

California State Lands Commission

June 29, 2021 Executive Officer's Report

Legislative and budgetary update

The 2021-22 state budget includes several items specific to the Commission. The first is 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 a one-time \$49.5 million General Fund appropriation and repurposing a previous \$2.5 million General Fund appropriation for fiscal year 2022-23, to complete Phase 1 of the South Ellwood Project and initiate an Environmental Impact Report and feasibility study to decommission Platform Holly in Santa Barbara County. The third item is a \$250 million transfer of federal coronavirus fiscal recovery funds to the Commission. The Commission is required to appropriate this funding to California ports impacted by the COVID-19 state of emergency.

The budget remedies a structural deficit in the Oil Spill Prevention and Administration Fund by increasing the per barrel fee from 6.5 cents to 8.5 cents (with annual CPI adjustments) and authorizing the Administrator to adjust fee levels to maintain an adequate fund balance. Trailer bill language associated with the fee increase expands the definition of regulated oil to include renewable fuels. The Oil Spill Prevention and Administration Fund revenue supports the Commission's Mineral Resources Management and Marine Environmental Protection Division's oil spill prevention work.

The budget also includes \$10 million to the Department of Parks and Recreation, the State Lands Commission, the California Coastal Commission, and the State Coastal Conservancy for public access at Hollister Ranch. The funding will go into an existing account in the State Coastal Conservancy where the in lieu fees for coastal development permit at Hollister Ranch are deposited. And it includes \$12 million to the State Lands Commission to remove abandoned and derelict vessels in the Sacramento-San Joaquin Delta region.

Also of note is that, in May, the Department of Finance provided the Legislature with trailer bill language regarding the Long Beach Oil Barrel Production Tax and granted public trust lands in the City of Long Beach. The budget subcommittees rejected the language without prejudice because they lacked sufficient time to analyze it. Commission staff is working with the Department of Finance, the City of Long Beach, and the Legislature to advance this language later this summer.

The Commission is sponsoring one bill this year, 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 that would be in the best interests of the state. The Senate Natural Resources and Water Committee will hear AB 1390 on June 29, 2021. From there, it will go to the Senate Appropriations Committee and then to the Senate floor.

The Commission is pursuing two bills relative to its Marine Invasive Species Program, both of which are pending in the Assembly Appropriations Committee. SB 822 (Senate Natural Resources and Water Committee) would make a non-substantive correction to refer to the "implementation schedule," rather than "performance standards," set forth in a referenced section of the Code of Federal Regulations related to the ballast water management discharge standard for certain vessels. SB 822 would also require the master, owner, operator, or person in charge of a vessel to report a ballast water treatment system problem during a voyage to the Commission as soon as practicable and require the Commission to consult with the United States Coast Guard to attempt to identify an alternative, environmentally sound method of ballast water management in those circumstances. SB 824 (Senate Committee on Government and Finance) would authorize the California Department of Tax and Fee Administration to collect the Marine Invasive Species program fee from a vessel agent acting on behalf of the owner or operator.

COVID-19 Rent and Application Expense Deferral Program

The [COVID-19 Rent and Application Expense Deferral Program](#) authorizes the Executive Officer to enter into negotiated settlements with qualified lessees for rent and application expense deferrals, and penalty waivers. The program expires 90 days after the Governor lifts Executive Order N-33-20, which was lifted on June 11, 2021. Staff will notify program participants about the program expiration and the due date for payment of deferred rent.

Since its inception in April 2020, staff has received 65 applications. Staff approved 10 and denied five because they did not meet the minimum qualifications. Fifty applications remain incomplete. The Commission approved two lease amendments to defer rent on leases that did not qualify for the

program, though one applicant declined the deferral. The 10 approved rent deferrals total \$25,078 in annual rent. The combined annual rent for the two approved lease amendments is \$182,602.

Lake Tahoe Benchmark Rental Rates Methodology Study

In August, the Commission will consider updating its Category 1 Lake Tahoe Berths and Buoys benchmark rental rates and will consider establishing a Category 2 Lake Tahoe benchmark rental rate for non-water dependent uses. These benchmarks were last updated in 2012.

In 2017, staff proposed updating the 2012 benchmark rental rates. Extensive public comment led 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, but questions about the methodology and the resulting rent levels remained, resulting in the Commission directing staff to retain a consultant to evaluate the methodology.

Staff released a draft of the methodology study last year, and in November 2020, hosted a virtual town hall followed by a public comment period through January 31, 2021. The consultant finalized the study in March 2021, and staff is preparing a recommendation to take to the Commission at its August meeting.

Partnering with California Native American Tribes

In February 2021, the Commission's Tribal Liaison was notified that Native American remains had been discovered in the bed of the Mokelumne River in San Joaquin County near the community of Woodbridge. The Native American Heritage Commission identified the Wilton Rancheria as the Most Likely Descendant, and the Wilton Rancheria representative requested assistance from the Commission to find a suitable location where the remains had been found for the Tribe to rebury the remains. In May 2021, the Wilton Rancheria representative located a suitable area on sovereign lands within the Cosumnes River Preserve and staff authorized the Tribe, though a letter of non-objection, to rebury the remains. The Commission's Tribal Liaison transferred the remains to the Chairman of the Wilton Rancheria and the remains were successfully laid to rest according to the Tribe's traditional ceremony in a confidential location within the Preserve. This successful partnership illustrates the Commission's commitment to honoring and uplifting Tribal Sovereignty through creative, solution-oriented collaboration.

Rincon Well Abandonment and Decommissioning Project

Abandonment of the wells and oil facilities at the former state oil and gas leases at Rincon Point in Ventura is nearly complete. All island and onshore wells have been abandoned, offshore and onshore tank batteries and production vessels and equipment have been removed, as have the oil and gas pipelines across the causeway. Structural repairs to the causeway were completed last December, upgrading its capacity to 32.5 tons.

Drlitek, the Commission's contractor, is engaged in surface abandonment operations and preparing the onshore and offshore areas for caretaker status. Caretaker status is when the well and well-related abandonments comply with regulatory requirements and the site requires limited surveillance to maintain safety, security, and stability. This will prepare the site for the hiatus between the end of well and surface abandonment and the final island and onshore decommissioning phase.

Surface abandonment operations are nearly complete. Current efforts are focused on surface abandonment of the island, final cleanup of the island and onshore areas, disposal of waste steel and concrete, solids and liquids, and disposition of downhole and surface equipment recovered from well abandonment operations. Thus far, 2,040 tons of concrete and dirt and 125 tons of wood, debris, and rubble have been hauled off the island for onshore processing before recycling or disposal.

Project expenses are 9.1 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 next phase, known as phase 2, is underway. Padre Associates, the Commission's environmental consultant, has begun the environmental analysis work, which will include conducting a feasibility study and preparing CEQA documentation to evaluate decommissioning alternatives for the disposition of the island and onshore facilities. The feasibility study will include a geophysical survey, biological assessment, environmental analysis, coastal engineering study, socio-economic analysis, soil and water assessment, and engineering assessment. Thus far:

- Bathymetric surveys of the island and causeway surroundings have been conducted using a drone and LIDAR equipment.

- A detailed biological assessment by University of California at Santa Barbara scientists has begun.
- Twelve core sample probes and three groundwater monitoring wells have been drilled on Rincon Island, and sampling and analyzing results from the wells is in progress.
- Onshore soil and groundwater monitoring is underway.

The feasibility study is anticipated to be completed within six months, after which CEQA analysis will commence, which is anticipated to take eight to 24 months to complete. Both the feasibility study and CEQA analysis will include extensive public and stakeholder outreach. The Commission held virtual Town Halls in April and May, and held a phase 2 feasibility planning workshop in June.

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, ExxonMobil, and their subcontractors continue to monitor the COVID-19 situation and are preparing to resume plug and abandonment activities in late summer or early fall.

Earlier this month, staff issued the [Notice of Preparation](#) for the Haskell's beach oil piers (Piers 421) removal project and held virtual public scoping meetings. The Environmental Impact Report is anticipated to be completed by December 2021.

Onshore, staff and its contractors have taken unused processing equipment "out of service" at the Ellwood processing facility to reduce costs. Personnel transport and cargo operations to and from the platform continue 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 \$2 million per year to address legacy wells and coastal hazards. After the Commission's re-abandonment of the Treadwell and NorthStar wells in 2020, periodic drone surveys have documented small oil sheens emanating from unknown sources.

Dive work in April confirmed oil leaks occurring from two legacy wells along the Treadwell pier, which historically was a site of active oil production. Engineering plans and cost estimates will be generated for these wells to determine a future date for abandonment work, based on site conditions and program funding. Meanwhile, staff is collaborating with CalGEM to finalize the permitting/notifications required to re-abandon the C.H. Olsson #815 well by the end of July, weather permitting.

Hollister Ranch Public Access Program

The Hollister Ranch State Agency Team and its consultants have been leading a robust public engagement process for more than a year and a half. The public engagement process began with interviews of 18 stakeholder groups, followed by three public surveys and other interactive platforms for public engagement, two public meetings (one virtual and one in-person before the pandemic), and six listening sessions with stakeholders, environmental justice communities and tribal representatives. The state agency team established a multi-stakeholder working group that has met regularly over the past year to collaboratively develop the Hollister Ranch Coastal Access Program. Staff completed a draft conceptual program earlier this month and circulated it for public review before a second public meeting the state agency team held on June 16. State agency staff presented the draft program at the June meeting. The state agency team and working group will incorporate the input received from the public meeting and an additional public survey released after the meeting to refine the draft program. A third public meeting is planned for later this summer. Despite making significant progress, the COVID-19 pandemic has delayed the planning process. In April, 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

Local, state, and federal efforts to resolve the Tijuana River Valley pollution crisis continue. In May 2021, the State Coastal Conservancy approved \$10 million for the County of San Diego to implement the Smuggler's Gulch Improvement Project, which includes a sediment basin, trash boom and upgrades to Monument Road. The proposed improvements come from the County of San Diego's Needs and Opportunities Assessment published in 2020. On May 24, 2021, the US EPA updated the public on the evaluation of infrastructure projects to support a comprehensive solution to the transboundary wastewater pollution

issues in the San Diego/Tijuana region, in accordance with the US-Mexico-Canada treaty legislation.

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. Staff is preparing a Preliminary Environmental Assessment document that it hopes to release in July for a 60-day public review and comment period. As part of its early public consultation process, staff completed stakeholder outreach meetings in April and held additional outreach meetings with Port Hueneme representatives and UC Davis researchers in May.

Staff continues to receive feedback and research data from interested parties and will continue additional engagement meetings for geographically affiliated Tribes, non-tribal governmental agencies, commercial fishing industry representatives, and other stakeholders. Staff will also continue robust engagement with environmental justice organizations and communities during the application scoping and evaluation.

The comments and information received as part of its stakeholder outreach will inform staff's recommendation to the Commission at a future Commission meeting about retaining a consultant to prepare an Environmental Impact Report.

Poseidon Huntington Beach Desalination Project

In April, 2021, the State Water Resources Control Board voted 4-3 to issue a National Pollutant Discharge Elimination System (NPDES) permit for the proposed desalination facility. The Permit implements Ocean Plan requirements and 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.

Poseidon agreed to install 1-millimeter fine mesh wedge wire screens on the plant's intake pipe and affix a diffuser to its discharge structure to reduce marine mortality and impacts of the brine effluent to the ocean. Poseidon also agreed to expand its mitigation plans at the Bolsa Chica Wetlands to achieve 59.2 acres of mitigation and to create an artificial reef offshore of Palos Verdes

to restore rocky reef habitat buried by recent landslides for an additional 41.3 acres of mitigation.

During the meeting, the Board amended the permit requirements proposed in the Tentative Order. The amendments require Poseidon to complete 60 percent design plans, develop estimated timelines and costs, and provide financial assurances for its mitigation projects before discharging wastewater into the ocean. Once these conditions have been met, the discharger can request the Board reopen the order to consider removing the prohibition on discharge and intake prior to obtaining the mitigation permits.

Poseidon proposes to amend its current lease, Lease 1980, to incorporate the Board's permit requirements and changes to Poseidon's proposed intake and diffuser design. Commission approval is required for the changes to the diffuser design and to address other substantial differences that may exist between the project as approved by the Board compared to the project as previously approved by the Commission. Poseidon is required to coordinate with the Commission to implement the Board-approved mitigation actions at Bolsa Chica and offshore of Palos Verdes. Poseidon will also need a Coastal Development Permit from the California Coastal Commission to finalize a purchase agreement with the Orange County Water District.

San Onofre Nuclear Generating Station Units 2&3 Decommissioning

Southern California Edison anticipates permitting activities in late 2021 and early 2022 to accommodate the required State Water Quality Control Board final approved 401 water quality certification and a U.S. Army Corps of Engineers Clean Water Act Section 404 individual permit required under the Clean Water Act.

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 May 19, 2021, staff received the latest monitoring report on the onshore construction activities from Aspen Environmental Group. Major onshore activities will continue to occur at the existing facility. 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 2024. Southern California Edison, which cannot begin work on the conduits until they are no longer needed for discharges, anticipates continuing to discharge into the ocean through early 2024 as part of the operation and maintenance of the sewage treatment plant, and the sumps, in addition to draining the spent fuel pools.

Vessel Incidental Discharge Act

The Vessel Incidental Discharge Act was signed into law in late 2018. The US EPA is required to adopt regulations to establish national vessel discharge standards. The US EPA is required to consult with states as part of the rulemaking process. Consultation began in the summer of 2019, but many states, including California, believed that the process was perfunctory and did not adequately meet state needs. The US EPA published the proposed vessel discharge standards in October 2020. The public comment period ended on November 25, 2020. The Commission provided comments to US EPA in response to the proposed regulations and worked with the Governor's Office to issue a letter to the US EPA objecting to the proposed standards because they fail to adequately protect California waters from the threat of aquatic invasive species introductions and impacts to water quality.

The regulations remain unfinalized and the US EPA recently re-engaged with states. Earlier this month, the US EPA hosted a meeting with states' Governors Offices and agency representatives to discuss the process for re-engagement and to listen to states' concerns about the previous consultations and proposed regulations. The US EPA has since proposed holding meetings to discuss states' concerns based on region and type of vessel discharge. Commission staff is working closely with other California agencies and the Governor's Office to coordinate a statewide approach to engaging with the US EPA.

Lake Tahoe and Donner Lake Clean Up

A massive effort to clean up thousands of pounds of trash from the bed of Lake Tahoe and Donner Lake is currently underway. Clean Up The Lake, the nonprofit organization removing the trash, is the first ever human powered

circumnavigation of Lake Tahoe using scuba divers and is projected to be the largest trash clean-up in Lake Tahoe's history.

Under the Executive Officer's Delegation of Authority, staff issued a Letter of Non-objection to Clean Up The Lake in June 2020 and issued an updated Letter of Non-objection in May 2021. The group finished a circumnavigated clean up at Donner Lake in September 2020, with dive teams cleaning up all 8 miles around the lake and removing over 5,100 pounds of submerged litter.

In May of this year, the team started a 72-mile clean-up of Lake Tahoe. This unprecedented effort is made possible by a group of staff and volunteers, and supported by grants and donations from many agencies and corporations. The divers will remove litter down to 30 feet, and explore even further to document litter for future removal efforts. The group is documenting the recovered litter, including material type, usage category, location, amount, age, and weight, and gathering additional data including dive conditions, participants, and GPS locations of higher concentrations of litter and of refuse that will not be removed this year. They are also filming during the dives for a documentary of the clean-up and plastic pollution concerns. Information gathered will help formulate future clean-up plans and research objectives.