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EXHIBIT B-2

EXHIBIT B-2: SERVICE AREA JUSTIFICATION

WATERS OF THE U.S. SERVICE AREA

Introduction

The Sacramento District of the U.S. Army Corps of Engineers released their final guidance for the establishment of service areas for the Sacramento District in October 2010 (Corps 2010). The South Pacific Division of the Corps also released Draft Regional Compensatory Mitigation and Monitoring Guidelines in August 2013 that recommend use of the methods outlined in the Sacramento District guidance. This guidance, being the most recent guidelines published for the establishment of Service Areas provided by the Corps was followed.

These guidelines call for the establishment of service areas based on a watershed approach as outlined in the Mitigation Rule (33 CFR Parts 325 and 332). The guidelines define watershed as the area delineated by the ten-digit Hydrologic Unit Code (HUC-10) and state that the HUC-10 in which the Bank Property is located is the starting point for developing a service area. At a minimum, the service area will include the HUC-10 in which the Bank Property is located. Additional HUC-10's should be added using justifications based on the Sub-basin (HUC-8) and ecoregion needs.

Based on this guidance, four HUC-10 watershed "types" will be discussed. These include the "Minimum Service Area HUC-10s" which consist of the HUC-10(s) in which the Bank is located, "HUC-10s Requiring Minimal Justification" watersheds are those that require "minimal justification for inclusion in the service area" according to the guidance (these watersheds are abutting the 10-digit watershed in which the Bank Property is located and area also within the same HUC-8 and ecoregion), "Hydrologically Justified HUC-10s" are watersheds within the same 8-digit sub-basin as the Bank Property and on which the Bank Property has direct hydrologic influence and connectivity (i.e. directly downstream); and "Ecologically Justified HUC-10s" which are watersheds within the same ecoregion as the Bank Property and that have similar biotic functions as those provided by aquatic resources within the Bank Property, but may not be located directly downstream of the Bank Property.

Following these guidelines and in cooperation with the Army Corps of Engineers, Primary, Secondary and Tertiary service areas have been identified for the Bank. The approved Special Area Management Plans (SAMPs), the San Diego and San Juan and Western San Mateo Creek SAMPS, are not included in the Primary, Secondary, and Tertiary Service Areas. Furthermore, the Bank is not appropriate for impacts to coastal and/or tidally influenced resources. These areas are excluded from the service area described below.

Primary Service Area

The watersheds identified in the guidelines as those that would comprise the "minimum service area" and those requiring minimal justification for inclusion in the service area have been included in the Primary Service Area for the Bank. The HUC-10s within the Primary Service Area are discussed below:

Minimum Service Area HUC-10s

Section 8.5 of the Draft Regional Compensatory Mitigation and Monitoring Guidelines for the South Pacific Division states:

"At a minimum, the service area will be the 10-digit watershed containing the Site(s).... Documentation and justification must be provided for expansion of the service area from the 10-digit watershed containing the Site."

The entire Bank Property drains into Soquel Canyon Creek, a tributary of Carbon Canyon Creek, which historically flowed to the San Gabriel River. Carbon Canyon Creek has been hydrologically altered by the construction of a surface water diversion structure called Miller Basin that redistributes water from the San Gabriel River sub-basin into the Santa Ana River sub-basin. At Miller Basin, near Placentia, flows from Carbon Canyon Creek are partially diverted into a stilling basin, a distilling basin, a retarding basin and a flow diversion structure (Carbon Canyon Diversion Channel) which diverts flows from Carbon Canyon Creek to the Santa Ana River. The old Carbon Canyon Creek channel continues to conduct a portion of the total flows past Miller Basin into the San Gabriel River. As a result of this diversion, the Bank Property is hydrologically a part of both the Lower San Gabriel River and Lower Santa Ana River HUC-10s which are respectively located in the San Gabriel River and Santa Ana River HUC-8s part of the Ventura-San Gabriel Coastal and Santa Ana basins (HUC-6s).

As such, the Bank Property is physically located within the boundaries of the Lower San Gabriel River HUC-10 which is the largest watershed in the San Gabriel River HUC-8. The Lower San Gabriel River watershed extends from the Angeles National Forest, north of Glendora, to the river's mouth in San Pablo Bay, near Seal Beach.

However the Bank Property is hydrologically also a part of the Lower Santa Ana River HUC-10 which is in the Santa Ana River HUC-8 and extends from Prado Basin in San Bernardino County to the river's mouth at the Pacific Ocean near Newport Beach.

Following the Corps' guidelines the minimum service area for the Bank, and the starting point for this justification, would consist of the Lower San Gabriel River and Lower Santa Ana River HUC-10s. These HUC-10s have been included in the Primary Service Area for the Bank.

HUC-10s Requiring Minimal Justification

Section 8.5 of the Draft Regional Compensatory Mitigation and Monitoring Guidelines for the South Pacific Division states:

"Additions where all of the following are true require minimal justification: a) areas abutting the 10-digit watershed in which the Site is located, b) within the same 8-digit sub-basin as the Site and c) within the same ecoregion as the Site."

As discussed in the previous section, the Bank Property is hydrologically a part of two different HUC-10s and two different HUC-8s. The Lower San Gabriel River and Lower Santa Ana River HUC-10s drain areas within both the Southern California Coastal Plain MLRA and the Southern California Mountains MLRA, though the greater portion of these HUC-10s is located within the Southern California Coastal Plains. The Bank Property is located within the Puente-Chino Hills wildlife corridor, a ridge that is mapped as Southern California Mountains that is surrounded by Southern California Coastal Plains. The Bank Property would more accurately be described as a band of foothill habitats that are characteristic of the transition zone between the Southern California Coastal Plains and the Southern California Mountains. The Puente-Chino Hills wildlife corridor provides an important biological connection between foothill species in Orange County and the San Gabriel Mountains.

Following the Corp's guidelines the following HUC-10s have been identified as those requiring minimal justification for inclusion in the service area. These HUC-10s are abutting either the Lower San Gabriel River or Lower Santa Ana River HUC-10s, and are also located within either the San Gabriel River or Santa Ana River HUC-8s and contain a mix of the Southern California Coastal Plains and Southern California Mountains ecoregions. The following HUC-10's are also included in the Primary Service Area for the Bank.

San Jose Creek Watershed; 1807010604

The San Jose Creek HUC-10 abuts the Lower San Gabriel Watershed is located in the San Gabriel River HUC-8 and consists of both Southern California Coastal Plains and Southern California Mountains ecoregions. The San Jose Creek HUC-10 is also located within the Puente-Chino Hills wildlife corridor and includes a drainage area ranging from 5-18 miles to the northwest of the Bank Property. This watershed contains identical habitat types and elevation ranges to those found in the Bank Property and provides an important component of the corridor connecting Chino Hills State Park with the San Gabriel Mountains via the corridor along San Jose Creek. Streams and riparian habitats within this watershed are expected to be extremely similar to those habitats within the Bank Property and are expected to provide benefits to some of the same species and long ranging individuals that migrate through this corridor. Additionally, as this HUC-10 contains similar slopes and elevations to the Bank Property, sediment and water quality contributions to the San Gabriel River from San Jose Creek are expected to be equivalent to those provided by Soquel Canyon Creek. Mitigating for impacts to streams and riparian habitats within the San Jose Creek are expected to be and riparian habitats within the San Jose Creek HUC-10 with habitats at the Bank Property should allow for identical replacement of lost functions and values in most situations.

Dalton Wash Watershed; 1807010603

The Dalton Wash HUC-10 abuts the Lower San Gabriel Watershed, is located in the San Gabriel River HUC-8 and consists of both the Southern California Coastal Plains and Southern California Mountains ecoregions. The Dalton Wash HUC-10 includes the northernmost extent of the Puente-Chino Hills wildlife corridor and the southernmost extent of the San Gabriel Mountains, providing the narrowest crossing for wildlife migrations between these two blocks of Southern California Mountain ecoregions. Streams and riparian habitats within this watershed are expected to be extremely similar to those habitats within the Bank Property and are expected to provide benefits to some of the same species and long ranging individuals that migrate through this corridor. Additionally, as this HUC-10 contains similar slopes and elevations to the Bank Property, sediment and water quality contributions to the San Gabriel River from creeks within the Dalton Wash HUC-10 are expected to be equivalent to those provided by Soquel Canyon Creek. Mitigating for impacts to streams and riparian habitats within the Dalton Wash HUC-10 with habitats at the Bank Property should allow for identical or surpassed replacement of lost functions and values in most situations.

Chino Creek Watershed; 1807020307

The Chino Creek HUC-10 abuts both the Lower San Gabriel Watershed and the Lower Santa Ana River watershed, is located in the Santa Ana River HUC-8 and consists of both the Southern California Coastal Plains and Southern California Mountains ecoregions. The Chino Creek HUC-10 spans a portion of the inland empire portion of the Southern California Coastal Plains extending from the Puente-Chino Hills wildlife corridor in the south to the foothills of the San Gabriel Mountains in the north. Streams and riparian habitats within this watershed are expected to be extremely similar to those habitats within the Bank Property when they are located within the transition zones bordering the valley floor and are expected to provide some of the same sediment and water quality benefits to the Santa Ana River. Mitigating for impacts to streams and riparian habitats within the Chino Creek HUC-10 with habitats at the Bank Property should allow for identical or surpassed replacement of lost functions and values in most situations.

Middle Santa Ana River Watershed; 1807020308

The Middle Santa Ana River HUC-10 abuts the Lower Santa Ana River watershed, is located in the Santa Ana River HUC-8 and consists of both the Southern California Coastal Plains and Southern California Mountains ecoregions. The Temescal Wash HUC-10 spans a portion of the inland empire portion of the Southern California Coastal Plains extending from the Puente-Chino Hills wildlife corridor in the south to the foothills of the San Gabriel Mountains in the north. Streams and riparian habitats within this watershed are expected to be extremely similar to those habitats within the Bank Property when they are located within the transition zones bordering the valley floor and are expected to provide some of the same sediment and water quality benefits to the Santa Ana River. Mitigating for impacts to streams and riparian habitats within the Middle Santa Ana River HUC-10 with habitats at the Bank Property should allow for identical or surpassed replacement of lost functions and values in most situations.

Santiago Creek Watershed; 1807020309

The Santiago Creek HUC-10 abuts the Lower Santa Ana River watershed, is located in the Santa Ana River HUC-8 and consists of both the Southern California Coastal Plains and Southern California Mountains ecoregions. The Santiago Creek HUC-10 is located within the Puente-Chino Hills wildlife corridor and provides a transition zone into the Southern California Coastal Plains. Streams and riparian habitats within this watershed are expected to be extremely similar to those habitats within the Bank Property and are expected to provide some of the same sediment and water quality benefits to the Santa Ana River. Mitigating for impacts to streams and riparian habitats within the Santiago Creek HUC-10 with habitats at the Bank Property should allow for identical or surpassed replacement of lost functions and values in most situations.

Secondary Service Area

Additional watersheds are considered for inclusion in the Secondary Service Area for the Bank based on their ecological and/or hydrologic similarity to the Bank Property. The Secondary Service Area includes the following HUC-10s:

Temescal Wash Watershed; 1807020306

The Temescal Wash HUC-10 abuts the Lower Santa Ana River watershed, is located in the Santa Ana River HUC-8 and consists of both the Southern California Coastal Plains and Southern California Mountains ecoregions. The Temescal Wash HUC-10 is located within the Puente-Chino Hills wildlife corridor and provides a transition zone into the Southern California Coastal Plains. Streams and riparian habitats within this watershed are expected to be extremely similar to those habitats within the Bank Property and are expected to provide some of the same sediment and water quality benefits to the Santa Ana River. Mitigating for impacts to streams and riparian habitats within the Temescal Wash HUC-10 with habitats at the Bank Property should allow for identical or surpassed replacement of lost functions and values in most situations.

Bolsa Chica Channel Frontal Hunington Harbor Watershed; 1807020100

The Bolsa Chica HUC-10 abuts both the Lower San Gabriel River and Lower Santa Ana River HUC-10s, is within the Seal Beach HUC-8 (part of the Santa Ana River HUC-6) and consists of the Southern California Coastal Plains ecoregion. The non-tidal waters within this HUC-10 consist almost entirely of urban channelized streams that provide minimal habitat benefits. Functions provided by these streams that have the potential to be impacted are limited to sediment supply, water quality, temperature and flood storage. The functions provided by the aquatic habitats within the Bank Property have direct effects on the sediment supply, water quality, temperature, and flood flows of downstream waterways including the San Gabriel River, and the Santa Ana River. These two rivers flow into the Pacific Ocean less than 12 miles apart and as a result, the Bank's aquatic resources are also having an effect on the water quality and sediment supply for Southern California beaches between San Pedro Bay and Newport Bay. This suggests that the Bank could provide suitable replacement of specific water quality and sediment related functions for impacts to non-tidal waters within the Bolsa Chica HUC-10.

Colorado Lagoon-Frontal Alamitos Bay Watershed; 1807010606

The Colorado Lagoon HUC-10 abuts the Lower San Gabriel HUC-10, is within the San Gabriel River HUC-8 and consists of the Southern California Coastal Plains ecoregion. The non-tidal waters within this HUC-10 consist almost entirely of urban channelized streams that provide minimal habitat benefits. Functions provided by these streams that have the potential to be impacted are limited to sediment supply, water quality, temperature and flood storage. The functions provided by the aquatic habitats within the Bank Property have direct effects on the sediment supply, water quality, temperature, and flood flows of downstream waterways including the San Gabriel River. The San Gabriel River delineates the eastern boundary of this HUC-10 and flows into the Pacific Ocean at the mouth of Alamitos Bay, and as a result, the Bank's aquatic resources are also having an effect on the water quality and sediment supply for Alamitos Bay and the adjacent beaches. This suggests that the Bank could provide suitable replacement of specific water quality and sediment related functions for impacts to non-tidal waters within the Colorado Lagoon-Frontal Alamitos Bay HUC-10.

Upper Santa Ana River Watershed; 1807020305

The Upper Santa Ana River HUC-10 is located in the Santa Ana River HUC-8 and consists of the Southern California Mountains and Southern California Coastal Plains ecoregions. The Upper Santa Ana River HUC-10 provides transition zones between Southern California Mountain and Southern California Coastal Plain habitats similar to those found at the Bank Property, but the HUC-10 also includes substantial high elevation habitats extending to 9,000+ feet in elevation that are dissimilar to the Bank Property's habitats. Within the Upper Santa Ana River HUC-10 the extent of foothill habitats similar to the Bank Property are limited to the lower elevation portions of the watershed located near the foothill regions adjacent to valley floor. Habitats in these areas contain habitats similar to those in the Bank Property including coastal sage scrub and coast live oak and also contain a relatively high density of streams. Streams and riparian habitats within the foothill reaches of this watershed are expected to be similar to those habitats within the Bank Property and are expected to provide some of the same sediment and water quality benefits to the Santa Ana River. Mitigating for impacts to streams and riparian habitats within the foothill portions of the Upper Santa Ana River HUC-10 with habitats at the Bank Property should allow for similar replacement of lost functions and values in most situations.

Rio Hondo Watershed; 1807010503

The Rio Hondo HUC-10 abuts the Lower San Gabriel HUC-10, is within the Los Angeles River HUC-8 and consists of the Southern California Coastal Plains ecoregion. The non-tidal waters within this HUC-10 consist almost entirely of urban channelized streams that provide minimal habitat benefits. Functions provided by these streams that have the potential to be impacted are limited to sediment supply, water quality, temperature and flood storage. The functions provided by the aquatic habitats within the Bank Property provide benefits to the sediment supply, water quality, temperature, and flood flows of regional waterways.

Lower Los Angeles River Watershed; 1807010504

The Lower Los Angeles River HUC-10 is within the Los Angeles River HUC-8 and consists of the Southern California Coastal Plains ecoregion. The non-tidal waters within this HUC-10 consist almost entirely of urban channelized streams that provide minimal habitat benefits. Functions provided by these streams that have the potential to be impacted are limited to sediment supply, water quality, temperature and flood storage. The functions provided by the aquatic habitats within the Bank Property provide benefits to the sediment supply, water quality, temperature, and flood flows of regional waterways.

San Diego Creek Watershed; 1807020401

The San Diego Creek HUC-10 is within the Newport Bay HUC-8 and consists of the Southern California Coastal Plains ecoregion. The non-tidal waters within this HUC-10 consist almost entirely of urban channelized streams that provide minimal habitat benefits. Functions provided by these streams that have the potential to be impacted are limited to sediment supply, water quality, temperature and flood storage. The functions provided by the aquatic habitats within the Bank Property provide benefits to the sediment supply, water quality, temperature, and flood flows of regional waterways.

Tertiary Service Area

Additional watersheds are considered for inclusion in the Tertiary Service Area for the Bank based on the regional need for mitigation for impacts to flood control and conveyance drainages, detention basins, ditches and ephemeral urban drainages and other minor maintenance modifications triggering impacts to otherwise low quality aquatic resources for minimally impacting projects. The Corps will decide on a case-by-case basis if a project in the Tertiary Service Area is authorized to use 404 credits as compensatory mitigation. The Tertiary Service Area includes the following HUC-10s:

San Timoteo Wash Watershed; 1807020304

The San Timoteo Wash HUC-10 is located in the Santa Ana River HUC-8 and consists of the Southern California Mountains and Southern California Coastal Plains ecoregions. The San Timoteo Wash HUC-10 provides transition zones between Southern California Mountain and Southern California Coastal Plain habitats similar to those found at the Bank Property. Habitats in these areas contain habitats similar to those in the Bank Property including coastal sage scrub, California walnut woodlands and coast live oak and also contain a relatively high density of streams. Streams and riparian habitats within this HUC-10 are expected to be similar to those habitats within the Bank Property and are expected to provide some of the same sediment and water quality benefits to the Santa Ana River. Mitigating for impacts to streams

and riparian habitats within the San Timoteo Wash HUC-10 with habitats at the Bank Property should allow for similar replacement of lost functions and values in most situations.

Upper Los Angeles River Watershed; 1807010502

The Upper Los Angeles River HUC-10 is within the Los Angeles River HUC-8 and consists of the Southern California Coastal Plains ecoregion. The non-tidal waters within this HUC-10 consist almost entirely of urban channelized streams that provide minimal habitat benefits. Functions provided by these streams that have the potential to be impacted are limited to sediment supply, water quality, temperature and flood storage. The functions provided by the aquatic habitats within the Bank Property provide benefits to the sediment supply, water quality, temperature, and flood flows of regional waterways.

Lower San Jacinto River; 1807020203

The Lower San Jacinto River HUC-10 is within the San Jacinto River HUC-8 and consists of transition zones between the Southern California Mountains and Southern California Coastal Plains ecoregions. The non-tidal waters within this HUC-10 consist almost entirely of urban channelized streams that provide minimal habitat benefits. Functions provided by these streams that have the potential to be impacted are limited to sediment supply, water quality, temperature and flood storage. The functions provided by the aquatic habitats within the Bank Property provide benefits to the sediment supply, water quality, temperature, and flood flows of regional waterways.

Middle San Jacinto River; 1807020202

The Middle San Jacinto River HUC-10 is within the San Jacinto River HUC-8 and consists of transition zones between the Southern California Mountains and Southern California Coastal Plains ecoregions. The non-tidal waters within this HUC-10 consist almost entirely of urban channelized streams that provide minimal habitat benefits. Functions provided by these streams that have the potential to be impacted are limited to sediment supply, water quality, temperature and flood storage. The functions provided by the aquatic habitats within the Bank Property provide benefits to the sediment supply, water quality, temperature, and flood flows of regional waterways.

Upper San Jacinto River; 1807020201

The Upper San Jacinto River HUC-10 is within the San Jacinto River HUC-8 and consists of transition zones between the Southern California Mountains and Southern California Coastal Plains ecoregions. The non-tidal waters within this HUC-10 consist almost entirely of urban channelized streams that provide minimal habitat benefits. Functions provided by these streams that have the potential to be impacted are limited to sediment supply, water quality, temperature and flood storage. The functions provided by the aquatic habitats within the Bank Property provide benefits to the sediment supply, water quality, temperature, and flood flows of regional waterways.

Newport Bay Frontal Pacific Ocean; 1807020402

The Newport Bay Frontal Pacific Ocean HUC-10 is within the Newport Bay HUC-8 and consists of the Southern California Coastal Plains ecoregion. The non-tidal waters within this HUC-10 consist almost entirely of urban channelized streams that provide minimal habitat benefits. Functions provided by these streams that have the potential to be impacted are limited to

sediment supply, water quality, temperature and flood storage. The functions provided by the aquatic habitats within the Bank Property provide benefits to the sediment supply, water quality, temperature, and flood flows of regional waterways.

Aliso Creek Frontal Gulf of Santa Catalina; 1807030103

The Aliso Creek Frontal HUC-10 is within the Aliso Creek HUC-8 and consists of transition zones between the Southern California Mountains and Southern California Coastal Plains ecoregions. The non-tidal waters within this HUC-10 consist almost entirely of urban channelized streams that provide minimal habitat benefits. Functions provided by these streams that have the potential to be impacted are limited to sediment supply, water quality, temperature and flood storage. The functions provided by the aquatic habitats within the Bank Property provide benefits to the sediment supply, water quality, temperature, and flood flows of regional waterways.

San Juan Creek; 1807030101

The San Juan Creek HUC-10 is within the Aliso Creek HUC-8 and consists of transition zones between the Southern California Mountains and Southern California Coastal Plains ecoregions. The non-tidal waters within this HUC-10 consist almost entirely of urban channelized streams that provide minimal habitat benefits. Functions provided by these streams that have the potential to be impacted are limited to sediment supply, water quality, temperature and flood storage. The functions provided by the aquatic habitats within the Bank Property provide benefits to the sediment supply, water quality, temperature, and flood flows of regional waterways.

San Mateo Creek; 1807030102

The San Mateo Creek HUC-10 is within the Aliso Creek HUC-8 and consists of transition zones between the Southern California Mountains and Southern California Coastal Plains ecoregions. The non-tidal waters within this HUC-10 consist almost entirely of urban channelized streams that provide minimal habitat benefits. Functions provided by these streams that have the potential to be impacted are limited to sediment supply, water quality, temperature and flood storage. The functions provided by the aquatic habitats within the Bank Property provide benefits to the sediment supply, water quality, temperature, and flood flows of regional waterways.

San Onofre Creek Frontal Gulf of Santa Catalina; 1807030104

The San Onofre Creek HUC-10 is within the Aliso Creek HUC-8 and consists of transition zones between the Southern California Mountains and Southern California Coastal Plains ecoregions. The non-tidal waters within this HUC-10 consist almost entirely of urban channelized streams that provide minimal habitat benefits. Functions provided by these streams that have the potential to be impacted are limited to sediment supply, water quality, temperature and flood storage. The functions provided by the aquatic habitats within the Bank Property provide benefits to the sediment supply, water quality, temperature, and flood flows of regional waterways.

WATERS OF THE STATE SERVICE AREA

The Waters of the State Service Area is comprised of the watersheds hydrologically connected to the Bank Property and adjacent similar watersheds within the hydrologically connected San Gabriel River and Santa Ana River sub-basins, including the Lower Gabriel River, Lower Santa Ana River, Santiago Creek, Chino Creek, Middle Santa Ana River, San Jose Creek and Dalton Wash watersheds. Projects outside of this area can be considered by CDFW on a case-by-case basis.

Lower Gabriel River and Lower Santa Ana River

The entire Bank Property drains into Soquel Canyon Creek a tributary of Carbon Canyon Creek, which historically flowed to the San Gabriel River. Carbon Canyon Creek has been hydrologically altered by the construction of a surface water diversion structure called Miller Basin that redistributes water from the San Gabriel River sub-basin into the Santa Ana River sub-basin. At Miller Basin, near Placentia, flows from Carbon Canyon Creek are partially diverted into a stilling basin, a distilling basin, a retarding basin and a flow diversion structure (Carbon Canyon Diversion Channel) which diverts flows from Carbon Canyon Creek to the Santa Ana River. The old Carbon Canyon Creek channel continues to conduct a portion of the total flows past Miller Basin into the San Gabriel River. As a result of this diversion, the Bank Property is hydrologically a part of both the Lower San Gabriel River and Lower Santa Ana River HUC-10s which are respectively located in the San Gabriel River and Santa Ana River HUC-8s part of the Ventura-San Gabriel Coastal and Santa Ana basins (HUC-6s).

The Lower San Gabriel River and Lower Santa Ana River HUC-10s drain areas within both the Southern California Coastal Plain MLRA and the Southern California Mountains MLRA, though the greater portion of these HUC-10s is located within the Southern California Coastal Plains. The Bank Property is located within the Puente-Chino Hills wildlife corridor, a ridge that is mapped as Southern California Mountains that is surrounded by Southern California Coastal Plains. The Bank Property would more accurately be described as a band of foothill habitats that are characteristic of the transition zone between the Southern California Coastal Plains and the Southern California Mountains. The Puente-Chino Hills wildlife corridor provides an important biological connection between foothill species in Orange County and the San Gabriel Mountains.

The Service Area is also comprised of the HUC-10s adjacent to either the Lower San Gabriel River or Lower Santa Ana River HUC-10s and containing a mix of the Southern California Coastal Plains and Southern California Mountains ecoregions. Mitigating for impacts to streams and riparian habitats within these watersheds with habitats at the Bank Property should allow for identical replacement of lost functions and values in most situations, with the exception that areas west of Interstate 405 were removed from the Lower San Gabriel River and Santiago Creek Rivers due to being dominated by coastal, tidally influenced habitats.

San Jose Creek Watershed; 1807010604

The San Jose Creek HUC-10 abuts the Lower San Gabriel Watershed is located in the San Gabriel River HUC-8 and consists of both Southern California Coastal Plains and Southern California Mountains ecoregions. The San Jose Creek HUC-10 is also located within the Puente-Chino Hills wildlife corridor and includes a drainage area ranging from 5-18 miles to the northwest of the Bank Property. This watershed contains identical habitat types and elevation ranges to those found in the Bank Property and provides an important component of the corridor

connecting Chino Hills State Park with the San Gabriel Mountains via the corridor along San Jose Creek. Streams and riparian habitats within this watershed are expected to be extremely similar to those habitats within the Bank Property and are expected to provide benefits to some of the same species and long ranging individuals that migrate through this corridor. Additionally, as this HUC-10 contains similar slopes and elevations to the Bank Property sediment and water quality contributions to the San Gabriel River from San Jose Creek are expected to be equivalent to those provided by Soquel Canyon Creek.

Dalton Wash Watershed; 1807010603

The Dalton Wash HUC-10 abuts the Lower San Gabriel Watershed, is located in the San Gabriel River HUC-8 and consists of both the Southern California Coastal Plains and Southern California Mountains ecoregions. The Dalton Wash HUC-10 includes the northernmost extent of the Puente-Chino Hills wildlife corridor and the southernmost extent of the San Gabriel Mountains providing the narrowest crossing for wildlife migrations between these two blocks of Southern California Mountain ecoregions. Streams and riparian habitats within this watershed are expected to be extremely similar to those habitats within the Bank Property and are expected to provide benefits to some of the same species and long ranging individuals that migrate through this corridor. Additionally, as this HUC-10 contains similar slopes and elevations to the Bank Property sediment and water quality contributions to the San Gabriel River from creeks within the Dalton Wash HUC-10 are expected to be equivalent to those provided by Soquel Canyon Creek. Mitigating for impacts to streams and riparian habitats within the Dalton Wash HUC-10 with habitats at the Bank Property should allow for identical or surpassed replacement of lost functions and values in most situations.

Chino Creek Watershed; 1807020307

The Chino Creek HUC-10 abuts both the Lower San Gabriel Watershed and the Lower Santa Ana River watershed, is located in the Santa Ana River HUC-8 and consists of both the Southern California Coastal Plains and Southern California Mountains ecoregions. The Chino Creek HUC-10 spans a portion of the inland empire portion of the Southern California Coastal Plains extending from the Puente-Chino Hills wildlife corridor in the south to the foothills of the San Gabriel Mountains in the north. Streams and riparian habitats within this watershed are expected to be extremely similar to those habitats within the Bank Property when they are located within the transition zones bordering the valley floor and are expected to provide some of the same sediment and water quality benefits to the Santa Ana River. Mitigating for impacts to streams and riparian habitats within the Chino Creek HUC-10 with habitats at the Bank Property should allow for identical or surpassed replacement of lost functions and values in most situations.

Middle Santa Ana River Watershed; 1807020308

The Middle Santa Ana River HUC-10 abuts the Lower Santa Ana River watershed, is located in the Santa Ana River HUC-8 and consists of both the Southern California Coastal Plains and Southern California Mountains ecoregions. The Temescal Wash HUC-10 spans a portion of the inland empire portion of the Southern California Coastal Plains extending from the Puente-Chino Hills wildlife corridor in the south to the foothills of the San Gabriel Mountains in the north. Streams and riparian habitats within this watershed are expected to be extremely similar to those habitats within the Bank Property when they are located within the transition zones bordering the valley floor and are expected to provide some of the same sediment and water quality benefits to the Santa Ana River. Mitigating for impacts to streams and riparian habitats

within the Middle Santa Ana River HUC-10 with habitats at the Bank Property should allow for identical or surpassed replacement of lost functions and values in most situations.

Santiago Creek Watershed; 1807020309

The Santiago Creek HUC-10 abuts the Lower Santa Ana River watershed, is located in the Santa Ana River HUC-8 and consists of both the Southern California Coastal Plains and Southern California Mountains ecoregions. The Santiago Creek HUC-10 is located within the Puente-Chino Hills wildlife corridor and provides a transition zone into the Southern California Coastal Plains. Streams and riparian habitats within this watershed are expected to be extremely similar to those habitats within the Bank Property and are expected to provide some of the same sediment and water quality benefits to the Santa Ana River. Mitigating for impacts to streams and riparian habitats within the Santiago Creek HUC-10 with habitats at the Bank Property should allow for identical or surpassed replacement of lost functions and values in most situations.

COVERED HABITAT SERVICE AREA

The area proposed for the Covered Habitat service area encompasses the foothill transition zone of the Southern California Mountains MLRA, encompassing the Puente-Chino Hills Wildlife Corridor and the primary habitat blocs which this corridor connects. Preservation of the Puente-Chino Hills Wildlife Corridor has gained the interest of non-profits including the Sierra Club, Friends of the Puente-Chino Hills Wildlife Corridor, and the Hillside Open Space Education Coalition, amongst others. This corridor passes through the bank Property and consists primarily of coastal sage scrub, oak woodland and walnut woodland communities.

The foothills of the Southern California Mountains MLRA represent the inland most representations of many coastal habitats such as coastal sage scrub, willow scrub riparian, California walnut woodland and coast live oak woodlands. The distribution of these sensitive habitat types and the special status species that rely on them are restricted by past urbanization, elevation and rainfall. As a result, the occurrences and distribution of these different species and habitat types are located in closely associated regions. Based on CalVeg datasets and California Consortium of Herbaria records (CCH 2013), Coast live oak woodland, California sagebrush, sumac scrub, and black walnut woodland are extensive in the Southern California Mountains MLRA, which spans much of Orange, Riverside, San Bernardino, and Los Angeles counties.

Extensive populations of coast live oak can be seen in the canyons immediately surrounding the Bank Property in the Lower Santa Ana River, Santiago Creek, Lower San Gabriel River, San Jose Creek, Chino Creek, Temescal Wash, and the fringe of the Middle Santa Ana River HUC-10 watersheds. Surrounding populations of coast live oak are intermixed with black walnut woodlands and are somewhat continuous along interconnecting canyons which makes it highly likely that gene transfer is occurring between populations in these regions. Coast live oak pollen has been shown to travel up to 10 miles from a source (Fairley and Batchelder 1986) and animal vectors can move acorns to variable distances from the tree source (Duousso 1993). There are no gaps greater than 10 miles between populations of coast live oak in the regions surrounding the Puente-Chino Hills Wildlife Corridor. These occurrences of coast live oak and walnut woodlands likely form a continuous metapopulation from beyond the southern tip of the Bank's proposed habitat service area near the Elsinore Mountains to the northwest tip near the San Gabriel Mountains. The Bank Property is part of a valuable corridor providing the opportunity for gene flow and species movement between the southern and northern these

habitat blocks, and is justified in providing compensatory mitigation for impacts to similar habitats in any of these areas.

Other vegetation communities in the Bank Property include coastal sage scrub, a California sagebrush dominated community. Extensive California sagebrush populations exist in low elevation portions of the Santa Ana River Watershed. These populations begin in the southern portion of the watershed in the Elsinore Mountains and extend north into the rim of the Chino Valley. The extent of coastal sage scrub habitats in this region are similar, and provide habitat benefits for similar species as provided by coastal sage scrub habitats on the Bank Property. As such, the Bank Property can provide suitable compensatory mitigation for impacts to coastal sage scrub habitats from the inland portions of Orange County to the foothills of the San Gabriel Mountains.

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