

# EXECUTIVE OFFICER'S REPORT

February 25, 2022



## California State Lands Commission

### The 2022-23 State Budget

The Governor's Budget includes four Commission budget augmentations. The first is a \$2 million appropriation from the Environmental License Plate Fund in 2022-23, 2023-24, and 2024-25, to operate, maintain, and dredge the Bolsa Chica wetlands. The second is a \$500,000 one-time General Fund appropriation to secure a consultant to conduct a statewide risk assessment to determine the state's liability associated with the Commission's leased premises, and to establish criteria for and develop a framework to help staff calculate appropriate levels of insurance and bonding/security for leases. The third is a \$2,165,000 one-time General Fund appropriation to facilitate removal of deteriorated infrastructure at the Crockett Waterfront to improve public access and protect public health and safety. The fourth is a \$1,625,000 General Fund appropriation and \$2,650,000 in reimbursement authority to accept the state's cost-sharing contributions for the preliminary plans phase of the Remedial Action Plan at Selby Slag. Selby Slag is a 66-acre site adjacent to the San Francisco Bay Area in Contra Costa County where the Commission, the Department of Toxic Substances Control, and others are facilitating the remediation of heavy metal contamination on the site.

The Governor's budget also contains an appropriation to implement AB 525 (Chiu, 2021) that includes a \$1.2 million appropriation from the General Fund to the Commission to support a study of ports and other waterfront facilities as required by AB 525. On February 10, the Assembly Budget Subcommittee No. 3 considered the Commission's budget change proposals. The items, like most items on the agenda, were held open and there was no discussion. On February 24, the Senate Budget Subcommittee No. 2 will consider the Commission's budget change proposals.

### Ballona Wetlands and Surrounding Lands

The Commission's ownership interests in the vicinity of the Ballona Wetlands consist of two parcels along Jefferson and Lincoln Boulevards known as the Expanded Wetlands and the Freshwater Marsh. The Commission acquired the 24-acre Expanded Wetlands in 2004 and leased it to the California Department of Fish and Wildlife (CDFW) in [2005](#) for management and inclusion in the

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approximately 562-acre CDFW Ecological Reserve. The 60-acre Fresh Water Marsh parcel was restored as a treatment wetland for the Playa Vista development in 2003 and is not part of the CDFW Ecological Reserve. The Commission acquired the naked fee title in 2004 subject to numerous covenants and a perpetual conservation easement that provides for the operation, maintenance, and funding of the marsh by others. By agreement between the developer Playa Vista and the Ballona Wetlands Conservancy, the Freshwater Marsh is managed by the Conservancy, which has four members: Brookfield Residential (successor-in-interest to the grantor, Playa Vista), the City of Los Angeles, the California Natural Resources Agency (represented by CDFW), and the Friends of Ballona Wetlands.

CDFW recently proposed a restoration at Ballona including enhancement, public access improvements, and creation of additional wetland and upland habitat in the Ecological Reserve. The restoration project area includes the Commission-owned Expanded Wetlands parcel. The project area excludes the Freshwater Marsh since it is already restored, separately managed, and not part of the Reserve. After CDFW certified the EIR, a lawsuit challenging it was filed in early 2021 and is ongoing.

Natural gas has been held in a storage field 6,100 feet below the wetlands, covered by 1,500 feet of impermeable shale, since the 1940s, subject to entitlements for the field that all predate the Commission's ownership interests. The field's footprint includes the Expanded Wetlands and portions of the Freshwater Marsh. Southern California Gas Company (SoCalGas) monitors and operates the field, including a system of monitoring wells and pipelines within the Ecological Reserve. The field is operated through 54 wells directionally drilled from Playa Del Rey. According to mapping provided by SoCalGas, none of these monitoring or operational wells is located within the Commission's parcels. SoCalGas performs routine patrols and a soil gas monitoring program conducted by a California Public Utilities Commission third-party consultant.

While the controversial University Syndicate well is within the footprint of the Freshwater Marsh, it was abandoned in 2001. Members of the public have expressed concern about the appearance of gas bubbles in the marsh near the University Syndicate well. However, Ballona's marshy location is subject to natural gas seeps and prior claims that the University Syndicate well was/is leaking have been investigated previously and the evidence did not support that conclusion. Whatever the source of the bubbling, the Commission does not

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control oil and gas operations in the area because it took surface ownership subject to existing uses and does not own the minerals. Moreover, the Commission is not a regulatory agency with jurisdiction over the past or present oil and gas operations on-site.



## Pipeline 0919/Platform Eva to Shore Pipeline

On December 22, 2021, DCOR, LLC, a Commission lessee and operator of multiple offshore oil and gas operations, reported a sheen off the coast of Orange County. An investigation found that pipeline 0919, which transports oil from state Platform Eva to shore, was the source of the discharge. In accordance with the Commission's regulations, and at the direction of Commission staff, DCOR immediately suspended operations at Platform Eva. Under California Code of Regulations, Title 2, Section 2137, an immediate suspension of drilling and production operations is required to control pollution



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caused by such operations *and corrective action must be taken immediately*. Similarly, the pipeline lease agreement between DCOR and the Commission obligates DCOR to perform repairs and maintenance as required to maintain the premises and improvements in good order and repair and safe condition.

Staff has worked closely with other regulators, including the State Fire Marshal, throughout the initial spill response, including identification and repair of the damaged portion of the pipeline. Staff continues to coordinate closely with the State Fire Marshall and other regulators as DCOR completes the pipeline repairs and complies with regulatory directives before any resumption of operations at Platform Eva would be allowed. Section 2137 provides for resumption of drilling and production operations after adequate corrective measures have been taken and Commission staff authorizes resumption. The staff authorization provided for in the regulation is ministerial in nature, which means that staff is required to authorize resumption after review and confirmation that corrective measures have been completed, as required by law. The regulation does not provide for discretionary review by the Commission, or reconsideration of the lease. The lease agreement similarly does not provide for termination or reconsideration when a lessee has complied with its maintenance and repair obligations and external regulatory obligations.

This month both the State Fire Marshall and Commission staff provided DCOR with conditions to resume operations. Once staff receives verification that DCOR completed all necessary corrective measures and repaired the pipeline as needed to prevent further pollution, DCOR will be authorized to resume and continue operations for the remainder of its lease term. The lease for pipeline 0919 expires in March 2029.

## **Pipeline P00547/Southern California Oil Spill Update**

In October 2021 the U.S. Coast Guard received a report of an oil sheen off the coast of Newport Beach. A Unified Command composed of the Coast Guard (USCG), California Department of Fish and Wildlife's Office of Spill Prevention and Response, Amplify Energy Corp (the responsible party), Orange County and San Diego County was established, and all available actions were taken to ensure the safety of the public and response personnel, to recover spilled oil, to maximize the protection of environmentally sensitive areas and minimize impact to maritime commerce.

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On February 2, 2022, the Unified Command ended response efforts for the incident. According to the Unified Command, the last tar ball report was received on January 4 and no incident of oil was observed above cleanup endpoints during the transition period. The pipeline remains shutdown and the Pipeline Hazardous Materials Safety Administration approved Amplify's proposed pipeline repair and flushing procedure. A Natural Resource Damage Assessment (NRDA) is in process to determine the appropriate type and amount of restoration needed to offset impacts to fisheries, wildlife, habitats, and human uses impacted by the spill. The Commission is a Trustee Agency participating in the NRDA process along with OSPR, California Department of Parks and Recreation, the National Oceanic and Atmospheric Administration, and the Department of the Interior, represented by the US Fish and Wildlife Service, Bureau of Land Management, and National Park Service.

## **Rincon Phase II Decommissioning Project**

The Rincon facilities are in caretaker status while the Phase 2 Feasibility Study and California Environmental Quality Act (CEQA) documentation are conducted and will remain in caretaker status until the final Phase 3 work is completed. Phase 3 is to execute a decommissioning plan for the disposition of Rincon Island, the onshore facility, and the causeway.

Commission staff and Padre Associates, the Commission's environmental consultant, are preparing a draft Feasibility Study that will evaluate decommissioning alternatives for the final disposition of the island and onshore facilities. The draft Feasibility Study is estimated to be released in March or April of this year. A 60-day public comment period will be provided, after which the Feasibility Study will be revised as necessary and then considered by the Commission. The final Feasibility Study is anticipated to be completed by the 3rd quarter of 2022. The CEQA process will start after the Commission approves the Feasibility Study.

Public outreach and engagement is ongoing. Last year, staff convened a virtual town hall and a Feasibility Study workshop. Staff also sent a questionnaire to Mussel Shoals Community residents requesting their input on potential Phase 2 alternatives. Staff received and responded to three sets of comments from the community. Staff will convene another outreach meeting after it releases the

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draft Feasibility Study. Staff has also begun informal consultation with other government agencies, including the California Coastal Commission, State Coastal Conservancy, California Department of Fish and Wildlife, National Marine Fisheries Service, and Ventura County.

## **Platform Holly/Piers 421 Decommissioning (South Ellwood) Project**

Staff continues to maintain and monitor Platform Holly and the onshore facilities to ensure public health and safety. Staff, Exxon, and their subcontractors continue to plug and abandon the wells on Platform Holly and have completed three of the thirty wells. Eight of the remaining 27 wells that require a more involved abandonment procedure have been prepared for abandonment operations. Once preparation is finalized for these wells, the final abandonment will proceed for this group and preparation work will start on the next batch of wells. Staff estimates the remaining well abandonment work to take another ten to twelve months.

Natural seep activity continues in and around Platform Holly and the Ellwood offshore field. Heavy seep activity and recent calm sea conditions have resulted in an oil sheen being visible regularly in the vicinity of the platform over the past few months. Seep activity is recorded daily and shows no correlation with platform or abandonment operations.

In January, staff released a Draft EIR for the 421 caisson and pier removal project and has since conducted two scoping meetings. Once the public comment period closes on March 7, staff will prepare a Final EIR for the Commission to consider at its April 26 meeting.

## **SB 44 Legacy Well Remediation Program**

In December 2021, the Commission, in coordination with community and agency partners, re-abandoned the Duquesne 910 Legacy Well at Summerland Beach in Santa Barbara. This marked the Commission's fifth legacy well plugged without incident, on time, and within budget. Staff continues to monitor and investigate remaining legacy wells off Summerland Beach. Commission staff and its contractor, Interact, are preparing cost estimates and engineering plans to re-abandon the Treadwell well #2 later this year.

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## **Hollister Ranch Public Access Program**

This past November, the California Coastal Commission held its first public workshop on the draft Hollister Ranch Coastal Access Program. The purpose of the workshop was to present the draft Coastal Access Program and hear from the Commissioners and the public. The state agency team staff presented the draft Coastal Access Program during the workshop, which was followed by over 100 presentations and speakers, including the four state agency directors, Senator Limón, Chumash Tribal Officials, working group members, Hollister Ranch property owners and others.

Despite COVID-19 related delays in 2020 and 2021, the Coastal Commission was on track to approve the final Program by the legislative deadline this year, which the state agency team hoped would include an “early access” phase agreed to by the Hollister Ranch Owners Association. The team anticipated incorporating Coastal Commission direction and public feedback into a final program for Coastal Commission approval in March. But consideration of the Program has been deferred to allow evaluation of the applicability of CEQA to the consideration of the Program. The team is notifying the Legislature as required by AB 1680 (Limón, 2019.)

As background, since 2019, the Hollister Ranch state agency team and its consultants have spearheaded a robust public engagement process to develop a contemporary Hollister Ranch Coastal Access Program—pursuant to AB 1680. The state agency team established a stakeholder working group that met regularly over the past year and a half to assist in developing the draft Program. The team interviewed 18 stakeholder groups, issued four public surveys, and convened interactive public engagement sessions, including hosting two public meetings and eight listening sessions with stakeholders, environmental justice communities, youth, and Chumash tribal representatives. Formal Chumash tribal consultations were initiated this past June and are ongoing.

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## **Offshore Renewable Energy Applications in the Pacific Ocean, Near Vandenberg Space Force Base**

Staff continues to process two applications for wind energy projects offshore of Vandenberg Space Force Base. Staff is working with the applicants, IDEOL and CADEMO, to develop a scope of work for consultant services to prepare an EIR. Staff is also gathering input from responsible agencies, including the California Coastal Commission and California Department of Fish and Wildlife, to inform the selection of initial baseline studies for the EIR. Staff expects to release the scope of work and request for proposals to hire a consultant in early spring.

## **Coordinated Offshore Wind Energy Planning in Federal Waters**

Staff continues to participate in offshore wind planning in federal waters as a member of the BOEM-CA Intergovernmental Task Force for offshore wind, and as a state agency named in the recently enacted AB 525, which directs these agencies to develop a strategic plan for developing offshore wind in federal waters off the coast of California. The Bureau of Ocean Energy Management (BOEM) is preparing to hold lease sales for offshore wind facilities in the Humboldt and Morro Bay wind energy areas. In January, BOEM released an Environmental Assessment for public review for the Humboldt wind energy area, and is developing an Environmental Assessment for the Morro Bay wind energy area. Commission staff also participates in outreach to the fishing community and tribal governments to ensure meaningful and inclusive participation by these important partners and stakeholders. With respect to AB 525, staff is working with the California Energy Commission to develop a scope of work to assess California seaport readiness and necessary physical investments to facilitate offshore wind energy.

## **Tijuana River Valley Pollution Crisis**

On January 7, a flow of untreated raw sewage from Mexico to the U.S. spilled into the Tijuana River. This incident, which lasted for several days, was caused by a ruptured pipe. The ongoing issues of untreated raw sewage flows highlight the need for action, specifically to update and expand infrastructure to address water pollution. On November 8, 2021, the U.S. EPA announced that it would proceed with environmental review of a suite of water infrastructure projects to



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address water transborder water pollution from the Tijuana River watershed. This approach represents a comprehensive solution to this crisis and will allow the US EPA to implement a phased approach in the design and construction of various water infrastructure projects. During this announcement, the US EPA also committed to continue to engage the public and stakeholders during the National Environmental Policy Act review process and to work with their counterparts in Mexico to ensure binational support for water infrastructure projects. It is expected that the US EPA will present an update to the public on the status of the environmental review process in early 2022.

## **Poseidon Huntington Beach Desalination Project**

The California Coastal Commission will consider Poseidon's Coastal Development Permit application for the proposed Huntington Beach Desalination Project at a special March 17 meeting. Staff expects to receive an application from Poseidon after the March 17 Coastal Commission meeting to amend their existing Lease to include proposed modifications to the offshore facilities and mitigation measures.

Poseidon is required to coordinate with the Commission to implement the Santa Ana Regional Water Quality Control Board-approved mitigation actions at Bolsa Chica and offshore of Palos Verdes. As required by the RWQCB permit, Poseidon submitted a draft Coordination & Communication Plan to the Board for development and implementation of the mitigation on June 8, 2021. The RWQCB Executive Director approved the plan on November 15, 2021.

The Coordination and Communication Plan was distributed to agencies collaborating on the proposed Bolsa Chica Mitigation Projects and the Palos Verdes Artificial Reef. Poseidon proposes to schedule its first Agency Representatives Meeting by March 1, 2022, which consists of one representative from each agency to collaborate and provide written feedback on restoration plans for the Bolsa Chica Mitigation Projects and the Palos Verdes Artificial Reef.

Poseidon proposes that the RWQCB remove the operating prohibition from the Order after the 60 percent Design Plans for the Bolsa Chica Mitigation Projects and the Palos Verdes Artificial Reef are approved.

The Coordination and Communication Plan involves a process for Commission staff and the Bolsa Chica Steering Committee to provide feedback on the plans

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for the Bolsa Chica Lowlands before the RWQCB considers approving the plans, as well as a process for staff to provide feedback on plans for the Palos Verdes Artificial Reef.

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

On January 24, 2022, staff received the last quarter report for 2021, covering decommissioning activities from October through December. It was reported that there were over 30 regulatory inspection visits to SONGS in 2021, including five by the U.S. Nuclear Regulatory Commission (NRC). No violations were reported during the inspection visits.

On January 15, 2022, Tonga Islands suffered a massive eruption of an undersea volcano, spawning a series of tsunami waves that traveled across the Pacific Rim. Along the West Coast, tsunami advisories were issued soon after the eruption. Advisories are issued for waves ranging from 0.3 to 1 meter. Historically, the largest tsunami to ever hit Southern California measured 3.4 meters and occurred in 1812. Southern California Edison staff posted a blog on their website on tsunami safety and noted that the top of the Holtec dry fuel storage system is more than 31 feet (9.44 meters) above sea level.

On February 7, 2022, staff received the SONGS Community Update. The update reported that Southern California Edison participated in a two-day meeting of the Tribal Radioactive Materials Transportation Committee and engaged with tribal governments across the county. The Tribal Radioactive Materials Transportation Committee toured SONGS to learn about spent nuclear fuel management. Southern California Edison briefed the committee on SONGS decommissioning and efforts to advance the relocation of SONGS spent fuel to an offsite facility once such a facility is available.

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.

On January 12, 2022, 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

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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 NRC 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 anticipates continuing to discharge through the Unit 2 conduit 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.