



CITY OF MENIFEE

SUBJECT: Holland Road / I-215 Overcrossing Environmental Mitigation Credit Payment Increase to Comply with Regulatory Requirements

MEETING DATE: February 15, 2023

TO: Mayor and City Council

PREPARED BY: Carlos Geronimo, Principal Engineer

REVIEWED BY: Nick Fidler, Public Works Director

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Authorize the City Manager to execute necessary documents and increase authority to issue payment in a total amount not-to-exceed \$600,000 to Soquel Canyon Mitigation Bank for the purchase of environmental mitigation credits for the Holland Road / I-215 Overcrossing Project.

DISCUSSION

To comply with the environmental mitigation requirements, City Council authorized a payment in an amount not-to-exceed \$300,000 to an environmental mitigation bank for the purpose of purchasing credits, based on the environmental consultant's estimate of the required credit purchase. However, the initial cost estimates were from a local mitigation bank which does not currently have credits available. Therefore, a mitigation bank outside of the Riverside area must be used. Credits are available through Soquel Canyon Mitigation Bank at a higher cost than initially anticipated because the bank is outside of the Riverside area. The Soquel Canyon Mitigation Bank is a 300+ acre property located predominately within the City of Chino Hills in San Bernardino County, with a few acres located in Orange County.

BACKGROUND

The Holland Road / I-215 Overcrossing, Capital Improvement Project (CIP) No. 13-03 proposes to construct a four-lane bridge over Interstate 215 from Haun Road to Hannover Lane, providing a connection to the City's east and west sides. The Project would construct mechanically stabilized earth retaining walls on the east side, improve drainage, irrigation, and landscaping, and install traffic signals on Holland Road at Haun Road and Hannover Lane.

A portion of the project is located within the Old Paloma Wash, which is listed as a “blue-line stream” and managed by the Army Corps of Engineers (ACOE). The Project proposes to re-align the stream to accommodate the roadway and bridge construction which requires specific permits as well as the purchase of environmental mitigation credits (credits). The ACOE section 404 permit letter and California Department of Fish and Wildlife (CDFW) section 1602 permit letter are attached for reference. Mitigation requirements from each of the following agencies are summarized in Table 1 on the following page: ACOE section 404; CDFW section 1602; and the Riverside Conservation Agency (RCA).

Table 1 – Agency Mitigation Requirements

Agency	Description	Acres Required for Mitigation Credits
CDFW (1602)	0.77 acres permanent impact of unvegetated streambed restoration at 3:1 ratio	2.31 acres*
ACOE (404)	0.31 acres non-wetland and 0.005 acres wetland (sum = 0.315 acres) at 3:1 ratio	0.95 acres*
RCA (MSHCP)	0.755 acres of riparian-riverine restoration/enhancement at 1:1 ratio	0.755 acres

**The 2.31 acres required by the CDFW includes 1.36 acres of 1602 permit credits and 0.95 acres of 404 permit credits.*

On December 7, 2022, City Council authorized the City Manager to execute necessary documents and issue payment in an amount not-to-exceed \$300,000 to an environmental mitigation bank for the purpose of purchasing credits for the Project. At the time, the environmental consultant estimated the credit purchase would cost between \$150,000 and \$250,000, but staff had not determined final mitigation ratios or identified an environmental bank to purchase of these credits from. The initial cost estimates were from a local mitigation bank which does not currently have credits available. Therefore, a mitigation bank outside of the Riverside area must be used. Credits are available through Soquel Canyon Mitigation Bank (SCMB) at a higher cost than initially anticipated because the bank is outside of the Riverside area.

Required mitigation ratios for the Project have now been finalized and on February 1, 2023, staff received two cost estimates from SCMB for the purchase of credits. The ACOE requires that the 0.95 acre credits be paid in advance of certain construction activities. The CDFW requires 2.31 total acre credits be purchased, of which 0.95 acres would also meet the ACOE credit requirement. In an effort to expedite the Project’s construction activities, staff has arranged to divide the 2.31 total acre credit purchase into two payments. Staff initiated the process to issue the initial payment for the purchase of 0.95 acre credits for \$238,000, as this amount was within the purchasing authority previously delegated to the City Manager on December 7, 2022.

The second purchase for the remaining 1.36 acre credits is estimated to cost \$340,000, which exceeds the current purchasing authority delegated to the City Manager. The City Manager’s purchasing authority must be increased from \$300,000 to a total amount not-to-exceed \$600,000 to issue payment for the purchase of all required credits from SCMB. The SCMB estimates are valid for a period of 30-days and may increase slightly until all required documents are fully executed and payment is issued. The increase in the City Manager’s purchasing authority to

\$600,000 would allow for any slight increases in the final amount of the second SCMB purchase. Funding for the identified credits is available in current project budget.

It is important to note that the purchase of the identified credits from SCMB would not cover all required credits for the Project. Staff continues to research alternatives and banks to mitigate for the 0.755 acres of riparian-riverine restoration/enhancement credits required by the RCA.

STRATEGIC PLAN OBJECTIVE

Accessible and Interconnected Community

FISCAL IMPACT

The payment for the environmental mitigation credits would not adjust the overall CIP 13-03 budget as funding is available through project contingencies for items such as this. Funding for the environmental mitigation payment in an amount not to exceed \$600,000 has been identified in Fiscal Year 2022/2023, as outlined in Table 2 below.

Table 2 – Project Funding

Fund	Project	Account Number	Available Budget	
DIF - Circulation	Holland Road / I-215 Overcrossing	526-4555-58021	\$1,350,498.21	\$600,000

ATTACHMENTS

1. Project Location Map
2. SCMB Estimate – 0.95 Acre Initial Credits
3. SCMB Estimate – 1.36 Acre Additional Credits
4. ACOE – Section 404 Permit Letter
5. CDFW - Section 1602 Letter