REPORT TO COUNCIL
City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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Staff Report
October 9, 2007

Honorable Mayor and
Members of the City Council

Title: Progress Report on the Natomas Joint Vision

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

Recommendation: Receive and comment

Contact: Scot Mende, New Growth Manager, 808-4756, Carol Shearly, Director of Planning, 808-5893

Presenters: Scot Mende and Carol Shearly

Department: Planning

Division: New Growth

Organization No: 4913

Description/Analysis

Issue: The purpose of this item is to report to Council on the progress of implementing the Natomas Joint Vision MOU and to begin to set a framework for creating a vision that builds upon the agreements contained in the Natomas Joint Vision MOU.

Since spring 2007, two public workshops were conducted for the Open Space Program (OSP) whose input helped shape preliminary maps depicting potential areas for open space preservation. Attachment A shows a preliminary diagram of open space land based on the OSP consultant, The Dangermond Group's sustainability model. Work on the Municipal Services review (MSR) has begun and a draft map of the Sphere of Influence Study Area has been completed (see Attachment B). Federal and state wildlife agencies presented information regarding habitat issues and the Natomas Joint Vision at the August 10, 2007, City-County 2x2 meeting. City, County, and LAFCo staffs have continued to meet regularly and coordinate planning efforts with the wildlife agencies, SAFCA, Sacramento County Airport System, and other stakeholders.

Anticipating completion of the data gathering processes of the OSP and MSR, the next step is to set the stage for the "elegant solution" that optimally meets the myriad needs and desires of all parties– Sacramento County, the City, environmentalists, community leaders, landowners, wildlife agencies, and other government agencies.

The "elegant solution" will be a vision that includes:

1) a built urban environment that contributes to the success of the region, is integrated into the natural environment, and promotes safe, healthy, sustainable neighborhoods where responsible citizens can live, work, play and reach their maximum potential,

2) a permanent, seamlessly integrated natural environment where agricultural efforts thrive, floodways help protect people and property, habitat is provided, and the airport is protected from encroachment, and

3) both urban and natural environments support one another and are economically viable.

The successful vision must detail why urbanizing a portion of the Basin and retaining and enhancing the rest of the Basin is compelling, in the best interests of all parties.

Staff is requesting the Council share their interests and priorities for the Natomas Joint Vision area and help set the framework for a solution based on data and mutual benefit.

City staff will continue to actively participate with County and LAFCo staffs toward the successful completion of the OSP and MSR, and begin to describe the project that will be studied in the EIR for the Sphere of Influence Amendment.

Policy Considerations: The Natomas Joint Vision MOU principles are consistent with the City's General Plan Vision and Guiding Principles and Smart Growth Principles. The MOU establishes a collaborative regional planning process between the City and County to implement land use and open space planning and revenue sharing principles. The next steps in implementing the MOU are to finish gathering data through the OSP and MSR, understand the data, explore the interests of all parties, and craft a vision based on the data and interests.

Committee/Commission Action: None

Environmental Considerations: Potential environmental issues related to the Natomas Joint Vision will be evaluated in the Environmental Impact Report (EIR). RBF Consultants, Inc. has been selected as the consultant to complete both the Municipal Services Review (MSR) and the EIR.

Rationale for Recommendation: This item is a progress report. Staff will be reporting out information gathered to date, proposing a stakeholder process going forward, and receiving input from the Council on what is important to achieve in the Natomas Joint Vision area.

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
New Growth Manager

Approved by: _____
Carol Shearly
Director of Planning

Recommendation Approved:

_____
Ray Kerridge
City Manager

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Attachment 1

BACKGROUND – NATOMAS JOINT VISION

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 developments and the current project status.

On *April 25, 2006*, the *City Council* reconfirmed the MOU principles from December 2002; urged the County Board of Supervisors to postpone appeals and other development applications in the Natomas Joint Vision area; and directed staff to initiate the open space contract, and report back within 90 days on several issues related to the implementation of the Natomas Joint Vision MOU.

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 is now scheduled for

public release in November 2007.

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 Natomas Basin HCP (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).

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. This combined information will provide a framework for a project description and appropriate alternatives in the Sphere of Influence Environmental Impact Report.

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 land use 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 Sustainability 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.

The Dangermond Group has teamed with Economics Research and Associates (ERA) to develop the funding mechanisms associated with the OSP. A memo has been circulated to City, County, and LAFCo staff for initial feedback and direction. The draft Open Space Program Report is scheduled for public release in November, and City Council and Board workshops in December. The report will include open space acquisition strategies and a preliminary map of areas best suited for open space preservation.

Municipal Services Review

The Municipal Services Review consultants, RBF Consulting, presented a draft map of the City's Sphere of Influence Study Area, which has been attached for review purposes (Attachment B). It identifies an area of approximately 8,000 acres. While this exceeds the 6,000 acres being identified in the Open Space Program, the NJV Team decided that a larger study area would provide for a more comprehensive review and allow for a more informed decision when ultimately identifying the final 6,000 acres proposed for development.

The draft Municipal Services Review project framework report is scheduled for public release in November and will be presented at the public, City Council, and Board workshops along with the draft OSP report. Together, these reports 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.

City and County staff have devised a process which addresses the technical demands of LAFCo and CEQA and facilitates participation of all affected stakeholders. The scope of 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 scope of the MSR will include an opportunity and constraints analysis of the suitability for development. It is anticipated that the analyses outlined above will allow City Council and the Board of Supervisors to make informed decisions, including how to respond to issues related to the Boot area.

Sphere of Influence Amendment Environmental Impact Report

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, and the Open Space Program. 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 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 this 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 necessary 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

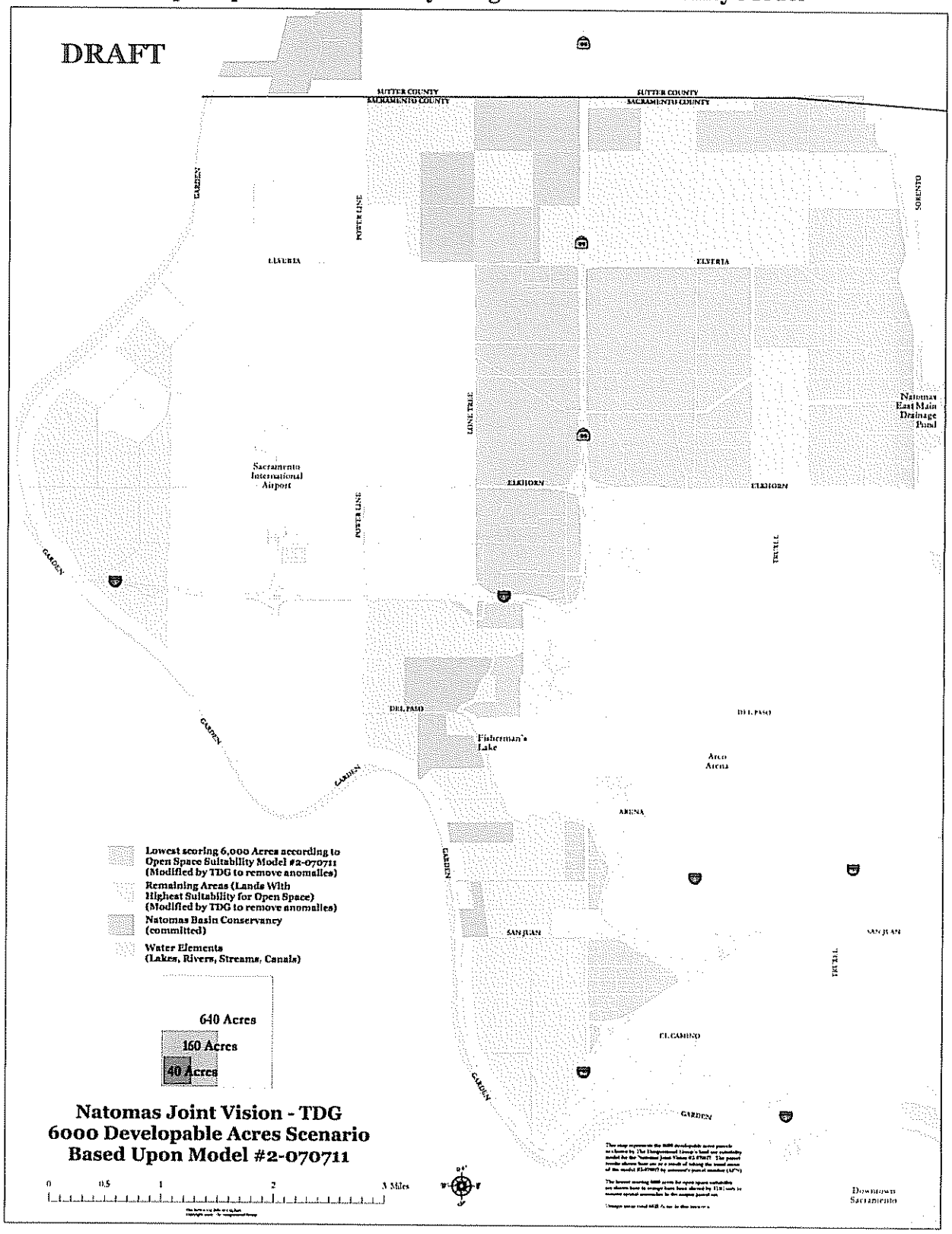
On October 16, 2006, representatives from the CA Department of Fish and Game (DFG) and the U.S. Fish and Wildlife Service (USFWS) met with City, County and LAFCo staff to discuss the Natomas Basin Habitat Conservation Plan (NBHCP) and the legal and biological issues associated with new development within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

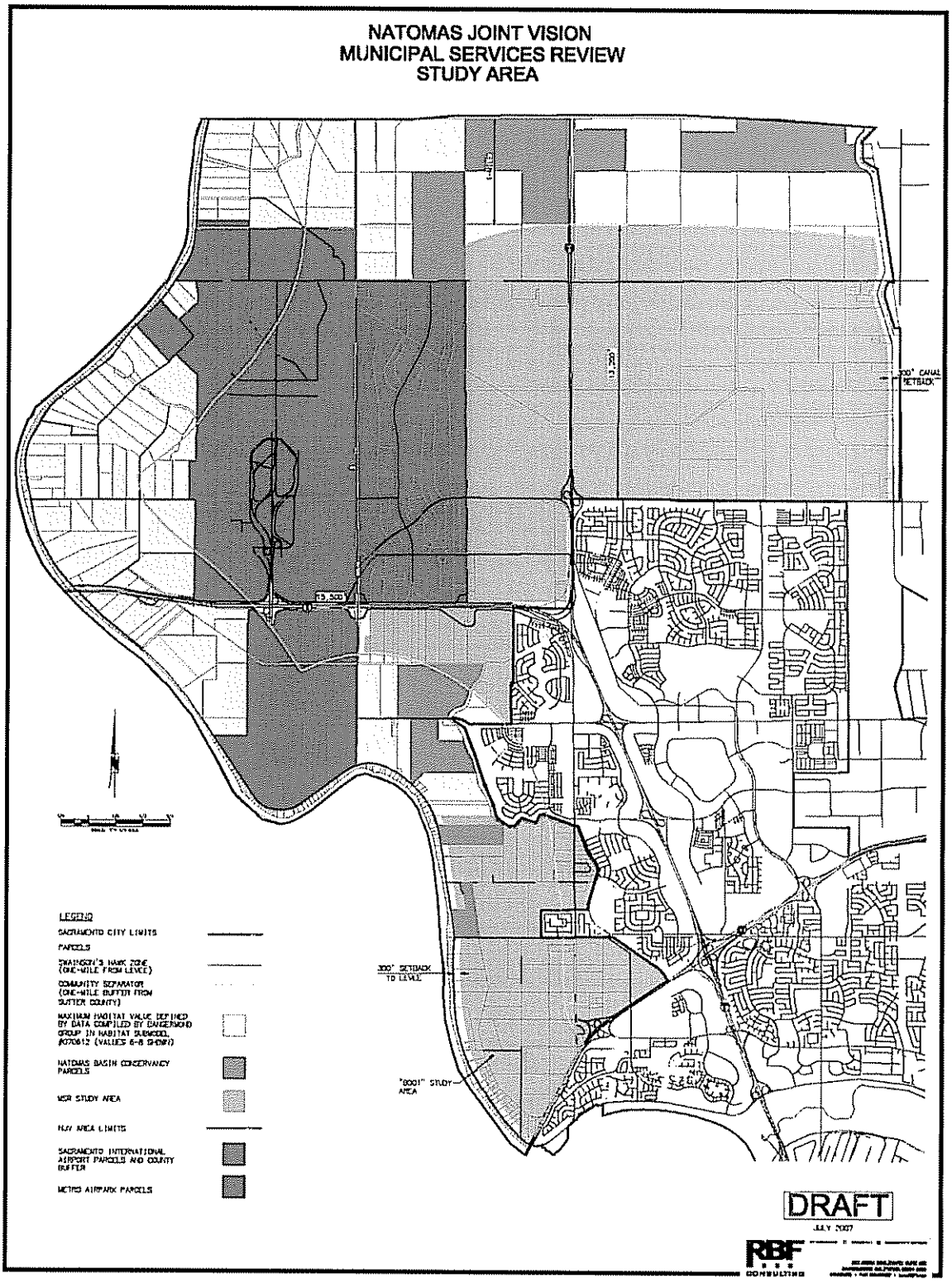
Prior to approval of any development, a new or amended Habitat Conservation Plan (HCP) will be required because the Natomas Joint Vision area is not included in the City's 2003 Incidental Take Permit (ITP).

Attachment A

Open Space Determined by Dangermond Sustainability Model



Attachment B



Report Transmittal Form

RECEIVED
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CITY OF SACRAMENTO
2007 OCT -4 A 8:43

MEETING DATE: October 9, 2007 ☐ **2:00 p.m.** ☒ **6:00 p.m.**

Title: Progress Report on the Natomas Joint Vision

Presenting to the following Legislative Bodies:

☒ City Council	☐ Financing Authority
☐ Redevelopment Agency	☐ Economic Development Commission
☐ Housing Authority	☐ Other

Type of Report: (check below)

☐ Administrative Matters	☐ Public Hearing	☐ Information
☐ Special Presentation	Noticing completed:	☐ Regional
☐ Consent	☒ Staff	

Special Requirements: (check below)

☐ Majority Vote	☐ Color Inserts (30 sets)
☐ 2/3 Vote	☐ VHS-DVD Presentation
☐ Suspend Competitive Bidding	☐ PowerPoint Presentation
☐ Other	☐ Material On File in Clerks Office

Report Review

Fiscal Impact:

☐ Budget Change?

☐ General Fund

☐ Other Fund

☐ Fund Number(s)

☐ Change FTE?

Budget Office Review

☐ Yes	☒ No	Resolution
☐ Yes	☒ No	Budget Impact
☐ Yes	☒ No	EB/RB Needed

Policy Issues:

☐ Emerging Small Business Development Issues: (ESBD) Note on Report

☐ Environmental Issues: Note on Report

☐ Legal Issues: Note on Report

☐ Other:

Budget Office Comments:

Other Comments:

Department:	Planning	**Division:**	New Growth
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Department Code: For Department Use