



## California State Lands Commission

### October 22, 2020 Executive Officer's Report

#### **Justice, Equity, Diversity, and Inclusion (JEDI) Team**

Staff recently created a new JEDI team. The team, a hybrid of our previous GARE and environmental justice teams, will build on our past work and be dedicated to promoting equity, inclusion, and diversity, and addressing environmental justice within the Commission and through its programs. The team will focus broadly on the Commission's Environmental Justice Policy implementation and its racial equity goals. Subcommittees within the team will work to advance and lead specific initiatives and actions. Subcommittees are likely to focus on the Commission's racial equity action plan, environmental justice, our Equity Matters newsletter, and other areas based on the team's interest and capacity. This new JEDI team aligns with similar efforts among other departments and commissions within the California Natural Resources Agency. And in addition to the broader internal themes, the JEDI team will be a platform by which staff can coordinate with its sister agencies who are focusing on similar themes within their respective JEDI teams.

#### ***Implicit Bias Training***

The California Natural Resources Agency recently convened an implicit bias training for senior staff that work for the departments, boards, and commissions within the Agency. The Commission's senior staff attended the training. The training, a key element of the Commission's racial equity plan, was enriching and educational. On a similar front, Commission staff recently convened its first Justice, Equity, Diversity, and Inclusion team meetings.

#### ***Environmental Justice Liaison***

Earlier this month, the Commission hired a new environmental justice liaison, Yessica Ramirez, who will lead implementation of our Environmental Justice Policy. Yessica comes to us after a successful career at United Way in Monterey County, where she directed their philanthropic and donor program and planned, organized, and directed their community engagement work. Yessica

will work closely with our divisions to build on the comprehensive work already advanced on equity, diversity, and inclusion and move our environmental justice program and JEDI work forward.

### **COVID-19 Rent and Application Expense Deferral Program**

When the Commission met in April, it approved a [COVID-19 Rent and Application Expense Deferral Program](#). Since then, we have received 49 applications. We have approved eight declined four and deemed 37 incomplete. The Commission also approved two lease amendments in June. One previously approved application declined the deferral and decided to pay. The seven approved (and accepted) rent deferral applications total \$14,925 in annual rent. The annual rent for the two lease amendments is \$182,602.

### **Legislative Process**

It is no exaggeration to say that a lot has happened this year that affected the Legislature's work. The coronavirus pandemic forced dramatic changes in how the Legislature conducted its work. Five of the six largest wildfires in California history occurred, there was a pandemic induced recession, and mass protests that spanned the world over in response to unceasing racial injustices and sharp racial disparities in health and quality of life. Crises continue to abound.

Legislative work dwindled to a virtual halt during what is ordinarily the Legislature's busiest time of year. The Legislature confronted an array of challenges as it tried to adapt to social distancing and other pandemic protocols. And while committee hearings and floor votes eventually resumed, the number of bills the Legislature sent to the Governor was significantly lower than in recent years. In fact, the number of bills the Governor signed into law is the fewest number any California governor has signed since 1967. By September 30, the Governor's last day to sign or veto bills, the Governor had acted on 428 bills, vetoing 56—a veto rate of 13 percent.

Climate change continued to loom over everything. We have lost a quarter of the world's coral reefs, our planet's climate emissions in 2019 were the highest in human history, and this past August was the hottest on record. Wildfires, an aspect of the climate crisis, have burned over 3.8 million acres in California this year, which is nearly double the 1.98 million acres that burned in 2018, California's previous record. Last month, on California Climate Action Day and in the aftermath of raging wildfires, Governor Newsom committed to profound policy changes to deal with the perils of climate change. The Governor launched the California Climate Action Corps, the country's first statewide

volunteer-led corps of its kind with the mission of empowering Californians to take meaningful action to protect their homes, health and communities against the harshest impacts of climate change.

Another new part of California's climate strategy, also announced on California Climate Action Day, is an [Executive Order](#) outlining initiatives to combat climate change, including calling for 100 percent of new passenger cars and trucks to be zero-emission by 2035 and 100 percent of medium-and-heavy-duty vehicles be zero-emission by 2045. Governor Newsom plans to work with the Legislature to set rules to protect vulnerable communities from fossil-fuel extraction and help the State's energy industry transition away from oil and gas. "None of us are naïve. California is a fossil-fuel state," Governor Newsom said during a virtual press conference to announce the Executive Order. "We need to focus on a just transition."

The Commission sponsored two bills this year. The first, SB 1472 (Senate Natural Resources and Water Committee), repeals obsolete and redundant school land statutes and recasts or modernizes other school land statutes. ([Staff Report 61, February 2020](#)). The Governor signed this bill into law in late September. The second, AB 2687 (O'Donnell), would have removed the \$300 million cap in the Oil Trust Fund, resuming monthly deposits of \$2 million from Long Beach oil operation revenues until the Fund reaches a balance that will cover the State's projected abandonment liabilities ([Staff Report 62, February 2020](#)). AB 2687 was one of many bills that did not proceed because of the pandemic and ensuing budget deficit.

### ***Rincon Well Abandonment Project***

Driltek, the Commission's contractor, continues to make progress in abandoning the wells at the former Rincon leases. On the island, 43 of the 50 wells have been plugged. Onshore, 24 of the 25 wells have been abandoned, the wellheads and concrete well cellars have been removed, and the surface area has been graded. Total project costs are estimated at \$36.6 million, which is \$4.4 million, or 10.7 percent, below initial estimates. Altogether, 67 of 75, or 89 percent, of the State well abandonments are complete and project completion is expected by June 2021.

Late last month, the Commission released a solicitation for an environmental consultant to prepare the CEQA documentation and evaluate decommissioning alternatives for the ultimate disposition of the island and onshore facilities.

### ***Platform Holly Abandonment Project***

In late August, the Commission and the City of Goleta hosted a virtual town hall to update the community, policymakers, and others about the status of the Platform Holly and Piers 421 decommissioning projects. Mayor Pro Tem Kyle Richards welcomed attendees and thanked them for participating. The Mayor Pro Tem emphasized the importance of these projects and noted that they are emblematic of California's shift away from fossil fuels and toward clean energy. The meeting was well attended and is a continuation of the Commission's outreach on these issues of local and statewide concern. Exxon is currently developing an engineering plan to decommission the oil piers, which staff expect to have in hand by the end of this year. The Platform Holly work remains paused because of the COVID-19 pandemic protocols. The Platform's space limitations make physical distancing impractical. Staff continues to maintain and monitor the Platform and onshore facilities to ensure public health and safety.

### ***Legacy Wells and Coastal Hazards Program (SB 44, Jackson)***

The Program provides \$2 million per year to remediate legacy wells and coastal hazards on state lands. The Commission's consultant, InterAct, will perform well re-abandonment (re-sealing) work on two leaking wells off of Summerland Beach known as the NorthStar 815 and the Treadwell 10 wells. The work will be conducted from a derrick barge and a dive vessel anchored nearby. The dive crew will use jetting tools to fully expose the wellheads for abandonment. A pipe pile will be placed over each wellhead and then driven into the ocean floor into the impermeable bedrock to encapsulate the wellheads. Each pipe pile will be cleaned out and pumped full of cement. The cement will act as a barrier to migration of hydrocarbons. The final step is to weld on a steel plate to the top of the pipe pile. This will act as a secondary barrier to hydrocarbon migration. As a precautionary measure, spill response equipment and trained personnel will be staged in the Lookout Park parking lot. This re-abandonment work is an essential part of the Commission's efforts to permanently stop the hydrocarbon source from leaking into surrounding waters and onto the beach. The close collaboration and assistance of our partner agencies was integral to making this work happen, including the County of Santa Barbara, Santa Barbara Air Pollution Control District, Central Coast Regional Water Quality Control Board, the Coastal Commission, the US Army Corps of Engineers, the Office of Spill Prevention and Response, and CalGEM.

### ***Refugio Oil Spill Natural Damage Assessment Update***

The Commission has achieved a milestone in the Refugio Beach Oil Spill Natural Damage Assessment. As you may recall, in May 2015, oil pipeline Line 901, owned by Plains Pipeline, ruptured in Santa Barbara County, resulting in the release of approximately 2,934 barrels of heavy crude oil, some of which flowed into the Pacific Ocean at Refugio State Beach.

The crude oil that entered the ocean injured marine plants and wildlife, including seagrasses, kelp, invertebrates, fish, birds, and mammals. The subsequent beach and fisheries closures occurred days before the Memorial Day weekend, resulting in lost opportunities for the public to visit and enjoy the shore and offshore areas.

Following the spill, the Commission, California Department of Fish and Wildlife, California Department of Parks and Recreation, Regents of the University of California, US Fish and Wildlife Service, and National Oceanic and Atmospheric Administration joined together as natural resource trustees to conduct a natural resource damage assessment. Earlier this year, after years of investigation and negotiations, the trustees and Plains Pipeline executed a settlement consent decree, which was approved by a federal court on October 14. Under the terms of the settlement, Plains Pipeline will pay \$22,325,000 in damages, most of which will be spent on projects to restore impacted biological resources and compensate the public for lost recreation opportunities. Following payment of the damages, the trustees will continue to work cooperatively to develop projects to restore biological resources and improve public recreation opportunities.

### ***Lake Tahoe Benchmark Rental Rates Methodology Study Status Update***

In February 2018, the Commission approved the continuation of the 2012 Lake Tahoe benchmark rental rate and authorized staff to hire a consultant to study the methodology used to set rent in Lake Tahoe and Donner Lake. Last month, the Commission released a draft Lake Tahoe Rent Methodology Study and sent letters to all lessees, stakeholders, and interested parties in Lake Tahoe and Donner Lake notifying them about the Study. The Study provides an independent, third-party evaluation of various rent methodologies, including the one the Commission currently uses, and recommends a rent-setting methodology and benchmark rates going forward.

Commission staff will host a virtual town hall meeting on Tuesday, November 10, at 10:00 a.m. to discuss the consultant's draft Study. Information on how to join

the meeting will be available on our website before the meeting date. Staff will also reach out to stakeholders through virtual public meetings to receive feedback on the draft Study. We encourage people to provide written comments by email to [TahoeRentStudy@slc.ca.gov](mailto:TahoeRentStudy@slc.ca.gov) or by mail at to our Sacramento mailing address.

After this outreach, the consultant will revise the Study as necessary and finalize it. Staff will evaluate the final Study and bring a recommendation to the Commission at a regularly scheduled meeting. Any recommendation presented will consider not only the report, but all input we receive and staff's own experience and expertise. We anticipate bringing a recommendation to the Commission in late 2020 or early 2021.

### ***Hollister Ranch Public Access Program***

The Hollister Ranch stakeholder working group recently held its third meeting and participated in a site visit. During the meeting, the group reviewed and discussed draft criteria for the Hollister Ranch Coastal Access program. The group also noted that results from recent public engagement efforts indicate that certain groups and demographics have not participated as much as we would like. To ensure that public engagement is equitable, the next public workshops will be focused workshops, also known as listening sessions, for under-represented groups. These groups include youth and families, environmental justice groups and disadvantaged communities, Spanish speaking communities, Native American Tribes, and the surfing community. The listening sessions are tentatively scheduled for late October to early November. A second general public meeting is tentatively scheduled for mid-November, and additional meetings, public workshops and surveys are planned for later this year, including meetings with the Hollister Ranch Homeowners Association.

### ***Tijuana River Valley Pollution Crisis***

The litigation between the Commission and the U.S. Section of the International Border and Water Commission is stayed while the US EPA analyzes infrastructure projects to address the transboundary pollution. One condition of the stay is that U.S. IBWC purchase additional equipment to respond to wastewater discharges. And while U.S. IBWC purchased the equipment, most of it will not be delivered until March. U.S. IBWC has accepted and treated additional wastewater flows from the canyon collectors at its treatment plant.

The US EPA process to select infrastructure projects for a long-term solution to the transboundary pollution continues. With the input of stakeholders, they are

analyzing potential projects and deciding on evaluation criteria. Meanwhile, the US EPA and others seek to implement short-term emergency measures, including temporary diversions to the international treatment plant and a trash and sediment basin in Smuggler's Gulch. The US EPA is working with the US Army Corps. of Engineers, State Water Board, the U.S. IBWC, and others on these short-term options.

Commission staff, in tandem with the City of Imperial Beach, City of Chula Vista, San Diego Unified Port District, and other stakeholders recently implored the U.S. Customs and Border Patrol to consider the damaging environmental consequences of a border wall across the Tijuana River main channel.

On September 30, Governor Newsom signed [SB 1301](#) (Hueso) into law. This bill, upon an appropriation of funds from the Legislature, directs the California Environmental Protection Agency and the California Natural Resources Agency, including their subsidiary agencies, to collaborate to create a Tijuana River Valley Watershed Action Plan, and then to consult with the US and Mexican government and state and local governments to develop a common watershed action plan to address issues in the Tijuana River and its watershed.

### ***Offshore Renewable Energy Applications***

Ideol USA Inc. and Cierco Projects Corporation applied for leases to construct, operate, maintain, and decommission floating offshore wind electrical generation projects on sovereign land in the Pacific Ocean off the coast of Lompoc and Vandenberg Air Force Base. Staff continues to review these applications.

Regarding environmental review for these potential projects, staff will pursue a combination of an Early Public Consultation/Scoping approach with some project analysis substance of an Initial Study. This preliminary environmental assessment approach is intended to provide preliminary insight on affected resources to help guide early public input on a Notice of Preparation scoping process for preparation of an Environmental Impact Report. Considering the extensive resource requirements of the EIR process, this approach helps with development of the scope and analysis to a greater extent as compared to a typical Early Public Consultation or Notice of Preparation.

Staff is planning a virtual outreach session in November. for stakeholders who have an interest in these projects. Staff intends to conduct additional smaller and more focused outreach after this initial outreach session. To provide more

transparency, staff developed an offshore wind website page to provide information and updates about the applications and insight into the Commission's application process: <https://www.slc.ca.gov/renewable-geothermal-energy/offshore-wind-applications/>.

Figure 1 below is a combined Plat for demonstrating the proposed project components, turbine locations and lease areas. Figures 2 - 4 provide additional details for in individual maps. It is important to note that both applications will go through a comprehensive environmental review pursuant to the California Environmental Quality Act (CEQA) before staff brings an application to the Commission for consideration of a lease. Below is a brief overview of the applications:

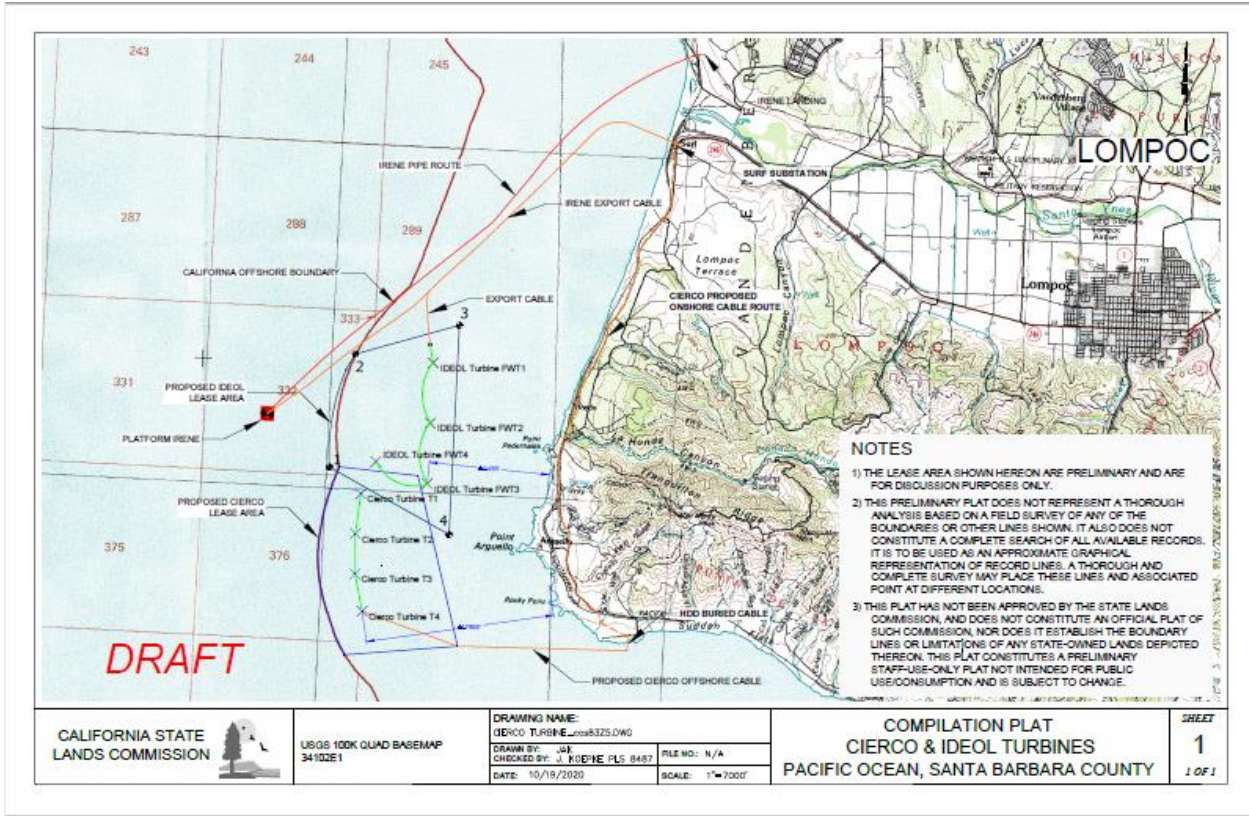
- Lease Application A2181 (Vandenberg Air Force Base Pilot Project, submitted by Ideol USA Inc in July 2019, is currently "Incomplete". Ideol USA Inc proposes to install four floating offshore wind turbines with maximum generation capacity of 10 MW each.
- Lease Application A2222 (CADEMO Project), submitted by Cierco Projects Corporation in August 2019, is for two floating wind base technologies and the installation of four 12-15 MW floating wind turbines. This application is complete and staff is preparing the next phase of review, which is Early Public Consultation and Scoping.

As used in the above context, *complete* means that the applicant has provided responses to each of the questions in the standard lease application and those responses include the information staff has determined necessary to analyze the proposal. A complete application status means staff will initiate environmental analysis under CEQA. Neither application can be presented to the Commission for consideration for approval until environmental review and analysis is completed.

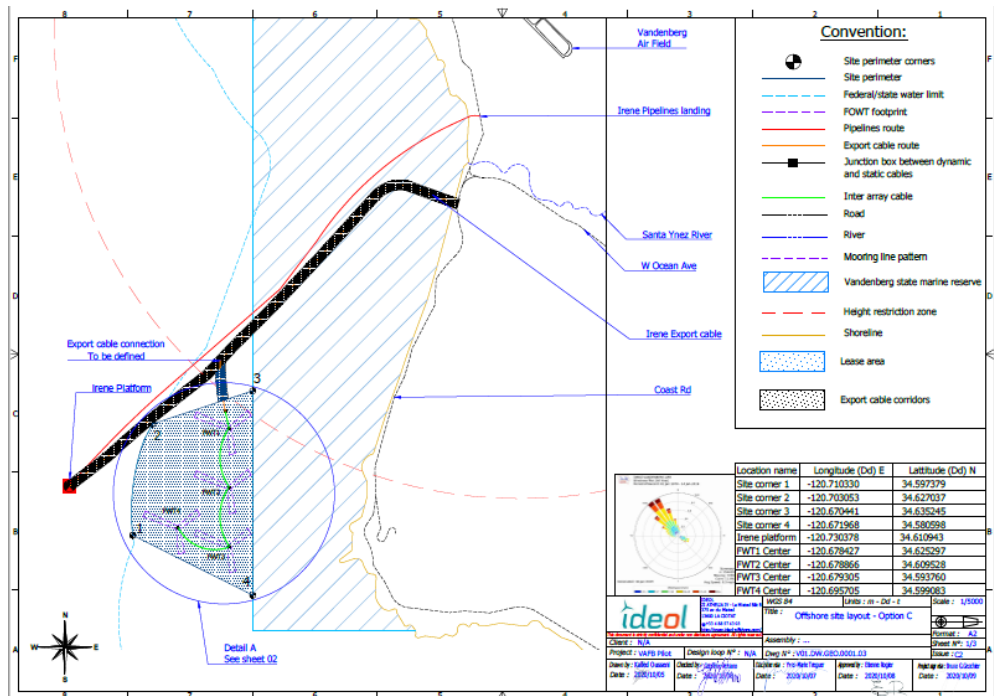
A third application, A2152, submitted by Ideol for research/data collection in the same area was "withdrawn" by the Applicant on July 24, 2020.



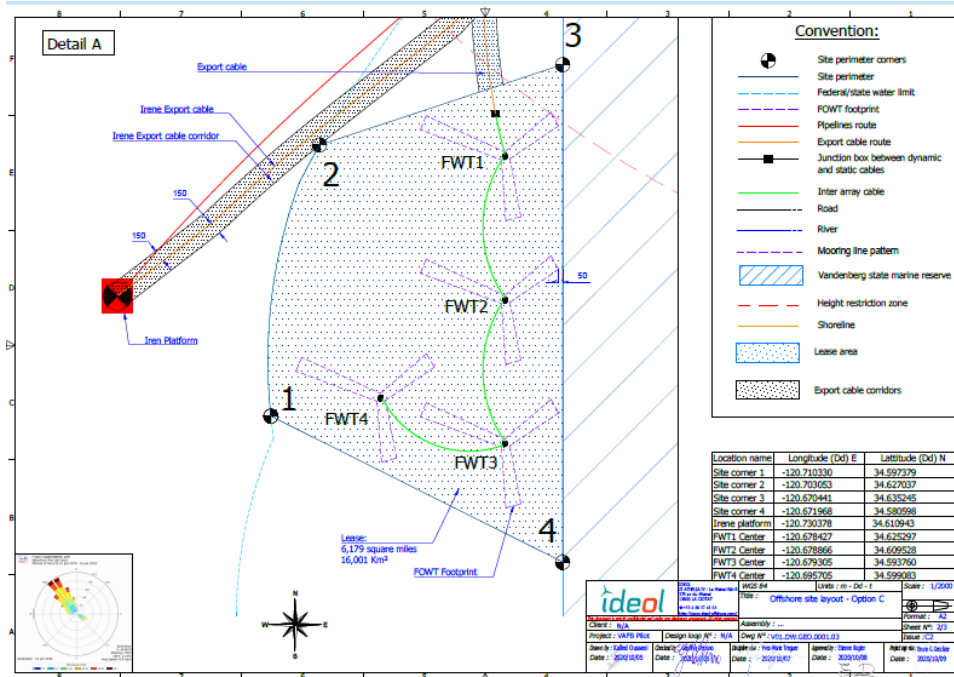
“Figure 1”- Combined Plat for the Cierco and Ideol Proposed Projects



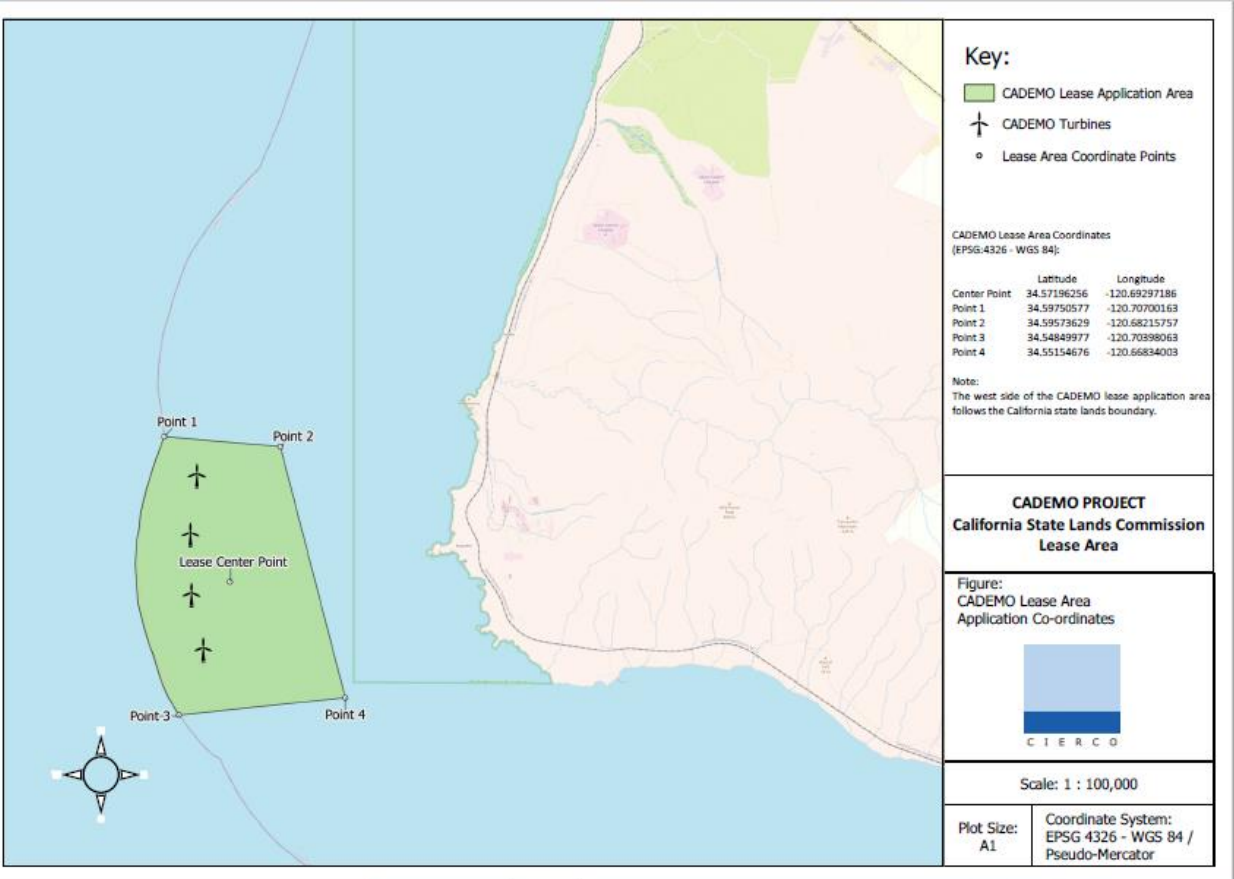
“Figure 2”- Proposed by Ideol: Vandenberg Air Force Base (VAFB) Pilot Project



**“Figure 3”- Proposed by Ideol: Vandenberg Air Force Base (VAFB) Pilot Project Components**



**“Figure 4”- Proposed by Cierco: CADEMO Offshore Wind Demonstration Project Components**



**Poseidon Huntington Beach Desalination Project**

In August, the Santa Ana Regional Water Quality Control Board continued the hearing, to September 17, for the National Pollutant Discharge Elimination System permit and Water Code section 13142.5(b) determination (Tentative Order R8-2020-005) for Poseidon Water's proposed Huntington Beach Desalination Facility. This was done to allow time for staff to address the issues raised by the Board, the Board then further postponed the hearing to a future date yet to be determined. Poseidon also asked for the continuation to evaluate the feasibility of potential mitigation projects. Board staff estimate that 30–40 days are needed to coordinate with other agencies, discuss potential mitigation options with Poseidon, and prepare revisions to the Tentative Order. Commission staff continue to coordinate with Board staff, Coastal Commission staff and other agencies, as well as Poseidon, to identify additional mitigation options at the Bolsa Chica Wetlands.

On October 16, 2020, the Board met to receive an informational update from staff. Commission staff have provided additional mitigation options at Bolsa Chica however, Poseidon has not brought forward any additional mitigation options to Board staff. No action was taken. The next Board meeting will be in December. An action may be considered at that time if Poseidon has proposed additional mitigation options that fulfill its requirement.

### ***San Onofre Nuclear Generating Station Units 2 & 3 Decommissioning Project***

In June, staff received Southern California Edison's (SCE) responses to San Diego Regional Water Quality Control Board Investigation Order No. R9-2020-0124 (IO), stemming from the previously reported unauthorized discharge of partially treated domestic wastewater into and through the SONGS Unit 2 outfall to the Pacific Ocean. SCE's responses were sent in reply to the Water Board's September 23, 2020 letter, requesting additional clarification and supporting documentation on the technical information provided in SCE's June 15, 2020 IO response.

SCE was unable to definitively determine the source of influx to the SONGS Sewage Treatment Plant (STP) on March 25, 2020 but indicated that the source of the influx was most likely potable water. Board staff is requesting that SCE provide any available water meter readings at the site for March 2020, with an analysis of potable water usage to determine if any unusual spikes in potable water usage occurred immediately prior to the March 25 unauthorized discharge.

SCE indicated that storm water was likely not the cause of the influx to the STP because previous rain events did not result in an increase in flow to the STP. SCE did not discuss the possibility that storm water may have been redirected to the sewer collection system or the STP by onsite personnel or contractors. Board staff is requesting that SCE include an evaluation of this potential pathway for storm water diversion to support SCE's determination that storm water was not the source of the influx to the STP.

SCE indicated that the influent pumps were clogged prior to the unauthorized discharge. SCE also indicated that the influent pumps were clogged in December 2019. Board staff is requesting SCE describe what caused the influent pumps to become clogged in December 2019 and again in March 2020. SCE will need to provide the corrective actions taken or planned to prevent the influent pumps from becoming clogged in the future.

SCE indicated that SCE personnel investigated the high-level alarm warnings at the equalization basins of the STP and incorrectly determined that they did not require an immediate response. Board staff is requesting the corrective actions taken or planned to prevent personnel from disregarding alarms in the future, along with copies of the updated guidance documents and instructions that SCE has prepared for SONGS personnel in responding to alarms and communicating with the contract STP operator.

SCE is required to provide the name, employer, job title, wastewater operator certification grade level, operator certificate number, if applicable, contract operator's registration number, a copy of the wastewater treatment plant operator certificate, and, if applicable, contract operator credentials for all personnel that interact with the operation of the STP. Board staff is requesting that SCE include and identify in this listing the operator who investigated the high-level alarm on March 24, 2020, and the operator who cycled the recirculation valve to clear the plugged influent line on March 25, 2020. SCE is required to submit the above request to Board staff by October 23, 2020.