



MEMORANDUM

TO: BOARD OF SUPERVISORS

FROM: MICHAEL J. JOHNSON, AICP, DIRECTOR OF PLANNING

SUBJECT: PLACER COUNTY CONSERVATION PLAN – Financial Analysis and
Prioritization of Reserve Map Alternatives

DATE: November 20, 2006

SUMMARY/ACTION REQUESTED: Staff has two items to present to the Board. The first is Board concurrence that the proposed Placer County Conservation Plan (PCCP) can proceed with the reserve map proposed by staff (Exhibit A), which when further refined would serve as a basis for formal negotiations with the State and Federal agencies. The second is Board review of a financial analysis prepared by staff that assesses three reserve design maps. This financial analysis was previously requested at the Board's meeting on January 24, 2006.

BACKGROUND: In June 2000, the Board directed the staff to initiate the implementation of the Placer Legacy Program. As part of that direction staff initiated the preparation of a Natural Community Conservation Plan and Habitat Conservation Plan to comply with the State and Federal Endangered Species Act and an effort to programmatically comply with the Federal Clean Water Act related to wetlands. This effort, now referred to as the Placer County Conservation Plan, is proceeding for the first phase of the PCCP covering Western Placer County.

The PCCP is intended to address the impacts associated primarily with unincorporated growth in west Placer and growth associated with the buildout of Lincoln's updated General Plan. Development in Western Placer County will require the preservation of approximately 54,300 acres of land between now and 2050.

DISCUSSION: Staff has prepared a comprehensive technical report which contains background information, technical analysis, and substantial discussion regarding both the PCCP reserve design analysis and financial analysis (see Exhibit B). A summary of this report is provided in the balance of the staff report.

Value of the PCCP

The development of the PCCP has taken a considerable investment of staff 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 regional plan.

Programs such as the PCCP are increasingly seen as a solution to problems associated with project-by-project review of land development projects. In Northern California, there are eight similar efforts underway, including efforts in the counties of Yuba, Sutter, Sacramento, Yolo, Solano, Contra Costa, and Santa Clara. El Dorado County is now considering the preparation of a conservation plan as well. The interest on local agencies part is to solve the numerous and complicated problems associated with balancing growth with the mandate of the state and federal agencies to protect sensitive species and their habitats. Consistent with the direction provided by the Board, it is staff's objective to avoid crisis management (i.e., working in concert with State and federal agencies instead of reacting to their regulatory mandates) 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 potential for a 120-day turnaround for all development-related Corps of Engineers issued permits for wetland fills (based upon recent discussions with the management of the COE Regulatory Branch, Sacramento District).
- Regulatory coverage for major infrastructure projects (e.g., Placer Parkway and the Sacramento River diversion of 35,000 acre/feet of water)
- Local regulatory control with agency oversight
- Improved governmental efficiency and elimination of redundant review procedures
- Improved habitat conservation
- 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.

Participating Agencies

The development of the PCCP includes a number of key partners or participating agencies. These agencies are also requesting regulatory coverage through the PCCP. If the PCCP is approved each agency will have obligations to satisfy the mitigation requirements of the PCCP for the impacts that are generated within their jurisdiction or as a consequence of their projects. Thus far, the City of Lincoln, the South Placer Regional Transportation Authority (SPRTA), and the Placer County Water Agency (PCWA) have expressed interest in becoming participating agencies in the proposed

PCCP. As participating agencies, the SPRTA and the PCWA are relying on the proposed PCCP to achieve mitigation requirements for the Placer Parkway Facility and the Sacramento River Water Diversion project, respectively. These two projects are discussed below in further detail.

South Placer Regional Transportation Authority (SPRTA)

SPRTA is seeking regulatory coverage for direct and indirect impacts to natural resources associated with construction of the proposed Placer Parkway transportation facility. Coverage includes construction and maintenance for a high-speed regional transportation facility connecting SR 65 in west Placer County to SR 70/99 in south Sutter County. The approximate 18-mile facility will be sited in a varying 500'- to 1,000'- wide corridor. As a participating agency in the proposed PCCP, SPRTA will ultimately be issued regulatory permits for, among others, 1) ground disturbance activities, 2) indirect impacts associated with fragmentation of existing resources, and 3) cumulative impacts associated with implementation of the Placer Parkway facility project.

SPRTA has been involved in the development of the PCCP for a number of reasons including: regulatory coverage for the project in advance of project development, additional flexibility on route selection, resolution of growth inducing impacts, and a higher degree of regulatory certainty as the project moves forward to route selection and construction.

Consideration of the Placer Ranch project prior to the completion of the Placer Parkway Tier 1 Environmental Document and corridor selection presents some challenges. These challenges center on the reservation of a corridor through the Placer Ranch project in anticipation of a future Placer Parkway roadway alignment. In conversations with PCTPA, SPRTA, the federal agencies and the applicant, staff has collectively concluded that this is a very difficult undertaking. The Department of Public Works has come to the conclusion that the PCCP is a critical and important component in reconciling the Placer Parkway issues with various land development proposals. This is because these land development proposals include land uses within the 1000 foot Parkway corridor, and there needs to be offsetting mitigations to address this critical issue. The Parkway corridor width was established to achieve a number of objectives. Without the reservation of the full width through these land use proposals SPRTA needs to find alternative ways to achieve these offsetting mitigations and the PCCP offers the best opportunity to do so through a regional long term approach.

Placer County Water Agency

PCWA is seeking regulatory coverage for indirect impacts associated with the future construction, operation, and maintenance of PCWA water supply facilities required to meet the needs of residential, commercial, public facility, and industrial construction within the County of Placer and City of Lincoln. This coverage includes the Sacramento River Water Diversion project as well as future potential projects required to meet the growing water needs of the region.

PCWA is currently in the process of trying to meet mitigation requirements for the indirect impacts associated with the Sacramento River Water Diversion project, which proposes to divert 35,000 acre/feet of water from the Sacramento River in order to accommodate the water needs of growth in Western Placer County over the next 30 years. The PCCP can provide PCWA the regulatory coverage needed to proceed. However, in absence of the PCCP, PCWA will need to resolve this issue independently. PCWA, along with Placer County and a number of other local agencies, have been negotiating with the U.S. Fish and Wildlife Service to prepare a Memorandum of Agreement to address these impacts. While these negotiations are proceeding it appears that the PCCP is the best solution for achieving the mitigation requirements needed to move the Sacramento River Water Diversion project forward.

Reserve Map Alternative Selection

In order to proceed with the preparation of the PCCP, it is necessary to focus on a single reserve map alternative for a number of analytical tasks including the preparation of an EIR/EIS, the finance plan and to further refine the balance between conservation, mitigation and restoration/enhancement. While a number of reserve map alternatives will continue to be reviewed in order to comply with CEQA/NEPA and Clean Water Act requirements, it is necessary to focus the work program on a single reserve map. A significant commitment of time and money is still involved in the PCCP and it will be necessary to focus the assessment on a reserve map alternative that has the greatest likelihood of being successful for regulatory, scientific and political considerations.

Reserve map alternative 14, presented in Exhibit B, represents an alternative that the staff believes serves as the best starting point for formal negotiations with the wildlife agencies and stakeholders. A number of characteristics of this alternative need to be noted:

- If approved, this map would provide regulatory coverage for all three of the specific plans under review by Placer County including the Placer Vineyards Specific Plan, the Placer Ranch Specific Plan and the Regional University Specific Plan.
- The map seeks a balance between the City of Lincoln's proposed General Plan and the requirement for the City to mitigate impacts to wetlands and endangered species over time. The City was directly involved in the discussions on the development of this and many of the earlier alternatives.
- This reserve map alternative sets aside the preparation Curry Creek Community Plan at least until such time that the PCCP is complete (2 years) and/or indefinitely depending upon the outcome of negotiations with the wildlife agencies.
- The map provides for connectivity between the northern portions of the reserve system (Sheridan area and to the east) and the westerly and southerly portions of the reserve area.
- The map does contain a significant amount of urban edge that intrudes into the reserve area. This characteristic will be of concern to the wildlife agencies.

- There are fragmented or isolated areas of conserved lands that will be of concern to the wildlife agencies due to a lack of connectivity and the challenge of maintaining such areas over time.
- The amount of vernal pools avoided and wetlands in general may not be sufficient to be considered the least environmentally damaging practicable alternative without additional preservation of wetland areas than is currently depicted on the map.
- Blue oak woodland conservation is focused on the Garden Bar/Big Hill area where existing acquisitions provide the foundation for early compliance.

Of the issues listed above, the need to develop a reserve system map with minimal urban interface and the need for additional vernal pool avoidance (and other wetland avoidance) are the two most critical issues that will need to be resolved over the next couple of months in order to move forward.

Financial Analysis

Implementation of the PCCP is predicted to entail costs associated with land preservation and land restoration in order to mitigate impacts to endangered species and wetlands over the next 50-years. If early estimates hold firm, approximately 40,000 to 45,000 acres of land must be preserved which has a market value in the area of \$1 billion. NOTE: the County is not responsible for this cost. This is the estimated cost that property owners/developers will pay to acquire/restore land to mitigate impacts of development. Annual costs to manage and monitor are estimated to be \$7-8 million/year once the land has been acquired. These costs would not be borne by Placer County in that the beneficiaries of this program are largely private land development interests. A detailed summary of a financial analysis completed by Hausrath Economics Group (HEG) is presented in Exhibit C.

RECOMMENDATIONS: Staff recommends the Board to:

1. Direct staff to proceed with negotiations to refine the Alternative 14 reserve system for the PCCP.
2. Direct staff to work with the Financial Working Group to assist in the development of a finance plan for the PCCP.
3. Report back to the Board on the ability of the State and Federal agencies to support Reserve Map 14, as well as on the anticipated costs associated with completion of the PCCP.

Respectfully submitted,


MICHAEL J. JOHNSON, AICP
Director of Planning

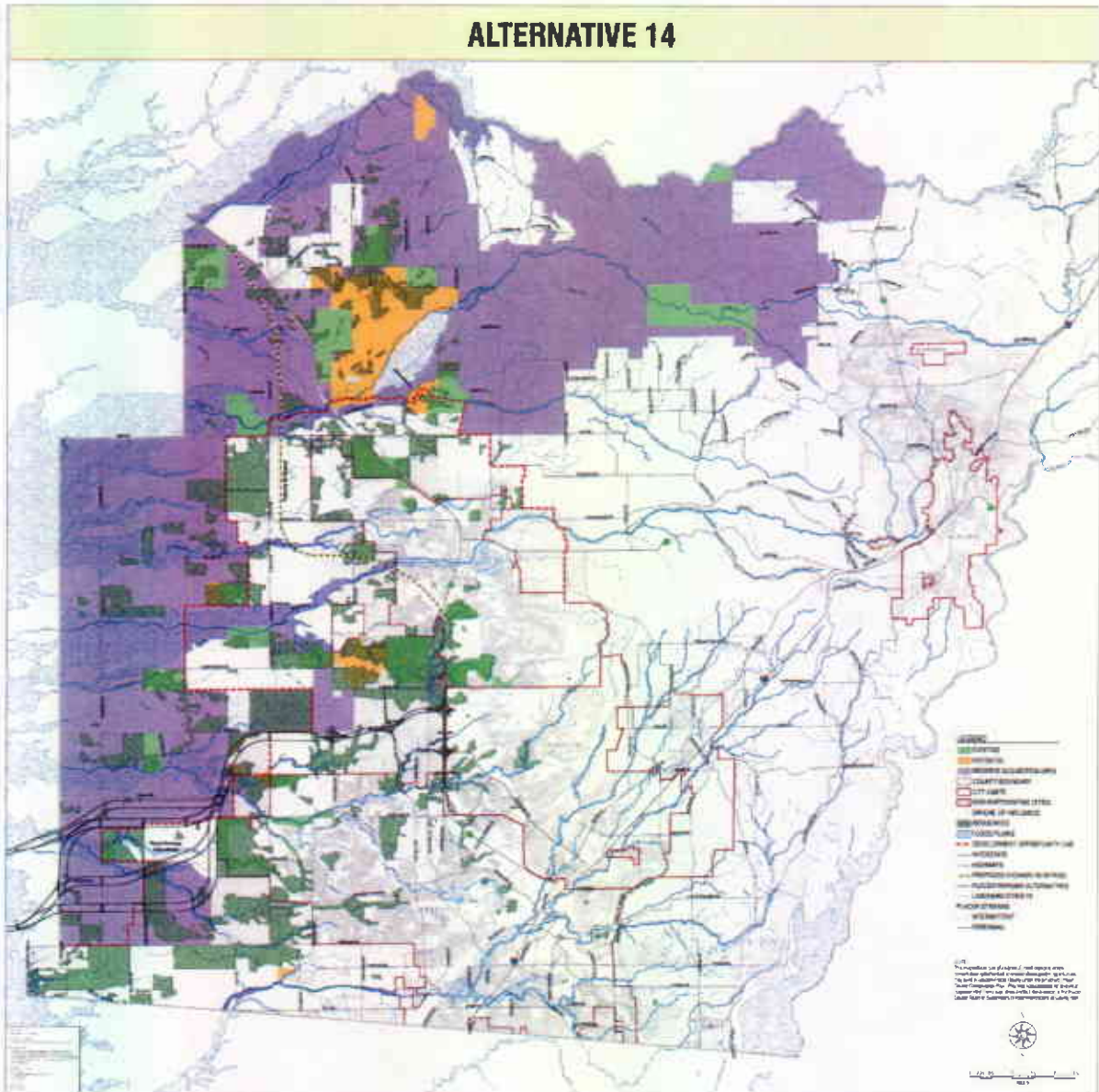
EXHIBITS: The following exhibits are provided for the Board's consideration:

- Exhibit A: Reserve Map Alternative 14
- Exhibit B: Placer County Conservation Plan - Background and Technical Information
- Exhibit C: Cost Analysis of PCCP Alternatives - Revised 11-1-06

cc: John Marin, CDRA
Rod Campbell, City of Lincoln
Einar Maisch, PCWA
Celia McAdams, PCTPA
BWG Members
IWG Members
Chris Beale, Resources Law Group
Sally Nielsen, HEG
Tom Reid, TRA Environmental Sciences, Inc.

MJ/LEC/lec t:\pln\os\bosmemo\BOS PCCP Update_rev5_11 20 206

**Exhibit A
Reserve Map Alternative 14**



Notes:

- Areas in white are represent potential future growth
- Areas in solid green are habitat areas currently protected
- Areas in cross hatched green are existing vernal pool complexes
- Areas in orange are proposed for mitigation for habitat impacts
- Areas in purple are areas within which the potential PCCP reserve boundary would be identified

Exhibit B

**PLACER COUNTY CONSERVATION PLAN
BACKGROUND AND TECHNICAL INFORMATION
BOARD OF SUPERVISORS WORKSHOP
NOVEMBER 20, 2006**

Contents:

- Section 1:** Background
Section 2: Participating Agencies
Section 3: Regional LEDPA
Section 4: PCCP Reserve Map Alternatives
Section 5: Financial Analysis
Section 6: Reserve Map Alternative Selection
Section 7: Next Steps/Timeline
Section 8: Technical Reports
- Report #1:** Hausrath Economics Group - Local Government Impacts of the Placer County Conservation Plan, 8-12-05
Report #2: MuniFinancial - Preliminary PCCP Financing Plan Discussion, 7-11-05
Report #3: Placer County - Summary of Reserve Map Alternatives, 11-20-06

Figures:

- Figure A:** PCCP Phase 1 Boundary
Figure B: PCCP Phase 1 Growth and Conservation Opportunities
Figure C: Reserve Map Alternatives 3b, 5 and 6
Figure D: Prioritized Conservation Areas Map
Figure E: Reserve Map Alternative 14

SECTION 1: BACKGROUND

In June 2000, the Board directed the staff to initiate the implementation of the Placer Legacy Open Space and Agricultural Conservation Program. One of the objectives of the program was to prepare a Natural Communities Conservation Plan and Habitat Conservation Plan in three phases. This effort, now referred to as the Placer County Conservation Plan, is nearing completion for the first phase (Figure A). The PCCP is intended to provide 50 years of compliance for the following state and federal regulations:

1. Incidental Take Permit - Federal Endangered Species Act – administered by: U.S. Fish and Wildlife Service (FWS) and National Marine Fisheries Service
2. Natural Communities Conservation Plan - California Endangered Species Act and Natural Communities Conservation Act – administered by: California Department of Fish and Game
3. Section 404 and 401 of the Federal Clean Water Act related to wetlands and water quality – administered by: U.S. Army Corps of Engineers (COE) and the Regional Water Quality Control Board. For the Clean Water Act the process would be for an initial 5-year approval with roll over provisions for the 50-year term.
4. Section 1600 Fish and Game Code - Master streambed alteration agreements – administered by: California Department of Fish and Game (DFG)

Collectively, these permits represent all of the major wetland and endangered species act permits that are required on public and private property.

The PCCP work program is at a critical point with a number of interrelated issues needing resolution in the next few months.

- Many long-range land use planning projects for the County and City of Lincoln are linked to decisions made on the PCCP including the City of Lincoln's General Plan update and the major specific plan approvals including Placer Ranch, Placer Vineyards and Regional University.
- The decisions being made on the mitigation measures for the large specific plans being reviewed by the County will set the stage for future negotiations with the wildlife agencies.
- Major infrastructure planning for a treated water supply and major highway facilities are linked to decisions being made on the PCCP. The wildlife agencies are concerned about the direct impact associated with the construction and maintenance of these facilities as well as the indirect, cumulative and growth inducing impacts of these facilities being constructed.

The preeminent issue is where in perpetuity conservation would occur, and conversely, where growth would be authorized by the State and Federal permits. To address this and other issues raised, the staff has focused the last eight months on developing a draft conservation reserve system map that balances the needs of endangered species and wetlands with a wide range of stakeholder issues.

The resource data that has been collected has been analyzed in a number of different ways in order to identify areas with higher and lower priorities for conservation. The analysis has included an assessment of species "richness" or diversity, proximity to stream corridors, proximity to urban areas, the amount of edge effect, the potential for endangered species habitat to be present and/or restored and a number of other values. Collectively, these assessments have led to the preparation of a range of alternative reserve mapping scenarios. In all cases, the reserve scenarios account for the urban growth that the Board evaluated in earlier discussions in 2004. The growth area boundary assumptions are depicted in Figure B (Note: the PCCP currently only covers growth impacts in the City of Lincoln, including their new proposed General Plan boundaries and the unincorporated area of Placer County.)

SECTION 2: PARTICIPATING AGENCIES

The development of the PCCP includes a number of key partners or participating agencies. These agencies are also requesting regulatory coverage through the PCCP. If the PCCP is approved each agency will have obligations to satisfy the mitigation requirements of the PCCP for the impacts that are generated within their jurisdiction or as a consequence of their projects.

The following is a brief status report on the efforts associated with the participating agencies on the PCCP: South Placer Regional Transportation Authority, City of Lincoln and the Placer County Water Agency

South Placer Regional Transportation Authority (SPRTA)

SPRTA is seeking regulatory coverage for direct and indirect impacts to natural resources associated with construction of the proposed Placer Parkway transportation facility. Coverage includes construction and maintenance for a high-speed regional transportation facility connecting SR 65 in west Placer County to SR 70/99 in south Sutter County. The approximate 18-mile facility will be sited in a varying 500' - to 1,000' -wide corridor. As a participating agency in the proposed PCCP, SPRTA will ultimately be issued regulatory permits for, among others, 1) ground disturbance activities, 2) indirect impacts associated with fragmentation of existing resources, and 3) cumulative impacts associated with implementation of the Placer Parkway facility project.

SPRTA has been involved in the development of the PCCP for a number of reasons including: regulatory coverage for the project in advance of project development, additional flexibility on route selection, resolution of growth inducing impacts, and a higher degree of regulatory certainty as the project moves forward to route selection and construction.

City of Lincoln

The most notable update regarding the City of Lincoln's participation is the completion, by the City, of its General Plan EIR, Policy document and draft land use diagram. This General Plan Update defines the amount of growth and the resulting impacts that are anticipated in western Placer County. Along with the County, the City's growth has the greatest impact on the western County landscape and has the greatest need for comprehensive regulatory coverage. Working with City staff, the County has developed a range of alternative reserve

mapping scenarios that are intended to balance the growth objectives of the City with the regulatory requirements of the wildlife agencies.

Placer County Water Agency (PCWA)

PCWA is seeking regulatory coverage for indirect impacts associated with the future construction, operation, and maintenance of PCWA water supply facilities required to meet the needs of residential, commercial, public facility, and industrial construction within the County of Placer and City of Lincoln. This coverage includes the Sacramento River Water Diversion project as well as future potential projects required to meet the growing water needs of the region.

SECTION 3: REGIONAL “LEDPA”

One of the key elements of the PCCP is to identify a reserve system-mapping alternative that can be considered the “least environmentally damaging practicable alternative” (or LEDPA) for purposes of avoiding impacts to federally-regulated wetlands.

If the PCCP reserve system can meet the federal guidelines of a regional LEDPA, a more comprehensive wetland-permitting program would be issued to the County, creating a savings in time, an increase in certainty, an increase in PCCP utility, and an assurance that wetland resources are protected in perpetuity within the reserve system.

Status Quo - For individual projects the mitigation for wetland impacts are made on a case-by-case basis by the Army Corps of Engineers independent of the County’s discretionary decision-making. Because the Corps has a narrow focus directed towards the avoidance and minimization of wetland impacts there can be conflict with the County’s focus that addresses a number of issues including economic, land use, and fiscal cost/benefits to the County. The determination of the LEDPA by the Corps is also a lengthy process that adds both time and costs to a given project, often after local approvals have been made.

With the PCCP - With an approved PCCP, the County has an opportunity to change the scale of review from individual projects to the entire landscape of the PCCP Phase 1 boundary. Under this concept, the next 50-years of predicted impacts to wetlands would be considered by the Corps at one time as opposed to individually reviewing the multitude of wetland-impact projects the Corps would review over that 50-year time frame. The PCCP reserve system must show that sufficient wetland acreage has been avoided and protected within a landscape that is permanently conserved. In addition to avoidance of wetlands within the reserve area, it will be necessary to develop new storm water management standards (i.e., Low Impact Development standards) in order to account for the loss of the treatment capabilities of native wetlands. Lastly it would be necessary to insure that our major stream corridors are protected from incompatible encroachment through the use of buffers and setbacks.

The regional LEDPA is an untested concept nationally but it is believed to be the best possible option to provide for statutory compliance with both the federal Endangered Species Act and the Clean Water Act, while at the same time providing for streamlined permitting. The staff for the Corps and U.S. EPA have been supportive of the development of this

concept and their ongoing support is essential if this is to be successful. Additionally, both Corps and U.S. EPA management have been briefed on this approach and strongly support our efforts.

Failure to design the PCCP reserve map alternative as a regional LEDPA will result in a decrease in streamlining and overall PCCP utility. Predominantly, large projects with significant quantities of wetland impacts would be required to apply for federal permits as they typically do, receiving none of the permit streamlining benefits a regional LEDPA offers. The importance of obtaining a regional LEDPA cannot be overstated. Proceeding with a PCCP reserve design that can function as the LEDPA is an essential component of the PCCP.

SECTION 4: PCCP RESERVE MAP ALTERNATIVES

On June 1, 2005 the County received comments from the wildlife agencies (DFG, FWS and NOAA Fisheries) on an "agency review draft PCCP". One of the key issues raised in the agencies' correspondence was the need for a conservation reserve system map that specifically depicted where impacts are anticipated and where conservation and mitigation would be established and managed. Since June of 2005, County staff and the consultant team have been engaged in a lengthy discussion on a range of reserve map alternatives with a number of stakeholder interests.

Initially County staff prepared a ranking system to identify areas where high resource values were evident based upon a number of values that could be identified and weighted using the County's GIS system. This analysis was developed in an open forum with stakeholders and resource agency personnel having an opportunity to comment on the content of the analysis. The product was a map (Figure D) that depicts the ranked values of the western Placer County landscape. This map and various alternatives of this map provided the foundation for a reserve design – helping staff and the consultant team to identify key regions where resource conservation would be prioritized. Once this basic understanding was developed, the boundary of a potential reserve system needed to be identified.

A number of factors needed consideration in order to prepare a reserve system map:

1. Anticipated growth between now and 2050 in the unincorporated County and the City of Lincoln – this determined the amount of impact anticipated
2. Regulatory requirements of the wildlife agencies for each of the covered species
3. Regulatory requirements of the Clean Water Act.
4. Avoid and minimize impacts on federally-regulated waters throughout the phase 1 boundary.
5. Provide the necessary habitat conditions to sustain and contribute to the recovery of populations of the covered species.
6. Provide for adjacency to existing permanently protected habitat areas
7. Insure long-term viability (e.g., proximity and amount of urban/suburban interface)
8. Address the location of the Placer Parkway alternatives and the selected route for S.R. 65

9. Address the status of numerous large land development projects (e.g., Placer Vineyards and Placer Ranch)
10. Address the status and location of the proposed expansion of the City limits of Lincoln associated with the City's General Plan Update

A total of 14 alternatives were prepared by County staff (with additional minor iterations of 3 of these alternatives). In addition, stakeholders also prepared their own versions including one that was prepared by environmental stakeholders, one prepared by major landowner/developer interests, and three were prepared to reflect the anticipated requirements of the wildlife agencies and the COE/EPA. The following is a summary of the key alternatives:

Alternatives 1-3 – Initial alternatives prepared by County staff

Alternative 4 – Prepared by environmental stakeholders

Alternative 5 – Prepared by major landowner/developer working group

Alternatives 6-8 – Prepared with input by the wildlife agencies and COE/EPA

Alternatives 9 & 10 - Modifications prepared by County staff

Alternatives 11-14 – Incorporates modifications recommended by the City of Lincoln

Each of the alternatives is depicted in Technical Report #3. A summary of the impacts and the conservation potential for 9 of the alternatives is described in the report. The variations in the alternatives lies almost entirely on the Valley floor in order to address impacts to vernal pools.

The development of the alternatives has been a balance between a number of important factors. In order to issue a permit for the covered species, it is necessary for the wildlife agencies to be assured that the conservation plan can be funded and successfully managed over time. Otherwise, status quo regulations would represent a more viable option as imperfect as that option is. For property owners/developers, the PCCP should represent a more streamlined approach to comply with regulations with results that are more certain, consistent and predictable. An added benefit would be reduced costs due to shorter turn around times for permits or less acreage being required for mitigation. For the environmental stakeholders the plan should provide greater conservation assurances than status quo and insure that the recovery objectives for the species can be achieved. Lastly, the agricultural stakeholders are concerned about their ability to continue to farm or if they elect to not farm, to insure that their basic property rights are not eroded.

Because of these often-competing concerns it does not appear to be possible to pick a reserve system map that fully satisfies or guarantees the interests of all stakeholders. There is simply not enough land in western Placer County to satisfy the interests of all key stakeholders. Each alternative has its flaws and each has its benefits. After much deliberation with each of the key stakeholders, the City of Lincoln, the wildlife agencies, and with the biological stakeholder-working group, it is apparent that no single alternative is going to represent a compromise that all parties can comfortably support. Instead, it is going to be necessary for the Board of Supervisors and the other participating agencies to identify the best alternative that is likely to succeed in final negotiations that will follow with the wildlife agencies and the various stakeholder groups.

The Planning Department has developed an alternative that has the potential to serve as such a compromise. Alternative 14 (Figure E) seeks a balance between growth and conservation in the western portion of the Phase 1 boundary. The Alternative was prepared to insure that the County's major specific plan projects (i.e., Placer Vineyards, Regional University and Placer Ranch) and the City of Lincoln's General Plan growth areas would receive regulatory coverage through the PCCP. Infill developments would also receive regulatory coverage in the County and City of Lincoln. This alternative is also intended to address the impacts of the Placer Parkway project as well as the interests of PCWA related to the Sacramento River Diversion. For purposes of conservation and regulatory compliance, the Alternative provides in excess of 1:1 conservation of key resources and has the potential for both restoration and additional conservation once details on specific areas are further refined.

SECTION 5: FINANCIAL ANALYSIS

The work program for the PCCP includes the preparation of a financial analysis that will provide the Board and other participating agencies with the options for financing the implementation and ongoing management of the PCCP and its associated protected lands. Previously, the Board has been provided with a fiscal impact analysis (Technical Report #1) and a financial alternatives analysis (Technical Report #2) that respectively address impacts to the County as it implements the PCCP and the various financial options available in order to fund land acquisitions and manage the program over time.

This discussion and the attached report examines three reserve maps in order to determine if there is a significant cost variability between very divergent protection alternatives.

Background

At its January 24, 2006 status review of the proposed Placer County Conservation Plan, the Board requested staff to provide the costs of implementing and managing the PCCP. Staff has yet to present a preferred reserve map alternative for the PCCP, in order to provide the Board with information on the estimated cost of program implementation, three reserve map alternatives were selected for the analysis.

Reserve Map Alternatives Selected for Analysis

The balance between impacts to vernal pools and conservation of vernal pools drives the reserve design more than any other characteristic. The growth that is anticipated between now and 2050 is largely along the edge of the valley floor where vernal pool grasslands are located. As a consequence, the variations in reserve design are largely associated with avoiding or conserving these resources. The upper watershed or foothill areas are largely unmodified for each alternative because it is assumed that the impacts to upper watershed resources can be accommodated in any of the 3 alternative designs.

Each alternative represents a different approach to establishing a reserve design (Figure C). The selected alternatives include Alternative 3b (a minor modification to Alternative 3), Alternative 5 (prepared by the landowner/developer group) and Alternative 6 (the greatest amount of conservation). Each alternative reserve map is depicted in Exhibit E with summary information about preservation versus impacts at 2050.

Alternatives 5 and 6 reflect two opposite configurations of potential reserve designs. Alternative 5, prepared by the landowner stakeholder group, emphasizes resource restoration in the Valley and provides a mechanism for land acquisition and restoration including a large area of land in Sutter County west of Lincoln. Resource conservation of existing habitat areas is not the focus of Alternative 5. Conversely, Alternative 6, prepared by staff to reflect an alternative that the resource agencies would fully permit, emphasizes resource conservation in the PCCP planning area and minimizes restoration in the Valley. The third alternative, 3b, falls in between the land conservation emphasis of Alternative 6 and the restoration focus of Alternative 5. All three alternatives have similar reserve configurations for Foothill lands.

Notwithstanding their limitations, conducting the cost analysis with these alternatives will provide the Board with information on how the layout of a reserve design affects implementation costs. The results of this analysis will provide the Board with information on the policy implications of selecting a preferred alternative with a similar reserve design structure.

LEDPA

Resource agency staff have indicated that proceeding with a reserve design similar to Reserve Map Alternative 5 would not result in the issuance of a LEDPA determination (see above) because wetland resources are not adequately avoided. Wetlands could be created at a landscape scale but the 404(b)1 guidelines require avoidance in order for a project (in this case the PCCP) to be the LEDPA. It is likely Reserve Map Alternative 3b would similarly not be a LEDPA alternative but additional analysis would be required to make that determination. Proceeding with a non-LEDPA reserve design would not provide the County with the full suite of regulatory coverage that we have sought through this effort.

Financial Analysis Model

Using the three reserve design alternatives to identify the amount of resource preservation potentially available, standards for mitigation were applied to each alternative to generate the amount of land required to mitigate for the areas of resource impact. The same mitigation standards were used for each alternative.

Because the ultimate configuration of the reserve design is the primary factor driving the final mitigation standards for the PCCP it is not possible to predict these standards absent identifying the final preferred alternative. The standards used for this analysis represent staff's assumptions about the existing regulatory environment. These assumptions were based upon real world experiences as well as projections about future conditions. The financial analysis is a flexible tool and the assumptions can be modified if new or updated information becomes available. The final standards will reflect the outcome of future discussions with the regulatory agencies based upon the final preferred Reserve Design alternative.

The cost analysis prepared for these three alternatives estimated the costs associated with mitigation for "take" associated with lands conversion to accommodate growth. These cost estimates do not include the costs of the public conservation component. In this, they are different from the cost estimates presented in February 2005.