



June 1, 2026

To: Regional Transportation Planning Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Measure M2 Environmental Mitigation Program Update

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Overview

Measure M2 includes an Environmental Mitigation Program to deliver comprehensive mitigation for biological impacts of 13 freeway projects in exchange for streamlined project approvals from state and federal resource agencies. A summary of recent Environmental Mitigation Program activities is provided for informational purposes.

Recommendation

Receive and file as an information item.

Background

Measure M2 (M2) includes the Environmental Mitigation Program (EMP), which is intended to mitigate biological resource impacts of 13 M2 freeway projects and streamline approval processes with state and federal resource agencies. This is achieved through the development of a Natural Community Conservation Plan/Habitat Conservation Plan (Conservation Plan), approved by the California Department of Fish and Wildlife (CDFW) and the United States Fish and Wildlife Service (collectively referred to as the Wildlife Agencies). To maximize the benefits of the investments, the Orange County Transportation Authority (OCTA) has utilized some of those same mitigation assets to obtain Clean Water Act permits. Consistent with the Conservation Plan, OCTA has acquired seven conservation properties (Preserves) and funded 13 habitat restoration projects, depicted in Attachment A. To date, ten of the restoration projects have been completed and have met the requirements of the Wildlife Agencies. Two additional OCTA-funded restoration projects are being reviewed for completeness this year.

To support the Preserves and the program goals, and through direction from the OCTA Board of Directors (Board), staff and external agencies are continuing to work on various activities tied to the program. As outlined in the Conservation Plan, an endowment is being established to support the long-term management of the Preserves.

The accomplishments of the EMP have largely fulfilled the program's intended goals. These achievements reflect years of collaboration among OCTA, partner agencies, stakeholders, and the public. The program's success has been recognized at both regional and national levels. As a result of these efforts, pre-negotiated permit terms have facilitated more efficient project implementation and reduced the scope of required mitigation. Absent the EMP's structured approach, additional mitigation obligations could have been imposed, leading to higher project costs and increased project schedule risks.

Discussion

Conservation Properties and Endowment Update

In November 2010, the Board allocated \$42 million to purchase open space in Orange County. To date, OCTA has acquired more than 1,300 acres in the cities of Brea, Laguna Beach, Silverado Canyon, and Trabuco Canyon, collectively named the Preserves. A summary of these Preserves is included in Attachment B. This report provides updates for activities in the Trabuco Rose Preserve located in Trabuco Canyon and the Pacific Horizon Preserve located in the City of Laguna Beach. It also provides an update on the endowment that will support the long-term management of all seven Preserves indefinitely once the endowment target has been achieved.

Trabuco Rose Gully Project Update

The OCTA Trabuco Rose Preserve, acquired in 2011, encompasses approximately 400 acres of open space in Trabuco Canyon. OCTA is responsible for its maintenance, security, and biological monitoring in accordance with Conservation Plan requirements. Within the Preserve, an approximately 150-linear-foot unnamed gully has experienced active erosion, posing a risk of sediment discharge to downstream resources and potential impacts to nearby infrastructure.

In 2021, OCTA completed emergency stabilization of the upstream portion of the gully using fabric and rock armoring to halt slope failure and reduce sediment transport. Subsequent design and procurement efforts were undertaken to address the remaining stretch of the gully. The current project will extend stabilization downstream and enhance the previously repaired area incorporating rock intended to mimic natural drainage conditions and improve channel stability. Due to the presence of sensitive biological resources, construction is being

implemented with biological monitoring and coordination to avoid and minimize impacts. The contractor has installed environmentally sensitive area (ESA) fencing to delineate and protect sensitive resources within and adjacent to the work area. Work is being conducted in close coordination with qualified biological monitors to ensure compliance with environmental commitments, with particular attention to avoiding and minimizing impacts to nesting birds. Active bird nests have been identified near the work area and are being monitored; construction is anticipated to take approximately four weeks and will commence once nesting activity has concluded.

Pacific Horizon Many-Stemmed Dudleya Project Update

The OCTA Pacific Horizon Preserve, acquired in 2015, encompasses approximately 150 acres of open space in the City of Laguna Beach. OCTA is responsible for its maintenance, security, and biological monitoring in accordance with Conservation Plan requirements. As part of the Conservation Plan, additional measures were required to achieve full coverage for two of the OCTA covered species: arroyo chub (*Gila orcutti*) and many-stemmed dudleya (MSD) (*Dudleya multicaulis*). OCTA has since completed the actions needed to fully address the arroyo chub requirements.

For MSD, the Conservation Plan requires establishment or maintenance of at least 500 individuals within OCTA Preserves or through an OCTA-funded restoration project. To date, MSD has only been documented at Pacific Horizon Preserve, with 127 individuals observed in 2019 and 57 in 2022, with occurrence varying based on precipitation.

To achieve the 500-individual target, OCTA developed and initiated a restoration plan. Since 2020, efforts have included habitat enhancement through removal of invasive species and unauthorized features, installation of fencing and signage, and planting of native species to improve site conditions. In 2023, MSD individuals were mapped and seed was collected, followed by a two-year nursery propagation period. The propagated plants were transplanted at discrete locations within the Pacific Horizon Preserve in October 2025 (Attachment C) with approximately 30 percent retained as nursery stock for future restoration efforts. Planning and implementation have been conducted in coordination with our Wildlife Agency partners, OCTA restoration ecologists, and contractors. Ongoing activities include hand watering to supplement natural rainfall and continued control of non-native invasive plant species, with additional MSD plantings anticipated in fall 2026. Many-stemmed dudleya population enhancement activities will be documented and reported to OCTA as part of the annual report describing stewardship activities on the Preserve.

Environmental Mitigation Program Endowment Fund Investment Report

The Conservation Plan requires the establishment of an endowment to fund the long-term management of the Preserves. The Environmental Mitigation Program Endowment Fund Statement for March 31, 2026, is provided as Attachment D.

As of March 31, 2026, the endowment balance was \$ 38,797,315, which is slightly above the target of \$ 36,628,220 for the third quarter of fiscal year (FY) 2025-26. 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. A separate quarterly investment report summarizing the status of the endowment will be provided to the Finance and Administration (F&A) Committee and Board in June 2026. Staff will continue to assess market conditions and provide regular endowment updates to the Board, the F&A Committee, and the Environmental Oversight Committee (EOC).

Habitat Restoration Projects

OCTA has approved funding for 13 restoration projects (including a dam removal project) that will result in over 350 acres of restored habitats. Previous annual reporting stated that there were 12 restoration projects. One restoration project (Irvine Ranch Conservancy) comprises two distinct geographical areas and thus is reported as two projects. The restoration projects occur throughout Orange County (Attachment A and Attachment E). 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 Wildlife Agencies. To date, ten of the 13 restoration projects have obtained sign-off. The remaining three restoration projects are at different stages of this process. This report focuses on one of the three remaining projects, the Fairview Park Restoration Project.

Fairview Park Restoration Project

In February 2011, OCTA awarded the City of Costa Mesa (City) \$2 million to implement a 23-acre habitat restoration project at Fairview Regional Park; see Attachment A for the location. Since then, the City has coordinated with OCTA, the Wildlife Agencies, and its restoration contractor over several years to address shortfalls in completed acreage and outstanding requirements, including the conservation easement. This coordination led to identification of the Fairview Park Mesa Flower Fields Restoration Area as the supplemental site (Attachment F) needed to fulfill the remaining restoration commitments, along with development of a funding and implementation approach supported by City and state resources.

Since late 2025, the City's restoration contractor has been implementing the Fairview Park Mesa Flower Fields restoration project. Recent activities include installation of temporary irrigation, site dethatching, and ongoing weed management to reduce the non-native seed bank in preparation for planting and hydroseeding. The temporary irrigation system is being used to stimulate germination of non-native species as part of planned grow-and-kill cycles and will also support irrigation following native seed installation. In consideration of nesting season constraints, certain vegetation removal activities have been modified to avoid impacts to active nesting areas. Coordination efforts have also addressed regulatory compliance following the 2024 identification of a state-protected species on-site, including securing required permits from the CDFW and implementing avoidance and minimization measures, which have resulted in adjustments to the project schedule.

2025 Conservation Plan Annual Report

As required under the Conservation Plan, OCTA prepares an annual report documenting implementation activities. The report compiles and synthesizes information provided by OCTA consultants, contractors, and restoration project managers. Data is collected for the calendar year and summarized in individual technical reports, which are completed early in the next calendar year and subsequently integrated into a comprehensive annual report by OCTA. The report is considered final upon completion of Wildlife Agency review, a process that typically extends into mid-year. The executive summary for the 2025 Conservation Plan Annual Report is included as Attachment G, and the full report is available on the OCTA website.

The 2025 annual report documents OCTA's activities from January 1 through December 31, 2025, and demonstrates that implementation remains consistent with Conservation Plan commitments. The report includes tracking of biological impacts associated with covered freeway improvement projects, preserve management, monitoring, and status, restoration project progress, and plan administration and public outreach activities. The report has been reviewed by the Wildlife Agencies, provided to the EOC, and made available for public review. The annual report for calendar year 2026 is anticipated to be presented to the EOC and the Board in mid-2027.

Summary

Updates on activities at two of the seven preserves, the Environmental Mitigation Program Endowment Fund Investment Report, an update on one restoration project in the City of Costa Mesa, and the 2025 Conservation Plan annual report are presented to the Board as receive and file information.

Attachments

- A. OCTA Preserves and Funded Restoration Projects
- B. Acquired Properties Summary
- C. Pacific Horizon Preserve Many-stemmed Dudleya Enhancement Area Map
- D. OCTA Measure M2 Environmental Mitigation Program Fund (V398) Statement as of March 31, 2026
- E. OCTA M2 EMP-Funded Restoration Projects Status Table
- F. Fairview Park Mesa Flower Fields Restoration Project Map
- G. M2 Natural Community Conservation Plan/Habitat Conservation Plan – 2025 Annual Report

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