

Los Cerritos Wetlands Authority

Date: August 24, 2023

To: Governing Board Members

From: Mark Stanley, Executive Officer

Subject: Item 11: Consideration of a resolution to authorize the Executive Officer to negotiate and enter into a Memorandum of Agreement with AES Alamitos, LLC to accept funds from their Voluntary Coastal Enhancement Grant Program

RECOMMENDATION: That the Los Cerritos Wetlands Authority (LCWA) authorize the Executive Officer to negotiate and enter into a Memorandum of Agreement with AES Alamitos, LLC to accept \$750,000 in grant funds from their Voluntary Coastal Enhancement Grants Program.

PROJECT DESCRIPTION: On May 5, 2022, the LCWA Board approved a resolution authorizing the Executive Officer to negotiate and execute a Memorandum of Agreement (MOA) with AES Alamitos, LLC. (Resolution 2022-4). On May 26, 2022, the LCWA agreed to an MOA with AES Redondo Beach, LLC to receive grant funds in the amount of \$1,000,000 to support planning, engineering, restoration, and rehabilitation of the Los Cerritos Wetlands. Since then, staff has coordinated the appropriation of those funds to a variety of projects and tasks in accordance with an annual work plan that is developed in coordination with AES staff.

AES Corporation staff have indicated an interest in developing another MOA between the LCWA and AES Alamitos, LLC (AES), a subsidiary of AES Corporation. Staff and legal counsels from both the LCWA and AES are reviewing the Draft MOA, and all details about the implementation of the grant program have been resolved. Details regarding timing of funds dispersion, expenditure period, and annual reporting details to AES were clarified in the May 2022 MOA and those terms are replicated in the MOA with AES Alamitos, LLC. Therefore, staff recommends the LCWA Board authorize the Executive Officer to execute the MOA. This funding, if approved, would greatly support the LCWA's mission to protect and restore the Los Cerritos Wetlands.

1. Language of substantial significance from the MOA.
 - 1.1. AES will grant LCWA \$750,000 as part of their voluntary Coastal Enhancement Grant Program. The funds will be transferred to the LCWA over three years in three lump sum transactions, Year 1 in 2024, Year 2 in 2025, and Year 3 in 2026.
 - 1.2. LCWA will submit a work plan for review and approval by AES within 30 days after execution of the MOA for Year One (1) that will include a task list, timeline, and budget for expenditure; the Year Two (2) workplan shall be submitted for review to AES in late 2024; and the Year Three (3) workplan shall be submitted for review to AES in late 2025.
 - 1.3. LCWA will be responsible for carrying out the workplan and securing the necessary contracts and permits. LCWA shall maintain adequate insurance as outlined in the MOA for the duration of the workplan.
 - 1.4. LCWA shall provide AES with annual reporting and accounting on the use of the grant funds, and records shall be made available for a period of three years after expenditure of all grant funds.
 - 1.5. Amendments to the MOA will need to be made in writing and approved by both parties.

2. Elements of the workplan may support the following, subject to review and approval by AES:
 - 2.1 Restoration and enhancement of coastal bluff scrub habitat within the Southern Los Cerritos Wetlands.
 - 2.2 Development of tribal programs and access plans to strengthen Tribal Advisory Group processes and promote the use of Los Cerritos Wetlands that preserves tribal culture and traditional practices.
 - 2.3 Environmental education program for underserved schools and disadvantaged communities
 - 2.4 Collaboration with other Coastal Enhancement Program Partners
 - 2.5 Administrative costs for the LCWA not exceeding 5%

3. If the board approves entering into this MOA, the implementation process will be as follows:
 - 3.1 Execution of the MOA
 - 3.2 Submission and approval of a workplan
 - 3.3 Transfer of funds to LCWA
 - 3.4 LCWA to amend existing contracts, as applicable, and procure additional contracts as needed to complete the proposed workplan

BACKGROUND: AES Corporation is a global power generating company and has been providing energy to California for more than 30 years. AES operates several coastal OTC (Once Through Cooling) facilities in California, including the Alamitos, Huntington Beach, and Redondo Beach Generation Stations. California's OTC Policy establishes uniform, technology-based standards to reduce harmful effects associated with OTC operations on marine and estuarine life, and AES has been working to upgrade their facilities to phase out OTC. Extreme heat waves in August 2020 that led to rolling blackouts in California prompted the California Public Utilities, California Independent System Operator, and California Energy Commission to conduct a system-wide analysis (stack analysis) of the existing capacity of energy supply to meet forecasted demands. It was determined that the energy supply was insufficient to meet projected demands. On October 19, 2021, the State Water Resource Control Board extended the compliance date to end OTC operations at the Redondo Beach Generating Station (RBGS) from December 31, 2021, to December 31, 2023, to partially mitigate the shortfall in supply. An extension for OTC through December 2026 for the Alamitos Energy Center (AEC) was approved by the State Water Resource Control Board at their August 15, 2023 meeting.

AES Corporation committed to investing in additional voluntary environmental benefits for regional watershed improvements and community benefits for receiving an extension for OTC operations at the AEC. This program is in addition to, and separate from, existing OTC Policy mitigation mandates. AES Alamitos proposed to grant \$750,000.00 to the LCWA to support planning, restoration, and rehabilitation of the Los Cerritos Wetlands. Goals of the funding will also support coastal access and science education opportunities at LCW for underserved communities in the region.

FISCAL: Funding will be reflected in the FY 23/24 budget and included in the following fiscal years' budgets as negotiated in the MOA.

August 24, 2023 – Item 11

RESOLUTION 2023-04

RESOLUTION OF THE LOS CERRITOS WETLANDS AUTHORITY
AUTHORIZING THE EXECUTIVE OFFICER TO NEGOTIATE AND ENTER INTO
A MEMORANDUM OF AGREEMENT WITH AES ALAMITOS, LLC
TO ACCEPT FUNDS FROM THEIR VOLUNTARY
ENVIRONMENTAL BENEFITS GRANT PROGRAM

WHEREAS, the Los Cerritos Wetlands Authority has been established between the Coastal Conservancy, the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, the City of Seal Beach and the City of Long Beach to facilitate the acquisition, protection, conservation, restoration, maintenance and operation an environmental enhancement of the Los Cerritos Wetlands; and

WHEREAS, the LCWA has further been established to focus on projects which will provide open space, habitat restoration, and watershed improvement projects within the Los Cerritos Wetlands; and

WHEREAS, AES Corporation committed to investing in additional voluntary environmental benefits for watershed improvements and community benefits for receiving an extension for Once Through Cooling (OTC) operations at the Redondo Beach Generating Station (RBGS); and

WHEREAS, AES Alamitos, LLC (AES) is a subsidiary of AES Corporation; and

WHEREAS, AES proposes to grant \$750,000 to the LCWA to support planning, engineering, restoration, and rehabilitation of the Los Cerritos Wetlands; and

WHEREAS, this LCWA desires to enter in to an agreement with AES to commit the grant funds and establish a workplan to support rehabilitation of the Los Cerritos Wetlands; and

WHEREAS, this action is exempt from the environmental impact report requirements of the California Environmental Quality Act (CEQA); NOW

Therefore be it resolved that the LCWA hereby:

1. FINDS that this action is consistent with the purposes and objectives of the LCWA.
2. FINDS that the actions contemplated by this resolution are exempt from the environmental impact report requirements of the California Environmental Quality Act.
3. ADOPTS staff report dated August 24, 2023.
4. AUTHORIZES the Executive Officer to negotiate and enter into a Memorandum of Agreement with AES Alamitos, LLC to accept funds from their Voluntary Environmental Benefits Grant Program.

~ End of Resolution ~

Passed and Adopted by the Board of the LOS CERRITOS WETLANDS AUTHORITY
On August 24, 2023.

Kristina Duggan
LCWA Board Chair

ATTEST:

Elizabeth St. John.
Deputy Attorney General