

**MONTEREY PENINSULA REGIONAL PARK DISTRICT
BOARD OF DIRECTORS MEETING**

DATE: March 1, 2023
TO: Board of Directors
FROM: Jake Smith, Planning & Conservation Program Manager
REVIEWED BY: Rafael Payan, General Manager
SUBJECT: Review and Approval of Request for Disbursement of Marina Dunes Restoration Project's Management Reserve to Satisfy Coastal Conservancy Requirement

SUMMARY:

Staff are requesting Board authorization to request that PG&E disburse the \$90,000 management reserve for a 10-year mitigation project on the Marina Dunes Preserve for the purposes of receiving the California State Coastal Conservancy's approval for the Project to proceed and for future restoration activities on the Preserve.

FISCAL IMPACT:

PG&E Project Funding Amount: \$624,346.00
Mitigation Fee Disbursement to MPRPD: \$90,000

FUNDING SOURCE:

N/A

FUNDING BALANCE:

N/A

DISCUSSION:

The Marina Dunes Preserve (Preserve) is an approximately 55-acre publicly accessible Preserve located along the northern coastline of the City of Marina. The Monterey Peninsula Regional Park District (MPRPD) acquired the Preserve via three separate land acquisitions beginning in 1988, ending extractive mining activities, permanently protecting the coastline from future development, and opening new areas of the coastline for public access. For decades MPRPD has been working to restore coastal dune habitat in the Preserve and recently completed the Marina Dunes Preserve Restoration Action Plan (RAP) which outlines updated restoration priorities for the Preserve and was presented to MPRPD's Board on April 7, 2021.

On February 2, 2022, the Board authorized staff to enter into an agreement with Pacific Gas and Electric Company (PG&E) to implement dune stabilization and habitat restoration at the Preserve (Agreement). The Agreement provides MPRPD with \$624,346.00 in exchange for agreeing to implement restoration, monitoring, and reporting activities outlined in the Agreement's "Conceptual Plan" (Project) that provides PG&E with compensatory mitigation for offsite impacts to species covered under its Multiple Region Habitat Conservation Program ("MRHCP"), a conservation plan and strategy supporting an

incidental take permit issued by the U.S. Fish and Wildlife Service (USFWS) under Section 10 of the Federal Endangered Species Act (**ATTACHMENT 1**). Although most of the Project funding supports activities that provide PG&E with compensatory mitigation credit, it also funds work that does not directly result in mitigation credit including the development and installation of public-facing interpretive signage and large-scale dune stabilization activities across the Preserve that will support future phases of the RAP implementation.

Prior to the start of Project implementation in Spring 2022, staff discovered a deed restriction held over the Preserve by the California State Coastal Conservancy (Coastal Conservancy) that, among other things, require the Coastal Conservancy's approval before proceeding with mitigation work (**ATTACHMENT 2**). Staff paused all Project work upon discovery of the deed restriction and requested the Coastal Conservancy's approval so the Project could proceed. The Coastal Conservancy engaged with Staff to understand the merits of the Project and conditioned its approval primarily on PG&E paying an additional fee to account for the financial benefit that PG&E was receiving by mitigating on the Preserve, which was acquired with public grant funds, instead of having to acquire a property for mitigation purposes itself. PG&E offered the Project's \$90,000 management reserve, which was established to address unforeseen Project expenses, for the purposes of satisfying the Coastal Conservancy's requirement. The Coastal Conservancy approved the proposal, waived its requirement that the \$90,000 be remitted back to the Coastal Conservancy, and instead allowed MPRPD to receive these funds on the condition that they be used for restoration activities elsewhere on the Property that do not provide PG&E mitigation credit (**ATTACHMENT 3**).

PG&E is prepared to disburse these funds to fulfill the Coastal Conservancy's requirements so that the Project can proceed but has also reported that no additional funds are available for future unforeseen project expenses. It is possible that additional unforeseen Project expenses may be required, including remedial measures to meet Project success criteria or other unforeseen expenses over the Project's 10-year implementation timeline. Since the Project is serving as compensatory mitigation, Staff do not anticipate any additional Project expenses to qualify for outside public grant funding. If disbursement of the \$90,000 management reserve is approved by the Board, Staff will immediately reinstate Project work and will begin seeking necessary Project permits, so that restoration activities can resume in early summer 2023. If Board approval is not provided, MPRPD would need to notify PG&E that it will not be able to proceed with the Project and remit \$624,346.00 in Project funds back to PG&E. Staff are deeply grateful to PG&E and the Coastal Conservancy for their engagement throughout this process and for their continued support and partnership to help MPRPD protect and restore the Preserve.

RECOMMENDED ACTION:

Staff respectfully recommend that the Board authorize and direct the General Manager to request that PG&E disburse the Project's \$90,000 management reserve to MPRPD for the purposes of meeting the Coastal Conservancy's deeded approval requirements and for future restoration activities on the Preserve.

ATTACHMENTS:

1. [Mitigation Agreement between the Monterey Peninsula Regional Park District and Pacific Gas and Electric Company](#)
2. [Coastal Conservancy Deed Restriction](#)
3. [Coastal Conservancy Conditional Approval Letter](#)