



VENTURA
PORT DISTRICT
Established 1952

BOARD OF PORT COMMISSIONERS

FEBRUARY 8, 2017

STANDARD AGENDA ITEM 3

2015 NOAA SEA GRANT

AQUACULTURE EXTENSION AND

TECHNOLOGY TRANSFER GRANT

VENTURA PORT DISTRICT
BOARD COMMUNICATION

STANDARD AGENDA ITEM 3
Meeting Date: February 8, 2017

TO: Board of Port Commissioners
FROM: Brian Pendleton, Business Operations Manager
SUBJECT: 2015 NOAA Sea Grant Aquaculture Extension and Technology Transfer Grant

RECOMMENDATION:

That the Board of Port Commissioners receive an update on the 2015 NOAA Sea Grant Aquaculture Extension and Technology Transfer Grant.

SUMMARY:

On September 28, 2016 the Board of Port Commissioners authorized the General Manager to sign the *Cost Reimbursement Research Subaward Agreement* ("Grant") for \$169,660, which reflects the terms and conditions of the grant agreement for Year 2.

The Grant, awarded to the Ventura Port District (District), is for a two year period on a one-plus-one yearly basis and was contingent upon funding availability. The Year 1 Grant period was from September 1, 2015 to August 31, 2016. Year 2 Grant period is from September 1, 2016 to August 31, 2017. The total two-year grant amount is approximately \$300,000 (\$265,000 directly to the District for Grant deliverables costs). Funding for both years has been made available to the District. The objective of the Grant is to provide:

- Task 1
A technically sound and thorough strategy to successfully obtain all required government entitlements necessary to establish twenty 100-acre aquaculture leases in the state waters of the Santa Barbara Channel.
- Task 2
Successfully permitted applications for the leases, associated environmental review documents, and completed baseline sampling protocol and data necessary for a California Department of Public Health (CDPH) Shellfish Growing Area Certificate; and,
- Task 3
A comprehensive outreach strategy aimed at soliciting the support and participation of various stakeholders by educating prospective commercial fishermen, investors/entrepreneurs, shellfish processors, and consumers about the benefits of locally sourced and sustainably raised mussels.

BACKGROUND:

Increasing the supply of safe, sustainably produced domestic seafood is a priority for NOAA and the Department of Commerce. The Ventura Shellfish Enterprise (VSE) project is a multi-stakeholder initiative that seeks to permit and manage a commercial shellfish aquaculture operation. Globally, bivalve shellfish culture is technically proven as a method for the production of high value seafood with limited environmental impacts.

The Grant envisions that the District will hold all entitlements for a group of offshore aquaculture leases that will in turn be leased to individual producer-fishermen for shellfish farming. However, the permitting process in California for such production is uncertain and not adequately developed to attract participation. The VSE project seeks to address several regulatory and planning challenges that create impediments to the expansion of a domestic marine shellfish culture industry in California (Attachment 1 - VSE Fact Sheet).

Below is a status report of Tasks 1-3:

Task 1 Deliverable - Strategic Permitting Plan

The Strategic Permitting Plan document will be drafted in 1st quarter 2017, and provided to the Board at a subsequent Commission meeting for review and comment. Then it will be circulated to regulatory agencies for review and comment and returned to the Board as a final document for review and approval. On Thursday, February 9 the VSE project team members will meet with regulatory agencies in Long Beach to discuss the Grant, VSE project and future circulation of the Strategic Permitting Plan.

Task 2 Deliverable - Environmental Reports and Permitting

Permit applications for the leases, associated environmental review (State and Federal) documents, and completed baseline sampling protocol and data necessary for a California Department of Public Health (CDPH) Shellfish Growing Area Certificate will follow Task 1.

Task 3 Deliverable - Education and Outreach

This includes website development, social media initiatives and educational workshops. The VSE website has been established (venturashellfishenterprise.com) and the first of eight public workshops will be held on Thursday, February 16, 2017 at 7:00 pm at the National Parks Visitor Center (Attachment 2 – Workshop Press Release February 1, 2017).

It was anticipated that Task 1 would be completed in year one of the Grant. However questions regarding State leasing and subleasing requirements impacted the scheduled completion of the Strategic Permitting Plan. As a result Robert Smith of *Plauché & Carr, LLP* was retained by the District to communicate with the State California Department of Fish and Wildlife (“CDFW”) and prepare a memorandum analyzing leasing alternatives and operational structures available to the District related to the Grant. Mr. Smith presented his preliminary findings to the Board on January 11, 2017 which included several options for consideration. Mr. Smith was directed to continue his dialogue with CDFW with the assumption that the District will lease the 20, 100-acre sites from the State and then sublease to individual fishermen. This option, called “Option 2: District Lease, Sublease and General Permit” is closely aligned with the Grant. Staff will return to the Board with pertinent information from follow-up communication between Mr. Smith, CDFW, and the District.

The California Sea Grant as Grant awardee (the District is sub-awardee) has agreed to request a routine extension allowing for a total of three years to complete Tasks 1-3. It is anticipated the extension will be in Spring, 2017 which would provide the District through August 31, 2018 to complete Tasks 1-3.

FISCAL IMPACT:

As a reminder the Commission, the Grant requires a cost-share in the amount of \$192,610 for Year 1 and \$162,610 for Year 2 for a total of \$355,220. The cost-share is achieved through in-kind contributions of time. Additional staff time and District legal counsel costs not reimbursable by the Grant are necessary for grant and professional service agreement management.

VPD will pay approximately \$18,200 in unreimbursable consultant costs, plus \$8,500 in unreimbursable outside legal counsel expenses to explore alternative aquaculture leasing structures more fully discussed under separate report “Approval of Professional Services

Agreement for Special Legal Services” dated September 28, 2016 and Shellfish Grant - Leasing Alternatives and Operational Structures dated January 11, 2017. Staff anticipates returning to the Board at a subsequent meeting for a change order related to the completion of Task 1.

ATTACHMENT:

Attachment 1 - VSE Fact Sheet

Attachment 2 – Workshop Press Release February 1, 2017



FACT SHEET VENTURA SHELLFISH ENTERPRISE



Ventura Shellfish Enterprise (VSE) is a multi-party initiative to permit twenty 100-acre plots for growing the Mediterranean mussel (*Mytilus galloprovincialis*) via submerged long lines in state waters within the Santa Barbara Channel near Ventura Harbor.

VSE partners include Ventura Port District, Coastal Marine Biolabs, The Cultured Abalone Farm, and Ashworth Leininger Group, in coordination with aquaculture scientists and experts, the California and NOAA aquaculture coordinators, and California Sea Grant.

Key project goals:

- Advance state and federal policies to increase aquaculture production and deliver a safe, secure and sustainable food supply
- Provide a template for permitting future offshore aquaculture projects in California
- Leverage economies of scale in permitting, monitoring, marketing and distribution to allow small operators to participate in aquaculture
- Support the working waterfront at Ventura Harbor with a sustainable, dependable harvest

Key project features:

- Use of geographic information system-based marine spatial planning to select an optimal growing area that minimizes conflicts with other ocean uses (See Figure 1.); actual growing sites to be selected through stakeholder consultation process
- Deployment of sentinel buoys with seeded mussel rope to provide proof-of-concept, collect data on ocean conditions, and examine invertebrate community structure in surrounding benthic habitat using innovative, high-throughput DNA-based methodologies
- Mussels fed exclusively by filtering naturally-occurring microscopic plankton and organic particles from the water column (no added feed)
- Use of internationally well-established mussel growing methods that represent best management practices with minimal environmental impacts
- Production of mussel spat at onshore hatcheries (no wild spat collection)
- Participation opportunities offered to existing commercial fishermen, commercial shellfish operators and startups, with all product landed at Ventura Harbor
- As a condition of grower participation, compliance with robust requirements for monitoring and use of best management practices as specified in VSE project permits
- Ongoing educational component through marine aquaculture research activities and outreach programs to schools at all levels and the general public
- Estimated production of ~20 million pounds of mussels/year at full project build-out, with an anticipated wholesale value in excess of \$50 MM

Project status:

The Ventura Port District has received for the project a substantial sub-award from a \$300,000 NOAA 2015 Sea Grant Aquaculture Extension and Technology Transfer Grant to California Sea Grant. As a member of VSE, the Ventura Port District will hold all required federal, state and local permits and

ATTACHMENT 1

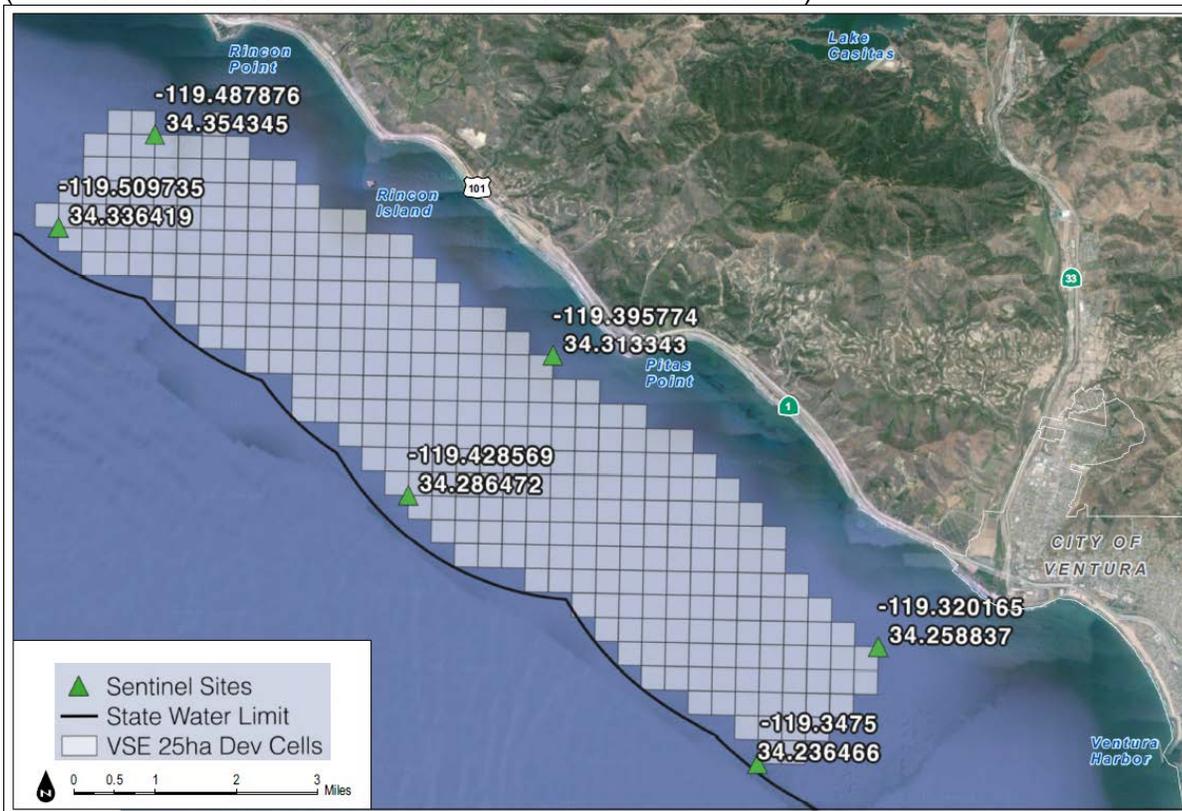
entitlements. The VSE volunteer partners provide the local grant match through volunteered time and expertise.

The first phase of the Sea Grant-funded work involves:

- Preparation of a Strategic Permitting Plan identifying required permits, entitlements and reviews, permit sequencing and key technical issues and information needs
- Completion and submission of all requisite permit applications and documentation needed to comply with the California Environmental Quality Act and the National Environmental Policy Act
- Accreditation of a centralized pre- and post-harvest testing and monitoring laboratory at Ventura Harbor to serve growers and comply with shellfish sanitation standards
- Implementation of an outreach plan that includes launch of an open-access project website and social media initiatives, and a series of educational workshops that cover a broad spectrum of project-related issues with relevance to diverse stakeholder groups

VSE expects the Strategic Permitting Plan to be completed in the 1st quarter 2017, with the rest of the grant work completed by 2nd quarter 2018. The Ventura Port District with VSE partners is seeking additional funding to support the permitting phase of the project.

Figure 1. Project Target Area Showing Proposed Sentinel Sites
(State waters from Rincon Point south to Ventura River mouth)



Note: A 25-hectare cell is approximately 61.7 acres; each of the project's twenty proposed 100-acre growing plots would encompass less than two cells. Altogether the plots would comprise about 10% of the shaded target area.



PRESS RELEASE

For Immediate Release: Feb. 1, 2017

Please contact: Brian Pendleton, Business Operations Manager
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Ventura Shellfish Enterprise Announces Public Workshop on Feb. 16

Federal Grant Helps Ventura Meet Growing Need for Aquaculture

Ventura, Calif. (Feb. 1, 2017): The Ventura Shellfish Enterprise (VSE), a collaborative group seeking to grow sustainably-cultivated mussels in the Santa Barbara Channel near Ventura, will hold the first of a series of public information workshops at 7 p.m. on February 16, 2017. The workshop, in coordination with the Ventura Port District, will provide an introduction to the benefits of shellfish aquaculture; how this crop is grown worldwide; and the specifics of this exciting new project proposed for Ventura.

The workshop is free and open to the public. No RSVP is required. It will be held at the Channel Islands National Park Visitors Center, 1901 Spinnaker Drive, in the Ventura Harbor. Attendees may sign up at venturashellfishenterprise.com (click on the "Get Involved" link) or email info@venturashellfish.org to be added to the mailing list or register for a workshop.

Supported by a \$300,000 grant to the Ventura Port District from the National Oceanic and Atmospheric Administration (NOAA) through the National Sea Grant College Program, it is anticipated that the Ventura Port District, as a member of VSE, will obtain all the permits and entitlements needed to cultivate mussels on leases that will be farmed by commercial fisherman and landed at existing fish off-loading facilities in the Ventura Harbor.

The project has generated considerable interest in the harbor community. "The aquaculture effort will bolster commercial fishing activity in the harbor and stimulate the local economy," said Ventura Port District General Manager Oscar Peña.

ATTACHMENT 2

Doug Bush, a VSE partner and general manager of The Cultured Abalone Farm in Goleta, said state waters off Ventura are an ideal location for the commercial bivalve shellfish operations. “There simply is no reason for California to consume imported shellfish when we can enjoy it fresh and locally produced, and be confident that it is grown using sustainable and responsible practices,” he said.

As part of the grant, Coastal Marine Biolabs, a nonprofit research-based science education organization with facilities in the Ventura Harbor and a local leader in science education, will lead a comprehensive public outreach campaign to inform commercial fishermen, consumers, Ventura residents and the public at large of the project’s features, benefits and impacts. “Our outreach efforts are aimed at promoting honest and productive dialog with various stakeholders on the wide range of environmental, economic, scientific, and practical considerations that converge on a transformative project of this kind and scale,” said Linda Santschi, CMB’s Scientific Director.

Other volunteer VSE partners include: Ashworth Leininger Group, a local environmental consulting firm; and California Sea Grant, a university-based program funded by NOAA and located at the Scripps Institution of Oceanography. Teaming with VSE are experts from federal and state agencies, universities and commercial shellfish operations.

Global demand for seafood is expected to grow while harvests from capture fisheries remain stable. Experts are looking to domestic aquaculture production to promote economic opportunities and provide a sustainable source of domestic seafood.

“Supporting these partnerships to increase domestically farmed seafood for American consumers is a high priority for NOAA’s Office of Aquaculture and the National Sea Grant Program,” said Paul Olin, an Aquaculture Specialist with California Sea Grant.

“The grant, combined with our unique project team, provides pivotal support to launch this exciting project,” said Everard Ashworth, a principal with Ashworth Leininger Group and chair of the Ventura Port District. “Government entitlements are the single highest hurdle to sustainable seafood cultivation, as evidenced by the paucity of permitted open water shellfish growing sites offshore of California.”

“The VSE project will provide a very helpful permit template that can be applied throughout California to help increase shellfish production and a sustainably-raised domestic food supply,” said Randy Lovell, State Aquaculture Coordinator with the California Department of Fish and Wildlife.

“Aquaculture is an important component of NOAA’s efforts to maintain healthy and productive marine and coastal ecosystems,” added Diane Windham, NOAA’s California Aquaculture Coordinator and a member of the VSE leadership team.

ATTACHMENT 2