



REPORT TO COUNCIL

City of Sacramento

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Staff Report
February 12, 2008

**Honorable Mayor and
 Members of the City Council**

**Title: Progress Report on the Natomas Joint Vision and Completion of Open
 Space Program**

Location/Council District: Unincorporated portion of the Natomas Basin within
 Sacramento County adjacent to District 1

Recommendation: Receive and file

Contact: Scot Mende, New Growth Manager, 808-4756, Helen Selph, Associate
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Presenters: Scot Mende New Growth Manager, and Brian Collett, Consultant

Department: Planning

Division: New Growth

Organization No: 4913

Description/Analysis

The purpose of this item is to report to Council on progress made in implementing the Natomas Joint Vision Memorandum of Understanding (MOU) and in creating a vision that builds upon the MOU framework.

Since the startup of the Open Space Program (OSP) in the summer of 2006, City, County and consultant team have conducted four public workshops. In addition, numerous meetings have been conducted with landowners and staff from other agencies. The completion of the Open Space Program Report represents a project milestone, and sets the stage for a broader visioning process.

The final Open Space Program workshop will be held on February 19, 2008 to obtain stakeholder input. Comments received from the public will be documented and made available on the Planning Department webpage shown below.

The Open Space Report was released to the public on January 24, 2008 and

is on file with the City Clerk's office and available on the Planning Department webpage at: <http://www.cityofsacramento.org/planning/projects/natomas-joint-vision/>

As an outcome of a November 26, 2007 City and County meeting with Natomas landowners, a "Broad Visioning" approach has recently emerged. The intent of the visioning process is to collaboratively engage landowners to create a draft vision land use concept that can be vetted with other stakeholder groups by the summer of 2008. The "Visioning Team" includes the major landowner representatives and stakeholders from the Joint Vision area along with City and County staff. The visioning effort will incorporate the principles of the 2002 Memorandum of Understanding (MOU), the Open Space Program report, and preliminary results from the Municipal Services Review effort.

County staff presented the Open Space Program and the Broad Visioning approach to the Board of Supervisors meeting on January 30, 2008. (The staff report is attached as Attachment 4). The Board embraced this approach, which is described in Attachment 4 in greater detail. The Board also concurred with the recommendation that the Open Space Program should not be formally adopted, but instead should be used as "background information" to consider in the Broad Visioning process.

The County is in the process of reassessing its own interests related to the future of the unincorporated Sacramento County portion of the Natomas Basin and exploring the fiscal advantages and disadvantages of potentially developing the area under County jurisdiction (as outlined in the County staff report (Attachment 4). The abstract financial analysis of County led development in the Joint Vision Area is being conducted by MuniFinancial and will be presented to the Board on April 4, 2008.

When Mayor Fargo addressed the Board of Supervisors on September 26, 2007, she suggested that the City should parallel the County's re-assessment of its interests related to the future of the Joint Vision area. Staff has articulated a draft of the City's interests and goals, which are listed in Attachment 1.

Issues: The following issues will need to be addressed during the broader visioning process:

- 1) Development in the Natomas Joint Vision area should contribute to the capital costs for constructing a transit system that connects from downtown to the Airport. This will be in addition to many other amenities that development will need to fund, potentially including endowments for open space (Joint Vision) and habitat (HCP mitigation), schools, and flood protection. Other stakeholders may advocate for minimizing the costs for infrastructure in order to improve market feasibility.
- 2) The City's interest in following smart growth principles may not be in agreement with the land use types and locations that are preferred by the property owners or the County.

- 3) The definition of “on-site/internal open space” that is eligible for Natomas Joint Vision credit is likely to continue to be an issue.
- 4) Policy direction and/or incentives to developers should be provided to include open space amenities (trails around detention basins, broad floodways with trails, freeway buffers, vista points, etc.) within the project development.
- 5) Some interests argue that habitat mitigation requirements of the regulating wildlife agencies should be allowed anywhere in the Natomas Basin, and not restricted to Sacramento County. Limiting mitigation to the Sacramento portion of the Natomas Basin reduces the supply of land for development and generally increases the cost of mitigation land.
- 6) The NJV MOU requires that “regional-scale retail/ single-purpose commercial land use” trigger sales tax sharing; the definition of “regional-scale retail/ single-purpose commercial land use” is likely to surface as an issue.
- 7) Revenue-sharing agreements for recent annexations (e.g., Greenbriar and Panhandle) have been protracted and complex; this process needs to proceed more expeditiously.

Policy Considerations: The Natomas Joint Vision MOU establishes a collaborative planning process between the City and County to implement land use and open space planning and revenue sharing principles. The Natomas Joint Vision area has been identified in the draft 2030 General Plan as a “study area”; land use policies pertaining to potential development in the Natomas Joint Vision study area have been drafted, including Growth and Change, Section 1.1. If new territory from the Joint Vision area is annexed into the City, a General Plan Amendment would be required.

Committee/Commission Action: None

Environmental Considerations: Potential environmental issues related to the Natomas Joint Vision will be evaluated in the City’s Sphere of Influence (SOI) Amendment Environmental Impact Report. RBF Consultants, Inc. has been selected as the consultant to complete both the Municipal Services Review (MSR) and the EIR. Future development in the Natomas Joint Vision area is not covered under the Incidental Take Permit for the Natomas Basin Habitat Conservation Plan (NBHCP). Prior to the approval of any new development in the Joint Vision area, a new or amended HCP and ITP would need to be approved by regulatory wildlife agencies. A comprehensive effects analysis to determine the impacts of such activities on the existing NBHCP would be required as a part of this process.

Rationale for Recommendation: This item is a progress report. The information contained in the Open Space Program is being provided to City Council and the Board of Supervisors to consider in the decision making process. The Board of Supervisors, as well as City and County staff concur that the OSP should be considered as background for consideration in the Broad Visioning approach that has recently emerged.

Financial Considerations: This report is for information only. No approval action is contemplated and no increase in funding is required to complete the work authorized to date.

Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by: Scot Mende
Scot Mende
New Growth Manager

Approved by: Carol Shearly
Carol Shearly
Director of Planning

Recommendation Approved:

Ray Kerridge
Ray Kerridge
City Manager

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Attachment 1**BACKGROUND – NATOMAS JOINT VISION****City's Interests and Goals**

To parallel the County's re-assessment of its interests related to the future of the Joint Vision area, staff has prepared a draft list of City interests and goals:

- 1) The City will remain the ultimate agent for planning the development in the Joint Vision area, as agreed in the Dec. 2002 MOU. There may, however, be an opportunity for the County to play a greater role in planning land use types and locations.
- 2) The City will follow smart growth principles in determining the land uses for development in the Joint Vision area, consistent with the City's 2030 General Plan.
- 3) The City will plan for rational Sphere of Influence (SOI) and annexation boundaries, followed by phased and orderly development which can be efficiently serviced by the City.
- 4) The City will negotiate benefits from urban development in the Joint Vision area. Benefits include funding for civic amenities in the Joint Vision area and for city-wide amenities, such as an endowment for transit.
- 5) The Natomas Joint Vision area offers a unique opportunity to capitalize on key geographic assets: proximity to the Sacramento International Airport, proximity to I-5 and US 99, proximity to future major employment centers (Metro Air Park and Natomas development along I-5), and proximity to the Sacramento River.
- 6) The City will direct the development of high quality residential development, locally-serving retail, and employment generating land uses that provide support for the City's strategic economic goals.
- 7) Permanent open space is recognized as an important amenity that contributes to a high quality of life for City residents.
- 8) The City will preserve and enhance habitat preserves adequate to retain the current Incidental Take Permit (ITP) coverage for the Natomas Basin HCP and extend ITP coverage for any additional urban development.
- 9) The City will plan for the generation of sufficient tax revenue to fund future City services in the Joint Vision area.
- 10) The City will pursue a revenue sharing agreement to help support the fiscal health of the County and ensure that a high level of social services is provided to City residents.
- 11) The City will maintain a positive relationship with all stakeholders, to the extent possible.

Natomas Joint Vision Project History

Adoption of the 2002 Natomas Joint Vision MOU

On December 10, 2002, the City Council and Board of Supervisors adopted a Memorandum of Understanding (MOU) regarding principles of land use and open space planning, and revenue sharing between the City and County of Sacramento for the Natomas area, setting the stage for what has come to be known as the "Natomas Joint Vision" (Resolution 2002-830 on file with City Clerk). Since that time, City and County staff have been working to implement the MOU.

Council/Board Actions in Support of MOU Implementation

The following describes the recent history and the current project status.

On *April 25, 2006*, the *City Council* directed staff to initiate the open space program contract for the Natomas Joint Vision area. The project scope of work addresses several issues that are needed to implement the Natomas Joint Vision City-County Memorandum of Understanding (MOU) (Resolution 2002-830 on file with City Clerk). These issues include:

- How should "open space" be defined?
- Where should open space be located to preserve the highest open space values and reduce impact on the Natomas Basin Habitat Conservation Plan (NBHCP)?
- What is the ratio of open space to urban development land that can be allowed?
- How can land with the highest open space values be preserved?
- How can the economic benefits from development be shared with landowners in the preservation areas?
- What funding strategies are available to assure the permanent preservation of open space?
- To what extent is agriculture viable in the unincorporated Sacramento County portion of the Natomas Basin?

On *May 24, 2006*, the Sacramento County *Board of Supervisors* heard appeals by Ose and Gidaro contesting the County Planning Director's rejection of their applications to extend the Urban Services Boundary (USB), as required by County General Plan policy. The Board's actions were as follows:

- Reaffirm support for the principles contained in the Natomas Joint Vision Memorandum of Understanding, and
- Clarify the intent of the language in the Natomas Joint Vision Memorandum of Understanding regarding open space as amended.

The Board informed the City Council that, in the absence of direction from the Council to staff to proceed with the appropriate planning process to support the General Plan Amendments and the Sphere of Influence expansion, the Board expects to take action on the appeals on August 29, 2006. The Board directed County staff to continue to work with City staff, landowners, environmental advocates, neighborhood groups, local, state and federal agencies, and others.

On *July 25, 2006*, the *Sacramento City Council* (Resolution 2006-568) initiated the Sphere of Influence Amendment and related Municipal Services Review and Environmental Impact Report (EIR) for the Natomas Joint Vision area and directed staff to report back with the work-plan and schedule, consultant services contracts, and public process for completion of the Natomas Joint Vision (NJV) planning process.

Also on *July 25, 2006*, in a separate action, *City Council* authorized a professional services agreement with the Dangermond Group in the amount of \$214,915 for the Natomas Joint Vision Open Space Program (OSP). The OSP was released to the public on January 24, 2008

On *August 29, 2006*, the *County Board of Supervisors* held a Natomas Joint Vision workshop in which they considered a resolution authorizing cost-sharing agreements with the City to fund the Open Space Program and related Environmental Impact Report.

Prior to taking action on the resolution, the Board considered two appeals of the County Planning Director's determination to deny applications to amend the General Plan to move the Urban Services Boundary. The Board heard testimony from a large number of property owners in the "Boot" area of Natomas. A common theme of this testimony was that they did not have adequate opportunity to participate in the decision-making process for the NBHCP, which ultimately placed them in the Swainson's Hawk zone. The Swainson's Hawk zone is a 1-mile buffer area identified by the Natomas Habitat Conservation Plan (HCP) for the purpose of protecting nesting habitat for the Swainson's Hawk. Since many property owners in the Boot area would like to have the flexibility to develop their parcels, or sell to developers, they requested that the Natomas Joint Vision offer them the full opportunity to participate in a process that allows for the consideration of the advantages that properties in the Boot offer, such as easier connection to utilities.

On *October 31, 2006*, the *County Board of Supervisors* discussed the proposed approach to the Municipal Services Review and Sphere of Influence EIR. After hearing the testimony, the Board continued the hearing until January 24, 2007. The Board also continued the proposed adoption of cost-sharing for the Open Space Program (\$107,458 County contribution) and Sphere of Influence EIR (\$94,000 County contribution).

On *November 21, 2006*, the *City Council* authorized execution of a professional services agreement with RBF Consulting in an amount not to exceed \$570,000 for preparation of the EIR and Municipal Services Review (Resolution No. 2006-858).

On *January 23, 2007*, the *City Council* authorized a Memorandum of Understanding with the County regarding cost sharing with the County. The County authorized these MOU on January 24, 2007.

On *October 9, 2007*, the *City Council* received a progress report on the Natomas Joint Vision process and reviewed the principles of the 2002 Natomas Joint Vision MOU.

On *January 30, 2008*, the *Board of Supervisors* met to hear a status report on the Natomas Joint Vision. Brian Collett of The Dangermond Group presented an overview of Open Space Program, and Julie Car presented an overview of the Broad Visioning approach. County staff made three recommendations to the Board: 1) Reaffirm support of the principles identified in the 2002 Natomas Joint Vision MOU, 2) Endorse the Broad Visioning approach and direct staff to collaborate with the City, major landowners and other stakeholders to develop a comprehensive plan for the Joint Vision Area and obtain a financial contribution from major landowners to expand the scope of County staff efforts and involvement, and 3) Receive and file the draft Open Space Program Report. The Board did not take action on the recommendation to reaffirm the principles of the MOU. It approved the second action to proceed with the Broad Visioning approach, and determined that it would receive and file the draft Final Open Space Program Report at a later meeting after some revisions are made to reflect public comments received.

Open Space Program

The Open Space Program (OSP) is designed to identify mitigation and funding mechanisms to help guide the implementation of open space goals and policies adopted by the City and County in the December 2002 Natomas Joint Vision MOU. The open space program will evaluate the habitat-open space-agricultural values of the Natomas Joint Vision area while the City's Municipal Services Review will evaluate the urban values of the Natomas Joint Vision area.

Two public workshops for the Open Space Program (OSP) were completed since spring 2007. The first workshop was a presentation by Tim Washburn of SAFCA in which he described the proposed Natomas Levee Improvement Project and its relationship to the Natomas Joint Vision, the OSP, and habitat preservation. He outlined specific practices proposed to minimize habitat damage and avoid negatively impacting the NBHCP, thereby reducing the amount of land required for mitigation.

The second workshop was held on July 12, 2007 at the Hagginwood Community Center and was well attended. The purpose of the workshop was to emphasize the constraints of planning in a limited area and allow for the mingling of differing opinions in regards to open space and development within Natomas. The OSP consultant, the Dangermond Group, provided a review of the amount of acreage within the Basin determined to be "uncommitted" and potentially available for either development or open space preservation. Prior commitments include permitted development in Sutter County, airport owned lands, existing habitat preserves, and an allowance for future preserves to correspond with development permitted but not yet constructed.

The participants at the July workshop were given a map of the NJV Study Area and tasked with identifying areas they would like to see developed and areas they would like to see preserved, while respecting a list of assumptions. These assumptions included:

- 1) 12,000 acre limit of “uncommitted” land;
- 2) minimum one-to-one mitigation ratio required by the MOU which must occur within Sacramento County, thus allowing for 6,000 acres for open space and 6,000 acres for development;
- 3) constraints associated with proximity to the airport; and
- 4) tenets of the Natomas Basin Habitat Conservation Plan.

Overall, the feedback was positive. One participant, identifying himself as a Boot landowner, stated that this was the first time he was ever asked what he wanted to see done with his land and appreciated staffs’ outreach efforts.

On August 21, 2007, staff received two maps from the Dangermond Group that represent a combination of the information gathered from the public workshops. They are attached for review purposes (Attachment A). The first map identifies areas determined to be most suitable for open space using Dangermond’s Open Space Suitability Model. It shows development occurring mainly to the north of the City and no development within the ‘Boot’. The second map incorporates information gathered from the public workshops. It shows development occurring both north and west of the City with partial development within the ‘Boot’ and partial retention of the northern floodplain. Please note that Attachment A is a process map and does not reflect any recommendations regarding land use.

The Dangermond Group has teamed with Economics Research and Associates (ERA) to develop the funding mechanisms associated with the OSP. The Final draft Open Space Program Report (Chapter 7) includes open space acquisition strategies and a preliminary map of areas best suited for open space preservation.

Municipal Services Review

The draft Municipal Services Review project framework report was originally scheduled for public release in along with the OSP, but its release and presentation to the public has been delayed. Once released, the MSR reports, in conjunction with the OSP Report, will provide sufficient information to support a discussion of alternatives for the City’s Sphere of Influence Amendment Environmental Impact Report.

Sphere of Influence Amendment

A Sphere of Influence is defined as a plan for the probable physical boundary and service area of a local agency, as determined by the Local Agency Formation Commission (LAFCo). In determining the Sphere of Influence, LAFCo considers the following:

1. The present and planned land uses in the area, including agricultural and open space lands;

2. The present and probable need for public facilities in the area;
3. The present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide; and,
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

Broad Visioning Approach: The Broad Visioning approach that will follow the Open Space Program recently emerged as an outcome of a November 26, 2007 City and County meeting with Natomas landowners. Previously, City and County staff had devised a process to address the technical demands of LAFCo and CEQA and facilitate participation of all affected stakeholders. The Open Space Program includes an opportunities and constraints analysis to assess the potential for permanently preserving open space in the Natomas Joint Vision area. The MSR will include an opportunity and constraints analysis of the suitability for development. It was anticipated that the analyses outlined above would allow City Council and the Board of Supervisors to make informed decisions about map boundaries, including how to respond to issues related to the Boot area. The proposed Broad Visioning approach would supplement the original process and make it more collaborative and could help define the land use & open space alternatives.

Sphere of Influence Amendment Environmental Impact Report

Subsequent to a broad visioning process, an Environmental Impact Report (EIR) will be prepared for use by the City, County, and LAFCo in their evaluation of the effects of the City's Sphere of Influence Amendment, necessary text and map amendments to both the City and County General Plans. The EIR will be prepared jointly by LAFCo and the City as co-lead agencies, and the County as a responsible agency. The EIR will also assess the impacts of actions on biological resources related to the existing Natomas Basin Habitat Conservation Plan (NBHCP) and the effects of additional development on the continued viability of the NBHCP.

City-County 2x2 Meeting

On December 13, the sixth City-County 2x2 was held. The attendees discussed the need for increased stakeholder involvement. It was determined that staff will work on the next steps of organizing the discussion with three "parties", City, County & Development interests. Staff is working with the landowner interests to see how they can organize in a manner that is productive, moves solutions forward, but still represents both their collective and individual interests. The stakeholder has evolved from "shuttle diplomacy" now to "workshops" and next effort is to achieve a "working group" format.

Herb Niederberger from DWR and Dee Swearingen from Natomas Central Mutual Water Company summarized key water issues in Natomas Basin. In general, there are adequate water rights for agricultural uses in the Basin. However, the existing infrastructure needs substantial upgrades. The proposed water sale to the City of Folsom (for its expansion south of US-50) would infuse significant capital into the Water Company.

On August 10, 2007, the fifth City-County 2x2 meeting occurred to continue discussions on the necessary steps to collaboratively implement the NJV MOU. Those present included: Mayor Fargo, Councilmember Tretheway, Chairman Nottoli, Supervisor Dickinson, County Executive Schutten, County Administrator Hahn, and City, County, and LAFCo staff.

The main agenda item was a presentation by and discussion with Cay Goude, Assistant Field Supervisor, from the U.S. Fish and Wildlife Service (FWS). There were also representatives from the California Department of Fish and Game (DFG). Ms. Goude provided a detailed background on the lengthy process of adopting the Natomas Basin Habitat Conservation Plan (NBHCP). The NBHCP went through five rounds of litigation and in 2005, Judge Levi expressed the following opinion: "the (Fish and Wildlife) Service and those seeking an ITP (incidental take permit) in the future will face an uphill battle if they attempt to argue that additional development in the Basin beyond the 17,500 acres will not result in jeopardy" to the covered species. Ms. Goude expressed concern about the numerous projects proposed within the Basin that are not covered under the NBHCP and the impact these projects would have on the baseline assumptions made to ensure preservation of the 22 species of concern covered by the Plan. Since it was assumed that County land would remain in open space, any change in land use would trigger either an amendment to the NBHCP or the development of a new HCP. It was the preference of the FWS and DFG that all development within the Basin coordinate and conduct a cumulative analysis for a single HCP, as opposed to project by project analyses. Once a cumulative analysis is conducted, the FWS and DFG would determine the adequacy of the proposed mitigation requirement and grant an Incidental Take Permit (ITP) for development. The wildlife agencies expressed support for the NJV and would be receptive to having all projects move forward under the NJV if a comprehensive analysis occurred. Overall, the agencies are hoping that the NJV will result in the development of wildlife corridors, links to existing preserves and permanent protection of areas from development.

DFG representatives explained the rationale behind the one-mile Swainson's Hawk Zone along the Sacramento River. Studies have shown that there is less nest predation or abandonment when Swainson's Hawks are able to forage within one-mile or less of their nests. This is a main tenet of the NBHCP and any encroachment would be hard pressed to prove a lack of jeopardy to the species. While Sacramento County was not a signatory to the NBHCP, any grading activities from future developments in the Basin are subject to regulations of the federal and state Endangered Species Acts. While the NJV MOU requires an open space mitigation ratio of at least one to one, Judge Levi's ruling and subsequent biological analysis may require a higher habitat mitigation ratio be imposed on development.

Natomas Basin Habitat Conservation Plan

On October 16, 2006, representatives from the California Department of Fish and Game (DFG) and the U.S. Fish and Wildlife Service (USFWS) met with City, County and LAFCo staff to discuss the Natomas Basin Habitat Conservation Plan (NBHCP) and the legal and biological issues associated with new development within the Natomas Basin.

According to both the DFG and USFWS, the Natomas Basin represents the “core” of Swainson’s Hawk breeding and nesting habitat. This “core” area includes portions of Sacramento, Sutter, and Yolo Counties. It is necessary for foraging habitat to be close to nesting sites to prevent nest abandonment and predation. This reasoning resulted in the NBHCP designation of a one mile buffer area along the Sacramento River as part of the conservation strategy. Future projects within the Basin such as the airport expansion, levee reconstruction, and pump station for the West Roseville specific plan leave only three remaining areas with unconstrained habitat available for the Swainson’s hawk, one of which is the area known as the “Boot”. The DFG asserts that any development occurring outside of the 17,500 acres of urban development designated by the NBHCP would affect the baseline used in the approval of the City and Sutter County’s ITP and any action on the part of the County would require the County to conduct a full effects analysis as well as mitigation.

Prior to approval of any development, a new or amended Habitat Conservation Plan (HCP) will be required because the Natomas Joint Vision area is not included in the City’s 2003 Incidental Take Permits (ITP).

Attachment 2

Executive Summary: Natomas Joint Vision Open Space Program**Urgency of the Open Space Program**

In a little over 100 years the Natomas Basin area has transformed from a natural floodway corridor associated with the Sacramento and American Rivers, to what was once one of the most productive agricultural regions of the State, to its present status as an area of multiple land uses and multiple expectations. Today, it is the subject of a joint planning effort between the City of Sacramento and Sacramento County which has come to be known as the Natomas Joint Vision. This planning effort seeks a positive solution for complex issues related to a number of competing interests and expectations for the Sacramento County portion of the Natomas Basin area including:

- The demand for urban growth, due to its proximity to urban areas of the City of Sacramento.
- A requirement to provide critical habitat for threatened and endangered species as associated with the Natomas Basin Habitat Conservation Plan (NBHCP).
- A desire that the area continue to serve as buffer land between the Sacramento International Airport and the nearby growing urban footprint.
- An expectation for continued agriculture and the preservation of farmland and/or reasonable compensation for landowners who do not obtain urban development rights.

The principles that drive the joint planning effort were formalized by a Memorandum of Understanding (MOU) that was adopted by both the City and County in December 2002. It was agreed: "the County and the City have mutual policy and economic interests in the long term development and permanent preservation of open space within that area of the County known as Natomas." Furthermore, both jurisdictions agreed that cooperation provided the best opportunity to develop a vision which reflects areas of collective interest. Implicit in this "visionary" approach was the orderly development of the urban form as a counterpart to a defined open space system.

This study is a component of the overall Open Space Program that will need to be conducted for the Sacramento County portion of the Natomas Basin in order to ultimately shape its future. A key premise of the Open Space Program is that a comprehensive program for the Natomas Joint Vision area is necessary to meet the diverse needs and issues of all parties involved. This is because of the interdependency of the following issues and the uncertain future of each of the various interests if pursued as stand alone strategies:

- From a *farming perspective*, agricultural uses in the Joint Vision Area are severely challenged, and the continuation of farming is becoming increasingly difficult and costly.

- From a *habitat preservation perspective*, the status quo is currently unstable. An assumption was made in the NBHCP that ongoing farming would provide a significant portion of the future habitat needs for the species of concern, but that plan did not address a dramatic decrease in farm production within the Basin. Any development in addition to the permitted area would need to be subsequently analyzed.
- From an *airport operations perspective*, Sacramento International Airport requires compatible management practices and conditions with its adjoining and nearby land uses.
- From a *development perspective*, meeting the needs of agricultural protection, habitat protection, and airport protection is required as a condition of development. Without an Incidental Take Permit (which will require an amended or new HCP) no new development will be permitted, yet continued speculation further diminishes existing and future HCP viability.

Consequently, the City and County are not alone in the desire to find a satisfactory planning strategy for the Natomas Joint Vision area. Other major players/interest groups that are directly affected by this program include:

- Farmer-landowners, who face uncertainties regarding the future of their farming operations and interests,
- Developer-landowners who own or have options on land that is currently outside of the County General Plan Urban Services Boundary and presently zoned for agriculture,
- The U.S. Fish and Wildlife Service, and the California Department of Fish and Game, who are the regulating agencies on behalf of biological resources especially threatened and endangered species,
- Various environmental interests (e.g., Environmental Council of Sacramento (ECOS), Friends of Swainson's Hawk, Sierra Club, Save Our Sandhill Cranes, etc.) that underscore the importance of biological resources,
- The Sacramento County Airport System, with an interest in continued, expanded, and unimpaired operations and the absence of nuisance issues associated with incompatible or conflicting land uses,
- Natomas Central Mutual Water Company, whose interest is in "remaining whole" within the context of providing affordable irrigation water in an environment of declining service area and customer base, and
- The Sacramento Area Flood Control Agency (SAFCA) which is mandated to implement a Levee Improvement Program to protect the Basin from flooding and to complete such improvements on schedule and within budget in a complex political and regulatory environment.

This report is presented as an initial step towards defining a plan and program for identifying important open space values and preserving open space. The focus of this report is to provide fact based objective information for decision-makers, ultimately leading to the strategy configuration for open space, strategies for preserving, enhancing, and maintaining open space, and providing fair compensation to

landowners whose land is ultimately designated as permanent open space.

Open Space Program Purposes

This program is intended to help identify the most important open space resources within the Joint Vision Area to be considered for preservation, and to recommend a strategy including a range of options for accomplishing this open space preservation results in an appropriate level of cost for the owners and land interests:

- Provide the starting point for a new or updated HCP
- Guide the implementation of the City-County Joint Vision MOU
- Serve as a vehicle for launching focused discussions with landowners
- Provide a better planning context for Airport and SAFCA actions
- Provide a framework for decision making within the Joint Vision Area
- Contribute to bigger picture decision making
- Facilitate more focused subsequent economic evaluations
- Enable more precise and refined economic considerations for funding the open space program and assuring equity among the existing land owners
- Allow for flexibility to adapt to the various moving targets affecting the plan outcome

Key Challenges

Fundamental challenges presented to this planning effort include:

- **Natomas Basin Habitat Conservation Plan (NBHCP):** The following future challenges were identified in the Natomas Basin HCP :
 - Landowner actions challenging the assumption that continued agricultural uses would provide “de-facto” habitat outside of the “incidental take” permitted areas,
 - Pressure to develop outside of the permitted areas,
 - Implications of the County’s absence as a signatory to the NBHCP,
 - The proposal that mitigation could occur outside of the permittees’ jurisdiction
 - The absence of stakeholder buy-in to key elements of the plan such as the Swainson’s Hawk Zone (SHZ), and
 - The interdependency between agriculture and habitat without the means of supporting existing agriculture.
- **Diverging/incompatible purposes of open space:** The Natomas Joint Vision Memorandum of Understanding (MOU) makes the assumption of a multiple purpose open space system. In some instances this cannot be achieved, such as with the critical airport protection requirements conflicting with both habitat and recreational open space needs.
- **Extreme project complexity:** Due to the numerous (up to 20) independent projects concurrently underway in the Basin, it is problematic to anticipate the outcome of decisions and their consequences, or assess their cumulative effects.

- **Highly speculative market:** The land values in the Joint Vision Area have been driven up well above agricultural land values.
- **Difficulty in achieving fair compensation for landowners:** Owners of land that may be designated for open space purposes expect fair market-based compensation.
- **Uncertainties regarding the viability of agriculture within the Basin:** Agricultural practices in the Natomas Basin are faced with physical and economic challenges such as urban encroachment, development pressures, high water prices, and crop restrictions imposed by wildlife objectives and proximity to the Sacramento International Airport.
- **Agriculture as the foundational land use:** Agriculture is a key component of the open space strategy and much of the other open space value is dependent on continued agricultural uses. Thus the continuation of agriculture is imperative for the success of the other open space purposes. And, if agriculture is not economically viable in the Basin, agriculture will have to be supported or subsidized.

A Legacy Framework for Open Space Preservation

The desired culmination of this process will lead to the accomplishment of several important milestones:

- Fulfill the intent of the MOU with a one-to-one (or greater) ratio between future development and open space preservation.
- Create a system of permanent open space serving a variety of purposes and interests
- Define an adaptive management framework for a sustainable open space system.

A successful Open Space Program will lead to the initiation of the urban planning process as a counterpart to this effort, and ultimately to the entitlement of development rights where open space is less important.

The Planning Process

The physical conditions were objectively characterized and depicted in the form of open space analysis maps according to the principal purposes of open space as specified in the Joint Vision MOU. With this approach, a series of open space value maps were developed that differentiated the remaining non-committed lands within Sacramento County's portion of the Basin from the vantage of their general suitability for open space. Non-committed lands did not include those already planned for use by the airport and Metro Air Park, and other existing commitments. The result was approximately 12,000 acres, which with a one-to-one ratio would allow 6,000 acres for permanent open space preservation and 6,000 acres for urban development.

The acreage determination approach included:

- Emphasis on objective data to guide the decision making process
- Compilation of geographic information and application, mapping, and analysis of Geographic Information System data
- Planning process to identify the highest value areas
- Public process built around a broad range of stakeholders including management and regulatory agencies, surrounding jurisdictions, landowners, development and agricultural interests, environmental interests, and others
- Community workshop meetings to gather preliminary information and solicit feedback

The NBHCP serves as the backbone to the Natomas Joint Vision Open Space Program. The NBHCP provides:

- Criteria for open space based on habitat values
- Data which was derived primarily from HCP monitoring information from the enhanced mitigation areas

A future amended or new HCP will be required with an accompanying effects analysis. Supplemental data will be needed that examines agricultural lands not currently owned by The Natomas Basin Conservancy.

Key Economic Strategies

The Open Space Program introduces economic strategies for the preserving of open space and outlines implementation strategies. The strategy relies primarily on free market principles and functions within a set of rules and regulations:

1. **Adopt a ratio of open space to development:** At a minimum, adopt the one-to-one open space to development ratio as the appropriate goal for the initial planning process to be met within the Natomas Joint Vision Open Space area. Thus, if there are approximately 12,000 acres in the unincorporated county area beyond those already planned for City development, airport and Metro Air Park, and other existing commitments, then roughly 6,000 acres could ultimately be developed and 6,000 would be left in permanent open space.
2. **Establish and abide by the designated Development Areas:** Reduce speculation by limiting development to designated areas and permanently maintain an urban services boundary.
3. **Require Land Dedication:** Expand the City's current HCP Ordinance to the Joint Vision area. Continue to require a land dedication instead of in-lieu fees as compensation for loss of open space resulting from development. Rapidly changing market conditions have frustrated the ability to collect fees sufficient to ensure purchase of appropriate properties. Land dedication also puts the burden on the developer to identify and acquire the appropriate open space land, subject to review and approval by the land management entity.

4. **Establish Responsible Land Management Entities:** Open space lands will have to be managed over the long term. The fee ownership lands or other property rights acquired by private developers to preserve land as open space must be delivered to an appropriate public or non-profit entity for ongoing monitoring and land management. Recognizing that there are varied types of open space (i.e., habitat, agriculture, recreation, airport buffer, flood protection), the type of land management entity may be varied.
5. **Establish an Endowment Fee:** For lands delivered in-kind as fee ownership property, the receiving entity should collect an additional subsidy similar to fees now collected by The Natomas Basin Conservancy to cover administration, operations and management (O&M) endowment, restoration/enhancement, and all other non-acquisition costs. This fee could be either an annual fee or an endowment (up-front one-time) and committed in perpetuity as it is intended to provide for the long term maintenance of the open space land. Keeping in mind that an annual fee could be rescinded by subsequent homeowners, an endowment is a prudent approach.

The five elements of the preservation strategy described above will create a market place, operating within a set of rules, where individuals can be creative about how they satisfy the need for contributing to the open space program. Examples of how the system can work with various land management entities include:

- A developer purchases land with higher habitat values and delivers it to TNBC and pays the endowment portion of the TNBC fee for ongoing land management.
- A developer purchases land with lower habitat value, and conveys it to the County along with an appropriate endowment fee for ongoing land management expenses. The County may then choose to lease the land to a farmer both as a land management strategy, and as a way to bolster the County's agricultural productivity.
- A developer purchases an open space easement from a farmer, restricting development rights on that tract of land. The farmer retains title to the land and continues farming. The easement is conveyed to the County, which would then monitor the open space and agricultural use of the land, much as it does now.
- A farmer continues to own his land in fee simple and continue farming. There is nothing in this system that forces a landowner to sell.

Preliminary Open Space Concept

A Preliminary Open Space Concept has been prepared in order to support the decision making process. The Preliminary Concept addresses the broad open space needs as defined in the Joint Vision MOU. The delineations are not intended to be "hard line" but rather a flexible line to guide subsequent evaluations.

The Open Space Concept:

- Is structured around the primary open space elements:
 - Agricultural preservation
 - Habitat for the NBHCP covered endangered/threatened species
 - Buffers for the habitat areas
 - Community separator element
 - Recreational trails and open space
 - Airport protection
 - Flood protection
- Identifies areas that best serve open space purposes and the areas less suitable for open space protection,
- Identifies additional open space corridor features to accomplish connectivity for key species,
- Incorporates economic evaluations and overall strategies and
- Identifies possible management structures such as The Natomas Basin Conservancy to ensure long term sustainability of the Open Space Program.

The concept includes three distinct areas: the North Area, the Western Area and the Boot Area. All of the areas are linked by connective corridor elements. There are also three management concepts suggested based on distinct management objectives for the respective areas shown in Figures 1.1 and Figure 7.3,

Draft Preliminary Concept.

1. The Natomas Basin Conservancy is the management model suggested for the North Area and the Boot. The principal management objectives for these areas are to optimize habitat and agriculture sustainability. The management model needs some adjustments to accommodate public access and habitat corridors in some places.
2. The second management area includes the non-committed lands west of the Sacramento International Airport and the adjoining lands to the south and north of the airport. The objectives for this management unit are suited for optimizing agricultural uses and protecting Sacramento International Airport operations. An important feature of this management unit will be the preparation of a Wildlife Hazard Management Plan (WHMP) for this area. An important facet of the plan will be the determination of which of the 22 species covered in the HCP could be accommodated within this area without posing undue risk related to Sacramento International Airport operations. Land owned by the Airport should be managed by the Sacramento County Airport System.
3. The third management area is embedded within the future development envelope in the North Area. Here it is envisioned that this area could be principally managed for combined flood control, passive recreation (or active recreation along urban-open space interface), and compatible habitat.

Conclusion

This Open Space Program is presented as an initial step toward defining the future configuration of the unincorporated portion of the Natomas Basin within Sacramento County. It is part of a process that will ultimately establish future urban growth areas and open space preserves. Subsequent steps in the development planning for the Natomas Joint Vision area will include an effects analysis and a new or amended habitat conservation plan.

No development can occur until the area has full local government entitlements and has obtained incidental take permits based on an effective HCP

The complete Open Space Report is on file with the City Clerk's office and available on the Planning Department webpage at:

<http://www.cityofsacramento.org/planning/projects/natomas-joint-vision/>

Exhibit A

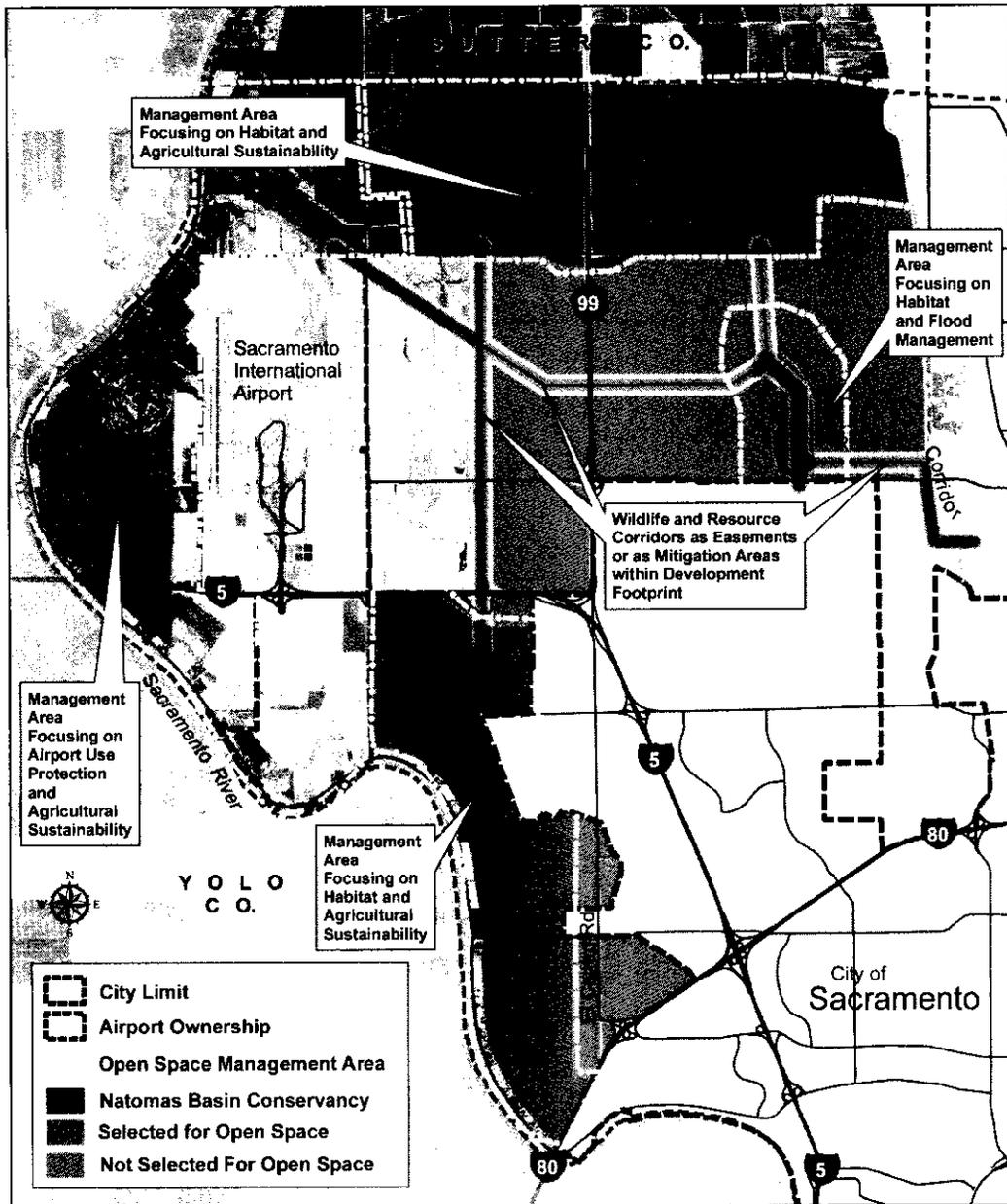


Figure 1.1 and 7.3

Draft Preliminary Concept

0 0.5 1 2 3 4 Miles



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Attachment 3

**Natomas Joint Vision
Open Space Program**

-  The City of Sacramento
-  The County of Sacramento
-  LAFCO

The Planning Process

- Emphasis on objective data
- Identification of highest & lowest value areas
- Compilation of GIS data to analyze and illustrate
- Public process built around a broad range of stakeholders
- Community workshops to gather preliminary information and solicit feedback

The Planning Process

Open space value maps differentiate the remaining non-committed lands:

- “Non-committed lands” exclude areas already planned for such as Metro AirPark & the Airport
- Non-committed = Approx. 12,000 acres
- With a one-to-one ratio roughly 6,000 acres for open space and 6,000 acres for urban development

Available Economic Strategies

Strategies based on free market principles that function within set of rules & regulations

- Adopt ratio: open space / development
- Establish and abide by USB
- Require land dedication instead of in-lieu fees
- Land management entities reflect the primary purposes of open space
- Establish an endowment fee mechanism

Economic Strategy Examples

Range of workable options:

- Developer purchases habitat land and delivers it to TNBC or other entity along with endowment fees
- Developer purchases an open space easement restricting development rights but farmer retains title to the land and continues farming.
- A farmer continues to own his land in fee simple and continue farming – landowner is not compelled to sell

Preliminary Open Space Concept

Preliminary Concept addresses Joint Vision MOU open space needs:

- Boundaries are conceptual
- Open space values considered
 - Agricultural preservation
 - Habitat
 - Buffers for the habitat areas
 - Community separator
 - Recreational open space
 - Airport protection
 - Flood protection

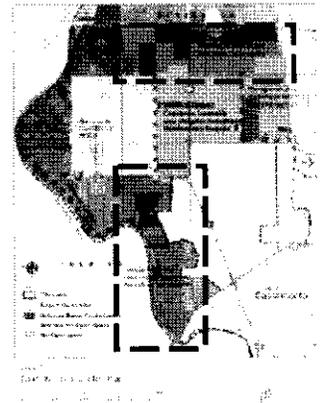
Preliminary Open Space Concept

- Identifies areas that best and least serve open space
- Identifies additional open space corridor features for habitat connectivity
- Incorporates economic evaluations and overall strategies
- Identifies possible management structures to ensure long term sustainability

Open Space Concept

Concept: 3 distinct mgmt. structures:

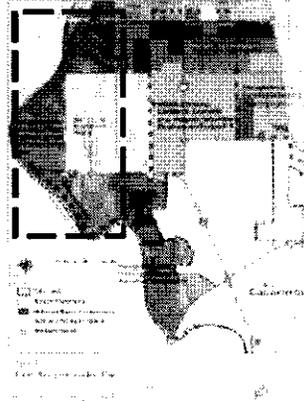
1. North Area & Boot Area managed similar to TNBC for habitat & agriculture



Open Space Concept

2. Western Area:

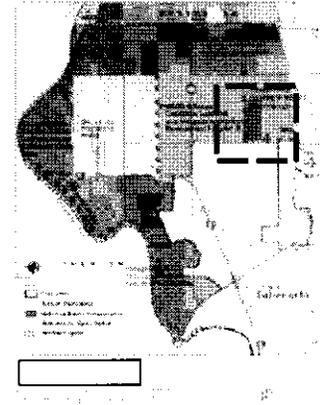
Managed for agriculture and protecting Airport operations



Open Space Concept

3. Internal Area:

Managed for flood control, habitat & compatible recreation



Conclusion

- This Open Space Report is presented as an initial step toward defining the future of Sacramento County's unincorporated portion of the Natomas Basin
- It is part of a process that will ultimately establish future open space preserves and urban growth areas
- Subsequent steps will include an effects analysis and a new or amended habitat conservation plan

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
January 30, 2008
Agenda Item No. 3

TO: BOARD OF SUPERVISORS
FROM: DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT
SUBJECT: NATOMAS JOINT VISION PROGRESS REPORT
CONTACT: Leighann Moffitt and Julie Car, (916) 874-6141

Overview

The purpose of this workshop is to report back on the progress of the Natomas Joint Vision project. This report discusses the Administrative Draft Open Space Program Report. The report also introduces a new Broad Visioning approach that has emerged as an outcome of a November 26, 2007 City and County meeting with Natomas landowners. This approach will engage landowners and stakeholders to incorporate the principles of the 2002 Memorandum of Understanding (MOU) into a mutually acceptable high quality land use plan. Finally, the County's current interests and goals for the Joint Vision Area are outlined and include a summary of the MOU intent, as well as a comparison of County led development process and the new Broad Visioning effort. An abstract fiscal analysis comparing City led development and County led development and their respective fiscal impacts on the County's General Fund is being conducted by MuniFinancial and will be available in February 2008.

Recommendations

1. Reaffirm support of the principles identified in the 2002 Natomas Joint Vision Memorandum of Understanding.
2. Endorse the Broad Visioning approach and direct staff to collaborate with the City, major landowners and other stakeholders to develop a comprehensive plan for the Joint Vision Area. Obtain a financial contribution from major landowners to expand the scope of County staff efforts and involvement.
3. Receive and file the draft Open Space Program Report.

Measures/Evaluation

Acknowledging that new development cannot take place until sufficient flood protection is achieved and a new or amended Habitat Conservation Plan is approved; the City, County and landowners will develop an overall Plan for the Natomas Joint Vision area. The Plan will identify high quality land uses and associated protection of open space and agriculture, as well as mechanisms necessary to achieve long term fiscal benefits from these land uses.

Fiscal Impact

Obtain a financial contribution to support staff and/or consultant assistance on behalf of the County to reduce the financial impact to the County.

BACKGROUND:

At the September 26, 2007 Sacramento County Board meeting, the Board took the following actions:

- Directed staff to outline the County's interests and goals for the Natomas Joint Vision.
- Continued the appeals within the Natomas Joint Vision Area until the December 5, 2007 Board meeting.

Since September 26, 2007:

- The Natomas Joint Vision (NJV) and its associated appeals were continued to January 30, 2008.
- The consultant has worked to release an Administrative Draft of the Open Space Report.
- Staff and consultants will hold a public workshop in the Natomas area to review the Administrative Draft Open Space Report in February 2008.
- The City Council will hear this progress report on the Natomas Joint Vision in February 2008.
- County staff has prepared an assessment of the County's goals for the Joint Vision Area which is summarized in this report.
- An abstract fiscal analysis of County led development in the Joint Vision Area is being conducted by MuniFinancial and will be available to be presented to the Board in February. In order to ensure that this analysis was thorough and that sufficient due diligence has been performed by the consultant, the study could not be completed for the January 30, 2008 hearing.

DISCUSSION:**Open Space Report**

As of the preparation of this report, the Administrative Draft of the Open Space Report has yet to be released for public review, but is expected to be released prior to the January 30th board meeting. A public workshop to receive comments will be scheduled for February 2008. The intent of the Open Space Program was to determine the relative open space value of lands within the Sacramento County portion of the Natomas Basin. The Report provides baseline information on open space and habitat values and will be used as a resource in the next phase of planning for the Joint Vision Area.

The Open Space Report, prepared by The Dangermond Group, identifies areas best suited to permanent open space preservation based on six criteria: agricultural value, airport constraints, flood protection, park and recreation potential, community separator value, and wildlife habitat. The Report also identifies optional financial mechanisms for the purchase of required open space. The Dangermond Group will be presenting the Open Space Report to the Board at the

Natomas Landowners Luncheon

On November 26, 2007, the County Executive and City Manager jointly hosted a luncheon with representatives from key landowners in the Natomas Joint Vision Area to discuss how to move forward with a comprehensive and collaborative planning process for the Joint Vision Area. Attendees included representatives from Natomas Central Mutual Water Company, The Natomas Basin Conservancy, Reclamation District 1000, Natomas landowners, and City and County staff. It has been acknowledged by all involved that the Natomas Basin is a complex area with many outstanding issues and interested parties. Given these complexities, both the public and private sectors must be engaged in order to reach a resolution. The luncheon highlighted the County's commitment to developing a comprehensive plan for the Joint Vision Area that was inclusive of multiple interests. The City and County indicated that this process will evaluate the development potential of the entire Vision area, including the Boot. This broad visioning process will be fashioned in a similar vein as that of the Easton project.

Broad Visioning Process

Major landowner representatives from the Joint Vision Area along with City and County staff have assembled a "Visioning Team" to develop a plan and timeline for the broad visioning process. It is the intent of the Visioning Team that, through an intensive process and extensive meetings with all involved parties, a consensus on the future of the Joint Vision Area can be reached. The group will identify the highest quality land uses that will complement the unique qualities of the Joint Vision Area. The process will also involve a proactive problem solving effort that engages the public and private sectors in formulating a mutually acceptable, comprehensive plan.

Planning is seeking Board endorsement of this approach and a landowner contribution for staffing. Project staffing is currently part of the General Fund open space program and as such is scoped to preserve the County's interests in open space preservation. This new approach will involve County Planning staff in the collaborative process to proactively develop solutions that achieve the multiple objectives of airport protection, agricultural and open space preservation, and habitat mitigation, while allowing for quality urban development that benefits the region as a whole.

The intent of this collaborative planning process is to create a unique image that will draw businesses to the Joint Vision Area. The area is located at the intersection of major north-south and east-west interstate highways which provides a great deal of visibility and accessibility. The plan will look at the entire Joint Vision Area and create a place that accentuates its unique features, such as proximity to the airport and downtown Sacramento, as well as large areas of active agriculture. These unique features will shape a plan that highlights the geographic attraction for business interests and creates a high value community. Through this broad visioning process, the County will play a major role in the development of a plan for the Joint Vision Area. The group that has assembled to shape the vision is currently sized to be able to make decisions, while including representation from stakeholder interests. Proposals by the small visioning group will be vetted to the larger group and the Board and City Council throughout the entire process to ensure that all needs are being met.

The immediate focus of the Visioning Team is to establish a common understanding of the unique and desirable features that can be achieved within the entire Joint Vision Area and to set forth a process and timeline for implementation. It is important to everyone that the progress of the Joint Vision continues to move forward. The broad visioning process will not slow the overall progress of the Joint Vision, but instead allow for the development of a plan that benefits all involved. All participants are anxious to begin the process and the Team has developed a preliminary schedule that will have a product to present to the Board and Council by summer 2008. As any development will require an incidental take permit from the regulatory wildlife agencies, the early steps revolve around the issue of open space and habitat. The team will build from the current efforts of the Natomas Basin Conservancy and other pending projects to identify solutions that allow for sustainable open space because the project objectives cannot be achieved without creative problem solving around this issue. A key advantage of this approach is the ability to proactively engage major landowners in the identification of a strategy that will allow for a new or amended HCP.

County Interests and Goals

The 2002 City and County Memorandum of Understanding (MOU) identifies principles for future growth, revenue sharing, and permanent open space preservation in the unincorporated portion of the Natomas Basin within Sacramento County. The principles address the following issues: cooperative land use planning; permanent open space protection; farmland preservation; airport protection; fiscal collaboration; and jurisdictional roles.

On September 26, 2007, your Board directed staff to assess the County's current interests and goals for the Natomas Basin in relation to the principles agreed upon in the 2002 MOU. These interests are detailed below.

Cooperative Land Use Planning

MOU Summary: The MOU recognizes the potential for competition between the City and County for tax revenues generated by new growth within the Joint Vision Area. The MOU offers the opportunity to develop a common vision for the Joint Vision Area that reflects areas of collective interest. The ultimate goals being to curb land speculation, reduce competition between jurisdictions, and establish planning principles to guide future growth jointly with permanent open space preservation. At the drafting of the MOU, it was agreed that the City of Sacramento is the appropriate agent for advancing urban growth and providing municipal services, and the County is the appropriate agent for preserving open space, agricultural and rural land uses.

Discussion: As lines between the City and County roles begin to blur in respect to agents of open space and development, the opportunity exists to form a mutually acceptable land use plan that benefits both jurisdictions. By allowing each agency to weigh in on land use types and locations, it is possible to achieve the MOU desired quality development balanced with permanently preserved open space systems.

Summary of Current Interests: The County is still interested in generating positive revenue from the creation of quality communities, while protecting open space and providing for habitat in a meaningful way. The MOU assertion that it is better to proceed cooperatively rather than competitively and share with the City in the positive economic and environmental benefits may remain in the County's best interests.

County Led Development: While the County may generate more revenue than under City annexation with a tax exchange agreement, it also allows for competition with the City for revenue generating development. The City has a vested interest in the North Natomas Community and given existing infrastructure, could be able to begin a project before the County. The County has interests in Metro AirPark and promoting and protecting the interests of Sacramento International Airport.

Broad Visioning Process: The proposed broad visioning approach, described earlier in this report, is intended to seek public and private stakeholder consensus on the development and attraction of the highest quality and highest value land uses for the common benefit of the various interests involved. Extensive stakeholder involvement will allow for the generation of a comprehensive plan for the Joint Vision Area that allows both the City and County to benefit from any revenue generated, while the residents receive a planned community that incorporates open space, agriculture, and urban amenities.

Open Space Preservation

MOU Summary: The MOU describes four primary issues related to the preservation of open space within the Joint Vision Area: permanent open space protection through land and easement acquisitions, creation of community separators, provision of open space system linkages, and establishment of a minimum one-to-one mitigation ratio requiring development to preserve one acre of open space in the Joint Vision Area for one acre of urban development.

Discussion: A key interest that the County shares with the City of Sacramento is to not compromise the existing Natomas Basin Habitat Conservation Plan (NBHCP), thereby risking litigation. A near-term interest is not to affect baseline conditions of the NBHCP which may result in subsequent negative impacts on the permitting for the SAFCA levee improvement project and the Airport Master Plan. In a letter dated December 13, 2007, the Department of Fish and Game (DFG) expressed concern over the potential affects on the baseline values that were the foundation of the Natomas Basin Habitat Conservation Plan (NBHCP) (Attachment A). The DFG expressed support for the Joint Vision process as it provides for the development of a single comprehensive effects analysis, as opposed to repeatedly having to analyze the impacts of individual projects.

There are 22 known state and/or federally listed endangered or threatened species within the Natomas Basin that are covered by the state and federal Endangered Species Acts. The existing Natomas Basin Habitat Conservation Plan (NBHCP) allows for the incidental take of these species by the City of Sacramento and Sutter County in the development of 17,500 acres, which includes the nearly 2,000 acre Metro Air Park development. It was assumed in the NBHCP effects analysis that all Sacramento County land within the Basin, with the exception of land used for the operation of the Sacramento International Airport and land within the Garden Highway Special Permit Area, would remain in an agricultural or open space state so as to provide habitat.

However, numerous projects and existing conditions are evolving and proactive action is required to address changes in assumptions. Staff is meeting regularly with the Wildlife Agencies to address on-going projects, changed assumptions and the Natomas Joint Vision project. The U.S. Fish and Wildlife Service (USFWS) is experiencing a loss of staff and has therefore had to prioritize its projects. At the moment, the SAFCA levee improvement project is the number one priority. It is closely followed by the Airport expansion project. Both of these projects are in the best interest of Sacramento County and the region as a whole. Given the limited resources of the USFWS, it is important for the public agencies to lead a coordinated interaction and to eventually propose creative solutions that meet the Endangered Species Act requirements to allow for future development, airport expansion, and 200-year flood protection.

The MOU requirement for open space is intended to serve a variety of objectives in addition to habitat such as agricultural preservation, the creation of a community separator between Sacramento and Sutter Counties, protection of airport operations, and preservation of open space for quality of life purposes. The mitigation ratio for wildlife habitat will be a separate, but related issue as determined by the wildlife regulatory agencies for the purposes of ensuring the long term existence of the species. The wildlife agencies stress that the MOU one-to-one ratio is not an official habitat mitigation ratio, as it may allow for other open space uses.

Summary of Current Interests: As all of the Joint Vision Area is within the unincorporated County, the County of Sacramento continues to hold the primary interest of protecting open space. In addition, as an urban County, Sacramento County also has an interest in high-quality development in the Joint Vision Area. Therefore, staff concludes that it is in the County's interest to work collaboratively, cooperatively and proactively with the City of Sacramento, Sutter County, the Natomas Basin Conservancy, SAFCA, wildlife agencies, the landowners, the County Airport System and other key stakeholders to ensure the long-term economic viability of open space preservation while planning for high quality urban uses.

County Led Development: Before any development may occur, the County will be required to conduct a comprehensive effects analysis to determine the impacts of such activities on the existing NBHCP. In order to adequately address this requirement, the County will need to consider its plans for the entire Joint Vision Area.

Broad Visioning Process: As mentioned in the December 13, 2007 letter, in order to determine an adequate mitigation ratio for Swainson's Hawk habitat and avoid the need for multiple, project specific effects analyses, the DFG requested the use of a comprehensive process similar in scope to the proposed broad visioning process. The visioning process will allow for a complete look at the impacts of future growth on endangered/threatened species habitat. It will also provide the opportunity for potential financial contributions from the City and stakeholders to complete the required effects analysis.

Farmland Preservation

MOU Summary: To provide for long term agricultural viability, the MOU cites the necessity for a secure source of affordable water, buffer agricultural areas from nearby development, identify areas to remain in agriculture, and require mitigation for loss of overall agricultural productivity. The need for viable agricultural operations is recognized as essential to obtaining and retaining habitat permits for both the current urbanized North Natomas and any future additional urbanization.

Discussion: The issue of agricultural viability is a concern for all farmland in the County. Agricultural land within the Basin provides valuable wildlife habitat as required by the adopted Natomas Basin Habitat Conservation Plan (NBHCP) which allows for the development of the North Natomas Community and Metro Air Park. Active farmland also provides the continued opportunity for access to locally grown produce, contributes financially to the County, and enhances the overall quality of life within the region. Development interests point to the fragility of economically viable farming in the Basin. However, it may be in the best interests of those desiring future development (with the associated need to obtain incidental take permits) to protect access to an affordable agricultural water supply and provide for working landscapes that are sufficiently sized to support economically viable agricultural operations without interference from urban development.

Summary of Current Interests: When the MOU was drafted, the County of Sacramento was not as directly involved with planning for future growth in Natomas. Today, the County is still concerned with protecting agricultural interests in the Joint Vision Area, but as an urban County, there is also an interest in revenue generating development consistent with good planning principles. The continuation of agricultural uses in the Joint Vision Area is of key importance to obtaining future incidental take permits as agricultural operations are essential to the preservation of endangered species. Therefore, staff concludes that it is in the County's interest to work collaboratively, cooperatively, and proactively with the City of Sacramento, Sutter County, the Natomas Basin Conservancy, SAFCA, wildlife agencies, the landowners, the County Airport System and other key stakeholders to ensure the long-term economic viability of farming operations.

County Led Development: Agriculture is a critical part of the Joint Vision Area as it provides the habitat necessary to receive an incidental take permit from the U.S. Fish and Wildlife Service. As the Natomas Basin Habitat Conservation Plan (NBHCP) allows for the development of Metro Air Park, the County will need to be cognizant of the NBHCP and the potential impacts any new development will have on the plan. It will be necessary to illustrate how the loss of agricultural land will not negatively impact the 22 listed species covered by the NBHCP. The County will also need to create a mechanism to address the long-term viability of farming in the Joint Vision Area.

Broad Visioning Process: Collaborating with stakeholders will allow for the generation of a plan that addresses the constraints to farming in the Joint Vision Area and offers a way to ensure sustainable farming activities. The continuation of agricultural operations in the Joint Vision Area is also important in maintaining the City's incidental take permit for development of the North Natomas Community and Metro Air Park. Together, the City, the County and landowners can properly plan for our common interest in sustainable agricultural activities.

Airport Protection

MOU Summary: The MOU recognizes the regional benefits of supporting the Sacramento International Airport operations and describes the need to preserve open space around airport lands and keep noise-sensitive development and waterfowl attractors in relatively distant areas.

Discussion: Sacramento International Airport's Master Plan proposes expansion of airport operations. Airport staff has worked with regulatory agencies, both the FAA and the wildlife agencies, to ensure that land uses adjacent to airport property are managed in a way that does not conflict with operations. Because of the high incidence of wildlife strikes, certain water features and urban developments are unacceptable. In addition, the Natomas Basin Conservancy has been working cooperatively with airport representatives to maintain habitat that does not conflict with current/future airport operations, but meets the terms of the NBHCP.

Summary of Current Interests: The Sacramento International Airport is an indispensable asset to the County and region due to its public and economic benefits. The County remains active in ensuring that the interests of the Airport are protected and that the Airport Master Plan expansion can be realized. Therefore, lands must be managed appropriately to balance the safety needs of the Airport while recognizing habitat values. However, to the extent that wildlife management must be accommodated to ensure airline passenger safety around the Airport, other land within the Joint Vision Area becomes more essential to meet habitat permitting requirements.

County Led Development: To support the Airport Master Plan expansion, the County will need to control the location of urban development and the associated habitat mitigation land and the potential impacts on airport operations.

Broad Visioning Process: As with County led development, a City and County comprehensive, collaborative plan will recognize the regional importance of the Sacramento International Airport and protect airport operations from encroachment of incompatible uses such as residential development and waterfowl attractants.

Fiscal Collaboration

MOU Summary: At the time the MOU was drafted, staff and elected officials were concerned that competition for tax generating land uses between adjacent areas under the control of two separate jurisdictions would not be a productive effort. Therefore, the MOU proposes the creation of a revenue sharing agreement that will avoid this competition and allow for cooperative land use planning that will be to the greatest advantage of both jurisdictions. The intent of the MOU is for the City and County to cooperatively establish a review process to evaluate the potential impacts of large scale commercial growth in Natomas on existing uses in other areas of the City and County. The MOU outlines a tax revenue sharing agreement between the City and County of Sacramento to alleviate the competition for revenue from commercial development within the Joint Vision Area. Per the MOU agreement, the City will be the agent of development and the County will receive a share of the revenue from certain land uses without having to provide services and infrastructure.

Discussion: County staff has engaged the services of MuniFinancial to conduct a brief analysis of the potential revenue generation from new development in the Natomas Joint Vision Area. This analysis must come with many caveats as land use planning has yet to occur and, therefore, only very general assumptions can be made about the amount of various land uses, associated revenue generation and the cost of municipal services. An abstract fiscal analysis will compare two scenarios and their respective fiscal impacts on the County's General Fund. One scenario will look at the impacts if the City were to develop per the terms of the MOU. The second scenario will look at the impacts if the County were to break from the MOU and develop the Basin on its own. The analysis will be available to be presented to the Board in February 2008.

Summary of Current Interests: The staff assessment of the current County interests is that while there is the potential for positive economic benefit to the County from proceeding separately from the MOU and current agreement with the City of Sacramento, there is also risk associated with this strategy. A key unknown is the extent to which the County of Sacramento can successfully compete for a more robust regional retail component against developments within either the City of Sacramento or the future Sutter County Measure M area. Attachment B shows the plans by Sutter County for regional retail to the north of the Joint Vision Area. The analysis of the County's current interest will be covered in greater detail when we return with the MuniFinancial analysis.

County Led Development: While the County will be able to retain 100% of the tax revenue generated by development within the Joint Vision Area, it will also have the responsibility for up front planning and infrastructure provision, along with long term service provision costs. Whether the long term outcome is positive is greatly dependent on the mix and quality of land uses planned in the Joint Vision Area. The financial analysis being completed by MuniFinancial will compare the fiscal impacts on the County General Fund if the City or the County were to be the lead agent of development. The findings will be available to be presented to the Board in February 2008.

Broad Visioning Process: The visioning process allows for the County to play an active role in determining the location and type of development in the Joint Vision Area, but minimizes the cost of infrastructure provision. The City and County can cooperatively develop a revenue sharing agreement that benefits both agencies. The premise of this approach is that the positive synergy between the public and private sectors and teaming of the City and County interests will result in the creation of a community with higher value land uses than traditional land use planning will allow.

Jurisdictional Roles

MOU Summary: The MOU expressly identifies the unique roles of the City and County with the City the agent of urbanization and the County the agent of open space.

Discussion: Elected officials of both the City and County have correctly identified the fact that both jurisdictions have a mutual interest in quality urbanization for both community building and the ability to produce revenue to support public interests, as well as an interest in the preservation of open space and agriculture for habitat, airport protection, community separation, the ability to enjoy locally grown crops, and for overall quality of life within the Sacramento region.

Summary of Current Interests: As stated previously, the County still maintains an interest in the preservation of open space and agriculture. Therefore, retaining the role as the agent of open space while the City engages primarily in pursuing the creation of a new urban community can provide an appropriate counterpoint in advocating for those interests. The County also clearly has a role in ensuring that urbanization does not conflict with but supports Airport expansion, and the role as the agent of open space dovetails nicely with this interest.

County Led Development: Should the County determine to take a lead role in pursuing urbanization, the County will have the ability to control the development timeline and avoid the LAFCo annexation process. The County and City may desire to discuss whether there will still be a role for the City of Sacramento in the effort. Clearly, the City of Sacramento and Sutter County both have a stake in ensuring that the Habitat Conservation Plan is not compromised, particularly given the past history of litigation and the presumption that future activities are likely to be subject to additional litigation.

Broad Visioning Process: The Visioning Process will allow for both the County and City to play significant roles in the land use planning effort for the Joint Vision Area. It is important to note that because this process inclusiveness, expectations will exist that the private sector will be more proactively engaged in the problem solving effort.

Regional Context

The larger regional context is not directly considered in the Memorandum of Understanding. However, in light of the preparation of General Plans by both the City of Sacramento and County of Sacramento, this issue warrants mention.

The County of Sacramento is preparing a General Plan that contemplates moving the Urban Policy Area in several areas including the West of Watt area, the Easton area, the Jackson Highway corridor and the Grant Line East area. These efforts are in addition to a coordinated focus to implement Blueprint principles by revitalizing our existing mature communities through proactive commercial corridor planning. The Broad Visioning effort for the Joint Vision Area will highlight the Area's unique proximity to the airport, interstate highways, and downtown Sacramento, as well as its vast surrounding areas of open space in order to attract the highest quality development.

Therefore, the County may want to take into account an appropriate timeframe to accomplish good community planning while ensuring that municipal services and infrastructure can be extended in the context of the areas that are also under consideration in the General Plan update. Market forces can help play a role in shaping which geographic areas are most "ready" for urbanization and to assess which projects provide the most benefits to the greater public good. It may be in the County interest to prioritize the geographic areas that the County is interested in focusing on for both community building and positive revenue reasons.

CONCLUSION:

It is staff's qualitative assessment that the County's current interests are much the same as when the Memorandum of Understanding (MOU) was adopted in December 2002. The issues and concerns regarding open space, economic development, and future growth outlined in the MOU are still relevant today. The County remains committed to sound planning principles that result in protection of the airport from urban encroachment and wildlife attractors, open space

preservation to enhance quality of life, continuation of productive agriculture, and the creation of high-quality communities. With regard to the fiscal benefits of the City and County revenue sharing agreement outlined in the MOU, County staff has engaged the services of MuniFinancial to conduct an abstract fiscal analysis will look at potential impacts on the County's General Fund. A quantitative assessment will be available to be presented to the Board in February.

Since September 26, 2007, a new concept has emerged that will establish a representative group, comprised of public agencies and private stakeholders, to develop a Broad Visioning Process for the Natomas Joint Vision Area. The group will identify the highest quality land uses that will accentuate the unique qualities of the Joint Vision Area. The Process will also involve a proactive problem solving effort and will engage the public and private sectors in formulating a mutually acceptable, comprehensive plan. Planning is seeking Board endorsement of this approach and a landowner contribution for staffing. This new approach will involve County Planning staff in the collaborative process to proactively develop solutions that achieve the multiple objectives of airport protection, agricultural and open space preservation, and habitat mitigation, while allowing for quality urban development that benefits the region as a whole.

ATTACHMENTS:

- A. Department of Fish and Game Letter
- B. Sutter County Measure M Conceptual Land Use Plan



State of California - The Resources Agency

ARNOLD SCHWARZENEGGER, Governor

DEPARTMENT OF FISH AND GAME

<http://www.dfg.ca.gov>

North Central Region

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County of Sacramento



December 13, 2007

Mr. Scott Mende, New Growth Manager
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Sacramento, CA 95814-2604

Mr. Robert Sherry, Planning Director
Sacramento County
Planning and Community Development Department
827 7th Street, Room 230
Sacramento, CA 95814

Dear Messrs. Mende and Sherry:

The purpose of this letter is to provide the City and County of Sacramento with a clearer understanding of the Department of Fish and Game's (Department) current position regarding Swainson's hawk foraging habitat mitigation for the growing number of projects being proposed within the Natomas Basin. Over the past two or so years, as we have been engaged with the City and County in their Joint Vision process, along with the discussion of numerous specific projects within the Basin, including Greenbriar, Sacramento Airport expansion, SAFCA levee protection, etc., both the Department and the U.S. Fish & Wildlife Service have consistently and repeatedly identified the impact of additional development within the basin as a major concern as it potentially affects the baseline values that were the foundation for the Natomas Basin HCP (NBHCP).

It has been and remains our position that the most effective mechanism for identifying how additional development can occur within the Basin while not negatively impacting (and in fact, hopefully enhancing) those original baseline values is through a process like Joint Vision. Without such a comprehensive assessment aimed at the entire area, it has become increasingly difficult to fully assess the long-term affects of currently proposed projects, especially as the number of those projects has increased. With respect to the Swainson's hawk, as you are aware, we have been repeatedly asked to support mitigation ratios that are less than current County policy and the policies of several permitting jurisdictions within the County and the region; policies that set the mitigation ratio for larger projects at one acre of mitigation for each acre of foraging habitat lost.

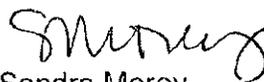
Conserving California's Wildlife Since 1870

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After much discussion, both within the context of the Joint Vision meetings, meetings with Greenbriar, and internal meetings within the Department, we have come to the conclusion that until such time that the City and County can demonstrate through Joint Vision, or some other comprehensive process, that from a conservation perspective, the future of the Natomas Basin will likely be as good, or hopefully even better, than when the NBHCP was approved, that we cannot in good faith support mitigation at less than one acre for one acre for Swainson's hawk foraging habitat. While we understand the logic of considering mitigation that is focused on quality as much or more than quantity, there are simply too many uncertainties regarding the future condition and availability of the lands within the Basin to support anything less than an acre of mitigation for an acre of impact at this time.

If you have any questions regarding our concerns or position, please do not hesitate to contact Mr. Kent Smith at (916) 358-2382 or ksmith@dfg.ca.gov, or Mr. Todd Gardner, Staff Environmental Scientist, at (209) 745-1968 or tgardner@dfg.ca.gov.

Sincerely,


Sandra Morey
Regional Manager

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