

Open Session Minutes

California State Lands Commission
Virtual Meeting of February 25, 2022

COMMISSIONERS AND STAFF PRESENT:

COMMISSIONERS:

Betty T. Yee, State Controller

Eleni Kounalakis, Lieutenant Governor (Matt Dumlao, Chief of Staff and Alternate, participated for Items 48-53, Closed Session, and adjournment of the meeting)

Gayle Miller, Chief Deputy Director and Alternate for Director of the Department of Finance, Keely Bosler

STAFF MEMBERS:

Jennifer Lucchesi, Executive Officer

Seth Blackmon, Chief Counsel

REPRESENTING THE OFFICE OF THE ATTORNEY GENERAL:

Andrew Contreiras, Deputy Attorney General

NOTE: The final approved Minutes also include the Agenda and corresponding staff reports (incorporated into the draft Minutes by reference) approved as presented unless otherwise indicated in the Record of Action. A list of individuals making statements before the Commission and the entities they represent, along with the Executive Officer's Report, are included in a complete transcript of the proceedings, which is on file in the Sacramento offices of the Commission and posted on the Commission's website at www.slc.ca.gov. Also included on the website is the voting record of the meeting with the staff report for each agenda item linked to the respective consent, regular or informational item number. A link to a recorded Cal-span.org webcast of the meeting is also available on the Commission's website. All of these items may be found under Previous Meetings, by date of the meeting.

RECORD OF ACTION TAKEN BY THE CALIFORNIA STATE LANDS COMMISSION:

Chair Betty Yee called the meeting of the California State Lands Commission to order at 1:00 P.M. via Zoom webcast; also present were Commissioner Eleni Kounalakis and Commissioner Alternate Gayle Miller.

Confirmation of the Minutes of the December 8, 2021, meeting was approved as presented by a vote of 3-0 (Yee–Yes; Kounalakis–Yes; Miller–Yes).

EXECUTIVE OFFICER'S REPORT:

Executive Officer Jennifer Lucchesi updated the Commission on the following items:

- **The 2022-23 State Budget**

The Governor's Budget includes four proposed budget augmentations relating to the Commission, in addition to our baseline budget. 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 little over \$2 million 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.

- **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.

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 Orange County. 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.

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.

- **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 30 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 continues to estimate that the remaining well abandonment work will take another ten to 12 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.

- **Ballona Wetlands and Surrounding Lands**

The Commission's ownership interests in the vicinity of the Ballona Wetlands consists 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 leases it to the California Department of Fish and Wildlife(CDFW) in [2005](#) for management and inclusion in the 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 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 Group, 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, including the Commission-owned Expanded Wetlands parcel. The project area excludes the Freshwater Marsh. After Fish and Wildlife 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 are located within the Commission's parcels.

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, based on the evidence that we are aware of, Ballona's marshy location is subject to natural gas seeps and prior claims that the University Syndicate well has been leaking the evidence as not supported that conclusion based on investigations. With that said, the Commission does not control the oil and gas operations in the area because it only took surface ownership subject to existing uses and does not own the minerals on behalf of the State. The Commission is not the relevant regulatory agency with jurisdiction over the oil and gas operations at this site and did not issue any kind of permits for the abandonment of the University Syndicate well. That is all covered primarily under CalGEM and with some other regulatory authority with the Public Utilities Commission.

- **In Honor of Charles Falcon and Lance Kiley**

The Executive Officer paid a special honor in memoriam of Charles Falzon, who staff have had the pleasure of collaborating with for over 40 years on the Bolsa Chica Wetlands Restoration effort. Charles recently passed and is survived by his three daughters and wife, Anna.

Charles was a founding member of the Amigos de Bolsa Chica, a nonprofit dedicated to the acquisition, restoration, and preservation of the Bolsa Chica wetlands in Huntington Beach. Through the 1970s to late 1990s, the nearly 2,000-acre wetlands habitat was threatened with destruction by the proposal of several large development projects. Charles and other members of the Amigos spent countless hours of personal time over nearly 30 years, gaining the support of local residents, County Board of Supervisors, City Councils, State Legislature, and Congress to preserve the wetlands.

The Executive Officer also paid special honor in memoriam of Lance Kiley. Lance passed on December 22nd. Lance is survived by his wife, Libby of 45 years, daughters Dawn, Wendy, Caitlin, and Siera, and three granddaughters. Lance started working for the state as a land surveyor and civil engineer with CalTrans. He later found his state home with the State Lands Commission. Lance served the Commission as a land surveyor, Chief of Land Management Division and as a treasured attorney in the Legal Division. He was an incredible mentor to many of us, especially to me as a young attorney. Lance was especially proud of his work on preserving and restoring the Bolsa Chica Wetlands. Lance was such a joy to work with and learn from – his saavy, smarts, and sense of humor were unparalleled.

Working with the Amigos and others, the Commission, including staff leaders like Lance, purchased the Bolsa Chica wetlands many decades ago. The Commission partnered with seven other state and federal agencies to restore and preserve the Bolsa Chica wetlands, completing the restoration of what is now the Bolsa Chica Ecological Reserve in 2006. Today, the Ecological Reserve provides habitat for endangered species, educational and volunteer opportunities, and open space for the public to enjoy, hosting about 80,000 visitors each year. The beauty of these wetlands is a testament to the dedication, and as a legacy of, Lance Kiley, Charles Falzon and many others like them. The Commission and the people of the state of California are deeply indebted to their unwavering dedication to preserving the Bolsa Chica wetlands.

CONSENT CALENDAR

- Consent Items 09 and 47 were removed from consideration
- Consent Item 01-31 and 33-46 were approved as presented by a vote of 3-0 (Yee–Yes; Kounalakis–Yes; Miller–Yes)
- Consent Item 32 was approved as present by a vote of 2-0 (Yee–Yes; Kounalakis–Abstained; Miller–Yes)

INFORMATIONAL CALENDAR

No items for this section.

REGULAR CALENDAR

Item 48: A staff presentation was made to the Commission to authorize a temporary moratorium on consideration of mineral prospecting permits and lease applications on 480 acres of reserved mineral interest school land (State Parcel Number 049-514; Accessor's Parcel Number 009-140-007, Section 16 (Township 5 North, Range 25 East), Mountain Diablo Baseline and Meridian, about 15 miles northeast of the town of Bridgeport and 5 miles north of Bodie State Historic Park, Mono County, where the surface estate is privately owned but the mineral estate is owned by the State; authorize staff to conduct a needs assessment of the parcel; and consider a resolution supporting a map amendment to the National Register of Historic Places that would add the parcel to the existing archaeological district established in 2002.

Item 48 – was approved as presented by a vote of 3-0 (Yee–Yes; Kounalakis–Yes; Miller–Yes)

Item 49: A staff presentation was made to the Commission to request delegation of authority for the Executive Officer to solicit Statements of Interest for consultant services, negotiate fair and reasonable prices, and award and execute agreements for the preparation of an environmental document and for studies necessary to implement an Abandoned and Derelict Vessel Removal Program for commercial vessels in the Sacramento-San Joaquin Delta, Contra Costa, Sacramento, San Joaquin, Solano, and Yolo counties.

Item 49 – was approved as presented by a vote of 3-0 (Yee–Yes; Dumlao–Yes; Miller–Yes)

Item 50: A staff presentation was made to the Commission to request delegation of authority for the Executive Officer to solicit Statements of Interest and negotiate a fair and reasonable price, and award and execute agreements for professional real estate broker services, to assist with real estate property acquisitions utilizing the School Land Bank Fund.

Item 50 – was approved as presented by a vote of 3-0 (Yee–Yes; Dumlao–Yes; Miller–Yes)

Item 51: A staff presentation was made to the Commission for discussion and possible action on state legislation relevant to the California State Lands Commission.

Item 51 – was informational – no vote required

Item 52: A staff presentation was made to the Commission to consider supporting legislation in the 2021-2022 legislative session that would require the State Lands Commission to develop a cost study that measures the fiscal impact of a voluntary buy-out of the remaining lease interests in actively producing state offshore oil and gas leases in state waters.

Item 52 – was approved as presented by a vote of 2-0 (Yee–Yes; Dumlao–Yes; Miller–Abstained)

Item 53: A staff presentation was made to the Commission to consider supporting AB 353 (O'Donnell) that would remove the \$300 million cap in the Oil Trust Fund, resuming deposits from the state's share of Long Beach oil operation net profits until the Fund reaches a balance that will cover the state's abandonment liabilities.

Item 53 – was approved as presented by a vote of 2-0 (Yee–Yes; Dumlao–Yes; Miller–Abstained)

CLOSED SESSION

Nothing to report.

The Commission meeting public session was adjourned at 4:01 P.M.

STAFF AND PUBLIC ADDRESSING THE FOLLOWING STAFF REPORTS:

PUBLIC COMMENT

- Anna Christensen
- Susanne L. Cumming, Esq., Member, Sierra Club and Defend Ballona Wetlands
- Jeffrey Finn
- Susan Jordan, Executive Director, California Coastal Protection Network
- Ross Levinson
- Shaun Martinez, Western Region Coordinator, Teamster's Amazon Division
- Patricia McPherson, Grassroots Coalition
- Alexandra Nagy, California Director, Food and Water Watch, Food and Water Action
- Heidi Petty, Watershed Program Manager, Contra Costa Resource Conservation District
- Andrew Sullivan
- Robert "Roy" Van de Hoek

EXECUTIVE OFFICER'S REPORT – ITEM IV

- Alex Austin, Save Porter Ranch
- Margot Griswold, Ph.D., Los Angeles Audubon Society
- Marcia Hanscom, Sierra Club
- Patricia McPherson, Grassroots Coalition
- Robert "Roy" Van de Hoek
- Jane Velez-Mitchel

ITEM 48

Jennifer Mattox, Staff Scientist and Tribal Liaison, CSLC

- Lynn Bolton, Chair, Range of Light Group
- Herb Glazier, Chairman, Bridgeport Indian Colony
- Alison Harvey, Consultant to Bridgeport Indian Colony
- Jeff Hunewill, President, Hunewill Land and Livestock Company

ITEM 49

Vicki Caldwell, Public Land Manager, Land Management Division, CSLC

- No speakers for this item

ITEM 50

Ken Foster, Public Land Manager, Land Management Division, CSLC

- No speakers for this item

ITEM 51

Sheri Pemberton, Chief, External Affairs Division and Legislative Liaison, CSLC

- Laura Walsh, Surfrider Foundation
- Amy Wolfrum, Monterey Bay Aquarium

ITEM 52

Sheri Pemberton, Chief, External Affairs Division and Legislative Liaison, CSLC

- No speakers for this item

ITEM 53

Sheri Pemberton, Chief, External Affairs Division and Legislative Liaison, CSLC

- No speakers for this item