

# Environmental Mitigation Program Long-Term Funding Strategy

# Environmental Mitigation Program (EMP) Background/Overview

- Measure M2 (M2) includes a provision to provide comprehensive mitigation for freeway projects
  - Targets five percent of freeway revenues for comprehensive mitigation in the M2 Ordinance
  - Satisfies state and federal Wildlife Agencies' permitting processes
  - Satisfies other mitigation needs (e.g., Clean Water Act permits)



# EMP Background/Overview (cont'd)

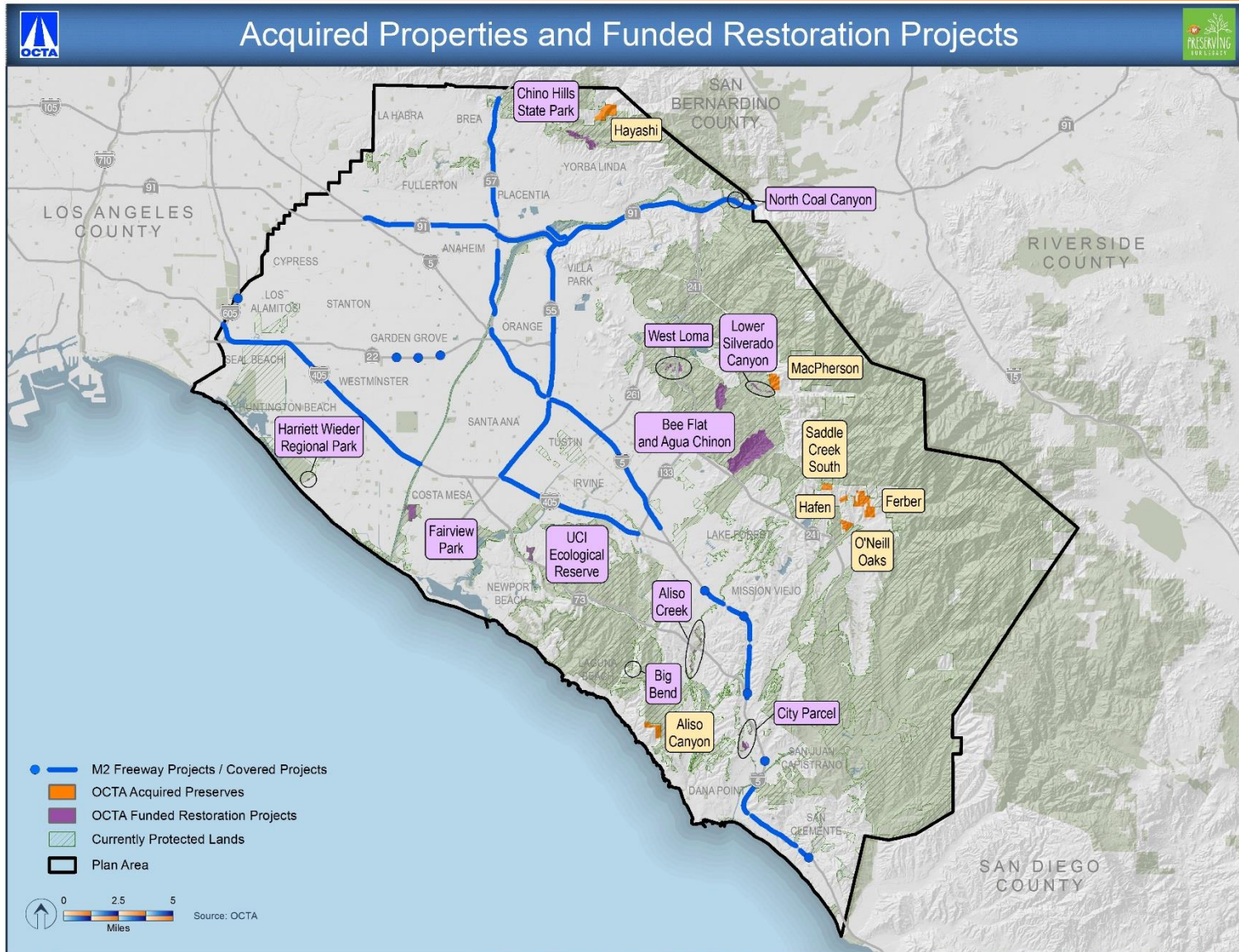
- Established partnership with state and federal resources agencies, Caltrans, and Environmental Coalition
- Approximately \$150 million has been committed to:
  - Acquisition of preservation areas
  - Funding habitat restoration projects
  - Preparation of the conservation plan
  - Long-term management of acquired properties
  - Repayment of bond interest
- Conservation Plan serves as biological resources permits
- In October 2014, Board approved funding framework to address for long-term land management costs

Caltrans – California Department of Transportation  
Board – Board of Directors

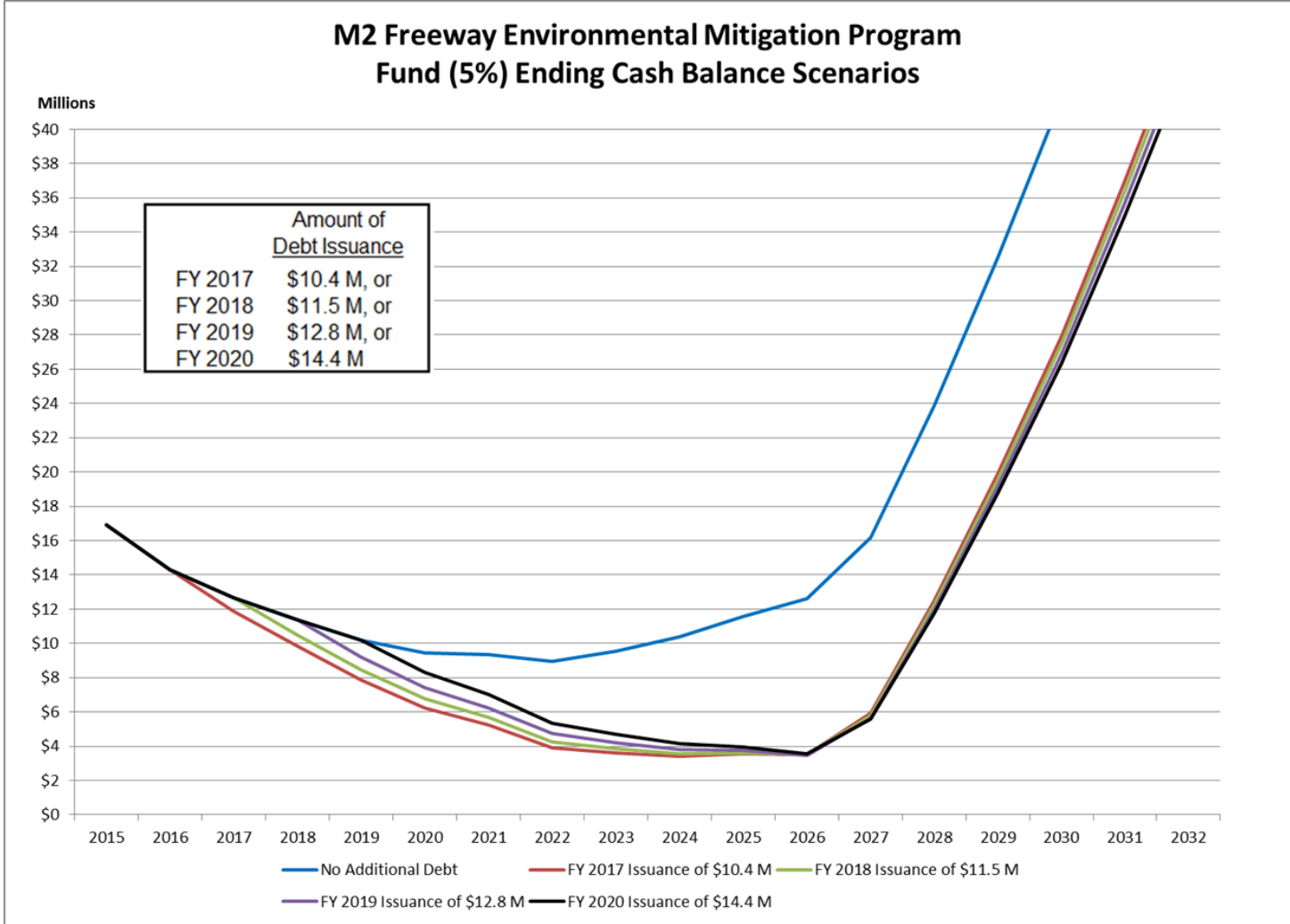




# Acquisitions and Restoration Project Locations



# Cash Balances for Mitigation Program



FY – Fiscal year / M - Million



# Guiding Principles

- Meet the M2 Obligations
  - Fully fund endowment
  - Comply with regulatory requirements
  - Spend funds in accordance with M2 Ordinance
- Maintain Current Process
  - Net environmental benefit for benefit in project delivery
  - New calls for acquisitions and restoration projects
  - Science-based, open and transparent evaluation
  - Public outreach and participation
- Allocate Future Revenues:
  - Keep 80/20 split for acquisition and restoration
  - Fair geographic distribution of restoration funding
  - Consider strategic bonding for acquisitions or restoration
  - Create mitigation capacity for future state highway projects

# Outline of Long-Term Funding Strategy

Activity or Action	Timetable
i. Fulfill conservation plan commitments	2015-2025 (2016-2018 for acquisition; up to ten years for restoration project completion)
ii. Establish and fund endowment	2015-2016 to establish 2016-2027 to fund endowment
iii. Complete a similar process to address water resources with State and Federal agencies	2015 to complete negotiations 2016-2041 to fund required mitigation
iv. Account for prior mitigation commitments by Caltrans	2015-2016 to credit 2016-2041 for any uncovered impacts
v. Allocate all remaining freeway mitigation funds according to the EOC recommended funding principles, to be approved by the Board	2015-2027 limited allocation opportunities 2028-2041 allocate remaining funds
vi. Create a pool of credits/bank to cover mitigation needs for reasonably anticipated state highway improvements in Orange County that are similar in scope and impacts to M2 freeway projects	2015-2016 identify potential eligible capital projects and mechanism for pooling credits 2017-2018 estimate project impacts 2018-2041 identify and acquire suitable mitigation sites
vii. Consider the feasibility of bonding against future revenues	2016-2027 limited borrowing capacity 2028-2041 best opportunities

# EOC Recommended Spending Options

## Extend the Current Approach to Benefit Future Highway Projects:

- Acquire properties and fund habitat restoration
- Fund land management/maintenance
- Mitigation banking

## Look for New Ways to Further Protect and Enhance OCTA's Investments:

- Improve the quality of existing wildlife corridors
- Reduce wildfire risks
- Address sensitive species outside of conservation plan framework that could be affected by future projects





# Recommendations & Next Steps

- Board
  - Approve guiding principles
  - Approve recommended funding strategy and timetable
  - Approve recommended future spending options from EOC evaluation
- EOC and Staff
  - Return to Board with candidate future projects and programs in 2016