



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

March 27, 2006

Mr. Randy Bachman
City of Redding
City Manager's Office
777 Cypress Avenue
Redding, CA 06002

Subject: Final Environmental Impact Statement (FEIS) for the proposed Stillwater Business Park (CEQ# 050103 / 50309)

Dear Mr. Bachman,

The U.S. Environmental Protection Agency (EPA) has reviewed the above-referenced document pursuant to the National Environmental Policy Act (NEPA), Council on Environmental Quality (CEQ) regulations (40 CFR Parts 1500-1508), and Section 309 of the Clean Air Act.

Since 2003, we have worked as a cooperating agency, in collaboration with the City of Redding (City), the U.S. Army Corps of Engineers (Corps), and other federal and state stakeholders, in an effort to assist the City's efforts to satisfy the project purpose while protecting sensitive natural resources. As noted in our attached letter, Congress has appropriated funding through EPA's budget to establish water and wastewater infrastructure for the proposed project, and this funding requires EPA to evaluate the environmental consequences of our funding action. In June 2005, the City and EPA agreed to an extended coordination period to inform the preparation of the Supplemental DEIS. As many of our concerns were not addressed in the DEIS or Supplemental DEIS, EPA rated the preferred alternative as EC-2, Environmental Concerns - Insufficient Information (see enclosed "Summary of Rating Definitions" and our November 14, 2005 letter (attached)).

We have continuing concerns regarding the potential cumulative impacts to the Stillwater Plains conservation area. As we have stated in our previous letters, the Alternative 2 site incorporates most of the western quarter of the proposed conservation area and serves as a natural sink for surface and subsurface waters flowing across the Plains in a southwesterly

direction. The Record of Decision should include additional mitigation, if needed, to ensure that increases to water surface elevations would not have significant impacts. It should include monitoring plans to ensure that cumulative impacts will not occur as a result of the project. In addition, the Corps should implement the mitigation measures suggested by the California Department of Fish and Game in their April 20, 2005 letter, including developing buffer distances on a site-specific basis to lessen the impacts to vernal pools and swales.

As the Corps of Engineers noted in their May 4, 2005 letter, prior to obtaining a CWA Section 404 permit, the City will have to demonstrate that potential impacts to waters of the United States have been avoided and minimized to the maximum extent practicable either through alternative selection or modification (40 CFR 230.10(a) and 230.10(d)). While we appreciate that the FEIS includes a commitment to both on-site and off-site mitigation (p. 3-7), the Record of Decision should include additional information on the planned off-site mitigation, such as the type of land for preservation and the number of acres proposed. This information will be used to guarantee that potential impacts to waters of the United States have been avoided and minimized to the maximum extent practicable as required by 40 CFR 230.10(a) and 230.10(d).

EPA's goal in requesting mitigation for project impacts is to replace on-site aquatic resources lost to development with "in-kind" aquatic resources (i.e., vernal pools/swales; small creeks/riparian forest) within or near the Stillwater Creek sub-watershed. The off-site mitigation should be one that the resource agencies consider of high ecological value, as discussed in our meetings with the City. As there will be impacts within critical habitat, off-site mitigation would preferably include some areas in critical habitat as well. In addition, if the City wishes to consider "mitigation banking", we can assist you with the procedural steps and oversight role of the regulatory agencies, as we have done successfully in other parts of Northern California.

Finally, we recommend you begin formulating stewardship arrangements for both on-site and off-site mitigation parcels. These arrangements would include the transfer of conservation easements, and the establishment of stewardship endowments to ensure perpetual protection and management of the properties. We would be happy to work with you in this regard and we are available to discuss our comments and assist the City in addressing our continuing concerns. When the Record of Decision is published in the Federal Register, please send three (3) copies to the address above (mailcode: CED-2). If you have any questions, please contact Summer Allen, the lead reviewer for this project, at 415-972-3847.

Sincerely,

/S/ Laura Fujii for
Duane James, Manager
Environmental Review Office
Communities and Ecosystems Division

cc:

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