



**BOARD OF DIRECTORS  
FEBRUARY 27, 2015**

**ACTION REQUESTED – INFORMATION**

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***TransNet* ENVIRONMENTAL MITIGATION PROGRAM:  
ANNUAL STATUS REPORT**

File Number 1200201

**Introduction**

The *TransNet* Extension Ordinance and Expenditure Plan includes an Environmental Mitigation Program (EMP), which is a funding allocation category to “create a reliable approach for funding required mitigation for future transportation improvements, thereby reducing costs and accelerating project delivery (*TransNet* Extension Ordinance Section D).” The EMP established two funds: (1) the Biological Mitigation Fund for direct mitigation, management, and monitoring for transportation-related impacts; and (2) the Regional Habitat Conservation Fund for efforts related to regional land acquisition, management, and monitoring for implementation of the regional habitat conservation plans.

On February 22, 2008, the Board of Directors authorized a Memorandum of Agreement (MOA) with Caltrans, the California Department of Fish and Game, and the U.S. Fish and Wildlife Service to establish the process to implement the goals of the *TransNet* EMP over a ten-year period. The MOA, executed on March 19, 2008, memorialized a Plan of Finance strategy of \$440 million over the ten years for the Biological Mitigation Fund and \$40 million for the Regional Habitat Conservation Fund. The MOA is consistent with the *TransNet* EMP Implementation Guidelines adopted by the Board of Directors on September 24, 2004. The MOA was amended in August 2013 to incorporate the process and release of funding related to a provision of the *TransNet* Ordinance known as economic benefit.

This report provides an annual status update on the implementation of the EMP for FY 2014 and FY 2015 to date. In addition to this report, information is available to the public at [KeepSanDiegoMoving.com](http://KeepSanDiegoMoving.com), highlighting the current status of the program and some key accomplishments.

**Discussion**

To implement the *TransNet* EMP, two funds were created:

1. The Biological Mitigation Fund, which provides funds for the acquisition, restoration, and management of mitigation for regional transportation projects included in the Regional Transportation Plan (RTP) and for local streets and roads; and

2. The Regional Habitat Conservation Fund, which provides funding for regional habitat management and monitoring necessary to implement habitat conservation planning throughout the region. These funds help maintain the current condition of the regional habitat preserve system, thereby reducing the likelihood that this system will degrade and reducing the need for listing of new species as endangered by the federal and state governments.

Attachments 1 and 2 provide a summary of key achievements of the program.

## **Status of Biological Mitigation Fund**

### ***Current Status***

The initial years of the *TransNet* EMP focused on acquisition of uplands to take advantage of depressed land values due to the recession. Starting with the Early Action Program, acquisition opportunities were identified that met the mitigation requirements of regional transportation projects and local streets and roads.

To date, SANDAG has acquired 30 properties, totaling more than 3,400 acres throughout the region as mitigation for regional and local transportation projects. These acquisitions are shown in Attachment 1 and on the EMP section of the [KeepSanDiegoMoving.com](http://KeepSanDiegoMoving.com) website. Acquisitions have averaged \$31,236 per acre compared to \$60,000 per acre originally estimated when the *TransNet* Extension Ordinance was developed. This has resulted in significant cost-savings over the first seven years of the program.

In FY 2015, SANDAG entered into a Conservation Bank Agreement with the state and federal wildlife agencies, memorializing credits obtained on properties acquired for mitigation in advance of project need. These conservation credits include 337.5 acres for the biological mitigation of local streets and road projects.

### ***Future Focus***

The focus of the EMP has shifted over the last year from acquisition of uplands to the restoration of both coastal and freshwater wetlands.

In August 2014, the California Coastal Commission approved the North Coast Corridor Public Works Plan, which contains a package of coastal enhancements that include the restoration of former tidal wetlands, preservation of coastal uplands, and the improvement of the ecological and hydrologic conditions of the lagoons. Additional capital improvements also are proposed within the plan during the development of the Interstate 5 and the Los Angeles – San Diego – San Luis Obispo Rail Corridor projects to facilitate better tidal circulation.

In addition to the coastal wetlands, SANDAG has secured five properties in five separate watersheds that are proposed to be developed into wetland mitigation banks. A wetland mitigation bank is recognized by the federal and state permitting agencies to have “credits” that can be used for the future mitigation of transportation projects. A formal banking enabling agreement is required that lays out the construction and crediting system to be used by SANDAG. Once established, these banks will streamline the mitigation for freshwater wetlands and potentially reduce the required mitigation by proactively creating new wetlands prior to impacts. A consulting team is being selected to develop the wetland mitigation banks and credits are expected to be developed in early

2016. Information on the progress of this effort will be brought to the Transportation and Regional Planning Committees for consideration in the future.

## **Status of Habitat Conservation Fund**

### ***Current Status***

The Habitat Conservation Fund has allocated \$35 million for management and monitoring activities since 2008, which has enabled SANDAG to help fill in the funding gaps for land managers throughout the region. Of that total funding, SANDAG has held six cycles of land management grants, resulting in 70 grants totaling \$11.3 million. This funding is being matched with \$7 million by the grantees. These land management grants allow land managers to restore, enhance, and protect endangered species and their habitat on their lands. The remaining \$24 million includes regional management and monitoring activities outside of grant funding by working directly with federal and state agencies and universities. The SANDAG Board of Directors approved a seventh cycle of land management grants for which a call for projects was issued on October 1, 2014. Twenty-seven applications have been received by SANDAG and currently are being evaluated.

SANDAG also is working with the federal and state wildlife agencies, the U.S. Geological Survey, and universities to monitor the existing conditions of the regional open space preserve system, the pending threats to biological conservation, and actions to promote regional conservation of sensitive species and their habitats. Activities are following prioritized actions identified in the 2013 *Management Strategic Plan for Conserved Lands in Western San Diego County* (MSP). As recommended by the Independent Taxpayer Oversight Committee's 2012 *TransNet* Triennial Performance audit, the MSP prioritizes management activities for species and vegetation communities as a way to inform management decisions in the region, and to link available funding from the *TransNet* Regional Habitat Conservation Fund to other federal, state, and local funding. Simply put, the MSP identifies what tasks need to be accomplished, why these tasks are important, and how they should be prioritized for regional funding. In September 2014, the Board of Directors approved the Regional Management and Monitoring FY 2015 and 2016 Work Plan that links funding to the implementation of four strategic goals and establishes key milestones.

In addition to the six cycles of competitive land management grants, on September 27, 2013, the SANDAG Board of Directors released the first cycle of a competitive grant program for the acquisition of land to promote regional open space and habitat conservation using economic benefit funding pursuant to the provisions of an executed MOA with state and federal agencies. Staff received 17 projects that were evaluated and ranked. On March 7, 2014, the initial results were presented to the Regional Planning and Transportation Committees. The top nine ranked projects have completed appraisals to establish their property value. Staff will be providing a recommendation on the award of grant funding to the SANDAG Board of Directors on February 27, 2015 (agenda Item No. 15).

### ***Future Focus***

Over the next year, SANDAG will focus on achieving the milestones established in the Regional Management and Monitoring FY 2015 and 2016 Work Plan. Specific key achievements include: identification of the location and management of needs of 13 rare plants; management actions necessary for the recovery of rare birds (golden eagle, cactus wren, and burrowing owls);

assessment of the health of vegetation communities across the region; analysis of the movement patterns and hindrances for large mammals by transportation infrastructure; and regional collaboration to initiate the first Southern California-wide standardized monitoring effort for the California Gnatcatcher.

Staff will continue to implement regional management and monitoring through grants and consultant contracts. In FY 2015, the award of the seventh cycle of land management grants and the first cycle of land acquisition grant efforts also are scheduled for completion.

### **Next Steps**

This report is intended to be a status update of the EMP as of February 2015. Staff will return with subsequent annual reports, quarterly updates on existing land management grants, annual funding for management and monitoring, results of the Land Acquisition Grant Program, and progress on the development of wetland mitigation banks at future meetings.

GARY L. GALLEGOS  
Executive Director

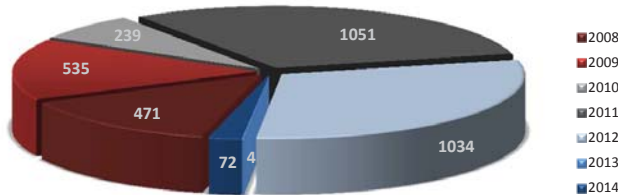
Attachments:   1. Biological Mitigation Fund (Capital Improvement Project No. 1200200)  
                  2. Regional Habitat Conservation Fund (Capital Improvement Project No. 1200300)

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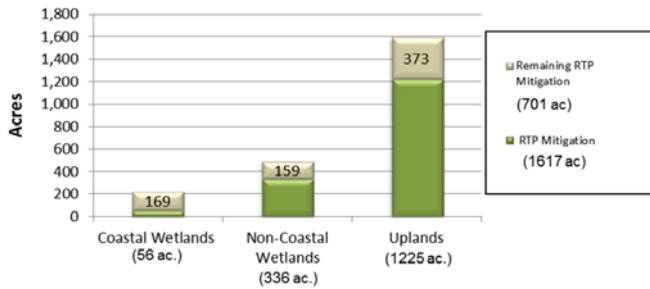
### Biological Mitigation Fund (Capital Improvement Project No. 1200200)

**Purpose:** Environmental Mitigation Program (EMP), Biological Mitigation Fund. To secure mitigation for projects in the Regional Transportation Plan and local streets and roads pursuant to the *TransNet* Extension Ordinance and the subsequent *TransNet* Implementation Memorandum of Agreement (approved February 2008, amended August 2013).

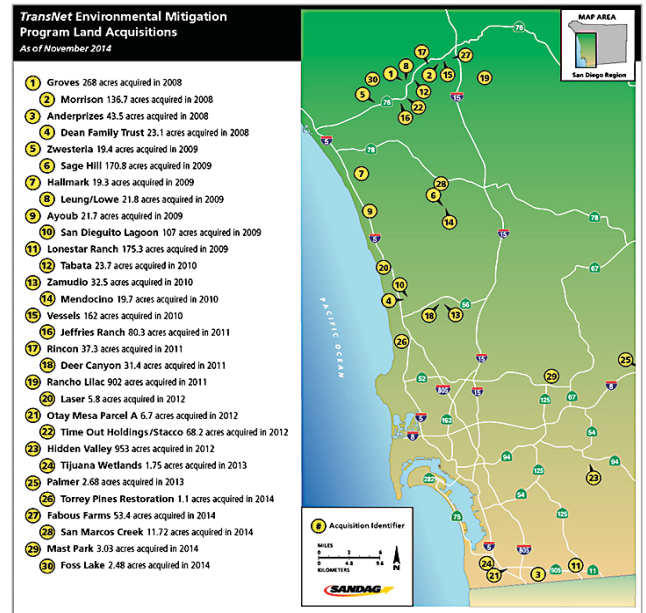
**TransNet EMP Acquisitions (acres) by Calendar Year**



**Estimated Remaining Mitigation Needs: Regional Transportation Plan Projects as of January 2015\***



\* Plus 340 acres for local streets and roads and 1,452 acres of Net Benefit for State Route 76 and 94.

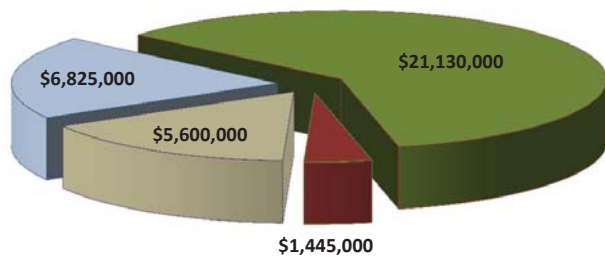


**Status:** As of January 2015, 3,405 acres of land have been acquired for mitigation under the *TransNet* EMP. The focus has been on properties for the *TransNet* Early Action Program, including the State Route 76 expansion (mitigation completed), coastal rail double tracking, and the Interstate 5 corridor. A total of 157 acres of land are undergoing habitat restoration as required to meet their federal and state permits. A package of coastal habitat improvements has been approved by the California Coastal Commission as part of the North Coast Corridor Public Works Plan. Average price per acre paid was \$31,235, roughly half of what was estimated in 2002. A conservation bank totaling 434 acres also has been established.

### Regional Habitat Conservation Fund (Capital Improvement Project No. 1200300)

**Purpose:** In March 2008, the SANDAG Board of Directors authorized funding pursuant to the *TransNet* Extension Ordinance to maintain and enhance the habitat values of the regional conservation preserve system. The Board of Directors has allocated funds to achieve four strategic goals to achieve milestones identified in a Work Plan for Fiscal Years 2015-2016.

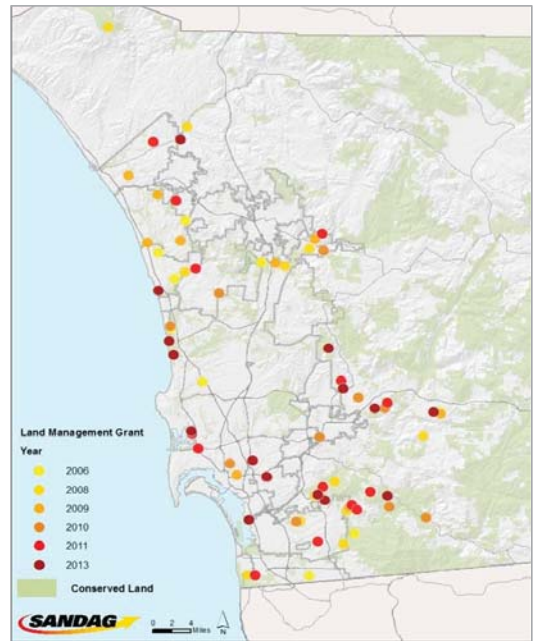
**Conservation Fund Allocations by Strategic Goal as of January 2015**



- Promote key sensitive species
- Promote native vegetation communities
- Improve wildlife movement
- Promote regional coordination



Key findings are being shared through short video clips on the Keep San Diego Moving website. <http://keepsandiegomoving.com/EMP/EMP-intro.aspx>



**Status:** Through six cycles of competitive grants, SANDAG has awarded 70 grants totaling \$11.3 million for land management activities throughout the region. Matching funds from the grants will total over \$7 million. A seventh cycle of land management grants, and the first land acquisition grants are under way.

SANDAG has completed a Management Strategic Plan to guide future regional management and monitoring decisions. Regional monitoring continues to shed new information on wildlife movement, fire management, and distribution of sensitive species.