



SPECIAL MEETING

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
Karen Drewe, CA Dept. of Fish & Wildlife
Derek McGregor, DMc Engineering
Joe Navari, CA Wildlife Conservation Board
Bev Perry, Civic Engagement Consultant
Dan Silver Endangered Habitats League
William Miller, US Fish and Wildlife Service
OCTA Board Member Representative-Vacant*

*Orange County Transportation Authority
Conference Room 08
550 South Main Street
Orange, CA*

Wednesday, September 14, 2022 at 2 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 Feb. 2, 2022 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. The report has been reviewed and is consistent with the pool objectives. Staff will provide a status summary of the endowment. Additional information as well as the latest quarterly investment report for the Endowment Pool is included as Attachment A.



SPECIAL MEETING

AGENDA

Measure M2 Environmental Oversight Committee

5. Coastal Fire Update

Lesley Hill, OCTA

In May 2022, the Coastal Fire impacted approximately 35 acres of the OCTA Pacific Horizon Preserve in Laguna Beach. Two update memos (May 13th and June 22nd) pertaining to the fire impacts were provided to the EOC. The most recent memo, which summarizes the incident and also included next steps is included, as Attachment B. OCTA staff will present a brief overview of the impacts and discuss next steps.

6. OCTA Conservation Plan Annual Report

Lesley Hill, OCTA

The Natural Community Conservation Plan/Habitat Conservation Plan (Conservation Plan) permit was issued by the Wildlife Agencies in 2017. Annual reports are required as part of the Conservation Planning process. OCTA has completed the fourth (2018 through 2021) Conservation Plan Annual Report. This report includes the tracking of impacts associated with covered freeway improvement projects and other management and monitoring activities on Preserves, status and activities on the Preserves, progress of the restoration projects, and Conservation Plan administration and public outreach activities. OCTA is in compliance and on target with the Conservation Plan commitments. The draft executive summary of this report and additional information are attached (Attachment C). Staff will present an overview of the Annual Report content.

7. Restoration Project Tour Summary

Dan Phu, OCTA

An Environmental Mitigation Program restoration project tour was offered to all EOC members and was held on May 11. Staff facilitated a tour at the University of California Irvine and Bolsa Chica Conservancy restoration project areas. A brief overview of the tour will be provided by staff. Additional information is attached.

8. Southern California Edison Coordination Update

Lesley Hill, OCTA

As discussed previously during EOC meetings, impacts occurred at the Pacific Horizon and Silverado Chaparral 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.



SPECIAL MEETING

AGENDA

Measure M2 Environmental Oversight Committee

9. Hikes and Equestrian Rides

Marissa Espino, OCTA

The next docent-led hike will take place on September 17 at the Wren's View Preserve and the next equestrian ride will take place on September 18 at the Trabuco Rose Preserve.

10. 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.

11. Committee Member Reports

12. Next Meeting – February 1, 2023

13. Adjournment



Minutes

Measure M2 Environmental Oversight Committee

Committee Members

Brian Goodell, Chairman
Melanie Schlotterbeck, Vice Chair
Chris Flynn, Caltrans District 12
Ajay Khetani, Taxpayer Oversight Committee
Veronica Li, US Army Corp of Engineers
Derek McGregor, DMc Engineering
Bev Perry, Civic Engagement Consultant
Dan Silver, Endangered Habitats League
Jonathan Snyder, US Fish & Wildlife

Orange County Transportation Authority
Via Teleconference

Wednesday, February 2, 2022 at 2:30p

Member(s) Absent

David Mayer, CA Dept. of Fish & Wildlife (Karen
Drew in attendance)
OCTA Board of Directors-Vacant
CA Wildlife Conservation Board-Vacant

1. Welcome

Chair Brian Goodell called the Environmental Oversight Committee (EOC) meeting to order. He said the Measure M Ordinance calls for two OCTA Board Members to serve on the EOC. Director Lisa Bartlett is unable to continue on the committee and there will be a new OCTA Board Member assigned to this committee by the next meeting. Chair Goodell acknowledged the accomplishments to date and thanked Director Bartlett for her years of service and dedication to the EOC and the Environmental Mitigation Program.

Chair Brian Goodell asked Marissa Espino to go over the meeting protocols. Marissa read the teleconference protocols, took a roll call of members, and found the EOC to meet quorum.

2. Pledge of Allegiance

Chair Brian Goodell lead the Pledge of Allegiance.

3. Approval of November 3, 2021 Minutes

Public Comments:

There were no Public Comments

Chairman Brian Goodell asked if there are any additions or corrections to the November 3, 2021, EOC minutes. Vice Chair Melanie Schlotterbeck said in the Welcome segment mentioned Chair Bartlett, who was absent from the meeting.

Bev Perry asked Marissa Espino to share with the EOC, the response to her question about getting the minutes sooner. Marissa Espino said in regard to meeting minutes, staff is keeping consistent with the other OCTA Committees, such as the OCTA Board of Directors meetings and the Brown Act, by offering the minutes when sending out the agenda.

A motion was made by Vice Chair Melanie Schlotterbeck, seconded by Chris Flynn and passed unanimously to approve the November 3, 2021, EOC meeting minutes with corrections.

4. Environmental Mitigation Program Endowment Fund Investment Report

Dan Phu provided background on the Environmental Mitigation Program Endowment Fund Investment Report. He said each quarter, the California Community Foundation provides a status update of the endowment to the committee and the most recent report was for the quarter ending December 2021. Dan introduced Robert Davis OCTA's Director of Treasury and Public Finance.

Robert Davis provided a status update on the Endowment Fund for the last quarter. He said the total assets in the endowment pool were \$14 billion and the overall assets under management for the foundation were \$2.6 billion. Robert said OCTA has made six deposits of approximately \$2.9 million to fund the endowment. He said these deposits are made annually over a 10 to 12-year period or until the fund totals \$46.2 million. The total fund balance for the quarter was approximately \$22.1 million which exceeds the fiscal year 2022 target of \$20.1 million by approximately \$2 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.

Public Comments:

There were no public comments

5. Restoration Projects Update

Lesley Hill provided an update on the Restoration Projects. She provided background on the Restoration Projects which are strategically located around the county. She mentioned tours of these projects are usually offered to the EOC in the spring (pre-pandemic) and staff will be reaching out to poll the committee members. Lesley talked about the recent sign-off of the fourth restoration project, the UCI restoration project. She introduced Travis Brooks, restoration ecologist, with the consulting firm of Land IQ.

Travis Brooks presented the Cactus Scrub Habitat Restoration Project. He said the UCI Ecological Preserve is about 62 acres along the San Joaquin Hills. Although

surrounded by development, it is an important place for Cactus Wren. Much of the Cactus Wren environment has been burned in wildfires and has decreased their population by up to 80%. Travis showed pictures of the Cactus Wren and Coastal California Gnatcatcher in their natural habitat. He said cactus takes a long time to recover from wildfires. Travis talked about the goals and objectives of this habitat project. He showed pictures of the project before the restoration and how the salvaged cactus was planted along with seed. This project relied on nature rainfall. Travis talked about some of the challenges with the project mainly due to the lack of rain in the early years of the project. Now there is nesting by both the Cactus Wren and California Gnatcatcher. <This presentation available upon request.>

Committee Member Comments:

Dan Silver asked about the cost per acre. Travis Brooks said it is hard to give exact numbers. He said he has done comparisons on container-based habitat restoration versus this approach. This project cost half of what would be typically expected due to cost savings from not having an irrigation system, plus the cost of the water. Travis said many of these projects do not have a water source. The trade-off is it can take longer to come to fruition. Jonathan Snyder said the advantage of using seed is you get the early succession of species and if the site happens to burn in the future, it is much more likely to come back as intact habitat versus container plants. He said every one of these restoration projects has had challenges. Jonathan gave kudos to Land IQ, UCI, and NCC for working through those challenges and OCTA for the continuing support on this project – it has been a great outcome.

Bev Perry asked about year nine on the graph and the herbaceous coverage. Travis Brooks said the perennial coverage, like shrubs, tends to continue to grow. While the herbaceous coverage tends to thrive strongly with rainfall, there was enough rainfall this December that we predict it will look better this spring.

Chair Brian Goodell asked how this area is irrigated during the transplants without a permanent or interim water irrigation supply. Travis Brooks said temporary irrigation was set up for up to two years for this process. He said if the cactus is given a real good drink with a water truck at the beginning it will not need a lot of rain to be successful.

Chair Goodell also asked how many Cactus Wren will live in on cactus. Travis Brooks said one pair will typically live in the cactus. Chair Goodell asked if the Cactus Wren are counted. Travis said NCC is planning with other regional managers a bird count for the coming year for both species not only in Orange County, but all Southern California.

Public Comments:

Gloria Sefton, co-founder of the Saddleback Canyons Conservancy, asked about the status of the Cactus Wren and the steps taken to protect the cactus itself.

6. Southern California Edison Coordination Update

Lesley Hill presented an update on the Southern California Edison (SCE) impacts on OCTA's Preserves. She showed a map of the Pacific Horizon Preserve and the areas where SCE caused damage. SCE is coordinating with the Coastal Commission for a coastal development permit application which will include restoration. OCTA is waiting for a proposal from SCE on how they will offset these impacts. She said SCE will continue to need access to the polls and a path to get to them, so they will need to offset those impacts. She said there are some invasive species in the area and the potential for some re-seeding/planting in the area, so there is potential for some restoration on the preserve itself, which is what OCTA would prefer. Lesley said SCE has been responsive and this relationship is going well. She said OCTA will need to do an amendment to the Conservation Plan to record the poles, the easement, and document the resolution.

Lesley Hill said OCTA spoke with SCE to see if they have easements on any other OCTA preserves and they said they did not. OCTA had biological monitors go out and ground truth all OCTA properties to see what type of infrastructure exists. Lesley said it was determined that poles are located adjacent to the Silverado Preserve and there is one pole on the preserve. It was determined that at some date SCE came onto the property and did not coordinate with OCTA. SCE cut through some fence lines, and they cut some trails to access those poles. Lesley said OCTA is coordinating with SCE on this and OCTA needs to determine how this can be remedied and to not have this happen again. <This presentation available upon request.>

Public Comments:

There were no public comments.

Committee Member Comments:

Vice Chair Melanie Schlotterbeck said this is disappointing. She asked to confirm the easement location that will be recorded with the title. Lesley Hill said OCTA's legal counsel prefers an easement be recorded for the poles and the clearance around the poles. A separate agreement would stipulate how and when SCE would coordinate with OCTA to access and conduct the maintenance. Vice Chair Schlotterbeck asked if there would be timing constraints for when they can do their work to avoid nesting seasons. Lesley said yes, there would be. Vice Chair Schlotterbeck asked for details about the actual mitigation. Lesley said the details have not been worked out and OCTA has not seen a proposal yet. Lesley said the Coastal Commission is also involved with the Pacific Horizon property, which makes it incredibly important. Vice Chair Schlotterbeck said OCTA could net in our favor in terms of the amount of habitat if the Coastal Commission increases its restoration ratio requirement. Lesley agreed with this assessment. Vice Chair Schlotterbeck asked about SCE's Coastal Development Permit with the Coastal Commission. She is wondering if this should have been obtained before the start of work. Lesley agrees, but she is not sure if SCE moved forward with what they thought was a blanket permit, but she is not informed on this. From Lesley's understanding this permit is sort of retroactive and would cover the

activities already done and ongoing activities to be done in the future. She said the Coastal Commission is requiring SCE to put prior work done into the permit.

Derek McGregor asked if ALTA surveys were done on this that cover activities on the property. He asked if this was missed in the ALTA's. Lesley Hill said there are no easements recorded and there was nothing on the title report. Derek asked if OCTA will be granting easements for the poles and separate easements for the access. Lesley said OCTA's legal counsel and SCE's legal counsel are still working out the details. Derek said he would like to see that at a draft stage. Derek asked about the timing. Lesley said this is gaining speed. She said SCE has had to work on the access component. Lesley hopes at least Pacific Horizon will be done soon. Derek asked what is to assure that this will not happen again. Lesley said there will be a couple safety nets in place. If it does happen again OCTA can administer a breach of contract which is a stiffer fine than trespassing. She said the other thing is SCE has been focusing on a new program where they identify properties and then there is a process to make sure this does not happen again.

Chair Brian Goodell asked to have another update on this at the next meeting and have the information sent to the committee in the interim.

Vice Chair Melanie Schlotterbeck asked for OCTA to inform her and/or the entire committee of the date this item goes before the Coastal Commission. Since this has been an unforeseen expense and impact to staff, she also asked if there's a way to get SCE to pay or reimburse OCTA for time. Lesley Hill said staff will keep the committee apprised of this item going to the Coastal Commission. She said we could look into compensation for OCTA's time with our legal counsel.

7. Hikes and Equestrian Rides

Marissa Espino said the first docent-led hike of 2022 will be February 19 and the next equestrian ride event will be March 20th. She also mentioned OCTA recently launched an educational animated video that briefly and simply explains OCTA's conservation plan and access on the preserves versus recreational parks. Marissa shared the video with the committee.

Public Comments:

There were no public comments.

Committee Member Comments:

Dan Silver commented on the video and said there did not seem to be anything about how OCTA's hands are tied since these are mitigation properties in compensation for other impacts. He thinks that argument takes the heat off OCTA. Marissa Espino said the video indicates that there are guidelines to adhere to.

8. Public Comments

Gloria Sefton from Trabuco Canyon is co-founder of the Saddleback Canyons Conservancy. She asked about SCE and the potential to underground utilities due to fire activity. She said around Thanksgiving, SCE turned the power off in the area of Trabuco, Silverado, and Modjeska Canyons for almost 24 hours. This was due to high winds. Gloria is a proponent of undergrounding the utilities in this area and this might stave off some of this activity.

9. Committee Member Reports

Dan Silver asked for a report from Vice Chair Melanie Schlotterbeck or OCTA on the new developments in the San Juan Capistrano easement situation. Vice Chair Melanie Schlotterbeck said OCTA has been paying close attention to the situation. She said the environmental community and OCTA have been involved with this project and updates from the environmental community is based on the housing element. She said the housing and community development commented that there is a constraint and there is a restrictive covenant, and they will not entertain undoing that restrictive covenant. Dan Phu said OCTA sent a letter to the city and they are willing to work with OCTA to not impact the restrictive covenant area. He said OCTA asked the city to apprise OCTA of any impact to the restrictive covenant.

Vice Chair Melanie Schlotterbeck said the Southern California Association of Governments (SCAG) is implementing a regional advance mitigation program and asked that OCTA do a presentation to their working group. Vice Chair Schlotterbeck and Lesley Hill did the presentation. They talked about good partnerships with the environmental communities, other transportation agencies, the cities, and the wildlife permitting agencies. She said this has been a model program.

Vice Chair Melanie Schlotterbeck talked about the Governors 30 by 30 campaign, which has a goal to protect 30% of California's land and coastal waters by 2030. She said the state is currently accepting comments on this campaign. She said she will be sending an official comment on behalf of the Harbors, Beaches, and Parks. OCTA's conservation lands should be incorporated into the conservation map; as of right now, it is not incorporated. She said it is important to make sure that in the context of protected areas this be included in the context of regional connectivity. Chair Brian Goodell said the OCTA Board of Directors Chairman Mark Murphy appointed him to be OCTA's representative at SCAG.

10. Next Meeting – May 4, 2022

Chairman Brian Goodell said the next meeting is scheduled for May 4, 2022.

11. Adjournment

The meeting adjourned at 3:50 p.m.



September 14, 2022

To: Environmental Oversight Committee

From: Orange County Transportation Authority Staff

Subject: September Environmental Oversight Committee Information Items
(Items 4 – 8)

Item 4 - Environmental Mitigation Program Endowment Fund Investment Report

The Orange County Transportation Authority (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 seven endowment deposits. Quarterly investment reports are provided to the Board. The most recent report was provided in June 2022. As of March 31, 2022, the balance was \$21,042,295 (including interests earned). 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 Attachment A. The report has been reviewed and is consistent with the pool objectives.

Item 5 – Coastal Fire Update

In May 2022, the Coastal Fire impacted approximately 35 acres of the OCTA Pacific Horizon Preserve in Laguna Beach. Two update memos (May 13th and June 22nd) pertaining to the fire impacts were provided to the EOC. The most recent memo, which summarizes the incident and included next steps is included as Attachment B. Staff will provide an update on this item during the EOC meeting.

Item 6 – OCTA Conservation Plan Annual Report

The OCTA has developed a Conservation Plan; acquired conservation properties/Preserves; and funded habitat restoration projects to mitigate the impacts of Measure M2 freeway projects. Annual reports are required as part of the Conservation Planning process. The draft executive summary for the fourth Annual Report is provided as Attachment C. This summary includes the tracking of impacts associated with covered freeway improvement projects and other management and monitoring activities on Preserves, status and activities on the Preserves, progress of the restoration projects, and Plan administration and public outreach activities.

This Annual Report documents activities from January 1 through December 31, 2021, OCTA is complying and on target with the Conservation Plan commitments. Some of the notable activities from 2021 include:

- Ongoing construction of two freeway projects;
- Completion of one restoration project; and wildfire damage sustained on three restoration projects;
- Continued management of the Preserves including the treatment of targeted invasive weeds and pests; and
- Ongoing effort to approve the fire management plans, conservation easements and endowment for the Preserves.

OCTA will continue towards the completion of the required Conservation Plan objectives. The executive summary of this report is attached (Attachment C). The Annual Report is currently under review by the Wildlife Agencies. Once it has been approved it will be posted to the OCTA website <http://www.octa.net/About-OC-Go/OC-Go-Environmental-Programs/Preserve-Management/>. Staff will present an overview of the Annual Report content.

Item 7 – Restoration Project Tour Summary

An Environmental Mitigation Program restoration project tour was offered to all EOC members and was held on May 11. Staff facilitated a tour to two OCTA funded restoration project areas. The first site visit was at the 8.5-acre UCI restoration project on the UCI campus which was implemented by the Natural Communities Coalition and obtained sign off last year. The second tour was of the 8.2-acre Bolsa Chica Conservancy restoration project at Harriett Wieders Regional Park in Huntington Beach. A brief overview of the tour will be provided by staff.

Item 8 - Southern California Edison Coordination Update

As discussed previously during EOC meetings, impacts occurred at the Pacific Horizon and Silverado Chaparral Preserve due to Southern California Edison (SCE) contractors performing utility maintenance. SCE is working on a mitigation proposal to compensate for the impacts, which will likely include restoration of native habitat on the Preserve. OCTA and SCE legal counsel and staff are currently developing a general access agreement that can be applied to all the Preserves as well as legal easements to document the poles and affiliated work areas. OCTA will also have the Preserves professionally surveyed for all utility poles and overhead lines. This information is necessary as OCTA moves forward with recording Conservation Easements for the Preserves. In addition, OCTA staff will be coordinating with the Wildlife Agencies on a Minor Amendment to the Conservation Plan to document the poles, impacts, and measures to offset those impacts. This will be an administrative process. OCTA staff will provide a brief update on the progress of this effort.

Attachments:

- A. OCTA Endowment Pool March 31, 2022 Quarterly Investment Report
- B. June 22, 2022 Board Memo Environmental Mitigation Program Coastal Fire Impacts Status Update
- C. OCTA M2 Natural Community Conservation Plan/Habitat Conservation Plan – 2021 Annual Report Draft Executive Summary



Endowment Pool

March 31, 2022

INVESTMENTS

Total Pool Assets

\$1.30 billion (Endowment Pool), \$2.54 billion (total foundation assets) as of March 31, 2022.

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. While the Investment Committee recognizes the importance of the preservation of capital, they also adhere to the principle that varying degrees of risk are generally rewarded with commensurate returns over full market cycles (5-10 years).

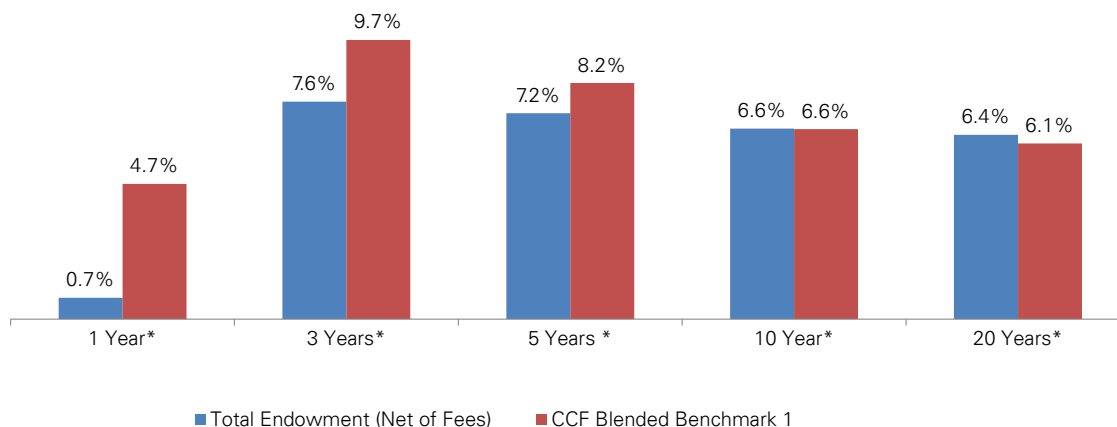
Outsource CIO

Hall Capital Partners

Performance & Asset Allocation

Preliminary performance for March 2022 was -0.8% (2,5)

CCF Total Endowment (net of fees) vs. Blended Benchmark (1)



Asset Class	Balance (\$m)	% of Port	Long-Term Target Range (4)
Cash & Equivalent (3)	\$60	5%	0 - 5%
Fixed Income	\$170	13%	10 - 20%
Public Equities	\$650	50%	40 - 60%
Alternative Assets	\$175	14%	10 - 25%
Private Investments	\$103	8%	10 - 20%
Real Assets	\$138	11%	5 - 10%
Total Endowment Assets	\$1,297	100%	

* Represents Annualized Returns.

Footnotes:

- 1 – Total benchmark intended to roughly match CCF portfolio asset allocation with relevant constituent benchmarks. Current blended benchmark effective since 7/1/21. Current blend: ML Treasury 1-3 (2%), Barclays Agg. Bond Index (18%), MSCI ACWI (50%), Hedge Fund Blend (7.5% BofA ML High Yield, 3.75% ML 3-Month T-bills, 3.75% MSCI ACWI), Cambridge PE Index (3.5%), Cambridge VC Index (1.5%), Cambridge RE Index (7%), S&P Infrastructure Index (3%). Contact CCF for benchmark blends prior to 7/1/21
- 2 – Performance is preliminary and at times estimated pending final reporting from all investments. Managers often report on substantial lags, particularly private illiquid investments. In the instances where we do not have actual or estimated performance for a manager, we default to a 0% performance. Investment performance is presented net of investment expenses, including fund manager incentive fees
- 3 – Includes cash in transit to or from investments. For example, 2/28 cash could include money that is being sent to an investment on 3/1
- 4 – Current portfolio allocations may be outside of strategic ranges as it can take substantial time to adjust investments to meet range goals. This is particularly true for private illiquid investments that call capital into strategies over time and typically necessitate multi-year periods to gain exposure for appropriate vintage diversification
- 5 – Investment expense ratio approximates weighted-average 0.95% excluding fund manager incentive fees

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)

1/1/2022 - 3/31/2022

Fund Summary

	Report Period 1/1/2022 - 3/31/2022	Calendar YTD 1/1/2022 - 3/31/2022
Opening Fund Balance	\$22,634,538.09	\$22,634,538.09
Contributions	0.00	0.00
Investment Activity, net	(1,533,969.48)	(1,533,969.48)
Administration & Grant Management Fees	(58,273.89)	(58,273.89)
Net Changes to Fund	(1,592,243.37)	(1,592,243.37)
Ending Balance	\$21,042,294.72	\$21,042,294.72

Investment Pool Performance as of 3/31/2022

	This Qtr.	1-Year	3-Years	5-Years	10-Years
Endowment Pool	-6.8%	0.7%	7.6%	7.2%	6.6%
Social Impact Endowment Pool	-6.0%	6.8%	12.8%	10.4%	8.5%
Conservative Balanced Pool	-4.1%	0.8%	5.9%	5.5%	n/a
Short Duration Bond Pool	-3.5%	-3.8%	1.1%	1.4%	n/a
Capital Preservation Pool	-0.1%	-0.1%	0.8%	1.1%	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% public equity, 15% hedge funds, 20% fixed income, 10% real assets and 5% private equity & venture capital. Investment management fees are approximately 95 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 65% equity (Vanguard FTSE Social Index Fund) and 35% fixed income (30% CCM CRA Qualified Fund & 5% Vanguard Short-Term Bond Index Fund). Investment management fees are 22 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 5 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 12 basis points.

**MEMORANDUM**

June 22, 2022

To: Members of the Board of Directors

From: Darrell E. Johnson, Chief Executive Officer

Subject: **Environmental Mitigation Program Coastal Fire Impacts Status Update**

This memorandum is a follow up to an earlier memorandum on this topic. The Coastal Fire in the cities of Laguna Beach and Laguna Niguel (in the Aliso Canyon) burned approximately 200 acres between May 11-17, 2022. The fire destroyed 20 homes and damaged 11. The Coastal Fire impacts on the Orange County Transportation Authority (OCTA) owned Pacific Horizon Preserve (Preserve) have been mapped and are attached. A summary of the impacts, post fire response, and next steps are provided below.

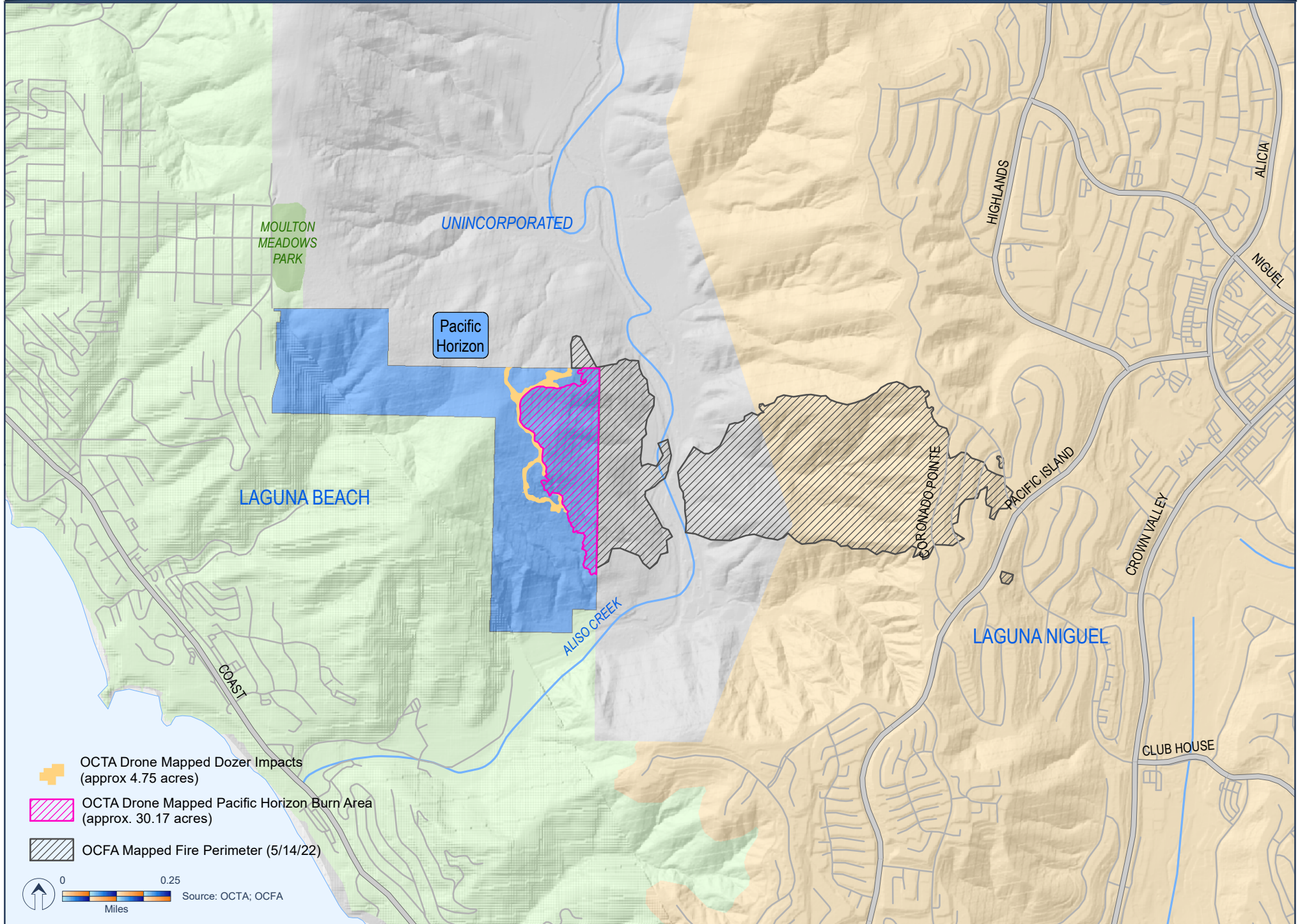
The fire and associated suppression activities impacted approximately 35 acres of the 151-acre OCTA Pacific Horizon Preserve. This Preserve is one of seven owned by OCTA and was acquired in 2015 as part of the Measure M2 Environmental Mitigation Program. Habitat impacted includes chaparral scrub, southern mixed chaparral, mixed sage as well as some rare plants. As part of the fire response, containment lines (bulldozer and hand crew) were placed across the Preserve, which accounts for a small portion of the impacts. However, the Orange County Fire Authority (OCFA) repaired the containment lines by placing unburned cut vegetation and debris over the lines. The cause of the fire is currently under investigation.

OCTA is not required to restore the burned vegetation on the Preserve but will be responsible for monitoring and controlling any invasive weeds that may grow in the area. Fencing and signage has been placed on the OCTA Preserve to keep the public from entering the burn area. Staff will continue to coordinate with Orange County Parks (OC Parks), as well as the United States Fish and Wildlife Service and California Department of Fish and Wildlife (Wildlife Agencies), on potential restoration and erosion control tasks for the Preserve. While not required, this may prove to be more cost effective in the overall management of the Preserve depending on habitat recovery.

Staff will continue to monitor the property and update the Environmental Oversight Committee and Board if additional tasks are warranted. Please contact Kia Mortazavi, Executive Director, Planning, at (714) 560-5741 for additional information.

DEJ:lh
Attachment

c: Environmental Oversight Committee



M2 NATURAL COMMUNITY CONSERVATION PLAN/HABITAT CONSERVATION PLAN – 2021 ANNUAL REPORT



Prepared by:
Orange County Transportation Authority
550 South Main Street, PO Box 14184
Orange, CA 92863
Contact: Lesley Hill
714-560-5759



June 2022

DRAFT

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Acronyms and Definitions

ACOE – Army Corps of Engineers

CAC – Citizen Advisory Committee

Caltrans – California Department of Transportation

CCC – California Coastal Commission

CCF – California Community Foundation

CDFW – California Department of Fish and Wildlife

CEs – Conservation Easements

CHSP – Chino Hills State Park

CNDDDB – California Natural Diversity Database

COI – Certificate of Inclusion

CSS – Coastal Sage Scrub

ECR – Environmental Commitment Report

EFM – Endowment Fund Manager

EMP – Environmental Mitigation Program

EOC – Environmental Oversight Committee. The EOC is made up of two OCTA Board members and representatives from Caltrans, the Wildlife Agencies, ACOE, environmental groups, and the public. The EOC makes recommendations on the allocation of environmental freeway mitigation funds and monitors the execution of a master agreements between OCTA and state and federal resource agencies.

ESA – Endangered Species Act

FMP – Fire Management Plan

GIS – geographic information system

GLA – Glen Lukos Associates

GSOB – Gold Spotted Oak Borer (beetle)

HCP – Habitat Conservation Plan

HMMP – Habitat Mitigation Monitoring Plan

I – Interstate

IA – Implementing Agreement

IRC – Irvine Ranch Conservancy

ISHB – Invasive shot hole borer

ISMP – Invasive Species Management Plan

M2 – The renewed Measure M (or Measure M2)

M2 NCCP/HCP – OCTA M2 Natural Communities Conservation Plan / Habitat Conservation Plan adopted on November 2017. Also referred as Plan.

NCC – Natural Communities Coalition

NCCP – Natural Community Conservation Plan

NCCPA – Natural Community Conservation Plan Act

OC – Orange County

OC Parks – Orange County Parks

OCTA – Orange County Transportation Authority

RMP – Resource Management Plan

SARP – Santa Ana River Mainstem Project

SCAG – Southern California Association of Governments

SR – State Route

TCA – Transportation Corridor Agencies

TOC – Taxpayer Oversight Committee

UCI – University of California Irvine

USFS – United States Forest Service

USFWS – U.S. Fish and Wildlife Service

Wildlife Agencies – the California Department of Fish and Wildlife (CDFW) and U.S. Fish and Wildlife Service (USFWS), collectively referred to as the Wildlife Agencies

Executive Summary

This is the fourth Annual Report for the Orange County Transportation Authority (OCTA) M2 Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP or Plan), covering all activities between January 1, 2021 and December 31, 2021. This report summarizes the tracking of impacts associated with covered freeway improvement projects and other management and monitoring activities on Preserves (Covered Activities), status and activities on the OCTA Preserves, progress on the implementation of OCTA-funded restoration projects, and additional Plan administration and public outreach activities. This Annual Report has been reviewed and approved by the California Department of Fish and Wildlife (CDFW) and U.S. Fish and Wildlife Service (USFWS), collectively referred to as the Wildlife Agencies. In addition, this Annual Report is presented to the OCTA Environmental Oversight Committee (EOC) and is available for a public review.

Tracking Impacts from Covered Activities

OCTA keeps an accounting of the Plan-to-date impacts on habitat types from all covered freeway improvement projects to ensure impacts stay within the caps established within the Plan. To date, a total of **9.2 acres of habitat impacts have been authorized relative to a cap of 141.0 acres**. In addition, OCTA uses a consistency determination checklist to evaluate how and when avoidance and minimization measures are implemented on covered freeway improvement projects. No projects had consistency determinations drafted, modified, or completed within the timeframe of this Annual Report. Other tracking requirements include:

- *Tracking for Covered Plant Species Policy* – OCTA tracks the credits for covered plant species protection (on Preserves) and restoration/enhancement (restoration projects) relative to allowable impacts. The Plan-to-date balance for each plant species is net positive (intermediate mariposa lily [+1303], many-stemmed dudleya [+180], southern tarplant [+8,377 + 1 acre]).
- *Tracking Impacts on Habitat Types Resulting from Covered Activities within Preserves* – The Plan establishes a cap that no more than 13 acres (approximately 1%) of the natural habitat within the OCTA Preserves will be impacted by Preserve management activities. To date, no measurable permanent impacts have been recorded on the Preserves.
- *Maintaining Rough Proportionality* – The Plan requires implementation of conservation measures roughly proportional in time and extent to impacts on natural communities and Covered Species. To date, four restoration projects, Big Bend, City Parcel, Bee Flat, and UCI Ecological Reserve have received sign-off from the Wildlife Agencies as meeting their success criteria and have achieved conservation credits that keeps the Plan ahead of allowable impacts.

OCTA Preserves

OCTA acquired seven properties resulting in the protection of 1,236¹ acres of natural habitat (see Figure 1). In all instances, the seven Preserves are located within priority conservation areas and immediately adjacent to other protected lands. These Preserves add to the protection of large blocks of natural open space in areas important for regional conservation. OCTA has completed Resource Management Plans (RMPs) for each Preserve that includes Preserve-specific goals and objectives and define an appropriate level of public access and trail use consistent with protection of biological resources. It is anticipated that Conservation Easements will be completed and recorded in the near future. Currently each Preserve is being managed by OCTA. OCTA is working to identify and potentially transition to long-term Preserve Managers in the near future. OCTA has contracted with the following consulting firms to support Preserve management: (1) Glenn Lukos Associates to provide biological monitoring, oversee implementation of the approved invasive species management plans (ISMPs), assist with public outreach events, and general program needs including Conservation Easement support (2) RECON Environmental to support general Preserve stewardship including maintenance of access roads, tree trimming, and control of public access, and (3) Wildland Res Mgt to complete Fire Management Plans (FMPs). OCTA has hosted numerous Preserve-specific outreach events to educate the public about property value and access and plans to continue this process in the near term as part of a managed access approach. No fires or major events have occurred on the Preserves in 2021, although a level of trespassing and vandalism continues to occur requiring ongoing monitoring and enforcement.

OCTA-Funded Restoration Projects

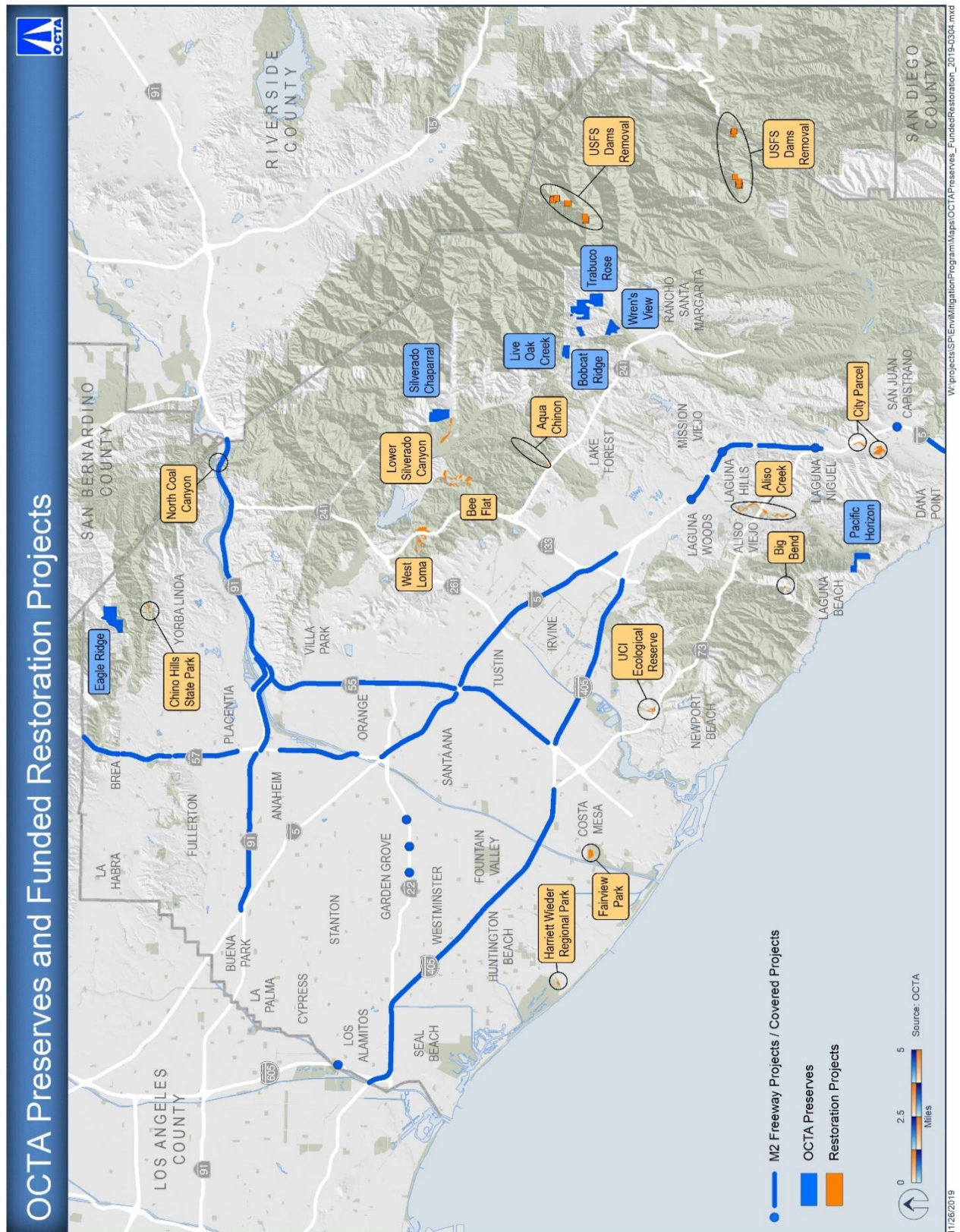
OCTA has approved funding for 11 restoration projects and a check dam removal project that will result in over 350 acres of restored habitats and improvement to habitat functions for Covered Species. The restoration projects occur throughout the Plan Area in core habitat areas and within key habitat linkages and riparian corridors (see Figure 1). The restoration projects are on lands that are currently managed and will enhance habitat for Covered Species. OCTA is working with the restoration project sponsors to complete implementation and monitoring of the restoration activities and achieve sign-off from the Wildlife Agencies that the restoration projects meet their success criteria. Each restoration project is at different stages of the process. Wildfires in late 2020, impacted three OCTA funded restoration projects. To date, 4 of the 11 restoration projects have obtained sign-off.

Additional Conditions for Coverage

As part of the Conservation Analysis (Chapter 6) in the Plan, there were two Covered Species, arroyo chub and many-stemmed dudleya, noted for additional conditions for coverage above and beyond the acquisition of the OCTA Preserves and funding of restoration projects. In 2017, the EOC and Wildlife Agencies approved OCTA to fund the United States Forest Service Dam Removal restoration project

¹ The acreage of natural habitat preserved is based on best available information used during the preparation of RMPs and may be slightly different from acreages reported in the M2 NCCP/HCP.

Figure 1 - OCTA M2 NCCP/HCP Preserves and Funded Restoration Projects



that, when complete, will satisfy the conditions for coverage of arroyo chub. Work began in 2018 and was completed in 2020. A total of 14 dams were removed using the funds provided by OCTA. For many-stemmed dudleya, OCTA is currently taking steps to protect and enhance an existing population of many-stemmed dudleya on the Pacific Horizon Preserve with the hope that it will expand to help meet or will meet the criteria needed to achieve coverage for many-stemmed dudleya.

Public Outreach

OCTA has been committed to transparency in how the M2 funds have been and are being used to implement the Plan and the broader Environmental Mitigation Program (EMP). OCTA has conducted a variety of public outreach activities aimed at informing and engaging the public on the overall EMP as well as Preserve-specific issues and events. These have included public meetings during the preparation of the Preserve RMPs, maintaining a website with information and documents related to the program, and engaging in various outreach efforts and encouraging volunteer programs. Many events planned for 2021 were impacted due to stay at home orders and restrictions relating to the COVID-19 epidemic. In 2021, OCTA participated in 3 EMP public outreach events and meetings and 5 Preserve-specific public outreach events.

Plan Funding

The primary source of funding for the Plan will derive from the M2 transportation sales tax designed to raise money to improve Orange County's transportation system. As part of the M2 sales tax initiative, at least 5% of the revenues from the freeway program will be set aside for the M2 EMP revenues. There are sufficient funds available through the M2 EMP to cover the development and implementation of the Plan. OCTA is currently in a 12-15 year process to accumulate and establish an endowment that will provide a long-term funding source to cover ongoing Preserve management and monitoring, adaptive management, and responses to changed circumstances, in perpetuity. In the short-term, the current M2 EMP revenue stream is used to cover Plan implementation and administration.

Plan Administration

OCTA is responsible for implementing the Plan and staffing an NCCP/HCP Administrator position. OCTA has designated Lesley Hill as the NCCP/HCP Administrator. Her role includes overseeing Preserve management and monitoring, coordinating with restoration project sponsors, serving as the primary point of contact with the Wildlife Agencies, ensuring avoidance and minimization measures are implemented pursuant to the Plan, tracking impacts and conservation, assisting with public outreach, and preparing this Annual Report.

The Plan outlines how modifications, Minor Amendments, and Major Amendments can be made to the Plan. This Annual Report summarizes Plan modifications that have been made in collaboration with the Wildlife Agencies that address revisions to restoration project design plans and sponsors, minor Preserve boundary adjustments, and approval of a new restoration project since Plan approval. At the recommendation of the Wildlife Agencies, OCTA will be working on a Minor Amendment to the Plan to document the Southern California Edison (SCE) utility poles and maintenance areas within various

Preserves. Additional information will need to be obtained from SCE in order to move forward with this Amendment. No Major Amendments are proposed.

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