

VENTURA PORT DISTRICT
BOARD COMMUNICATION

STANDARD AGENDA ITEM 2

Meeting Date: July 17, 2019

TO: Board of Port Commissioners
FROM: Brian D. Pendleton, General Manager
SUBJECT: Ventura Shellfish Enterprise Status Report

RECOMMENDATION:

That the Board of Port Commissioners receive an informational report on the status of the Ventura Shellfish Enterprise (VSE) project.

SUMMARY:

On September 26, 2018 the Board of Port Commissioners (Board) authorized the General Manager of the Ventura Port District (VPD) to prepare and submit a permit application to the U.S. Army Corps of Engineers (USACE) for use of 2,000 acres of sea water bottom in federal waters near Ventura Harbor in Block 664 and 665, the area generally depicted and described as National Oceanic and Atmospheric Administration (NOAA) Coastal Aquaculture Siting and Sustainability (CASS) Report Alternative 1 for the Ventura Shellfish Enterprise (VSE) project (Attachment 1). The Board also authorized staff to prepare and submit all other applications to state and federal agencies as required for the VSE project including the California Coastal Commission (Coastal Commission) and prepare all necessary surveys, studies, reports and federal environmental review documents as directed by state and federal agencies as required for the VSE project.

The applications were submitted to the Coastal Commission on October 4, 2018 and USACE on October 5, 2018. VPD answered follow-up questions on March 1, 2019 from the USACE and is preparing a similar response to Coastal Commission follow-up questions which will be submitted later this month.

BACKGROUND:

Project Purpose

The VSE project is a multi-party initiative that seeks to permit twenty 100-acre plots for growing the naturalized Mediterranean mussel (*Mytilus galloprovincialis*), in California coastal waters via submerged long lines within the Santa Barbara Channel near Ventura Harbor. Increasing the supply of safe, sustainably produced domestic seafood is a priority of the State Legislature, NOAA and the U.S. Department of Commerce.

The VSE project objectives include:

- To increase the supply of safe, sustainably produced, and locally-grown shellfish while minimizing potential negative environmental impacts;
- To enhance and sustain Ventura Harbor as a major west coast fishing port and support the local economy;
- To provide economies of scale, pre-approved sub-permit area, and technical support to include small local producers who would not otherwise be able to participate in shellfish aquaculture;
- To provide an entitlement and permitting template for aquaculture projects state-wide;
- To enhance public knowledge and understanding of sustainable shellfish farming practices and promote community collaboration in achieving VSE objectives;
- To advance scientific knowledge and state of the art aquaculture practices through research and innovation.

The proposed project goals and objectives further several of the District's fundamental mission and objectives, as summarized below:

- Maintaining a safe and navigable harbor;
- Diversification of commercial fishing opportunities to benefit the fishing industry and local and regional economies;
- Continued priority (as a commercial fishing harbor) for federal funding appropriations for annual dredging of the federal harbor entrance.

It is noteworthy that in 2012 Congress provided insufficient federal appropriations to dredge Ventura Harbor. The Port District spent \$1.5M of its funds to augment the federal funding. On average Ventura Harbor dredging is a \$5-7M annual expenditure by the federal government. If the Port District had to fund all or part of this expense every year, it would represent a significant, unsustainable financial impact.

Project Background

Coastal Marine Biolabs (CMB), a 501c3 non-profit and The Cultured Abalone (TCA) in 2014 began collaborating on research for new sustainable bivalve aquaculture opportunities in the Santa Barbara Channel. CMB is located at Ventura Harbor Village and TCA is located regionally in Goleta. The firms formulated the initial concept of the VSE project and reached out to the VPD to consider possible public-private partnerships given the importance of commercial fishing to the VPD's fundamental mission. On April 8, 2015 the Board authorized the VPD to seek federal grant funds through the 2015 CA Sea Grant. The VPD received a NOAA 2015 California Sea Grant (2015 CA Sea Grant) sub-award of \$264,470 and NOAA 2018 California Sea Grant (2018 CA Sea Grant) sub-award of \$266,660 in support of these goals.

The 2015 CA Sea Grant tasks included the following deliverables:

2015 Sea Grant

Task 1 Strategic Permitting Plan

(Lead: VPD, Aquaculture Volunteers, Project Consultants)

Task 2 Permit Applications, Studies, Reports

(Lead: Dudek, VPD)

Task 3 Public Education, Outreach

(Lead: CMB, VPD)

The 2018 CA Sea Grant tasks included the following deliverables:

Task 4 Permit Assignment Strategy

(Lead: Plauche & Carr LLP, VPD)

Task 5 – Environmental Review

(Lead: Dudek, VPD)

Task 6 – Shellfish Sanitation

(Lead: CMB)

Task 7 – Grower/Producer Compliance Training Program and Information Dissemination

(Lead: Scott Lindell, Blake Stok, CMB, VPD)

Task 8 – Project Summary

(Lead: VPD)

The Sea Grant program requires local matching requirements of cash or volunteer time. CMB, TCA and Ashworth-Leininger Group (ALG), of which Commissioner Everard Ashworth is a partner, agreed to volunteer their time to help meet the local matching requirements. For example, CMB is coordinating with state and federal health agencies to establish health

protocols for the safe harvesting and landing of shellfish grown on the project site. TCA has provided critical support concerning operational and logistical questions regarding how to design the proposed shellfish farm. The VPD has provided both cash and significant staff time and effort and volunteer hours in support of the VSE project.

The value of the volunteer hours is reported as a dollar amount in the VPD's quarterly financial reports. Also reported is CA Sea Grant and VPD expenditures to date through each quarter. For the 2015 CA Sea Grant, the volunteer effort by the parties is valued at \$404,229. For the 2018 CA Sea Grant the volunteer effort by the parties committed is valued at \$272,210.

The "VSE" is the name of the project and has been used as the name associated with the collective effort of VPD and the volunteers to obtain Sea Grant funding. The VPD is the only permit applicant for the VSE project and is the only entity that will obtain permit authorization. Other than an expectation that CMB, TCA, and ALG complete their local matching volunteer commitments described within the CA Sea Grant grants, there is no formal partnership or agreement between these entities and the VPD. There has been some confusion associated with the VSE project and the "VSE" group that is providing services in connection with the CA Sea Grant.

To clarify, the "VSE" or "Ventura Shellfish Enterprise" does not exist as a corporation or other legal entity and it is not the "VSE" that is seeking a permit for the project, but rather VPD that is the applicant. However, CMB and TCA did form a non-profit California corporation initially named "Ventura Shellfish Enterprise, Inc.", but, to avoid potential confusion over who or what "VSE" is, the name of that corporation is being changed to "California Shellfish Enterprise" or "CSE" as discussed by CMB at the March 20, 2019 meeting of the VPD Board. While CMB and TCA are contributing in ways that may be mutually beneficial if the VSE project is approved (i.e. by establishing a health lab that can test shellfish landed at Ventura Harbor), these efforts are independent of the VSE project and VPD has made no guarantee or commitment that it, or its sub-permittees (described below) will utilize CMB or TCA services upon project approval.

Public Outreach

The VPD and CMB hosted a series of public educational workshops in 2017 regarding the proposed project. In total, there were 10 educational and site selection workshops. Of these, three workshops were held to engage with stakeholders to identify the location of twenty 100 acre parcels within a broader area of interest that was identified through use of a spatial planning tool developed by the Bren School of Environmental Science and Management at UC Santa Barbara (UCSB Bren School). The focused site selection workshops were held at the Four Points Sheraton Hotel in our Harbor on July 11th and 13th and the final workshop was held on August 9th of 2017. While in-person participation was strongly encouraged, individuals who were not able to attend the meetings were provided the opportunity to comment on site selection through SeaSketch linked to *venturashellfishenterprise.com*. Notice of the site selection workshops was mailed out to over 500 commercial fishing vessel owners between Goleta and Port Hueneme; additionally, the VPD coordinated with NOAA representatives and commercial fishermen to encourage their attendance. All of the individuals that have registered through the VSE project website were contacted and urged to attend and provide comments at the public workshops. This marine spatial planning opportunity was available through Wednesday, August 9th 2017, the date of the final site selection meeting. The *venturashellfishenterprise.com* website continues to be used to communicate with interested parties registered on the website.

During and after the site selection workshops, the Board received written and oral reports on the site selection process at four additional public meetings held in 2017 on July 26th, September 13th and 27th, and October 11th. At a fifth public meeting on November 15, the Board authorized

the General Manager to proceed with the preparation of all necessary permit applications, surveys, studies, reports for a site in federal waters known as SeaSketch Alternative 8.

PROJECT AREA/SITE SELECTION:

Initial Candidate Area Considerations

The initial candidate area in state waters was selected by VPD in collaboration with its Sea Grant volunteers and with the assistance of an analysis prepared by the UCSB Bren School. The selection of the initial candidate area was detailed in the Strategic Permitting Plan; however, some key considerations are summarized here. They included suitability of the candidate growing area for mussels such as water depth and ocean bottom; location in State waters near Ventura Harbor for product landing; avoidance of potential pollution sources; and avoidance of conflicts with existing subsurface leases for oil and gas pipelines, etc. Stakeholder considerations are discussed below.

Subsequent to identification of the initial candidate area, VPD staff received information from local halibut trawlers that the proposed State waters candidate area was located in one of two areas statewide designated by CDFW as halibut trawl grounds. Further, additional information was provided by VSE project consultant and aquaculture specialist Scott Lindell, associated with Woods Hole Oceanographic Institution (WHOI), that the minimum depth to support the mussel growing activities should be adjusted from 60 feet to 80 feet. This minimum depth is consistent with the only permitted mussel farms that can sell Mediterranean Mussels in Southern California, Santa Barbara Mariculture (which is located in 80 feet of water off Hope Ranch), and Catalina Sea Ranch (which is located in depths between 138 and 150 feet, approximately 6.1 miles from the shore off the coast between Long Beach and Huntington Beach). The minimum of 80' reduces exposure to various predator species (i.e. ducks) and potential storm surge, while the upper-end range of approximately 115' provides opportunities to scale operations.

2017 Siting Considerations and Expanded Candidate Area

With high levels of stakeholder engagement, ranging from existing users of the candidate area to prospective grower producers and aquaculture industry experts, VPD staff, in collaboration with its Sea Grant volunteers and with Board concurrence, expanded its site search to include areas in federal waters near Ventura Harbor. Specifically, the expanded candidate area comprised 200,000 acres in both state and federal waters in Blocks 651, 652, 664, 665, 666. To understand this scale, the proposed VSE project represents 2,000 acres or 1% of this 5 block area.

Additionally, VPD staff, in collaboration with its Sea Grant volunteers and project consultants, established criteria on which to evaluate and prioritize each siting alternative. As a result, the VPD staff constructed a siting decision matrix to quantify the benefits of each potential siting configuration and assist the Board in its decision-making process last November. The stakeholder engagement process supported the identification of key factors upon which to assist siting configuration decision making. Each of the criteria was assigned a weight based on perceived relative importance to achieving optimal operational capacity and minimizing potential user conflicts and environmental impacts. Siting alternatives were then scored using a rating system that corresponds to identified preferences. These criteria include:

- Approximate water depth
- Potential adverse water pollution sources
- Potential visual effects from shore
- Potential interaction with commercial and recreational fishing interests

- Subleasing or sub-permitting complexities
- Potential overlap with subsurface leases
- Environmental review complexity
- Contiguous siting
- Distance from Harbor

Quantification of the eight siting configuration alternatives revealed significant advantages for locating the VSE project in federal waters, and specifically for siting as was depicted and described as SeaSketch Alternative 8 in Block 665. Additionally, fish catch data for the 5 block area was evaluated over a 5-year period. In this 200,000 acre area the data showed that the average annual wholesale value of fish catch from 2012-2016 was approximately \$2.96M.

A siting configuration in federal waters was similar to alternatives in the original identified candidate area in terms of water column depth and bottom substrate. However, SeaSketch Alternative 8 maintained additional advantages over any alternative in CA state waters because of a reduced level of interference with commercial fishermen; potential improved water and product quality; relative proximity to Ventura Harbor; resulting minimal visual impacts to the near shore environment; and potential to realize economies of scale. These factors led to the Board's decision on November 15, 2017 to approve that site location.

The location in federal waters also further minimized interaction with existing commercial fisheries. Based upon the workshops and public outreach conducted in 2017, the commercial halibut trawl fishery was identified as the primary commercial fishery potentially affected by the project. Since that time, to determine the potential impact, the actual CDFW trawl data from 2010 through 2016 was evaluated, which provided the location (i.e. latitude and longitude) where each trawl started and stopped.

- The total trawl length within the Santa Barbara Channel during that time period was 40,480 nautical miles.
- The total trawl length within the CASS Report Area of Interest was 1,508 nautical miles.
- The total trawl length within CASS Report Alternative 1 was 145 nautical miles.

Therefore, based upon CDFW trawl data, the project will require the existing commercial trawling fishery to relocate approximately 0.4% of their total trawls within the Santa Barbara Channel. It is speculative as to whether this relocation will have a negative or positive impact on the overall catch for the halibut fishery but, given the small amount of existing usage, the impact is considered to be likely negligible.

2018 NOAA CASS Technical Report

As a result of the Board's actions regarding VSE project siting on November 15, 2017, NOAA's National Ocean Service (NOS) prepared a Coastal Aquaculture Siting and Sustainability (CASS) Technical Report - Ventura Shellfish Enterprise: Aquaculture Siting Analysis Results.

NOS obtained quantitative requirements for the project from VPD staff in collaboration with its Sea Grant volunteers and project consultants. These requirements included information regarding preferred project parameters: spatial boundaries of region of interest, preference for state or federal waters, preferred project location coordinates, approximate proposed project size, preferred port, the maximum distance from preferred port, species to be cultivated, acceptable depth range, acceptable seawater temperature range, acceptable current velocity range, maximum allowable wave energy, and additional comments or specifications. These quantitative requirements were contained in the CASS Technical Report and the basis from which a new 20,000 acre Area of Interest (AOI) in federal waters in Blocks 664-665 was developed.

As stated in the CASS Report, spatial planning for aquaculture operations, wherein spatial data representing key environmental and use conflicts are synthesized to identify areas with the highest likelihood for compatibility with aquaculture operations, is a critical first step to ensure environmentally and economically sustainable aquaculture development.

All potential environmental and use factors that could constrain the siting of the VSE project were first plotted and mapped to compare against the identified AOI for the VSE project. These interactions included military, industry, commercial fishing, navigation, and natural resources. NOS determined that oil and gas, commercial fisheries, navigation, submarine cables, and wrecks and obstructions were all uses that intersected with the AOI. This led to a final suitability assessment, where the northern portion of the AOI was determined to have the highest likelihood of compatibility with the proposed project and avoid/minimize interactions with the other user groups. Based on the results of the suitability analysis, NOS identified two alternative site configurations based on VSE parameters that maximize likelihood of compatibility with existing uses in the region. The primary difference between the two CASS Report Alternative sites was the configuration of the individual 100-acre cultivation areas.

Importantly, the two sites overlap with the federal waters alternative site (SeaSketch Alternative 8) identified in the UCSB Bren School spatial planning analysis and previously approved by the Board, indicating the area has been shown by two independent studies to have the fewest conflicts with other uses and sensitive environmental resources.

On June 28, 2018, NOAA and the VPD co-hosted an Inter-Agency Pre-Application Meeting in Long Beach with federal and state regulatory staff. NOAA presented the preliminary draft CASS Report and VPD staff, in collaboration with its Sea Grant volunteers and project consultants, provided information concerning the status of the project and related studies. On July 9, 2018, VPD staff and TCA met with the Commercial Fishermen of Santa Barbara (CFSB) to discuss the project and status of permit applications. On September 10, 2018, VPD staff had a follow up meeting with CFSB representatives. The CFSB submitted a letter to the VPD at the Board meeting of September 12, 2018 expressing concerns about project siting and opportunities for small business participation to which VPD staff provided a formal response.

The CASS Report was updated prior to the Board's siting decision on September 26, 2018 to provide additional mapping and information regarding collection methodology of commercial fishing data. The report was helpful to VPD staff in making final recommendations to the Board about project siting but will also be helpful to inform federal and state regulatory agencies in conducting appropriate environmental review under the National Environmental Policy Act (NEPA) and evaluating permit applications, and other stakeholders and interested parties. The subsequent permit application to USACE and related application to Coastal Commission identified CASS Report Alternative 1 as the preferred project site, given that it had greater operational flexibility, and Alternative 2 as a project alternative.

Project Site & Operations

The project's twenty 100-acre plots are approximately 3.53 miles from the shore. The closest distance from the plots to the 3-mile nautical line is a minimum of 2,900 feet, with an average closest distance of over 3,000 feet. The closest distance from the growing area to the City of Ventura city limit is 4.5 miles. Ventura Harbor is 4.1 miles from the closest plot (8 miles from the most distant plot).

The species proposed for production is the Mediterranean mussel (*Mytilus galloprovincialis*). The mussels will be grown and harvested by grower/producers under individual sub-permits (or other form of agreement as required by USACE) with VPD that incorporate all project permit

conditions and Best Management Practices (BMPs). All grower/producers will be required to land their mussels at Ventura Harbor.

Spat will be purchased from onshore hatcheries certified by CDFW. At the hatcheries spat are settled on the fuzzy rope(s), which is rope woven with additional loops of fiber to create additional settlement substrate and is standard industry practice. When the spat are firmly settled to the ropes, the ropes are covered with cotton socking material to protect them from shaking off the ropes during transport to the offshore growing site and deployment. The socks hold the spat next to the rope while the mussels naturally attach with their byssal threads, by which time the cotton material naturally degrades. These ropes are then attached to the longlines and buoys, either as single sections of line or as a continuous looping strand attached in intervals.

Cultivated mussels grow by filtering naturally occurring phytoplankton from the ocean. Juvenile mussels will grow on lines until an intermediate size where the density of mussels on the fuzzy rope becomes limiting to further growth. At this point, a servicing vessel will lift the backbone line in order to access the fuzzy rope stocked with juvenile mussels and pull the fuzzy rope through vessel-based equipment designed to strip the mussels from the fuzzy rope, and then clean, separate, and grade the juvenile mussels by size. Juvenile mussels then will be restocked to clean fuzzy rope and covered with naturally-dissolving cotton socking at a reduced density for their second stage of grow out to market size.

Installation of anchors, longlines, and buoys will be performed by grower/producers in compliance with all permit requirements and VPD sub-permit conditions which will incorporate approved BMPs. Submerged longlines consist of a horizontal structural header line, or “backbone,” that is attached to the seafloor by helical screw anchors drilled into the sandy bottom at each end and is marked and supported by a series of buoys along the central horizontal section. Helical screw anchors for mussel farms in open ocean habitats have been installed all over the world, including offshore of Catalina Island, California. Helical screw anchors will be installed by a hydraulic drill with a drill head that operates from a rig lowered to the ocean floor (Attachment 2).

Buoys marking the corners of each parcel will identify the cultivation area for navigational safety. Buoys attached to the central horizontal portion of the backbone line support the line, provide a means of lifting the backbone line to access the cultivation ropes, and determine the depth of the submerged backbone, which will vary seasonally from 15 to 45 feet below the surface. Additionally, a combination of surface and submerged buoys attached to the backbone line will be used during the mussel production cycle to maintain tension on the structural backbone line as the weight of the mussel crop increases. The combination of surface and submerged buoyancy is designed to create a tensioned but flexible structure that is capable of responding dynamically to surface waves and storms.

The longlines that will be utilized are thick (1-inch diameter), tensioned to (approximately 800 pounds) rope that is not conducive to wrapping around or entangling protected species. The longline configuration produces a fairly rigid tensioned structure from which the cultivation ropes, or fuzzy ropes are attached.

Construction in each individual growing plot will take place only after VPD approval of a sub-permit (or other form of agreement) with the individual grower/producer as may also be required by USACE (see additional detail below). While project development is dependent on market demand, VPD estimates that full build out would occur within three to five years after project approval.

Preliminary Financial Analysis

VPD, in consultation with VSE project consultant Scott Lindell, has projected that use of 2,000 acres for the proposed project at full build out and operation could generate \$45M-\$55M in annual wholesale value as reported in the September 26, 2018 Board communication regarding VSE project site selection. Many factors will ultimately determine actual revenue including project size, growing conditions, operational interruptions, time period to full build out, market conditions, project and operational costs, etc. In applying a factor of 50% to these preliminary estimates, the project could still potentially generate \$22.5M-\$27.5M in annual wholesale value. Mr. Lindell is preparing an update to an analysis of typical costs and revenues associated with a 100-acre mussel farm as presented in a 2017 VSE workshop. This update will include the latest engineering design assumptions by VSE project consultant Maine Marine Composites in collaboration with TCA and will be made publicly available. The analysis will be subject to further refinement as more project details become known during permitting and operational stages of the proposed project.

Shellfish Infrastructure Requirements

VPD consultants Richard Parsons and Noble Consultants have evaluated VSE project infrastructure requirements and determined very little of the existing harbor infrastructure would require modifications in order to accommodate approximately 20 million pounds of annual mussel harvest. On an annual basis the fish pier and the truck loading facilities are presently grossly underutilized. This is not to say, however, that there aren't brief periods of congestion (principally the predawn hours extending to late morning) during the squid season when the queue of purse seiners needing to unload and trucks to receive the plastic bins filled with the squid catch can be backed up.

The mussel harvest, however, is expected to have a more regular pattern that would not have unpredictable peaks. This harvest pattern would readily facilitate adjusting the mussel unloading at the fish pier to avoid the hours and/or days on which conflicts with other heavy utilization of the pier occur. It is anticipated that a third one ton derrick crane could be required to serve the unloading requirements of the mussel harvest. Should that prove to be necessary, the fish pier has the space for an additional crane.

The docking facilities at Harbor Village are designed to meet the requirements of commercial fishing vessels from both a structural perspective as well as electrical demand. The 81 slips in the 48 ft. to 100 ft. range at the Village are ideally sized for the 20 vessels that would be engaged in supporting the mussel farms once in full operation. It should be noted that both Channel Islands Harbor and Santa Barbara Harbor are within about 20 miles of the offshore farm location and thus could provide berthing for vessels involved in mussel operation.

The trucking requirements for hauling the mussel harvest from the fish pier area can be readily accommodated by 26 two-axle medium duty refrigerated box trucks per week.

Steps to Implementation

The project schedule is dependent on the timeline of environmental review by USACE. The project is currently under review by the USACE and Coastal Commission, and USACE has initiated consultation with the National Marine Fisheries Service (NMFS). There are ongoing discussions with the agencies to finalize agreed-upon construction and operations BMPs and compliance conditions, including a sub-permitting strategy. The timeline of approvals will be largely dependent upon the level of NEPA review conducted by USACE. For similar projects, an Environmental Assessment (EA) has been sufficient for USACE review, and we would anticipate Coastal Commission approval and the USACE permit could be issued in the third or fourth quarter of 2020. If the USACE requires an Environmental Impact Statement (EIS), the timing could be extended by at least 12 to 18 months at an additional expense of approximately \$300,000.

At the inception of the VSE project, there was no clear pathway for compliance with the National Shellfish Sanitation Program (NSSP) guidelines for shellfish grown in federal waters. However, a pathway for NSSP compliance in federal waters has been adopted through an interim program adopted by the Interstate Shellfish Sanitation Conference and the NSSP to enable harvest and sale of safe and healthy shellfish products in federal waters intended for interstate commerce. Through a collaborative and coordinated effort with the Food and Drug Administration (FDA) and NOAA's Seafood Inspection Program (SIP) in January 2017, they developed a pathway to implement the interim program for NSSP compliance for molluscan shellfish in federal waters. This pathway for NSSP compliance in federal waters is now being implemented by another offshore mussel aquaculture project in southern California. The compliance pathway covers both pre- and post-harvest elements of the NSSP Model Ordinance and can serve as a template for further adaptation to the VSE project goals and needs. Such adaptations will take into consideration the public-private nature of the VSE enterprise, the participation of multiple grower-producers, its scale and ultimate location, and other factors. As noted above, CMB is committed to establishing a centralized, federally approved, Ventura Harbor-based testing facility to meet the testing requirements articulated in the NSSP. This process can be initiated independently of implementing the NSSP compliant interim program for federal waters and concurrently with the VPD permit application process.

There currently is not an approved leasing structure to lease federal waters for aquaculture on the West Coast. Generally, federal agencies have required a permit from USACE in lieu of a lease to establish the right to conduct aquaculture in federal waters. Because there is not a traditional lease structure, it is not possible at this time for VPD to sublease areas to interested shellfish grower/producers. To address this issue, VPD has proposed a sub-permitting process whereby it would be able to sub-permit areas within the project site to individual grower/producers. VPD staff and consultants met with USACE on January 31, 2019 to discuss this concept. Based upon that discussion, VPD submitted a sub-permitting proposal for USACE review in April 2019. We plan to discuss the proposal further with USACE staff on July 16. The goal of the proposal is for VPD to retain partial oversight and control over the VSE project, while delegating responsibility for compliance with the operational conditions associated with the project to individual grower/producers. The proposed framework would still provide for USACE to approve the individual grower/producers; such approval would be provided if the grower/producer's proposed operation complies with all terms and conditions of the VSE project permits (which would still be held by VPD) and the proposed farm is substantially similar to the overall VSE project approved by USACE and the Coastal Commission. Upon receiving approval from all required regulatory agencies for the overall VSE project, VPD will solicit applications for grower/producers to obtain sub-permits and develop qualitative and quantitative criteria to evaluate the applications. The criteria will be focused on ensuring that sub-permittees will be responsible and successful operators of aquaculture farms within the permitted area.

Board Protocols and Policies

VPD acknowledges that concerns have been raised regarding Board involvement with this project. It is important to note that general legal counsel has reviewed state law and Board protocols and policies and has determined that actions taken to date are consistent with state law and Board protocols and policies. That said, in an effort to continuously achieve the highest levels of transparency, VPD is reviewing the Board Protocols and Policies, as it does from time to time. VPD staff, in coordination with general legal counsel, intends to return to the Board in September with any recommended updates for Board consideration.

Ventura County Local Agency Formation Commission (LAFCO)

In the fall of 2018, LAFCO contacted VPD to obtain information on the VSE project. LAFCO's concerns related to the fact that the project was to be located outside the territorial boundaries of VPD. In such instances LAFCO asserted that special districts like VPD must first request and

obtain LAFCO's approval to provide services outside their "jurisdictional boundaries" before proceeding with any such activity.

VPD staff responded that, among other things, the Harbors and Navigation Code specifically empowers port districts like VPD: i.) to own, lease or dispose of property of every kind "...within or without the district" [Section 6294]; ii.) to "...do any work or make any improvement within or without the territorial limits of the district which will aid in the development or improvement of navigation or commerce to or within the district..." [Section 6301]; and (iii) that LAFCO has no jurisdiction over the VSE project since its jurisdiction over activities of special districts is co-extensive with the boundaries of Ventura County and the VSE project site is located in federal waters outside the county and outside state boundaries.

VPD staff and legal counsel have met and corresponded with LAFCO to explain the extent of federal regulation of such aquaculture projects and the various federal and other agencies with permitting or consulting authority over the VSE project. Those discussions are on-going.

FISCAL IMPACT:

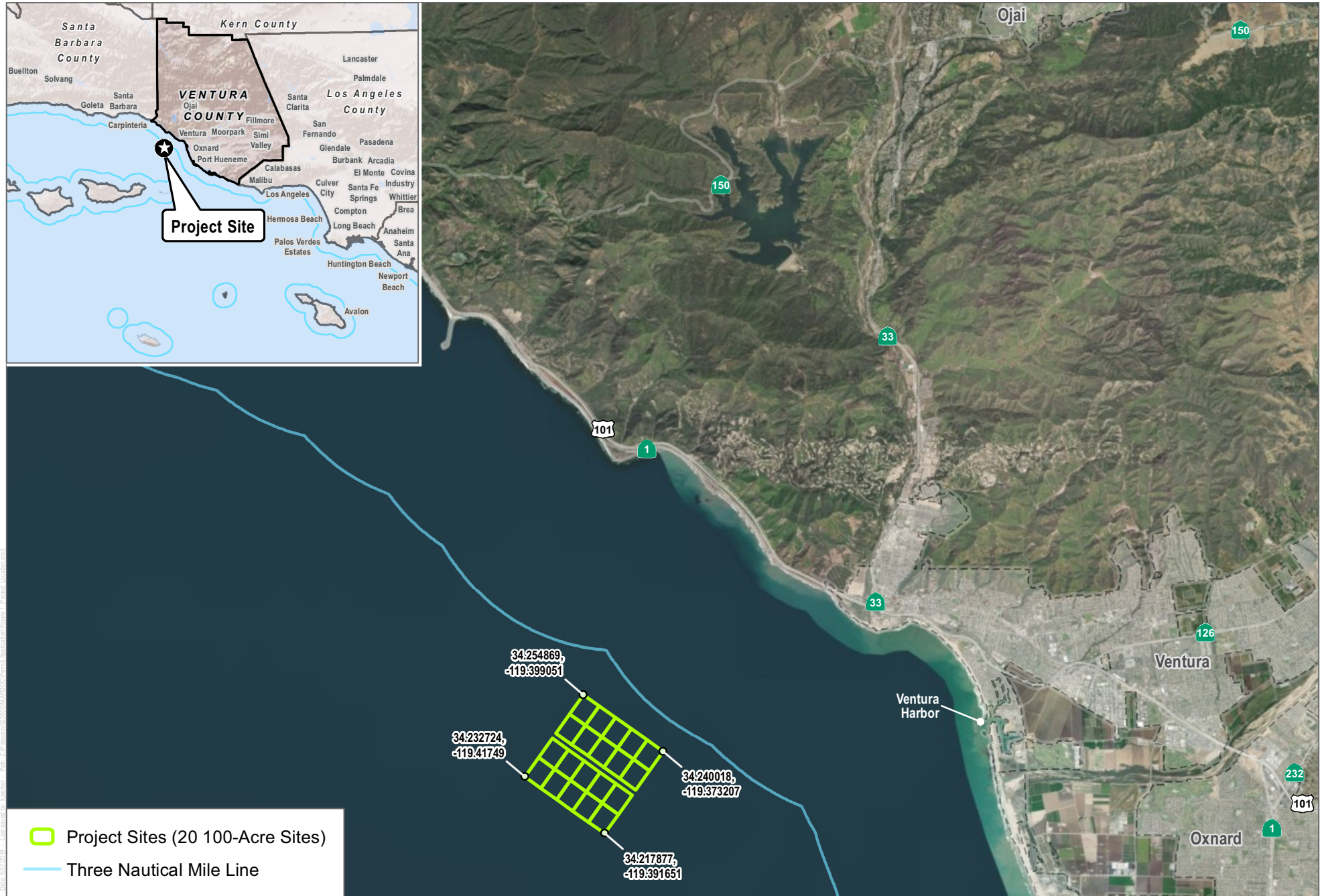
VPD has been awarded the 2015 CA Sea Grant sub-award of \$264,470 and 2018 CA Sea Grant sub-award of \$266,660. For the 2015 CA Sea Grant, the volunteer effort by the parties is valued at \$404,229. For the 2018 CA Sea Grant the volunteer effort by the parties committed is valued at \$272,210. The 2015 CA Sea Grant has been completed and the final accounting is included in this report (Attachment 3). The 2018 CA Sea Grant is underway. Grant and VPD expenditures along with volunteer time will be reported quarterly.

For the fiscal year beginning July 1, 2019 the Board authorized \$161,000 in District funds to supplement the 2018 CA Sea Grant. VSE project consultant Dudek anticipates that Coastal Commission approval and USACE permit could be issued by the third or fourth quarter of 2020. For cost estimation purposes only, this timeline would include one additional fiscal year. Assuming the same level of annual VPD funding, an additional \$161,000 would be necessary to reach project approval. However, if the USACE requires an Environmental Impact Statement (EIS), the timing could be extended by at least 12 to 18 months at an additional expense of approximately \$300,000.

ATTACHMENTS:

Attachment 1 – NOAA Coastal Aquaculture Siting and Sustainability (CASS) Report Alternative1
Attachment 2 – VSE Mussel Long-Line Design
Attachment 3 – 2015 CA Sea Grant Expenditures

ATTACHMENT 1



SOURCE: NAIP 2016
DATE OF PREPARATION: 8/30/2018

DUDEK 0 6,250 12,500 Feet

FIGURE 1
Project Location
Ventura Shellfish Enterprise Project

General Plan for Submerged Longlines

GENERAL OBSERVATIONS:

- Anchor lines should have 2.5:1 slope from anchor to submerged corner buoy
- Submerged buoyancy keeps lines tight despite surface waves and storms

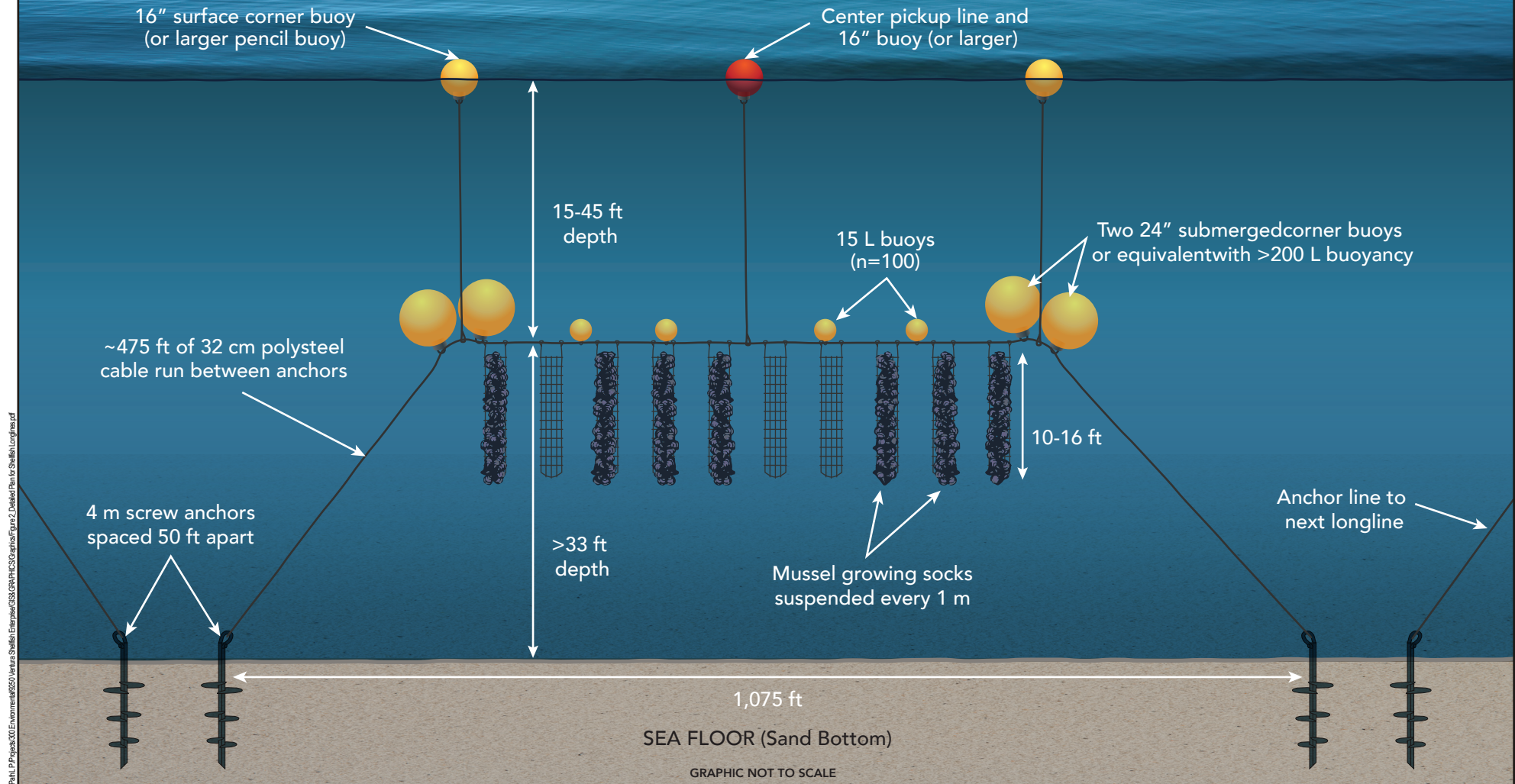


FIGURE 2

Detailed Plan for Shellfish Longlines

Biological Assessment for the Ventura Shellfish Enterprise Project

ATTACHMENT 3

Ventura Port District Ventura Shellfish Enterprise 2015 Sea Grant

Ventura Shellfish - Recap

Grant Funding

	<u>Grant</u>	<u>Billed</u>	<u>Remaining</u>	<u>Comments</u>
Scott Lindell-Salary/Bene	19,920.00	19,920.00	-	
Scott Lindell-Travel	5,000.00	4,933.85	-	
Pendleton travel		66.15		
Plauche Carr-Legal	25,000.00	25,000.00	-	completed 11/17
Dudek	202,550.00	202,333.21	-	
Dudek-meeting expenses		216.79		put 216.79 back in Dudek
Expendables				
Dudek-meeting expenses		413.10		
		(216.79)		put 216.79 back in Dudek
Coastal Marine-Website		2,640.00		
Cyborg Copies		32.33		
Pendleton travel-VSE meeting		10.19		Split w/travel above
Pacific Coast Shellfish conf		1,365.22		BP & OP flight & conference fee
Plauche - Permitting Task 1		2,310.00		
Plauche - Shellfish Project Formation		4,207.50		
Four Points VSE meeting		1,238.45		
	12,000.00	12,000.00	-	
	<u>\$ 264,470.00</u>	<u>\$ 264,470.00</u>	<u>\$ -</u>	

Reimbursement requested	\$ 264,470.00
Amount reimbursed to date	<u>\$ 264,470.00</u>
	\$ -

Direct costs to District

	<u>Contract</u>	<u>Billed</u>	<u>Remaining</u>	
Plauche-special	23,500.00	29,388.67	(5,888.67)	Contract \$23,500 (\$8.5k + \$15k)
Plauche-special	28,000.00	16,417.50	<u>11,582.50</u>	Contract \$28,000
			5,693.83	
Dudek 9% of grant	18,229.50	18,208.75	20.75	
Dudek - Amend 2&3	15,065.00	15,053.75	11.25	
Blake Stok	20,880.00	20,879.50	0.50	Contract \$20,880
				(\$7.5k+\$3.28k+\$2.4k+\$7.7k)
Seasketch-UCSB	1,000.00	1,000.00	-	
Seasketch-UCSB	10,966.20	10,966.20	-	
Seasketch-UCSB	4,974.00	4,974.00	-	
Four Points - Meetings	na	1,760.10		
Cyborg Copies	na	310.86		
	<u>\$ 122,614.70</u>	<u>\$ 118,959.33</u>	<u>\$ 5,726.33</u>	

Revised 9/14/2018

	<u>Grant</u>	<u>Submitted</u>	
<u>In-Kind Contributions</u>			
Ashworth, Ev & Brooke	118,500.00	169,221.00	(50,721.00)
Bush, Doug	86,400.00	73,150.00	13,250.00
Parsons, Richard	69,120.00	26,000.00	43,120.00
Santschi, Linda	25,600.00	38,775.00	(13,175.00)
Imondi, Ralph	25,600.00	38,775.00	(13,175.00)
Mackay, Jonathan	-	5,705.00	(5,705.00)
Pendleton, Brian	-	52,603.00	(52,603.00)
Open Water Sampling	30,000.00	-	-
	<u>\$ 355,220.00</u>	<u>\$ 404,229.00</u>	<u>\$ (79,009.00)</u>