



AGENDA

Measure M2 Environmental Oversight Committee

Committee Members

Lori Donchak, Chair
Melanie Schlotterbeck, Vice Chair
Eugene Fields, Taxpayer Oversight Committee
Chris Flynn, Caltrans District 12
Dr. David Chapel, Grand Jury Association of OC
Lisa Bartlett, OCTA Board of Directors
David Mayer, CA Dept. of Fish & Wildlife
Derek McGregor, DMc Engineering
Veronica Li, US Army Corps of Engineers
Dan Silver, Endangered Habitats League
Jonathan Snyder, US Fish & Wildlife Service
John Walsh, CA Wildlife Conservation Board

Orange County Transportation Authority
Conference Room 07
550 South Main Street
Orange, California

Wednesday, November 7, 2018 at 2:30 p.m.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, telephone (714) 560-5676, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of June 6, 2018 Minutes**
- 4. Environmental Mitigation Program Endowment Fund Investment Report**
Jennifer Matano, OCTA

The Orange County Transportation Authority has developed a Natural Community Conservation Plan/Habitat Conservation Plan; acquired conservation properties; and funded habitat restoration projects to mitigate the impacts of Measure M2 freeway projects. California Community Foundation manages the non-wasting endowment required to pay for the long-term management of the conservation properties. Each quarter, the California Community Foundation publishes a comprehensive report detailing the composition of the pool and the performance. Attached is the latest quarterly investment report for the Endowment Pool. The report has been reviewed and is consistent with the pool objectives.



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5. Trabuco Rose Property Encroachment

Dan Phu, OCTA

In early 2018, the new owner of an adjacent property determined that his corral and footings for his ancillary structure encroached on approximately 0.29-acre of the OCTA Trabuco Rose Preserve. The owner is required to perform fuel modification (0.07-acre on OCTA's property) for this structure. Due to these encroachments, OCTA staff is recommending to sell 0.36-acre of the Preserve to the new adjacent owner. This portion of the Preserve was assessed and does not include any of OCTA's Natural Community Conservation Plan/Habitat Conservation Plan Covered Species. An overview and discussion of the potential solutions regarding the encroachment is attached and will be presented.

Recommendation

- *Endorse staff's recommendation to sell 0.36 acre of the Preserve to the adjacent property owner, subject to a fair market appraisal.*

6. Eagle Ridge and Pacific Horizon Preserve Resource Management Plans

Lesley Hill, OCTA

In September 2017, five of the seven OCTA Preserve resource management plans (RMPs) were finalized. OCTA released the remaining two Preserve RMPs Pacific Horizon (Aliso Canyon) and Eagle Ridge (Hayashi) in 2017. These RMPs were available for public review for a 90-day period. Approximately 22 comments were received during this review process. OCTA finalized and posted these RMPs in September 2018. A summary highlighting the edits to these documents will be presented.

7. North Coal Canyon and Chino Hills State Park Restoration Projects Update

Lesley Hill, OCTA

The North Coal Canyon and Chino Hills State Park restoration projects are currently in the process of being awarded to implement the "on the ground" restoration work. During the June 6th EOC it was recommended that OCTA staff advertise these projects for competitive bids for project implementation. A brief status update on this process will be provided by staff.

8. City Parcel Restoration Project Completion

Lesley Hill, OCTA

In October 2018, the Wildlife Agencies provided their official sign off on the OCTA funded City Parcel (2C Ranch) restoration project. This 53-acre project was funded by OCTA in April 2011. The project is within and sponsored by the City of San Juan Capistrano. Wildlife surveys have documented that both the coastal California gnatcatcher and least Bell's vireo are utilizing the restored areas. This is the second OCTA funded restoration



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Measure M2 Environmental Oversight Committee

project to meet its success criteria. A brief summary of the project will be provided by staff.

9. Irvine Ranch Conservancy Restoration Project (West Loma) 2018 Fire Damage Lesley Hill, OCTA

In June 2018 the Santiago wildfire impacted the OCTA funded West Loma restoration project. A brief overview of the impacts and resulting costs to the restoration project area will be provided by staff.

10. Fire Management Plans Lesley Hill, OCTA

In consultation with the local fire authority, staff is preparing fire management plans (FMPs) for the seven Preserves. The Plans will establish policies and approaches to maximize protection of biological resources during fire suppression activities, to the degree feasible. The Plans will provide guidelines for decision-making at all stages including fire prevention, pre-fire vegetation management, suppression activities, and post-fire responses that are compatible with conservation and stewardship responsibilities. These Plans are a requirement of the Conservation Plan and will require approval by the Wildlife Agencies. Staff will provide a brief update on the status of these plans.

11. Hike and Ride Events Marissa Espino, OCTA

There will be a hike and ride event in November. The hike will take place on Saturday, November 17th at the Trabuco Rose Preserve. An equestrian ride will also be offered on Saturday, November 18th on the Trabuco Rose Preserve.

12. Public Comments

Members of the public may address the EOC regarding any item. Please complete a speaker's card and submit it to the EOC or notify the EOC the item number on which you wish to speak. Speakers will be recognized by the Chair at the time the agenda item is to be considered. A speaker's comments shall be limited to three (3) minutes.

13. Committee Member Reports

14. Next Meeting – February 6, 2019

15. Adjournment



Minutes

Measure M2 Environmental Oversight Committee

Committee Members

*Lori Donchak, Chairman
Melanie Schlotterbeck, Vice Chair
Dr. David Chapel, Grand Jury Assoc. of O.C.
Baron Barrera (for Chris Flynn), Caltrans District 12
David Mayer, CA Dept. of Fish & Wildlife
Derek McGregor, DMc Engineering Dan Silver,
Endangered Habitats League
Jonathan Snyder, US Fish & Wildlife
Anthony Villa, Taxpayers Oversight Comm.*

*Orange County Transportation Authority
550 South Main Street, Room 07
Orange, California
Wednesday, June 6, 2018 at 2:30p*

Member(s) Absent

*Lisa Bartlett, Board of Directors
Veronica Li, US Army Corp of Engineers
John Walsh, CA Wildlife Conserv. Board*

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1. Welcome

Chairman Lori Donchak called the Environmental Oversight Committee (EOC) meeting to order at 2:32 p.m.

2. Pledge of Allegiance

Vice Chair Melanie Schlotterbeck led the Pledge of Allegiance.

3. Approval of February 7, 2018 Minutes

Chairman Lori Donchak asked if there were any additions or corrections to the February 7, 2018 EOC minutes. A motion was made by Vice Chair Melanie Schlotterbeck, seconded by Dr. David Chapel and passed unanimously to approve the February 7, 2018 EOC meeting minutes as presented.

4. Restoration Projects Tour Recap

Lesley Hill provided a recap of the EOC tour of restoration projects. The committee visited Bee Flat Canyon and Lower Silverado Canyon. Lesley showed pictures of the

tour and projects. She introduced Matthew Major from Irvine Ranch Conservancy (IRC).

The committee discussed the progression of the projects and talked about the use of seeding strips to separate functional groups and prevent erosion.

The committee thanked the IRC for all of their work and their ingenuity on the projects.

5. Restoration Project Update

Lesley Hill said OCTA teamed up with the California State Parks on the North Coal Canyon and Chino Hills State Park Projects. She said these projects have been delayed due to contractual complications. Lesley introduced Ken Kietzer and Kelly Elliott with the California State Parks.

Kelly Elliott said the California State Parks entered into a contract with OCTA and had every intention of doing really good work on the North Coal Canyon and Chino Hills State Park Projects.

Ken Kietzer provided an overview and background of the projects. He described how the Orange County Conservation Corp was working with the California State Parks on the mitigation plans. The director of the Orange County Conservation Corp reevaluated how much work would be done by Corp members and the amount that would have to be subcontracted out. The California State Parks also reached out to the IRC to see if they could help on the project. Unfortunately the California State Parks ran into contractual problems with the way this project would be funded through State of California.

Kelly Elliott said the California State Parks would like to continue to offer the park land as a mitigation opportunity site. She said the contracts previously signed between the State Parks and OCTA would need to be dissolved and a new route would need to be found to get the work done. Ken Kietzer said the good news is the restoration plans are in place and the CEQA evaluation has been completed.

Lesley Hill discussed the next steps on the project and lessons learned. She said the overarching agreement between entities is to keep the contracts as they are because of what they do for the species and see if OCTA can find some cost savings ideas on implementation by going out to bid on the projects. Dan Phu said the restoration plans are in place and that will help to narrow the scope of work which will help with future bids. He also said we have learned a lot from other projects since 2012 when this project was originally contracted.

The committee asked if the money allocated for the project was a point of concern. Ken Kietzer said the margin on the scope of work is narrow and that is why the California State Parks tried to work with the youth corps. Also, discussed was the

cost of irrigation as large part of the budget on the project and changes to the original scope of work. Ken said the Orange County Conservancy Corps felt they could do the work on the project with a narrow margin on the budget. The IRC believed they could at least do the work in Chino Hills State Park with the budget, but had some new ideas on how exactly to do the restorations.

The committee thanked the California State Parks for their work on the project thus far and asked how they might have done things differently. Ken Kietzer said what they learned in this process is the State of California requires the partner on the project to bring funds into the project, rather than being paid for their work on the project. He said the scope may need to be changed due to funding requirements.

Vice Chair Melanie Schlotterbeck said this location is fantastic for opportunities and OCTA does not have another property available. She encouraged staff to contact her for contacts when sending out the Request for Proposals.

The committee discussed options to increase funding. Vice Chair Melanie Schlotterbeck said she may have some funding contacts as well and please contact her.

A motion was made by Vice Chair Melanie Schlotterbeck, seconded by Dan Silver and passed unanimously to direct staff to proceed with a competitive bidding process to identify a qualified entity(ies) to implement the North Coal Canyon and Chino Hills State Park restoration projects, as discussed herein.

6. Trabuco Rose Preserve Family Event

Marissa Espino announced the Trabuco Rose Preserve Family Event on June 9, 2018. She said currently there are 90 RSVP's to the event. Marissa shared the new names of the properties after the renaming campaign.

- Wren's View Preserve in Trabuco Canyon, previously O'Neill Oaks.
- Trabuco Rose Preserve in Trabuco Canyon, previously Ferber Ranch
- Bobcat Ridge Preserve in Trabuco Canyon, previously Hafen
- Live Oak Creek Preserve in Trabuco Canyon, previously Saddle Creek South
- Pacific Horizon Preserve in Laguna Beach, previously Aliso Canyon
- Eagle Ridge Preserve in Brea, previously Hayashi
- Silverado Chaparral Preserve in Silverado Canyon, previously MacPherson

7. Public Comments

Paul Thier, Ferber Ranch property neighbor, voiced concerns about a gate on an easement adjacent to the OCTA Ferber Ranch property. Mr. Thier said he has a legal easement on the property and this gate would be a conflict of the legal easement he has negotiated with OCTA. He thanked OCTA for weed whacking the property to create a fire break.

Chairman Lori Donchak asked staff to communicate the comments to the appropriate OCTA legal counsel and staff.

8. Committee Member Reports

Vice Chair Melanie Schlotterbeck spoke about her participation in a Southern California Association of Governments (SCAG) webinar on conservation in March. She was also a keynote speaker at Stop Polluting our Newport Annual Meeting. She said she spoke about OCTA's work along with other work in the community.

9. Next Meeting

The next meeting is scheduled for September 5, 2018.

12. Adjournment

The meeting adjourned at 3:11 p.m.



September 12, 2018

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Environmental Mitigation Program Endowment Fund Investment Report For June 30, 2018

Overview

The Orange County Transportation Authority has developed a Natural Community Conservation Plan/Habitat Conservation Plan, acquired conservation properties, and funded habitat restoration projects to mitigate the impacts of Measure M2 freeway projects. California Community Foundation manages the non-wasting endowment required to pay for the long-term management of the conservation properties. Each quarter, the California Community Foundation publishes a comprehensive report detailing the composition of the pool and its performance. Attached is the quarterly investment report for the Endowment Pool for the period ending June 30, 2018. The report has been reviewed and is consistent with the pool objectives.

Recommendation

Receive and file as an information item.

Background

On September 26, 2016, the Board of Directors approved the selection of the California Community Foundation (CCF) as an endowment fund manager for the Measure M2 Freeway Environmental Mitigation Program. Approximately \$2.9 million on an annual basis will be deposited in the endowment. As of June 30, 2018, the Orange County Transportation Authority has made two deposits to the Endowment Pool, each in the amount of \$2,877,000. The third deposit is scheduled to be made in August 2018, in the amount of \$2,877,000. These annual deposits are expected to continue for ten to 12 years, or until the fund totals approximately \$46.2 million.

Discussion

As of June 30, 2018, total pool assets in the CCF Endowment Pool were \$1.06 billion. Total foundation assets were \$1.70 billion. Performance for the Endowment Pool was -0.5 percent for the month, 0.20 percent below the benchmark; 0.7 percent for the quarter, below the benchmark by 0.1 percent. The one-year return was 8.3 percent, exceeding the benchmark by one percent.

The balance as of June 30, 2018, is \$6,241,770. The number exceeds the projected balance of \$5,934,232 due to higher than projected investment earnings and lower than projected fees. The projected annualized cost for endowment services was 0.75 percent based on indications received during the due diligence process. The program is currently paying 0.35 percent fee on a sliding scale. That fee will continue to be reduced as assets grow.


Summary

The Orange County Transportation Authority is submitting a copy of the California Community Foundation Investment Report to the Board of Directors. The report is for the quarter ending June 30, 2018.

Attachments

- A. California Community Foundation Fund Statement - June 30, 2018
- B. California Community Foundation Endowment Pool Investments – June 30, 2018

Prepared by:



Jennifer Matano
Department Manager
Treasury/Public Finance
714-560-56563

Approved by:



Andrew Oftelie
Executive Director,
Finance and Administration
714-560-5649



ATTACHMENT A

Fund Name	OCTA - Measure M2 Environmental Mitigation Program Fund
Fund Start Date	2/28/2017
Investment Pool(s)	Endowment Pool

FUND STATEMENT

OCTA - Measure M2 Environmental Mitigation Program Fund (V398)

4/1/2018 - 6/30/2018

Fund Summary

	Report Period 4/1/2018 - 6/30/2018	Calendar YTD 1/1/2018 - 6/30/2018
Opening Fund Balance	\$6,196,543.55	\$6,220,553.14
Contributions	0.00	0.00
Investment Activity, net	45,226.71	38,816.79
Administration & Grant Management Fees	0.00	(17,599.67)
Net Changes to Fund	45,226.71	21,217.12
Ending Balance	\$6,241,770.26	\$6,241,770.26

Investment Pool Performance as of 06/30/2018

	This Qtr.	1-Year	3-Years	5-Years	10-Years
Endowment Pool	0.7%	8.3%	5.7%	6.5%	5.1%
Social Impact Endowment Pool	1.6%	7.5%	6.4%	7.4%	6.0%
Conservative Balanced Pool	1.3%	4.3%	4.1%	n/a	n/a
Short Duration Bond Pool	0.2%	-0.2%	0.8%	n/a	n/a
Capital Preservation Pool	0.5%	1.3%	0.7%	0.5%	0.6%

Endowment Pool - invested for long-term growth and appreciation while providing a relatively predictable stream of distributions that keeps pace with inflation over time. The target asset allocation is 50% equities, 14% hedge funds, 22% fixed income and 14% real assets. Investment management fees are 66 basis points.

Social Impact Endowment Pool - invested in a diversified pool aiming for capital growth for long-term grantmaking; underlying instruments undergo rigorous environmental and social analysis, with an asset allocation of approximately 60%-75% equities and 25%-40% fixed income. Investment management fees are 68 basis points.

Conservative Balanced Pool - designed to aim for moderate growth and to offer diversified exposure to the U.S. equity market and to investment grade fixed income with maturities from one to five years and an asset allocation of 70% fixed income and 30% equities investments. Investment management fees are 9 basis points.

Short Duration Bond Pool - invested to offer diversified exposure to investment grade fixed income with maturities from one to five years for the purposes of grants over a near-term one to four year horizon. Investment management fees are 5 basis points.

Capital Preservation Pool - designed to preserve principal and provide liquidity for present grantmaking needs through investment in short-term fixed income and cash instruments. Investment management fees are 10 basis points.



Endowment Pool

June 2018

INVESTMENTS

The Endowment Pool returned -0.5% for the month of June 2018, 20 basis points behind its benchmark. For the trailing year, the pool returned 8.3% , 100 basis points ahead of its benchmark.

Total Pool Assets

\$1.058 billion (Endowment Pool), \$1.70 billion (total foundation assets) as of June 30, 2018.

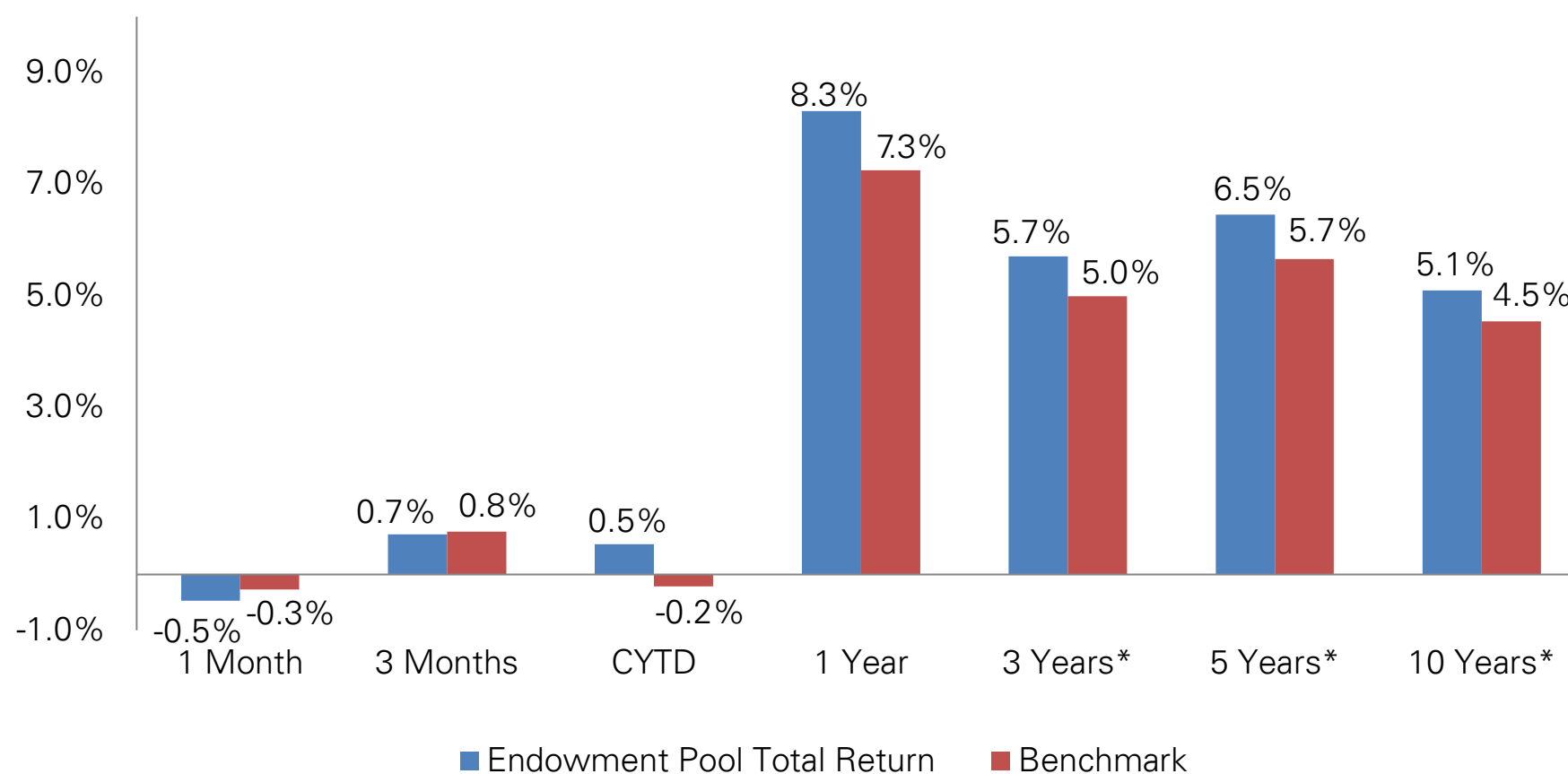
Pool Objective

Preserve the real (i.e., inflation-adjusted) purchasing power of the investment pool net of annual distributions for grants and expenses. An additional objective is to provide a relatively predictable, stable stream of distributions for grants and expenses that keep pace with inflation over time.

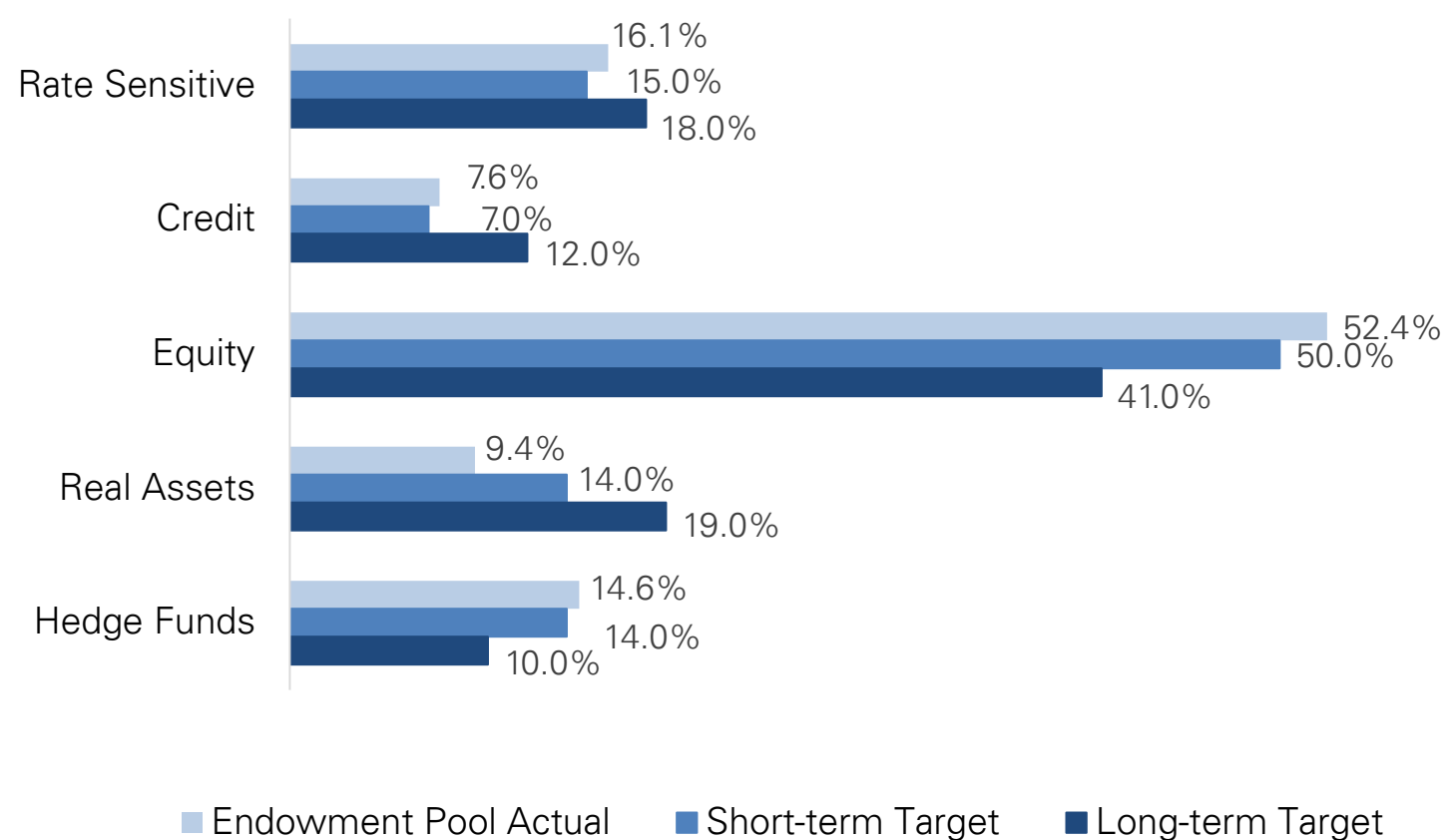
Investment Consultant

Meketa Investment Group

Performance History



Asset Allocation



*Represents annualized returns.

1) Investment expense ratio approximates 0.61%, excluding fund manager incentive fees.

2) Investment performance is presented net of investment expenses, including fund manager incentive fees.

3) Total Fund Benchmark is a combination of: 50% MSCI ACWI / 14% HFR FOF / 14% S&P Real Assets Indx / 15% Barc Agg. / 7% Barc High Yield.

4) Short-term target allocation is over 2-5 years, long-term target allocation is over 5-10 years.

Updated 7/23/2018



October 25, 2018

To: Environmental Oversight Committee
From: Orange County Transportation Authority Staff
Subject: Trabuco Rose Property Encroachment

Overview

As part of the Measure M2 Environmental Mitigation Program, OCTA acquired the Trabuco Rose (formerly Ferber Ranch) Preserve to be maintained in perpetuity as a conservation property. In early 2018, the new owner of an adjacent property has determined that his corral and ancillary structure encroach on approximately 0.29-acres of the Preserve. The property owner is obligated to perform fuel modification on his property, as required by the Orange County Fire Authority. A small portion of this area is situated on the Preserve. Hence, 0.07-acres of the Preserve is recommended to be part of this transaction. An overview and discussion of the potential solutions regarding the encroachment are presented.

Recommendation

Endorse staff's recommendation to sell 0.36-acre of the Preserve to the adjacent property owner, subject to a fair market appraisal.

Background

In May 2011, OCTA, as part of the Measure M2 Environmental Mitigation Program (EMP), acquired the Trabuco Rose (formerly Ferber Ranch) Preserve (Preserve) to be maintained in perpetuity as a conservation property. The 399-acre Preserve was acquired for \$12.76 million. This Preserve is located northwest of the City of Rancho Santa Margarita in Trabuco Canyon, and accessible via Trabuco Oaks Road and Rose Canyon Road. This property is predominantly adjacent to undeveloped lands on the east and rural residential development on the west. The Trabuco Rose Preserve (Preserve) included a five-acre parcel that is bisected by an access road, Hickey Canyon Road, traversing in a north/south direction (Attachment A).

In February 2018, the new owner of an adjacent property to the five-acre parcel performed a property boundary survey and determined his corral and ancillary structure encroached on approximately 0.29-acres (Area A) of the Preserve

(Attachment B). In addition, he is obligated to perform fuel modifications on his property to comply with the 100-foot setback from habitable structures, as required by the Orange County Fire Authority. A small portion of this area needed for fuel modification (0.07-acres) is situated on the Preserve (Attachment B) [Area B].

Discussion

Since the discovery of the encroachment, staff has explored different solutions as well as the advantages/disadvantages of each option. These included:

Options	Pros	Cons
1. OCTA to sell the entire five-acre parcel	Resolves encroachment issues.	Inconsistent with the objective of the EMP to conserve the property. Portions of the larger area contain higher quality habitat.
2. Property exchange	Appears to be a viable option since OCTA encountered a similar situation with the Hayashi Preserve in Brea in 2013. The Board approved a 2:1 land swap between OCTA and the adjacent property owner.	Given the adjacent property owner's land is considered developable land which tends to hold a higher value, accomplishing a similar 2:1 ratio and matching property value would be a challenge.
3. OCTA to sell minimum (0.36-acres) portion of its land	Resolves encroachment issues while maintaining maximum conservation acreage. Area does not possess high quality habitat.	None identified.

Since the adjacent property owner acted in good faith by approaching OCTA, and has been very cooperative, staff recommends that OCTA sell 0.36-acres of the encroachment areas. The 0.36-acre value will be pro-rated based on the fair market appraisal of the OCTA Preserve on a per acre basis. As discussed, the encroachment area does not contain high quality habitat, was previously disturbed, and the transfer of this 0.36-acre does not materially affect the overall integrity of the 399-acre Preserve.

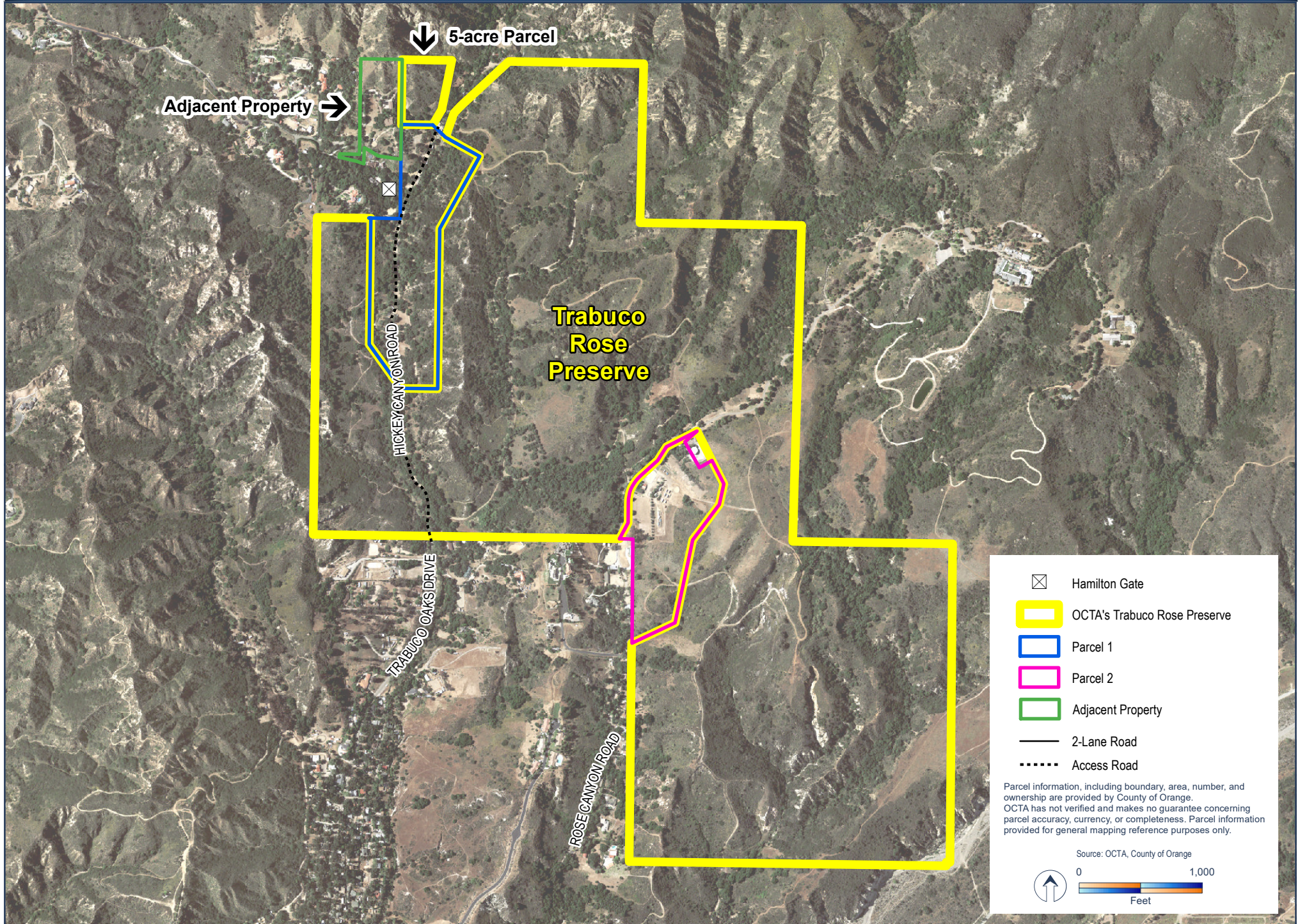
Staff has communicated with OCTA Legal Counsel and the recommendation is to sell the encroachment area to the adjacent property owner. In addition, the wildlife agencies concur that the proposed 0.36-acre of land does not contain high quality habitat and would not affect the biological value of the larger Preserve.

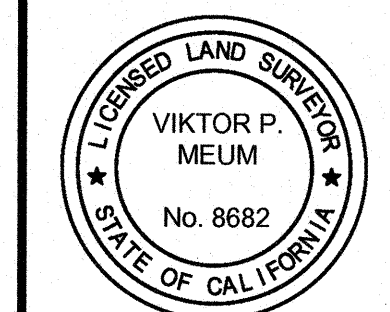
Next Steps

If approved by the EOC, OCTA staff will proceed with this action pursuant to OCTA right of way policies.

Attachments

- A. Trabuco Rose Preserve Map
- B. Proposed Land Purchase Area Map





VIKTOR P. MEUM
P.L.S. 8682
DATE: 7-30-2018

PREPARED FOR:
ERIC WINTEMUTE

[illegible]

PROPOSED LAND PURCHASE AREA

PARCEL 1, PMB 184/30-31
11101 HAMILTON TRAIL, TRABUCO CANYON, CALIFORNIA

DATE: 7-11-18	H. SCALE: 1"=20'	
SURVEY DATE: 12-12-17	V. SCALE: -	
DRN.: MSF	DWG. NO.	
CHD.: -	LLA-01	
APPD.: VM		
JOB NO. 17204	SHEET 1	OF 1



BENCHMARK NOTE:
THIS TOPOGRAPHIC SURVEY IS ON AN AN ASSUMED DATUM.

EASEMENT NOTE:
THE PLAT FOR THIS SURVEY WAS PREPARED WITHOUT A TITLE REPORT. UNPLOTTED
EASEMENTS MAY EXIST ON THE SUBJECT PROPERTY.

BOUNDARY NOTE:
THE PLAT SHOWN HEREON REPRESENTS A BEST FIT OF THE
RECORD BOUNDARY TO THE FOUND MONUMENTS AND LINES
OF OCCUPATION. IT SHALL NOT BE CONSIDERED THE FINAL
BOUNDARY, AND A BOUNDARY SURVEY IS RECOMMENDED
PRIOR TO DESIGN OR CONSTRUCTION OF IMPROVEMENTS.