

California State Lands Commission December 17, 2020 Executive Officer's Report

U.S. Vessel Incidental Discharge Act (VIDA)

The federal Vessel Incidental Discharge Act, signed into law in 2018, requires the US EPA to adopt regulations that establish national performance standards for discharges incidental to the normal operation of a vessel, including ballast water. After the US EPA finalizes its regulations, the US Coast Guard must adopt regulations to implement and enforce those standards. State laws regulating vessel discharges, including California's, will be preempted once the US Coast Guard regulations are final and enforceable.

In October, the US EPA released proposed regulations to establish national performance standards. The 30-day public comment period ended on November 25. Commission staff worked closely with staff from the State Water Resources Control Board to develop and submit comments to the US EPA expressing California's concerns with the proposed regulations. Staff also met regularly with representatives from the Washington Department of Fish and Wildlife, Washington Department of Ecology, Oregon Department of Environmental Quality, and the Hawaii Department of Land and Natural Resources to craft a multi-state letter opposing provisions in the proposed regulations.

The proposed regulations provide State Governors the opportunity to object to the proposed standards. Objection letters are due by December 24. Staff is working with the Coastal Commission and the San Francisco Bay Conservation and Development Commission as they analyze the proposed regulations pursuant to their federal consistency determination responsibilities under the Coastal Zone Management Act. Staff will keep the Commission apprised of new information as the federal government proceeds with the development of regulations to implement VIDA.

Crockett Waterfront

Staff hosted a Crockett Virtual Town Hall on December 9 to engage with the community and stakeholders about the future of the waterfront. About 110 community members and representatives from federal, state, and local governments participated and staff received 13 comment emails.

The Crockett waterfront has been in disrepair for years. In December 2018, the Commission authorized the termination of the Crockett Marine Services lease,

which included closing of the Nantucket Restaurant. In December 2019, the Commission authorized a one-year lease to The Nantucket Revitalization, LLC to possibly rehabilitate the restaurant and waterfront if a future public access right-of-way could be obtained from the Union Pacific Railroad. This past summer, the Marine Boat Repair facility adjacent to the Nantucket burned to the ground and staff completed emergency removal of the debris. The Nantucket Revitalization, LLC no longer plans to reopen the restaurant due to the exorbitant costs associated with obtaining a right-of-way from the railroad. There is no longer a viable tenant for the restaurant building and there is no viable access to the building because of challenges and restrictions associated with the railroad. The building itself is in significant disrepair and poses a health and safety risk for the public. Staff is gathering the required information, including cost estimates, to assess the feasibility of removing the restaurant building. The Commission also has two incomplete applications for use of the parking lot area on the landward side of the railroad track. Staff will continue to process these applications and bring them to the Commission for consideration at a future date.

[COVID-19 Rent and Application Expense Deferral Program](#)

In April, the Commission approved a [COVID-19 Rent and Application Expense Deferral Program](#). Staff has received eight new applications since our last update in October. Staff has approved one application and seven are incomplete. The approved application is for a deferral of \$278 in annual rent for a recreational and protective structure lease in Sacramento County. For the seven incomplete applications, staff has requested additional information from the applicants to facilitate their completion.

[Rincon Well Abandonment Project](#)

The Commission continues to make progress in abandoning the wells at the former Rincon leases. On the island, 46 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. Altogether 93 percent (70 of 75 wells), of the State well abandonments are complete and project completion is expected by June 2021. After each onshore well is plugged, all well sites, including the cement well cellars and remnants, are cleared and restored to their natural condition, removing any visual trace of the well. This work, plugging wells first then restoring all well sites at once, reduces costs and minimizes delay. The plug and abandonment of the remaining five wells is anticipated to be complete by June 2021, along with all work ancillary to plug and abandonment. Total project costs are estimated at \$38.6 million, which is \$4.4 million, or 10.2 percent, below initial estimates.

In September 2020, the Commission released a solicitation for an environmental consultant to conduct a feasibility study and prepare California Environmental Quality Act (CEQA) documentation to evaluate decommissioning alternatives for the disposition of the island, onshore facility, and causeway. Eight highly qualified firms submitted responses. Staff interviewed the four most qualified candidates and selected a contractor. This work, known as phase two, will begin in the first quarter of 2021 and is anticipated to be completed in 2022. This process will include extensive public outreach and stakeholder engagement.

Platform Holly Abandonment Project

This work remains suspended due to COVID-19 restrictions and space limitations on the platform that limit physical distancing practices. Staff continues to maintain and monitor the platform and onshore facilities to ensure public health and safety.

ExxonMobil and Commission staff, in conjunction with the city of Goleta, are developing a project description to decommission the oil piers associated with Lease No. PRC 421 to begin the CEQA process. The Commission will be the CEQA Lead Agency and applicant for the project. The CEQA process will include robust stakeholder engagement and is anticipated to take 12 months to compete.

Staff and its contractors continue to take unused processing equipment “out of service” at the Ellwood Processing facility in order to reduce costs. A recent pressure test of the pipelines from Platform Holly to shore demonstrated that the lines were completely operational, safe, and effective.

Permission to cross private property to access the State’s Ellwood Pier ceased on December 1 when an access agreement with the surface landowner and ExxonMobil expired. The Pier is used to transport personnel and supplies to Holly and to evacuate personnel if there is an emergency. Both ExxonMobil and Commission operations have relocated to other operating piers in the Santa Barbara Channel while negotiations on a new Ellwood Pier access agreement continue.

Legacy Wells and Coastal Hazards Program

The SB 44 Legacy Wells and Coastal Hazards program provides \$2 million per year to address legacy wells and coastal hazards. The Commission's engineering contractor successfully plugged and abandoned two wells offshore Summerland Beach, Treadwell #10 and Northstar #815, this past November. The work required coordination and permits from other agencies, including CalGem and the Coastal Commission. Post abandonment monitoring has shown a visible improvement in beach conditions. Summerland residents, along with other

members of the public, have expressed their gratitude to the Commission for our continuing efforts to remediate this decades-old environmental problem. Staff plan to abandon two more wells next year and look forward to continued work with our partner agencies and the community. Also, in November, the Commission and its contractor removed hazards on behalf of the city of Goleta, including 15 pipeline segments, that were exposed because of eroding bluffs.

Lake Tahoe Benchmark Rental Rates Methodology Study

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. In November, the Commission released a draft Lake Tahoe Rent Methodology Study that provides an independent, third-party evaluation of rent methodologies, including the one the Commission currently uses. Staff notified all lessees, stakeholders, and interested parties in Lake Tahoe and Donner Lake about the Study. Staff also hosted a virtual town hall on November 10 to discuss the study and receive public comment. The consultant who prepared the study gave a presentation summarizing his study. Staff encourages people to provide written comments by email to TahoeRentStudy@slc.ca.gov or by mail at our Sacramento address. The deadline for written comment is January 31, 2021.

The next step is for the consultant to review the comments received, make any necessary adjustments to his draft Study, and finalize it. Then, staff will evaluate the final report and bring a recommendation to the Commission at a regularly scheduled meeting. Any recommendation presented will consider not only the report, but all input received and staff's own experience and expertise. Staff anticipates bringing a recommendation to the Commission in the first half of 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 a Hollister Ranch Coastal Access Program. The group noted that results from recent public engagement indicate that certain groups and demographics have not participated as much as we would like. These groups include youth and families, environmental justice advocates and disadvantaged or marginalized communities, Spanish speaking communities, Native American Tribes, and the surfing community. From September to December, the state agency team, consultants, and selected individuals from the Working Group met with representatives from each of these groups to receive additional input regarding their priorities for public access and concerns for consideration in the planning process.

An additional focused workshop was held on December 1 with the Hollister Ranch Homeowners to facilitate open, informative, and collaborative dialogue. Information provided included a historical overview of efforts to implement public access at Hollister Ranch, the roles and responsibilities of the state agencies, AB 1680, and the planning process and timeline. A second general public meeting was postponed to accommodate the focused workshops. It is now tentatively scheduled for early 2021.

Cemex Sand Mining Operation

The Cemex coastal sand mining facility in Marina has stopped its mining operations. The Cemex facility had operated since the early 1960s and was responsible for some of the highest levels of beach erosion anywhere in California. The sand mining heavily impacted the shoreline and beach width of Marina State Beach and the beaches downcoast in southern Monterey Bay. The mining diminished Public Trust resources and values, such as beach recreation, conservation, and public access. After a coalition of scientists, environmental groups and residents raised significant concerns, the State Lands Commission and the Coastal Commission investigated the operation and reached a settlement with Cemex in 2017 to cease active sand mining by December 31, 2020. The Commission is pleased that Cemex honored the agreement and ceased operations earlier than expected. Under the settlement, next steps include processing stockpiled sand, initiation of a mine reclamation plan, and conveyance of the property to a nonprofit or governmental entity or consortium that commits to manage the property primarily for conservation purposes.

Tijuana River Valley Pollution Crisis

Staff continues to explore ways it can help alleviate the Tijuana River pollution crisis and stay updated about project and funding proposals and options. The US EPA process to select infrastructure projects for a long-term solution to the transboundary pollution continues. US EPA staff held a public meeting on November 20 and presented ten different projects they are considering funding. Many stakeholders support Project 1 to significantly expand the diversion and treatment capacity of the South Bay International Water Treatment Plant. In addition to projects that can be funded through the federal government, there is an opportunity for smaller-scale projects to receive Proposition 68 funding through the State Coastal Conservancy. Pre-proposals were due October 15, 2020 and full proposals will be due in January 2021.

Offshore Renewable Energy Applications

Staff continues to process two offshore wind applications for use of tide and submerged lands in the Pacific Ocean, off the coast of Vandenberg Air Force

Base. Staff is performing a combination of an Early Public Consultation/Scoping approach with some project analysis substance of an Initial Study. This approach will provide preliminary insight on affected resources to help guide early public input on the Notice of Preparation scoping process for preparation of an Environmental Impact Report.

Staff hosted its first stakeholder outreach webinar on December 8. Over 170 individuals attended, representing elected officials, state and federal agencies, tribal representatives, environmental groups, academia, building industry and workforce, fisheries, and ports. A panel of Commission staff provided an overview and background on the Commission's lease application process, differences between federal and state offshore wind projects, and technical details on the two proposed projects. The panel then facilitated an interactive question and answer session with participants. Staff will continue to respond to questions raised during the webinar that were unanswered due to time limitations. The webinar was recorded and will be posted on the Commission's website along with staff's PowerPoint presentation. Staff will conduct additional smaller and more focused outreach sessions in January and through April of 2021.

Poseidon Huntington Beach Desalination Project

The State Water Resources Control Board's staff consulted with Commission staff, between August and October, to identify potential additional restoration opportunities for mitigation credits within Bolsa Chica pursuant to the Water Board's direction. Commission staff in consultation with the Bolsa Chica Steering Committee identified several additional restoration opportunities at Bolsa Chica. In consultation with other regulatory agencies additional restoration opportunities were also identified within the source water body. These additional restoration opportunities were provided to Poseidon for their consideration.

In October, Poseidon submitted two restoration proposals to meet the additional mitigation requirements. The first is for an additional 10-12 acres of intertidal shelf restoration within Bolsa Chica. The second is to create artificial reef habitat as part of the Palos Verdes rocky reef restoration project.

In November, Water Boards and Coastal Commission staff provided joint comments to Poseidon on their proposals and asked for additional detail on project components. Poseidon submitted a response letter to the Water Board, who then, together with Coastal Commission staff, met with Poseidon to discuss Poseidon's assessment of the additional mitigation options.

At a December Water Board public meeting, the Executive Officer provided a status update. No action was taken. Water Board staff will evaluate whether the

additional information provided is sufficient to enable staff to revise the Tentative Order and mitigation requirements or seek additional information from Poseidon. When the Tentative Order is appropriately revised, it will be released for public review and comment. Public comments will only be accepted on the new revisions to the Tentative Order. Board staff anticipate bringing the revised Order back for Board consideration at a continued hearing in March or April 2021.

The results of the Board's determination could result in changes to Poseidon's proposed intake and diffuser design. The tentative Order implements the Water Code section 13142.5(b) determination to evaluate a range of alternatives proposed by Poseidon for the best available site, design, technology, and mitigation measures to minimize intake and mortality of all forms of marine life and to determine the best combination of feasible alternatives to minimize intake and mortality of all forms of marine life. If the Water Board approves the project, Poseidon will apply to the Commission to amend its existing lease to include the intake and diffuser design approved by the Board. Poseidon will also coordinate with the Commission to execute a binding agreement to implement the approved mitigation actions at Bolsa Chica.

San Onofre Nuclear Generating Station Units 2 & 3 Decommissioning Project

In October, staff received SCE's supplemental 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 letter requesting additional clarification and supporting documentation on the technical information provided in SCE's June 15, 2020 IO response. On October 22, SCE provided Water Board with detailed supplemental information on the incident. To date, the Water Board has not responded to SCE's October 22 responses.

On October 27, staff received the monitoring report consisting of the construction and compliance onshore and offshore activities from Aspen Environmental Group. Major onshore activities will occur at the existing facility within an approximately 84-acre project site. Onshore work will include, but not be limited to, the following: the establishment of equipment and material staging yards; the reconfiguration and/or reinforcement of site access roads and entrances; the installation, modifications, or upgrades to rail infrastructure; the construction of temporary containment enclosures to perform

decontamination and dismantlement tasks; the completion of radiological remediation pursuant to applicable US Nuclear Regulatory Commission regulations; the segmentation and packaging of reactor vessel internals for shipment and disposal; the removal and disposal of large components (e.g., reactor vessels, steam generators, pressurizers, turbine-generators); the dismantlement of container buildings; the removal of all remaining above-ground structures; and, the partial removal of subsurface structures, systems, and components. Construction activities offshore are anticipated to start in 2023.