

# Mitigation & Money

Escrows & Endowments

New Elements in Project Planning

Headwaters to Ocean Conference

October 28, 2009

Vincent Gin, P.E., Orange County Public Works

# Public Works Projects

- Public safety & transportation projects
- Mitigate impacts
  - Enhance Habitat
  - Restore Habitat
  - Create Habitat
- Mitigation Ratios to offset impacts

# Financial Assurance Policy

- Old Authority – Recent Policy
  - CA Endangered Species Act
  - Local Government Not Exempt
- Triggers
  - Incidental Take Permit
  - Federal Biological Opinion
  - Some Streambed Alteration Agreement

# Planning for Projects

- Financial Assurance Policy
- Fiscal & Budget
- Project Scope & Work
- Overall Schedule

# Moving Targets

- Recent Policy Still in Flux
- Policy Application Inconsistent
- Fund Amounts Vary



# Purpose of Financial Assurance

## Short-Term

- Financial Performance Guarantee
- Ensure Mitigation Is Installed

## Long-Term

- Create Perpetual Funding Stream
- Maintenance & Monitoring

# Short-Term Financial Assurance

- Performance Guarantee
- Ensure Mitigation Is Installed
- Several Options

# Short-Term Instruments

- Letters of Credit
- Funds in Escrow Account
- Performance Bond
- Cash Deposit

# Short-Term Financial Assurance

## How Much, How Long?

- Project Cost or More
  - 5 to 7 Years
- Or
- Success Criteria

# Talbert/Mason Park Mitigation

- \$1.83 Million Habitat Mitigation Project
- Create, Restore & Enhance Habitat
- Riparian & Coastal Sage Scrub
- 27 acres
- least Bell's vireo & CA Gnatcatcher
- \$1 Million in Escrow

# Bowerman Landfill Project

- \$2.6 Million Habitat Mitigation Project
- 24 acres
- Riparian Restoration
- \$3.1 Million In Escrow

# Long-Term Financial Assurance

- Create Perpetual Funding Stream
- Monitoring & Maintenance
- Guarantee Money Is Available Forever
- Only One Option: Endowment

# Endowments

- Lump Sum Deposit For Principal Sum
- Principal Amount Generates Interest Income
- Interest Income Pays For Annual Work & Administrative Costs

# Long-Term Instruments Endowment Funds

- CA Pooled Money Investment Account
- CA Special Deposit Fund
- Fish & Game Mitigation & Protection  
Endowment Principal Account

# Long-Term Financial Assurance

## How Much, How Long?

- Property Analysis Record (PAR) Tool  
(Center for Natural Lands Management)
- Or Approved Financial Analysis
- Endowment Funded Forever

# Details Unclear

- Annual Disbursement Mechanism
- PAR Tool Assumptions
- Administrative Cost Assumptions
- Approved Alternative Financial Analysis

# Project Planning

- Budget & Funding
- Scope & Work
- Schedule



# Citations & Reference

- Fish & Game Code § 2081 (b)(4)
- Fish & Game Code § 13014
- Government Code § 65965

# Questions

