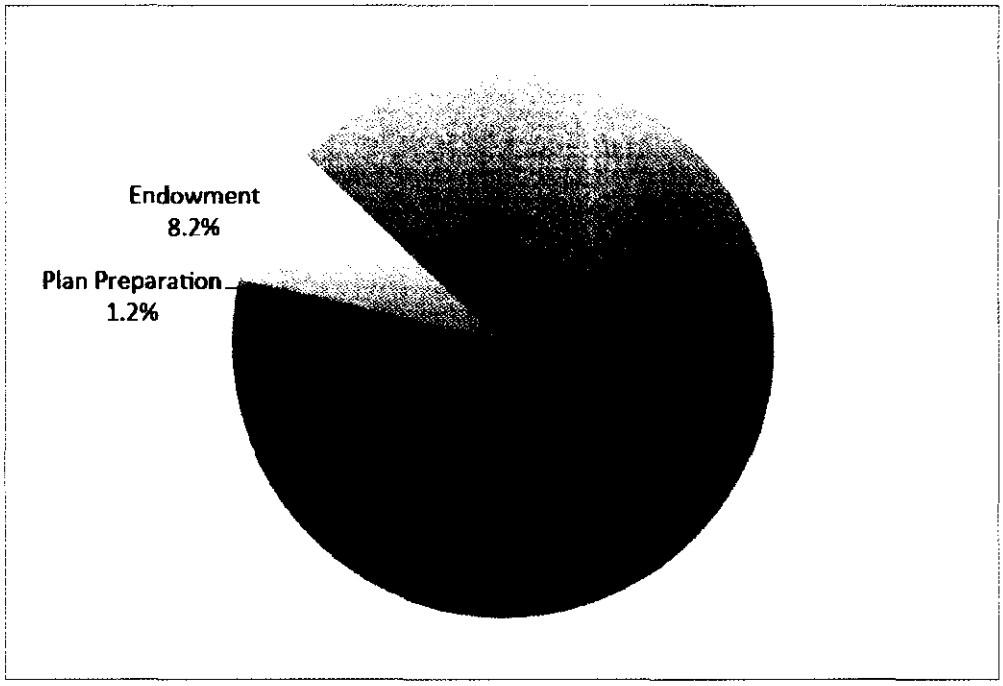
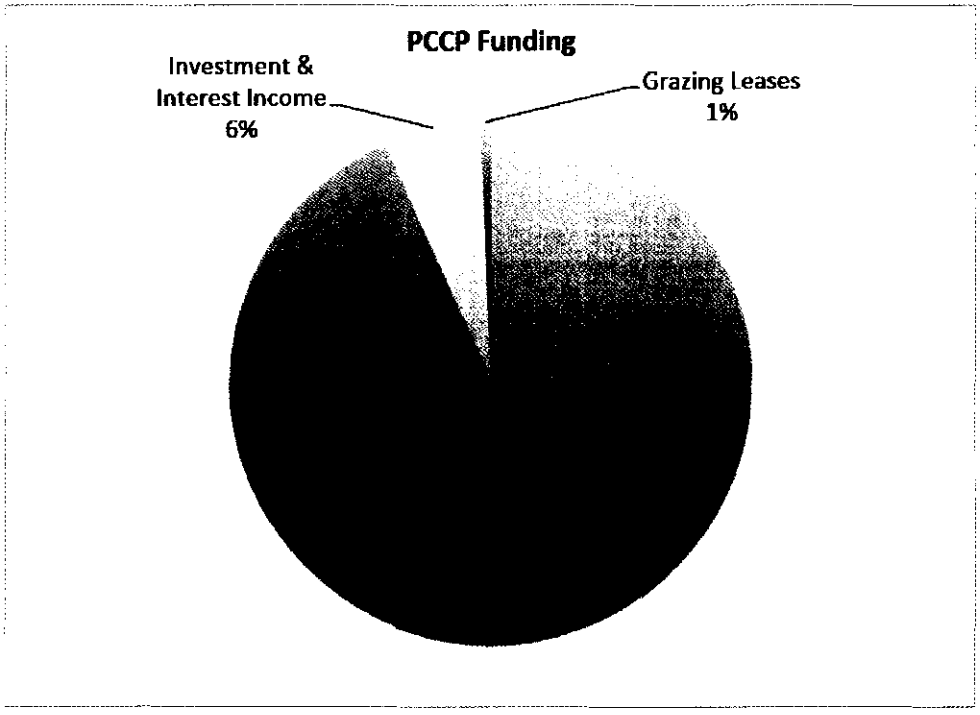


Figure 4



State/Federal Funding Support
The majority of implementation and ongoing management costs associated with the PCCP are expected to be borne by private sector mitigation. Mitigation fee assessments, and possibly other public financing methods, are options for the Board's consideration to pay for the majority of the projected program costs. However, a key element of the state's NCCP and the federal HCP program is funding support to meet the conservation objectives of the locally-prepared plan. This support comes through the direct acquisition of fee title and conservation easements by the state/federal government and through the awarding of grant funds such as the Section 6 Cooperative Endangered Species Conservation Fund of the federal Endangered Species Act. To the extent that state/federal support for ongoing costs (e.g., monitoring and operations/maintenance) is not available, then these funding sources will be used to acquire an additional reserve acreage such that the allocation of total Plan costs between mitigation funding and state/federal sources remains consistent with the fair share allocation of the total Plan budget. Staff is also continuing to work on the funding relationship between mitigation actions (locally-funded) and conservation actions (local, state, federal funding) in order to determine what the local mitigation burden will be. When they reconvene, the Finance Committee will review the assumptions on local vs. non-local costs/revenues.

The land acquisition and restoration costs associated with the mitigation of impacts are 100 percent a local burden. The conservation actions of the plan, over and above the mitigation of impacts, are shared by local government and state/federal agencies. For purposes of this cost analysis on the Valley Subarea, staff has assumed that the local mitigation efforts will account for 67 percent of all of the PCCP these costs are borne locally and 33 percent is borne by state/federal agencies over time. The Foothills Subarea has an estimate that local mitigation efforts will address 62 percent of all PCCP costs and 38 is borne by state/federal agencies.

Topic No. 4 – PCCP GOVERNANCE - STAFFING ALTERNATIVES
Implementation of the PCCP will result in the need to conduct a range of stewardship and monitoring activities not presently conducted by local government. Consequently, there will be a need to provide staff support that is over and above the current responsibilities of the County, City of Lincoln and Placer County Water Agency (PCWA). At this time it is generally assumed that a joint powers authority agency will be created, tentatively named the Placer Conservation Authority or PCA. The staffing of the PCA is being reviewed from a cost perspective in order to determine the roles of the public sector versus private sector in the staffing of the PCA.

The participating agencies will retain their current regulatory roles but with the added responsibility of processing permits under the PCCP. The key areas of responsibility for the PCA include the following:

- Overall program administration
- Land stewardship
- Monitoring
- Restoration
- Reporting
- Professional and technical assistance (e.g., wetlands, bioassessments, and archaeological)

Staff, the consultant team, and the Finance Committee have reviewed a number of options on how to staff the future PCA. No single alternative is recommended for consideration at this time. Once the public review draft conservation strategy is prepared and the cost implications of the plan have been updated, staff will bring to the Board additional information on governance and staffing options with recommendations. This is anticipated in the Spring of 2014. The following is a list of staffing/governance alternatives:

- PCA Staffing Alternative 1 – All public employees (~14 FTE) – County staff. Contract support for specific activities such as annual monitoring or restoration design/construction. Examples – San Diego County HCP and Western Placer Waste Management Authority
- PCA Staffing Alternative 2 – Smaller core public employee staffing (e.g., administrative staff, wetlands biologist, land acquisition, and GIS/IT – no field staff) (~7 FTE) – County staff with contract support (for-profit or non-profit). Example – East Contra Costa County HCP/NCCP.
- PCCP Staffing Alternative 3 – No public employees other than liaison and coordination roles within existing County departments. Non-profit staffing for administration and monitoring with contracts for all other activities – County/City role largely reporting and liaison. Examples include: Nature Reserve of Orange County (3 FTE) or Natomas Basin Conservancy (4 FTE).

Staff and the consultants have interviewed the management team in Orange County and at the Natomas Basin in order to better understand the use of a non-profit to implement a government-initiated regulatory program. What we have found is that every conservation plan is unique and there is no single model that replicates another jurisdiction's plan. In the case of Orange County, the non-profit is very small because the 38,000-acre reserve system is managed by the Orange County Parks Department. In the case of Natomas, the non-profit staffing is small because the overall number of acres under stewardship is small, at 4,131 acres in 2012 (in comparison to the PCCP objectives which is over ten times that amount at the end of the permit term). Nevertheless, because a public/private partnership appears to be an efficient and cost effective model, the staff and consultant team will continue to evaluate the role of non-profit organizations in the implementation of the PCCP.

A number of cost assumptions will be evaluated for each of the alternatives listed above including:

- Number of public employee positions
- Number of non-profit positions (if any)
- Contract labor costs (including contract administration)
- Salaries
- Overhead/Benefits

Topic No. 5 - DEVELOPMENT OF AN IN-LIEU FEE PROGRAM

Since 2008, the County has been working on the preparation of an in lieu fee (ILF) program for the PCCP. It has been staff's intent to prepare an ILF concurrent with the adoption of the PCCP. An ILF will allow a project proponent to mitigate many, if not all, of their impacts on endangered species and wetlands through the payment of a fee in lieu of implementing the mitigation activity on their own or by purchasing mitigation/conservation bank credits.

The methodology to develop an ILF must be consistent with criteria developed by the U.S. Army Corps of Engineers (COE) in its updated rules that govern how projects compensate for impacts on waters of the United States (e.g., wetlands). This "Final Compensatory Rule", issued in 2008, makes it a priority to utilize mitigation banks and ILF programs to mitigate impacts over permittee initiated mitigation. Therefore, a PCCP ILF program would be consistent with the COE's direction for wetlands mitigation. Some progress has been made on the preparation of a PCCP ILF, including federal agency staff review of preliminary documentation by the COE and the U.S. Environmental Protection Agency (EPA).

The preparation of an ILF work program includes the following tasks:

- Prepare an ILF Prospectus – The prospectus would identify 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. (Staff has prepared a draft prospectus).

- Prepare a Compensation Planning Framework – as part of the prospectus, it is necessary to identify the location, types, and general approach for wetland mitigation. The COE'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 – 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.

Recently, County staff was contacted by the Placer Vineyards Development Group, LLC on the possibility of developing an interim ILF as a means of mitigation for impacts associated with endangered species, wetlands, and open space of the Placer Vineyards Specific Plan project.

The concept of developing an interim ILF, for which the Placer Vineyards project would be the most immediate beneficiary, has been discussed on two occasions with County members of the PCCP Ad Hoc Committee. The Committee members responded favorably to the concept which has led to the development of the attached draft scope of work (see attached scope of work - Exhibit E). The funding to initiate the scope of work would come from the Placer Vineyards Development Group.

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 that will develop an interim ILF.
- An interim ILF will serve as a pilot project for PCCP implementation prior to adoption of the larger program and will 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.
- Integration of local environmental mitigation associated with CEQA documents and general plan policy standards within a single conservation strategy that also addresses endangered species and wetlands.

There are a couple of concerns which need to be noted. If the PCCP never comes to fruition the County will be obligated to manage these funds and use them to implement the compensation planning framework without the program-level staffing and funding infrastructure that would come with the full PCCP work program. The second is the amount of staff time/resources that will diverted to the preparation of an interim ILF at the same time that the PCCP work program is moving forward. Staff will evaluate these and other issues if the decision is made to move forward with an interim ILF.

The key policy issue, for which staff is seeking direction is the following:

> *Should the County prepare an interim ILF as part of the PCCP work program and initiate implementation of the ILF compensation planning framework prior to adoption of the full scope of regulatory coverage associated with the PCCP?*

If the Board is willing to consider an interim ILF, a complete proposal will be prepared for the Board's review and approval, including an evaluation of how particular projects (e.g., Placer Vineyards), could benefit from an interim ILF. In order to allow some of the work referenced in Exhibit E to

commence, staff and the CEO are negotiating a small contract (under $50,000) using private sector funding from the Placer Vineyards Development Group. (At the time this report was written, final contract negotiations with ICF International were being concluded.) If the Board decides that an interim ILF is not to be prepared, the contract to start work on an interim ILF will be suspended.

Topic No. 6 - CLEAN WATER ACT COMPLIANCE STATUS

The County continues to focus a significant portion of the work program on providing programmatic compliance with the Federal Clean Water Act as it relates to impacts to "waters of the United States" including wetlands. Since the inception of the work program, the County has proposed to integrate wetland permitting into the PCCP and our local land development review process (including CEQA). Wetland permitting entails an entirely separate regulatory process from endangered species compliance and consequently requires a different approach in the PCCP. The County's goal is to create a new regulatory approach that will be streamlined, integrated with the biological objectives for endangered species habitat conservation, and more efficient processes largely managed at the local level.

County Aquatic Resources Program (CARP)

As a part of the overall PCCP process, the County is preparing a County Aquatic Resource Program (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 to 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.

The COE would issue a Programmatic General Permit (PGP) for PCCP covered activities with very small impacts. The PGP permitting process would occur at the local level. 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 project would be a small grading permit that has a small amount of wetland or a small stream/drainage area that needs to be crossed or modified.

For projects with larger impacts, the COE would issue Clean Water Act (CWA) 404 permits under a special streamlined procedure, 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 COE will issue CWA 404 permits once the 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 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.

The primary benefit of these procedures is that mitigation required for CEQA and COE will be identified at the same time and will be derived from the mitigation measures developed through the PCCP and the CARP. The COE's permitting procedures can be streamlined because the application information will have been collected by the County/City, appropriate mitigation measures are determined in advance, and the environmental review under CEQA and NEPA can tier from the PCCP's EIS and EIR. Provided that the County/City and applicant mitigate a project's impacts in a manner that is consistent with the mitigation measures in the PCCP and CARP, the COE's involvement can be focused substantially.

In all cases, it's important to note that the COE is required to make permit decisions on a project-by-project basis that are not covered by the PGP. The County's CARP can significantly improve the current process but it cannot replace it.

Memorandum of Understanding

One of the many agreements that will need to be executed when the plan is complete is a memorandum of understanding (MOU) between the participating agencies and the U.S. Army Corps of Engineers and U.S. Environmental Protection Agency.

This MOU is intended to establish a framework for integrating the National Environmental Policy Act ("NEPA"), California Environmental Quality Act ("CEQA") and Clean Water Act ("CWA") Section 404 processes for projects and activities that are covered under the PCCP. By integrating Section 404, NEPA and CEQA processes with the PCCP and CARP environmental review and mitigation program, COE and the County expect to achieve numerous benefits, including:

- more timely decision-making;
- better informed decisions;
- greater consistency in decisions;
- reduced redundancy in environmental review; and
- consistency in avoidance, minimization, and mitigation requirements under NEPA, CEQA, Section 404, the federal Endangered Species Act ("ESA") and the state Natural Community and Conservation Planning Act ("NCCPA").

A draft MOU document has been prepared and reviewed by management staff and legal counsel at the COE. Completing the document for stakeholder review is a high priority at this time. There is a significant level of stakeholder interest in this MOU because it provides the framework for how the PCCP can streamline wetland permitting authorized under the federal Clean Water Act. It is anticipated that an update on the status of the MOU, including stakeholder review and comment, will be provided to the Board in December of 2013.

Topic No. 7 - PLAN COMPLETION SCHEDULE

The following is a schedule that depicts the remaining tasks for completion of the conservation strategy, EIRI/EIS, funding plan and associated implementation documents.

PCCP Completion Schedule

Tentative Timeline1	BOS Action	Task
February 2011		First Agency review of Admin Draft PCCP
May 2011		Comments on 1st Admin Draft PCCP back from Agencies
June 2011 to present		Staff, Ad Hoc, and BWG review of agency comments
Sept. 2013 to Jan. 2014		Preparation of 2nd Admin Draft PCCP
January to April 2014		Agency review of 2nd Admin Draft PCCP
February 2014		Initiate preparation of ADEIR/EIS
February to April 2014		Ad Hoc and BWG review of Agency Comments on 2nd Admin Draft PCCP
May to July 2014		Preparation of Public Review Draft PCCP
May to July 2014		Initiate Preparation of the Admin Draft Implementing Agreement
August 2014		Complete preparation of the 2nd ADEIR/EIS
August and Sept. 2014		Agency review of the 2nd ADEIR/EIS
October 2014	X	BOS review of conservation strategy and funding plan with decision on funding plan and release of the public review documents
Nov. and Dec. 2014		Preparation of the Draft EIR/EIS and Federal Notice
November 2014		Final Agency review of Public Review Draft PCCP & ADEIR/EIS
Dec. 2014 to March 2015		Finance Committee review of funding plan
May to July 2015		Public circulation of the Draft EIR/EIS
May to July 2014		Public circulation of the PCCP and funding plan.
July and Aug 2015		Initiate preparation of the AFEIR/EIS
June 2015		BWG review of Draft Implementing Agreement
July 2015	X	BOS Review of governance alternatives for PCCP management/implementation and review of Draft Implementing Agreement and provide direction to proceed
Sept. and Oct. 2015		Agency review of response to comments and ADFEIR/EIS
Nov. and Dec. 2015		Final Agency review of final PCCP and FEIR/EIS
December 2015	X	BOS approval of the PCCP Conservation Strategy and Funding Plan
December 2015	X	BOS Certification of the Final EIR/EIS
		Agency approval of FEIS
	X	BOS approval of final Implementing Agreement
	X	BOS Certification of the Final EIR/EIS
		Agency approval of FEIS
		Incidental take authorization granted

[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.

RECOMMENDATION

1. Receive a status report on the preparation of the Placer County Conservation Plan (PCCP) with a particular emphasis on the costs associated with the implementation of the program.
2. Provide direction regarding preparation of an interim in lieu fee program

ATTACHMENTS

The following attachments are provided for the Board's consideration

Exhibit A:	PCCP Valley/Foothill Areas
Exhibit B:	PCCP Coverage Area Boundary
Exhibit C:	PCCP Reserve Acquisition Area
Exhibit D:	Covered Species List
Exhibit E:	ILF Scope of Work
Exhibit F:	PCCP Finance Committee Roster

cc: Rod Campbell, City of Lincoln
Einar Maisch, PCWA
Celia McAdams, PCTPA
Chris Beale, Resources Law Group
BWG Members
Finance Committee Members
Sally Nielsen, HEG
Robert Spencer, Urban Economics