Potential Action

The Board of Harbor Commissioners is requested to approve adoption of a revised Memorandum of Understanding by and between the City Manager Department and the Harbor Department for participation in the Colorado Lagoon Open Channel Restoration Phase 2A Project and approve funding in the amount of $350,000 for the Phase 2 Open Channel design. (Environmental Planning - H. Tomley)

Background

For the past 10 years the Port of Long Beach (Port) has been working with the City of Long Beach City Manager Department (City) and stakeholder organizations on the Colorado Lagoon Restoration Project. The project is being lead by the City’s Department of Community Development in concert with the Department of Parks, Recreation and Marine. In 2005, the Colorado Lagoon Restoration Plan (Feasibility Study) was finalized, and since then restoration efforts have been ongoing and multiphased to accommodate the technical complexity of the project, the environmental sensitivity of the site, availability of funding, and the lengthy regulatory approval process associated with permitting the construction activities. Phase 1, which focused on improving the Lagoon’s water quality, was completed in August 2012, and the results are surpassing expectations. Phase 2 is planned to increase marine habitat and reconnect the lagoon to Marine Stadium through an open channel.

Since the inception of the project, the Port’s investments have been largely determined by the cost-effectiveness of future mitigation credits. The City continues to work with the U.S. Army Corps of Engineers for the establishment of a Compensatory Mitigation Bank Enabling Instrument or “mitigation bank” (i.e. mitigation generated at a point in time for later use), primarily for the Phase 2 open channel project. The mitigation bank concept is a potential opportunity for the Port to purchase mitigation credits resulting from increased habitat
Colorado Lagoon and establishment of tidal habitat at the open channel site. While details have not been finalized, it is anticipated that 8.5 to 17.0 acre-credits could be made available to the Port.

In anticipation of potentially purchasing these mitigation credits, the Port has been participating with the City to fund certain studies and design efforts since 2005. A summary of the Port’s participation is provided below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
<th>Applied To:</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/23/2007</td>
<td>$235,000</td>
<td>Preparation of Project EIR</td>
</tr>
<tr>
<td>2/9/2009</td>
<td>$300,000</td>
<td>Open Channel Alternative</td>
</tr>
<tr>
<td>12/14/2009</td>
<td>$1,300,000</td>
<td>Credit towards Open Channel Mitigation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bank Credits - Construction of low flows, trash traps, storm drain rerouting, and culvert cleaning</td>
</tr>
<tr>
<td>8/18/2010</td>
<td>$19,750</td>
<td>EIR Addendum</td>
</tr>
<tr>
<td>2/27/2013</td>
<td>$115,234</td>
<td>Share of Prospectus and Mitigation Bank Development, specifically for Phase 2A Open Channel</td>
</tr>
</tbody>
</table>

$1,969,984 Total Funded to Date

Discussion of Current Issues

The Port and the City are currently engaged in a Memorandum of Understanding (MOU), which was executed in September 2007 and outlined the mutual funding amounts and participation arrangements (Attachment 1). This MOU initiated the partnership with the City regarding the restoration activities of the Colorado Lagoon project, and established a cost-share agreement through which both the Harbor Department and the City would fund the preparation of the project’s Environmental Impact Report (EIR), special studies, and project and grant management through Phase 1.

In order to determine the viability of the Phase 2 open channel project and obtain regulatory approvals, the City will need to develop value-engineered concepts and designs. While the City currently has $200,000 available for this effort, the City is requesting an additional $300,000 in funding from the Port in order to be able to award a design contract, and $50,000 to help complete the development of the mitigation bank and continue negotiations with regulatory staff (Attachment 2). The City’s total request for Port funding is $350,000. The Board recently received an update on the project and payment history (Attachment 3).

In order to memorialize our past participation and provide for continued support of the project, Staff is
recommending adoption of the attached revised MOU with the City Manager Department. Should the Board decide to adopt the revised MOU, the Long Beach City Council will take a separate action in consideration of the MOU terms prior to moving forward.

**Financial Impact**

Environmental Planning is requesting authorization to provide a total of $350,000 in funding to support the Phase 2 open channel design. Under the terms of this MOU, $300,000 will fund the preliminary engineering efforts, and $50,000 will fund the establishment efforts of the Compensatory Mitigation Bank Enabling Instrument. The City is committing $200,000 for the preliminary design phases. The City is hopeful that this effort will result in lowering overall project costs while maximizing the amount of mitigation credits generated by the restoration, providing a more advantageous cost-per-acre credit for the Port. Staff will return to the Board at a future date, should the Port choose to purchase mitigation credits.

HB

Attachments:

1. Executed Memorandum of Understanding dated October 23, 2007
3. Update on Colorado Lagoon dated April 8, 2016
4. Memorandum of Agreement Regarding Funds Advanced for Colorado Lagoon Credits dated February 16, 2010
5. Draft Memorandum of Understanding by and between the City Manager Department and the Harbor Department