



AGENDA

Measure M2 Environmental Oversight Committee

Committee Members

Jamey Federico, Chair
Melanie Schlotterbeck, Vice Chair
Melanie Burlaza, CA Dept. of Fish and Wildlife
Veronica Li, US Army Corps of Engineers
Derek McGregor, DMc Engineering
William Miller, US Fish and Wildlife Service
Joe Navari, CA Wildlife Conservation Board
Michael Neben, Taxpayer Oversight Committee
Bev Perry, Civic Engagement Consultant
Alben Phung, Caltrans
Dan Silver, Endangered Habitats League
OCTA Board Member Representative-Vacant

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

Wednesday, Nov. 6, 2024 at 2:30 p.m.

Teleconference Locations:

Brea City Sports Park
3333 E. Birch Street
Brea, CA 92821

California Natural Resources Building
715 P Street
Conference Room 17-310
Sacramento, CA 95814

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, by 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.

Meeting Access and Public Comments on Agenda Items

Members of the public can either attend in person or listen to audio live streaming by clicking this link: <https://www.octa.net/about/leadership/board-of-directors/live-archived-audio/>.

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of Aug. 7, 2024, Minutes**
- 4. Environmental Mitigation Program Endowment Fund Investment Report**
Dan Phu, OCTA

The Orange County Transportation Authority (OCTA) has developed a Natural Community Conservation Plan/Habitat Conservation Plan; acquired conservation



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Measure M2 Environmental Oversight Committee

properties; and funded habitat restoration projects to mitigate the impacts of Measure M2 freeway projects. The California Community Foundation is building up 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. The last report was 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 are included.

5. Fairview Park Restoration Project Update

Lesley Hill, OCTA

The Fairview Park Restoration Project was approved for funding through the Measure M2 Freeway Environmental Mitigation Program in 2011. The City of Costa Mesa (City) has been the lead on this project, which included the creation and restoration of coastal sage scrub, riparian, wetland, and grassland habitat. Due to project complications, an additional area (within Fairview Parks) will be restored for this project. Additional information is attached. OCTA staff will provide a brief update on this project.

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 sixth Conservation Plan Annual Report (2018 through 2023). This report includes the tracking of impacts associated with covered freeway improvement projects and other management and monitoring activities on Preserves. Such as, status and activities, progress of the restoration projects, 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. Staff will present an overview of the Annual Report contents.

7. Hikes and Equestrian Rides

Marissa Espino, OCTA

The next docent-led ride is scheduled for August 17th and the next docent-led hike will take place on October 12th. Both events will be held at the Trabuco Rose Preserve. The master calendar for 2024 is available at www.preservingourlegacy.org.

8. 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 of the item number on which



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Measure M2 Environmental Oversight Committee

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.

9. Committee Member Reports

10. Next Meeting – February 5, 2025

11. Adjournment



Minutes

Measure M2 Environmental Oversight Committee

Committee Members

*Jamey Federico, Chair
Dan Silver Endangered Habitats League
David Mayer, US Fish and Wildlife Service
Derek McGregor, DMc Engineering
Melanie Burlaza, CA Dept. of Fish and Wildlife
Michael Neben, Taxpayer Oversight Committee
William Miller, US Fish and Wildlife Service*

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

***Wednesday, August 7, 2024, at
2:30 p.m.***

Member(s) Absent

*Alben Phung, Caltrans
Veronica Li, US Army Corp of Engineers*

Member(s) Teleconferencing

*Bev Perry, Civic Engagement Consultant
Joe Navari, CA Wildlife Conservation Board
Melanie Schlotterbeck, Vice Chair*

Teleconference Location:

Brea City Sports Park
*3333 E. Birch Street
Brea, CA 92821*

*California Natural Resources Headquarters
715 P Street
Conference Room 17-310
Sacramento, CA 95814*

1. Welcome

Chair Jamey Federico called the Environmental Oversight Committee (EOC) meeting to order and introduced the new members Melanie Burlaza and Michael Neben.

2. Pledge of Allegiance

Jamey Federico lead the Pledge of Allegiance.

3. Approval of February 7, 2024, Minutes

A motion was made by Jamey Federico, seconded by Dan Silver to approve the minutes.

Motion passed.

4. Environmental Mitigation Program Endowment Fund Investment Report

Dan Phu, OCTA Planning, presented the update.

Committee Member Comments:

There were no committee comments.

5. Fairview Park Restoration Project Update

Lesley Hill, OCTA Planning, Kelly Dalton, Fairview Park Administration, City of Costa Mesa, and Travis Brooks, City of Costa Mesa Consultant (Land IQ) presented the update. <This presentation available upon request.>

Committee Member Comments:

A committee member asked how close or if the Talbert Park Fire burned any of the OCTA wetlands or mitigation areas. Kelly Dalton responded that the western most part of the restoration area was affected, with 1 to 1½ acres of the OCTA area burned. They are working with their separate restoration ecologists and biologists to determine remedial measures for that site, but the area appears to be recovering and revegetating on its own and they will continue to monitor into the fall and winter for any additional actions that may need to be taken for recovery.

6. West Loma Restoration Project Completion

Lesley Hill, Planning, Michael O'Connell, President & CEO Irvine Ranch Conservancy and Collin Raff, Irvine Ranch Conservancy, presented the update. <This presentation available upon request.>

Committee Member Comments:

A committee member asked if the restoration cost per acre would be going down in the future and in terms of the conservancy maps, what are the longer-range plans for restoration and what are the funding sources. Michael O'Connell responded the cost per acre is variable depending on the habitat type but it hasn't been going up as the methods are becoming more established and we know what to expect. Five thousand acres have been identified as being degraded with 20% being restored with this partnership. Partnering with major infrastructure agencies has allowed the direction of mitigation needs to assist with funding.

A committee member asked if endowments assisted with funding. Michael O'Connell responded they do not have an endowment; the funding is annual operating funds and projects like these.

7. OCTA Live Oak Creek Encroachment

Lesley Hill, OCTA Planning, presented the overview. <This presentation available upon request.>

Committee Member Comments:

A committee member asked if they were going to remove the encroachments. OCTA legal

counsel, Cassie Trapesonian responded that they had spoken with the landowner and the landowner had agreed to remove all of the encroachments.

A committee member asked if the use of the firepits has been addressed. Legal counsel responded that is not within OCTA's purview. The private property owner would be subject to County codes and requirements and the County would be the lead for that use/enforcement.

A committee member commented that he was doubtful that structure modification would be done and would it be a consideration to modify the boundary, seek financial consideration or live with the encroachment.

A committee member commented if the entire structure is not going to be removed how is the fuel modification factored in as the owner has built up to our property line. OCTA legal counsel responded it is incumbent upon the owner to comply with the law and that fuel modification would not be allowed on OCTA property.

A committee member asked if a structure existed at the time of the purchase. Lesley Hill responded yes it was an out structure not a habitable structure, that appeared to be on the property line. The understanding is it was built without permits and then converted to make it habitable. If it was built as a habitable structure with permits then fuel modification would have been factored in before OCTA purchased the property.

A committee member commented that it would be good to get the requirements from OCFA (Orange County Fire Authority).

8. Southern California Edison Coordination Update

Lesley Hill, Planning presented the update. <This presentation available upon request.>

Committee Member Comments:

A committee member asked if the agreement is for SCE to restore the area every time they access the poles. Lesley Hill responded the access agreement will document the preferred path they will be using on a regular basis and that this will be considered a permanent impact. This referenced work that was done was aggressive, clearing more than what they needed and OCTA will be compensated for that. The permanent impact will also be compensated for by SCE.

9. Spring Restoration Tour

Lesley Hill, Planning presented the update.

Committee Member Comments:

There were no committee comments.

10. Hikes and Equestrian Rides

Marissa Espino, Public Outreach, presented the update. The next docent-led ride is scheduled for August 17th and the next docent-led hike will take place on October 12th. Both

events will be held at the Trabuco Rose Preserve. The master calendar for 2024 is available at www.preservingourlegacy.org.

Committee Member Comments:

There were no member comments.

11. Public Comments

There were no public comments.

12. Committee Member Reports

A committee member commented there is a second conservation fund in Orange County, the Transportation Corridors Agency's Conservation Fund, \$28 million settlement between the Safe San Onofre Coalition and the TCA (Transportation Corridor Agencies). Tentative spending is scheduled to start in 2025 with a call for proposals to be issued shortly.

13. Next Meeting—November 6, 2024.

14. Adjournment-- Meeting was adjourned at 3:23 p.m.



November 6, 2024

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

Item 4 - Environmental Mitigation Program Endowment Fund Investment Report Update

The Orange County Transportation Authority (OCTA) has developed a Natural Community Conservation Plan/Habitat Conservation Plan (Conservation Plan); acquired conservation properties; and funded habitat restoration projects (Attachment A) to mitigate the impacts of Measure M2 freeway projects. 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 an estimated \$34.5 million (principal) endowment to fund the long-term management of the Preserves.

The 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. To date, OCTA has made nine endowment deposits (\$2.9 million annually). Quarterly investment reports are provided to the Board. The next report will be provided to the Board in December. The endowment pool information that will be used for that update is included as Attachment B. As of September 30, 2024, the endowment balance was \$32,759,657, which is above the target of \$31,393,728 for the first quarter of fiscal year (FY) 2024-25. Based on the performance to date, current projections indicate that OCTA remains on track to meet the endowment target of \$46.2 million (including interest earnings) in FY 2027-28; however, future performance of the endowment fund may affect the timeframe. Staff will continue to assess market conditions and provide regular endowment updates to the Board, the Finance and Administration Committee, and the EOC. The reports have been reviewed

and are consistent with the pool objectives. Staff will provide a summary of the latest report.

Item 5 - Fairview Park Restoration Project Update

In February 2011, OCTA awarded the City of Costa Mesa (City) \$2 million for a 23-acre habitat restoration project within the City's Fairview Regional Park. Approximately 13 acres of the proposed project have been implemented. Once the restoration is completed, approved by the Wildlife Agencies, and permanently protected; OCTA can utilize the restored habitat for mitigation as part of the OCTA M2 Conservation Plan. As discussed during previous EOC meetings, various project concerns have been discussed between the City, OCTA, and the Wildlife Agencies. The project is deficient of approximately 10 acres of the committed restoration habitat types. In addition, the City has yet to record a required conservation easement over the project area. If these project requirements are not completed, OCTA would be out of compliance with the Conservation Plan provisions and the City would be out of compliance with their contractual obligations with OCTA.

During the August EOC meeting, the City and their consultant shared an overview of the proposed restoration plan (Plan) as well as a draft schedule for the project. This restoration work is intended to complete the remaining restoration acreage to be included as part of the OCTA funded restoration project commitments. The Plan was reviewed by the Wildlife Agencies and has now been finalized. Attachment C depicts the restoration area as shown in the Plan. The City is in the procurement process to bring on a restoration contractor to implement the project. The intent is to award the contract in fall 2024 and begin construction in early 2025. Site implementation could potentially continue through 2027-2032. Updates will continue to be provided to the Board and EOC. OCTA staff will provide a brief update on this item.

Item 6 – OCTA Conservation Plan Annual Report

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 executive summary for the sixth Annual Report is provided as Attachment D. 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, 2023, OCTA is complying and on target with the Conservation Plan commitments. Some of the notable activities from 2023 include:

- Ongoing construction of three freeway projects;
- Completion of two restoration projects;
- Completion of all seven-fire management plans;
- Completion of focused herpetology surveys for 5 Preserves;
- Ongoing mammal monitoring at 4 Preserves;
- Continued management of the Preserves including the treatment of targeted invasive weeds and pests; and
- Ongoing effort to approve the conservation easements and endowment for the Preserves.

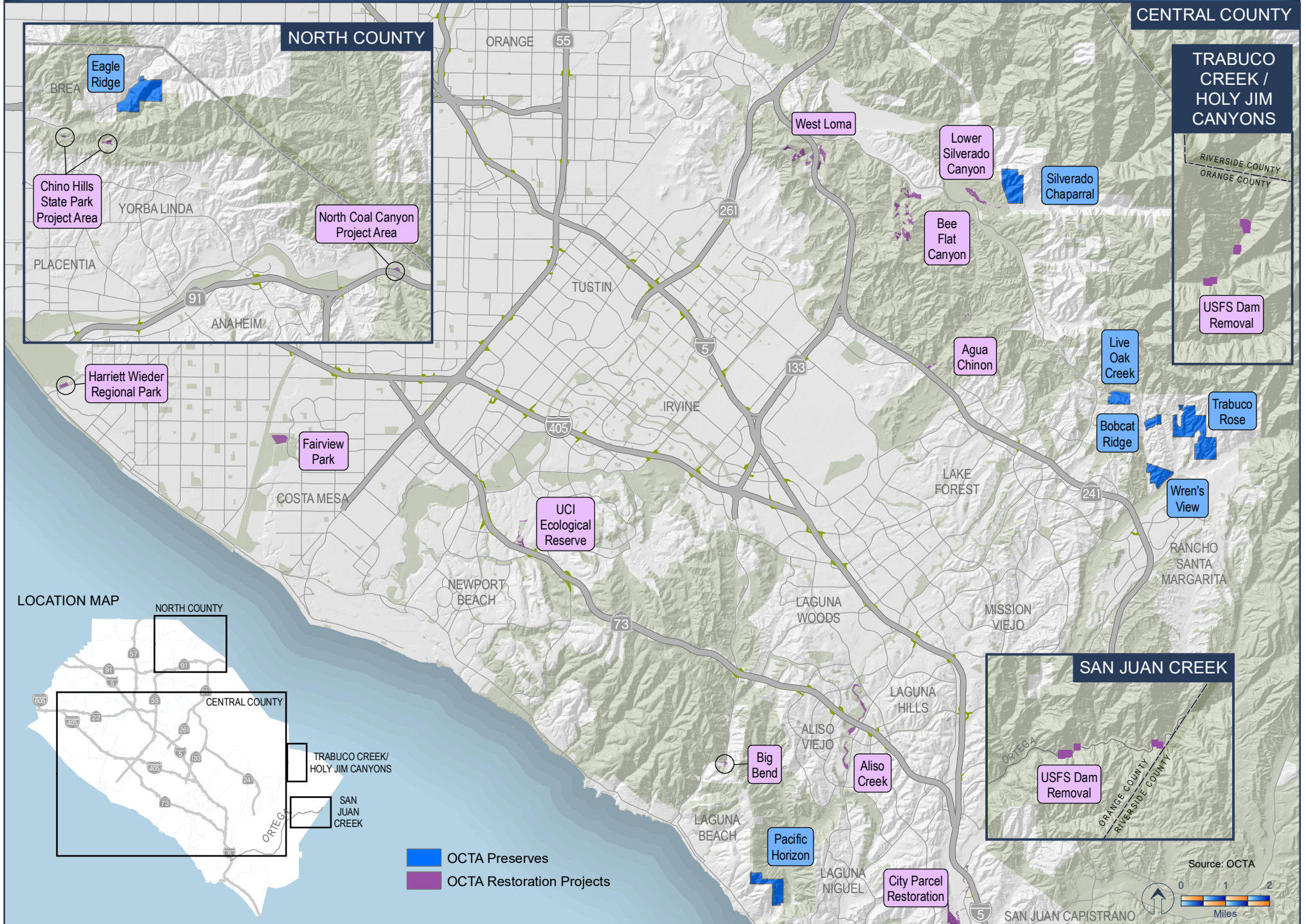
OCTA will continue towards the completion of the required Conservation Plan objectives. The executive summary of this report is attached and has been reviewed by the Wildlife Agencies and has been posted to the OCTA website <http://www.octa.net/About-OC-Go/OC-Go-Environmental-Programs/Preserve-Management/>. Staff will present an overview of the Annual Report content.

Attachments:

- A. OCTA Preserves and Restoration Projects
- B. OCTA Endowment Pool September 30, 2024 Quarterly Investment Statement
- C. Fairview Park restoration area
- D. OCTA M2 Natural Community Conservation Plan/Habitat Conservation Plan – 2023 Annual Report Executive Summary

OCTA Preserves and Funded Restoration Projects

ATTACHMENT A





Endowment Pool September 30, 2024

INVESTMENTS

Total Pool Assets

\$1.20 billion (Endowment Pool), \$2.43 billion (total foundation assets) as of September 30, 2024.

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).

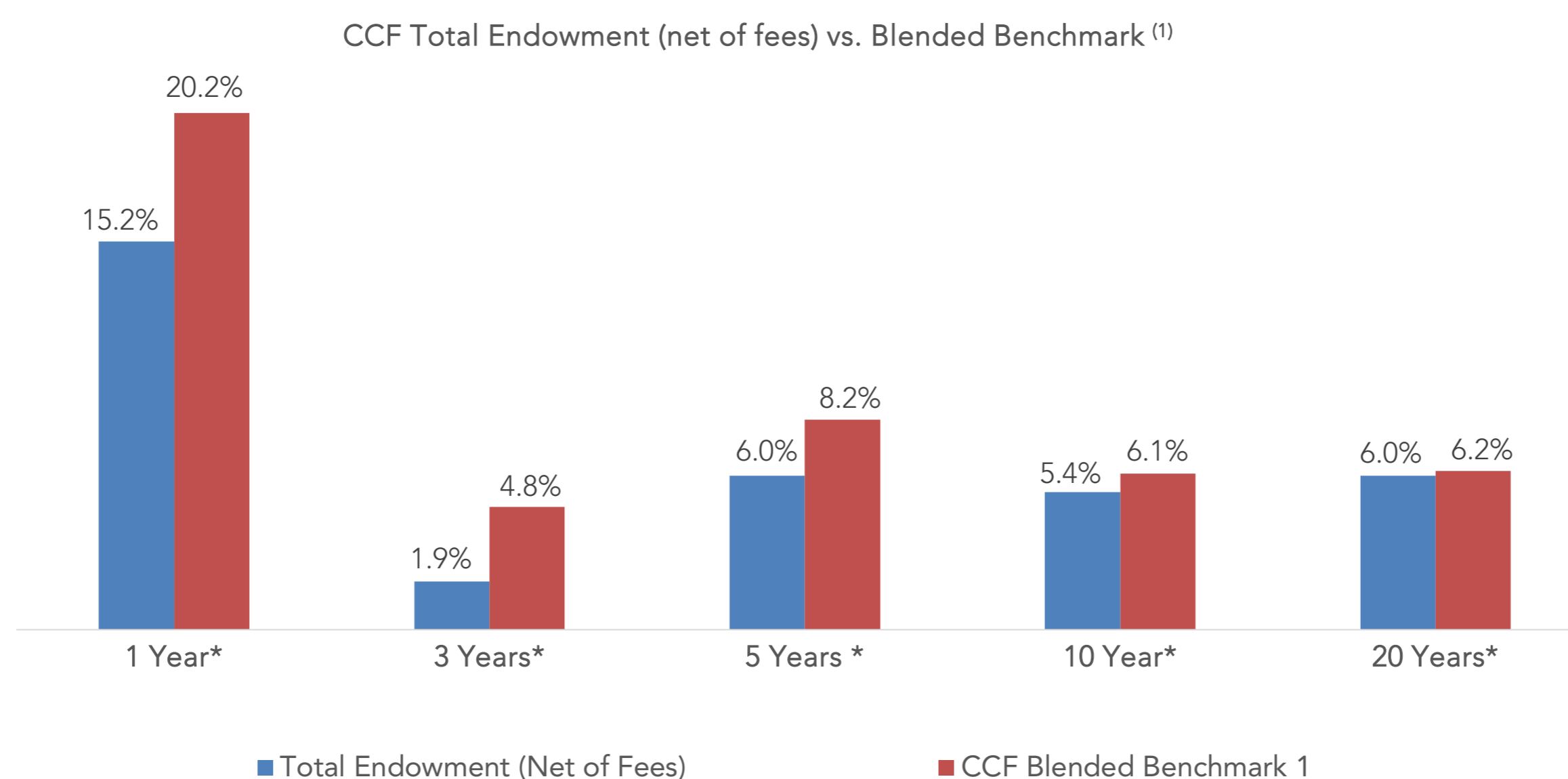
Outsource CIO

Hall Capital Partners

Performance & Asset Allocation

Performance for September 2024 was 1.2% ^(2,5)

Performance for the three months ended September 30, 2024 was 4.7%



Asset Class	Balance (\$m)	% of Port	Long-Term Target Range ⁽⁴⁾
Cash & Equivalent ⁽³⁾	\$4	0.4%	0 - 5%
Fixed Income	\$123	10.2%	10 - 20%
Public Equities	\$578	48.1%	40 - 60%
Alternative Assets	\$132	11.0%	10 - 25%
Hybrid Investments	\$25	2.1%	0 - 10%
Private Investments	\$183	15.2%	10 - 20%
Real Assets	\$156	13.0%	5 - 10%
Total Endowment Assets	\$1,201	100.0%	

MARKET COMMENTARY – Q3 2024

With inflation back within the target range and increased caution toward the labor market, the Fed cut rates for the first time in four years, driving a quarter of strong performance across asset classes. The MSCI ACWI (global public equities) gained 6.6% for the quarter, now +18.7% for the year, bringing both the MSCI ACWI and S&P 500 to end the quarter at or near all-time highs.

Equity markets' strong performance, predominantly driven by US mega-cap tech for most of the year, broadened significantly across various sectors and geographies in Q3. This broadening led to notable shifts in the quarter: international outperformed US stocks, equal-weighted indices outperformed market cap ones, and SMID-cap stocks outperformed large-cap stocks, though time will tell if this broadening will sustain. Lower interest rates and lower starting valuations may benefit segments and geographies that have been out-of-favor in recent years.

Nevertheless, US and global indices remain the most concentrated they have been in over 40 years with ~27% of the S&P 500 comprised of just six technology stocks, which is a risky proposition. While these few stocks have driven the performance of indices for 2024, we continue to build portfolios from the bottom up, with globally diverse drivers of return.

After the Fed's significant 50bps rate cut in September, the committee indicated the possibility of up to an additional 50bps in 2024 and 100bps in 2025. Markets are currently pricing in 75bps of additional rate cuts in 2024. The path for interest rates, the upcoming US presidential election, and various ongoing geopolitical conflicts have the potential to induce short-term market volatility.

EP COMMENTARY

Excluding private investments, the portfolio was up 9.9% YTD. The total Endowment portfolio was up an estimated 8.1% through Q3 which includes private investment marks that report on a lag and are held at zero for the latest quarter.

For Q3, performance for the EP was exactly in-line with its benchmark (+4.7%). However, for the year 2024, performance lags the blended benchmark return. 2024 has seen consistent themes in terms of EP performance. All asset classes have performed better or in-line with expectations and relative benchmarks with the exception of public equities.

As noted above, the dynamic of mega-cap technology stocks (e.g. NVIDIA where the EP does not have equivalent exposure) driving overall equity markets continues to be a theme that results in relative underperformance for the EP. Recent equity performance has been strong on an absolute basis with the Endowment's equities up +12.1% YTD in 2024 and +25.9% for the 1 year period ending September 30, 2024.

Looking forward, we maintain conviction that our actively managed equity portfolios can outperform global indices over the coming decade, and do so with more diversified drivers of return and therefore lower risk. The top five stocks in the MSCI ACWI are trading at a valuation of nearly twice the rest of the index, leaving the broader market looking more reasonable for active managers.

Hedge funds have performed well this year, earning 7% YTD through Q3 taking advantage of still attractive base yields within the credit space. We view this as a strong absolute return for investment strategies that provide diversification and downside protection in the portfolio.

We have made good progress this year in rebalancing the portfolio towards the EP's long-term targets. First, we have been slowly investing more dollars in private equity and are excited about the private commitments, which are still relatively early in terms of duration. As stated above, private investments report on a lag and are therefore held at a 0% return for Q3'24, muting overall performance relative to strongly positive public markets in 2024. However, we believe this exposure will drive higher returns for the EP over the longer term. As private equity allocation grows, we have been trimming from the real assets portion of the portfolio.

* Represents Annualized Returns.

Footnotes:

1 – Total benchmark intended to roughly match CCF portfolio asset allocation with relevant constituent benchmarks. Current blended benchmark effective since 1/1/24.

Current blend: ML 3M T-Bills (3%), Barclays Agg. Bond Index (7.8%), Barclays 1-5Y Government-Credit Index (5.2%), MSCI ACWI (45%), Hedge Fund Blend (7.5% BofA ML High Yield, 3.75% ML 3-Month T- bills, 3.75% MSCI ACWI), Cambridge PE Index (9.8%), Cambridge VC Index (4.2%), Cambridge RE Index (7%), S&P Infrastructure Index (3%).
CPI+5%.

CCF benchmark blends 7/1/21 to 12/31/23 : 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%).

CCF benchmark blends prior to 7/1/21: Total Fund Benchmark is a combination of: 48% MSCI ACWI - 2% Cambridge PE Index 1-Qtr Lag / 14% HFR FOF / 5% ODCE - 5% S&P Global Large Mid NR - 4% S&P Global Infrastructure / 9% Barc Agg. - 3% Barc 1-5 Yr. Gov/Cr - 3% Barc 0-5 Yr. US Treasury TIPs / 2% Barc High Yield - 2% S&P/LSTA Leveraged Loan - 3% JP Morgan EMBI Global Diversified.

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 1.14% 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)

7/1/2024 - 9/30/2024

Fund Summary

	Report Period 7/1/2024 - 9/30/2024	Calendar YTD 1/1/2024 - 9/30/2024
Opening Fund Balance	\$28,424,735.00	\$27,593,905.17
Contributions (see attached detail)	2,877,000.00	2,877,000.00
Investment Activity, net	1,457,921.63	2,358,535.38
Administration & Grant Management Fees	0.00	(69,783.92)
Net Changes to Fund	4,334,921.63	5,165,751.46
Ending Balance	\$32,759,656.63	\$32,759,656.63

Investment Pool Performance as of 9/30/2024

	1-Year	3-Years	5-Years	10-Years
Endowment Pool	15.2%	1.9%	6.0%	5.4%
Social Impact Endowment Pool	27.6%	6.9%	10.6%	8.4%
Conservative Balanced Pool	15.8%	3.7%	5.5%	5.1%
Short Duration Bond Pool	8.0%	0.9%	1.5%	1.7%
Capital Preservation Pool	5.6%	3.5%	2.4%	1.7%

Endowment Pool - Invested for long-term growth and appreciation across multiple investment managers. It seeks to preserve the purchasing power of assets over an indefinite time horizon through long-term investment opportunities, while providing a relatively predictable and stable stream of distributions that keeps pace with inflation.

Social Impact Endowment Pool - Invested in a diversified pool of equities and fixed income aiming to offer capital growth for long-term grantmaking. It seeks to preserve the purchasing power of assets over an indefinite time horizon by following a sustainable investing approach that combines rigorous financial, environmental, social and governance (ESG) analysis, while providing a relatively predictable and stable stream of distributions that keeps pace with inflation.

Conservative Balanced Pool - Invested to strike a balance between growth and liquidity by combining current income with an opportunity for moderate capital appreciation. It seeks to offer diversified exposure to fixed income with maturities from 1-5 years as well as the entire U.S. equity market for purposes of grantmaking over an intermediate horizon.

Short Duration Bond Pool - Invested to offer diversified exposure to fixed income with maturities from one to five years for the purposes of grants over a near-term one to four year horizon.

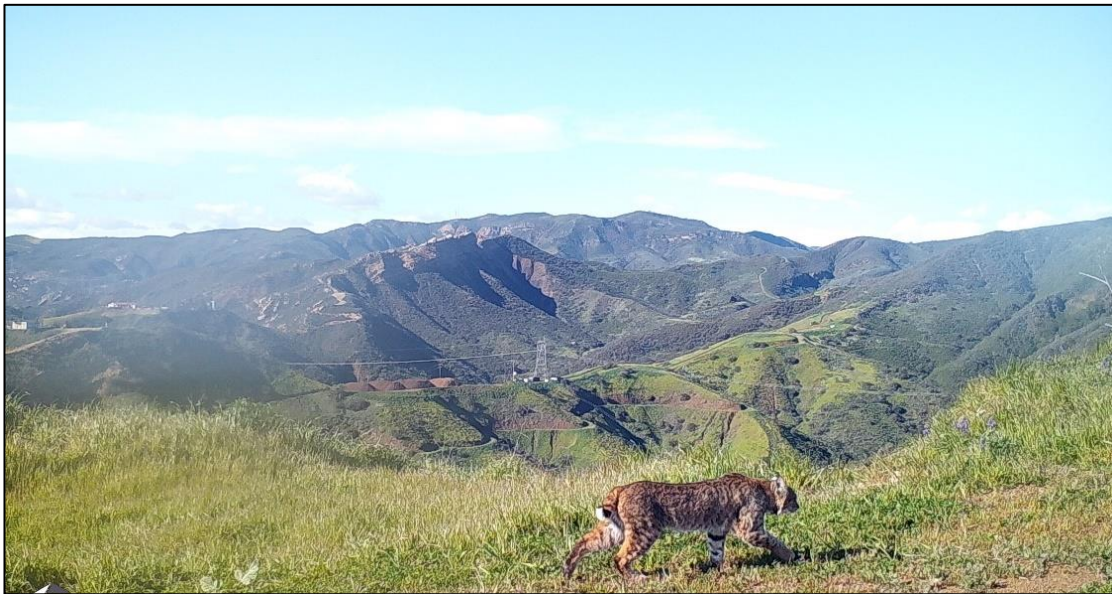
Capital Preservation Pool - Invested to meet the needs of funds with short-term grant objectives. It seeks to preserve principal and provide liquidity and working funds for present and future needs through investment in high-quality, short-term fixed income and cash instruments.

Contribution Details

Date	Donor Name	Amount
07/11/2024	Orange County Transportation Authority	2,877,000.00
		<hr/> \$2,877,000.00 <hr/>



M2 NATURAL COMMUNITY CONSERVATION PLAN/HABITAT CONSERVATION PLAN – 2023 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 2024

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Appendix D 2023 Summary Letter for Maintenance Activities Performed on OCTA Preserves (RECON Number 9779), Feb. 2024

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Acronyms and Definitions

ACOE – Army Corps of Engineers

CAGN – Coastal California gnatcatcher

Caltrans – California Department of Transportation

CBB – Crotch’s bumble bee

CCC - California Coastal Commission

CCW – Coastal cactus wren

CDFW – California Department of Fish and Wildlife

CEs – Conservation Easements

CHL – Coast horned lizard

CHSP – Chino Hills State Park

CNDDDB – California Natural Diversity Database

COI – Certificate of Inclusion

CSS – Coastal sage scrub

DLRP – Disturbed lands restoration project (Pacific Horizon Preserve)

ECR – Environmental Commitment Report

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

GLA – Glenn Lukos Associates

GSOB – Gold spotted oak borer (beetle)

HCP – Habitat Conservation Plan

HMMP – Habitat Mitigation Monitoring Plan

I – Interstate

IA – Implementing Agreement

IML – Intermediate mariposa lily

IRC – Irvine Ranch Conservancy

ISHB – Invasive shot hole borer

ISMP – Invasive Species Management Plan

MSD – Many-stemmed dudleya

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.

NCCP – Natural Community Conservation Plan

NCCPA – Natural Community Conservation Plan Act

OC Go – M2 rebranded

OC Parks – Orange County Parks

OCTA – Orange County Transportation Authority

OTW – Orangethroat whiptail

RMP – Resource Management Plan

SCAG – Southern California Association of Governments

SCE – Southern California Edison

SR – State Route

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 sixth Annual Report for the Orange County Transportation Authority (OCTA) renewed Measure M (M2) Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP or Plan), covering all activities between January 1, 2023 and December 31, 2023. This report summarizes the tracking of impacts associated with covered freeway improvement projects and other management and monitoring activities on Preserves (Covered Activities). It also provides an update of the 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 prepared to comply with the state NCCP and federal HCP annual reporting requirements and will be submitted to the California Department of Fish and Wildlife (CDFW) and the United States Fish and Wildlife Service (USFWS), collectively referred to as the Wildlife Agencies, for review. Once the Annual Report has been finalized, it will be presented to the OCTA Environmental Oversight Committee (EOC) and will be available for public review.

Tracking Impacts from Covered Activities

OCTA keeps account 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 (*Calochortus weedii* var. *intermedius*, IML) [+933], many-stemmed dudleya (*Dudleya multicaulis*, MSD) [+57], southern tarplant (*Centromadia parryi* ssp. *australis*, ST) [+59,377]).
- *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, seven restoration projects, Big Bend, City Parcel, Bee Flat, University of California, Irvine (UCI) Ecological Reserve, United States Forest Service (USFS) Dam Removal, Agua Chinon, and Lower Silverado Canyon 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. An update to the RMPs is currently underway. OCTA will be coordinating the updated language with the Wildlife Agencies. It is anticipated that Conservation Easements (CEs) will be established and recorded in the near future. Templates have been developed and are currently under review with CDFW legal counsel. Currently, each Preserve is being managed by OCTA. OCTA is considering potentially transitioning to a long-term Preserve Manager and is working to identify potential Preserve Managers.

OCTA has contracted the following consulting firms to support Preserve management:

- (1) Glenn Lukos Associates (GLA) to provide biological monitoring, oversee implementation of the approved invasive species management plans (ISMPs), assist with public outreach events, and general program needs including CE support.
- (2) RECON Environmental to support general Preserve stewardship including maintenance of access roads, tree trimming, and control of public access. RECON will also be assisting with updating the RMPs.
- (3) High Level Security Services (HLSS) to assist with patrol of the Preserves to help deter trespassing, vandalism and provide enforcement as needed.
- (4) Guida Surveying Inc. to perform property surveying services.

Most notably, the Fire Management Plans (FMPs) were completed, focused monitoring efforts continued for the 2022 Coastal Fire burn area, and effectiveness monitoring continued for the covered reptile species for five of the seven Preserves. In addition, OCTA hosted numerous Preserve-specific outreach events to educate the public about property value, public access, and plans to continue this process in the near term as part of a managed access approach.

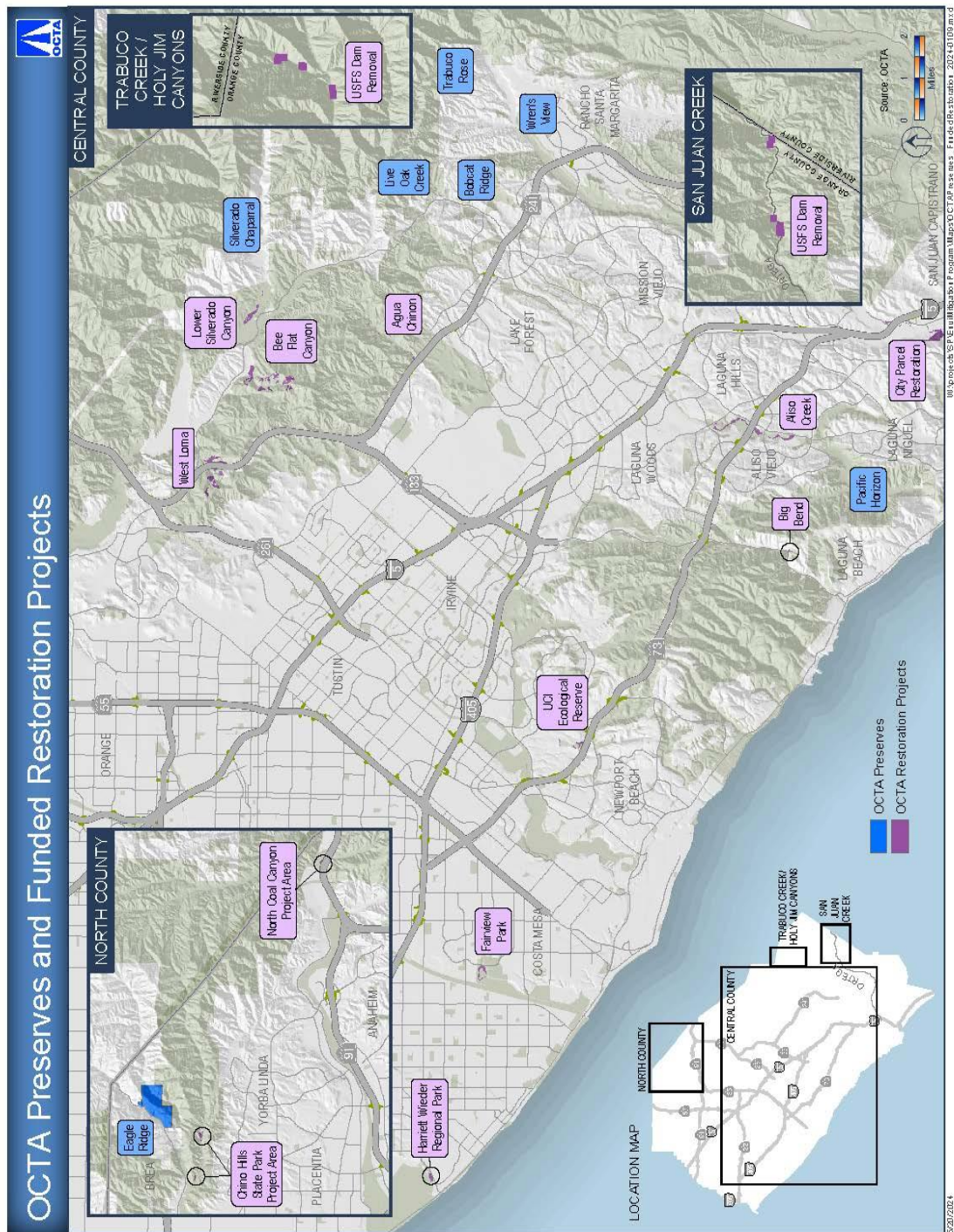
OCTA-Funded Restoration Projects

OCTA has approved funding for 12 restoration projects (including a dam removal project) that will result in over 350 acres of restored habitats and improvements 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. At completion, the restoration projects must meet their success criteria to achieve sign-off from the

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.

Wildlife Agencies. To date, seven of the 12 restoration projects have obtained sign-off. The remaining five restoration projects are at different stages of this process. Additionally, some of these restoration projects have been impacted in previous years by wildfires and some were delayed due to issues such as drought.

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



Additional Conditions for Coverage

As part of the Conservation Analysis (Chapter 6) in the Plan, there are two Covered Species, arroyo chub (*Gila orcutti*) and MSD, noted for additional conditions for coverage which are above and beyond the acquisition of the OCTA Preserves and funding of restoration projects. In 2022, the USFS Dam Removal restoration project, funded by OCTA, was completed, and approved. This restoration project satisfied the conditions for coverage of arroyo chub. For MSD, OCTA has taken steps to protect and enhance an existing population of MSD on the Pacific Horizon Preserve. In addition, OCTA has been collaborating with the Wildlife Agencies to develop an acceptable restoration plan for MSD on this Preserve to hopefully expand the existing population and meet the criteria needed to achieve coverage for this species. If this is determined to be infeasible, OCTA will fund a separate restoration project within Orange County.

Public Outreach

OCTA is 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. In 2023, OCTA participated in one EMP public outreach event and 6 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 five percent 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 implementation of the Plan. OCTA is currently in a 12 - 15 year process (target of fiscal year 2027/2028) to accumulate and establish, in perpetuity, an endowment that will provide a long-term funding source to cover ongoing Preserve management and monitoring, adaptive management, and responses to changed circumstances. The current M2 EMP revenue stream is used to cover Plan implementation and administration until the endowment is fully funded.

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 and minor/major amendments can be made to the Plan. At the recommendation of the Wildlife Agencies, a minor amendment has been recommended to the Plan to document the Southern California Edison (SCE) utility poles and maintenance areas within various Preserves. OCTA staff has been coordinating with SCE staff and legal since 2020. An access agreement and pole easements for each Preserve (except Bobcat Ridge) has been developed and is under final review by SCE legal. OCTA is waiting for SCE to obtain a coastal development permit that will define their on-going maintenance needs at the Pacific Horizon Preserve. Some of the poles at Pacific Horizon may be removed, resulting in less maintenance and less permanent impacts. The disposition of these poles will also be considered when factoring the compensation/restoration plan needs for the damage to the Preserve. The Coastal fire which burned the Pacific Horizon in May 2022 has delayed this coordination. Additional information will need to be obtained from SCE in order to move forward with an Amendment. No major amendments are proposed.