

Kelly Farm Mitigation Bank

Board of Public Utilities

March 19, 2026

Presented by Sean McNeil, Deputy Director of Environmental Services

Kristine Gaspar, Senior Environmental Planner GHD

Presentation Outline

- Project Overview
- Current Status of Project
- California Environmental Quality Act
- Recommendation

Kelly Farm Mitigation Bank



Project Overview

- Develop ~99-acre CA tiger salamander (CTS) and wetland mitigation bank
- CTS on site
- Leased for hay production
- Bank would cease irrigation and enhance and expand CTS and wetland habitat



Current Status

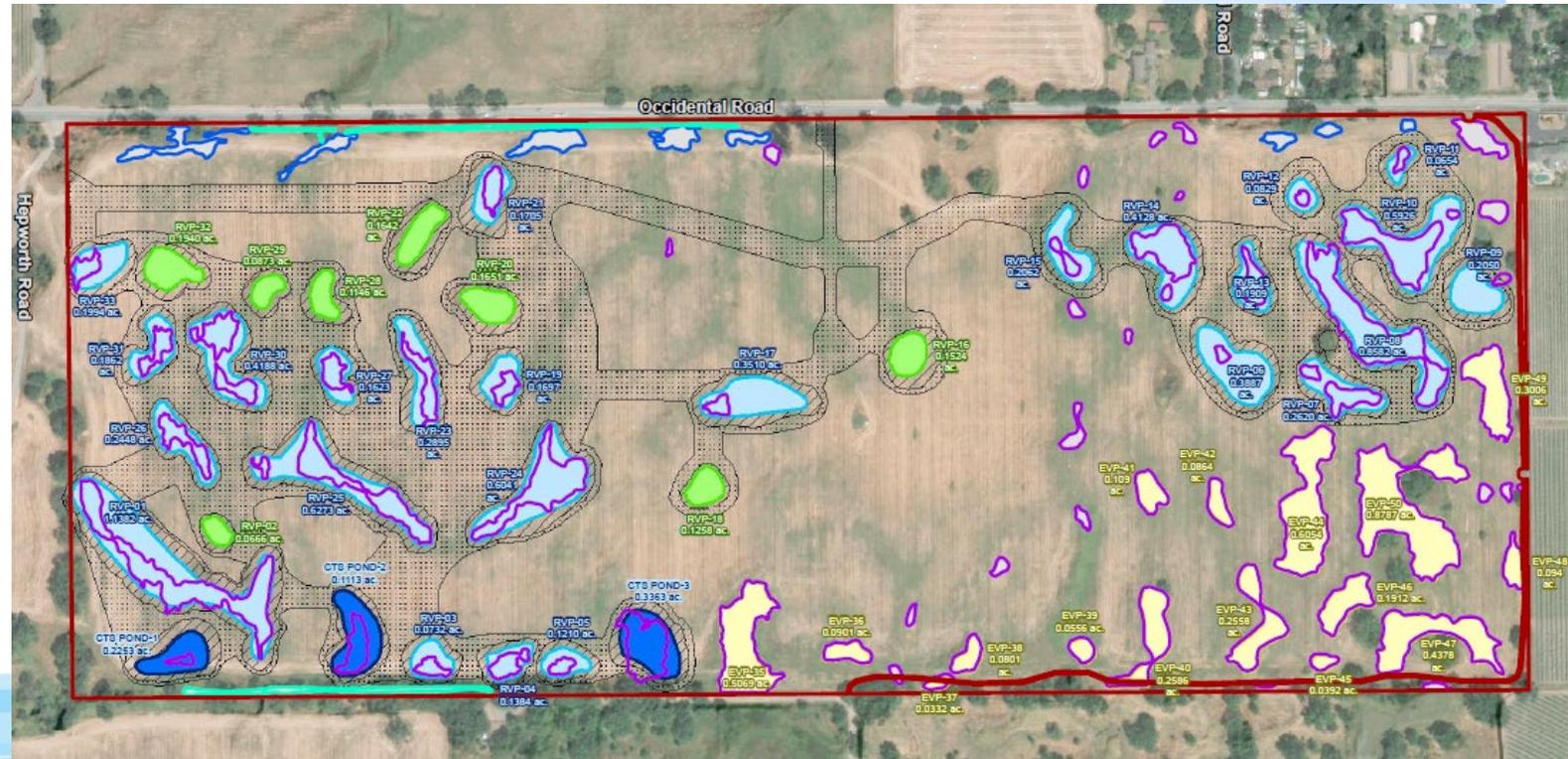
- Biological surveys completed
- Bank Prospectus (Plan) accepted by resources agencies
- Construction Plan (100%)
- Cultural Resources Evaluated
- Conservation Easement and Endowment for Easement Services



KELLY FARM MITIGATION BANK

City of Santa Rosa
Sonoma County, California

PROSPECTUS



Credit type	Sum of credits	Estimated cost per credit on open market	Estimated value of project
CTS Upland Habitat	83.115	\$300,000	\$24,934,500
CTS Breeding Habitat	0.891	\$1,200,000	\$1,069,200
Vernal Pool/Wetland	8.187	\$1,200,000	\$9,824,400
Totals	91.391	NA	\$35,828,100

Estimated Cost of Establishing Bank

- | | |
|-----------------------------------------|--------------------|
| • Studies, fees, permitting, design, CM | \$1,850,000 |
| • Construction | \$4,000,000 |
| • Interim monitoring and management | \$450,000 |
| • Endowment | <u>\$2,000,000</u> |
| • Total | \$8,300,000 |
-
- Current Cost to buy CTS and Wetland Credits: \$35,828,000
 - Potential Savings if bank developed: **\$27,728,000**

Next Steps

- Conservation Easement to be recorded and subordinate existing SCAPOSD Conservation Easement
- Record easement for existing Comcast buried fiber optic line
- Bank Enabling Instrument final approval from Interagency Banking Team
- Put project out to bid (Spring 2027)
- Construction (Summer 2027)

CEQA Process

- Prepare Initial Study/Mitigated Negative Declaration
- 30-day Public Review
- Response to Comments
- Mitigation Monitoring and Reporting Program
- Consider Adoption of MND
- File Notice of Determination

Kelly Farm Mitigation Bank

Initial Study / Proposed Mitigated Negative Declaration

City of Santa Rosa

16 January 2026



CEQA Noticing and Public Review

- Assembly Bill 52 Tribal Notifications
- Public Comment Period: January 16 – February 16, notice sent to all properties within 300' of project boundaries
- Notice of Intent placed in Press Democrat and posted at County Clerk
- IS/MND published on January 21, 2026 on CEQAnet
- Distribution to State Clearinghouse and Public Agencies
- Public review copies (online and at City TPW)

Agency Comments on Initial Study

California Department of Conservation

- Summary: Concern about loss or conversion of agricultural land and provided suggestions for mitigating loss.
- Response: IS/MND stated Project would result in a conversion of agricultural land to non-agricultural uses based on its primary land use change. However, Project will cease hay production but will continue to be grazed by cattle as identified in Interim Management Plan and the Long-term Management Plan for bank operation. City determined no mitigation would be required.

Public Comments re: CEQA Noticing

- Summary: Mr Sanchietti, owner of a vineyard on Occidental Road, emailed the City, followed by a phone conversation, to express concern regarding how the City obtained the property through eminent domain and the purpose at that time for irrigation with recycled water. He questioned if the City is doing the right thing by converting the site to a mitigation bank.
- Response: The comment questions the desirability of the use from a policy perspective, which is not a CEQA consideration. In 1979, the City acquired the Kelly Farm property by grant deed without any limitation on use. The acquisition was for the disposal of recycled water through irrigation. Now, the City proposes a 99-acre mitigation bank on a portion of the property. The mitigation bank is generally consistent with the property's intended use:
 - a recycled water line will continue to exist on the property
 - the mitigation bank will only be used for Santa Rosa Water Projects
 - the mitigation bank itself will help to facilitate the City's operations of treating wastewater and making necessary improvements, which necessitate mitigation.

Public Comments re: CEQA Noticing

- Summary: Mr. Gantman called City to discuss a few topics about Project:
 - Spreading cow manure on property impacts water quality that CTS require to reproduce.
 - Proposed new water supply well may affect his well
 - Concerns about Mediterranean Oak Borer (MOB) and its impacts on valley oak trees
- Response:
 - Proposed mitigation bank operations does not include spreading manure, though other areas of Kelly Farm will remain in active agricultural leases.
 - New well would only support a maximum of 100 head of cattle, which would result in a demand of approximately ½ acre foot per year.
 - City will start to monitor spread of MOB on the property.

CEQA Key Mitigation Measures

- Protect CTS and Western Pond Turtle during Construction
- Protect Nesting Birds and Roosting Bats during Construction
- Protect American Badger during Construction
- Protect Unknown Archaeological, Historical, and Tribal Resources during Construction
- Ground disturbance restricted between June 15, and October 15

CEQA Summary

- Project evaluated in accordance with CEQA
- Potential impacts can be reduced to less-than-significant levels, with mitigation
- No significant impacts identified
- Analysis supports Mitigated Negative Declaration
- Mitigation Monitoring and Reporting Program developed to document compliance

Recommendation

It is recommended by Santa Rosa Water and the Transportation and Public Works Department that the Board of Public Utilities, by resolution adopt the Mitigated Negative Declaration for Kelly Farm Mitigation Bank Project, adopt the Mitigation Monitoring and Reporting Program, approve the Kelly Farm Mitigation Project, and direct staff to file a Notice of Determination.

Questions

