

California State Lands Commission

April 27, 2021 Executive Officer's Report

The State Budget and the 2021 Legislative Session

The 2021-22 Governor's Budget included two budget change 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 at the Bolsa Chica wetlands. The Senate approved this proposal, but the Assembly held it open. The second request 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. Although the Legislature has not acted on the 2021-22 wildfire budget items, it adopted an early action package for 2020-21 earlier this month. The Commission was not proposed or included as a current year early action item. The budget subcommittees heard the Commission's wildfire budget change proposal, but no action has been taken yet.

Staff is working with the Department of Finance on a plan to reduce its budget by five percent, a requirement the Administration imposed last year in response to the deficit that followed the COVID-19 pandemic. These reductions, which will be permanent, will take effect in fiscal year 2021-22.

The legislative session is well underway. April 30 is the last day for policy committees to meet and report to fiscal committees those fiscal bills introduced in their house. The Commission is sponsoring one bill, AB 1390 (Boerner Horvath), that would remove constraints that make it difficult for the Commission to invest in property to generate revenue for CalSTRS by authorizing the Commission to delegate authority to its Executive Officer to make down payments, by removing a cap on acquisition expenses, and by clarifying that the Commission can use revenue in the School Land Bank Fund for acquisition costs associated with purchasing property. This bill also deletes obsolete statutes and gives the Commission flexibility not to retain an access easement when it sells or conveys school lands if that would be in the best interests of the state. The Assembly Natural Resources Committee will hear AB 1390 on April 28.

The Commission is pursuing a technical amendment to its Marine Invasive Species Program statutory framework. The amendment, which would correct a drafting error in current law, is in SB 822, the Senate Natural Resources and Water Committee omnibus bill. The Senate Natural Resources and Water Committee

approved SB 822 on April 15. Another bill, also an omnibus bill, would update the Commission's Marine Invasive Species Program statutory framework. This bill, SB 824 by the Senate Committee on Governance and Finance, would authorize the California Department of Tax and Fee Administration to collect the program fee from a vessel agent acting on behalf of the owner or operator.

Staff continues to monitor dozens of bills related to public lands, the environment, offshore wind energy, plastic pollution, climate change and sea-level rise, equity, and aquaculture. More information about these bills is available in the legislative update item ([Item 45](#)) on our meeting agenda.

Lake Tahoe Benchmark Rental Rates Methodology Study

In 2017, staff brought a proposal to the Commission to update its 2012 Lake Tahoe benchmark rental rates. Extensive public comment from stakeholders prompted the Commission to direct staff to conduct additional public outreach to consider and address these comments. In 2018, staff brought a new proposal to the Commission. Most stakeholders supported the proposal at that time, but lingering questions about the methodology and the resulting rent levels remained. The Commission directed staff to retain a consultant to evaluate the methodology.

In November 2020, the Commission released a draft Lake Tahoe Rent Methodology Study that provides an independent, third-party evaluation of the benchmark rental rates. Staff hosted a virtual town hall that same month and provided a public comment period through January 31, 2021. In March, the consultant updated the study to include responses to the comments. Now, staff is analyzing the Study and stakeholder input as it prepares a recommendation for the Commission to consider at its August meeting.

Justice, Equity, Diversity, and Inclusion

Momentum continues to build for our Justice, Equity, Diversity, and Inclusion (JEDI) team. The team consists of four subcommittees: diversity, inclusion, and hiring; environmental justice policy implementation; outreach and engagement; and an equity matters newsletter. Nearly 40 staff members participated in our JEDI team meetings, and team engagement during the meetings has been fantastic. Staff does not shy away from engaging in the tough conversations that are needed to advance this critical work.

Each subcommittee is focused on advancing goals that will help the Commission continue to successfully implement its environmental justice policy

and racial equity action plan, and to develop other initiatives to embed justice, equity, diversity, and inclusion into the Commission's programs, practices, and culture. The JEDI team is looking forward to collaborating and learning from its sister agencies within the California Natural Resources Agency that are also focused on similar initiatives.

Rincon Well Abandonment and Decommissioning Project

Good progress continues in abandoning the wells and oil facilities at the former oil and gas leases at Rincon Point in Ventura. Twenty-four of 25 wells have been abandoned onshore and all 50 Island wells have been abandoned. The 25th onshore well, an injection well, is scheduled to be abandoned by the end of this month. Offshore and onshore tank batteries and the oil and gas pipelines across the causeway have been removed. Removal and disposal of other production-related equipment and structures is in progress.

The Commission's contractor, Driltek, is preparing the onshore and offshore areas for caretaker status, a condition where the well abandonments and well-related surface abandonments comply with regulatory requirements and the site requires limited surveillance to maintain safety, security, and stability. Driltek is also focused on surface abandonment of the island, cleanup of the onshore tank battery area, disposal of waste steel, solids, and liquids, and the disposition of downhole and surface equipment recovered from well abandonment operations. This work will prepare the site for the hiatus between the end of well and surface abandonment and the final island and onshore decommissioning phase, after the feasibility study and subsequent CEQA work is completed.

Project expenses remain 10 percent below estimates and the well and surface abandonment and caretaker status preparation work is on course to be completed before June 30, 2021.

The feasibility study, the first part of phase two of the project is now underway. The study will include a geophysical survey, biological assessment, environmental analysis, coastal engineering study, socio-economic analysis, soil and water assessment, and engineering assessment. Bathymetric surveys of the island and causeway have been conducted using a drone and LIDAR equipment, and a detailed biological assessment by University of California at Santa Barbara scientists has commenced. Onshore soil and groundwater monitoring is also underway. The feasibility study is anticipated to be completed within six months, after which CEQA analysis will begin. The feasibility study and CEQA analysis will include extensive public and stakeholder outreach. Staff established a dedicated email for public comments, Rincon.Phase2@slc.ca.gov, and is planning additional outreach meetings in the coming months.

Commission staff also hosted a town hall on April 7 to update the community and stakeholders about the Project status and next steps. The event was well received and attended by members of the Mussel Shoals community in Ventura, government agencies, local NGO's, and other stakeholders.

Platform Holly/Piers 421 Decommissioning 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. Staff and ExxonMobil are monitoring the COVID-19 situation and are preparing for plug and abandonment work to potentially resume in late summer depending on the State's mandates. ~~ExxonMobil will require all personnel (theirs and their contractors) to be vaccinated.~~

In March, the Commission hosted a virtual town hall to update the community about the project status and the upcoming CEQA process to remove the Haskell's beach oil piers (Piers 421). The event was well received and attended by numerous stakeholder groups, government agencies, local NGO's, and members of the public. Staff expects to issue a Notice of Preparation for the Haskell's beach oil pier removal project soon. The Commission will be the CEQA Lead Agency and applicant for the project. Public outreach and input will be a foundational part of the CEQA process.

Onshore, staff and its contractors have taken unused processing equipment at the Ellwood Onshore Facility "out of service" to reduce costs. Personnel transport and cargo operations to and from the platform are continuing from alternate piers while negotiations to regain access to the Ellwood Pier continue. Ellwood Pier, however, is still available to transport and evacuate personnel and supplies to or from the platform if there is an emergency.

SB 44 Legacy Well Remediation Program

The SB 44 Legacy Wells and Coastal Hazards Program provides the Commission with up to \$2 million annually to remediate legacy wells and coastal hazards. The Commission re-abandoned two wells in the Santa Barbara Channel last year, Treadwell and Northstar. Subsequent drone surveys documented additional small oil sheens emanating from unknown sources. Dive work occurred earlier this month to investigate these sheeps and determine if any of the sheening oil was associated with another legacy well. Staff prioritized observed sheens near the old Treadwell pier and adjacent area, which historically was a site of active oil production. Staff is finalizing a report that summarizes the dive results and will update the Commission and public on next steps once the report is done. Meanwhile, staff engineers are developing a plan

to determine the priority for additional well abandonments in the second half of 2021.

Hollister Ranch Public Access Program

The Hollister Ranch State Agency Team and its consultants have been participating in a robust public engagement process over the past year and a half. The Team hosted a directors meeting in January to brief the agency executives on their progress with developing a Hollister Ranch Coastal Access Program. The Team also met with Senator Limón earlier this month to provide an update, and held three additional workshops with its stakeholder working group in March and April. The Team and the working group continue to develop draft program components and phasing criteria, which will be presented in a second public meeting either virtually or in-person later this year. The Team also plans to circulate another public survey to elicit additional input. Despite making significant progress, the pandemic has resulted in delays. The Team notified the Legislature of the delay as required by AB 1680 (Limón, 2019.) The Coastal Commission expects to hold its first public hearing on a draft coastal access program in October 2021.

Tijuana River Valley Pollution Crisis

Sustained binational momentum to resolve the Tijuana River Valley pollution crisis continues. On April 5, 2021, the US EPA published a notice of intent to prepare an environmental impact statement for the United States-Mexico-Canada Agreement (USMCA) Mitigation of Contaminated Transboundary Flows Project. This Project involves the planning, design, and construction of infrastructure to reduce transboundary flows of intreated wastewater, trash, and sediment. 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.

In March, federal legislation, S. 572 and H.R. 1663, was introduced to address the pollution crisis. These bills, which are identical, are intended to: (1) establish a program to plan and implement water quality restoration and protection activities; (2) ensure the coordination of restoration and protection activities among Mexican, federal, state, local, and regional entities and conservation

partners relating to water quality and stormwater management in the Mexican Tijuana River watershed and the American Tijuana River watershed; and (3) provide funding for water quality restoration and protection activities in the Mexican Tijuana River watershed and the American Tijuana River watershed. The Commission is slated to adopt a support position on these bills during this meeting ([Item 46](#)).

Offshore Renewable Energy Applications

Staff continues to process two offshore wind energy applications to use tide and submerged lands located in the Pacific Ocean off the coast of Vandenberg Air Force Base. Both applications are complete. Staff continues to make progress on its early public consultation process, having recently completed a series of stakeholder outreach meetings. In addition to a general overview session held this past December, staff convened five focused virtual outreach meetings these past few months with four groups: federal, state, and regional agencies; local agencies, elected officials, and ports; environmental organizations; and commercial and recreational fishermen. Altogether, nearly 300 people attended these meetings and provided valuable comments and insight. Staff continues to receive feedback, additional material, and research data from the attendees and interested parties. Three Tribes responded to letters of invitation to Consult, and staff held individual Consultation meetings earlier this month. Consultation with these Tribes is expected to continue during the application scoping and evaluation. Staff will convene additional outreach and engagement meetings in the coming months for interested Tribes who did not request individual consultation. A few environmental justice organizations responded to our request for comments. Similar to our Tribal Consultation, engagement with environmental justice organizations and communities will continue during the application scoping and evaluation. Work is also underway to prepare an early public consultation document, with the goal of releasing it in mid-May for a 60-day public review and comment period.

AB 691 (Muratsuchi, 2013) Implementation

Sea-level rise puts much of the California coast, including our major ports, harbors, and beaches, at risk. In 2013, the Legislature passed AB 691 to require local trustees of granted Public Trust lands with gross revenues that average over \$250,000 annually to inventory their trust assets, assess vulnerability to sea-level rise, and formulate feasible and effective adaptation and resiliency measures. There were 32 local trustees required to submit assessments by July 1, 2019. Staff granted an extension to local trustees that needed additional time to complete

their assessments. Three trustees are still out of compliance, but staff is proceeding with its analysis of the assessments that have been received. The requirements of the original legislation have been met, and the assessment analysis is an internal initiative intended to provide the Commission and Legislature with findings and recommendations for next steps.

Staff and the firm Revell Coastal are developing a report to summarize the assessments and make recommendations for how the state can support local trustees in their adaptation efforts. The report will identify the data, tools, and resources needed to understand risks to trust assets and options for protecting and adapting them. It will describe best practices from the assessments, determine the most vulnerable priority public trust assets by trustee category, recognize the challenges trustees face in planning for sea-level rise, and provide recommendations for future sea-level rise planning needs. Some of the main findings are: 1) there is a lack of sufficient economic data about coastal state lands and assets at risk from sea-level rise and strong evidence to suggest the result is an underestimation of the total economic value of risk and potential loss; 2) there is a need to develop economic valuation standards and guidelines to assist local jurisdictions with preparing effectively for the impacts from sea-level rise; 3) impacts to public trust lands, resources, assets, and values will be widespread and severe without major interventions and adaptation strategies implemented; 4) local trustees need access to significant financing and technical support now to prepare and implement strategies to prevent extensive losses in the future and maximize the benefits and opportunities associated with building coastal resiliency to sea-level rise and climate change.

The summary report will be presented to the Commission later this year. Information about the assessments, and the assessments themselves, are available [here](#).

Poseidon Huntington Beach Desalination Project

The State Water Resources Control Board directed its staff to consult with Commission staff to identify potential additional restoration opportunities for mitigation credits within Bolsa Chica and/or 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 Board staff to meet their 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 41.5 mitigation credit acres of new artificial reef habitat near the Palos Verdes

rocky reef restoration project. The new proposed restoration projects are in addition to the restoration and inlet maintenance mitigation activities at Bolsa Chica in the Marine Life Mitigation Plan.

Board staff evaluated the additional information Poseidon provided 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. In February, the Board released the revised Tentative Order and mitigation requirements for public review and comment. Staff sent a comment letter to the Board in March. The Board held a hearing on April 23 and will hold another meeting on April 29 to continue its deliberation.

San Onofre Nuclear Generating Station Units 2&3 Decommissioning

The San Diego Air Pollution Control District performed a routine unannounced site inspection on March 2, 2021 and no issues or problems were identified.

On March 9, 2021, 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 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.