**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date:

District E

Item Creation Date: 4/10/2017

20JLB01

Agenda Item#:

Background:

Subject: Purchase of Stream Mitigation Credits from FORESTAR (USA) REAL ESTATE GROUP INC., in order to obtain the US Army Corps of Engineers 404 Permit required for the Expansion of North East Water Purification Plant (NEWPP).

Recommendation: Approve an ordinance appropriating funds, and approving the agreement between FORESTAR (USA) REAL ESTATE GROUP INC. and City of Houston; authorizing the payments for the purchase of stream mitigation credits.

Specific Explanation: This project is required to meet regulatory mandates of the Texas Commission on Environmental Quality and the Harris-Galveston Subsidence District Surface Water Conservation Plan. Under the second supplement (s) between city and authorities, the city will be responsible for approximately 16 % of the costs of NEWPP expansion and the Authorities will be responsible for the remainder. It is intended that the NEWPP expansion be completed in two phases. The first phase of 80 million gallons of water per day to be substantially complete no later than August 31, 2021 and the second phase of 240 million gallons of water per day to be substantially complete no later than June 30, 2024 for a total of 320 million gallons of water per day. This project was described and briefed to Transportation, Technology, and Infrastructure Committee meeting on February 13, 2017.

The construction of the NEWPP 320 million gallons per day plant expansion will generate unavoidable impacts to certain jurisdictional streams and wetlands of the United States. As a part of the approval process for the project, the Department of Public Works and Engineering is seeking certain approvals from various regulatory agencies, including, without limitation, a permit from the US Army Corps of Engineers (USACE) under section 404 of the Clean Water Act (the "404 Permit"). It is anticipated that the 404 Permit will require the City to compensate for the project's adverse impacts by purchasing sufficient, suitable stream and wetland credits from an operator of a compensatory mitigation bank. A site survey was conducted by SWCA Environmental Consultants, a sub-consultant to Carollo Engineering, the Project Technical Consultant, to determine the extent of impact of this project to existing wetlands. Impacts were identified to several classifications of wetlands, all of which the City will be required to mitigate in accordance with the approved permit. This request addresses the proposed mitigation for stream related impacts identified in the proposed mitigation plan necessitating the need to purchase approximately up to 2,790 stream credits from the Houston-Conroe Mitigation Bank. There are a limited number of Mitigation Bank Credits available and they are offered on a first come, first served basis; therefore, in order to ensure availability, a reservation request and deposit is required. This request will allow the City to reserve the necessary credits (and ultimately purchase these credits) to meet the requirements of the final 404 permit to be approved by the US Army Corps of Engineers. Failure to obtain required mitigation bank credits could jeopardize the permitting process and delay or possibly prevent the completion of the NEWPP Expansion. A final decision by the US Army Corps of Engineers on 404 permit application is expected by April 2017, and thus city intends to make a reservation of these stream mitigation credits and ultimately purchase these credits in accordance with the agreement requested for approval.

These credits are being purchased in accordance with US Army Corps of Engineers Permit application for impacts made at the Northeast Water Purification Plant and this is the only location approved by the US Army Corps of Engineers by our permit for mitigation of these impacts. The Sole Source Purchase of Wetlands and Stream Bank Mitigation Bank Credits is enclosed.

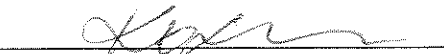
This will be the first of a series of mitigation credit purchases. Additional appropriations will be made as needed, once the US Army Corps of Engineers makes a decision and we receive more negotiated mitigation credit purchase from the other mitigation banks.

The total cost to purchase stream mitigation credits is \$599,850.00 and to be appropriated as follows:

- The City of Houston contributes \$95,976.00
- Water Authorities contribute \$503,874.00

ESTIMATED FISCAL OPERATING IMPACT:

No significant Fiscal Operating impact is anticipated as a result of this project.



Karun Sreerama, MBA, PhD, PE
Director
Department of Public Works and Engineering
WBS Number S-000065-0002-3

Amount of Funding:

Total cost is \$599,850.00.
\$95,976.00 transfer from Fund 8434 - NEWPP Expansion - SWIFT into Fund 8506 - PWE-NEWPP Construction Fund and appropriate from Fund 8506 - PWE-NEWPP Construction Fund.
\$503,874.00; Appropriate from Fund No. 8505 - Water Authorities Capital Contrib-NEWPP Fund (Fund 8505)

Contact Information:

Rajinder Singh - 713-725-9759

ATTACHMENTS:

Description	Type
<u>Agreement</u>	Backup Material
<u>Funding Request Form</u>	Backup Material
<u>ITI</u>	Backup Material
<u>Sole Source Purchase of Wetlands</u>	Backup Material
<u>Summary</u>	Backup Material
<u>SAP Documents</u>	Backup Material