

June 21, 2022

C-16

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute Amendment Number 1 to the Memorandum of Understanding (MOU), and any subsequent amendments thereto, between the City of Long Beach and AES Alamitos, LLC, to extend the term, accept a one-time cash payment of \$150,000, and amend Section 5 "Term and Renegotiation." to support the Alamitos Bay Water Quality Enhancement Project; and,

Increase appropriations in the Tidelands Operating Fund Group in the Public Works Department by \$150,000 offset by an MOU cash payment from AES Alamitos, LLC, for engineering and due diligence efforts. (District 3)

DISCUSSION

On October 20, 2015, the City Council approved the City of Long Beach (City) and AES Alamitos, LLC (AES), to enter into a Memorandum of Understanding dated and effective as of November 16, 2015 (2015 MOU). The 2015 MOU memorialized the City and AES's agreement related to the existing AES Alamitos Generating Station (AGS), Units 1-6, located on Studebaker Road, including the demolition of the AGS Units and the anticipated future cessation of the Once Through Cooling (OTC) operations of the AGS.

State Water Resources Control Board (State Water Board) policy requires the phasing out the OTC to reduce marine impacts such as, (1) entrainment (fish and larvae drawn through the cooling system and subjected to hot water) and (2) impingement (fish trapped at the screens). AES successfully retired AGS Units 1, 2, and 6. The State Water Board's compliance date for closure of the remaining AGS Units is December 31, 2023. Modeling studies indicate the cessation of power plant pumps will have an immediate effect on water circulation and is expected to precipitate secondary adverse effects on water quality and aquatic life. These effects include trash accumulation, prolonged periods of elevated bacteria concentrations resulting in water quality that may be harmful for human contact, and an increase in temperatures and nutrients in areas that are shallow and stagnant that may cause odors and marine impacts.

The City is in the process of performing necessary investigative work relating to engineering feasibility options to maintain current water circulation patterns and install fish-friendly pumps for the benefit of Alamitos Bay at an inlet channel located at the existing Alamitos Bay Water Quality Enhancement Project (Project). Following the assessment of existing infrastructure and collaboration with AES, the preliminary preferred design alternative was revised.

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Amendment Number 1 to the 2015 MOU will retroactively extend the term from the effective date to either of the following: December 31, 2023, an extended date designated by the State Water Board for OTC compliance, or a later date negotiated by the City Manager if necessary for the completion of the Project. Amendment Number 1 will also amend Section 5 "Term and Renegotiation" for the City to accept a one-time cash payment of \$150,000 to support engineering and due diligence efforts for the Project. Additionally, in Amendment Number 1, AES agrees to grant the City reasonable site access, monitoring of water circulation pumps, a lease for the property on which the pumping system is installed (subject to future negotiation), assistance in obtaining easements for public equipment installation and operations from adjacent property owners, support in securing grants and State funding and support in expediting permitting process for the Project. This amendment supports City efforts to proceed with engineering design and initiate environmental review, permitting, operations, and financial planning tasks.

This matter was reviewed by Deputy City Attorney Vanessa S. Ibarra on May 23, 2022 and by Budget Management Officer Nader Kaamouh on May 26, 2022.

SUSTAINABILITY

The Project seeks to maintain current water quality levels by continuing pumped circulation in Alamitos Bay. Six existing non-fish friendly pump stations will be replaced with one fish-friendly pump station with lesser required pumping capacity for circulation that will bypass power plant operations. The elimination of six existing pump stations is expected to result in reduced pumping rate and emissions of greenhouse gasses associated with a reduction in electricity consumption. Maintaining existing levels of water quality in Alamitos Bay ensures this highly utilized coastal resource remains viable for the community and marine life.

TIMING CONSIDERATIONS

City Council action is requested on June 21, 2022, to facilitate timely progress of the City's engineering and due diligence efforts to maintain water quality circulation in Alamitos Bay.

FISCAL IMPACT

The City will accept financial assistance revenue in an amount not to exceed \$150,000. There is no match or repayment requirement for this financial assistance. Funding will be received in the Tidelands Operations Fund Group in the Public Works Department. An appropriation increase in the amount of \$150,000 is requested in the Tidelands Operations Fund Group in the Public Works Department to continue the City's design of the Project. The recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

Handwritten signature of Eric Lopez in black ink, written in a cursive style.

ERIC LOPEZ
DIRECTOR OF PUBLIC WORKS

APPROVED:

Handwritten signature of Thomas B. Modica in black ink, written in a cursive style.

THOMAS B. MODICA
CITY MANAGER