



CITY OF CHICO MEMORANDUM

TO: City Council
DATE: February 9, 2009

FROM: Brendan Vieg, Senior Planner (879-6806)
FILE: Bidwell Ranch

SUBJECT: Bidwell Ranch Conservation and Mitigation Bank Development Status

Note: This is an informational update on the creation of a conservation and mitigation bank on the City owned Bidwell Ranch property. No Council action is required at this time. Staff and River Partners, the City's consultant for this project, have completed major portions of the work for creation of the conservation and mitigation bank, and continue to work with state and federal agencies to finalize the project.

Introduction

In May 2005, the City Council amended the General Plan and rezoned 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. In the Fall of 2006 and following circulation of a Request for Proposal, the City contracted with River Partners, a local conservation group, to undertake the work necessary to create the bank. The selection of River Partners was based, in part, on their experience, expertise, history of work with state and federal agencies, and the public participation component of their proposal. Their work assignments include completion of technical site assessment studies, document preparation, coordination with state and federal agencies, facilitating public participation, and preparation, submittal and processing of the Mitigation Bank Enabling Instrument (MBEI) with the authorizing agencies - U.S. Army Corps of Engineers, U.S. Fish and Wildlife Service, and California State Department of Fish and Game.

The major project tasks are:

1. Review and summarize existing documents and information;
2. Establish a Citizen Work Group to provide input on the project and review key documents;
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 (**The project is currently at this point in the process.**);
5. Prepare and record a conservation easement; and

6. Establish the endowment account mechanism and funding with the appropriate entity.

Public Participation

Due to significant public interest in the site, a volunteer Citizen Work Group (CWG) was formed to provide feedback and comment on bank creation components and draft documents. The CWG played an important role in creating and revising the site management plan prior to its submittal to the regulatory agencies for formal processing. CWG meetings are planned for the life of the project, and will continue to play a role in bank creation and site management. Information on upcoming CWG meetings, minutes from past meetings, and other project information are available on the River Partners website at www.riverpartners.org.

Bidwell Ranch Conservation and Mitigation Bank

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. The proposed Bidwell Ranch bank potentially includes both bank types. Using or selling bank credits will allow the City to recoup property acquisition costs, fund long-term maintenance of the property, and potentially reduce mitigation costs associated with City infrastructure projects.

The Bidwell Ranch bank will provide many additional benefits to the City, including:

1. Providing a mechanism to permanently protect sensitive habitat and open space consistent with the General Plan;
2. Offering a model for municipalities to mitigate urban growth locally and responsibly;
3. Creating a critical link in a network of existing adjacent conservation oriented properties, including Bidwell Park and the Foothill Park Preserve;
4. Supporting the goals of the Butte Regional Habitat Conservation Plan, in which the City is a participating partner; and
5. Providing an economical and timely means for the City to mitigate impacts from local infrastructure projects. (As an example, for the Cohasset widening project, the City paid \$224,230 for 2.638 acres of wetlands mitigation and \$1,400,000 for 11.435 acres of Butte County meadowfoam 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.)

The Bidwell Ranch bank will be established in two phases. The first phase of the bank involves the establishment of the conservation bank providing permanent preservation of natural habitats and resources on the site. The second phase of the bank project is establishment of the mitigation component, providing mitigation credits for impacts from City and other projects. This phase involves the restoration/construction/creation of wetlands in the southerly 90+ acres of the site, mimicking the historic wetland patterns which were destroyed in the past. This portion of the property contains identical soil classifications, and is topographically and hydrologically similar to the undisturbed northwestern portion of the site where high quality vernal pools, other wetland classifications, several protected animal species, and Butte County meadowfoam (BCM) habitat are found.

Based on the completed biological studies and surveys, credits at Bidwell Ranch should be available as mitigation for wetlands (including vernal pools), Butte County meadowfoam, vernal pool fairy shrimp and vernal pool tadpole shrimp. The state Department of Fish and Game is currently undertaking a study of foraging and nesting patterns for Swainson's Hawk, and the outcome of that study may also result in credits for the hawk at the Bidwell Ranch bank, significantly increasing the bank value.

Successful bank establishment and wetland restoration will take approximately one year, with perpetual monitoring and management of the bank. BCM should naturally reestablish in the restoration area with the restoration of the hydrology. If BCM does not naturally re-colonize the restoration area, seed will be re-located from the northern section of the property. The City of Chico will be responsible for the overall health of the Bank site; including fence repair, cattle grazing, annual monitoring and reporting, public access and erosion control.

The Bidwell Ranch Conservation and Mitigation Bank Prospectus, a summary of the goals, target resources, and conceptual design of the proposed conservation and mitigation bank, is available for review on the River Partners website. The prospectus was submitted to state and federal agencies as the initial step in the bank establishment process to ensure that the proposal was viable and to receive initial input from those agencies.

Site Activities and Public Access

As directed by the City Council, the management plan defines appropriate activities on the site, including providing for the maximum public access, while protecting environmental resources. As a mitigation/conservation bank, the general nature of the property will remain as open space that supports habitat for a variety of plants and wildlife. Mitigation and conservation banks must have sufficient area to support the intended biological resources being preserved, and limitations on use to protect those resources. Public uses of the property will be limited to those consistent with the primary use of the site as a mitigation and conservation bank, and the regulatory agencies will impose limits on activities and access. Recreational activities that people enjoy in upper Bidwell Park are not necessarily compatible with the use of the property as a mitigation bank.

Based on discussions with the regulatory agencies and CWG, the management plan proposes that general public access be limited to a peripheral trail system around the entire site, for foot traffic only, with a length of approximately four and a half miles. Interpretive and informational signs will be installed along the trail. Specialized docent led wildflower tours, and research and education programs, will also be allowed at the preserve manager's discretion.

Current Status

The establishment, operation and use of a mitigation bank is governed by a Mitigation Bank Enabling Instrument (MBEI), which is the legal document executed by the owner (the City in the case of Bidwell Ranch) and the regulatory agencies. Prior to completing the MBEI, multiple site specific studies and preparation of a bank management plan are required. Significant progress has been made in these areas.

An Interagency Review Team (IRT) consisting of representatives from the California Department of Fish and Game, U.S. Fish and Wildlife Service, and U.S. Army Corps of Engineers was formed. The IRT is the interagency group of federal, state, and local regulatory and resource agency representatives that reviews documentation for, and advises the Corps' district engineer on, the establishment and management of a mitigation bank.

All required site studies have been completed. The major studies included a delineation of all wetlands and vernal pools, an exhaustive inventory of biological resources on the site, and a cultural resources survey. All studies have been accepted by the agencies and IRT.

Following initial consultation with the IRT and CWG, a draft management plan and MBEI were prepared for review by the agencies. Following the agency reviews, both documents were revised to address comments, and have now been resubmitted for formal processing. All agencies are undertaking review as required by their internal processing guidelines, and one, the Army Corps of Engineers, has recently issued a public notice of the proposal to establish the Bidwell Ranch mitigation bank.

Final Steps

To complete the bank establishment, there are only a few remaining steps. First of course, is to receive any additional comments from the IRT following review of the management plan and MBEI, and make any necessary revisions.

Dedication of a conservation easement to an appropriate third party is required for establishment of the bank and implementation of the long-term management plan. It is tentatively proposed that Northern California Regional Land Trust, a local land trust, will hold the conservation easement.

Establishment of the bank will require the creation of an endowment fund with a sufficient size to generate adequate funds for the 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 sources could include RDA funding (in the form of acquiring mitigation for current and future RDA projects), utilizing funding already committed to capital projects (such as State Route 32 widening or the Eaton Road extension - Floral Avenue to East Avenue) for mitigation costs, selling mitigation credits to private parties, or grants (not likely).

And finally, if the City intends to move forward with the restoration effort necessary to implement phase 2 of the project, creation of the mitigation bank component, funding will need to be provided for those construction activities. Funding sources are likely to be similar to those identified for the endowment fund.

Council action will be required to finalize the bank establishment. Council will 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. Council will also provide direction as to whether the bank will be reserved for City mitigation purposes, or if some of the credits will be sold to private parties. If credits are available for sale, the value of those credits will be set by Council.

I will continue to provide you updates on this project at key milestones. If you have any questions, please feel free to contact me at 879-6806.

Distribution:

CM Burkland
ACM Rucker
PSD Peterson
CPSD Varga
GSD Beardsley
Dan Efseaff, River Partners (no attachment)

Attachment:

Bidwell Ranch Conservation and Mitigation Bank Development Status Memorandum No. 1, dated December 22, 2008 (not including Bidwell Ranch Conservation and Mitigation Bank Prospectus)

