

## ITEM 6

Agenda of May 7, 2009

**TO: Sacramento Area Flood Control Agency  
Board of Directors**

**FROM: Timothy Washburn, Director of Planning  
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**SUBJECT: RESOLUTION NO. 09-055 – APPROVING THE NATOMAS LEVEE  
IMPROVEMENT PROGRAM LANDSIDE IMPROVEMENT PROJECT –  
PHASE 2 MITIGATION AND MONITORING PLAN AND  
PROGRAMMATIC LONG-TERM MANAGEMENT PLAN**

### **SUMMARY**

Staff recommends that the Board adopt Resolution 09-055 approving the Natomas Levee Improvement Program (NLIP) Landside Improvement Project – Phase 2 Mitigation and Monitoring Plan (MMP) and Programmatic Long-Term Management Plan (LTMP). Together, the MMP and LTMP set forth SAFCA's commitments with respect to creating and managing upland and aquatic habitat and improving drainage and irrigation canals within the northern portion of the Natomas Basin as part of Phase 2 of the NLIP Landside Improvements Project (Phase 2 Project). The LTMP also provides a programmatic overview of SAFCA's compensation strategy for unavoidable losses of aquatic and upland habitat in the subsequent phases of the NLIP. Both documents are posted on SAFCA's website ([www.safa.org/Programs\\_Natomas.html](http://www.safa.org/Programs_Natomas.html)). They have been approved by the U. S. Army Corps of Engineers, the U. S. Fish and Wildlife Service and the California Department of Fish and Game (collectively "Approving Agencies"). Their approval by the Board is a pre-condition for proceeding with construction of the Phase 2 Project.

### **BACKGROUND**

As reflected in the Final Environmental Impact Report (EIR) for the NLIP Landside Improvements Project which the Board certified in November 2007, and in the Final Supplemental EIR which the Board certified in January 2009, SAFCA's program of improvements to the perimeter levee system around the Natomas Basin includes a series of aquatic and upland habitat compensation features and improvements to several significant irrigation and drainage canals within the Basin. These project elements are needed to implement SAFCA's Master Agreement with the Sacramento County Airport System (SCAS), to ensure uninterrupted operation of the Natomas Central Mutual Water Company's (NCMWC's) agricultural irrigation systems, and to offset unavoidable impacts to woodlands and to agricultural lands within the

footprint of the levee improvements. The NLIP's habitat compensation goal is to avoid any net loss of aquatic, upland and wetland habitat in the Basin. Toward this end, the canal improvements and habitat compensation features would:

- Consolidate and expand the upland and aquatic habitat preserves currently operated and maintained by The Natomas Basin Conservancy (TNBC) in accordance with the Natomas Basin Habitat Conservation Plan (NBHCP);
- Provide aquatic connectivity for the Giant Garter Snake (GGS) populations occupying the upper and lower TNBC habitat preserves in the western portion of the Natomas Basin;
- Extend the geographic scope of the TNBC habitat preserves in the northern portion of the Natomas Basin by preserving rice crop land east of State Route 99/70 and facilitating the delivery of surface water to this land;
- Offset losses of Swainson's Hawk foraging habitat in the western portion of the Natomas Basin by acquiring and preserving field crop land and establishing native grasslands within the footprint of the improved levee and canal embankments along the Sacramento River east levee; and
- Support the value of the foraging habitat in the western portion of the Natomas Basin by establishing new linear woodland corridors adjacent to the footprint of the new flood control improvements.

These objectives would be achieved through a combination of environmental engineering (relocation and construction of irrigation and drainage canals, reclamation of borrow sites, and installation of native grasslands and woodlands on levee slopes, berms and adjacent corridors) and effective long-term management of the engineered landscapes. The MMP describes the environmental engineering. The LTMP describes the long-term management.

## **DISCUSSION**

The LTMP identifies the native grasslands, canal improvements and aquatic and upland habitat compensation features that will be created as part of the NLIP; describes the real property instruments, management measures, and implementing agreements that will be used to protect and maintain these features in perpetuity; and outlines the funding mechanisms that will be employed to sustain these project elements.

### **Native Grasslands**

The LTMP notes that native grasslands will be installed on all levee slopes, berms, canal embankments and access areas. The flood control areas will generally be acquired in fee by SAFCA and transferred to Reclamation District 1000 (RD 1000). RD 1000 will operate and maintain the flood control footprint, including the installed grasslands, under their management agreement with SAFCA that was executed in connection with the creation of SAFCA's Consolidated Capitol Assessment District (CCAD). The portions of the flood control and canal footprints that occupy land owned by Sacramento County as part of the Airport will be constructed, operated and maintained under easements granted by Sacramento County to SAFCA that

reserve the County's rights to manage aviation safety risks associated with the grassland and canal features.

### **Canal Improvements**

In order to accommodate the NLIP improvements along the east levee of the Sacramento River and implement SAFCA's Master Agreement with SCAS, the LTMP anticipates that SAFCA will relocate and reconstruct the NCMWC's Elkhorn and Riverside Irrigation Canals and construct a new GGS/Drainage Canal connecting RD 1000's North and West Drainage Canals along the western border of the Airport. As discussed above, the upper portions of the Elkhorn Irrigation Canal and the GGS/Drainage Canal will cross Airport land north of the Teal Bend Golf Club under easements granted by SACS to SAFCA. SAFCA will assign the easement covering this portion of the irrigation canal to NCMWC and SAFCA will enter into a joint use agreement with RD 1000 for operation and maintenance of this portion of the GGS/Drainage Canal. Off Airport land, SAFCA will acquire fee title to the lands needed for the canals and grant easements to NCMWC and RD 1000 for operation and maintenance of these facilities. SAFCA will also enter into management agreements with RD 1000 to cover the entire cost of operating and maintaining the GGS/Drainage Canal and with NCMWC to cover the cost of maintaining the grasslands installed on the Elkhorn and Riverside Irrigation Canal embankments.

The LTMP includes the canal easements and management agreements related to the Phase 2 Project; sets forth the long-term monitoring and management activities that will be carried out pursuant to these management agreements; and contains the site specific management plan that will guide RD 1000's operation and maintenance of the upper portion of the GGS/Drainage Canal. It is anticipated that these documents will be amended as subsequent phases of the NLIP are approved.

### **Habitat Compensation Features**

The LTMP also describes the upland and aquatic habitat compensation features that will be implemented as part of the NLIP. These features include preservation and/or creation of woodlands, rice fields, agricultural uplands (field crops), and managed marsh habitat. More specifically, for the Phase 2 Project, SAFCA has acquired or is in the process of acquiring through eminent domain, the lands along the Sacramento River and the Natomas Cross Canal that will compensate for habitat losses occurring during this phase of the NLIP. These lands include a portion of the Brookfield Property (approximately 175 acres) in the northeast corner of the Basin which will be preserved as a rice field for GGS habitat; portions of the Lauppe Property near Sankey Road and the Novak Property near Powerline Road (totaling approximately 80 acres) which will be preserved and enhanced as agricultural uplands for Swainson's Hawk foraging; and lands in the northwest corner of the Basin (totaling approximately 63 acres) that will be preserved or used to create woodland habitat. These lands will be protected by conservation easements granted by SAFCA to TNBC. They will be managed in perpetuity by TNBC pursuant to a management agreement with SAFCA. The LTMP sets forth the long-term

management principles and monitoring protocols which will be employed by TNBC. These principles and protocols are drawn from the NBHCP and are designed to facilitate an integrated approach to TNBC's management of the SAFCA habitat compensation features and its management of the NBHCP reserves.

TNBC will also serve as a third party beneficiary of the GGS/Drainage Canal easement granted by SAFCA to RD 1000 for the lower portion of the GGS/Drainage Canal. In this capacity, TNBC will have the authority, at SAFCA's expense, to monitor RD 1000's management of the canal with the aim of facilitating common approaches and practices in the operation and maintenance of the agricultural drainage facilities in the Basin.

### **Water Supplies**

The GGS/Drainage Canal and several of the habitat compensation features included in the Phase 2 Project will require long-term water supplies for irrigation. The LTMP includes a Memorandum of Understanding between SAFCA and NCMWC pursuant to which the parties will cooperate in meeting these water supply needs. At the same time, SAFCA will ensure that water supplies for the GGS/Drainage Canal and the Brookfield Property can be obtained from existing groundwater wells or from new wells installed by SAFCA as part of the Phase 2 Project.

### **FINANCIAL CONSIDERATIONS**

Funding for management and administration of the canal improvements and habitat compensation features included in the NLIP construction will be provided primarily through bond funds and assessment revenues generated by SAFCA's Consolidated Capital Assessment District (CCAD) and secondarily through revenues generated by SAFCA's Operations and Maintenance Assessment District (O&M District). Funding for the agreements with RD 1000 and NCMWC will be provided on an annual basis from CCAD assessments through 2037 and thereafter from O&M District assessments. Commencing in 2010, SAFCA estimates RD 1000's annual cost for operating and maintaining the upper GGS/Drainage Canal will be approximately \$50,000. The annual cost of procuring NCMWC water deliveries for this portion of the GGS/Drainage Canal will be approximately \$10,000. To ensure timely payment for the services rendered under these agreements, SAFCA will maintain reserve accounts with balances in the amounts of \$200,000 for RD 1000 and \$20,000 for NCMWC. These amounts will be sufficient to support annual funding for two years of each agreement.

Funding for SAFCA's management agreement with TNBC will be provided on an annual basis from CCAD annual assessments through 2037 and thereafter from a non-wasting endowment funded by CCAD assessments. Economic & Planning Systems, Inc. (EPS) has estimated the requisite funding using the financial model that is currently used to calculate long-term management costs for the NBHCP. The analysis indicates that TNBC's annual site management costs for all of the Phase 2 Project habitat features within their responsibility will be \$105,000 (current price

levels) rising to \$269,000 in 2038 (with inflation). In order to create a non-wasting endowment large enough to cover future site management costs (commencing in 2038) EPS estimates that SAFCA must deposit \$1.6 million into the endowment this year. These sums are within the cost projections for Natomas area operation and maintenance activities included in the Final Engineer's Report for the CCAD.

### **POLICY IMPLICATIONS**

Under the terms and conditions of SAFCA's Section 404 permit from USACE, the MMP and LTMP must be approved prior to groundbreaking on the Phase 2 Project. SAFCA has received approval letters from the approving Agencies. The Board's adoption of Resolution 09-055 will complete the approval process and clear the way for construction to begin on the Phase 2 Project.

### **RECOMMENDATION**

Staff recommends that the Board adopt Resolution 09-055 approving the Natomas Levee Improvement Program (NLIP) Landside Improvement Project – Phase 2 Mitigation and Monitoring Plan (MMP) and Programmatic Long-Term Management Plan (LTMP).

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Attachment(s)