



**CITY OF CHICO**  
**BIDWELL PARK AND PLAYGROUND COMMISSION (BPPC)**  
**NATURAL RESOURCE COMMITTEE**

Regular Meeting Agenda  
January 8, 2015, 6:00 p.m.  
Municipal Center - 421 Main Street, Conference Room 1

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*Materials related to an item on this Agenda are available for public inspection in the Park Division Office at 411 Main Street, 2<sup>nd</sup> Floor during normal business hours or online at <http://www.chico.ca.us/>.*

**1. CALL TO ORDER**

**2. REGULAR AGENDA**

**2.1. Discussion of Natural Resource Management Plan and Trail Plan Priorities for Lower Bidwell Park**

This item continues opportunities for public input in updating Bidwell Park's Natural Resources Management and Trail Plans. The plans are recommended under the Bidwell Park Master Management Plan. At the July 2014 meeting, the NRC reviewed Natural Resource priorities for Lower Park. The Committee will review initial trail priorities for Bidwell Park. **Recommendation:** *Provide input on proposed priorities.*

**2.2. Discuss Caper Acres Fundraising Ideas**

At the December 2, 2014 meeting, the City Council adopted the Caper Acres Renovation Plan. Potential grants and fundraising will allow for the implementation of the Plan. Staff will ask Committee members and the public for ideas, suggestions, and level of commitment to aid with the effort. **Recommendation:** *Provide suggestions on fundraising approach.*

**3. REPORTS**

**3.1. Briefing and Status Update on the Bidwell Ranch Conservation and Mitigation Bank (Information Item)**

This informational item will provide Natural Resource Committee members with the background information to help understand the forthcoming crediting approach. Staff will provide a brief verbal introduction of the project and provide a status update. Future meetings will provide details regarding the proposed crediting approach.

**4. BUSINESS FROM THE FLOOR**

Members of the public may address the Committee at this time on any matter not already listed on the agenda, comments are limited to three minutes. The Committee cannot take any action at this meeting on requests made under this section of the agenda.

**5. ADJOURNMENT**

Adjourn to the next regular meeting on February 12, 2015 at 6:00 p.m. in the Conference Room 2, Chico Municipal Center building (421 Main Street, Chico, California).



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DATE: 12/5/14  
TO: Natural Resource Committee  
FROM: Dan Efsseff, Parks and Natural Resources Manager  
SUBJECT: Natural Resource Management Plan and Trails Plan Priorities for Lower Bidwell Park

## Report in Brief

This item continues public input in updating Bidwell Park's Natural Resources Management and Trail Plans. The plans are recommended under the Bidwell Park Master Management Plan. The NRC revives this discussion with a review of initial priorities for Lower Park. Previous efforts considered public input on problems, needs, and attributes of the trail system and help with identifying the Park's landmarks and feedback on proposed zones for Bidwell Park.

**Recommendation:** *Reintroduce process and provide input on proposed priorities.*

## Background

In 2012, the Natural Resource Committee made progress on input on elements needed to update Bidwell Park's Natural Resources Management Plan and on the development of a Trails Plan for the Park. The Committee reviewed drafts of management units and a trails inventory for Bidwell Park. The proposed management units will assist park staff in communicating goals, tracking progress and provide a more effective description of areas to park crew, volunteers and emergency responders. Staff anticipates several meetings are needed to consider various elements of the Natural Resource Management and Trails Plan. Previous meetings outlined our approach to establishing management units and the trails inventory. Management Units provide a basis on which to discuss needs in each area and needs for each region of the park. Progress was halted with staff layoffs in 2013.

## Discussion

This agenda item restarts the NRC effort with public input initial objectives.

1. As per the Bidwell Park Master Management Plan (BPMMP), the Trails Plan will serve as a guide for future trail maintenance, improvement, construction, and closure within Bidwell Park. It will also help prioritize budget expenditures and ensure that future improvements are consistent with the vision, goals, and objectives set forth in the BPMMP (EDAW 2008). The Trails Plan helps ensure that any work implemented is consistent with the Vision for Bidwell Park as well as the goals and objectives set forth in the BPMMP.
2. The Natural Resource Management Plan (NRMP) lays out a framework for resource management in Bidwell Park that supports the goals and objectives of the BPMMP. It provides information on how to achieve the goals and objectives provided in the BPMMP and supplement the implementation strategies and guidelines with more specific technical information. The NRMP is designed to be a living document that can be modified and expanded in the future as more is learned about the Park's resources, and as more funding may be available. In its current version, the NRMP addresses three important natural resource management topics: management of the Park's oak woodlands, invasive plant management, and fire management.

Long lasting trail solutions in the park will require not only a thoughtful system, but good trail building practices, education of park users (and development of a new ethic on how they interact with the Park), vigorous enforcement of park rules, and signs. The following assumptions from the BPMMP may be helpful for the Committee:

1. Trails that are functioning correctly and safely will remain.
2. Utilize functioning existing trail corridors for relocations or combine new trail routes where possible.
3. New trails should be carefully located to avoid impacts to sensitive resources to the greatest extent possible.
4. Re-routing of existing trails should be considered where the trail can no longer be maintained in its current location due to issues such as steep slopes, legally protected cultural or natural resources, groundwater seep, erosion or where user safety will be jeopardized.
5. No specific plan revisions or re-alignments of trails shall occur without careful evaluation of impacts on trails within those areas and their connections within the overall Park system.
6. Reasonable restoration of soils and plant communities should accompany trail route closures where exposure of significant soilless hard pan surface or other significant erosion has occurred.
7. Trails that provide duplicative access or experiences should be closed.

Staff provided the BPMMP suggested process for the City to follow during further development of this document at the last meeting.

Each area of the Park is listed below. Please note that in the list below is the unrefined “brainstorm” type of list based on feedback so far. Staff requests additional suggestions on these items and also the Goals, Priorities, and Performance Criteria for the entire park. Staff will then take the more complete list and refine it for the Trails Plan.

## **Current list of 1) Problems, 2) Attributes and 3) Priorities, Remedies, and Specific Actions**

### **Lower Park**

#### **Problems**

Based on information from the BPMMP, public input, and staff observations the following issues were identified:

1. Poor sense of place:
  - o Relatively few locations with commonly known names (for example, bridges are known by several names, the “deer pen” bridge is referred to as the Manzanita, Forest, 2<sup>nd</sup> bridge, etc. Solidifying the name (and labeling it) will provide a better sense of place).
  - o Lack of signage and considerable differences in how people refer to landmarks and trails.
  - o Poor maps and wayfinding points provide visitors with a poor experience and potentially provide safety concerns.
2. Poor circulation and gaps in trails
  - o East-bound Creekside Trail users must backtrack or go the wrong way on Peterson Drive at a couple of locations (near the old Orchard to the Peterson Drive Entrance).
  - o Many bicyclists go the wrong way on South Park Drive to connect from One Mile area to Annie’s Glenn near 4<sup>th</sup> Street entrance, and in the section closed to one way traffic.
  - o Clarify one-way status on closed road section on South Park Drive.
3. Although more limited than in Upper Park, reduce the number of duplicate trails.
4. Park users have voiced frustration and safety concerns of other park users walking or riding side by side, blocking the path for passing, and people weaving in and out of people and passing at high rates of speed.
5. Exit near Caper Acres is subject to drivers coming in the wrong way.
6. Poor drainage along Vita Course trail/Service Road in winter.
7. Some park users noted that they would like a trail that connects the North One Mile parking lot to the Vita Course trail in back of the restroom.

#### **Attributes**

Items that people noted as desirable:

1. Ability to use during wet conditions.
2. Efficient bike corridor from eastside homes to downtown and Chico State.
3. Mile markers associated with 5 and 10k distances.
4. Ability to do loops in many areas.
5. Summer shade and access to the creek.

#### **Priorities, Remedies, and Specific Actions**

1. Complete more through assessment of trails Inventory, and identify priorities for all Lower Park paved bike paths and roads.
2. Better develop a sense of place for the Park.
  - o Develop place and trail names for Lower Park Features.
  - o Call connector entrance trails by their gate name.
  - o Install trail and mile markers at entrances intersections and every 0.5 mile along major trails.
  - o Complete sign manual.
3. Develop funding sources, and repair all Lower Park paved bike paths and roads.
  - o Seek funding to repave Petersen Memorial Drive and South Park Drive, bike paths along Centennial Ave and those that cross the park at the bridges.
  - o Complete a report card (inspect current condition, estimate functional use and lifespan, rate how it meets current uses, assess replacement or repair needs) and explore funding options to replace or repair Park bridges (especially Highway 99 and Cedar Grove).
4. Improve trail connectivity and loops:
  - o Explore solutions for to allow 2 way traffic along Petersen Memorial and South Park Drives, including connecting trails and making roadway adjustments that allow 2 way bike traffic and still meets safety standards.
  - o Initiate a demonstration bike lane between the Annie’s Glen bike path and One Mile Parking area (completed).

- Develop a new dirt trail to connect the segment of the Creekside Trail that goes onto Peterson Drive (orchard area).
- Create trails on Lost Park Unit:
  - Develop a sanctioned trail on the South side of the unit.
  - Explore the potential, need, and drawbacks of a trail on the north side.
  - Develop an analysis to improve the connection to Children’s Playground and the rest of Lower Park.
  - Encourage the exploration of options in the parking lot to improve visitor access and views into the area.
- 5. Improve compliance with park rules.
  - Paint one way arrows onto pavement.
  - Continue progress toward updating information kiosks at all major parking areas and trails information at “trail head” areas.

**Middle Park  
Problems**

Based on information from the BPMMP, public input, and staff observations the following issues were identified:

1. Lack of signage and considerable differences in how people refer to landmarks and trails.
2. Poor maps.
3. Conflicts with visitors and dogs (i.e. such as pet waste disposal, pets off leash and not under voice control, many animals, animals in the parking lot, etc.). Numerous complaints about dog waste, especially near parking areas.
4. Park users trample vegetation, create new paths, and increase erosion.
5. Litter.
6. Many trails suffer from poor design and do not handle water and wet season use well.
7. Users on the Middle Trail west of Parking Lot B tend to avoid the graveled tread surface in dry conditions, creating a parallel trail.
8. Trail users create “fall line” trails.
9. Poor access to the south side of Upper Park trails.
10. Pavement on Centennial Ave bike trail is rough.
11. Drinking fountains at Horseshoe Lake is closed in winter.
12. Limited restroom facilities.

**Attributes**

Items that people noted as desirable:

1. Beauty and variety of trails.
2. Narrow trails in places.
3. Paved bike paths.
4. Scenic vistas.
5. Benches at certain places.

**Remedies/Specific actions**

1. Complete more thorough assessment of trails Inventory, and identify specific trail priorities. Evaluate trails for all-weather or seasonal trails (or maintain current status under the wet weather plan). Evaluate designated trails and modify as appropriate.
2. Explore options for increasing pet owner knowledge and reducing conflicts with other users. Evaluate current issues, rules, and ordinances thru the BPPC. Consider Cities with advanced “dog park rules” and consider adopting them, especially near parking areas.
3. Better develop a sense of place for the Park.
  - Develop place and trail names for Park Features.
  - Install trail and mile markers at entrances intersections and every 0.5 mile along major trails.
  - Complete sign manual.
6. Install all season drinking fountains at Horseshoe Lake (completed - 2 fountains retrofitted).
7. Investigate the collection of fees for vehicles.
8. Explore the installation of a welcome kiosk near Middle Park entrance (may be tied in with fee exploration).
9. Specific focal areas (others may be added with the inventory and assessment above):
10. Improve trail connectivity and loops:

**Upper Park  
Problems**

1. Lack of signage and considerable differences in how people refer to landmarks and trails.
2. Poor maps.

3. Assemblage of user-defined trails creates duplicates and a culture of creating trails without regard to resource impacts. Too many unmaintained, non-sustainable trails, trails created from past actions (such as bull-dozer created fire breaks, or trails).
4. Off-trail uses increase erosion and safety issues.
5. Trail widening from pedestrians avoiding water and walking side by side, and bike riders
6. Downhill mountain bikers creating fall line trails in steep areas.
7. Large number of undesignated trails.
8. Poor connectivity between trails.
9. Trails on the south side are often very wet and some park users note damage when the assessment opens the trails.
10. Trails have dramatically widened in a short period of time. Some trails have eroded soil down to bedrock (users typically use the ribbon of soil left on the downstream side).
11. Several trails capture small creeks and water now runs down the trail. For example, a section (relatively straight and runs north) of the Annie Bidwell Trail (near Canyon Oaks) causing ruts of greater than 24".

#### **Attributes**

Items that people noted as desirable:

1. Scenic views.
2. Relative solitude.
3. Challenging trails.
4. Access to the creek.

#### **Remedies/Specific actions**

1. Create a system of trails that meet visitor needs and minimize resource impacts
2. Develop trail loops that are more demanding and challenging the further out from Horseshoe Lake you go. Closer in trails will tend to accommodate more casual users.
3. Develop a standard race course for Middle and Upper Park.
4. Trails need further assessment.
5. Continue trail building work on the Middle Trail for the length of the park.
6. Trail names need to be identified.
7. Explore the potential (surveys, CEQA, and cost estimates) for a trail that follows the flume in Upper Park. The trail would provide a relatively easy grade and surface for limited mobility visitors and solve some of the erosion and drainage issues caused by the former flume.
8. Identify trail priorities (add to BPMMP list) for additional work.
9. Southside Upper Park
  - a. Continue mapping effort to document trails and old roads that may either require efforts to properly abandon them or incorporated into new trails or re-routes.
  - b. Explore the potential for a multiuse trail that runs along the Highway 32 right of way from Forest Ranch to Chico. Most of this may be outside of Bidwell Park but provide an alternative (and commute route and may take some pressure off Park trails).

Staff recommends that the focus for this introduction remain on the larger units (Lower, Middle, Upper) and that future discussions may refine objectives for individual units.

#### **Attachments:**

**Distribution:** BPPC and trail user email list-serve.



## Natural Resources Committee Staff Report

Meeting Date 1/08/15

DATE: 12/4/14  
TO: Natural Resource Committee  
FROM: Dan Efseaff, Park and Natural Resource Manager  
SUBJECT: Discuss Caper Acres Fundraising Ideas

### REPORT IN BRIEF:

At the December 2, 2014 meeting, the City Council adopted the Caper Acres Renovation Plan. Potential grants and fundraising will allow for the implementation of the plan. Staff will ask Committee members and the public for ideas, suggestions, and level of commitment to aid with the effort.

**Recommendation:** *Provide suggestions on fundraising approach.*

### BACKGROUND:

Due to aging infrastructure, the Bidwell Park and Playground Commission (BPPC) included the renovation of Caper Acres in its 2013-2014 Work Plan. At its 8/25/14 meeting, the BPPC reviewed the Master Renovation Plan including a refined design, list of priorities and costs, and public input process. The BPPC accepted the plan and recommended Council adoption. At the December 2, 2014 meeting, the Council adopted the plan.

### DISCUSSION:

The task is covered under the 2012-2013 BPPC Workplan Item #4:

Assess needs and prioritize renovation projects for Caper Acres (developing funds and renovation plans for improved infrastructure and new play equipment).

BPPC members expressed an interest in continuing discussion of the fundraising aspects of the project (at the Natural Resource Committee).

With the adoption of the Master Renovation Plan, staff will now shift to develop funding and implementing the first priorities. Staff will develop outreach and a capital campaign approach to seek private donations and grants to help with the bulk of project funding. As priorities move forward, each element would shift into a design phase with more refined specifications and costs, followed by site prep and construction. Some initial topics that may help guide the discussion include:

1. Development of a steering committee to aid the effort. Steering Committee members will be a work group that will meet with staff to complete fundraising tasks and efforts.
2. Menu driven approach to projects.
3. Minimal impacts to General Fund (City funds likely for specific designs, installation of general improvements, site preparation, coordination).
4. Private donations will comprise the bulk of investments into specific features.
5. Pace of work completed will match donations, no support = not completed.
6. Ambassador program and find (Service organizations/businesses)
7. Viability of Internet fundraising?
8. Park events, merchandise, Annie B's...

Staff seeks Committee input on ideas, suggestions, and level of commitment to aid with the effort. A future report will outline the fundraising model/approach.

**Attachments: None**

Document2

12/31/2014



## Natural Resources Committee Staff Report

Meeting Date 1/8/15

DATE: 12/4/14  
TO: Natural Resource Committee  
FROM: Dan Efseaff, Park and Natural Resource Manager  
SUBJECT: Briefing on Bidwell Ranch Conservation and Mitigation Bank (Information Item)

### REPORT IN BRIEF:

Staff will provide a brief verbal introduction of the project and provide a status update. At a future meeting, Staff will provide details regarding the proposed crediting approach being discussed with the agencies. This information item will provide Natural Resource Committee members with the background information to help understand the forthcoming crediting approach.

### Attachments:

- A. 8/2/11- Council Agenda Report – Bidwell Ranch Update

Document2  
12/31/2014





## City Council Agenda Report

Meeting Date: 8/2/11

TO: City Council  
FROM: Daniel Efseaff, Park and Natural Resource Manager, (896-7801)  
RE: Bidwell Ranch Update

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### REPORT IN BRIEF:

This is an informational update on the development of a conservation and mitigation bank on the City-owned Bidwell Ranch property. Staff and River Partners, the City's consultant for this project, have completed major portions of a project to develop a conservation and mitigation bank, and continue to work with state and federal agencies to bring forward options for the property for Council's consideration. In the next several months, staff will be developing additional information and a detailed proposal for the management of the property for Council's consideration.

#### Recommendation:

The Parks and Natural Resources Manager and the General Services Director recommend that the City Council provide feedback on the overall approach to the effort.

### FISCAL IMPACT:

In 2006, funds were budgeted to explore the feasibility of developing Bidwell Ranch as a mitigation bank. No additional funds are needed to complete this effort at this time. Long-term management of the property will require funding to implement. An analysis of fiscal impacts of the different management options for Bidwell Ranch will be developed for future Council consideration.

### BACKGROUND:

#### Project Genesis

In May 2005, the City Council amended the General Plan and re-zoned the 759-acre City-owned Bidwell Ranch property to a permanent open space designation. At that time staff was directed to investigate establishing a wetland and listed species mitigation bank on the site. Following a Request for Proposal in Fall 2006, the City contracted with River Partners, a local conservation group, to complete tasks necessary to create the bank. The major project tasks were to:

1. Review and summarize existing documents and information;
2. Establish a Citizen Work Group to provide input on the project and review key documents (an open, non-appointed, ad hoc committee to encourage public participation and input);
3. Complete and submit a site inventory of biological resources and preliminary mitigation bank proposal to state and federal agencies;
4. Develop a Management Plan and Mitigation Bank Enabling Instrument (MBEI), a legal document that governs the bank's establishment and operation;
5. Prepare and record a conservation easement; and
6. Establish an endowment account mechanism and funding with an appropriate entity.

RE: Bidwell Ranch Update

Meeting Date: 8/2/11

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The project requires submittal of documents and consultation with the authorizing agencies, the Interagency Review Team (IRT), which consists of US Environmental Protection Agency, US Army Corps of Engineers, US Fish and Wildlife Service, and California State Department of Fish and Game.

Tasks 1 - 4 have been completed; while the remainder 5-6, would be completed as part of the final steps to enable the bank.

#### Purpose of Mitigation and Conservation Banks

Public infrastructure and development related projects and activities that impact legally protected natural resources (such as wetlands, protected plant and animal species, and habitat supporting protected species), require mitigation under one or more local, state or federal laws, including the California Environmental Quality Act (CEQA), Clean Water Act, and Federal Endangered Species Act. Acceptable mitigation almost always requires the permanent preservation of land supporting resources similar to those impacted, and/or habitat creation/restoration on lands that are also permanently protected. A conservation and mitigation bank provides an opportunity for the City or a developer to mitigate impacts by purchasing "credits" from the bank equivalent to the mitigation requirements.

Conservation banks are natural open space areas that contain protected resources, habitats and endangered species, and are preserved and managed in their natural state to protect specific at-risk habitat and species. Mitigation banks are properties where environmental resources are restored and/or created, and then permanently preserved, to provide mitigation for impacts to these types of resources from construction and development projects. Both conservation and mitigation credits may be sold. The Bidwell Ranch bank could potentially include both bank types.

Utilizing the site for mitigation purposes would allow the City to fund long-term management of the property and reduce mitigation costs associated with City capital infrastructure projects.

#### Initial Plan for Bidwell Ranch

1. Early potential benefits identified for developing a Bidwell Ranch mitigation bank included:
2. Provide a mechanism to permanently protect sensitive habitat and open space consistent with the General Plan;
3. Offer a model for municipalities to mitigate urban growth locally;
4. Create a critical link in a network of existing adjacent conservation oriented properties, including Bidwell Park and the Foothill Park Preserve (see Bidwell Ranch Conservation and Mitigation Bank Prospectus attached as Attachment "A");
5. Support the goals of the Butte Regional Habitat Conservation Plan; and
6. Provide an economical and timely means for the City to mitigate impacts from local infrastructure projects. (For example, for the Cohasset widening project, the City paid \$224,230 for 2.6 acres of wetlands mitigation and \$1,400,000 for 11.4 acres of Butte County meadow foam mitigation credits, and it took approximately a year to complete the purchase. Significant cost and time would have been saved had the City been able to use its own, already approved, bank).

An early bank consideration was developing the bank in two phases. The first phase would involve the establishment of the conservation bank providing permanent preservation of existing natural habitats (vernal pools) and resources (vernal pool fairy shrimp and vernal pool tadpole shrimp). The second phase of the bank project would establish the wetland mitigation creation component. One of the IRT members, the US Army Corps of Engineers, has indicated that a wetland creation component is a key requirement for its support of a mitigation bank.

The second phase would involve the creation of wetlands in the southerly 90+ acres of the site. This area appears to have been graded decades ago— changing the hydrology and reducing habitat for vernal pool

species. This phase would involve re-grading the area to resemble its previous configuration (mimicking historical wetland patterns) and inoculating it with soil and propagules (seeds and eggs). While it currently provides some vernal pool habitat, this portion of the property contains identical soil classifications, and is topographically and hydrologically similar to the undisturbed northwestern portion of the site, which contains higher quality and more robust vernal pools, several protected animal species, and Butte County Meadowfoam (BCM) habitat.

Once a bank is established, the City would be responsible for the overall health of the site, including cattle grazing management, annual monitoring and reporting, vegetation management erosion control, fence repair, and public access.

#### Site Activities and Public Access

As directed by the City Council, staff has been committed to exploring opportunities for public access on the site. The draft management plan defines appropriate activities on the site consistent with its primary use as a mitigation and conservation bank and is consistent with early direction provided by the regulatory agencies. The draft management plan proposes that public access through a pedestrian-only trail system that skirts around sensitive biological and cultural resource areas, with a length of approximately 4.5 miles. Interpretive and informational signs would be installed along the trails. For the areas with the most sensitive resources, specialized docent led wildflower tours, and research and education programs, would also be allowed at the preserve manager's discretion. A conceptual depiction of the trail system is also presented in Attachment "A".

#### Current Status of Mitigation and Conservation Bank Development

All required site studies have been completed; these include a delineation of all wetlands and vernal pools, an exhaustive inventory of biological resources on the site, and a cultural resources survey. These studies have been accepted by the regulatory agencies. The City has received comments and made revisions to draft documents (including the MBEI), and the agencies are processing them as required by their internal processing guidelines (the Army Corps of Engineers issued a public notice of the proposal to establish the Bidwell Ranch mitigation bank).

Limited progress has been made on the project since fall 2009, owing to the lessening of demand for mitigation credits over the past couple of years and staff workload challenges. Staff has continued its dialogue with agency personnel and has toured local properties developed for mitigation purposes. The City is now poised to fully develop all protection options for the Bidwell Ranch property and bring them forward for Council consideration.

#### **DISCUSSION:**

The focus of the project to date has been the exploration of developing a conservation and mitigation bank. Underlying this effort are the following site goals:

1. Provide permanent protection for the site's highly sensitive resources
2. Open appropriate areas to public access
3. Develop a mechanism to fund site management and needed improvements
4. Off-set City of Chico mitigation costs for capital projects

Staff will continue to pursue the exploration of the bank option; however, other options can achieve the same goals and staff is investigating the information for Council consideration. With Council's support, staff would like to explore these options further, identify a preferred alternative, and bring them back for Council consideration and final direction. There are four prominent options for Bidwell Ranch which are summarized as follows:

1. Continue Current Management

This is essentially the no-action alternative. The site is designated and zoned as open space and management would continue essentially as is with some resource and access improvements made over time as funding allows (for example fencing repairs are paid through the grazing lease on the site). As with any of the alternative, a management plan to guide uses and resource protection on the site would have to be completed. This option does not generate revenue to aid in site management.

2. Finalize a Conservation and Mitigation Bank

This approach is a continuation of the approach outlined above. Further analysis would shed light on several uncertainties associated with this option (i.e., cost and return on investment of the wetland creation component of the bank) and provide Council with additional information on such issues as the amount of staff resources to operate the bank, the proposed bank's net worth vs. ongoing management obligations, and the future health of the wetland mitigation bank industry.

3. Investigate Use of a Third Party to Fund the Restoration Component of Mitigation Bank

With the economic downturn there has been a significant slowdown in the pace of development, and therefore demand for mitigation credits has slackened considerably. Certainly one of the key attractions of using or selling bank credits is that the City could generate revenue and fund long-term maintenance of the site. However, the IRT position (at least the US Army Corps of Engineers' position) is that any mitigation bank on the Bidwell Ranch site would need to contain a creation component, which would require a significant capital outlay and monitoring before the bank could sell credits. Before they can be sanctioned, the created wetlands need to be monitored for several years and approved by the IRT. In short, there is no guarantee of success associated with wetland creation.

Further, based on recent staff investigation of new local wetland mitigation properties, there is also uncertainty about the short-term demand for credits, and also the timeliness of agencies in setting up banks. These uncertainties introduce concern about the financial return and timing of the project.

Despite the economic situation, private entities continue to invest in similar projects and shoulder the initial investment cost with the idea that it results in a later return. A partnership with a third party (private entity or non-profit) that specializes in mitigation banking may provide an opportunity to insulate the City from the financial outlay and uncertainty.

Staff will investigate this potential model to finance and develop the created wetlands component. In exchange for the third party creating the wetlands and managing credit sales, they would receive a return on the sale of credits, while the City would reduce the initial outlay for the endowment and management. City proceeds could be used to manage the property. Such an approach would have to be carefully crafted and considered to make sure that the City's interests are served with enough incentive for the third party. Staff will explore any existing models for such a partnership and its feasibility.

4. Negotiate Directly with Agencies to Utilize Bidwell Ranch as Mitigation for City Projects

Once established, mitigation banks provide certainty and predictability for projects that require mitigation. For example, if a project requires a certain number of wetland credits to mitigate for a development proposal, then the project proponent would be required to purchase the proper number of credits from a certified bank prior to proceeding with the project.

Historically, the more common approach to mitigating wetland impacts is to develop a mitigation plan on a project-by-project basis. These efforts can be time-consuming and delay projects. For example, if a project will disrupt 1.5 acres of Butte County meadowfoam habitat, a discussion would ensue on the form of the mitigation (e.g., Are mitigation measures done on site? Will the proponent have to purchase an easement to protect habitat offsite? How many acres will be required?).

In the next few years, the City has mitigation needs for programmed capital infrastructure projects, and Bidwell Ranch could be brought to the table as the proposed mitigation site. This approach would require negotiation with the agencies regarding the benefits of perpetual resource and species

protection on Bidwell Ranch weighed against the impacts of upcoming capital projects.

Although the revenue generation potential of using the property for "direct" City mitigation would be less than that of using the property as a mitigation bank, it would not require the initial (and uncertain) funding outlay for wetland creation, nor would the City would have to dedicate staff resources to ongoing marketing and management of a wetland mitigation bank. In addition, the overall project goals would be achieved more expeditiously, including protecting the site's resources, providing public access, funding the site's management, and offsetting mitigation costs associated with City capital projects.

### Final Steps

To complete the bank establishment, only a few steps remain. First, is to make any necessary revisions to the MBEI based on additional comments from the IRT. Dedication of a conservation easement to an appropriate third party is required for establishment of the bank. Establishment of the bank would also require the creation of an endowment fund of a sufficient size to generate adequate funds for perpetual management of the site. The size of the endowment has yet to be determined, pending final revisions to the management plan, but should not be excessive as most management functions are relatively passive and non-labor intensive. The source of the endowment has also not yet been determined, but would likely include utilizing funding already committed to capital projects for mitigation costs or selling mitigation credits to private parties.

And finally, if the City intends to proceed with phase 2 of the mitigation bank (wetland restoration or creation), funding will need to be provided for construction activities and follow-up monitoring. Funding sources are likely to be similar to those identified for the endowment fund. An initial estimate for the cost of this component is significant (\$1 million), but the sale of wetland creation credits also would generate significant revenue (an early estimate is over \$4 million). Council action would be required to finalize bank establishment. Council would need to authorize execution of the MBEI, determine the holder of the conservation easement and convey the easement, and determine the funding source(s) for the endowment.

However, staff would like to take the approach of exploring the steps required to complete for the other alternatives. These alternatives are likely less intensive that what would be needed for a mitigation bank. As part of the next step, staff will further develop information on these approaches and identify a recommended alternative for Council consideration.

### **ENVIRONMENTAL REVIEW:**

Appropriate California Environmental Quality Act (CEQA) review will be performed for the project, likely an initial study/negative declaration, when the project is brought forward for Council action.

### **PUBLIC CONTACT:**

Due to significant public interest in the site, a volunteer Citizen Work Group (CWG) was formed early in the project to provide feedback and comment on bank creation components and draft documents. The CWG helped revise the site management plan prior to its submittal to the regulatory agencies for formal processing. Minutes from past meetings and other project information are available on the River Partners website at [www.riverpartners.org](http://www.riverpartners.org).

Reviewed by:

Approved by:

\_\_\_\_\_  
Ruben Martinez, General Services Director

\_\_\_\_\_  
David Burkland, City Manager

### **DISTRIBUTION:**

City Clerk (18)  
John Carlon, River Partners  
Bidwell Ranch Conservancy  
Butte Environmental Council

RE: Bidwell Ranch Update  
Meeting Date: 8/2/11  
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**ATTACHMENTS:** Attachment "A": Bidwell Ranch Conservation and Mitigation Bank Prospectus

**FILE:** Bidwell Ranch File