



AGENDA

Measure M2 Environmental Oversight Committee

Committee Members

Brian Goodell, Chair
Melanie Schlotterbeck, Vice Chair
Chris Flynn, Caltrans
Ajay Khetani, Taxpayer Oversight Committee
Veronica Li, US Army Corps of Engineers
David Mayer, CA Dept. of Fish & Wildlife
Derek McGregor, DMC Engineering
Bev Perry, Civic Engagement Consultant
Dan Silver Endangered Habitats League
Jonathan Snyder, US Fish and Wildlife Service
OCTA Board Member Representative-Vacant
CA Wildlife Conservation Board-Vacant

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

Wednesday February 2, 2022 at 2:30 p.m.

Guidance for Public Access to this Environmental Oversight Committee (CAC)

Meeting:

Any person with a disability who requires a modification or accommodation to participate in this meeting should contact the Orange County Transportation (OCTA) Public Outreach Department, telephone (714) 560-5607, no less than two business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Agenda Descriptions

The agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Committee may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

Public Availability of Agenda Materials

All documents relative to the items referenced in this agenda are available for public inspection at www.octa.net or through the Clerk of the Board's office at: OCTA Headquarters, 600 South Main Street, Orange, California.

Guidance for Public Access to the Board of Directors/Committee Meeting

On September 16, 2021, Governor Gavin Newsom signed into law AB 361 authorizing a local legislative body to hold public meetings via teleconferencing and make public meetings accessible telephonically or electronically to all members of the public due to the state and local State of Emergency resulting from the threat of Novel Coronavirus (COVID-19).

Guidance for Public Access to the Board of Directors/Committee Meeting (Cont.)

Members of the public can view a live streaming of Public Committee meetings by clicking the below link:

<https://www.youtube.com/user/goOCTA>

Members of the public may address the Committee regarding any item two ways:



AGENDA

Measure M2 Environmental Oversight Committee

Real-Time Comment

To provide a real-time public comment during the meeting, please access the Zoom at:

<https://us02web.zoom.us/j/84877158252>

Dial-In Info:

(669) 900-6833

(253) 215-8782

Meeting ID: 848 7715 8252

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 minutes. Anyone causing disruption can be removed from the meeting at the discretion of the Chair.

Written Comment

Written public comments may also be submitted by emailing them to publiccomments@octa.net, and must be sent 90 minutes prior to the start time of the meeting. If you wish to comment on a specific agenda item, please identify the item number in your email. All public comments that are timely received will be part of the public record and distributed to the Committee. Public comments will be made available to the public upon request.

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of Nov. 3, 2021 Minutes**
- 4. Environmental Mitigation Program Endowment Fund Investment Report**
Dan Phu and Robert Davis, 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 additional information as well as the latest quarterly investment report for the Endowment Pool. The report has been reviewed and is consistent with the pool objectives. Staff will provide a status summary of the endowment. Additional information is attached.



AGENDA

Measure M2 Environmental Oversight Committee

5. Restoration Projects Update

Lesley Hill, OCTA

University of California Irvine
Travis Brooks, Restoration Biologist Land IQ

In November 2021, the Wildlife Agencies provided their official sign off on the OCTA funded University of California Irvine (UCI) restoration project. This 8.5-acre project was funded by OCTA in April 2011. The project is located on the UCI campus and was implemented by the Natural Communities Coalition (formerly known as the Nature Reserve of Orange County). This is the fourth OCTA funded restoration project to meet its success criteria. Additional information is attached. The restoration project manager will present a brief overview of this successful restoration project.

6. Southern California Edison Coordination Update

Lesley Hill, OCTA

Pacific Horizon Preserve

As discussed previously during EOC meetings, impacts occurred at the Pacific Horizon Preserve due to Southern California Edison (SCE) contractors performing utility maintenance. OCTA staff continues to work with SCE to resolve these issues. OCTA staff will provide a brief update on the coordination. Additional information is attached.

Silverado Chaparral Preserve

As a result of impacts discovered at the Pacific Horizon Preserve, OCTA performed a focused utility location survey on the other Preserves in 2021. During the survey, it was discovered that additional SCE impacts had occurred at the Silverado Preserve. The impacts were a result of SCE pole maintenance. OCTA staff will provide a brief update on the impacts and coordination. Additional information is attached.

7. Hikes and Equestrian Rides

Marissa Espino, OCTA

The docent-led hike and equestrian ride events have been set for 2022. The next hike will take place on Feb. 19 at the Wren's View Preserve and the next equestrian ride will take place on March 20 at the Trabuco Rose Preserve. Staff will continue to monitor the impacts of COVID-19 and determine if there is any new health agency guidance on public gatherings in the future.

8. Public Comments

9. Committee Member Reports

10. Next Meeting – May 4, 2022



AGENDA

Measure M2 Environmental Oversight Committee

11. Adjournment



Minutes

Measure M2 Environmental Oversight Committee

Committee Members

Orange County Transportation Authority
Via Zoom

**Wednesday, November 3, 2021
at 2:30pm**

Melanie Schlotterbeck, Vice Chair
Chris Flynn, Caltrans District 12
Brian Goodell, OCTA Board of Directors
Ajay Khetani, Taxpayers Oversight Committee
Derek McGregor, DMc Engineering
Bev Perry, Civic Engagement Consultant
Dan Silver, Endangered Habitats League
Jonathan Snyder, US Fish & Wildlife

Member(s) Absent

Lisa Bartlett, Chair
Veronica Li, US Army Corp of Engineers
David Mayer, CA Dept. of Fish & Wildlife (Karen
Drew attended in his absence)

1. Welcome

Vice Chair Melanie Schlotterbeck called the Environmental Oversight Committee (EOC) meeting to order. Chair Bartlett went over meeting protocols and asked Marissa Espino to take roll call attendance. Marissa indicated committee quorum.

Vice Chair Melanie Schlotterbeck said John Walsh of the California Wildlife Conservation Board has moved to a new position. The EOC will be getting a new representative at the next meeting in February. Vice Chair Schlotterbeck said thank you to John for years of commitment to this program. She said John had to fly down here quite a bit. Vice Chair Schlotterbeck thanked Dr. Pauline Merry for her service as the Taxpayers Oversight Committee representative to the EOC. She then welcomed Ajay Khetani as Dr. Merry's replacement. She then asked Ajay to introduce himself.

Ajay Khetani said he is looking forward to working on this committee.

2. Pledge of Allegiance

Vice Chair Melanie Schlotterbeck led the Pledge of Allegiance.

3. Approval of August 4, 2021 Minutes

Vice Chair Melanie Schlotterbeck asked if there are any additions or corrections to the August 4, 2021 EOC minutes.

Bev Perry asked if the minutes could be sent sooner after the meeting since there is three months between meetings. Marissa Espino said she would look into getting the minutes to the committee sooner. Vice Chair Melanie Schlotterbeck asked that the minutes be sent out with the agenda packet as well. Marissa said yes, they would still be included in the agenda packet.

Marissa Espino said there were no written public comments or real-time public comments on this item.

A motion was made by Bev Perry, seconded by Brian Goodell and passed unanimously to approve the August 4, 2021, EOC meeting minutes with an abstention from Ajay Khetani.

4. Environmental Mitigation Program Endowment Fund Investment Report

Dan Phu provided background on the Environmental Mitigation Program Endowment Fund. He said there was quite a bit of analysis done in the early years of setting up this fund. Dan said there is \$34.5 million and the assumption to build that up will be over a 10-12 year period. He said currently this is at the halfway mark.

Dan Phu introduced Robert Davis, OCTA's Department Manager, Treasurer and Public Finance. Robert Davis provided a status update on the endowment fund for the quarter ending June 30, 2021. He said the California Community Foundation provides quarterly reports covering the performance of the endowment fund. Based on the June 30, 2021 reports provided, total assets in the endowment pool were \$1.4 billion and overall assets under management for the foundation were \$2.6 billion for the quarter. Robert said, in order to fund the endowment, OCTA deposits approximately \$2.9 million to the endowment fund annually over a 10–12-year period or until the fund totals \$46.2 million. As of June 30, 2021, OCTA has made five deposits and the total balance is \$19.1 million. He said the endowment fund is doing very well and exceeded the Fiscal Year 2021 target of \$16.3 million by approximately \$2.9 million. Robert said overall the endowment fund is on track to reach the goal of \$46.2 million by the end of the funding period.

Committee Member Comments:

Dan Silver said we are a little less than halfway through the schedule and should complete deposits of \$46.2 million in about five to six years. He asked how long OCTA thinks it is going to take to get there so we can start spending money again. Robert Davis said it is set through 2028, which is seven years.

Marissa Espino said there were no written public comments or real-time public comments on this item.

5. City Parcel Restoration Project Update

Dan Phu provided background on the City Parcel Restoration Project. He said staff has met with the City of San Juan Capistrano and they indicated they need more time to investigate the situation since it is very complex and spans over many years. He said OCTA does not have any updates but has kept this on the agenda to keep the project on the forefront of everyone's minds. He said once there are any updates, OCTA will provide that information.

Lesley Hill said OCTA had a productive meeting with the city in October, and they are working together, sharing information, and understanding what the questions are.

Committee Member Comments:

Brian Goodell asked to clarify that this item is about changing a road for a school. Dan Phu said this road is adjacent to the former Saddleback Valley Christian School. Brian asked if OCTA was able to ascertain whether the school site was sold to somebody. Dan said there is a lot of information that is still not clear. He said it appears the school was transferred to another property owner within the last year. Dan said there is potentially a lag with the records, and it has not been definitively ascertained.

Brian Goodell asked Dan Phu to provide more information for the new members. Dan provided the information from the last meeting on this project. Vice Chair Melanie Schlotterbeck said the restrictive covenant is the protective conservation mechanism for restoration sites.

Dan Silver noted OCTA wrote an excellent letter to the city outlining the discussion the EOC had at the last meeting and noted the wildlife agencies concerns as well. He said the letter would be good for new members to review because it sums things up very well. Dan also said Vice Chair Melanie Schlotterbeck discovered that the city is not factoring in the conflicts between the potential access for the proposed development and the restrictive covenant area in the housing element. He said Endangered Habitats League wrote about the issue, and he did not hear any substantive reply. Vice Chair Melanie Schlotterbeck said because of the request from the city to amend the restrictive covenant she decided to follow up and look into the San Juan Capistrano housing element update. She said once a draft was available, she provided a link to OCTA to ensure that everybody was on the same page with what was being proposed at that particular location. Vice Chair Schlotterbeck said she believes it calls for 700 affordable units on the Oso Ranch development site. She said it is not a small project.

Bev Perry asked if the possible conflict with the easement was noted in the housing element. Vice Chair Melanie Schlotterbeck said there was a list of existing constraints, and this was not one of them.

Marissa Espino said there were no written public comments or real-time public comments on this item.

6. OCTA Restoration Projects Update

Lesley Hill provided an overview of the restoration projects funded by OCTA. She showed tables of the projects including costs, habitat, documents, etc <This presentation available upon request.>

Committee Member Comments:

Dan Silver talked about the dam removal projects and how fish are returning. He said this is a great success and it is very exciting. He asked if OCTA has pitched this story to reporters. Marissa Espino said she will talk to OCTA's Media Relations Department, and said there is definitely an opportunity to do targeted media outreach.

Brian Goodell asked if there will be tours of these sites. Lesley Hill said we will look into possibly doing EOC tours in the Spring depending on health guidelines.

Marissa Espino said there were no written public comments or real-time public comments on this item.

7. OCTA Preserves' Fire Management Plans (FMPs) Update

Lesley Hill provided background on the project. She said the FMPs were scheduled to be complete at the end of 2021 and most of them have been drafted. Lesley said most of these have been approved by the fire authorities, but they are still being worked through the Wildlife Agencies. She said the timing has been challenging with new information becoming available to document in the FMPs. Lesley said we hope to have the FMPs finalized in early 2022. <This presentation available upon request.>

Committee Member Comments:

Brian Goodell asked about a hike in Trabuco Canyon. Marissa Espino said there will be a hike on the Wren's View Preserve on Saturday, November 6, 2021, at 9 am.

Vice Chair Melanie Schlotterbeck asked if there are new birds or new locations. Lesley Hill said last year we may have had multiple clutches where Cactus Wren are doing quite well, then the juveniles disperse and find new places. She said this data is interesting and it is good that we all share data to see at a regional level. She said it could be due to birds being displaced by wildfires and seeking refuge in new areas. Vice Chair Schlotterbeck asked if it was only in this preserve or in other places. Lesley said there are changes on other preserves as well.

Marissa Espino said there were no written public comments or real-time public comments on this item.

8. Hikes and Equestrian Rides

Marissa Espino said docent-led hike and equestrian ride events returned in September. She said there is a docent-led hike on Saturday, November 6, 2021, at the Wren's View Preserve and OCTA has received more than 50 RSVPs. On November 20, 2021 there will be an equestrian ride. Marissa also mentioned OCTA has refreshed the PreservingOurLegacy.org website and have added two new videos related to the preserves. She said one video is a virtual hike of the entire Trabuco Rose Preserve Trail. She said the second video is a seven-minute docent-led video by OCTA's Lesley Hill where she shares insightful information about the purpose of the mitigation program and the many attributes of the preserve. Marissa shared a clip of the video. Marissa said OCTA is working on a third animated video on the differences between a preserve and a recreational park.

Marissa Espino said there were no written public comments or real-time public comments on this item.

9. Public Comments

Marissa Espino said there were no written public comments or real-time public comments on this item.

10. Committee Member Reports

Dan Silver provided a follow-up on the home in Brea extending onto one of the preserves. He said it did have a happy ending due to the work of OCTA and its negotiations with the City of Brea. Kia Mortazavi provided background on this issue. Essentially the city required a fire easement for a home which would have extended onto OCTA's property. OCTA worked with the City of Brea to modify the requirement. The structure will be non-combustible material (metal) and there will be sprinklers installed so that there will be no requirement to encroach on OCTA property for clearance. Kia said the city was applying a standard fire protection requirement universally. He said thanks to the input from the committee this was all worked out.

11. Next Meeting – February 2, 2022

Vice Chair Melanie Schlotterbeck thanked all in attendance and said the next meeting is scheduled for February 2, 2022.

12. Adjournment

The meeting adjourned at 3:36 p.m.



February 2, 2022

To: Environmental Oversight Committee
From: Orange County Transportation Authority Staff
Subject: February Environmental Oversight Committee Information Items
(Items 4 – 6)

Item 4 - Environmental Mitigation Program Endowment Fund Investment Report

The OCTA M2 Natural Community Conservation Plan/Habitat Conservation Plan (Conservation Plan) permits were issued by the United States Fish and Wildlife Service and the California Department of Fish and Wildlife (Wildlife Agencies) in mid-2017. As a result, the M2 environmental process has been streamlined, allowing OCTA to expedite the M2 freeway projects. The Conservation Plan requires the establishment of a \$34.5 million endowment to fund the long-term management of the Preserves. To date, OCTA has made six endowment deposits. Quarterly investment reports are provided to the Board. The most recent report was provided in December 2021. As of September 30, 2021, the balance was \$22,075,031. The balance is above the fiscal year 2021-22 target of \$20,076,431. Staff will continue to assess market conditions and provide regular endowment updates to the Board, Finance and Administration Committee, and the EOC. The latest quarterly investment report for the Endowment Pool is included as Exhibit A. The report has been reviewed and is consistent with the pool objectives.

Item 5 –Restoration Projects Update

University of California Irvine

In November 2021, the Wildlife Agencies provided their official sign off on the OCTA funded University of California Irvine (UCI) restoration project (Project). This 8.5-acre Project was funded by OCTA in April 2011 and is located on the UCI campus. This is the fourth OCTA funded restoration project to meet its success criteria.

The Natural Communities Coalition (formerly known as the Nature Reserve of Orange County) has been responsible for the planning and implementation (began in November 2011) of the restoration and enhancement of cactus scrub in a mosaic of native grassland at the UCI Ecological Preserve, located in the San Joaquin Hills. The goal of the project was to increase breeding habitat for coastal California gnatcatcher and cactus wren. Even at the early stages of establishment, both cactus wrens and coastal California gnatcatchers were observed using the restoration area. The project site is within the Central-Coastal Natural Community Conservation Plan/Habitat Conservation Plan Coastal Reserve (NCCP/HCP), but the proposed restoration is above and beyond the requirements of the Central-Coastal NCCP/HCP. The restoration area will continue to be monitored and managed by the Natural Communities Coalition as part of the NCCP/HCP. The Preserve is also managed by the UCI Office of Natural Resources, for the School of Biological Science.

Item 6 - Southern California Edison Coordination Update

Pacific Horizon Preserve

As discussed previously during EOC meetings, impacts to native habitat occurred at the Pacific Horizon Preserve in Laguna Beach due to Southern California Edison (SCE) contractors performing utility maintenance (Exhibit C). SCE began some of the remediation tasks which included obscuring unauthorized trail heads and posting signs to discourage their use. In 2021, SCE also conducted invasive weed removal in the areas disturbed on the Preserve. OCTA staff continues to work with Orange County Parks (OC Parks), the Wildlife Agencies, and the California Coastal Commission (CCC) to resolve these impacts and maintenance needs. SCE is working on a mitigation proposal to compensate for the impacts, which will likely include restoration of native habitat on the Preserve. In addition, a recorded easement and access agreement are being developed. The CCC, OCTA, and the Wildlife Agencies will evaluate and determine if the mitigation is acceptable to offset these impacts. Staff will be amending the OCTA M2 Conservation Plan to capture these impacts and future maintenance needs of SCE. OCTA staff will report back to the EOC with additional information once available.

Silverado Chaparral Preserve

As a result of the impacts discovered at the Pacific Horizon Preserve, OCTA performed a focused utility location survey on the other Preserves in 2021. During the survey it was discovered that additional impacts had occurred due to SCE maintenance at the Silverado Preserve as shown in Exhibit D. The impacts are similar (although not as extensive) as those at the Pacific Horizon Preserve. The impacts occurred due to pole replacements and vegetation maintenance. OCTA contacted SCE to notify them of the impacts. SCE is

investigating this issue and will be setting up a site visit with OCTA and the Wildlife Agencies soon to verify impacts and discuss next steps to resolve the impacts. It is anticipated that the same steps taken for the Pacific Horizon Preserve will be taken on this Preserve.

Exhibits:

A - Conservation Plan Endowment Fund Quarterly Investment Report

B - OCTA Funded Restoration Projects Map

C – Pacific Horizon Preserve/SCE Impacts 2020 Map

D – Silverado Chaparral Preserve SCE Impacts Map



Endowment Pool

September 2021

INVESTMENTS

The Endowment Pool returned -2.1% for the month of September 2021, 50 basis points ahead of its benchmark. For the trailing year, the pool returned 19.9%, 10 basis points behind its benchmark.

Total Pool Assets

\$1.39 billion (Endowment Pool), \$2.63 billion (total foundation assets) as of September 30, 2021.

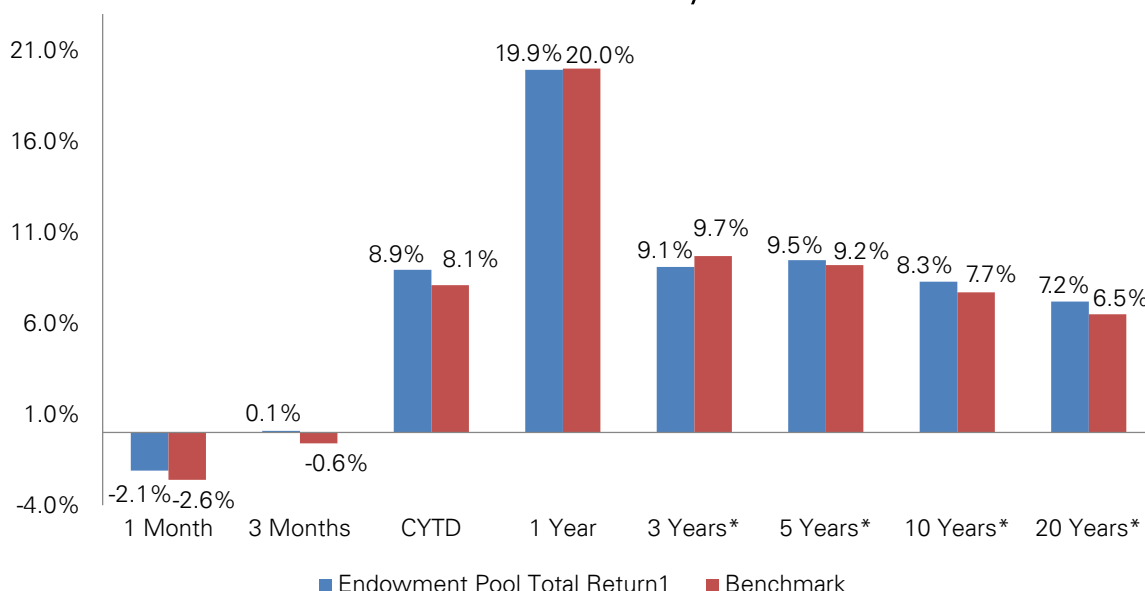
Pool Objective

Prudent investment of funds to provide real growth of the assets over time while protecting the value of the assets from undue volatility or risk of loss. Managed on a total return basis (i.e., yield plus capital appreciation) while taking into account the level of liquidity required to meet withdrawals from the pool - mainly expenses and grants to external organizations.

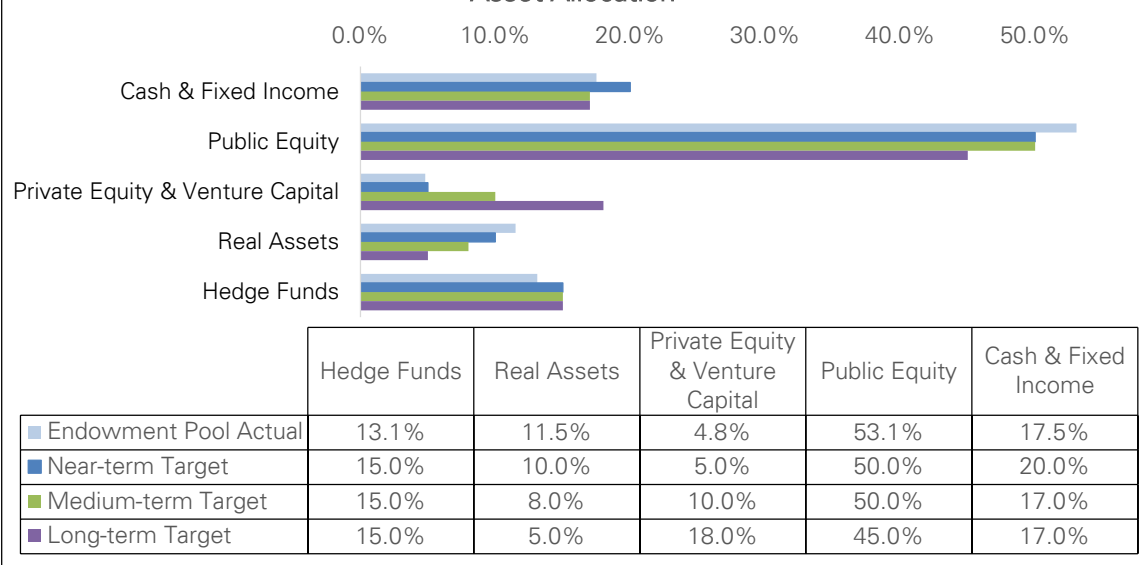
Investment Consultant

OCIO - Hall Capital Partners

Performance History



Asset Allocation



*Represents annualized returns.

1) Investment expense ratio approximates 0.95%, excluding fund manager incentive fees.

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

3) Total Fund Benchmark effective 7/1/2021 is a combination of: 65% MSCI ACWI - 35% Barc Agg.

4) Benchmark prior to 7/1/2021 please contact CCF's Staff.

5) Near-Term target allocation is over 1-3 years - Medium-Term target allocation is over 3-7 years - Long-Term target allocation is over 7-10+ years.

6) September performance are preliminary pending final results.

Updated 10/26/2021



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)

7/1/2021 - 9/30/2021

Fund Summary

	Report Period 7/1/2021 - 9/30/2021	Calendar YTD 1/1/2021 - 9/30/2021
Opening Fund Balance	\$19,181,288.64	\$17,664,005.59
Contributions (see attached detail)	2,877,000.00	2,877,000.00
Investment Activity, net	16,741.97	1,577,622.48
Administration & Grant Management Fees	0.00	(43,597.46)
Net Changes to Fund	2,893,741.97	4,411,025.02
Ending Balance	\$22,075,030.61	\$22,075,030.61

Investment Pool Performance as of 9/30/2021

	This Qtr.	1-Year	3-Years	5-Years	10-Years
Endowment Pool	0.1%	19.9%	9.1%	9.5%	8.3%
Social Impact Endowment Pool	0.4%	16.8%	12.6%	11.1%	10.2%
Conservative Balanced Pool	0.1%	9.3%	7.3%	6.5%	n/a
Short Duration Bond Pool	-0.3%	0.0%	3.5%	2.1%	n/a
Capital Preservation Pool	0.0%	0.2%	1.3%	1.2%	0.7%

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.

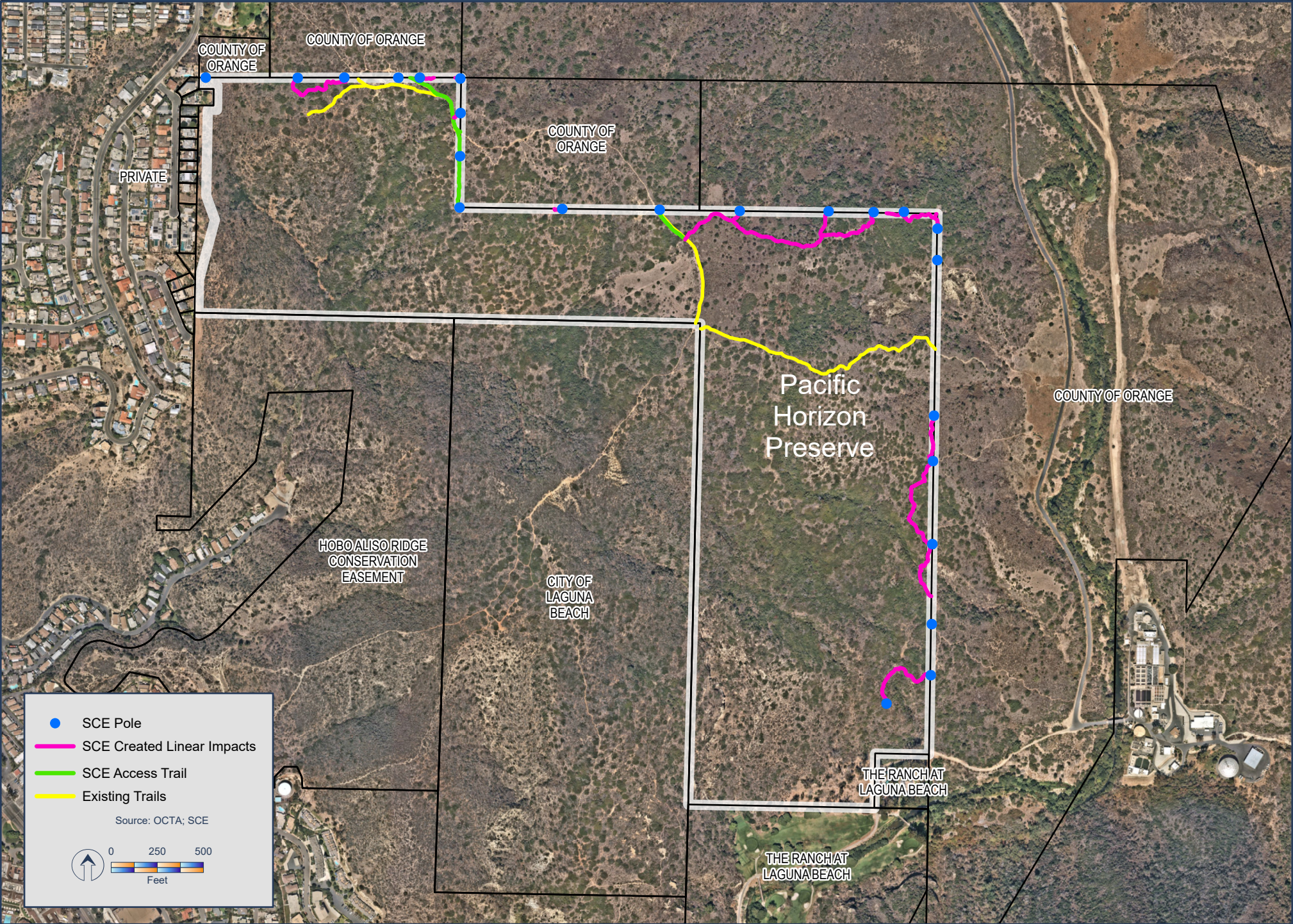
Capital Preservation Pool - designed to preserve principal and provide liquidity for present grantmaking needs through investment in short-term fixed income and cash instruments. Investment management fees are 10 basis points.

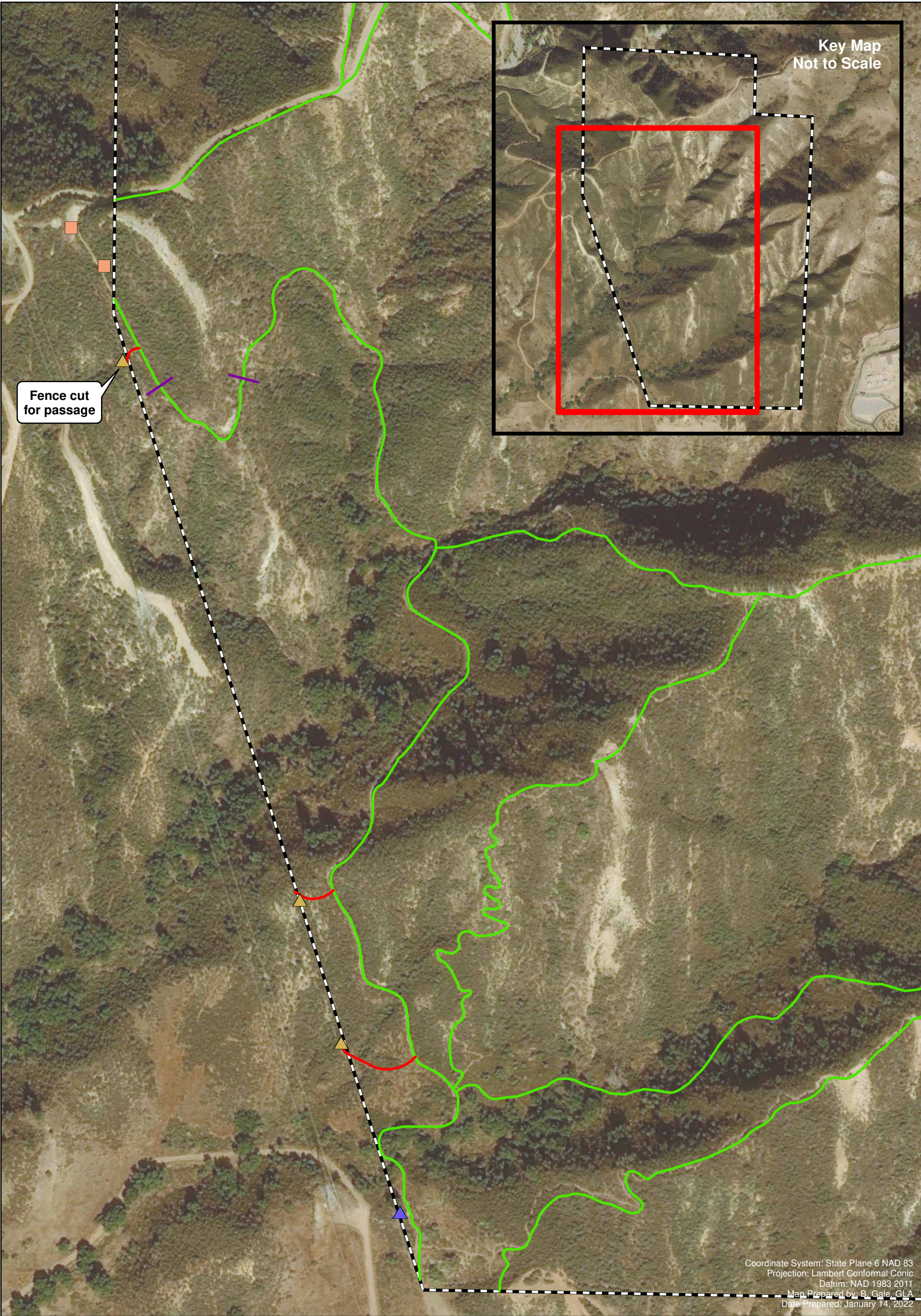
Contribution Details		
----------------------	--	--

Date	Donor Name	Amount
07/12/2021	Orange County Transportation Authority	2,877,000.00
		<u>\$2,877,000.00</u>

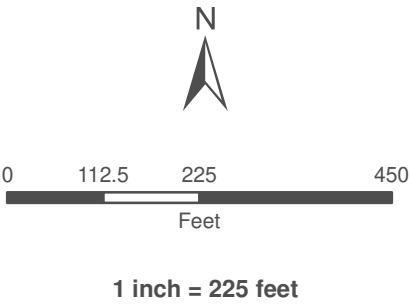
Exhibit B







- Silverado Chaparral Preserve Boundary
- Foot Trails and Dirt Roads (used by OCTA)
- Unauthorized Utility Trail
- Fence - Vegetation Cut for Passage
- Vegetation Cut for Passage - Offsite Fence
- SCE Pole - Onsite
- SCE Pole - Offsite



**SILVERADO CHAPARRAL
PRESERVE**

SCE Map

GLENN LUKOS ASSOCIATES

Exhibit 1