



CITY OF VIRGINIA BEACH AGENDA ITEM

ITEM: An Ordinance to Transfer Funds Within the Capital Improvement Program for the Pleasure House Point Mitigation Bank, to Provide Limitations upon the Use of Mitigation Credits Created by the Pleasure House Point Mitigation Project, and to Provide for Efforts to Reduce Tree Loss

MEETING DATE: January 7, 2025

■ **Background:** Capital Project 100304, "Pleasure House Point Mitigation," first appeared in the Coastal Section of the FY 2012-13 Capital Improvement Plan (CIP). The project is a component of the 2014 Pleasure House Point Master Plan, and the Master Plan was supported by the stakeholders in the community including the Bayfront Advisory Committee. In 2014, a prospectus was created to evaluate the approach for restoring and creating tidal wetlands and shallow water habitats on a 12.32-acre portion of City-owned property at Pleasure House Point to develop the Pleasure House Point Mitigation Bank.

Between 2016 and 2018, plans were prepared for the Pleasure House Point Mitigation Bank. In 2018, these plans reached a 90% completion stage but were not advanced further. The City worked on finalizing the Mitigation Banking Instrument (MBI) in collaboration with the US Army Corps of Engineers. In 2020, the US Army Corps of Engineers approved the MBI, which provided the necessary regulatory approval for establishing the 12.32 acres of City-owned property at Pleasure House Point as a Tidal Wetland Mitigation Bank.

Federal permits for Flood Protection projects and other water-dependent projects require tidal wetland mitigation credits to move forward with construction. However, tidal wetland credits are not available from private or public wetland mitigation banks within the Lynnhaven River Basin. The establishment of the Pleasure House Point Wetland Mitigation Bank will help ensure that crucial flood protection projects stay on schedule.

The estimated total cost to construct the Pleasure House Point Wetlands Mitigation Bank is \$12,086,638. Capital Project 100304, Pleasure House Point Mitigation has \$426,492 appropriated to date, leaving a balance to complete of \$11,660,143.

Public Works is proposing to transfer funds from CIP 100038, "Beach Replenishment – Phase II", and CIP 100617, "Rudee Inlet Weir Replacement" as shown below.

Transfer From:

| Project # | Project | Amount |
|-----------|--------------------------------|-----------------------|
| 100038 | Beach Replenishment – Phase II | \$ (2,593,508) |
| 100617 | Rudee Inlet Weir Replacement | \$ (4,066,635) |
| | Total | \$ (6,660,143) |

Transfer To:

| Project # | Project | Amount |
|-----------|---------------------------------|--------------|
| 100304 | Pleasure House Point Mitigation | \$ 6,660,143 |
| | Total | \$ 6,660,143 |

The remaining funding of \$5,000,000 will be provided from Capital Project 100517, "Princess Anne Plaza North London Bridge Creek Pump Station," as the Mitigation Bank is needed for this Flood Protection Project and the cost of credits was anticipated as part of the project scope.

The proposed transfer will not have an immediate effect on either donor project. Funding for construction is already secured for the current phase of Beach Replenishment, while the Rudee Inlet Weir is currently in the study phase. To complete these the Rudee Inlet Weir project, funding will need to be included in future budgets. Beach Replenishment receives an annual allocation of \$2.5 million within the CIP to ensure sufficient funds are available for replenishment.

Within the FY 2024-25 CIP, the Rudee Inlet Weir was reflected as fully funded, and Pleasure House Point was programmed to receive \$2.6 million in FY 2025-26. If this transfer is approved, Pleasure House Point will be fully funded. The City Manager's Proposed FY 2025-26 CIP would be to redirect the \$2.6 million initially planned for Pleasure House Point to the Rudee Inlet Weir and fund the remaining \$1.4 million.

■ **Considerations:** The 12.32-acre site owned by the City and master planned to be restored back to the historic tidal wetlands they once were prior to being filled with dredge material provides an opportunity to establish a tidal wetland mitigation bank approved by the US Army Corp of Engineers. In doing so, this action will allow important Flood Protection Program projects to continue into construction. If this tidal wetland restoration is not fully funded, then Flood Protection program projects will not be permitted to go to construction.

In addition to transferring funds necessary for the Mitigation Bank, the attached ordinance does two things. First, it provides limits upon the use of the mitigation credits created by the Bank. The credits cannot be used for public-private partnerships or other economic development activities. Second, it directs the City Manager to develop a plan for preservation and replanting of trees that are impacted by the construction of the Bank. This plan will be publicly presented to allow the community to be informed as to the efforts undertaken to preserve trees of at least four inches in diameter, especially live oaks.

■ **Public Information:** Normal City Council agenda process, and public briefing at the City Council Workshop on December 10, 2024.

■ **Attachments:** Ordinance, CIP Detail Sheets (3)

Recommended Action: Approval
Submitting Department/Agency: Public Works
City Manager:

1 AN ORDINANCE TO TRANSFER FUNDS WITHIN
2 THE CAPITAL IMPROVEMENT PROGRAM FOR THE
3 PLEASURE HOUSE POINT MITIGATION BANK, TO
4 PROVIDE LIMITATIONS UPON THE USE OF
5 MITIGATION CREDITS CREATED BY THE
6 PLEASURE HOUSE POINT MITIGATION PROJECT,
7 AND TO PROVIDE FOR EFFORTS TO REDUCE
8 TREE LOSS
9

10 WHEREAS, the Pleasure House Point Mitigation Project (the "Project") first
11 appeared in the FY2012-13 Capital Improvement Program;
12

13 WHEREAS, the Project is a component of the 2014 Pleasure House Point Master
14 Plan, and the Master Plan was supported by the stakeholders in the community including
15 the Bayfront Advisory Committee;
16

17 WHEREAS, other large public works projects in the region, such as the expansion
18 of the Hampton Roads Bridge Tunnel, have absorbed the private market for wetlands
19 mitigation credits leaving the City with limited options to obtain credits needed for critical
20 projects such as the Flood Protection Program approved by bond referendum;
21

22 WHEREAS, the City Staff has proposed resuming previous work on the Project to
23 provide the needed wetlands mitigation credits within the Lynnhaven River Basin.
24

25 NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF
26 VIRGINIA BEACH, VIRGINIA, THAT:
27

- 28 1. \$2,593,508 is hereby transferred from Capital Project #100038 "Beach
29 Replenishment – Phase II," to project Capital Project #100304 "Pleasure House
30 Point Mitigation."
31
- 32 2. \$4,066,635 is hereby transferred from Capital Project #100617 "Rudee Inlet
33 Weir Replacement" to Capital Project #100304 "Pleasure House Point
34 Mitigation."
35
- 36 3. The use of the credits created by the Pleasure House Point Mitigation Project
37 are intended for public works projects including roadways, stormwater, and
38 flood protection. These credits shall not be used for public-private partnerships
39 or other economic development activities.
40
- 41 4. The City Staff and any contractor directed by the City are to make good faith
42 efforts to preserve any trees that are at least four inches in diameter, especially
43 live oaks. The City may work with nonprofit partners that focus on tree
44 preservation in its preservation and replanting work on the Project. Without
45 delaying and to the extent feasible for the Project, the City Manager is to bring
46 forward publicly a plan to mitigate tree loss for those trees that are at least four
47 inches in diameter.

Adopted by the Council of the City of Virginia Beach, Virginia on the _____ day
of _____, 2025.

APPROVED AS TO CONTENT:

APPROVED AS TO LEGAL SUFFICIENCY:



Budget and Management Services



City Attorney's Office

CA16784
R-3
December 27, 2024