



April 4, 2011

To: Executive Committee

From: Will Kempton, Chief Executive Officer

Subject: Measure M2 Freeway Environmental Mitigation Program
2011 Call for Acquisition Properties Update

Overview

Appraisals and evaluations of potential acquisition and restoration properties were completed in 2010 for the Measure M2 Freeway Environmental Mitigation Program. The Board of Directors has directed staff to negotiate and execute property acquisition agreements, in a total amount not to exceed \$42 million. Concurrently, the Board of Directors directed staff to accept additional applications to be submitted for possible voluntary acquisition. Based on a review of submitted requests, three properties are recommended to be added to the previously approved 14 properties (Group 1) for further consideration, and six properties are recommended to be added to Group 2.

Recommendations

- A. Approve the 2011 Acquisition Property Evaluation Results based on the Property Acquisition/Restoration/Management Criteria Matrices - Biological Criteria.
- B. Augment the Group 1 list with three properties from the 2011 Acquisition Properties Evaluation list to be considered in the \$42 million approved for acquisition by the Board of Directors in November 2010.
- C. Augment the Group 2 list, approved by the Board of Directors on May 24, 2010, by adding six properties from the 2011 Acquisition Properties Evaluation list.
- D. Authorize staff to proceed with the appraisal for two (Aliso Canyon and Shell-Aera) Group 1 properties and a comparable sales assessment for one (Irvine Mesa Corridor) property.

Background

Measure M2 (M2) includes a Freeway Environmental Mitigation Program (Mitigation Program) which provides mitigation for the 13 freeway projects. The Mitigation Program is designed to streamline the biological permitting process through partnerships with the California Department of Transportation (Caltrans), the California Department of Fish and Game (CDFG), and the United States Fish and Wildlife Service (USFWS).

In 2009, the Orange County Transportation Authority (OCTA), Caltrans, CDFG, and USFWS completed the preliminary evaluation of properties available for acquisition. The evaluation was based on the biological criteria approved by the Board of Directors (Board) for acquisition, restoration, and management criteria. This resulted in a four-tiered grouping (Groups 1-4) of the acquisition properties. The CDFG and USFWS have indicated that properties within Groups 1 and 2 possess the highest potential biological resources that would off-set potential impacts from the M2 freeway projects. The Board subsequently authorized staff to appraise the 14 Group 1 properties for funding consideration and potential purchase.

In November 2010, the Board authorized the Chief Executive Officer to negotiate and execute agreements with Group 1 property owners and representatives for the acquisition of real property interests, in a total amount not to exceed \$42 million. See Attachment A for the Group 1 Acquisition Properties Evaluation (Priority Conservation Area [PCA] and Non-PCA - Biological Criteria) list, along with the map. Offers have been made to a number of Group 1 property owners, and it appears OCTA will be successful in acquiring several of these properties.

The OCTA Board also directed staff to seek and accept applications for additional candidate properties for possible acquisition by OCTA for the Mitigation Program, within the authorized amount of \$42 million.

Discussion

The CDFG and USFWS have provided assurance letters for the Mitigation Program's proposed restoration projects and acquisition properties. In accordance to the letters, acquisition of the Group 1 properties and funding of the restoration activities will provide sufficient credit to OCTA for the purposes of incorporating the properties into the OCTA Natural Community Conservation Plan/Habitat Conservation Plan/Master Streambed Alteration Agreement (NCCP/HCP/MSAA).

It is anticipated the Army Corps of Engineers (ACOE) will participate in the development of the NCCP/HCP/MSAA, as well as participate in other forums as appropriate. For more detailed information on the ACOE agreement, see Attachment B.

OCTA received a total of 36 applications following the January 14, 2011 submittal deadline for acquisition properties. Half of the 36 applications were submitted by a third party. Since the Mitigation Program acquisition process is predicated on voluntary participation by the property owners, OCTA requested that property owners confirm interest in participation. Of the 18 properties submitted by a third party, nine owners confirmed interest in participating.

OCTA, Caltrans, CDFG, and USFWS staff met to evaluate the properties in January and February 2011. The properties were evaluated using the Board-approved Acquisition, Restoration, and Management Criteria. Upon completion of this review, the properties were placed into four groups based on the biological value, similar to how other properties were evaluated during the first round.

On March 9, 2011, the Environmental Oversight Committee (EOC) took the following actions:

- Endorsed the ranking of the 36 candidate acquisition properties based on the OCTA Board-established Acquisition, Restoration, and Management criteria;
- Recommended approval to the Executive Committee and OCTA Board that three Group 1 properties be considered for potential purchase as part of the \$42 million approved by the Board for acquisition;
- Recommended the addition of the six new Group 2 properties from 2011 into the Group 2 list approved by the Board in May 2010;
- Recommended appraisal of two of the three Group 1 properties and a comparable sales assessment for the third property.

The EOC action called for adding three properties in Group 1. These include Aliso Canyon (Laguna Beach), Irvine Mesa Corridor (partially adjacent to Cleveland National Forest), and Shell-Aera (Brea). The Aliso Canyon and Shell-Aera properties are in private ownership and are recommended for appraisal. The Irvine Mesa Corridor property is owned by a non-profit entity and is in need of additional funds for long-term management. CDFG and USFWS have indicated OCTA would obtain mitigation credits for this property if an endowment can be established for long-term management. The endowment cost can be established through a high-level comparable sales valuation of the property to assess the mitigation credits value. See Attachment C for the 2011 Acquisition Properties Evaluation list along with the map.

The EOC's recommendation to add the six new Group 2 properties from the 2011 Acquisition Properties Evaluation list into the Group 2 list approved by the Board on May 24, 2010 will result in a total of 12 properties. The Board also delegated the authority to the EOC to add Group 2 properties for consideration and appraisal if any of the Group 1 properties withdraw or otherwise fall out.

Restoration Projects

In September 2010, the Board authorized funding of six restoration projects, totaling \$5.5 million. Staff has been working with the project sponsors to finalize restoration plans and agreements. The Anaheim (Artesia Freeway [State Route 91]/Imperial Highway [State Route 90]) restoration project was withdrawn from consideration by the City of Anaheim for the first round of restoration funding due to cost issues and can be potentially resubmitted in the future. The second round of funding will be included in the fiscal year (FY) 2011-12 budget. For more information regarding the restoration projects, see Attachment D.

Next Steps

Staff is continuing to work actively with Group 1 property owners regarding potential acquisition. In addition, upon Board approval, staff will initiate the work to appraise the Aliso Canyon and Shell-Aera properties and perform a comparable sales assessment of the Irvine Mesa Corridor property.

Work with the restoration project sponsors to execute the grant agreements, as well as to finalize the restoration plans, is continuing. The second round of funding is included in the OCTA FY 2011-12 Proposed Budget. Staff will begin preparing for the second round call for restoration projects in spring 2011.

OCTA is also engaging ACOE to maximize the mitigation opportunities presented by the Mitigation Program to advance the M2 freeway projects. Staff will also work with ACOE staff to maximize water quality benefits from the previously funded restoration projects as well as those properties acquired through the available \$42 million.

Summary

Appraisals and evaluations of potential acquisition and restoration properties were completed in 2010 for the Mitigation Program. In November 2010, the Board authorized the Chief Executive Officer to negotiate and execute agreements with Group 1 property owners, in a total amount not to exceed \$42 million.

The Board also directed staff to accept applications submitted no later than January 14, 2011 by property owners for possible acquisition for the Mitigation Program. These properties have been evaluated based on the Board-approved Acquisition, Restoration, and Management Criteria. Three properties are recommended for consideration along with the 14 Group 1 properties.

Attachments


- A. Acquisition Properties Evaluation (Priority Conservation Area [PCA] and Non-PCA - Biological Criteria)
- B. Measure M2 Freeway Environmental Mitigation Program - United States Army Corps of Engineers Agreement
- C. 2011 Acquisition Properties Evaluation (Biological Criteria)
- D. Measure M2 Freeway Environmental Mitigation Program - Restoration Projects Status

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Approved by:



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Executive Director, Planning
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Acquisition Properties Evaluation (Priority Conservation Area [PCA] and Non-PCA - Biological Criteria)

Property Number	Property *	Geographic Area	Acreage			
22	Ferber Ranch**	Trabuco	444	GROUP 1 (Under Consideration)	General Biological Characteristics: high quality habitat, heterogeneous habitat, very good connectivity contiguity opportunities, larger sized properties, aligns with impacted habitats, contains covered species	General Non-Biological Characteristics: higher potential for development, no good land use solutions, potential future property owner/manager identified, partnership and leveraging opportunities identified, neighboring land uses consist of open space/existing preserves, no have major complications (e.g., access and toxics issues, etc.), and includes support from local/state governments and the community
28	Hayashi**	Brea	298			
103	Holtz Ranch (CCRC Farms LLC)**	Cleveland Nat'l Forest	289.91			
105	MacPherson**	Cleveland Nat'l Forest	216.68			
54	Mitchell Properties West**	Trabuco	101.7			
56	O'Neil Oaks**	Trabuco	149.9			
66	Saddle Creek South**	Trabuco	85.97			
67	Saddleback Meadows**	Trabuco	222			
68	Saddleback Valley Christian School**	San Juan Capistrano	67.93			
77	Siena Summit**	Laguna Niguel	54			
79	Sky Ranch**	Trabuco	526.87			
106	Takahashi (Baker Square LLC)**	Cleveland Nat'l Forest	642			
82	The Hafen Estates**	Trabuco	49			
93	Watson**	Trabuco	98.32			
99	Canyon Crest	Chino Hills State Park	352.92			
101	First Cornerstone Land LLC (Silverado Canyon LP)	Cleveland Nat'l Forest	229.13			
55	Newport-Banning Ranch	Coastal	402			
75	Shell-Aera (HOSEC)	Tonner Canyon	2935			
95	West Coyote Hills	Fullerton	510			

Acquisition Properties Evaluation (Priority Conservation Area [PCA] and Non-PCA - Biological Criteria)

Property Number	Property *	Geographic Area	Acreage		
97	Adams	Cleveland Nat'l Forest	50.13	GROUP 2 (Under Consideration)	General Biological Characteristics: good quality habitat, homogeneous habitat, good connectivity/contiguity opportunities, medium sized properties, contain some covered species
16	Deer Canyon	SR-91	45		
54	Mitchell Properties East	Trabuco	40		
69	Saddleback Vineyards	Trabuco	99.29		
83	Thier Property 1	Trabuco	19.9		
84	Thier Property 2	Trabuco	78.6		
98	Baczynski	Cleveland Nat'l Forest	71.68	GROUP 2 (Removed from consideration by project sponsor)	
100	Dulac (LOPEZ)	Cleveland Nat'l Forest	56.1		
102	Gittelson (Bergman)	Cleveland Nat'l Forest	223.31		
104	Inter-American Investments	Chino Hills State Park	123.86		

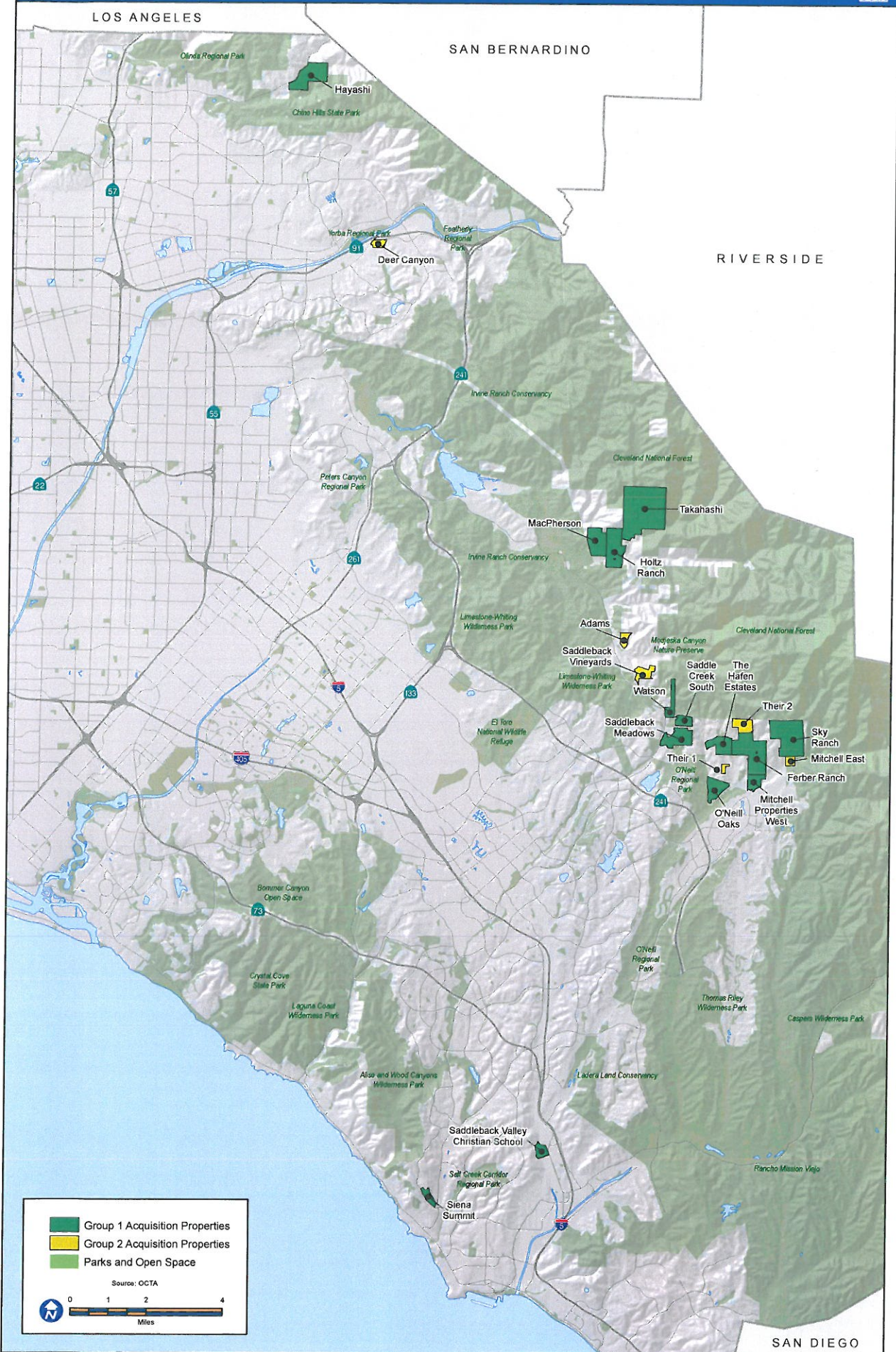
LEGEND

* Properties are listed in alphabetical order within each group

** Properties Appraised

	Properties in Priority Conservation Area (PCA)
	Properties outside of PCA

Groups 1 & 2 Acquisition Properties



**Measure M2 Freeway Environmental Mitigation Program
United States Army Corps of Engineers Agreement**

In January 2011, staff executed a memorandum of agreement (MOA) with the Army Corps of Engineers (ACOE). The MOA provides funding, in the amount of \$249,578, for staffing resources throughout the duration of the Natural Community Conservation Plan/Habitat Conservation Plan/Master Streambed Alteration Agreement (NCCP/HCP/MSAA) development and Master Individual Permit (IP) process. The MOA also outlines roles and responsibilities of the ACOE to minimize schedule delays. The Master IP process will enable OCTA to obtain a programmatic federal water quality permit for impacts to navigable waters resulting from the 13 Measure M2 freeway project activities. Properties acquired through the Freeway Environmental Mitigation Program biological permitting process may also be utilized for water quality benefits to satisfy ACOE requirements.

It is anticipated the ACOE will participate in the development of the NCCP/HCP/MSAA via the Environmental Oversight Committee and other meetings, as well as participate in other forums as appropriate.

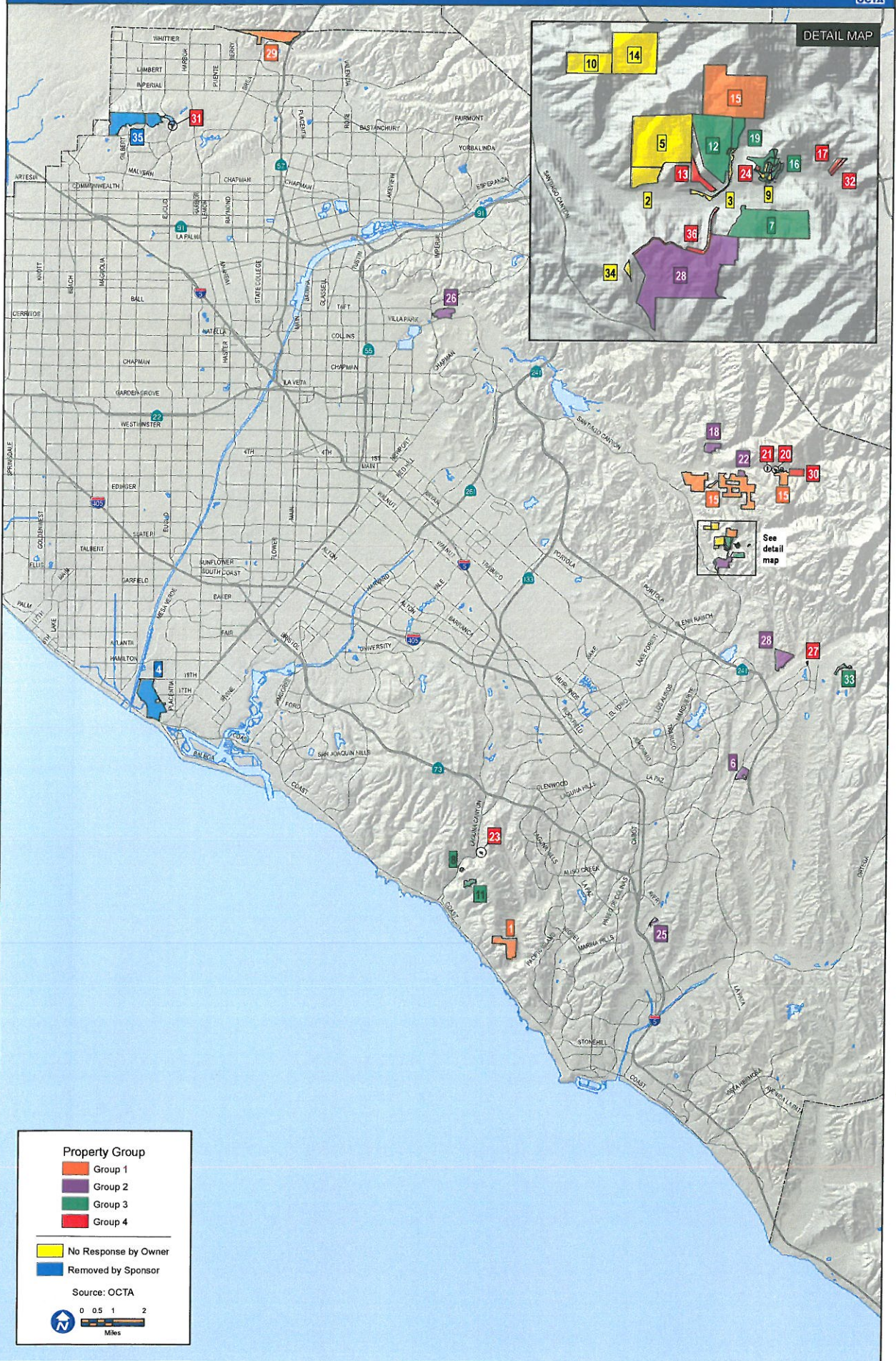
2011 Acquisition Properties Evaluation (Biological Criteria)

Property Number	Property*	Geographic Area	Acreage	General Biological Characteristics	
1	Aliso Canyon	Coastal	100	High quality habitat, heterogeneous habitat, very good connectivity/contiguity opportunities, larger sized properties, aligns with impacted habitats, contains covered species	GROUP 1
15	Irvine Mesa Corridor	Cleveland Nat'l Forest	858		
29 (75)	Shell-Aera (HOSEC)	Tonner Canyon	300		
6	Chiquita Ridge	City of RSM	92	Good quality habitat, homogeneous habitat, good connectivity/contiguity opportunities, medium sized properties, contain some covered species	GROUP 2
18 (106)	Ladd Canyon	Cleveland Nat'l Forest	78.8		
22	MacPherson 3	Silverado Canyon	30		
25 (91)	Rancho Van Thof	Trabuco Creek	15		
26	Rio Santiago	Santiago Creek	110		
28 (68, 56)	Saddleback (Potential package w/O'Neill Oaks)	Trabuco	249.19		
7	Collins Property	Modjeska Canyon	30	Lower quality habitat, lower connectivity/contiguity potential, smaller properties, highly disturbed	GROUP 3
8 (14)	Davis Property	Laguna Canyon	5.68		
11 (29)	Heiderali Property	Laguna Canyon	38		
12	Hunt Trust	Modjeska Canyon	10		
16	Johnson Property	Modjeska Canyon	6		
19	Madariaga Property	Harding Canyon	8.21		
33	Trabuco Highlands (The Banana Property)	City of RSM	28.75		
13	Hunt Trust II	Modjeska Canyon	4.721	Typically very small habitat, highly disturbed, some do not align with freeway habitats	GROUP 4
17	Khanbolooki Property	Modjeska Canyon	1.26		
20	MacPherson 1	Cleveland Nat'l Forest	1+		
21	MacPherson 2	Cleveland Nat'l Forest	1.5+		
23 (52)	McGraw Property	Laguna Canyon	2		
24	Norman Property	Modjeska Canyon	.25		
27	Rose Canyon	City of RSM	4.7		
30	Shepston Property	Silverado Canyon	1.2		
31	Sunny Hills Church of Christ	Fullerton	2.4		
32	Temple Property	Modjeska Canyon	1+		
36	Zadeshi Property	Modjeska Canyon	1.73		
2	Alley Property	Modjeska Canyon	9.89		SEE LEGEND
3	Appel Property	Modjeska Canyon	2.67		
5	Chi Property	Modjeska Canyon	60		
9	Ellis Property	Modjeska Canyon	1.5		
10	Goldberg Property	Santiago Creek	20		
14	Hutton Properties	Santiago Canyon	40		
34	Townsend Property	Modjeska Canyon	1.2		
4 (55)	Banning Ranch	Coastal	412		
35 (95)	West Coyote Hills	Fullerton	510		

* Properties are listed in alphabetical order within each group

	Owner did not respond to 1.26.2011 OCTA letter confirming participation		Removed by project sponsor
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2011 Acquisition Properties



Property Group

- Group 1
- Group 2
- Group 3
- Group 4

No Response by Owner

Removed by Sponsor

Source: OCTA

0 0.5 1 2
Miles

**Measure M2 Freeway Environmental Mitigation Program
Restoration Projects Status**

The following table provides the current status of the six primary restoration projects approved for funding by the Board of Directors (Board) in September 2010.

Restoration Project	Geographic Area/ Sponsor	Approximate Acreage	Project Status	Proposed Cost
City Parcel (aka Shea Restoration)	San Juan Capistrano	53	Grant agreement execution pending signatures. Restoration work anticipated to begin mid-2011.	\$1,500,000
Fairview Park	Costa Mesa	23	Grant agreement execution pending signatures. Restoration work anticipated to begin mid-2011.	\$2,000,000
Irvine Ranch Conservancy (Agua Chinon and Bee Flat Canyon)	Irvine / Irvine Ranch Conservancy	94.9	Grant agreement completed in January 2011. Restoration work to begin in spring.	\$1,450,000
UCI Ecological Preserve	Irvine / Nature Reserve of Orange County	8.5	Grant agreement execution expected by spring. Restoration work to begin upon agreement execution.	\$325,000
Big Bend	Laguna Beach	3.5	Grant agreement execution expected by spring. Restoration work to begin upon agreement execution.	\$87,500
Riverside Freeway [State Route 91]/ Imperial Highway [State Route 90] (Pelanconi Park)	Anaheim	3.5	Withdrawn from City of Anaheim.	\$100,000
Total for Primary Group				\$5,462,500

The Anaheim (State Route 91/State Route 90) restoration project at Pelanconi Park was recently withdrawn from consideration by the City of Anaheim for the first round of restoration funding. After cost estimates for restoration activities and monitoring were conducted by the City of Anaheim, it was determined that the amount required to comply with the Restoration Funding Guidelines would be approximately \$150,000. The Restoration Funding Guidelines require preparation of a restoration plan, which is approved by California Department of Fish and Game and the United States Fish and Wildlife Service, and meets the requirements for the Orange County Transportation Authority to obtain the biological permits. The funding allocation limit approved for the Anaheim restoration project was \$100,000.

In September 2010, the Board also approved three contingency restoration projects for funding should any of the six primary projects fall out of the process. However, all three contingency projects have proposed costs well above \$100,000, with the lowest proposed cost at \$350,000. Anaheim's restoration project will be considered for funding with the next call for restoration projects anticipated this spring, and the \$100,000 will be reallocated to the anticipated \$5 million which will be available in fiscal year 2011-12.

**SUPPLEMENTAL
INFORMATION**

**THE ENCLOSED DOCUMENT
WAS PROVIDED TO THE
EXECUTIVE COMMITTEE
ON APRIL 4, 2011**

Environmental Coalition's Support for Measure M Properties

March 29, 2011

Supervisor Patricia Bates
Environmental Oversight Committee
Orange County Transportation Authority
550 Main Street
Orange, CA 92863

Dear Supervisor Bates:

Thank you for your continued leadership with the Orange County Transportation Authority's (OCTA) Environmental Oversight Committee (EOC) which oversees the Renewed Measure M Environmental Mitigation Program. We continue to monitor the progress of both the acquisition and restoration programs. We are appreciative that OCTA upheld its commitment to allow additional properties to be submitted once the decision was made to combine the first and second round of funding. We wish you continued success during the property negotiation phase and look forward to celebrating our partnership and achievement when the first acquisitions close.

Since OCTA, the Resource Agencies, and Caltrans have evaluated the new properties for their biological values, the Coalition believes now is a good time for us to weigh in our support of specific properties. The Environmental Coalition wholly supports the following recently submitted properties for acquisition:

Group 1

Shell-Aera (HOSEC)
Irvine Mesa Corridor

Group 2

Ladd Canyon
MacPherson 3

Thank you again for your continued leadership and presence on the Committee. We look forward to collaborating with you in the coming months to meet the mission of the mitigation program.

Sincerely,

Amigos de Bolsa Chica · California Oaks Foundation · California Cultural Resource Preservation Alliance · Canyon Land Conservation Fund · Chino Hills State Park Interpretive Association · Earth Resource Foundation · Friends of Coyote Hills · Friends of Harbors, Beaches and Parks · Friends of Newport Coast · Hills For Everyone · Inter Canyon League · Inland Empire Waterkeeper · Laguna Greenbelt, Inc. · Latino Health Access · Newport Bay Naturalists & Friends* · Orange County Interfaith Coalition for the Environment · Orange County Coastkeeper · Planning and Conservation League · Saddleback Canyons Conservancy · Silverado-Modjeska Recreation and Park District · Stop Pollution Our Newport · The Conservation Fund · The Nature Conservancy · The Trust for Public Land · Wild Heritage Planners · Women For

cc: EOC Committee members
OCTA Board of Directors
Dan Phu, OCTA
Marissa Espino, OCTA
Monte Ward, M. Ward & Associates

* Newport Bay Naturalists & Friends is now known as the Newport Bay Conservancy.