



CITY OF CHICO MEMORANDUM

TO: City Council (Mtg. 04/05/05) DATE: March 29, 2005
FROM: Kim Seidler, Planning Director (6801) FILE: A-C-ST-77
SUBJECT: Future Use of Bidwell Ranch Property

Executive Summary/Recommendation

The City Council has requested a meeting to discuss issues related to future use of the City-owned Bidwell Ranch property, and directed staff to (1) send a letter to developers to determine whether or not there is any interest in acquiring the Bidwell Ranch property, and (2) explore use of the site as a wetland mitigation bank. This memo provides information intended to support the Council's discussion, including summaries of the proposals received in response to the City's letter, as well as on the viability of utilizing the site as a wetland mitigation bank. *Regardless of whether the property is redesignated to open space, staff recommends that the Council provide direction to prepare a management plan for the Bidwell Ranch property.*

Background

On October 5, 2004, the Council split 3-3 on whether to amend the zoning and General Plan designation for Bidwell Ranch, which currently allow residential and commercial uses, to designations that would limit the site to open space uses. The staff report (without attachments) for that meeting is provided as **Attachment 1**. Additional background and history regarding Bidwell Ranch are provided in that staff report. In connection with the proposed General Plan amendment and rezone, the Planning Commission recommended that the Council provide guidance to staff on the development of a use and management plan for the property.

On January 18, 2005, the City Manager provided a memo to the Council responding to a number of questions raised by Mayor Gruendl and Council member Herbert. This memo is included as **Attachment 2**.

Potential Sale of the Property

Pursuant to Council direction at its meeting of 1/25/05, staff sent out a letter to the Building Industry Association (BIA) and other interested parties to determine if there was interest in acquiring the Bidwell Ranch property in an as-is condition, with no guarantees as to the ability to entitle (see **Attachment 3**). As a reminder, it takes a vote of five council members, or a supermajority, to sell City-owned land. Proposals were received from the California State University, Chico Research Foundation (Research Foundation), and Loafer Creek, LLC, both indicating use of the property for mitigation banking. A third proposal was received from Rick Coletti,

indicating a combined use of the property for development and open space. The proposals are briefly summarized below.

California State University, Chico Research Foundation

As opposed to a specific bid on acquiring the property, the Research Foundation provided the City a draft MOU outlining how the site could be utilized as a wetland mitigation bank. The MOU (**Attachment 4**) details a partnership between the City, the Research Foundation, and Wildlands, Inc., which would: 1) provide an opportunity to effectively mitigate regional impacts of development projects on wetland habitats and special status species, including anticipated development in the vicinity of the City's Municipal Airport; 2) allow the City to recapture or offset funds expended in the acquisition of the property; 3) create an endowment to fund the long term management and stewardship of the site; and 4) initiate an environment for research and education in the establishment and maintenance of restored habitats.

Loafer Creek, LLC

The Loafer Creek proposal (**Attachment 5**) responds to a letter from the Community Development Director (**Attachment 6**). It envisions creating a conservation bank and transferring the development rights associated with Bidwell Ranch (including 1,500 residential units) to an area north of the City known as the Thomassen Ranch, and also receiving from the City a streamlined annexation and entitlement process for this proposed growth area. The developer would make available for the City's use at least 1,500 mitigation credits (corresponding to the maximum of 1,500 residential units established for the property by the General Plan). No purchase price is included.

Rick Coletti

This proposal (**Attachment 7**) is non-responsive to the City's letter, as it does not accept receipt of the property in an as-is condition. There are a series of specific conditions spelled out in the attached proposal, with the following highlights: 1) the developer would purchase from the City approximately 200 acres and would pay approximately \$30 million incrementally and only after entitlement and environmental review is complete; 2) the developer would dictate how the monies from the sale would be spent, including \$20 million for parks and open space, \$5 million to pay off remaining property debt, and the remainder generally providing for services and infrastructure to serve the site; and 3) the remaining approximately 550+ acres would be protected as park buffer, habitat preserve, and wetland mitigation bank.

Wetland Mitigation Bank

When the Bidwell Ranch property was purchased by the City, the Redevelopment Agency (RDA) purchased mitigation rights for \$1.5 million. The intent was to use the Bidwell Ranch property to mitigate vernal pool impacts resulting from further airport development and/or private

projects. The City has investigated the potential to utilize the site for vernal pool mitigation, including both preservation of existing wetlands and construction of new vernal pools, and has determined that this is a viable use of the site.

If the property is designated as permanent open space, it is unknown at this time whether the Army Corps of Engineers or the U.S. Fish and Wildlife Service (USFWS) would still view it as appropriate for mitigation banking; it may be viewed as already protecting resources and habitat through open space zoning, and therefore lose its mitigation value. While staff has received an informal response from USFWS personnel to the effect that a redesignation of the property to open space would not necessarily preclude using it for mitigation banking (because it could, at least in concept, be redesignated again for development by a future Council), a formal response has been requested. Staff recently extended the Army Corps Section 404 permit on the property until October 2005, and will be seeking an additional extension later this year.

It is important to note that there is also discussion in the community as to whether or not the creation of wetland resources would be appropriate on Bidwell Ranch, as opposed to simply protecting the existing wetlands for mitigation purposes. By not pursuing a wetland creation opportunity for the site, the potential financial return may be reduced, along with the desire by a third party to manage the mitigation bank effort.

If directed by Council, staff will distribute a request for proposals for management of the site by a third party as a wetland mitigation bank.

Recent Correspondence

Attachment 8 includes recent correspondence received regarding this matter. Any other letters received will be separately forwarded to you for your consideration.

Attachments:

1. Staff Report Regarding GPA/RZ to Open Space Dated September 24, 2004
2. Memo from City Manager Dated January 18, 2005
3. City Letter Regarding Acquisition of Bidwell Ranch Dated February 1, 2005
4. California State University, Chico Research Foundation Draft MOU
5. Loafer Creek, LLC Proposal Dated March 15, 2005
6. Letter from Community Development Director Dated March 9, 2005
7. Rick Coletti Proposal Dated March 25, 2005
8. Recent Correspondence

cc: PLD, ACDD, SP Vieg
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