

California State Lands Commission

February 23, 2021 Executive Officer's Report

The State Budget and the 2021 Legislative Session

The 2021-22 Governor's Budget includes two budget proposals submitted by the Commission. The first requests a one-time \$2 million appropriation from the Environmental License Plate Fund for operations, maintenance, and dredging of the Bolsa Chica wetlands. The second is for a one-time \$12 million appropriation from the General Fund for Wildfire Resiliency. This item is part of a \$1 billion package from various departments that aims to build the state's resilience to wildfires, increase pace and scale, and reduce fire risk. The Legislature is currently reviewing these budget proposals.

Staff is working with the Department of Finance to develop a plan to reduce the Commission's budget by five percent, a requirement on all state agencies that was mandated last year shortly after the COVID-19 pandemic broke out. These reductions, which are permanent, will take effect in fiscal year 2021-22.

Last year, there was a tremendous reduction in the number of bills introduced and passed owing to the COVID-19 pandemic, but bill introductions this year are in line with a normal year. Legislators introduced over 2,000 bills at the conclusion of last Friday's bill introduction deadline, many of which are bills that were jettisoned last year after the pandemic broke out.

There are a lot of critical issues that are priorities this year, such as COVID-19 relief, unemployment benefits, homelessness, housing, and climate change. In addition to climate change, offshore wind energy, transitioning to a clean energy future, aquaculture, conserving 30 percent of California's lands and coastal waters by 2030, environmental justice, and plastic pollution reduction are among the issues that legislators seek to make progress on this year and that may be of interest to the Commission.

The Governor recently announced an agreement with the Legislature for a \$9.6 billion COVID-19 relief package—mostly funded through state dollars. The package is moving quickly through the Legislature and is apt to land on the Governor's desk within the next week. President pro Tempore Atkins and Republican Leader Wilk recently announced an agreement to suspend the 30 day in print rule for 2021, which will allow bills to be amended and heard before the 30-day waiting period. This suspension is an effort to avoid the "traffic jam" of bills being heard at the end of the policy deadline period. Legislative leadership is focused on making the year run as smoothly as possible, but it is bound to be an unpredictable year.

Federal Government

The 117th Congress started a little over a month ago. Since then, President Joe Biden has signed dozens of executive orders—many of which are relevant to the Commission. [One](#) calls for identifying steps to double renewable energy production from offshore wind by 2030 and directs the Department of the Interior to pause new oil and gas leases on public lands or in offshore waters. A [second](#) recommits the United States to the Paris climate accord and calls for preserving 30 percent of federal land and water for conservation purposes. Among the many provisions of the myriad climate change executive orders is creating a Civilian Climate Corps, prioritizing climate in foreign policy and national security, and a government jobs program intended to put people to work restoring public lands and waters. The President also established a new White House Office of Domestic Climate Policy.

Another notable [executive order](#) calls for advancing racial equity through the federal government. This order requires the Director of the Office of Management and Budget, in partnership with federal agencies, to study methods for assessing whether agency policies and actions create or exacerbate barriers to full and equitable participation by eligible individuals. The order also directs agencies to assess whether their actions create or exacerbate barriers for people based on race, gender, identity and disability. The focus of this executive order dovetails with the focus of the Commission's Justice, Diversity, Inclusion, and Equity (JEDI) team and staffs' previous work as part of the Government Alliance on Race and Equity.

At the Department of Interior, the Commission's federal counterpart, President Joe Biden nominated Representative Deb Haaland as Secretary. Although Deb Haaland has yet to have a confirmation hearing in the Senate Energy and Natural Resources Committee, the Department of Interior has announced key members of their agency leadership. Commission staff anticipates working closely with the agency leadership team on mutual areas of interest, such as renewable energy development and the Desert Renewable Energy Conservation Plan. More nominations and confirmations are anticipated in the coming weeks as the new Administration continues to build its workforce.

A major focus of the Biden Administration and Congress is on the COVID-19 pandemic. Other key priorities in the coming weeks and months will be fashioning appropriations and budget bills. Other legislation continues to be introduced, but much of the work on significant policy issues, including making progress on climate change initiatives, will ramp up later this spring and into summer. The White House Council on Environmental Quality is the office charged with coordinating the administration-wide agenda on climate, energy, and environmental issues.

Chevron Richmond Recovered Oil Line Leak

On February 9, 2021, the Chevron Richmond Refinery reported a leak from a pipeline at the Richmond Long Wharf. The leak was reported at 3:25 pm and was stopped at approximately 4:30 pm on the same day. California's Office of Spill Protection and Response reports that laboratory analysis and technical review indicate that approximately 500-750 gallons of diesel and flush water mix were released. The response is being managed by the Unified Command comprised of representatives of the United States Coast Guard, Office of Spill Prevention and Response (OSPR), Contra Costa County Health Services Department, and Chevron.

Marine Spill Response Corporation conducted sensitive site protection as well as containment and recovery efforts. Protective booming of two environmentally sensitive sites were deployed and after no sheen was observed outside of the immediate cleanup area, the boom was removed on February 13. An additional 600 feet of boom remains deployed around the Long Wharf as a protective measure. The California Office of Environmental Health Hazard Assessment determined that no fisheries closures were warranted in response to this incident. There have been no reports of wildlife impacts to date.

The United States Coast Guard, Contra Costa County Health Services, and OSPR are investigating the cause of the leak. The Chevron Long Wharf facility is located on lands managed by the Commission and subject to a 30-year lease authorized in 2006. Commission staff is working with OSPR and the other agencies to provide information as part of the investigatory process.

Justice, Equity, Diversity, and Inclusion

Staff participation in our Justice, Equity, Diversity, and Inclusion (JEDI) team, has been fantastic. The Team, launched in November 2020, has identified four preliminary subcommittees that will be instrumental in advancing the JEDI work. They are: Diversity, Inclusion, and Hiring; Environmental Justice Policy Implementation; Outreach and Engagement; and the Equity Matters Newsletter. Nearly 30 staff have committed to being part of the JEDI team or one of the four subcommittees. Input, contributions, and participation from staff at all levels is essential to the JEDI team's success because it ensures we can incorporate different perspectives into this work. As such, recruitment is ongoing.

A major focus of the JEDI Team is advancing the critical work that the previous GARE and environmental justice teams put forth. The JEDI team is a more comprehensive team, with the purpose of leading implementation of our Environmental Justice Policy, our Racial Equity Action Plan, and other initiatives to embed justice, equity, diversity, and inclusion into the Commission's programs, practices, and culture. The JEDI team aligns with similar efforts among

other departments and commissions within the California Natural Resources Agency and is a platform by which staff can coordinate with sister agencies who are focused on similar themes, as well as with the Administration and its California For All initiative.

COVID-19 Rent and Application Expense Deferral Program

Last April, the Commission approved a [COVID-19 Rent and Application Expense Deferral Program](#). As of February 8, we have received 4 new applications since the last update in December 2020. These 4 applications are incomplete. Staff has contacted the applicants to request the information necessary to complete those applications.

Staff has received 61 applications since the program's inception. Nine have been approved, four declined, and 48 remain incomplete. The Commission also approved two lease amendments associated with the program this past June. One previously approved applicant declined the deferral. The eight approved (and accepted) rent deferral applications total \$15,203 in annual rent. The combined annual rent for the two approved lease amendments is \$182,602.

Rincon Well Abandonment and Decommissioning Project

Major milestones were reached in the Rincon well abandonment project earlier this year. Project expenses remain 10 percent below estimates and the well and surface abandonment work is on course to be completed before June 30, 2021.

Driltek, the Commission's well abandonment contractor, has abandoned all 50 wells on Rincon Island. The wellheads have been cut off at the bottom of the common well cellar and the casings have been tested for leakage and capped with welded steel plates.

Onshore, 24 of the 25 state wells have been abandoned. The wellheads have been cut off at the bottom of the well cellars and the casings have been tested for leakage and capped with welded steel plates. The concrete well cellar structures have been removed, the resulting holes filled with clean fill, and the surface area has been graded. The remaining onshore state well is an injection well used to inject water recovered from island tank, sump, and cellar cleaning operations on the island. It will be plugged and abandoned after these operations are finished. Removal of onshore storage tanks and other production-related equipment is in progress.

The causeway work to repair corrosion damage and increase load capacity is complete. This repair will allow for safer operations, reduce pollution risks, and reduce costs during surface abandonment operations. Driltek submitted plans to prepare the onshore and offshore areas for caretaker status, a condition

where the well abandonments and any well-related surface abandonments comply with regulatory requirements and where the site requires limited surveillance to maintain safety, security, and stability. The caretaker status will get the site ready for the hiatus between the end of well and surface abandonment and the final island and onshore decommissioning phase.

The feasibility study and CEQA work, known as phase 2, is underway. Staff is finalizing contract negotiations with the consultant it selected to lead this phase of the project.

Platform Holly Abandonment Project

This Project remains suspended due to COVID-19 restrictions and space limitations on the Platform that make physical distancing impractical. 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, expect to begin the CEQA process to decommission the Haskell Beach oil piers (Lease No. PRC 421) in one to two months. The Commission will be the CEQA Lead Agency and applicant for the project which will include robust stakeholder input. The CEQA process is anticipated to take 12 months to complete.

Staff and its contractors continue to take unused processing equipment “out of service” at the Ellwood processing facility to reduce costs. We have also begun planning for an ROV survey of Platform Holly pipelines, a seep tent and associated pipeline.

The access across private property to the State’s Ellwood Pier ended on December 1 when an existing access agreement with the landowner and ExxonMobil expired. ExxonMobil and Commission staff relocated operations to other operating piers in the area while negotiations to regain access to the Ellwood Pier continue. The pier, however, is still available to transport and evacuate personnel and supplies to or from Holly if there is an emergency.

Staff, in coordination with the City of Goleta, will convene a virtual town hall in March to update the community about the Platform Holly decommissioning project and the upcoming CEQA process to remove the Haskell beach oil piers.

Legacy Wells and Coastal Hazards Program

The SB 44 Legacy Wells and Coastal Hazards program provides up to \$2 million per year to address legacy wells and coastal hazards. Staff is performing periodic drone surveys to help identify seep sources to investigate and determine if they are associated to a legacy well or natural seeps. Staff plans to

abandon two additional wells in the second half of 2021 and look forward to continuing to work with our partner agencies and the community.

Hollister Ranch Public Access Program

The Hollister Ranch State Agency Team hosted a directors meeting in January to brief the agency executives on their work progress. The State Agency Team, select Working Group members, and consultants also met with a group of college age adults to receive additional input.

The public engagement process over the last year has helped shape the objectives and evaluation criteria that will be the basis for the Hollister Ranch Coastal Access Program. The State Agency Team and Working Group are developing draft Program components and phasing criteria, which will be presented in a second public meeting to be held virtually in February or March, followed by another public survey to elicit additional input.

Despite significant progress made to date, the planning team has encountered delays as a result of the COVID-19 pandemic. A new Coastal Access Program will not be complete by April 1, 2021 as required by AB 1680 (Limón, 2019.) The State Agency Team will notify the Legislature of the delay. The Coastal Commission is anticipated to hold its first public hearing on the draft Coastal Access Program in October 2021.

Tijuana River Valley Pollution Crisis

Sustained binational momentum to resolve the Tijuana River Valley pollution crisis continues. The US EPA continues to lead a stakeholder working group to advance feasibility analyses and implementation plans for projects and alternatives that could be funded through the United States-Mexico-Canada Agreement. Projects under consideration on the US side of the border include additional diversion infrastructure, trash booms, a sediment basin, and a significant expansion of the South Bay International Water Treatment Plant. The Mexican government is also embarking on upgrades and repairs of conveyance infrastructure and a wastewater treatment facility in the City of Tijuana. Still, winter storms have brought heavy flows of untreated sewage and wastewater down the river and up the coast, closing beaches as far north as Coronado. On February 9, the San Diego County Board of Supervisors voted unanimously to declare the pollution in the Tijuana River Valley a public health crisis. Supervisor Nora Vargas recently introduced an environmental policy package that includes the creation of a South County Environmental Justice Taskforce to advocate for more resources to combat the crisis.

Offshore Renewable Energy Applications

Staff continues its review of two offshore wind applications to use tide and submerged lands located in the Pacific Ocean off the Coast of Vandenberg Air Force Base. Both applications have been deemed complete.

Staff continues to make progress on its early public consultation process, having held its first focused stakeholder outreach meeting on February 3. Attendees included the National Oceanic and Atmospheric Agency, the Coastal Commission, the Bureau of Ocean Energy, the California Department of Fish and Wildlife, the California Public Utilities Commission, the California Energy Commission, and the Natural Resources Agency. Staff received valuable feedback to inform a preliminary environmental assessment and looks forward to continued coordination among these agencies as it progresses. Staff intends to conduct smaller and more focused outreach sessions next month. These meetings will focus on receiving input from commercial, and recreational Fishing representatives, non-governmental organizations, and ports and local agencies. Staff envisions separate meetings with each group.

New Geologic Survey Permit Application Process

In response to stakeholder feedback, staff has changed how it processes geological survey permit applications. Staff will no longer process a mineral prospecting permit application for CEQA-exempt mineral exploration activities that do not have the potential to prove commerciality of valuable mineral resources. This includes geological mapping, electromagnetic exploration, hand sampling, and limited augur drilling. Staff will process applications for these activities under a geologic survey permit application, an application that is more suitable for less intensive preliminary exploration activities that cannot by themselves prove commerciality.

These activities generally fit within the "information collection" categorical exemption, do not provide for a preferential right to a lease, and do not provide any exclusive rights. Geologic surveys are defined as "a detailed and systematic study of the topography, geology, and mineral resources of an area or country." More intrusive activities such as drilling, coring, or other activities that can prove the presence of valuable mineral resources in commercial quantities are suitable for a mineral prospecting permit application. These activities would also likely require some level of CEQA analysis before Commission consideration of a mineral prospecting permit.

Poseidon Huntington Beach Desalination Project

At the direction of the State Water Resources Control Board, the Board's staff consulted with Commission staff to identify potential additional restoration opportunities for mitigation credits within Bolsa Chica and/or within the Source Water Body to meet the mitigation requirements for the proposed Project. These additional restoration opportunities were provided to Poseidon for their consideration.

Poseidon submitted two additional restoration proposals to Water Board staff to meet the mitigation requirements. The first is for an additional 10-11 mitigation credit acres of intertidal shelf restoration within Bolsa Chica. The second is to create 45 mitigation credit acres of artificial reef habitat as part of the Palos Verdes Rocky Reef Restoration project. These newly proposed restoration projects are in addition to the restoration and inlet maintenance mitigation activities at Bolsa Chica in the current Marine Life Mitigation Plan.

Water Board staff evaluated the additional information provided by Poseidon and determined it to be sufficient to enable staff to revise the Tentative Order and mitigation requirements. The revisions address the additional proposed mitigation and corresponding mitigation ratios and credit calculations, mitigation site and project selection, and compliance schedule for implementation. Board staff released the revised Tentative Order and mitigation requirements for public review and comment. Public comments will only be accepted on the revisions to the Tentative Order. Board staff anticipate bringing the revised Order back for Board consideration at a continued hearing this April.

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 would apply to the Commission to amend its existing lease to include the intake and diffuser design approved by the Board. Poseidon would 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

Last October, SCE provided the San Diego Regional Water Quality Control Board (Investigation Order No. R9-2020-0124) with detailed supplemental information on the previously reported unauthorized discharge of partially treated domestic wastewater into and through the SONGS Unit 2 outfall to the

Pacific Ocean. To date, the Water Board has not responded to SCE's October 22 responses.

On January 14, staff received the latest 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 U.S. 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.