

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: CHAIR AND BOARD MEMBERS
FROM: SEAN MCNEIL, DEPUTY DIRECTOR OF ENVIRONMENTAL
SERVICES, SANTA ROSA WATER
SUBJECT: ADOPTION OF MITIGATED NEGATIVE DECLARATION AND
MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE KELLY FARM MITIGATION BANK

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by Santa Rosa Water and the Transportation and Public Works Department that the Board of Public Utilities, by resolution: 1) adopt the Mitigated Negative Declaration for the Kelly Farm Mitigation Bank Project; 2) adopt the Mitigation Monitoring and Reporting Program; 3) approve the Kelly Farm Mitigation Bank Project; and 4) direct staff to file the Notice of Determination.

EXECUTIVE SUMMARY

This proposed resolution will adopt the Mitigated Negative Declaration (MND), adopt the Mitigation Monitoring and Reporting Program (MMRP), and approve the Kelly Farm Mitigation Bank (Project). It will also direct City staff to file a Notice of Determination for the Project pursuant to the California Environmental Quality Act (CEQA) Guidelines.

BACKGROUND

The City of Santa Rosa (City) staff has analyzed the requirements, costs, and benefits associated with the development of a Mitigation Bank for the preservation of California tiger salamander (CTS) and wetland habitats on approximately a 100-acre portion of the Kelly Farm property. CTS and wetland mitigation credits have become less available and more expensive to purchase, which could put future projects in jeopardy as credits may not be available for larger projects and the costs for small amounts of credits have reached upwards of \$300,000 per acre. As a part of the Project an initial study was conducted and developed into a Mitigated Negative Declaration for the impacts of developing the bank.

The Project proposes to establish a single-client mitigation bank to mitigate impacts from in-house projects. Credit types include CTS upland credits, CTS breeding habitat,

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re-established vernal pool habitat, rehabilitated vernal pool habitat, and enhanced vernal pool habitat. The project is currently being reviewed and requires approval by the Interagency Review Team (IRT), comprised of the U.S. Army Corps of Engineers, Region IX of the U.S. Environmental Protection Agency, the U.S. Fish and Wildlife Service, and the California Department of Fish and Wildlife. A conservation easement would also be placed over parcel 060-020-001 and held by a third-party easement holder.

An Initial Study/Proposed Mitigated Negative Declaration (IS/MND) was completed by GHD to satisfy California Environmental Quality Act (CEQA) requirements. The IS/MND describes the project's purpose and potential environmental impacts. The document identified that with the inclusion of specific environmental protection actions and mitigation measures as detailed in the Mitigation Monitoring and Reporting Program (MMRP), potential impacts could be reduced to a level considered 'less than significant.'

In accordance with Assembly Bill 52 and CEQA guidelines, proposed project notification letters were sent to tribes in the area, Lytton Rancheria of California and the Federated Indians of Graton Rancheria. The tribes did not reply by the February 27, 2026 deadline to confirm whether or not they agree with the Army Corps of Engineers' determination that the project "undertaking would have no effect on historic properties.

The IS/MND was issued for public notice and review for 31 days beginning on January 16, 2026, in accordance with CEQA requirements and closed on February 16, 2026. The IS/MND documents were sent to the State Clearinghouse for a 30-day public review period and for distribution to pertinent state agencies. The IS/MND was also sent to local resource agencies and published on the City's Transportation and Public Works Department website. Noticing met CEQA requirements.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

On November 5, 2020, the Board conducted a study session to review the benefits of developing a mitigation bank for the endangered California tiger salamander and wetlands.

On May 20, 2021, the Board, by motion, approved a project work order with GHD for professional engineering design, construction management, construction inspection, and environmental services for the Kelly Farm Mitigation Bank Development Project.

On July 18, 2024, the Board conducted a staff briefing to discuss the progress on the development of the CTS and Wetland Mitigation Bank on Kelly Farm.

ANALYSIS

The City of Santa Rosa's Laguna Treatment Plant (LTP) is located in the heart of the

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Santa Rosa Plain which is considered CTS critical habitat and dotted with wetlands. Some maintenance and asset upgrades of the sewer trunks, recycled water systems, and LTP require mitigation credits which have become expensive and difficult to purchase when a project needs to mitigate for impacts. This Project will dramatically reduce the cost of these credits, increase ability to access credits when needed and supports management of existing city-owned lands. This Project would create almost 84 acres of CTS upland credits, just under one acre of CTS wetland credits, and over 8 vernal pool/wetland credits. Each credit is equivalent to one acre of protection.

If this Project were not to be built, the Santa Rosa Water Department would be forced to compete with private development for available mitigation credits. This could lead to increased cost in project delivery and potential delays if credits are not available on the market.

FISCAL IMPACT

This project would dramatically reduce the cost of compliance with the Federal and State Endangered Species Act and wetland protections under the U.S. Army Corps of Engineers and the Water Resources Control Board wetlands regulations. Under current cost estimates for these credits the project value would be over \$35 million dollars. The project estimates to develop the Bank including setting up an endowment for management costs in perpetuity are approximately \$8.3million dollars, saving Santa Rosa Water and its rate payers tens of millions of dollars.

ENVIRONMENTAL IMPACT

An Initial Study and Mitigated Negative Declaration (IS/MND) was prepared for the Kelly Farm Mitigation Bank Project in accordance with the California Environmental Quality Act (CEQA) and the CEQA Guidelines. The Initial Study evaluated the potential environmental impacts associated with implementation of the Project and identified mitigation measures to reduce potentially significant impacts to a less-than-significant level.

The IS/MND was circulated for public review for a 31-day period beginning January 16, 2026, and ending February 16, 2026, through the State Clearinghouse (SCH No. 2026010340), and was made available to responsible agencies, interested parties, and the public. Notice of Intent to adopt the MND was published in the Press Democrat and posted in accordance with CEQA requirements.

One written comment from the California Department of Conservation and three oral comments were received during the review period. These comments and the City's responses are summarized in Attachment 3 – Summary of Public Comments and the entire written comment from the California Department of Conservation is included in Attachment 4.

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Based on the Initial Study and the whole of the administrative record, the proposed Mitigated Negative Declaration concludes that, with implementation of the identified mitigation measures and the Mitigation Monitoring and Reporting Program, the Project will not have a significant effect on the environment.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

As a part of the circulation of the IS/MND the City sent letters to all properties within 300 feet of the project area notifying them of the Project and where to find the IS/MND.

ATTACHMENTS

- Attachment 1 – Mitigated Negative Declaration
- Attachment 2 – Mitigation Monitoring and Reporting Program
- Attachment 3 – Public and Agency Comments Received on Kelly Farm Mitigation Bank Initial Study and Mitigated Negative Declaration
- Attachment 4 – Written Comments from California Department of Conservation
- Resolution

PRESENTER

Sean McNeil, Deputy Director of Environmental Services and Kristine Gaspar, Senior Planner, GHD