



AGENDA

Environmental Oversight Committee

Committee Members

Lori Donchak, Chairman
Melanie Schlotterbeck, Vice Chairman
Charles Baker, Caltrans District 12
Lisa Bartlett, OCTA Board of Directors
Veronica Li, US Army Corps of Engineers
Dr. David Chapel, Brandman University
Philip La Puma, PE, OCTA TOC
David Mayer, CA Dept. of Fish & Wildlife
Derek McGregor, DMc Engineering
Dan Silver, Endangered Habitats League
Jonathan Snyder, US Fish & Wildlife Service
John Walsh, CA Wildlife Conservation Board

Orange County Transportation Authority
600 South Main Street, Room 154
Orange, California
March 4, 2015 at 2:30 p.m.

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of February 4, 2015 Minutes**
- 4. Environmental Mitigation Program Long-term Funding Strategy**
Recommendations
Dan Phu, OCTA
Monte Ward, OCTA Consultant

Recommendations

- A. Endorse the Guiding Principles to meet Measure M2 obligations; maintain an inclusive process; and allocate remaining revenues to off-set environmental impacts from future state highway improvement projects.*
- B. Endorse the Long-Term Funding Strategy to establish overall priorities and a timetable for future spending recommendations.*
- C. Endorse the expenditure options list derived from the Environmental Oversight Committee analysis.*
- D. Direct staff and the EOC to identify candidate projects and programs in accordance with the Long-Term Funding Strategy.*

Public Comments: The Agenda descriptions are intended to give notice to members of the public of a general summary of items of business to be transacted or discussed. Members from the public wishing to address the Committee will be recognized by the Chairman at the time the Agenda item is to be considered. A speaker's comments shall be limited to three (3) minutes. Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA at (714) 560-5725, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.



AGENDA

Environmental Oversight Committee

5. Conservation Plan comments and Resource Management Plans update

Marissa Espino, OCTA

Lesley Hill, OCTA

Public release of the draft Conservation Plan and environmental document concluded on Feb. 6th. All comments received will be included in the final Conservation Plan along with a response to those comments. Comments received on the draft Conservation Plan are related to: support for the conservation efforts, trails and public access, input on the wetlands permitting process, and scientific assumptions of the Plan.

Release of Resource Management Plans for public review is anticipated during Spring 2015 to address Preserve specific management needs (including public access). Given the amount of specific comments pertaining to public access on the Conservation Plan as well as the involvement of the Corps, staff is seeking guidance on how best to proceed with the RMPs.

6. Environmental Oversight Committee Matters

Marissa Espino, OCTA

At the February EOC meeting, Chair Donchak noted the OCTA Executive Committee requested that all OCTA Board Committee Meeting Minutes be modified to an Action Item format and asked staff to research whether the minutes should be in an action item format versus traditional EOC minutes format. The pros and cons are presented for discussion.

7. Public Comments

8. Committee Member Reports

9. Next Meeting – TBD

10. Closed Session

Pursuant to Government Code Section 54956.8 to discuss the price and terms of payment for the acquisition of the following real properties.

Public Comments: The Agenda descriptions are intended to give notice to members of the public of a general summary of items of business to be transacted or discussed. Members from the public wishing to address the Committee will be recognized by the Chairman at the time the Agenda item is to be considered. A speaker's comments shall be limited to three (3) minutes. Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA at (714) 560-5725, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.



AGENDA

Environmental Oversight Committee

The negotiator for OCTA is Dan Phu. The negotiators for the real properties are as specified.

| <u>Real Property</u> | <u>Geographic Area</u> | <u>Assessor's Parcel Number</u> | <u>Owner's Negotiator</u> | <u>Acreage</u> |
|------------------------------|-------------------------------|---|----------------------------------|-----------------------|
| Aliso Canyon | Coastal | 056-240-66 | John Mansour | 150 |
| Irvine Mesa Corridor | Cleveland Nat'l | 105-060-02, 105-060-09, 105-060-19, 105-051-36, 876-011-02, 876-011-03, 876-011-19, 876-011-07, 876-011-08, 876-011-11, 876-011-18, 105-051-18, 876-021-15, 876-021-04, 876-021-05, 105-051-33, 105-051-21, 105-051-57, 105-201-12, 105-201-11 | David Myers | 670 |
| Mitchell Properties West | Trabuco | 842-081-12 | Steven U. Parker | 101.7 |
| Saddleback Meadows | Trabuco | 856-071-01/09, 856-072-01/51, 856-073-01/58, 856-074-01/45; 856-075-01/57, 856-081-01/11, 856-082-01/44, 856-083-01/46, 856-084-01/37, 856-085-01/41, 856-086-01/37, 856-091-02/11, 856-092-01/42, 856-093-01/25, 856-094-01/34, 856-095-01/62, 856-096-01/57, 856-097-01/34, 856-098-01/37 | William Fleissig | 222 |
| Sky Ranch | Trabuco | 842-021-4, 05, 07, 08 and 842-031-04, 05, 08, 09 | TBD | 526.9 |
| Takahashi (Baker Square LLC) | Cleveland Nat'l Forest | 105-051-12 | Carl Reinhart | 643 |
| Watson | Trabuco | 858-021-10, 11 | TBD | 98.3 |

11. Adjournment

Public Comments: The Agenda descriptions are intended to give notice to members of the public of a general summary of items of business to be transacted or discussed. Members from the public wishing to address the Committee will be recognized by the Chairman at the time the Agenda item is to be considered. A speaker's comments shall be limited to three (3) minutes. Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA at (714) 560-5725, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Measure M2 Environmental Oversight Committee

**February 4, 2015
Meeting Minutes**

Committee Members Present:

Chair Lori Donchak, OCTA Board of Directors
Vice-Chair Melanie Schlotterbeck, Measure M Support Groups
Lisa Bartlett, OCTA Board of Directors
Charles Baker for Sylvia Vega, Caltrans
Dr. David Chapel, Brandman University
Veronica Li, US Army Corps of Engineers
Derek McGregor, Public Member
Philip La Puma, Measure M2 Taxpayers Oversight Committee
Dan Silver, Endangered Habitats League
Jonathan Snyder, US Fish and Wildlife Service
John Walsh, California Wildlife Conservation Board

Committee Member(s) Absent:

David Mayer, CA Department of Fish and Wildlife

Orange County Transportation Authority Staff Present:

Kirk Avila, OCTA Treasurer
Marissa Espino, Senior Strategic Communications Specialist
Lesley Hill, Strategic Planning Project Manager
Janice Kadlec, Public Reporter
Dan Phu, Environmental Programs Manager
Monte Ward, OCTA Consultant

Guests

Rich Gomez
Helen Higgins
Gloria Sefton

1. Welcome

Chair Lori Donchak called the Environmental Oversight Committee (EOC) meeting to order at 10:00 a.m.

2. Approval of the January 7, 2015 Minutes

Chair Lori Donchak asked if there were any additions or corrections to the January 7, 2015 EOC meeting minutes. A motion was made by Melanie Schlotterbeck, seconded by Jonathan Snyder, and passed unanimously to approve the January 7, 2015 EOC meeting minutes as presented.

3. Environmental Mitigation Program (EMP) Long-term Funding Strategy

Dan Phu gave a brief background on the materials presented by the Ad-Hoc Working Group which was formed to discuss the potential use of the unallocated EMP funds.

Monte Ward further elaborated on the following documents:

- A synopsis of information in the packet of materials
- A map showing the Acquired Properties and the Funded Restoration Projects
- An excerpt of the Measure M Ordinance that pertains to the EMP
- A chart that shows cash flows for the EMP
- A set of guiding principles created by the EOC Ad-Hoc subcommittee
- A heat map scoring potential options for use of the unallocated funds

Kirk Avila reviewed the charts titled M2 Freeway Mitigation Fund (5%) Ending Cash Balance. The charts present the ending cash balance for the mitigation program on an annual basis for various financing scenarios. The baseline scenario of no additional debt is compared to the ending cash balance for additional debt issued in FY 2017, FY 2018, FY 2019, and FY 2020. The additional debt issuances are all independent of each other (meaning that debt issuances can only be issued in one of the scenarios, not all). Kirk Avila stated that the mitigation program could finance a larger amount of funds after the completion of the endowment deposits since the capacity of the program would be greater.

Chair Lori Donchak asked how the amount of cushion was arrived at. Was there policy directing this? Kirk Avila said they usually look at a working capital balance of 180 days. However for this program, given the sensitivity of the sales tax amount received on an annual basis, staff felt that the amount of \$3.5 to \$4 million would give enough of a cushion to address any declines in the revenues.

Chair Lori Donchak asked what would happen if they went negative. Kirk Avila said the EMP is one program of the whole Measure M2 programs. They look at each program independently and the EMP has the same assumptions for debt as the others do. If this program went down into a negative balance they would need to borrow internally from other M2 programs for a period of time. Monte Ward added that if that situation arose, a reduction in the annual endowment deposits could be made providing an additional cushion.

Dan Silver asked where on the EMP cash flow graph it shows there is an additional amount of money to spend if they choose to do so. Kirk Avila said an assumption is made of the additional amount of money coming in and then going out at the same time. Monte Ward said this is the same for the endowment fund; it does not show in the cash flow chart.

Dan Silver asked if the decision is made to borrow money in 2017 when would be the earliest they needed to seek OCTA Board authorization. Kirk Avila said from a financing aspect, it would be four to six months but they like to combine financing efforts together with other financings within OCTA and save the additional expenses. Monte Ward said if this is built into a process for an acquisition there would need to be seven to nine months to have the money available to start the process. Dan Silver said in conclusion if a decision is made to borrow in 2017 they would need to start the process one year from now. Monte Ward said yes.

Philip La Puma asked if there were any other reasons the EOC would need to borrow money. Monte Ward said it might or might not make sense to borrow for capital improvements such as "fire hardening" on the roadways.

Philip La Puma asked if there are any limitations in the Measure M Plan of what can be borrowed for. Monte Ward said there are limitations between M2 and the Ordinance. It would be a policy issue beyond the EMP. Monte Ward said the limitations are what can be borrowed for and what can be borrowed in terms of a public agency.

Philip La Puma asked if the borrowing that may occur was the result of inadequate revenues. Monte Ward said no. The fundamental thing that needs to be done under M2 is the OCTA Board needs to make a determination that there is no other feasible way to accomplish the task/project without advancing the funds. For example, for a freeway improvement project, it is not feasible to wait for 20 years to save the money up because the cost of the project would go up. Similarly, acquiring properties for this program would not be feasible waiting for 20 years. However, the borrowing for acquisitions is not because of inadequate revenues, it is being done because of timing issues.

Melanie Schlotterbeck asked if they make a decision one year from now to purchase or restore properties, she would assume there would be another call for projects to add to the list of properties left over from the previous call for projects.

Monte Ward said there are also priorities beyond what is plugged into the cash flow. For example, OCTA has an obligation to Caltrans for mitigations done before the current program was up and running.

Melanie Schlotterbeck reviewed and summarized the Environmental Mitigation Program Guiding Principles. Dan Phu and Monte Ward summarized the Heat Map scoring potential options for use of the unallocated funds. Monte Ward also reviewed the Outline of Long-Term Funding Strategy for Freeway Mitigation Program.

Jonathan Snyder suggested the timeline should be increased in Item Six of the Outline of Long-Term Funding Strategy for Freeway Mitigation Program. The timeline

ends in 2020 and he does not think this should be the case. There could be pool of credit forming as late as 2027.

Melanie Schlotterbeck said number Seven of the same document sets the borrowing capacity starting at 2016. Earlier they were talking about borrowing capacity starting in 2017. Monty Ward said if the bonding starts in 2017 the advance work needs to start in 2016. Melanie Schlotterbeck asked if the borrowing capacity should go to 2027 when M2 ends. Monte Ward said yes.

Dr. David Chapel asked if the Timetable items are listed according to importance. Monte Ward said the first four are existing commitments and the last three have to do with are future commitments that might be made.

Dan Silver asked for clarification on number Four. Monte Ward said Caltrans paid for mitigation for previous M2 projects and OCTA needs to either pay Caltrans back or give them credit in the future.

4. NCCP/HCP and DEIR/EIS Update

Marissa Espino gave a NCCP/HCP and DEIR/EIS Update.

5. Public Comment

Rich Gomez from the ETI Corral #357 and member of the environment coalition that supported the renewed Measure M2. He spoke in favor of Alternative 2 of the NCCP/HCP and DEIR/EIS. His comments had to do with the preserves and future management of the acquired properties. There have been incidents of trespassing and illegal trail cutting on the OCTA Preserves and neighboring properties. There are opportunities in both the Conservation Plan and the Resource Management Plan that clarify the recreation components on the Preserves. The only legal trails are those operated by OCTA. Signage is critically important. Signage should be incorporated on all trails and all junctions. Retired trails should have signage indicating they are no longer available for use. Speed limits, appropriate user groups, including hikers, mountain bikers, and equestrians, as well as days and hours of operation are the kind of information to keep the public informed once the Preserves are open for managed access. Since OCTA has had incidents with the Preserves, they recommend a sliding scale of fines for repeat offenders violating the rules. OCTA might consider banning repeat offenders from the use of the Preserves in a published and specific penalty structure.

Gloria Sefton from the Saddleback Canyon Conservancy spoke in favor of Alternative 4 of the NCCP/HCP and DEIR/EIS. Ms. Sefton gave some insight into the biological threats to Oak Trees in Trabuco Canyon, Live Oak Canyon, and Orange County in general. OC Parks is actively investigating this infestation on Live Oak Canyon Road. A third threat to Oak Trees was found in Weir Canyon. Means to eradicate these pests should be incorporated into the approach for adaptive management and where needed, into the Resource Management Plans.

Fire is an ever evolving science especially in Southern California. OCTA may want to provide further clarifications to its “changed circumstances” related to fire. The document defines this as three fires in a fifty year period. The Coalition suggests quantifying this for better understanding. OCTA should take into consideration the size of the fire, the intensity of the fire, and the acres burned. Also the term of “urban wildland interface” is potentially confusing. They prefer the Cal Fire term “wildland urban interface”.

Wildlife connectivity and fragmentation effects have already occurred due to the covered freeway projects. Habitat connectivity is no longer an issue. However freeway capacity expansion through the addition of lanes could affect wildlife corridors. We suggest that language be incorporated into the Conservation Plan that aligns with the language in Ordinance 3 about wildlife corridors.

Helen Higgins from Friends of Coyote Hills: Friends of Coyote Hills was especially interested in the section on management activities in the NCCP/HCP and DEIR/EIS. There were two items that surprised them in these documents. As most people are aware, of most of the fires in Southern California are human caused. In fact, since so many fires are starting, it has changed the natural fire regime significantly. Instead of having fires starting every thirty to one-hundred fifty years we are now seeing fires start in our wildlands every twelve to eighteen months. So when they read that grazing and prescribed burns may be used for management activities they were alarmed. One prescribed burn in the Cleveland Natural Forest literally went underground. Called a sleeper fire, it reignited after almost one month of inactivity. Prescribed burns are not recommended or used in their region.

Grazing is another concern of the Friends of Coyote Hills. Should OCTA use this as a vegetation management tool a Grazing Management Plan should be included and reviewed through a transparent process. One of the outcomes of goats grazing the Laguna Beach hill sides is they bring their own fertilizer package with them and deposit seeds from other grazing opportunities, and deposit them as they move around the hills. This causes new invasive plant material to be deposited on the new bare slopes. Furthermore the goats do not discriminate – they eat anything, including sensitive plant species.

As details emerge about the future endowment plans and the endowment holders, they ask OCTA to think about how species monitoring and other species management activities will be appropriately timed over the life of the plan. This is so that excessive and unnecessary costs are not mandated for the preserves, especially in the next ten to fifteen years.

The coalition supports Alternative 2 and offered their continued assistance in moving the environmental mitigation program forward.

6. Committee Member Reports

Veronica Li said OCTA has submitted an application which is incomplete for now but will be issuing a public notice once the application is complete for the establishment of Letter of Permission procedures which will address the Corps process for permitting the M2 freeway impacts and the corresponding mitigation.

Chair Lori Donchak reported there have been requests to move the EOC meeting times. Marissa Espino will be sending out a poll to the EOC Members to get their opinions on new meeting times.

Chair Lori Donchak said the OCTA Executive Committee had a request to move all Board Committee Meeting Minutes to an Action Item format. She asked staff to take a look at this and get back to the EOC with the pros and cons of doing this.

7. Next Meeting – TBD

The next EOC meeting will be determined at a later date.

8. Closed Session

The EOC adjourned to Closed Session at 11:15 a.m. and ended at 12:00 p.m. with no public report.

Pursuant to Government Code Section 54956.8 the EOC adjourned to discuss the price and terms of payment for the acquisition of the following real properties.

The negotiator for OCTA is Dan Phu. The negotiators for the real properties are as specified.

| <u>Real Property</u> | <u>Geographic Area</u> | <u>Assessor's Parcel Number</u> | <u>Owner's Negotiator</u> | <u>Acreage</u> |
|--------------------------|------------------------|--|---------------------------|----------------|
| Aliso Canyon | Coastal | 056-240-66 | John Mansour | 150 |
| Ferber Ranch | Trabuco | 842-011-04, 842-041-04, 842-051-04 | Tim Jones | 399 |
| Irvine Mesa Corridor | Cleveland Nat'l | 105-060-02, 105-060-09, 105-060-19, 105-051-36, 876-011-02, 876-011-03, 876-011-19, 876-011-07, 876-011-08, 876-011-11, 876-011-18, 105-051-18, 876-021-15, 876-021-04, 876-021-05, 105-051-33, 105-051-21, 105-051-57, 105-201-12, 105-201-11 | David Myers | 670 |
| St. Michael's Abbey | Cleveland Nat'l Forest | 876-034-01, 876-041-01, 105-051-83, 105-051-84, 105-051-85, 105-070-93 | Michael Recupero | 327.9 |
| Mitchell Properties West | Trabuco | 842-081-12 | Steven U. Parker | 101.7 |

| <u>Real Property</u> | <u>Geographic Area</u> | <u>Assessor's Parcel Number</u> | <u>Owner's Negotiator</u> | <u>Acreage</u> |
|-------------------------------------|-------------------------------|---|----------------------------------|-----------------------|
| Saddleback Meadows | Trabuco | 856-071-01/09, 856-072-01/51, 856-073-01/58, 856-074-01/45; 856-075-01/57, 856-081-01/11, 856-082-01/44, 856-083-01/46, 856-084-01/37, 856-085-01/41, 856-086-01/37, 856-091-02/11, 856-092-01/42, 856-093-01/25, 856-094-01/34, 856-095-01/62, 856-096-01/57, 856-097-01/34, 856-098-01/37 | William Fleissig | 222 |
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| Watson | Trabuco | 858-021-10, 11 | TBD | 98.3 |

Environmental Mitigation Program

Long-Term Funding Strategy Summary

Overview

The Environmental Oversight Committee (EOC) has examined potential options for the use of remaining Measure M2 (M2) Environmental Mitigation Program (EMP) revenues to off-set environmental impacts from future state highway improvement projects. This includes the development of Guiding Principles and a Long-Term Funding Strategy to establish a framework for potential expenditures. Recommendations are presented for the EOC to consider.

Recommendations

- A. Endorse the Guiding Principles to meet Measure M2 obligations; maintain an inclusive process; and allocate remaining revenues to off-set environmental impacts from future state highway improvement projects.
- B. Endorse the Long-Term Funding Strategy to establish overall priorities and a timetable for future spending recommendations.
- C. Endorse the expenditures options list derived from the Environmental Oversight Committee analysis.
- D. Direct staff and the EOC to identify candidate projects and programs in accordance with the Long-Term Funding Strategy.

Background

The Orange County Transportation Authority's (OCTA) EMP provides for allocation of at least five percent of the total M2 freeway program budget for comprehensive environmental mitigation for impacts resulting from the freeway improvements. The EMP was approved by Orange County voters under the M2 half-cent sales tax for transportation improvements in November 2006.

In August 2007, the OCTA Board of Directors (Board) approved a five-year M2 Early Action Plan, covering the years 2007 to 2012, to advance the implementation of key M2 projects, including the EMP. In November 2009, the Board approved master and planning agreements to establish a process, roles, responsibilities, and commitments for the preparation of a Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP or Plan), along with a Draft Environmental Impact Report/ Environmental Impact Statement. In mid-2010, the Board approved the initiation of the NCCP/HCP planning process. Pursuant to the M2 Ordinance, the EMP was implemented under the master and planning agreements between OCTA, the California Department of Transportation (Caltrans), the California Department of Fish and Wildlife, and United States Fish and Wildlife Service (collectively referred to as resources agencies).

As part of the Early Action Plan, approximately \$80 million was estimated to be available for the EMP. Due to the declining economy, available funding was adjusted to approximately \$55 million. This allocation was to be used for property acquisitions, habitat restoration, land management, and support of the program. Support of the program included the preparation of the Plan and technical consultant support.

Environmental Mitigation Program

Long-Term Funding Strategy Summary

The Board also set an allocation goal of 80 percent of funds for acquisition and 20 percent for restoration projects over the life of the EMP. Hence, approximately \$42 million and \$10.5 million were available for acquisitions and restoration projects, respectively. The remaining \$2.5 million was set aside for technical support. The acquired lands and funded restoration projects are incorporated into the NCCP/HCP as part of OCTA's mitigation commitment.

To date, six properties have been acquired, totaling approximately 1,150 acres. These properties include Hayashi (296 acres), Saddle Creek South (83.7 acres), Ferber Ranch (399 acres), O'Neill Oaks (119 acres), Hafen (47.9 acres), and MacPherson (203.6 acres). These properties have similar habitat types to those potentially impacted by the M2 freeway projects. Expenditures for property acquisitions are inclusive of setting aside costs for interim as well as long-term land management/maintenance. The funding mechanism for long-term land management and maintenance will be established through an endowment. In October 2014, the OCTA Board approved a \$34.5 million target as the framework for the endowment. Approximately \$4.5 million remains from the \$42 million for property acquisitions.

OCTA has funded two rounds of restoration projects (11 projects) totaling approximately \$10 million. The 11 funded restoration projects, encompassing approximately 400 acres, are located in various parts of the County and were prioritized based on their habitat value that off-sets impacts resulting from the M2 freeway projects. See Exhibit 1 for a map of the acquisition properties and funded restoration projects.

Going forward, some of the major tasks needed to fulfill the commitments of the NCCP/HCP will include:

- Placing a conservation easement or deed restriction on the aforementioned acquired properties
- Seeking appropriate long-term land managers for the acquired properties
- Determining potential entities to transfer the title of the acquired properties
- Establishing endowment(s) to pay for long-term land management and monitoring
- Revisiting the established endowment(s)
- Completing the funded restoration projects
- Completing acquisitions and funding new restoration projects to satisfy any additional mitigation requirements as set forth in the NCCP/HCP
- Performing annual and periodic biological monitoring and reporting of the acquired properties

Discussion

On January 7 and February 4, 2015, staff presented and discussed with the EOC the ongoing effort related to the development of a framework to allocate future EMP funds. Since July 2014, a number of meetings related to the guiding principles have been held with a subset (Ad Hoc Working Group) of the Environmental Oversight Committee (EOC) to discuss the potential use of the unallocated EMP funds. These included a process to determine if the use of the future funds complies with the M2 Ordinance No. 3 (as amended November 9, 2012 and November 25, 2013); consideration of potential future freeway improvements not currently part of M2; and an evaluation of future funding and financing capacity.

Environmental Mitigation Program

Long-Term Funding Strategy Summary

To follow up on the draft Guiding Principles, additional information has been provided to fully evaluate options for the EMP going forward. Draft scores and the ranking of potential expenditures were presented for discussion. This information will be used to support and craft a set of recommendations for the EOC to consider.

Preliminary results of the Ad Hoc Working Group were presented at the January and February EOC meetings. The EOC members have scored the potential options for unallocated future funds. Average scores for the EOC were provided for discussion. Below is a summary of the materials that have been presented to the EOC for discussion:

1. Attachment A: Orange County Local Transportation Authority Ordinance No. 3

- The M2 Ordinance No. 3 outlines the allocation of funds (at least 5% of the Net Revenues allocated for Freeway Projects shall fund Programmatic Mitigation for Freeway Projects); creation of the EOC and its structure; and execution of a Master Agreement with the resources agencies related to the EMP.

2. Attachment B: M2 Freeway Mitigation Fund (5%) Ending Cash Balance

- The top graph shows the ending cash balance for the EMP through 2041. These balances take into account the transfer of funds to the endowment fund from fiscal year (FY) 2016 through FY 2027 and the transfer of annual mitigation costs to the endowment fund in FY 2028. Each line represents a different scenario which includes no additional debt (pay as you go) and potential debt issuances in the FYs listed (can only occur in one of the listed years). The bottom graph shows the same information, except it is at a finer scale at the vertical axis with the available funds.

3. Attachment C: Guiding Principles

- Sets the framework that outlines the established, inclusive process with the appropriate stakeholders while meeting M2 obligations for future EMP revenues.

4. Attachment D: Outline of Long-Term Funding Strategy for Freeway Mitigation Program

- This attachment captures the major milestones and associated timeframes for the EMP. A brief explanation for each item is presented below:
 - i. Completion of Plan commitments for acquisition and restoration: this commitment satisfies the permitting process with the resources agencies. The Plan off-sets anticipated freeway project impacts to state and federally listed threatened and endangered species.
 - ii. Endowment establishment and funding per Board direction: as part of the Plan commitment, a funding mechanism is required to ensure that acquired properties are integrated into the Plan and are maintained at a level that protects the habitat and species in perpetuity. In October 2014, the OCTA Board approved a \$34.5 million target as the framework for the endowment. The next steps will involve development of appropriate investment parameters, reporting, and accounting standards. This process will be vetted through the EOC and the Finance and Administration Committee with approval from the Board.
 - iii. Completion of negotiations with Army Corps of Engineers and State Water Resources Control Board and allocate funding to meet regulatory permit

Environmental Mitigation Program

Long-Term Funding Strategy Summary

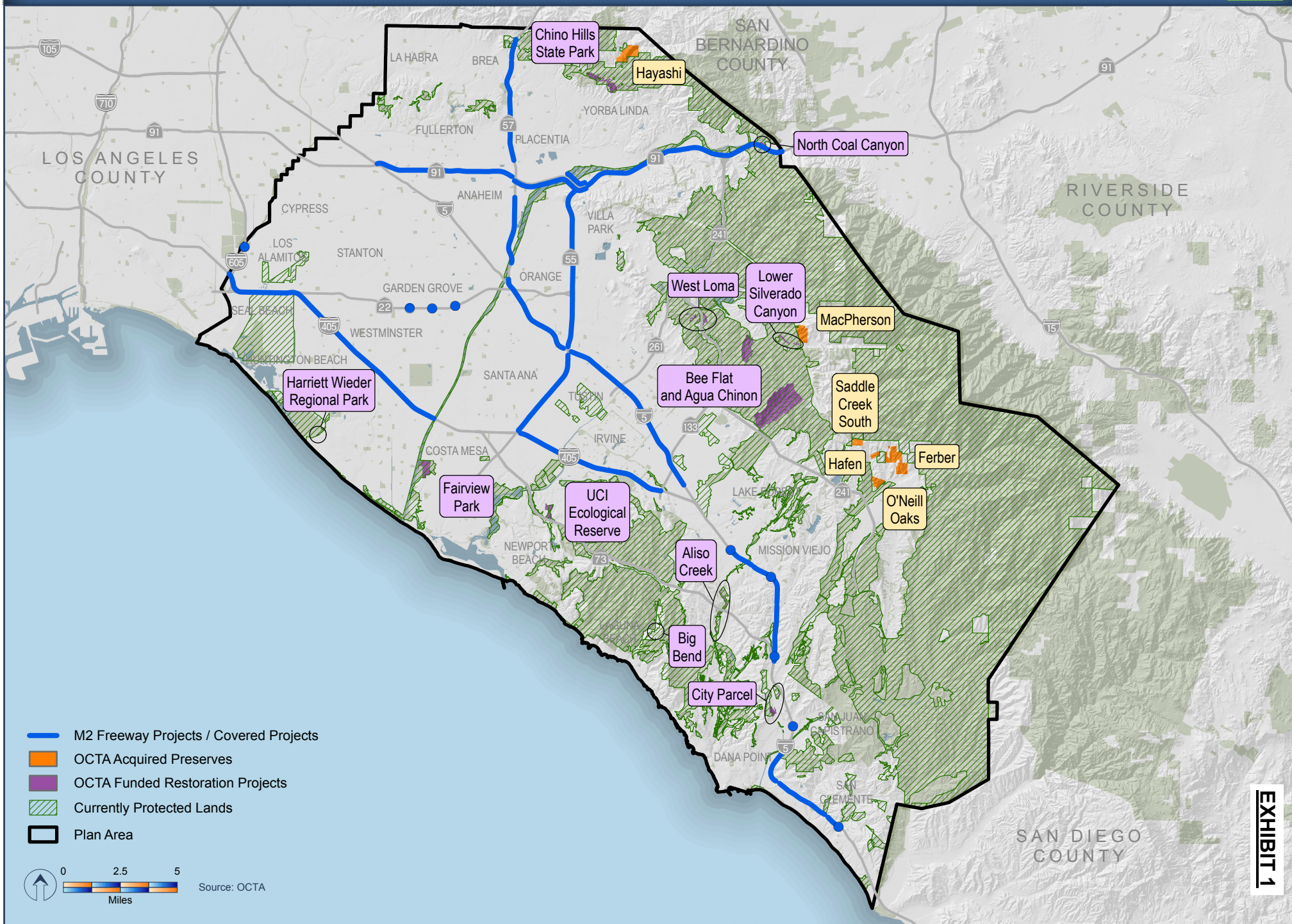
- requirements: this is a parallel but equally important process to the Plan development that is necessary for potential impacts to waterways.
- iv. Provide credits to Caltrans for M2 project specific mitigations funded by them prior to NCCP/HCP commitment, as well as project specific impacts that could not feasibly be covered by the Plan: this process is part of the Plan requirements whereby mitigation committed prior to Plan approval needs to be reported.
 - v. Allocation of all remaining Freeway Mitigation funds according to the EOC recommended funding principles, to be approved by the Board: this sets the framework for allocation of future revenues for the EMP in accordance to the M2 Ordinance.
 - vi. Creation of a mitigation bank to cover mitigation needs for reasonably anticipated state highway improvements in Orange County that are similar in scope and impacts to the M2 freeway projects: this process sets the framework to off-set environmental impacts for future highway projects that are not currently part of the M2 freeway program.
 - vii. Consider the strategic value of advancing funds through borrowing if acquisition or other time sensitive mitigation opportunities arise: if OCTA should decide that bonding against future revenues is an appropriate approach, this option would provide funds needed to off-set project impacts.

5. Attachment E: Heat Map with Recommended Expenditure Options

- This Heat Map contains a subset of the potential options which had a score of “2” and above for the overall ranking for each category. This list of candidate projects and programs will be used as a basis for consideration of future revenues for the EMP.
- If endorsed by the EOC and approved by the Board, staff and the EOC will identify candidate projects and programs in accordance with the Long-Term Funding Strategy.

6. Attachment F: Heat Map

- The vertical axis shows the options related to the use and potential use of EMP funds. These include the existing approach (current mitigation), a broader definition which could be the result of environmental issues that were not prevalent at the time M2 was approved, and redirection of the EMP funds for different purposes. The horizontal axis shows: consistency with M2 Ordinance (M2 Consistency), Freeway Benefit, and Environmental Benefit. There are four scoring options (3=Yes/High, 2=Maybe/Med, 1=Unlikely/Low, 0=No/None).
- The EOC scored the various options against potential consistency or fit within each of the horizontal categories. At the request of the Ad Hoc Working Group, OCTA staff complete the same exercise since staff has a working knowledge of the EMP.
- A heat map of the preliminary results of the EOC was presented at the February 4, 2015 EOC meeting.
- The EOC members have completed this exercise and the average scores are presented for discussion.



ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

ORDINANCE NO. 3

JULY 24, 2006

AMENDED:

November 9, 2012

November 25, 2013

Orange County Local Transportation Authority
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584
Tel: (714) 560-6282

County of Orange, in cooperation with local jurisdictions, or by another public entity with appropriate legal authority, for the management of water run-off related to existing or new transportation projects.

II. REQUIREMENTS.

The Authority may allocate Net Revenues to the State of California, an Eligible Jurisdiction, or the Authority for any project, program or purpose as authorized by the Ordinance, and the allocation of Net Revenues by the Authority shall be subject to the following requirements:

A. Freeway Projects

1. The Authority shall make every effort to maximize state and federal funding for Freeway Projects. No Net Revenues shall be allocated in any year to any Freeway Project if the Authority has made findings at a public meeting that the state or the federal government has reduced any allocations of state funds or federal funds to the Authority as the result of the addition of any Net Revenues.

2. All Freeway Projects funded with Net Revenues, including project development and overall project management, shall be a joint responsibility of Caltrans, the Authority, and the affected jurisdiction(s). All major approval actions, including the project concept, the project location, and any subsequent change in project scope shall be jointly agreed upon by Caltrans, the Authority, and the project sponsors, and where appropriate, by the Federal Highway Administration and/or the California Transportation Commission.

3. Prior to the allocation of Net Revenues for a Freeway Project, the Authority shall obtain written assurances from the appropriate state agency that after the Freeway Project is constructed to at least minimum acceptable state standards, the state shall be responsible for the maintenance and operation of such Freeway Project.

4. Freeway Projects will be built largely within existing rights of way using the latest highway design and safety requirements. However, to the greatest extent possible within the available budget, Freeway Projects shall be implemented using

Context Sensitive Design, as described in the nationally recognized Federal Highway Administration (FHWA) Principles of Context Sensitive Design Standards. Freeway Projects will be planned, designed and constructed using a flexible community-responsive and collaborative approach to balance aesthetic, historic and environmental values with transportation safety, mobility, maintenance and performance goals. Context Sensitive Design features include: parkway-style designs; environmentally friendly, locally native landscaping; sound reduction; improved wildlife passage and aesthetic treatments, designs and themes that are in harmony with the surrounding communities.

5. At least five percent (5%) of the Net Revenues allocated for Freeway Projects shall fund Programmatic Mitigation for Freeway Projects. These funds shall be derived by pooling funds from the mitigation budgets of individual Freeway Projects, and shall only be allocated subject to the following:

a. Development of a Master Environmental Mitigation and Resource Protection Plan and Agreement (Master Agreement) between the Authority and state and federal resource agencies that includes:

(i) commitments by the Authority to provide for programmatic environmental mitigation of the Freeway Projects,

(ii) commitments by state and federal resource agencies to reduce project delays associated with permitting and streamline the permit process for Freeway Projects,

(iii) an accounting process for mitigation obligations and credits that will document net environmental benefit from regional, programmatic mitigation in exchange for net benefit in the delivery of transportation improvements through streamlined and timely approvals and permitting, and

(iv) a description of the specific mitigation actions and expenditures to be undertaken and a phasing, implementation and maintenance plan.

(v) appointment by the Authority of a Mitigation and Resource Protection Program Oversight Committee ("Environmental Oversight

Committee”) to make recommendations to the Authority on the allocation of the Net Revenues for programmatic mitigation, and to monitor implementation of the Master Agreement. The Environmental Oversight Committee shall consist of no more than twelve members and be comprised of representatives of the Authority, Caltrans, state and federal resource agencies, non-governmental environmental organizations, the public and the Taxpayers Oversight Committee.

b. A Master Agreement shall be developed as soon as practicable following the approval of the ballot proposition by the electors. It is the intent of the Authority and state and federal resource agencies to develop a Master Agreement prior to the implementation of Freeway Projects.

c. Expenditures of Net Revenues made subject to a Master Agreement shall be considered a Freeway Project and may be funded from the proceeds of bonds issued subject to Section 5 of the Ordinance.

B. Transit Projects

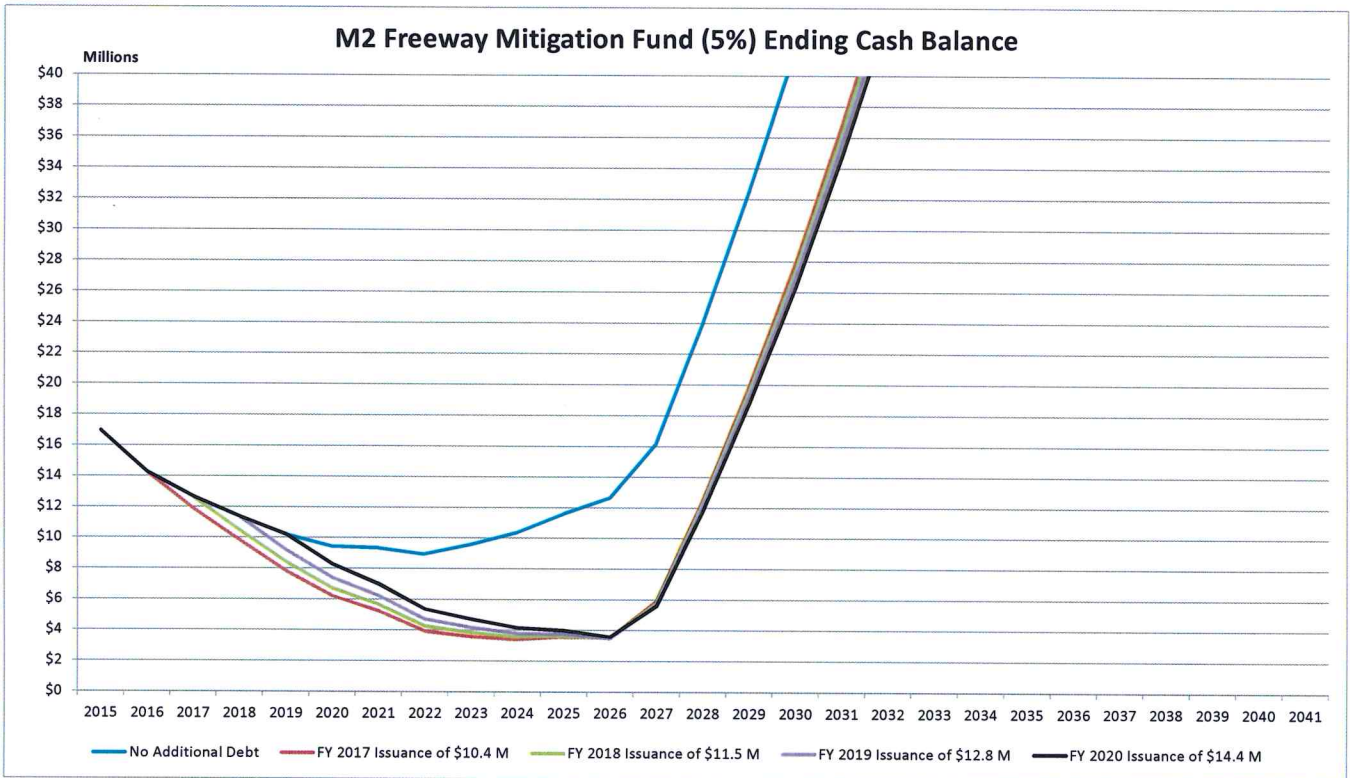
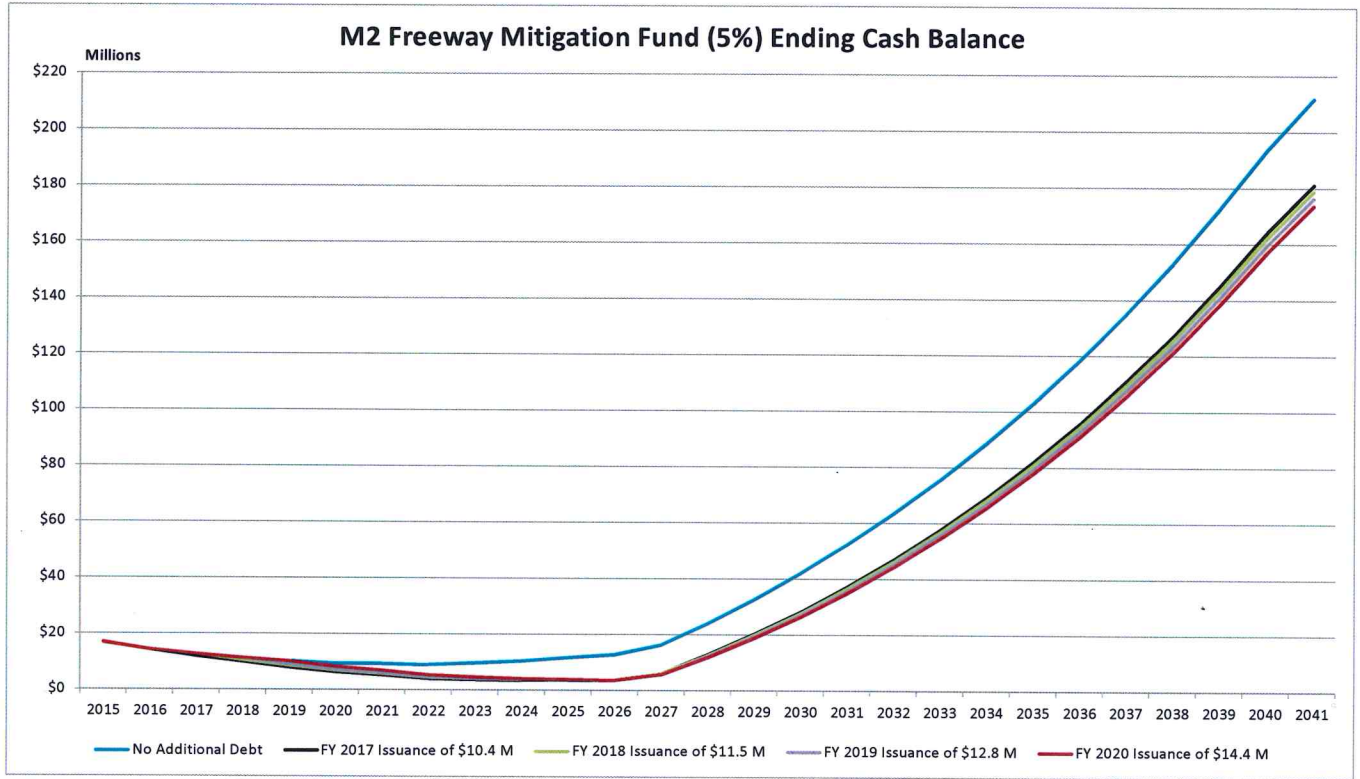
1. The Authority shall make every effort to maximize state and federal funding for Transit Projects. No Net Revenues shall be allocated in any year for any Transit Project if the Authority has made findings at a public meeting that the state or the federal government has reduced any allocations of state funds or federal funds to the Authority as the result of the addition of any Revenues.

2. Prior to the allocation of Net Revenues for a Transit Project, the Authority shall obtain a written agreement from the appropriate jurisdiction that the Transit Project will be constructed, operated and maintained to minimum standards acceptable to the Authority.

C. Street and Road Projects

Prior to the allocation of Net Revenues for any Street and Road Project, the Authority, in cooperation with affected agencies, shall determine the entity(ies) to be responsible for the maintenance and operation thereof.

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Environmental Mitigation Program Guiding Principles

The Environmental Oversight Committee (EOC) oversees and makes recommendations related to the Environmental Mitigation Program (EMP) to the Orange County Transportation Authority (OCTA) Board. The EMP provides comprehensive mitigation for the Renewed Measure M (M2) freeway projects. The following guiding principles outline the EMP priorities going forward:

Responsibly Meet M2 Obligations

- Fully fund the long-term non-wasting endowment for the Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP or Plan) through a strategic schedule, investment, and financing plan.
- Comply with wildlife agency requirements to ensure that mitigation obligations are met within the Plan.
- Comply with other regulatory requirements to ensure that freeway project mitigation obligations are met.
- Ensure the EMP meets the minimum 5% mitigation obligation as outlined in the M2 Ordinance No. 3.

Maintain an Inclusive Process

- Acquisition, restoration, and management expenditures shall continue to be comprehensive, innovative, and ecosystem based while providing a net environmental benefit in exchange for net benefit in the delivery of the transportation improvements.
- Future expenditures (calls for projects) for the EMP shall offer opportunities to submit new properties for acquisition, restoration and management consideration.
- Selection of acquisition, restoration and management sites shall continue to use the established scientific, open, and transparent evaluation process.
- All deliberations and decisions shall be accompanied by robust public outreach and participation.

Allocate Remaining Revenues

- Over the life of the EMP, adhere to the existing board policy of 80% acquisition and 20% restoration expenditures, both inclusive of management costs.
- Due to limited funds, if a single applicant will receive a cumulative total of more than 20% of restoration funds allocated to date, a review of restoration needs is triggered. Any such award must demonstrate an attempt to meet priority EMP needs elsewhere but without success.
- Consider the benefits of advancing remaining EMP dollars for early expenditure to allow for strategic acquisition and restoration projects.
- Consider creating additional mitigation capacity for future state highway improvements in Orange County that are similar in nature to existing M2 freeway projects and which use the appropriate planning, permitting, and environmental processes.

Outline of Long-Term Funding Strategy for Freeway Mitigation Program

| Activity or Action | Timetable |
|--|--|
| i. Complete the remaining Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP or Plan) commitments for acquisition and restoration. | 2015-2025 (2016-2018 for acquisition; up to 10 years for restoration project completion) |
| ii. Establish and fund the mitigation endowment as directed by the Orange County Transportation Authority Board of Directors (Board). | 2015-2016 to establish 2016-2027 to fund endowment |
| iii. Complete negotiations with Army Corps of Engineers and State Water Resources Control Board and allocate funding to meet regulatory permit requirements. | 2015 to complete negotiations 2016-2041 to fund required mitigation |
| iv. Provide credits to Caltrans for M2 project specific mitigations funded by them prior to NCCP/HCP commitment, as well as project specific impacts that could not feasibly be covered by the Plan. | 2015-2016 to credit 2016-2041 for any uncovered impacts |
| v. Allocate all remaining Freeway Mitigation funds according to the Environmental Oversight Committee recommended funding principles, to be approved by the Board. | 2015-2027 limited allocation opportunities 2028-2041 allocate remaining funds |
| vi. Create a pool of credits/bank to cover mitigation needs for reasonably anticipated state highway improvements in Orange County that are similar in scope and impacts to M2 freeway projects. | 2015-2016 identify potential eligible capital projects and mechanism for pooling credits 2017-2018 estimate project impacts 2018-2041 identify and acquire suitable mitigation sites |
| vii. Consider the strategic value of advancing funds through borrowing if acquisition or other time sensitive mitigation opportunities arise. | 2016-2027 limited borrowing capacity 2028-2041 best opportunities |

Environmental Oversight Committee Recommended Expenditure Options

Current Mitigation**Acquisition**

Acquire open space properties (from willing sellers) to off-set impacts from freeway improvement projects that meet the goals and objectives of the OCTA Conservation Plan and/or the M2 Ordinance.

Restoration

Fund habitat restoration efforts to off-set impacts from freeway improvement projects that meet the goals and objectives of the OCTA Conservation Plan and/or the M2 Ordinance.

Management/Maintenance

Fund land management and/or maintenance activities on OCTA and non-OCTA owned open space properties to off-set impacts from freeway improvement projects.

Mitigation banking

Create a banking instrument by acquiring land and/or funding habitat restoration projects to be used towards future freeway improvement projects (similar in scope and impacts to M2 freeway projects).

Broader Definition**Retrofit wildlife corridors**

Fund projects that would improve wildlife movement through existing corridor areas that may be bisected by a transportation facility to enhance regional conservation strategies.

Fund projects that would provide stream creation/re-establishment to off-set impacts to aquatic resources.

Fund projects that would improve wildlife movement through the placement of fencing or modification of existing fencing within areas that may be bisected by a transportation facility to enhance regional conservation strategies.

Fund projects that would reduce the risk of fire ignitions along transportation infrastructure adjacent to natural lands.

Fund mitigation projects (acquisition/restoration) focused on non-covered species (M2 NCCP/HCP)[e.g., Arroyo Toad and Steelhead]. This could include species listed and non-listed within Orange County. These species would be regionally significant and could be impacted in the future through transportation infrastructure improvements.

Updated February 25, 2015

| | | | HEAT MAP WITH RECOMMENDED EXPENDITURE OPTIONS | | | | ATTACHMENT E2 | | |
|---|--|----------------------|--|----------------------|---|----------------------|--|----------------------|--|
| Options | M2 Consistency: <i>Options adhere to the intent of the M2 Ordinance</i> | | Freeway Benefit: <i>Options that would facilitate improvements to the State Highway System in Orange County</i> | | Environmental Benefit: Options that provide enhancements to natural resources (e.g., biological, land, water, air, etc.) | | Ranking by Individuals | | Ranking (average of individuals) |
| Scoring Index | Yes = 3 Maybe = 2 Unlikely = 1 No = 0 | | High = 3 Med = 2 Low = 1 None = 0 | | High = 3 Med = 2 Low = 1 None = 0 | | High = 3 Med = 2 Low = 1 None = 0 | | High = 3 Med = 2 Low = 1 No = 0 |
| | EOC Avg. | OCTA Staff Responses | EOC Avg. | OCTA Staff Responses | EOC Avg. | OCTA Staff Responses | EOC Avg. | OCTA Staff Responses | |
| Current Mitigation | | | | | | | | | |
| Acquisition Acquire open space properties (from willing sellers) to off-set impacts from freeway improvement projects that meet the goals and objectives of the OCTA Conservation Plan and/or the M2 Ordinance. | 3.0 | 3.0 | 2.8 | 2.5 | 2.9 | 3.0 | 2.9 | 2.8 | 2.8 |
| Restoration Fund habitat restoration efforts to off-set impacts from freeway improvement projects that meet the goals and objectives of the OCTA Conservation Plan and/or the M2 Ordinance. | 3.0 | 3.0 | 2.8 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Management/Maintenance Fund land management and/or maintenance activities on OCTA and non-OCTA owned open space properties to off-set impacts from freeway improvement projects. | 3.0 | 3.0 | 2.8 | 2.5 | 3.0 | 3.0 | 2.9 | 2.5 | 2.7 |
| Mitigation banking Create a banking instrument by acquiring land and/or funding habitat restoration projects to be used towards future freeway improvement projects (similar in scope and impacts to M2 freeway projects). | 2.4 | 2.5 | 2.6 | 3.0 | 2.7 | 2.8 | 2.7 | 2.8 | 2.7 |
| Broader Definition | | | | | | | | | |
| Retrofit wildlife corridors Fund projects that would improve wildlife movement through existing corridor areas that may be bisected by a transportation facility to enhance regional conservation strategies. | 2.3 | 2.5 | 2.4 | 2.5 | 2.8 | 3.0 | 2.6 | 2.8 | 2.7 |
| Retrofit stream crossings Fund projects that would provide stream creation/re-establishment to off-set impacts to aquatic resources. | 2.3 | 3.0 | 2.2 | 3.0 | 2.9 | 3.0 | 2.5 | 2.8 | 2.6 |
| Wildlife fencing Fund projects that would improve wildlife movement through the placement of fencing or modification of existing fencing within areas that may be bisected by a transportation facility to enhance regional conservation strategies. | 2.3 | 2.3 | 2.3 | 2.3 | 2.6 | 2.8 | 2.4 | 2.3 | 2.3 |
| Fire risk reduction Fund projects that would reduce the risk of fire ignitions along transportation infrastructure adjacent to natural lands. | 2.1 | 2.3 | 2.5 | 2.5 | 2.0 | 3.0 | 2.1 | 2.5 | 2.3 |
| Non-covered species Fund mitigation projects (acquisition/restoration) focused on non-covered species (M2 NCCP/HCP)[e.g., Arroyo Toad and Steelhead]. This could include species listed and non-listed within Orange County. These species would be regionally significant and could be impacted in the future through transportation infrastructure improvements. | 2.5 | 2.5 | 2.0 | 2.3 | 2.6 | 3.0 | 2.4 | 2.3 | 2.3 |
| Updated February 25, 2015 | | | | | | | | | |

**December 8, 2014, Minutes of the Board of Directors Meeting
Regular Calendar, Item 20 – Action/Summary Format**

Minutes of the Meeting of the
Orange County Transportation Authority
Orange County Service Authority for Freeway Emergencies
Orange County Local Transportation Authority
Orange County Transit District
Board of Directors
December 8, 2014

Call to Order

The December 8, 2014, regular meeting of the Orange County Transportation Authority and affiliated agencies was called to order by Vice Chairman Lalloway at 9:05 a.m. at the Orange County Transportation Authority Headquarters, Orange, California.

Roll Call

Following the Pledge of Allegiance and Invocation, the Clerk of the Board noted a quorum was present, with the following Directors in attendance:

Directors Present: Shawn Nelson, Chairman
Jeffrey Lalloway, Vice Chairman
Lisa A. Bartlett
Lori Donchak
Michael Hennessey
Steve Jones
Gary A. Miller
John Moorlach
Al Murray
Miguel Pulido
James Righeimer
Tim Shaw
Todd Spitzer
Tom Tait
Frank Ury
Gregory T. Winterbottom
Ryan Chamberlain, Governor's Ex-Officio Member

Also Present: Darrell Johnson, Chief Executive Officer
Ken Phipps, Deputy Chief Executive Officer
Laurena Weinert, Assistant Clerk of the Board
Gina Claridge, Deputy Clerk of the Board
Kennard R. Smart, Jr., General Counsel
Members of the Press and the General Public

Regular Calendar

Orange County Local Transportation Authority Regular Calendar Matter

20. Design-Build Cooperative Agreement with the California Department of Transportation for the Interstate 405 Improvement Project

CEO, Mr. Johnson, provided opening comments and addressed the Regional Planning and Highways (RP&H) Committee request on December 1, 2014. Mr. Johnson stated that the Committee directed him to seek a change in language from Caltrans in the Design-Build Cooperative Agreement (Attachment A), fourth sentence of Number 86, of the word “shall” to “may”.

CEO, Mr. Johnson, reported that Caltrans was not agreeable to changing the word “shall” to “may”. However, Caltrans agreed to qualify the use of the word “shall” by adding the clause “contingent upon a commitment of funds from Caltrans” as noted in the December 5, 2014, memo that was distributed to the Board.

CEO, Mr. Johnson, offered to provide a presentation or have a discussion on this item. The Board preferred to go forward with a discussion and a discussion ensued on the matter.

Chairman Nelson called a roll call vote for the motion made by Vice Chairman Lalloway, seconded by Director Moorlach, and following the roll call vote, declared passed 11 to 5, to:

- A. Continue the item while staff continues to work with Caltrans to address the Board’s concerns for the Interstate 405 Improvement Project Design-Build Cooperative Agreement No. C-4-1847 between the Orange County Transportation Authority and the California Department of Transportation.
- B. Return the Design-Build Cooperative Agreement No. C-4-1847, to the February 2, 2015, Regional Planning and Highways Committee and the February 9, 2015, Board meeting.

Chairman Nelson and Directors Hennessey, Murray, Shaw, and Winterbottom voted in opposition.