

MINUTES
Los Cerritos Wetlands Authority (LCWA)
held on

Thursday, May 23, 2024 @ 1:00 p.m.

at

CCLB Headquarters
340 Nieto Avenue
Long Beach, CA 90814

AGENDA

1. Call to Order

Chair Duggan called the meeting to order at approximately 1:04 p.m.

2. Roll Call

Voting Members Present

Kristina Duggan, Councilmember/Long Beach, Chair
Joe Kalmick, Mayor/Seal Beach, Vice Chair
Roberto Uranga, Councilmember/City of Long Beach
Megan Cooper, State Coastal Conservancy (Designee)

Staff Present

Mark Stanley, Executive Officer
Elizabeth St. John, Deputy Attorney General
Aimee Nguyen, Office Technician
Megan Woolf, Associate Restoration Ecologist/Tidal Influence
Eric Zahn, Principal Restoration Ecologist/ Tidal Influence
Chad Oberly, Staff Services Manager I

3. Public Comment

John McKeown, part owner of Synergy, complimented staff on their tremendous efforts in this complicated project. McKeown stated that BEI has begun [for the revegetated site]. They have met with the IRT, having walked the property and have acknowledged that there is an amendment. A new BEI does not need to be created. The current BEI just needs to be modified. McKeown stated most of the items in the BEI, like surface areas, etc have already been negotiated. Pending is approval of the new design of the entire site.

McKeown stated people forget about the operating business in the area. McKeown stated they employ over 35 people and over the last five years, have been asked by their employees if they are going to be employed. McKeown stated that they have acquired the machinery and tools necessary to have their employees work in capping of the oil wells throughout California. As of January, 11 out of the 39 wells have been capped. McKeown stated their goal is to have them completed by the end of next year.

Chair Kristina Duggan commented that she appreciates all the work that has been accomplished in the year and months that she has been involved in this project. The end goal of capping and abandoning of said oil wells, which was slated for 20 years, is amazing in that they are now looking at two years. Chair Duggan complemented Synergy Oil in their repurposing of their employees respective job duties.

Board member Joe Kalmick stated he was amazed at the progress of what has been accomplished and in the time frame that has been accelerated, stating he will still be alive to see the Wetlands restored. Board member Kalmick stated he appreciates all the work that has been done by the LCWA staff, the Synergy staff and all those involved in making this happen.

Board member Megan Cooper stated the State Coastal Conservancy agency is super excited about the opportunity that the folks of Long Beach will be able to come and enjoy this place (wetlands).

Board member Roberto Uranga stated he wanted to thank Synergy for coming together with LCWA on this land exchange and would welcome working with them in the future.

4. Chair's Report

There was no Chair's Report.

Regular Calendar

5. Closed Session

Pursuant to Government Code section 54956.8, LCWA may hold a closed session to consider the Appraisal Report and the Draft Land Exchange Agreement, and related items, between Los Cerritos Wetlands Authority and Los Cerritos Wetlands, LLC, et al., for the APN 7237-019-809; 7237-017-010 thru 014; 018; 019;

LCWA Negotiators: Mark Stanley and Property Owner Negotiator: John McKeown.
Under Consideration: Price and Terms.

Closed session concluded at 1:06 p.m.

There was no action taken in closed session.

Open session restarted at 1:07 p.m.

6. **Consideration of a resolution authorizing the Executive Officer to negotiate and execute a land exchange agreement and related documents for the exchange of LCWA parcel 7237-019-809, 4.87 acres, at the northeast corner of 2nd Street and Studebaker Road, in the City of Long Beach, Los Angeles County, State of California, in exchange for parcels 7237-017-010, 7237-017-011, 7237-017-012, 7237-017-013, 7237-017-014, 7237-017-018, and 7237-017-019, 147.50 acres and 3.00 acres of disturbed land at the northwest corner of 2nd Street and Studebaker Road, in the City of Long Beach, Los Angeles County, State of California, for the purposes of preservation and restoration of wetlands, including specifically:**
 - a. **Authority to finalize negotiations and execute a Second Amendment and Restated Option Agreement; and**
 - b. **Authority to finalize negotiations and execute a Land Exchange Agreement that sets forth the terms and approvals for the exchange of property; and**
 - c. **Authority for LCWA to undertake long term management responsibilities as set forth in the Bank Enabling Instrument for the Upper Los Cerritos Wetlands Mitigation Bank dated July 31, 2023; and**
 - d. **Delegation of authority to the Executive Director to take steps necessary to implement the Land Exchange Agreement and contemplated property**
 - e. **Exchanges substantially as set forth in the agreements/approvals.**

Mark Stanley stated the following five exhibits were in the Board's package: Exhibit A: Project Location Map; Exhibit B: Draft Second Amended and Restated Option Agreement; Exhibit C: Draft Land Exchange Agreement with Attachments; Exhibit D: Mitigation Monitoring and Reporting Program; Exhibit E: Real Estate Appraisal Report: Los Cerritos Wetlands, Long Beach, CA and Appraisal Review – LCWA Site 1 and Synergy Oil Site 2 Land Exchange.

Stanley stated in 2016 LCWA entered into an option agreement to exchange the LCWA Site for the Synergy Oil Field site. Stanley stated the agreement was amended once in June 2022 for timeline and clarification for acceptance of the

option. Stanley stated under the agreement terms, LCWLLC may exercise the option after the completion of a DGS approved appraisal, environmental review, all entitlements, and the negotiation and execution of a Land Exchange Agreement (LEA). Stanley stated the only remaining condition precedent that had not been satisfied in order for LCWLLC to exercise the option is the execution of the LEA. LCWA staff and LCWLLC have been negotiating this complex land transaction, including the LEA, which is near final but is anticipated to undergo some further review before it is executed to ensure consistency throughout the documents and to effectuate the parties' mutual intent. Stanley stated deals of the plan include **1)** Upon execution of the LEA, exercise of the Option, and close of escrow, LCWLLC will transfer the northern portion of the Synergy Oil Field, approximately 77 acres, which includes Steamshovel Slough and the Mitigation Bank site to the LCWA, **2)** LCWA will transfer the OTD parcel located at the northeast corner of Studebaker Road and Westminster Blvd to LCWLLC, **3)** LCWA or LCWLLC shall record a deed restriction on the OTD parcel that serves to permanently prohibit extraction or production of oil or gas on the OTD parcel, **4)** LCWLLC will retain the right to establish and sell mitigation credits on a Mitigation Bank, approximately 68 acres, in accordance with an approved Bank Enabling Instrument (BEI). Operating the Mitigation Bank will involve LCWLLC and/or its affiliates restoring tidal wetlands and native uplands on the property, also monitoring and the LCWA maintaining the restored wetlands in the long-term. A conservation easement will be recorded on this portion of the property, and an endowment of approximately \$2.4 million for the LCWA will be established to maintain the Mitigation Bank property. In perpetuity once the standards of the mitigation credits have been met, **5)** LCWLLC will make an irrevocable offer to dedicate to LCWA for approximately 3 acres of the southerly Synergy Oil Field upon which LCWLLC will construct, at prevailing wages, certain public access facilities and improvements, including a visitor center and public access trail. LCWA will be able to accept the offer after the visitor center with the trail and related amenities are complete, **6)** LCWLLC will make an irrevocable offer to dedicate the southern portion of the Synergy Oil Field (the "Revegetation Site") to LWCA of approximately 70 acres. Synergy will cap and abandon existing oil and gas production on the southern portion of the Synergy Oil Field. Upon the cessation of oil production activities, clean up and remediation, LCWA may accept the offer and acquire title to the Revegetation Site. The option to establish a mitigation bank on the southern Synergy Oil Field (or amend the existing BEI for the northern portion of the Synergy Oil Field) will be retained by LCWLLC. If a BEI is not established on the southern portion of the Synergy Oil Field, LCWLLC nonetheless commits to revegetating the Revegetation Site, **7)** LCWLLC will provide an insurance policy naming LCWA as an additional insured party covering pollution and environmental liability of the properties, and cover all costs associated with the transfer of the properties, **8)** LCWLLC will compensate LCWA the difference in value between the LCWA Site and the Synergy Site, and may do so, among other means, through offset costs agreed to by the parties in an amount equal to or more than the difference in appraised value between the two parcels.

The fair market value of the two properties will be determined by an appraisal approved by the Department of General Services, and **9)** As a condition of closing, the Executive Director of the California Coastal Conservancy shall have approved the relevant documents for the Land Exchange, as set forth in the Coastal Conservancy's February 15, 2024, governing board meeting approving the proposed Land Exchange.

Stanley stated while some additional terms and deal points still need finalization, the draft LEA and related documents provided as exhibits and the summary of the major deal points above substantially represent the planned land exchange.

Stanley stated the California State Coastal Conservancy (SCC), as a condition of its original designation of LCWA to accept the OTD parcel in 2007, required that the LCWA gain SCC approval of any future transfer of the property. At its February 15, 2024 governing board meeting, the SCC approved the transfer of the OTD parcel from the LCWA to LCWLLC pursuant to the following three main conditions: **1)** Prior to the transfer of the OTD parcel, the LCWA shall submit for the review and approval of the Executive Officer of the SCC (Executive Officer): all relevant documents for the land exchange including, without limitation, the appraisal or appraisals, the independent review of the appraisal or appraisals by the California Department of General Services, Land Exchange Agreement, deeds and irrevocable offers to dedicate, escrow instructions, and title report; and evidence that the Synergy Oil Field has either the same or greater value as the OTD parcel, or, if the Synergy Oil Field has a lesser value than the OTD parcel, evidence that LCWA will receive additional financial benefits equal to the difference between the OTD parcel and the Synergy Oil Field parcels; **2)** The Synergy Oil Field shall be managed and operated for the purposes of natural resources and wetland protection and restoration, open space, and public access; **3)** Prior to or concurrent with the transfer of the OTD parcel, LCWA or LCWLLC shall record a deed restriction on the OTD Parcel that serves to permanently prohibit the extraction or production of oil or gas on or from the OTD parcel. The SCC approval is a condition to the closing of the land exchange and such condition is incorporated into the relevant agreements with the LEA.

Stanley stated for comments of Long Term Management, a Bank Enabling Instrument (BEI) for the Upper Los Cerritos Wetlands Mitigation Bank (Mitigation Bank) has been approved and executed by the US. Army Corps of Engineers and California Coastal Commission. The BEI details roles and responsibilities for the implementation and function of the Mitigation Bank. In addition, LCWLLC reserves the right to form a mitigation bank, or amend the existing BEI, to sell mitigation credits on the Revegetation Site. Oil operations on the Synergy Oil Field site are currently being decommissioned. It is anticipated that decommissioning the oil

field will be completed within a 4-year period, concluding no later than December 2027. Post-development of the Mitigation Bank, Synergy would be responsible for maintenance and monitoring for an Interim Management Period, where Synergy would maintain the bank property and conduct annual studies until the bank's performance standards are met. This is anticipated to be a 5-year timeframe and may be extended if performance standards are not met. Once the performance standards are met, LCWA would assume the long-term management which would include responsibility for maintaining the function of the bank property. Synergy will fully fund a non-wasting endowment for the LCWA to draw funds from to manage the Mitigation Bank into perpetuity. If a bank is established for the Revegetation Site, the parties would negotiate, subject to IRT approval, an additional or increased endowment.

Stanley stated additionally, once the oil field is decommissioned and regulatory approval granted, LCWLLC will begin construction of a visitor center with associated visitor parking in the Public Access Improvement Site. LCWLLC will also construct a roughly 1 mile out-and-back trail extending from the visitor center along the eastern perimeter of the property to the northern end of the property for the public to enjoy views of the restored wetlands. The public access amenities will total roughly 3 acres of the property, identified more specifically as the Public Access Improvements Site. Until those public access amenities are constructed, LCWA will hold an access easement over the Public Access Improvements Site and Revegetation Site to allow LCWA to use existing roads to access the Mitigation Bank site. LCWA will be able to host guided tours for the public and be able to access the site for biological studies and plant collection.

Stanley stated in the CEQA Findings Discussion, on January 16, 2018, the City of Long Beach certified the Los Cerritos Wetlands Oil Consolidation and Restoration Project Final Environmental Impact Report, approved the Consolidation Project, and adopted a Mitigation Monitoring and Reporting Program. Due to its size, the Final EIR is incorporated by reference, and may be downloaded on the City's website at <https://longbeach.gov/lbcd/planning/environmental/reports/>. The Final EIR analyzes the foreseeable potential impacts that could result from the land swap, which is a component of the Consolidation Project. The Final EIR phased out all operations over a period of up to 40 years. It identifies the Pumpkin Patch, for new oil extraction. While the original Consolidation Plan also permitted oil extraction from the OTD parcel, the parties have since agreed that no such activities will occur on the OTD parcel, and the parties have further agreed to record a deed restriction to permanently prohibit extraction or production oil operations on the property. The Final EIR indicated that the Consolidation Project

will have potentially significant environmental effects, however changes or alterations have been required in, or incorporated into, the Consolidation Project that mitigate to less than significant each of the potentially significant effects (see report package for specific effects). Although minimized, some of the effects are unavoidable like air quality. This impact will remain significant and unavoidable. A Statement of Overriding Considerations is being adopted to address these significant and unmitigated impacts.

Stanley stated, the overall environmental benefits of the project warrant the LCWA's decision to approve the project. The project's public benefits are: restore tidal wetlands, expand sensitive species habitat, and improve flood protection; provide a new public access trail and amenities; converting 150 acres of privately owned land with rights to oil extraction into restored wetlands; reduce the footprint of oil production operations on both privately owned and City- owned land; eventually phaseout 20th century oil production equipment; optimizing oil and gas production from the oil reserves within the City's jurisdiction that will help fund the costs of wetlands restoration; help implement the Los Cerritos Wetlands Conceptual Restoration Plan; and help clean-up of old landfills that are located within these parcels.

Stanley stated, the LEA further identified that oil operation will be decommissioned by December 31, 2027, greatly reducing the time period that was initially identified in the Final EIR. To the extent the Consolidation Project has changed from its description in the Final EIR, it has changed to have a lesser impact on the environment by the shorten time frame. Thus, no new environmental information or change in circumstances require a re-evaluation of the potential environmental effects of the project we believe is required to satisfy the conditions of the EIR.

Stanley stated, in regard to the Surplus Lands Act Exemption, the Surplus Land Act establishes procedures applicable when governmental entities dispose of surplus real property no longer necessary for agency use. Those requirements, however, do not apply under certain circumstances applicable to this land exchange. First, pursuant to Govt. Code Section, 54234(a)(1), "if a local agency, as of September 30, 2019, has entered into a legally binding agreement to dispose of property", then the provisions of the Surplus Lands Act (SLA) in effect on December 31, 2019 (the 2019 SLA) would apply. Because the option agreement between the LCWA and LCWLLC was entered into on September 2, 2016, disposition of the LCWA

property would be subject to the 2019 SLA. In December 2019, the SLA did not apply to joint powers authorities, and thus LCWA does not have any obligations under the 2019 SLA. It was amended and it provided additional clarification stating further wide exempt in January 2024. (See package for specific language). The Surplus Land Act does not apply to this land exchange provided it is completed prior to December 31, 2027.

Stanley commented on the fiscal impact of this land exchange. The fair market values of the LCWA Site and the Synergy Site, have been determined by an appraisal approved by the Department of General Services on May 22, 2024. The approved appraised value for the LCWA site was \$18,030,000 and for the Synergy Site it was \$15,310,000. This represented a difference of \$2,720,000, with the LCWA site being more valuable. LCWA has been in negotiations with the LCWLLC in terms of making up difference. The LCWLLC has committed to construct, at prevailing wages, certain public access improvements, including construction of a visitor's center and other amenities, such as trail improvements in other facility upgrades.

Stanley stated these eligible offsets will total in the public access improvements \$1,994,350, trail improvements of \$500,000, and in the negotiated endowment increase of \$672,791. The total of the three eligible offsets costs total \$3,167,141. That amount is greater than the difference of \$2.7 million between the two appraisal values.

Stanley stated through this land exchange, the LCWA will no longer lease the LCWA site, which is currently leases for \$3,933 on a month-to-month basis.

Board member Cooper asked for clarification who the lease was with. Stanley stated it was with a third party.

Board member Cooper, asked if the Board will have the ability to review the BEI (Bank Enabling Instrument) for the LCWA, signs and undertakes those long-term responsibilities. Board member Cooper stated confusion regarding the adding more to the endowment amount. Stanley stated the BEI was approved by the US.

Army Corps of Engineers and California Coastal Commission. The additional endowment amount was previously negotiated.

Elizabeth St. John clarified that the Mitigation Bank is subject to an already approved BEI in the northern part of the Synergy Oil site. The southern portion of the site that is the Revegetation Site, is not currently under the approved BEI. Synergy and LCWLLC are making efforts to either amend the BEI or expand and encompass that area, or to have a separate Mitigation Bank BEI on that property.

Board member Cooper stated the authority that is being granted on this item is to undertake management possibilities for the BEI that has already been signed. St. John stated correct. For the long-term management, LCWA would be able to come back to the Board for a secondary approval? Stanley stated yes. If the BEI is expanded into the Revegetation area, LCWA would renegotiate.

Board member Cooper stated for key deal point #6, where it states, "If a BEI is not established on the southern portion of the Synergy Oil Field, LCWLLC nonetheless commits to revegetating the Revegetation Site." What would that revegetation plan be based on? Who is going to decide what that revegetation would look like? Stanley stated that there has not been a discussion in detail into what the site would be revegetated to. But those will be part of the discussions that will be held with Synergy.

St. John stated the agreement now is set up that they would have a revegetation plan. There will be a plan that will be developed as to the direction that is going to be taken. There currently is no document that is part of the negotiation.

Board member Cooper asked, what document states that they will take a revegetation back to the LCWA? Stanley stated the Land Exchange Agreement (LEA).

Board member Cooper moved to approve. Board member Uranda seconded. Approved. Roll call vote: 4 Ayes. 0 Nays. 0 Abstentions.

7. Oral Communications
8. Statements, responses, questions or directions to staff pursuant to Section 54954.2(a) of the Government Code.
9. Future agenda items.
10. Adjournment upon completion of business.

Chair Duggan adjourned the meeting at approximately 1:50 p.m.