

QUESTIONS & ANSWERS
THE IRVINE COMPANY/OC PARKS LAND TRANSFER
June 24, 2010

FROM

Environmental Coalition Land Transfer Steering Committee

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INTRODUCTION

Orange County residents are fortunate to have The Irvine Ranch. This protected land provides clean air and water, recreational opportunities and habitat for rare and endangered wildlife. Transferring 20,000 acres of Irvine Ranch land to Orange County's regional park system is a rare and wonderful opportunity. These lands require special care. Now is the time to ensure that Orange County is able to properly care for this land well into the future.

CONSERVATION ORGANIZATIONS POSITION

Orange County conservation representatives formed a steering committee in September 2009 when notified of the proposed transfer. The group has been closely monitoring and analyzing the opportunity. The committee supports the land transfer with the following common-sense assurances:

1. Assurance that there is sufficient funding to maintain the conservation values including costs operations, management, infrastructure and security for the land – without draining funds needed for existing park system.
2. Assurance that conservation values are maintained as provided for in the conservation easements, NCCP/HCPs and other applicable legal agreements.
3. Assurance that science-based state-of-the-art management plans are in place to maintain conservation
4. Assurance that independent oversight is in place (e.g. organizations like the Nature Reserve of Orange County (NROC) and The Coastal Greenbelt Authority).

QUESTIONS AND ANSWERS

The Q & A is provides the basics of this transfer. Documents related to this transfer can be found at www.ocparks.com.

Q. What is The Irvine Company (TIC) land transfer currently in the news?

- A. It is a proposed ownership (title) transfer of 20,000+ acres of protected open space land currently owned by The Irvine Company (TIC) to OC Parks. This land is rugged wild land in central Orange County and has already been set aside for permanent protection as open space.

The transfer would include:

- The creation of a new 2,096-acre Black Star Regional Park;
- The addition 8,471 acres more in Fremont/Gypsum Canyons Wilderness area;
- A 3,408-acre expansion of Irvine Regional Park;
- A 6,165 acres expansion for Limestone/Whiting Wilderness Park; and
- A 172-acre expansion of Laguna Coast Wilderness Park.

Q. Does the Environmental Coalition Steering Committee support this land transfer?

- A. The Environmental Coalition Steering Committee is monitoring this land transfer closely for several reasons:
1. To assure that current protections for the land and its habitat values stay in place – thereby assuring healthy sustainable natural lands;
 2. To assure OC Parks is adequately funded now and in the future to manage these sensitive lands without threatening needed operations and maintenance for the existing county park system.
 3. To assure that the public responsibility for stewardship is met through an oversight arrangement such as NROC or the Coastal Greenbelt Authority.

Q. Can any of this land be developed?

- A. No, it is already permanently protected as open space.

Q. Why is the land dedicated for open space?

- A. First, in return for development agreements to build on other property TIC voluntarily dedicated 8,500 of the 20,000 acres in 1996 to the Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP), based on state and federal law, in partnership with the County of Orange, This legal agreement, known as the Central and Coastal NCCP/HCP for Orange County already spells out the appropriate use and management of the land. The Nature Reserve of Orange County (NROC) was established in 1996 to manage and implement the conservation plan.

Second, in 2001, in exchange for tax benefits The Irvine Company dedicated and placed conservation easements on an additional 11,500 acres of open space near the

Central/Coastal NCCP/HCP including Fremont, Blind, and Baker Canyons along with Lomas de Santiago. While TIC maintained fee ownership of this land, the Company restricted the land's use and management by giving these easements to The Nature Conservancy (TNC). TIC provided funding to TNC, so that compliance with the Conservation Easements could be ensured.

Q. How has the land been managed since its dedication as open space?

- A. The NCCP lands have been protected by NROC under an Implementation Agreement negotiated for the NCCP/HCP. NROC was created in 1996 with a mission to ensure the persistence of the Reserve's natural communities, including the full spectrum of native plant and wildlife species, through the monitoring, study, and restoration of native habitats and natural processes.

The 11,500 acres has been overseen by TNC under an agreement with TIC based on funding and conservation easements.

TIC formed the Irvine Ranch Land Reserve Trust in 2005, which later changed its name to the Irvine Ranch Conservancy (IRC). In 2007, IRC took over management of the land to help care for the 50,000 acres of permanently protected wildlands and parks on the Historic Irvine Ranch. Its Board of Directors are Irvine Company executives. The IRC's mission is to contribute its resources, expertise and energy to achieve the best possible balance of preservation and public participation.

Q. Has there been access to the land for the public in the past?

- A. Yes, through free, scheduled, docent-guided events and hikes that balance recreational access with the important habitat values and wildlife on the land. The Conservation Easements and protections under NCCP designation dictate the management of the land in order to preserve ecological and habitat values. We have yet to see the County's plans, but access will still need to be guided by the existing legal agreements.

Q. Will the NROC, IRC, and TNC continue in their roles after this land transfer?

- A. NROC is the non-profit entity established to oversee implementation of the NCCP/HCP, and its role will remain the same after the transfer occurs.

Currently, OC Parks is proposing to retain IRC as a contractor to the County for land management services for one year and up to three years and beyond if desired.

TNC will continue to hold and enforce the Conservation Easements that have been established on 11,500 acres to be transferred.

Q. What has the IRC been doing with respect to the land while it is still under private (TIC) ownership?

- A. The IRC and TIC have maintained the infrastructure on the property such as roads and fences, provided security, conducted research necessary to protect the land and habitats, implemented programs for restoration and resiliency, and provided public access through docent-led programs.

Q. How will the land be managed if transferred to the OC Parks?

- A. The land will be incorporated into the County's Regional Park system. The transfer will be based on an agreement that includes a Resource Management Plan. OC Parks will absorb some of the roles currently held by IRC and TIC. For example, the first three years of ownership, OC Parks may contract with IRC for management and stewardship of the 11,500 acres. However, OC Parks will assume liability and responsibility for on-site infrastructure (trails, staging areas, etc.) and security costs (patrolling, fencing, etc.) in perpetuity.

Q. Will the uses of the property remain the same after the transfer?

- A. All uses must be consistent with either the 1996 NCCP/HCP agreement or the 2001 Conservation Easements, depending on the property in question. If created, a new consolidated Adaptive Management Plan for the whole of the 20,000 acres must be consistent with the pre-existing legal agreements.

Q. How can OC Parks afford to maintain and operate this significant increase in its acreage including costs of fire prevention and protection, roads, fences, buildings, utilities, etc.?

- A. *See OCPark's response to Assurance #1.*

Q. Has OC Parks prepared a new budget to show how the expense needs for this new land can be met?

- A. *Annual Costs for the first 3 years of management include the following:*
- *\$1,583,750 management agreement with Irvine Ranch Conservancy*
 - *\$80,000 vehicles (FY 10-11 only)*
 - *\$37,000 Services & Supplies*

Q. What are the special issues that OC Parks needs to take into consideration when accepting this land transfer?

- A. Special issues and needs associated with this land and which result in increased needs for personnel and funding include:
- The restoration of burned areas;
 - The continuation of ecological research and implementation of methods to decrease fire occurrences and retain resilience of the lands' biological resources;
- and

- The management of damaging activities in special habitat areas including misuse or overuse.

Q. How can the County accommodate these special issues and needs?

A. As part of the proposed land transfer TIC will establish a Mediterranean Climate Zone Studies program at UCI that will provide research and volunteer help with management of the property. This Mediterranean Climate Zone is a special ecosystem and among the most threatened in the world. This new program is expected to provide some of the needed research and monitoring that has been part of the IRC's role.

ANSWERS PROVIDED BY OC PARKS

Orange County conservation representatives asked OC Parks to provide needed assurances that would allow our group to support the transfer. Here are the answers that were provided:

- 1. Assurance that there is sufficient funding to maintain the conservation values including costs operations, management, infrastructure and security for the land – without draining funds needed for existing park system.**

Answers from OC Parks

- *Costs for first 3 years of land management (e.g. IRC management agreement, County costs) are included in FY 09-10 and proposed FY 10-11 budgets*
- *The Irvine Company has offered a \$4MM donation to support the County's ownership and management of the land. The Board will be requested to establish the following funds:*
 - *\$2.6MM Non-Wasting endowment to support operations and management*
 - *\$1.4MM Capital Fund for trail, staging area improvements*
- *The Nature Conservancy will provide a \$2MM endowment grant to the County for operations and management of the land. Combined with the Irvine Company gift, the County will have an endowment of equal size to that which remains with The Nature Conservancy (\$4.6MM)*
- *The County's regional park system operated by OC Parks is funded primarily (72%) by property tax - the most stable form of ongoing governmental revenue*
- *Salaries and employee benefits (S&EB) for OC Parks staff only represent 36% of total OC Parks revenues. Comparable counties S&EB percentages:*
 - *Santa Clara County: 50%*
 - *San Diego County: 49%*
- *OC Parks costs for Irvine Ranch Open Space land management is projected at \$81/acre which includes both the management agreement with Irvine Ranch Conservancy and OC Parks' own costs combined. Comparable costs for other OC Parks facilities are as follows:*

- *Historic facilities \$220,624/acre*
- *County beaches is \$22,327/acre*
- *Regional (turf) parks is \$7,700/acre*
- *Wilderness/camping parks \$325/acre*
- *Most major capital projects/upgrades for the system (ADA restrooms & playgrounds, sewer systems at Irvine & O'Neill) have already been completed in the last 10 years. Funding is available or forthcoming for those that remain.*
- *OC Parks proposed FY 10-11 budget and 5-year Strategic Financial Plan projection does not include the use of reserves to fund operational needs.*
- *OC Parks reserves are healthy and are as follows:*
 - *Operations Reserve: \$12MM (20% of S&B)*
 - *Emergency Reserve: \$8MM*
 - *Capital Reserve: \$16MM*
 - *Other (restricted) Reserves: \$2.5MM*

2. Assurance that conservation values are maintained as provided for in the conservation easements, NCCP/HCPs and other applicable legal agreements.

Answers from OC Parks

- *All land currently enrolled in the Natural Communities Conservation Plan/Habitat Conservation Plan for the Central Region will retain their enrollment and designation as "Reserve" lands following transfer of fee ownership to the County of Orange. Removal of these lands from the Reserve would require Resource Agency (USFWS, CA DFG) concurrence and a unanimous vote of the Nature Reserve of Orange County's Board of Directors for a Major Amendment to the NCCP/HCP Implementation Agreement. This ensures that the provisions of NCCP/HCP will continue to apply to these lands.*
- *All land currently encumbered by conservation easements in favor of The Nature Conservancy will remain encumbered by those easements in perpetuity. Those provisions will continue to apply as they do now, and TNC has the ability and the financial resources to monitor and enforce compliance (\$4.6MM Easement Compliance Fund).*

3. Assurance that science-based state-of-the-art management plans are in place to maintain conservation values.

Answers from OC Parks

- *The County of Orange has required and the Irvine Company will be providing a grant to the University of California, Irvine Center for Environmental Biology for research in "providing the scientific foundation for long-term conservation stewardship of ecosystems within Mediterranean climate zones." Such state-of-the-art research, done locally on the Irvine Ranch Open Space lands will be used in the ongoing management of the lands by the County and its partners.*

- *The County Board of Supervisors will direct OC Parks to develop an Adaptive Management Plan for implementation on the land. The Adaptive Management Plan will synthesize the elements of each of the Resource Plans for each of the TNC easement areas along with the Recreation and Resource Management Plan that has been prepared for the NCCP lands and it will be consistent with those plans. The County will retain one of the world's leading experts in conservation biology and NCCP, Dr. Reed Noss of University of Central Florida to lead this effort.*
- 4. Assurance that independent oversight is in place (e.g. organizations like the Nature Reserve of Orange County (NROC) and The Coastal Greenbelt Authority).**

Answers from OC Parks

- *Approximately half of the 20,120 acres is currently already enrolled in the Natural Communities Conservation Plan/Habitat Conservation Plan Central Sub-Region. Coordination among landowners within the NCCP/HCP is already occurring and will continue under the oversight of the Nature Reserve of Orange County Board of Directors, upon which the County retains a seat.*
- *The Coastal Greenbelt Authority is not chartered as an independent oversight board for land management. It is a board-established Committee responsible for the following:*
 - *“Produce master plan for facilities and resource management for parks in accordance with Laguna Laurel Option Agreement. Monitor park operations to insure consistency with adopted facilities and management plan. Foster volunteer assistance for activities within the regional parks. Assist in obtaining financial resources through grants or donations for future acquisition of property, facilities and operations of Regional Parks. Recommend to BOS and City Councils ownership interests and parcels to be added to park.”*
- *Oversight of public property owned by the County of Orange ultimately vests in the Orange County Board of Supervisors, which has fiduciary and policy responsibility and accountability to the public for the management of these lands. The Board is assisted in these efforts by the Orange County Parks Commission, which provides an additional layer of independent public oversight. The OC Parks Commission is made up of appointees of each Board member, as well as two (2) representatives of Orange County cities.*
- *The County's Park Abandonment Ordinance provides a level of public protection and oversight that currently does not apply to the land. By placing County Park deed restrictions on the land, it will be protected by the ordinance which provides that voters may have the ultimate say in any transfer of ownership or abandonment of “park” or “open space” purpose on the land.*

ACRONYMS AND DEFINITIONS

Acronyms used in this FAQ document include:

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| IRC | Irvine Ranch Conservancy |
| NCCP | Natural Community Conservation Planning |
| HCP | Habitat Conservation Plan |
| PAR | Property Analysis Record |
| TIC | The Irvine Company |
| TNC | The Nature Conservancy |

Definitions of some of the terminology is outlined below:

Conservation Easements: “A legal agreement between a landowner and a qualified organization that restricts future activities on the land to protect its conservation values.” (Land Trust Alliance, 2006. The Land Trust Standards and Practices Guidebook: An Operating Manual for Land Trusts, p. G-1)

Habitat Conservation Plan (HCP): Habitat Conservation Plans (HCPs) under section 10(a)(1)(B) of the Act provide for partnerships with non-Federal parties to conserve the ecosystems upon which listed species depend, ultimately contributing to their recovery.

HCPs are planning documents required as part of an application for an incidental take permit. They describe the anticipated effects of the proposed taking; how those impacts will be minimized, or mitigated; and how the HCP is to be funded.

HCPs can apply to both listed and non-listed species, including those that are candidates or have been proposed for listing. Conserving species before they are in danger of extinction or are likely to become so can also provide early benefits and prevent the need for listing. (U.S. Fish and Wildlife Service, July 2009. Habitat Conservation Plans Under the Endangered Species Act, <http://www.fws.gov/endangered/factsheets/hcp.pdf>).

Natural Community Conservation Planning (NCCP): “The Natural Community Conservation Planning (NCCP) program of the Department of Fish and Game is an unprecedented effort by the State of California, and numerous private and public partners, that takes a broad-based ecosystem approach to planning for the protection and perpetuation of biological diversity. An NCCP identifies and provides for the regional or areawide protection of plants, animals, and their habitats, while allowing compatible and appropriate economic activity.

The NCCP program is a cooperative effort to protect habitats and species. The program, which began in 1991 under the State's Natural Community Conservation Planning Act, is broader in its orientation and objectives than the California and Federal Endangered Species Acts. These laws are designed to identify and protect individual species that have already declined in number significantly.

The primary objective of the NCCP program is to conserve natural communities at the ecosystem level while accommodating compatible land use. The program seeks to anticipate and prevent the controversies and gridlock caused by species' listings by focusing on the long-term stability of wildlife and plant communities and including key interests in the process.” (Department of Fish and Game, 2010. <http://www.dfg.ca.gov/habcon/nccp/>)

Property Analysis Record (PAR): “The PAR is a computerized database methodology that is extremely effective in helping land managers calculate the costs of land management for a specific project. The PAR helps analyze the characteristics and needs of the property from which management requirements are derived. It helps pinpoint management tasks and estimates their costs as well as the necessary administrative costs to provide the full cost of managing any property. The PAR generates a concise report which serves as a well-substantiated basis for long-term funding including endowments, special district fees, and other sources.” (Center for Natural Lands Management, 2010. http://www.cnlm.org/cms/index.php?option=com_content&task=view&id=21&Itemid=155)

Title: “Evidence of legal ownership to property. Title is transferred by deed.” (Land Trust Alliance, 2006. The Land Trust Standards and Practices Guidebook: An Operating Manual for Land Trusts, p. G-6).