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IMPLEMENTATION ANNUAL REPORT

EXECUTIVE SUMMARY

CALENDAR YEAR 2007

APRIL 30, 2008

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INTRODUCTION



Giant garter snake
(*Thamnophis gigas*)

This report responds to a requirement of the 2003 Natomas Basin Habitat Conservation Plan (NBHCP) and Implementation Agreement (IA) which calls for an implementation annual report. The 2003 NBHCP is supported by permits issued to the Conservancy by the California Department of Fish and Game (issued July 10, 2003; permit number 2081-20032-019-02) and the U.S. Fish and Wildlife Service (issued June 27, 2003; permit number TEO73667-0).

The 2007 Implementation Annual Report comes in three parts. First, this Executive Summary. The reader will get a reasonably comprehensive account of the 2007 reporting from this portion of the Implementation Annual Report, but the “Task Reference and Description” matrix (“2 of 3”) provides detail on every task requirement in the 2003 NBHCP. Third, the Appendices. The Appendices (“3 of 3”) are an integral part of the 2007 Implementation Annual Report.

LAND ACQUISITION



Acreage acquired remained unchanged. The Conservancy's acquisitions largely came to a close in 2006 with the decline in real estate activity in the region. This decline lasted throughout 2007 and is expected to continue for at least two more years. To the extent mitigation land was needed since then, the demand has been easily accommodated with surplus holdings the Conservancy held in its inventory.

A graphic representation of the combined total of the Conservancy's land holdings at December 31, 2007 can be found in Figure 4, attached to this report (see "2007 Base Map"). This map is frequently updated and can always be found on the Conservancy's web site (www.natomasbasin.org).

Total land acquired through 2007. The Conservancy has acquired a total of 4,172.0893 acres as of December 31, 2007. Easements represent 27.0749 acres of this total. There have been 1,766.1482 acres acquired in Sacramento County and 2,414.5111 acres in Sutter County.¹ Not all acres have been committed to HCP mitigation (see discussions on surplus land acquisitions).

MITIGATION LAND BALANCES

- **Acreage upon which fees have been paid.** Fees related to development in the City of Sacramento permit area have been paid on a total of 6,784.83 acres, including 103.15 acres added in 2007. Through Metro Air Park's participation, there have been HCP fees paid on 317.81 acres. Combined, there have been fees paid on 7,102.64 acres of development.
- **Fees paid.**² The amount of HCP fees paid by development in the City of Sacramento Permit Area total \$60,193,587.10 from inception to date, and \$3,965,601.75 during 2007. For Metro Air Park, total fees paid equal \$5,698,003.97 (including HCP and other mitigation) to date and zero in 2007. Combined, the total amount of fees and fee-related income paid from inception

Figure 1. Channel clearing and maintenance results. On the Lucich South managed marsh complex, channel clearing efforts have been completed. The photo at right shows a restored channel prior to full flood-up. Note earlier-planted native shrubs and trees preserved in channel clearing process.



¹ A very small remainder is supplemental mitigation.

² "Fees paid" represents actual HCP fees plus related payments such as Metro Air Park's tree replacement and GGS mitigation, so the sum of City and MAP payments does not equal the total amount of fee and related income received to date. Records of all such payments are found in the schedule titled, "Schedule of Subject Acreage and Fees Paid."

to date totals \$66,221,496.98. (All figures include the land value of in-lieu land dedication).

- **Acreage on which an urban development permit has been issued.** The City of Sacramento reports it has authorized grading on 6,784.23 acres since inception, and Metro Air Park has developed 109.07 acres of its development.
- **Surplus land.** At December 31, 2007, there were 423,564 surplus acres of land held by the Conservancy.³

TABLE 1
THE NATOMAS BASIN CONSERVANCY
HCP FEE-PAID ACRES*



PERIOD	HCP FEE-PAID ACRES
Through December 31, 1998	1,515.66
January 1 – December 31, 1999	1,465.47
January 1 – December 31, 2000	598.07
January 1 – December 31, 2001	242.09
January 1 – December 31, 2002	777.81
January 1 – December 31, 2003	1,241.98
January 1 – December 31, 2004	347.74
January 1 – December 31, 2005	678.39
January 1 – December 31, 2006	132.27
January 1 – December 31, 2007	103.15
All Years Through December 31, 2007	7,102.64

*Most mitigation land was dedicated in lieu of paying the Land Acquisition Fund portion of the NBHCP fee. Metro Air Park has paid fees on 233.52 acres of its Initial Tier 1 development.⁴

- **Annual 200-acre May 1 cushion has been met.** It is clear that even with very small other mitigation obligations, the Conservancy has more than enough acreage to meet the 200-acre “cushion” required in the HCP on May 1 of each year.

³ There are numerous conditional adjustments to this surplus acreage number. When the unallocable or prior committed acres are considered (such as supplemental mitigation), that leaves 423,564 acres of land in surplus.

⁴ At December 31, 2006, Metro Air Park had paid fees on 316.76 acres, but 200 acres were for supplemental mitigation (all of the Huffman West tract and 19 acres of the Huffman East tract), leaving 116.76 acres of fee-paid mitigation, or, at the 0.5:1 mitigation ratio, 233.52 acres of development.

TABLE 2
 THE NATOMAS BASIN CONSERVANCY
 LAND ACQUISITION TALLY THROUGH 12.31.07
 (SEE FOOTNOTE INFORMATION; DOES NOT INCLUDE EASEMENTS⁵)



PROPERTY	DATE ACQUIRED	ACRES
Silva	1.7.99	159.200
Betts	4.5.99	138.992
Kismat	4.16.99	40.293
Bennett (C.L.)	5.17.99	226.675
Bennett (H&B)	5.17.99	132.486
Lucich North	5.18.99	267.986
Lucich South	5.18.99	351.889
Frazer	7.31.00	92.600
Souza ⁶	7.2.01	40.000
Natomas Farms	7.9.01	96.460
Sills ⁷	7.15.02	436.0559
Alleghany 50	11.7.02	50.2601
Cummings	11.7.02	66.8307
Atkinson	6.12.03	205.397
Ruby Ranch	6.23.03	91.078
Huffman West ⁸	9.30.03	181.003
Huffman East	9.30.03	135.746
Tufts ⁹	9.29.04	147.95
Rosa East	3.24.05	106.2827
Rosa Central	3.24.05	100.015
Bolen North	4.29.05	113.619
Bolen South	4.29.05	102.381
Vestal South	9.12.05	94.951
Bolen West	9.1.06	155.141
Nestor	9.1.06	233.16
Frazer South ¹⁰	11.07.06	110.372
Bianchi West	11.7.06	110.16
Elsie	11.7.06	158.031
Total		4,145.0144

⁵ Easements add an additional 27.0749 acres to the total.

⁶ The long standing litigation filed against the Conservancy was resolved in 2006 through court-ordered settlement. Accordingly, the 4.68 acres of additional land the Conservancy held title to on the Souza tract was deeded over to the plaintiff in the case upon payment of certain funds to the Conservancy.

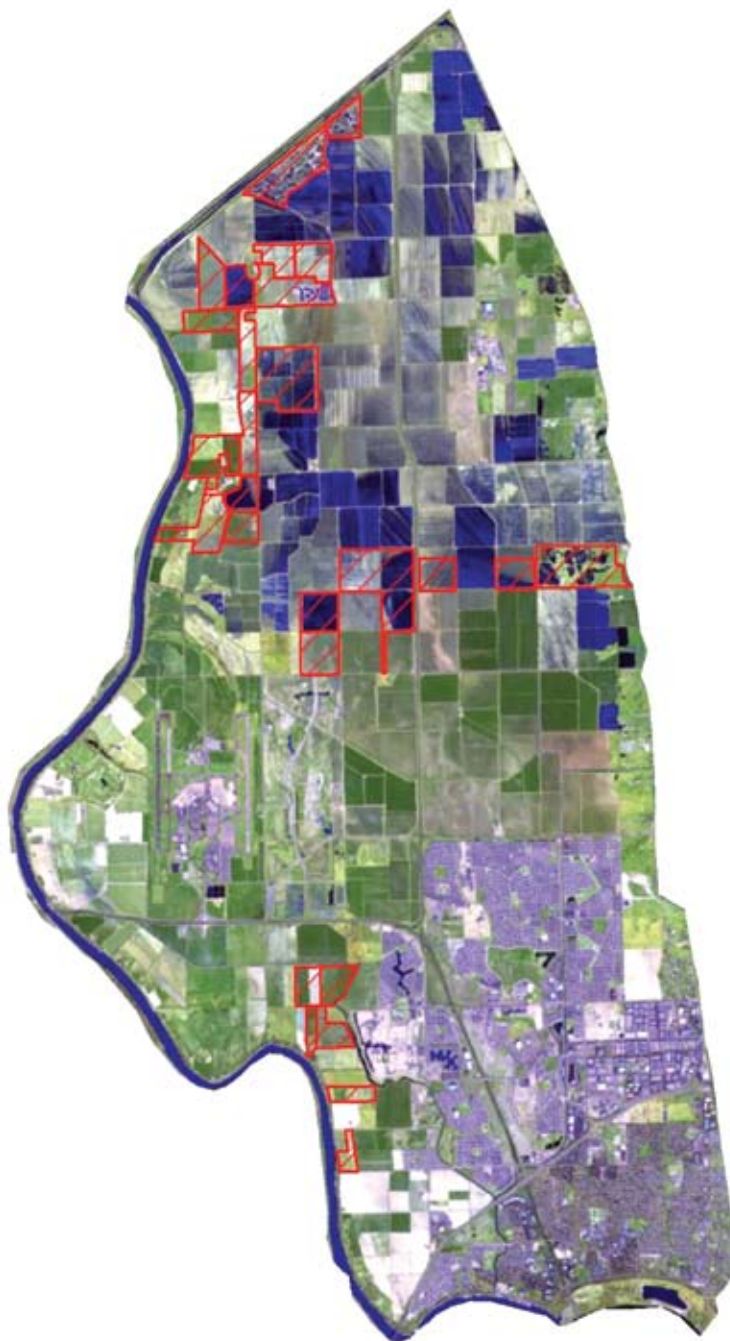
⁷ 139.5 acres of the original 575.5559 acres of the Sills tract was exchanged for the two Rosa tracts on March 24, 2005.

⁸ Huffman West tract and 19 acres of the Huffman East tract is for supplemental mitigation required of Metro Air Park.

⁹ 63.116 acres for Opus West mitigation (Promenade) leaves balance of 84.834, then for Griffin Industries' mitigation of 42.01, leaving a balance of 42.824 available for future mitigation.

¹⁰ Approximately 40 additional acres may be deeded back to the Conservancy over time under a long-term agreement on this tract. The same is true with the Bianchi West tract.

Figure 2, LANDSAT photograph of the Natomas Basin. The 2007 LANDSAT photograph shows physical changes that took place in the Natomas Basin. These photos are acquired each year by the Conservancy in order to show changes over time (See also, "Base Map" in Figure 4 for greater delineation of Conservancy land holdings at December 31, 2007.)



BUDGET AND FINANCE

- **Finance Model update.** The HCP finance model was updated and a fee increase was requested, granted and implemented.¹¹
- **Budget and NBHCP Finance Model integration.** The Conservancy successfully integrated the regular Conservancy budget with the NBHCP Finance Model

TABLE 3
THE NATOMAS BASIN CONSERVANCY
HCP FEE HISTORY



Swainson's hawk
(*Buteo swainsoni*)

YEAR	ESTABLISHED FEE
1997	\$2,240
1998	\$2,656
1999	\$3,292
2000	\$3,942
2001	\$5,993 + \$4,028 premium = \$10,021*
2002	\$7,934 + \$4,028 premium = \$11,962*
2003	\$12,270 ¹²
2004	\$16,124 ¹³
2005	\$24,897 ¹⁴
2006	\$41,182 ¹⁵
2007	\$38,445 ¹⁶

*HCP "premium" was established as a result of an agreement to settle litigation, FWS v. Babbitt.

- **Endowment Fund.** The Conservancy's endowment fund account continues to grow, and remains conservatively invested in order to insure its long-term viability. The total account balance in the endowments funds at December 31, 2007 was \$12,753,642.91. This includes realized and unrealized gains. The Endowment Fund balance was \$10,923,670.99 and the Supplemental Endowment Fund balance was \$1,829,971.92 at December 31, 2007.

¹¹ Adopted by City of Sacramento City Council resolution 2008-097, adopted February 19, 2008.

¹² Also established is a fee of \$7,770 per acre for fee obligations satisfied in part with land dedication.

¹³ Also established is a fee of \$8,624 per acre for fee obligations satisfied in part with land dedication.

¹⁴ Also established is a fee of \$12,397 per acre for fee obligations satisfied in part with land dedication.

¹⁵ Also established is a fee of \$18,682 per acre for fee obligations satisfied in part with land dedication.

¹⁶ Also established is a fee of \$18,445 per acre for fee obligations satisfied in part with land dedication.

CONCLUSION

The Conservancy's 2007 was a transition year for the organization. The most significant accomplishments were:

1. delivery of another comprehensive annual biological effectiveness monitoring report,
2. conducted the first managed marsh channel maintenance clearing on the largest of the Conservancy's managed marsh complexes, restoring them to full functionality as required by the 2003 NBHCP,
3. worked with the Sacramento Area Flood Control Agency on its extensive plans to conduct flood protection construction activities, engage the Conservancy in mitigation, and also engage the Conservancy in certain habitat and related land management tasks,
4. completed its newest managed marsh complex (Bennett North tract), which included a component which strategically enhances connectivity between marsh complexes in the Conservancy's North Basin Reserve Area, and
5. consummated the final actions on the Ayala tract trade so that this important reserve consolidation effort is finalized.

The Conservancy continues to engage the biological monitoring through contractor Jones & Stokes, and certain of the land management functions through Sopwith Farms with Conservancy staff coordination and management. The specialties and resources of all groups is occasionally supplemented by other specialists to address most any question or need the Conservancy might have. Calling on the additional resources that make up the NBHCP Technical Advisory Committee (TAC) round out the extensive resources available to the Conservancy.



FUTURE PLANS

The year 2008 will be characterized by maintenance and updating activity. The break in fee payments and mitigation demand will offer an opportunity to “back fill” administrative and on-the-ground maintenance work in a manner that allows greater attention and focus. It will also be a challenge, as it is anticipated that 2008 will be the first year when expenses will exceed fee income, owing to a significant slowdown in the real estate economy.

During the 2008 work year, Conservancy management activity will be focused primarily in the following areas:

1. begin the process of the first-ever comprehensive review and updating of all of the Conservancy’s SSMPs,
2. conduct channel clearing needed to keep the Natomas Farms and Cummings marsh complexes fully functional,

Figure 3. Channel clearing and maintenance results. On the Lucich North managed marsh complex (at right), channel clearing efforts resulted in near immediate re-colonization by giant garter snakes. The photo at right shows a restored channel one week after re-flood. Note GGS traps along bankside vegetation.



3. continue to refine channel maintenance activities in such a manner that they minimize the future frequency of disturbance associated with such activity,
4. coordination with Sutter County officials as they map and plan the Measure M development, and do so in a manner that preserves or enhances the integrity of the system of reserves the Conservancy owns and manages,
5. work to coordinate the numerous external initiatives brought to the Conservancy including Sacramento International Airport expansion plans, a PG&E gas transmission line proposed for the Natomas Basin, including through Conservancy land, a Western Area Power Authority (WAPA) overhead electric transmission line through the Natomas Basin and some Conservancy properties, the Natomas Central Mutual Water Company’s ground water substitution program, Sacramento Area Flood Control Agency levee reinforcement plans, Greenbriar Habitat Conservation Plan and a number of others. Staff believes that the Conservancy must dedicate time to these, otherwise they may progress in a manner that could compromise the Conservancy’s implementation of the NBHCP, and
6. test financial and economic practices and planning activities in a year when fee income is nearly non-existent, and do so in order to insure future economic health.

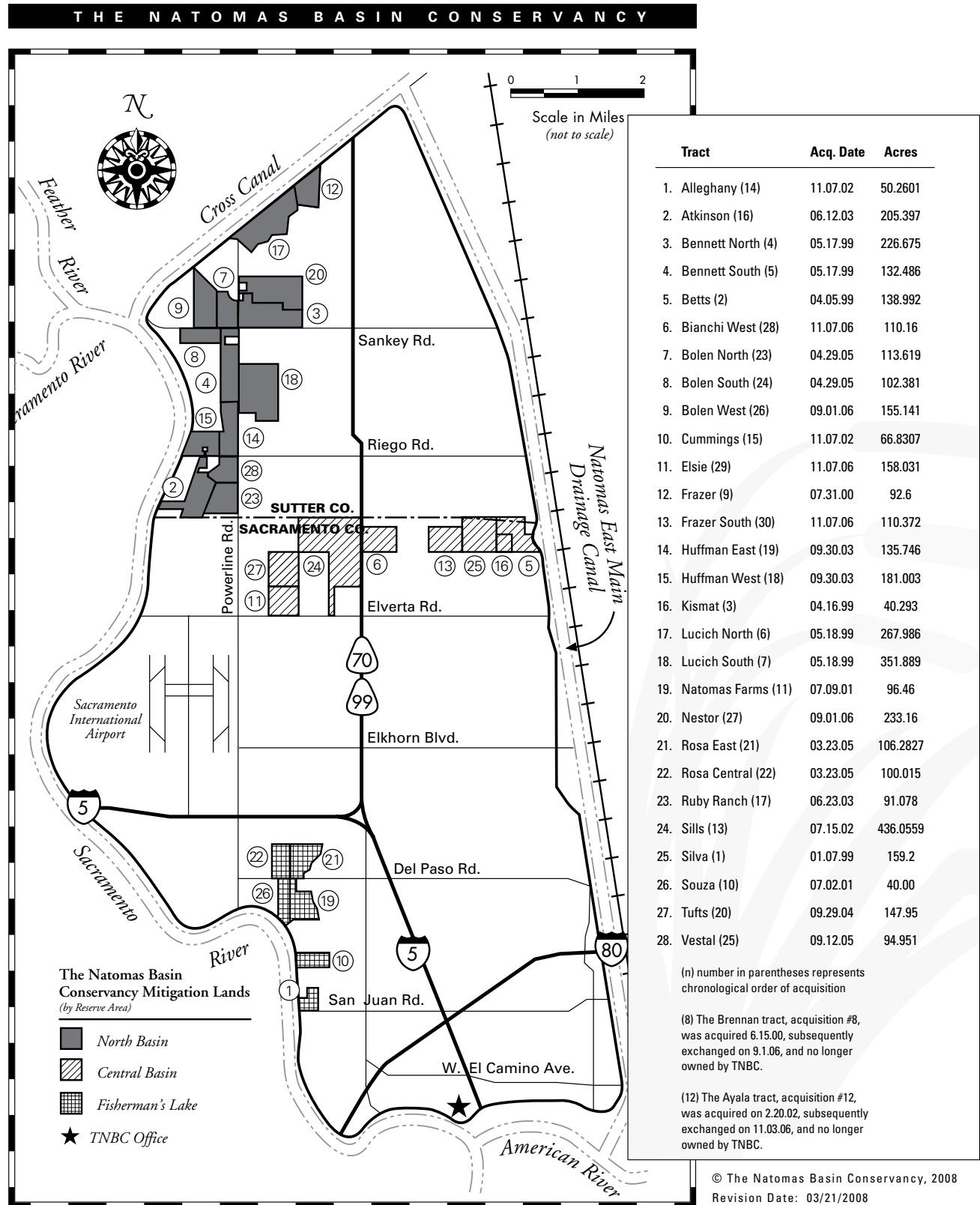
Further information can be obtained by logging on to the Conservancy’s web site (www.natomasbasin.org) or contacting the Conservancy directly.

TABLE 4
 THE NATOMAS BASIN CONSERVANCY
 GENERAL RESERVE CHARACTERISTICS ILLUSTRATION, 2007*

Mitigation land tracts in order of acquired date ➡	Silva	Betts	Kismat	Bennett No.	Bennett So.	Lucich No.	Lucich So.	Frazer	Souza	Natomas Farms	Sills	Alleghany 50	Cummings	Ruby Ranch	Atkinson	Huffman West	Huffman East	Tufts	Rosa East	Rosa Central	Bolen North	Bolen South	Vestal South	Bolen West	Nestor	Frazer South	Bianchi West	Elsie
COUNTY																												
Sacramento	●	●	●						●	●	●	●	●					●	●	●						●	●	●
Sutter	⊖	⊖		●	●	●	●	●						●	●	●	●					●	●	●	●	●		
PREDOMINANT LAND USE (2007)																												
Rice					●		●				●				●		●	●			●		●		●		●	
Upland	●	●	●	●	●	⊖		⊖	●	●	⊖	●	●	●	⊖	●	●		●	●		●		●		●		●
Marsh	●	●	●	⊖	●	●	⊖	●		●			●		⊖													
WATER																												
NCMWC				●	●	●	●	●	●	●	●	●	●	●	⊖		●	●	●	●	●	●	●	●	●	●	●	●
Ground Water	●	●		●	●	●	●	●	●	●			●		⊖	●	●				●	●	●	●	●	●	●	
Surface Water	●	●	●												●	●												
MANAGEMENT PLAN																												
SSMP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓										
Not yet covered																		●	●	●	●	●	●	●	●	●	●	●
Marsh built '01	✓	✓	✓																									
Marsh built '02				✓	✓		✓																					
Marsh built '03						✓		✓		✓																		
Marsh built '04													✓															
Marsh built '05																												
Marsh built '06																												
Marsh built '07				✓																								
EXISTING TREES																												
0				●	●	●	●	●			●			●			●	●		●	●	●	●	●	●	●	●	●
1 – 10			●							●						●										●		
11 – 30									●									●										
31+	●	●										●	●		●				●				●					
OTHER																												
Fenced	●	●	●		⊖				●	●			●						⊖	⊖								
Livestock	●	●	●						⊖	●																		
Residence	●	●							●																			
Farm bldgs.	●	●							●																			
Vernal pools	✓																											

*Solid dot (●) represents inclusion of characteristic on that tract; hollow-strikethrough dot (⊖) represents minor, partial or planned inclusion on the referenced tract; a check mark (✓) represents completion of project.

FIGURE 4
2007 BASE MAP





t h e
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BASIN
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