


**BOARD TRANSMITTAL
MEMORANDUM
PLACER COUNTY
PLANNING DEPARTMENT**

TO: BOARD OF SUPERVISORS
FROM: PLANNING DEPARTMENT 
SUBJECT: PLACER COUNTY NATURAL COMMUNITIES CONSERVATION PLAN
AND HABITAT CONSERVATION PLAN - UPDATE
DATE: February 25, 2005

SUMMARY/ACTION REQUESTED: The Planning Department is providing the Board with 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.

BACKGROUND: In June 2000, the Board directed the staff to initiate the implementation of the Placer Legacy Program. The Placer Legacy program was adopted by the Board to address open space and agricultural land conservation in Placer County through by meeting the the following objectives:

- Maintain agriculture as a viable part of the economy;
- Protect the diversity of plant and animal communities, including endangered and other special-status species;
- Protect and expand outdoor recreation areas;
- Protect important areas that are scenic or historically significant;
- Establish open-space buffers between communities, and
- Ensure public safety.

To meet the second objective listed above, the Board directed the staff to prepare a Natural Communities Conservation Plan and Habitat Conservation Plan in 3 phases. This effort, now referred to as the Placer County Conservation Plan, is nearing completion for the first phase. (Exhibit A). The PCCP is intended to provide 50 years of compliance for the following state and federal regulations:

- Federal Endangered Species Act – Habitat Conservation Plan (HCP) for federally-listed endangered species
- State Endangered Species Act – Natural Communities Conservation Plan (NCCP) for state listed and other sensitive species (See Attachment C for further information)
- Federal Clean Water Act, Section 404 – Programmatic General Permit for wetland fill permits
- Federal Clean Water Act, Section 401 – Programmatic Water Quality Certification

- State Fish and Game Code Section 1600-1616 – Master Streambed Alteration Agreement for streambed modifications

DISCUSSION: The PCCP is at a critical point in its work program. The essential elements of the plan have been prepared, the public agencies are reviewing the proposed mitigation strategy, and the process to prepare the EIR/EIS has been initiated. Review by stakeholders is anticipated following the receipt of comments from the state and federal agencies. In the opinion of staff, it is critical to continue to proceed in a forthright manner. Significant efforts have been made at the local, state and federal level to prepare a comprehensive plan that has the potential to provide regulatory coverage for almost 5 decades.

PCCP Benefits

The specific benefits with a program like the PCCP include the following:

- The PCCP provides a 50-year permit that improves certainty
- Regulatory coverage for major infrastructure projects and routine maintenance
- Local regulatory control with agency oversight
- Improved governmental efficiency and elimination of redundant review procedures
- Improved habitat conservation
- Improved monitoring and coordination of mitigation efforts
- Stabilization and recovery of sensitive species
- Support for species de-listing
- The PCCP enables the County to tap state/federal funding sources.

SUMMARY OF IMPACTS

The following is a summary of the impacts on natural communities associated with 50-years of growth covered by the PCCP. These impacts are based upon a 2050 population/employment projection prepared for the County and City of Lincoln for the PCCP. The 2050 projection scenario includes growth being contemplated by the City of Lincoln's General Plan update as well as potential growth in the unincorporated area based upon a cumulative scenario of new projects and future planning efforts.

New growth is expected to impact approximately 67,300 acres in western Placer County. If you only account for growth in the unincorporated County and the City of Lincoln, the two participating agencies in the PCCP will local land use authority, the impact is 54,300 acres of land converted to new development.

SUMMARY OF PCCP MITIGATION

The following is a summary of the mitigation requirements that must be satisfied to address the 50-years of growth covered by the PCCP. The mitigation measures are based upon the proposed PCCP. Once applied, at 2050, the mitigation plan would require the permanent conservation of 57,184 acres of land. Of these 57,184 acres, 13,458 acres would have some amount of restoration occurring, primarily in the form of vernal pool complex restoration, stream restoration and oak woodland restoration.

SUMMARY OF PCCP COSTS

There are a number of costs associated with the implementation of the PCCP. These costs are borne by the parties who benefit from the regulatory relief provided by the program. The majority of the cost will be borne by new development. These costs would replace the current costs that are incurred by parties seeking approval from state/federal agencies who are currently regulating these resources. The first table represents the one-time costs associated with protecting and restoring lands within a reserve system. The second table represents the costs of administering the program and managing the lands on an annual basis. In both cases, they represent a scenario in which project proponents are paying a fee that goes to the acquisition of the land. In many cases, project proponents will reduce this fee obligation through the dedication of land.

| ESTIMATES OF PCCP ONE-TIME COSTS THROUGH 2050 (2004 dollars) | | | |
|---|-------------------------|-----------------------------------|------------------------|
| | Local Mitigation | State/Federal Conservation | PCCP TOTAL |
| Land Acquisition | \$568,000,000 | \$203,000,000 | \$771,000,000 |
| Restoration | 319,000,000 | 120,000,000 | 439,000,000 |
| Contingency | 89,000,000 | 32,000,000 | 121,000,000 |
| Total One Time Costs | \$976,000,000 | \$355,000,000 | \$1,331,000,000 |
| Percent of Total Costs | 73% | 27% | 100% |
| Assumptions: | Valley | Foothills | |
| Fee title land value/acre | \$7,000 | \$14,000 | |
| Weighted average land acquisition cost over 48-year period, assuming 28 % of acres acquired by easement: | | | \$13,300 |

| ESTIMATES OF PCCP ANNUAL ON-GOING COSTS IN 2005, 2025, AND 2050 (2004 dollars) | | | |
|---|--------------------|--------------------|--------------------|
| | 2005 | 2025 | 2050 |
| Management of Local Mitigation Land | | | |
| Total Annual Costs | \$1,117,000 | \$3,504,000 | \$6,865,000 |
| Management of State/Federal Conservation Land | | | |
| Total Annual Costs | \$1,407,000 | \$3,273,000 | \$2,702,000 |
| TOTAL PCCP | | | |
| Total Annual Costs | \$2,524,000 | \$6,777,000 | \$9,567,000 |
| Total Annual Cost per Acre Managed | \$700 | \$200 | \$170 |

RECOMMENDATIONS: This information is presented for discussion purposes only. This information is intended to provide the Board and public with information on this important and far-ranging project. There are no recommendations for specific action at this time.

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MEMORANDUM
PLACER COUNTY
PLANNING DEPARTMENT

TO: BOARD OF SUPERVISORS

FROM: Loren E. Clark, Assistant Director of Planning

SUBJECT: PLACER COUNTY NATURAL COMMUNITIES CONSERVATION PLAN
AND HABITAT CONSERVATION PLAN - UPDATE

DATE: February 25, 2005

SUMMARY:

The Planning Department is providing the Board with a status report on the preparation of the Placer County Conservation Plan (PCCP) with a particular emphasis on the financial costs associated with the implementation of the program.

Purpose of this Memorandum

This program is entering into final planning and development for Phase 1 (western county area - Exhibit A), leading towards final policy and program decisions and implementation. The overall objective of this memorandum is to provide the Board with an update on the PCCP work program and more specifically:

- Outline the program development completion schedule, identifying key program decision points.
- Describe the impact assessment scenarios resulting from the preparation of a 2050 population and employment projection.
- Provide the Board a summary of costs associated with implementation of implement the program based upon the new impact scenarios.
- Discuss the management obligations of the County and other participating agencies resulting from implementation of the PCCP.
- Provide the Board with information on proposed methods to comply with the Federal Clean Water Act related to wetlands.

BACKGROUND:

In 1994, the Placer County General Plan was updated. This update included the adoption of numerous policies and programs related to resource conservation and mitigation. One of these programs called for the preparation of a conservation plan to address impacts on sensitive species. In 1998, the staff initiated the development of what became the Placer Legacy program. Placer Legacy included, as one its key elements, the preparation of a 3-phase natural communities conservation plan and habitat conservation plan to address the impacts of growth on endangered species throughout Placer County. Other components of the Placer Legacy program include

agricultural conservation, new outdoor recreation opportunities, public safety, scenic land conservation and protection of cultural resources.

In June 2000, the Board directed the staff to begin implementation of the Placer Legacy Program including the preparation of the Phase 1 NCCP/HCP for western Placer County. This combined effort, is now referred to as the Placer County Conservation Plan (PCCP), and is nearing completion for the first phase (Exhibit B). It is important to note that Placer County is the first jurisdiction that has attempted to combine all of these program elements. Jurisdictions have prepared all of the elements of the County's PCCP but not all in one single comprehensive effort.

This effort, now referred to as the Placer County Conservation Plan, is nearing completion for the first phase (Exhibit A). 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
- Section 404 and 401 of the Federal Clean Water Act related to wetlands and water quality
- Section 1600 Fish and Game Code - Master streambed modification agreements

These regulations are in place today and are part of the current land development review process. These regulations are administered outside of the local land development review process through as many as 4-5 different state/federal agencies. The PCCP will shift the responsibility from state and federal agencies to Placer County so that the review of these permits is coordinated locally.

VALUE OF THE PCCP

The development the PCCP has taken considerable time and money. The primary value for such an investment of public and private resources is the ability of the PCCP to replace the current highly fragmented, time consuming and expensive project-by-project approach to mitigation with a comprehensive, long-term plan.

An approach, like the PCCP, is increasingly seen as a solution to problems associated with project-by-project review of land development projects. In Northern California there are 6 similar efforts underway including efforts in the counties of Yuba, Sutter, Sacramento, Solano, Contra Costa, and Santa Clara. The Eldorado Irrigation District is also considering the preparation of a plan. The interest on everyone'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 approached programmatic solutions only after the project-by-project process became so untenable that a programmatic solution was the only viable alternative left. It has always been Placer County's objective to avoid crisis management as the reason to consider a regional approach to resource conservation.

PCCP Benefits

The specific benefits with a program like the PCCP include the following:

- The PCCP provides a 50-year permit that improves certainty when compared to a status quo that is completely uncertain. Each project is approached with whatever rules are in effect at the time the project is being reviewed.
- The current large entitlements under review for the Phase 1 area account for approximately 19% of the region's growth. Even if these projects receive state/federal permits outside the PCCP 81% of the growth that is still contemplated will require a project-by-project review.
- Routine maintenance activities of local government requiring agency approvals are approved for the term of the permit.
- Regulatory coverage for major infrastructure projects (e.g., Placer Parkway)
- Intergovernmental coordination to resolve regional problems
- Local regulatory control with agency oversight
- Integration of species and wetland permitting into the County's CEQA review procedures and timeline
- Improved governmental efficiency and elimination of redundant review procedures
- Improved habitat conservation
- Improved monitoring and coordination of mitigation efforts
- Stabilization and recovery of sensitive species
- Support for species de-listing
- 5-years of programmatic permitting for wetland impacts with a rollover provision for additional years of coverage.
- The PCCP will provide a "no surprises" policy that protects the County from the impacts of future listings on the Endangered Species Act. Absent the PCCP, unknown future listings would affect future development.
- Resource agencies and the County increasingly find that permitting demands are escalating at a pace that is much higher than their ability to find sufficient funds to provide the staff to process such permits.
- The PCCP provides the County with an opportunity to meet its own adopted policy and regulatory obligations in a manner that is comprehensive and, internally consistent and predictable.
- Without the PCCP, mitigation ratios could increase and the regulatory burden for individual projects could become more burdensome.
- The PCCP enables the County to tap state and federal resources for contributions to broader resource conservation goals.

Constituency Groups

There are numerous key constituency groups who would benefit from the PCCP. Some of these constituency groups are participants in the effort (e.g., PCWA as an infrastructure provider), others are evaluating the program for its potential benefits (e.g., the large specific plan projects) and others have yet to come forward because their projects haven't even been conceived yet. The key groups include: 1) large specific plan projects (approximately 19% of the residential holding capacity through 2050), 2) the countless smaller projects that will

account for the balance of the projected development to 2050 (80%), 3) property owners and residents and businesses who benefit from enhanced conservation and restoration of county's natural resources and, 4) landowners/agricultural interests benefiting from the market for the resource credit values of their lands.

CLARIFYING INFORMATION CLEAN WATER ACT COMPLIANCE

As of late, there have been a number of questions asked about the County's proposed method of providing programmatic compliance with the Federal Clean Water Act as it relates to impacts on wetlands. In particular questions have focused on how the PCCP addresses this issue. Since the inception of the work program, the County has proposed to integrate wetland permitting into the PCCP. Wetland permitting entails an entirely separate regulatory process from endangered species compliance and consequently requires a different approach in the PCCP. As with the endangered species issue, it is the County's intention to negotiate with the agencies to gain permitting authority for wetlands with the outcome of streamlined and more efficient processes 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. The CARP will also provide for compliance to the California Fish and Game Code (to be discussed at a later date). The CARP will provide opportunities for compliance to federal regulations through the implementation of local procedures at the County. The two key elements of the CARP, a programmatic general permit (PGP) and the letter of permission (LOP) are based upon federal law. Both permit types are further discussed in Exhibit D.

The PGP permitting process occurs entirely at the local level and would apply to projects with 3 acres of wetland area or less. Such projects represent the vast majority of permit activity that the County reviews on a day-to-day basis. For the remainder of the projects (i.e., very large projects with more than 3-acres of wetland fill), the County will provide a review procedure through the letter of permission that will address the mitigation requirements of federal law. However, the Army Corp of Engineers will be the party to issue the permit once the review procedure has been completed. The primary benefit of the LOP process is that mitigation for CEQA and COE will be derived at the same time and the COE's permitting procedures is abbreviated because the verification process will have been completed by the County (this can reduce as much as a year off the time line). Provided that the County and applicant meet the procedural requirements of the LOP, the COE's involvement is limited. However, permitting would not occur at the local level, it would not have the same regulatory assurances as is the goal of major elements of the PCCP. Specifically, the COE offers the Letter of Permission process (LOP).

Status Quo – 0.10 acre of wetland area or more

Today, most impacts less than 0.10 acres in area do not require a permit from the COE prior to the impact occurring. For 0.10 acres and above, a proponent seeking to fill a wetland typically must comply with one of two types of permit, a nationwide permit or an individual permit. There is considerable delay today on getting these permits, even for the simplest of projects, primarily due to a lack of sufficient staffing at the COE to process permits. In contrast to the

proposed CARP, the status quo approach would result in the following approximate time frames:

- 0.15 acres of wetland fill - Nationwide Permit requiring **0.5-1.5 years**
- 1-5 acres of wetland fill - Individual Permit requiring **1-2 years**
- 5-20 acres of wetland fill - Individual Permit requiring **1.5-2.5 years**

It is important to note that both the PGP and LOP provide an improved regulatory environment for the numerous public and private sector projects that will have an effect on federal wetlands. Such a program provides streamlining and certainty that is not evident today.

In all cases, it's important to note that the COE retains the authority to require permitting. The County's CARP is intended to significantly improve the current process; not replace it.

DECISION MAKING AND TIMELINE

There are policy-level decisions dealing with the broad choices and options and key components of the various documents that must be approved in order for the program to proceed towards implementation. There will be opportunities for key stakeholders and the public to review the program and provide comment. It is anticipated that some of these decisions would be considered concurrently.

| Tentative Timeline | BOS action Needed | Task |
|---------------------------|--------------------------|---|
| March 2005 | | Agency review of PCCP |
| April 2005 | | Science Advisor review of PCCP |
| May 2005 | | Comments on Conservation Plan back from Agencies |
| June 2005 | | Biological stakeholder working group meetings on the Plan |
| June 2005 | X | Review of agency comments and biological working group comments, decision on mitigation strategy acceptability. |
| July 2005 | | BWG review of financing plan and governance alternatives |
| August 2005 | X | Review of financing plan with decision on funding scheme. |
| September 2005 | | Circulation of the draft EIR/EIS |
| September 2005 | | Circulation of the PCCP and Finance Plan. |
| October 2005 | | Preparation of Implementing Agreement |
| October 2005 | | BWG review of draft Implementing Agreement |
| November 2005 | X | Review of governance alternatives for PCCP mgmt/implementation |
| November 2005 | | Review of draft Implementing Agreement and provide direction to proceed |
| December 2005 | X | Approval of final governance structure |
| December 2005 | X | Approval of final Implementing Agreement |
| December 2005 | X | Certification of the Final EIR/EIS |

The following is a brief summary of the work completed to date:

- The NCCP Planning Agreement has been signed by the state/federal agencies and Placer County outlining how the document is to be prepared.
- The Agency Review Draft PCCP has been completed and distributed to the major state and federal agencies.
- All research has been completed including the necessary studies on riparian setbacks, salmonid habitat conditions, vernal pool resource conditions, wintering waterfowl, and vegetative land cover has been delineated for the entire Phase 1 area
- CEQA/NEPA - The Notice of Preparation/Intent, Initial Study and environmental setting for the EIR/EIS has been prepared. The Notice of Intent to prepare an EIS is complete and is to be filed on the Federal Register on March 1, 2005. 3 public scoping meetings for the EIR/EIS have been scheduled and publicly noticed.
- GIS data base of all major natural communities and current and projected land use has been prepared
- The deliberations of the Science Advisors have been received
- The Conservation Opportunity Analysis has been prepared and includes the Board's direction on the preferred alternative
- 2050 population and employment projections have been prepared in 5-year increments
- 2050 impacts have been identified in 5-year increments
- Species accounts have been prepared
- A draft ordinance has been prepared for the programmatic general permit (PGP)
- A draft procedures manual has been prepared for the Programmatic General Permit
- A finance committee has met to identify early funding priorities and sources of state/federal funds to sources to initiate land acquisitions

SUMMARY OF PCCP MITIGATION REQUIREMENTS

The purpose of the PCCP is to mitigate impacts on endangered species and the sensitive habitats associated with those species. The PCCP always provides mitigation for impacts to stream zones and wetlands. It provides compliance with a number of state and federal laws and also helps the County meet its general plan policy obligations. The mitigation strategy has been developed using many of the same considerations that are applied on a project-by-project basis by Placer County and the resource agencies. While the ultimate application is on a project-by-project basis as the County reviews discretionary entitlements over the next 50-years, the requirements for mitigation are known each and every time an application comes forward. There is no need to renegotiate each time a project comes forward. For some applicants the mitigation responsibility may be as simple as the payment of a fee, thus avoiding significant delays.

Covered Activities

In order to achieve its objectives the PCCP must mitigate the anticipated impacts resulting from all covered activities that are requested by the participating agencies. The covered activities are those activities spelled out by the participating agencies and must be specifically addressed by the PCCP. A covered activity could be a single one-time action (e.g., Placer Parkway) or could be activities that are as routine as maintenance actions of local government (e.g., clearing of flood control channels). Selection of covered activities is a discretionary

process that is left up to the agencies that seek coverage through the PCCP. The following is a summary of the types of activities that are proposed to be covered by this plan. A full list of covered activities is included as Exhibit H.

- Placer Parkway
- Cumulative and indirect effects of providing Sacramento River water to west Placer.
- Land development activities between now and 2050 for unincorporated Placer County, west of Auburn, and for the City of Lincoln
- 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.

Projected "Take" Between 2005-2050

In order to determine the mitigation required for the 33 species covered by the PCCP, it was necessary to determine the extent of the impact (i.e., the take) is expected from activities that are in some way caused or regulated by the participating agencies. Take is not the conversion of land but the irreversible conversion of habitat that is necessary to support viable populations of endangered species. Because take is mostly related to the conversion of land that is open in character to land that is in a developed condition, take can be estimated by analyzing growth projections and land conversion rates. Hausrath Economics Group (HEG) completed these estimates in January of 2005. The estimates were based upon the Board's direction to consider new growth in unincorporated areas of western Placer County along with the City of Lincoln's potential growth associated with their General Plan update. (A full summary of the HEG assumptions is included as Exhibit C). The net result of this analysis is that the County now has a reasonable estimate of how much growth will impact habitat take through 2050.

It is estimated that 54,300 acres of land will be impacted by development and associated infrastructure improvements authorized by participating agencies through the year 2050. The total area of the Phase 1 boundary subject to this permit is approximately 221,160 acres. The direct take, or area of habitat impacted, therefore represents approximately 253% of the total land area of Phase 1. This figure includes existing urban/built up areas that will experience infill over time. The indirect impacts (such as water quality impacts on stream systems) cover a larger area. The total take including non-participating cities (Auburn, Loomis, Rocklin, and Roseville) is projected to be 67,300 acres between 2002 and 2050.

Table 1 summarizes the total amount of land conversion that is anticipated through the year 2050. The various geographic units are depicted on Exhibit C.

Table 1
Projected Land Conversion 2002 –2050 (Measured in Acres)

| Geographic Area | Acres | Percent of total |
|---|---------------|-------------------------|
| Development Opportunity Area--County | 9,700 | 14% |
| Development Opportunity Area--Lincoln Planning Area | 8,500 | 13% |
| Existing Urban and Built Up - County | 21,100 | 31% |
| Existing Urban and Built Up - Lincoln | 4,700 | 7% |
| Rural Residential - County | 10,300 | 15% |
| Non Participating Cities | 13,000 | 19% |
| Total Phase 1 Area | 67,300 | 100% |
| PCCP area excluding non-participating cities | 54,300 | |

Mitigation Strategy

The key element of the PCCP is the mitigation strategy that seeks to offset the impacts associated with impacts on the 54,300 acres of land. The PCCP mitigation strategy focuses on the key resource areas including grasslands, wetlands/vernal pools, streams and oak woodlands. The conservation strategy will result in the permanent protection of 57,184 acres of land or a ratio of approximately 1.05:1. A summary of the key elements of the mitigation strategy is incorporated in Exhibit F.

Table 2 summarizes the anticipated mitigation and conservation requirements using the mitigation measures described in the PCCP for the impact that is expected as a result of land development.

Table 2
Lands to be Protected to Mitigate Impacts and to Accomplish Other Conservation via State and Federal Efforts

| ESTIMATES OF PCCP ACREAGE THROUGH 2050 | | | |
|---|-------------------------|-----------------------------------|-------------------|
| | Local Mitigation | State/Federal Conservation | PCCP TOTAL |
| Acres Acquired/Under Management | 41,734 | 15,450 | 57,184 |
| Percent of Total | 73% | 27% | 100% |
| Acres Restored/Created | 9,858 | 3,600 | 13,458 |
| Percent of Total | 73% | 27% | 100% |

NOTE: Acres restored/created are included in acres acquired and under management. Restoration or creation results in a change in ecosystem type, such that acres of one type are acquired and, after restoration/creation, those acres are eventually under management as another type.

COSTS OVERVIEW

The implementation of the PCCP involves a range of costs. They can generally be separated into 3 major components: 1) One-time land acquisition costs in the form of acquisition of fee title interests or conservation easements; 2) One-time habitat restoration costs; and 3) On-going operational/management costs. These are not costs that are borne by the County or any other

local implementing agency. These are the costs to resulting from the need to mitigate the impacts of 50-years of growth on wetlands and endangered species habitat. Consequently, the costs will be borne by the parties that create the impact. To the extent that the County causes such an impact for new public facilities or for maintenance purposes, we would be expected to pay our fair share of those costs. Mitigation fees, assessments, etc. are options for the Board's consideration to pay for the majority of the projected program costs.

Staff and the consultants have made every effort to understand the costs associated with this program through the following efforts:

- Contacting other agencies that have prepared or are preparing an HCP/NCCP;
- Hiring an appraiser to examine regional land costs
- Contacting state agencies, special districts involved in large scale land management such as park districts, open space districts, and water districts, and private parties who are presently conducting large scale land management activities
- Consultation with County staff including county Facility Services staff
- Stakeholder group meetings representing diverse interests
- Carefully examining the assumptions regarding the program, while recognizing negotiations for the program content are pending.

Methodology - The development of the costs for the PCCP is the result of a long series of related activities that had to conclude before estimating could occur. 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 activities 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 approximately 50 years)
3. Determine which species are to be covered and the relationship of those species today and over time in Placer County
4. Determine which covered activities are to be mitigated
5. Determine the amount of growth to be covered over the term of the permit
6. Predict the amount of land required to accommodate the growth
7. Develop a mitigation strategy to address the predicted impacts
8. Prepare a cost model for the one-time and ongoing costs to acquire and maintain those lands protected through the PCCP.

All of the above work has now been completed.

Acquisition Cost Summary – The land acquisition costs are to be assigned to the parties that causes the impact and are responsible for mitigation. The analysis is based on the generalized location and characteristics of properties 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 of 2004. The costs were inflated for this report because of the ongoing trend upwards of land prices.

The current analysis is conservative in the sense that it assumes that the majority of acquisitions will be through the purchase of fee title. 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. To identify willing sellers for conservation easements on the other hand has proven to be more difficult and that trend is expected to continue. Conservation easements could, on average, reduce the cost of protection by as much as 50% for each property acquired.

With fee title lands there is the likelihood of some cost recovery to the development interests providing mitigation or to the County. Fee title lands can be resold with a conservation easement for agricultural or open space uses after the initial sale is complete, at a reduced price. Agricultural leases can generate additional revenue as well. These potential recovery costs have not yet been estimated but will be included in the complete financial alternatives analysis.

Habitat Restoration

In order to meet the mitigation requirements of the PCCP, it is necessary to have a component of restoration of certain resource types. In particular, in order to meet the anticipated long-term regulatory obligations, a significant amount of vernal pools will need to be restored (this is predicted to be the case with or without the PCCP and is occurring today).

Restoration activities are prevalent today for most forms of project mitigation and it appears to be necessary at a more landscape scale as well. It is apparent that a conservation program that is heavily dependent upon restoring habitat in order to meet mitigation and program objectives has the potential to significantly increase the cost of the program. In addition to the cost of acquiring land, it is then necessary to conduct the restoration activities (estimated to be as much as \$36,000 to \$43,000/acre of restored habitat). In addition to these direct costs, the management costs are higher in order to insure that the restored habitat meets performance objectives over time. Consequently more monitoring occurs, more labor-intensive site management occurs and remedial costs are incurred to correct deficiencies over time.

Summary of Land and Restoration Costs

Table 3 depicts the estimate of one-time acquisition, restoration and contingency costs for the amount of take anticipated. The costs are a cumulative summary of costs to acquire and manage 57,000 acres of land by 2050, the approximate final date of the permits. If all land were acquired by means of fee title, acquisition costs would be 14 percent higher, adding \$117 million to total costs over the 50-year period.

The County has assumed that both land acquisition costs and restoration costs are shared by development, local government, and state/federal agencies. For purposes of this cost analysis, we have assumed that 73% of these costs are borne locally and 27% is borne by state/federal agencies over time. This sharing is consistent with other similar efforts in California and nationally. We have predicted a lower percentage than has been applied in Southern California in order conservatively estimate what local obligations may entail.

**Table 3
One-time Cost Estimate to 2050
Combination of Fee Title and Conservation Easement**

| ESTIMATES OF PCCP ONE-TIME COSTS THROUGH 2050 (2004 dollars) | | | |
|---|-------------------------|-----------------------------------|------------------------|
| | Local Mitigation | State/Federal Conservation | PCCP TOTAL |
| Land Acquisition | \$568,000,000 | \$203,000,000 | \$771,000,000 |
| Restoration | 319,000,000 | 120,000,000 | 439,000,000 |
| Contingency | 89,000,000 | 32,000,000 | 121,000,000 |
| Total One Time Costs | \$976,000,000 | \$355,000,000 | \$1,331,000,000 |
| Percent of Total Costs | 73% | 27% | 100% |
| Assumptions: | Valley | Foothills | |
| Fee title land value/acre | \$7,000 | \$14,000 | |
| Weighted average land acquisition cost over 48-year period, assuming 28 % of acres acquired by easement: | | | \$13,300 |

Assumptions for means of acquiring land

| Natural Community Type | % Fee title |
|---|--------------------|
| Oak Woodland | 60% |
| Aquatic and Wetland | 95% |
| Valley-Foothill Riparian | 95% |
| Valley Grassland/Vernal Pool | 95% |
| Other Grassland/Agriculture | 60% |
| Public Conservation Other Grassland/Agriculture | 100% |

NOTE: These summaries represent the worse case scenario for land acquisition costs. These are the costs associated with the County or a future governance entity, buying all lands with funds collected through a fee program paid by the parties causing the impact. It is anticipated and may be required, that some lands be acquired through dedication. An example of this is the Natomas Basin HCP has a mandatory dedication requirement. The cost of these dedicated lands would be borne by the project proponent but no acquisition fees would be collected from those projects. Because the larger projects are expected to dedicate all or most of their compensatory lands (with or without the PCCP), it is expected that the overall costs would be reduced substantially. These costs also don't represent any cost recovery that would be associated with selling land back into the private sector with conservation easements and/or any revenue derived from the property, primarily in the form of farm leases, recreation or other sources.

Program Administration Costs

The management of a PCCP includes significant on-going costs. These costs increase over time as more land is acquired and more staffing is required to maintain the support of these lands. However, costs per acre decline over time as the level of activity decreases after initial start-up, acquisition, and restoration activities are completed and as the managing entity gains experience and begins to realize efficiencies and economies of scale. By 2025, the midpoint of PCCP implementation, it is expected to cost about \$200 per acre to manage PCCP lands. This would amount to about \$6.8 million per year in 2025 when about 33,000 acres would be under

management (half of which would be land associated with state and/or federal conservation). By 2050, per acre land management costs would be lower (about \$170 per acre) and the on-going annual costs to manage 57,000 acres would be about \$9.6 million.

The total initial start-up costs for PCCP on-going management would be approximately \$2.5M. The start-up costs would be expected to be borne by those parties benefiting from the PCCP. The estimated cost of management obligations to be borne locally at 2050 is \$6,865,000. If the property were all owned in fee title, on-going costs would be about 14 percent higher, adding another \$1.3M per year to on-going costs. Those higher costs, however, could be somewhat offset by increased opportunities for revenue-generating activities such as agricultural leases. Table 4 and Chart 1 include a summary of the costs in 3 increments: 1) startup in 2005, 2) 2025, and 3) at the conclusion of the permit 2050.

Table 4
Estimated Annual Ongoing Costs

| ESTIMATES OF PCCP ANNUAL ON-GOING COSTS IN 2005, 2025, AND 2050 (2004 dollars) | | | |
|---|--------------------|--------------------|--------------------|
| | 2005 | 2025 | 2050 |
| Management of Local Mitigation Land | | | |
| Program Administration | \$359,000 | \$382,000 | \$467,000 |
| Land Management | 277,000 | 1,551,000 | 3,331,000 |
| Restoration Management | 144,000 | 285,000 | 407,000 |
| Monitoring, Research, and Adaptive Management | 235,000 | 967,000 | 2,036,000 |
| Contingency | 102,000 | 319,000 | 624,000 |
| Total Annual Costs | \$1,117,000 | \$3,504,000 | \$6,865,000 |
| Management of State/Federal Conservation Land | | | |
| Program Administration | \$443,000 | \$337,000 | \$173,000 |
| Land Management | 362,000 | 1,498,000 | 1,358,000 |
| Restoration Management | 177,000 | 251,000 | 151,000 |
| Monitoring, Research, and Adaptive Management | 297,000 | 889,000 | 774,000 |
| Contingency | 128,000 | 298,000 | 246,000 |
| Total Annual Costs | \$1,407,000 | \$3,273,000 | \$2,702,000 |
| TOTAL PCCP | | | |
| Program Administration | \$802,000 | \$719,000 | \$640,000 |
| Land Management | 639,000 | 3,049,000 | 4,689,000 |
| Restoration Management | 321,000 | 536,000 | 558,000 |
| Monitoring, Research, and Adaptive Management | 532,000 | 1,856,000 | 2,810,000 |
| Contingency | 230,000 | 617,000 | 870,000 |
| Total Annual Costs | \$2,524,000 | \$6,777,000 | \$9,567,000 |
| Total Annual Cost per Acre Managed | \$700 | \$200 | \$170 |