Exhibit E
DRAFT SCOPE OF WORK FOR A IN LIEU FEE PROGRAM

Scope of Work
Placer County Aquatic Resources Program— In Lieu Fee Plan

1.0 Introduction and Background

Activities that result in the discharge of fill or dredged materials into waters of the United States require a permit from the U.S. Army Corps of Engineers (USACE). The USACE regulates these activities through Section 404 of the Clean Water Act (CWA) and Section 10 of the Rivers and Harbors Act. In addition to the USACE, the California Department of Fish and Wildlife (CDFW) and the Regional Water Quality Control Boards (RWQCB) also regulate activities that would impact waters of the State and/or United States via California Fish and Game Code 1600-1616, Section 401 of the CWA, and the California Porter-Cologne Water Quality Control Act. These state and federal regulatory agencies require aquatic functions and values lost due to impacts be replaced through compensatory mitigation.

Compensatory mitigation involves actions taken to offset unavoidable adverse impacts to environmental resources including wetlands, streams, and species habitats. The USACE has identified four methods of carrying out compensatory mitigation in the federal mitigation rule (33 CFR Parts 325 and 332): *restoration* of a previously-existing wetland or other aquatic site, *enhancement* of an existing aquatic site's functions, *establishment* of a new aquatic site, and *preservation* of an existing aquatic site. In this document, these terms also describe compensatory mitigation methods for species habitats.

The Mitigation Rule identifies three mechanisms for providing compensatory mitigation; *permittee-responsible compensatory mitigation* where the permittee retains responsibility for ensuring that required compensation activities are completed and successful; *mitigation banks* where private investments (typically operating for profit) establish compensatory mitigation credits and sell them after they have met certain milestones including site selection, plan approval and financial assurances; and *in lieu fee programs* which collect fees to initiate compensatory mitigation projects in the future.

Placer County, the City of Lincoln, and the Placer County Water Agency (collectively, the County Partners) propose to establish an In-Lieu Fee (ILF) program based on the Placer County Aquatic Resources Program (CARP) and the County's Habitat Conservation Plan and Natural Community Conservation Plan (HCP/NCCP). Together the CARP and HCP/NCCP comprise the Placer County Conservation Plan (PCCP), which is a comprehensive conservation strategy to protect and restore terrestrial and aquatic natural communities and associated threatened and endangered species. Because of its comprehensive nature, the PCCP (and the CARP) is an acceptable means of compensatory mitigation for impacts to aquatic resources and species habitats.

The County Partners intended to use the CARP to apply to state and federal wetland agencies for the following authorizations:

- Programmatic General Permit (PGP) from the USACE;
- Programmatic Water Quality Certification from the RWQCB; and
- Master Streambed Alteration Agreement from CDFW.

The PCCP and CARP are still in development but are expected to be released as public drafts in 2014. Similarly, the PGP is also in development. The County wants to initiate the development of the ILF program so that it can be completed before or at the same time as the final approvals of the PCCP, CARP, and PGP. Taking this approach, project proponents can then fully utilize the PCCP for federal wetland compliance immediately after the PCCP fee ordinance is enacted.

The primary impetus for beginning the ILF program early is the Placer Vineyards project. This project is a large Specific Plan approved by the County in 2007 with an EIR. An addendum to the EIR was then approved in 2012. The project proponents are currently preparing an EIS for the issuance of a Corps individual permit for the fill of waters of the United States, including wetlands. The fill proposed by the project represents almost half of the impact to vernal pools of the entire PCCP. The public draft EIS has been published, so a final EIS is expected later in 2013.

The PCCP is expected to include an ILF program (40 CFR 230.91-98) as part of the CARP that will enable project proponents covered by the PCCP to use the fees paid to the PCCP implementing entity to count as the mitigation under CWA Sections 404 and 401. The CARP ILF program will then implement mitigation projects consistent with the PCCP and the federal mitigation rule such as wetland restoration and enhancement. Because development under the Placer Vineyards project may occur prior to the completion of the PCCP, there are substantial benefits to this project to have an ILF program in place as soon as possible. With an ILF program in place that utilizes the substantial work of the CARP, project proponents within Placer Vineyards may pay into the ILF program as a means to satisfy the compensation requirements of the Corps for impacts to waters of the US. In this way, the ILF program becomes a "bridge" to when the PCCP is approved and implemented. However, the ILF program would be developed to stand alone in the unlikely event that the PCCP is not completed. Establishment and use of the ILF program by Placer Vineyards would satisfy an important commitment by the project proponents to local environmental groups.

This scope of work outlines the tasks ICF will complete to assist the County develop an ILF program consistent with the current drafts of the PCCP and CARP and that will comply with the federal mitigation rule.

2.0 Tasks and Deliverables

Task 1—Update and Expand the Draft ILF Prospectus

Objective

Expand the Draft ILF Prospectus to describe a compensation planning framework and submit it to USACE for approval.

Methods

ICF will coordinate with the County to discuss details and revise the *Draft Placer County Aquatic Resources Program Prospectus for an In-Lieu Fee Program* (dated May 6, 2011) to include a description of the compensation planning framework. Because the Prospectus will precede the PCCP, the compensation planning framework will need to stand independently from the PCCP. It is assumed that the compensation planning framework of the Prospectus will be based entirely on the mitigation and conservation framework of the PCCP for aquatic resources. To complete the draft ILF prospectus, ICF will review the relevant sections of the current draft of the PCCP and CARP, as well

as the Placer Vineyards EIR and its addendum, and EIS. We will incorporate material from these documents in the revised draft prospectus, as needed.

The draft and final updated prospectus will:

State the general need for the ILF Program

Identify the proposed ILF service area and discuss a water shed-based rationale for the service area.

Describe the threats to aquatic resources in the service area and how the ILF program will help offset impacts caused by the threats.

Describe the existing and historic environmental resource conditions in the service area and describe the losses that have occurred over time.

Substantiate the analysis of conditions in the service area with appropriate existing field documentation.

Describe the ILF Program goals and objectives including the types, locations, and quantity of environmental resources the program hopes to provide.

Demonstrate that the service area is ecologically suitable for compensatory mitigation projects.

Describe the compensation planning framework identified in the PCCP and how it will guide the selection and implementation of mitigation projects.

Describe how the planning framework provides the location, types, and general approach for wetland mitigation but how it is not itself a permit or permit application.

Provide evidence of sufficient water rights to sustain compensatory mitigation projects.

Provide an overview of agency and stakeholder coordination efforts.

Describe the long-term protection and management strategies, including ownership arrangements.

Describe the evaluation and reporting plan, including processes for adaptive management, as necessary and the qualifications of the County to successfully execute the program.

Assumptions

The Corps may need to prepare a document to comply with the National Environmental Policy Act (NEPA) in order to approve the ILF program. The preparation of such a document (e.g., Environmental Assessment) is not part of this scope of work but could be added later at additional cost.

The County is assumed to be the ILF program sponsor (i.e., the entity overseeing the implementation of the program).

The participating agencies in the ILF program will be the same as those participating in the PCCP (Placer County, the City of Lincoln, and the Placer County Water Agency).

No new analysis will be needed to prepare the draft prospectus; the prospectus will be based on existing information in the PCCP and CARP.

The ILF program will not establish mitigation ratios or fees at this time. Instead, it will provide a description of the location and types of mitigation, as well as the general approach and process for mitigation consistent with the current drafts of the PCCP and CARP.

The revised draft prospectus will be sent to the County for review and comment. Up to two rounds of comments will be covered under this task.

The preliminary prospectus will undergo one round of revisions based on comments from the IRT.

USACE will decide that the ILF Program has potential for providing appropriate compensatory mitigation for activities authorized by USACE permits.

USACE will agree to form a specialized Interagency Review Team (IRT) to review the Placer County ILF program, and the membership of this IRT will include staff from the Corps and other agencies who are already familiar with the PCCP and/or CARP.

Deliverables

Revised Draft Prospectus, including compensation planning framework (GIS layers and Word or pdf files, including maps).

Meetings

Eight one to two-hour conference calls to discuss the preparation of the prospectus.

Data Needs

County will provide maps showing areas to be considered for the ILF program and any historical photographs that they have that will support the ILF prospectus.

County will provide the latest drafts of the CARP, relevant PCCP chapters, and relevant GIS data associated with those documents.

Task 2—Prepare a Draft ILF Program Instrument

Objective

Complete a Draft Instrument based on the revised prospectus describing in detail the physical and legal characteristics of the ILF and submit it to USACE for approval.

Methods

ICF will coordinate with the County to prepare a *Draft ILF Program Instrument* that will describe in detail:

the proposed geographic service area of the ILF Program with supporting documentation why the service area boundaries are where they are;

credit accounting procedures;

a statement that legal responsibility will be on the program sponsor after fees are paid;

default and closure provisions;

reporting protocols;

the compensation planning framework;

specification of the initial allocation of advance credits and a draft fee schedule for credits;

the methodology for determining future project-specific credits and fees; and

a description of the ILF program account

Assumptions

The service area will be the Plan Area for the PCCP.

The Draft Instrument will be sent to the County for review and comment. Up to two rounds of comments will be covered under this task

The Draft Instrument will undergo one round of revisions based on comments from the IRT.

Deliverables

Draft Instrument (GIS layers and Word or pdf files, including maps)

Meetings

Two, one-hour internal conference calls to discuss the details of the Instrument.

One, two-hour meeting with USACE and other agencies to discuss comments

Task 3—Prepare the Final ILF Instrument

Objective

Complete the Final ILF Instrument that addresses all the comments received by the IRT on the Draft Instrument and submit it to USACE for approval.

Methods

ICF will revise the Draft ILF Instrument to address all the comments received by the IRT on the draft including supporting documentation that explains how the final instrument addresses the comments provided by the IRT.

Assumptions

The Final Instrument will be sent to the County for review and comment. Up to two rounds of comments will be covered under this task

Deliverables

Final ILF Instrument (GIS layers and Word or pdf files, including maps)

Meetings

Two, one-hour internal meetings to discuss the details of the Instrument.

One, two-hour meeting with USACE and other agencies to discuss comments