

CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

District E

Item Creation Date: 10/3/2017

20EPR03 Mitigation Credits

Agenda Item#:

Background:

Subject: Purchase of Mitigation Credits from Gin City Restoration, LLC, a Texas limited liability company ("Gin City"), Mitigation Solutions USA, LLC, A Texas limited liability company ("Agent") in order to obtain the US Army Corps of Engineers 404 Permit required for the Expansion of North East Water Purification Plant (NEWPP); WBS No. S-000065-0002-3.

Recommendation: An ordinance approving the agreement between Gin City Restoration, LLC, a Texas limited liability company ("Gin City"), Mitigation Solutions USA, LLC, A Texas limited liability company ("Agent") and City of Houston; authorizing the payments for the purchase of mitigation credits and appropriate funds.

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 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 related impacts identified in the proposed mitigation plan necessitating the need to purchase approximately 31.8 FCUs mitigation credits from the Gin City Mitigation Bank. There are a limited number of Mitigation Bank Credits available and they are offered on a first come, first served basis. This purchase is necessary 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 the completion of the NEWPP Expansion. A final decision by the US Army Corps of Engineers on 404 permit application is expected by December 2017, and thus city intends to 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 third of a series of mitigation credit purchases. Additional appropriations may be made if 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 wetland mitigation credits is \$2,067,000.00 and to be appropriated as follows:

- The City of Houston contributes \$330,720.00
- Water Authorities contribute \$1,736,280.00


Previous History:

On May 31, 2017, City Council approved the purchase stream mitigation credits from Forestar (USA) Real Estate Group Inc., under Ordinance No. 2017-392 appropriating \$599,850.00.

On September 13, 2017, City Council approved the purchase of wetland mitigation credits from Gin City Restoration, LLC and Mitigation Solutions USA, LLC, under Ordinance No. 2017-693 appropriating \$4,036,500.00.

ESTIMATED FISCAL OPERATING IMPACT:

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



Carol Ellinger Haddock, P.E.
Acting Director
Department of Public Works and Engineering

Prior Council Action:

Ordinance No. 2017-392, May 31, 2017
Ordinance No. 2017-693, September 13, 2017

Amount of Funding:

Total cost is \$2,067,000.00.
\$330,720.00 transfer from Fund 8434 - NEWPP Expansion - SWIFT into Fund 8506 - PWE-NEWPP Construction Fund and appropriate from Fund 8506 - PWE-NEWPP Construction Fund.
\$1,736,280.00; Appropriate from Fund No. 8505 - Water Authorities Capital Contrib-NEWPP Fund (Fund 8505)

Contact Information:

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ATTACHMENTS:

Description	Type
Funding Request Form	Backup Material
Mitigation Form A	Backup Material
Sole Source Purchase of Wetlands	Backup Material
Purchase Agreement	Backup Material
TTI	Backup Material
SAP documents	Financial Information
Mitigation Gin City RCA	Backup Material
Stream Mitigation RCA	Backup Material
Prior Council Action	Backup Material
Prior Council Action	Backup Material