

EXECUTIVE OFFICER'S REPORT

June 23, 2022



California State Lands Commission

The 2022-23 State Budget

The 2022-23 state budget that the Legislature passed last week includes several items specific to the Commission. The first is a \$2 million appropriation from the Environmental License Plate Fund to operate, maintain, and dredge the Bolsa Chica wetlands. This item will fund dredging work at Bolsa Chica for three years. The second is \$500,000 to hire a consultant to conduct a risk assessment to determine the state's liability associated with the Commission's leased premises and to establish criteria for and develop a framework for staff to calculate appropriate levels of insurance and bonding/security for its leases. The third item is a \$2,165,000 one-time General Fund appropriation to remove deteriorated infrastructure at the Crockett waterfront. The fourth item is a \$1,625,000 appropriation from the General Fund and \$2,650,000 in reimbursement authority to accept cost-sharing contributions for the preliminary plan phase of the Selby Slag Remedial Action Plan. The fifth item is a reappropriation of \$12 million that the Commission received in last year's budget to remove abandoned and derelict vessels from the Delta. This reappropriation extends the encumbrance and expenditure deadline to June 2025. And finally, the budget includes a \$1 million appropriation to the Commission to develop a study to assess the cost of buying out the state's interest in its remaining offshore oil and gas leases.

The Commission also, via a budget change proposal submitted by the California Energy Commission, requested a \$1.2 million appropriation for technical assistance to support a study of ports and other waterfront facilities as required by AB 525 (Chiu) Chapter 231, Statutes of 2021. AB 525 is intended to develop a strategic framework to facilitate offshore wind development in federal waters. Commission staff expects the AB 525 funding to be part of a climate and energy package that the Legislature and Administration are currently negotiating.

Legislative Update

June, a month we traditionally associate with the end of the school year and the beginning of summer, is also defined by critical budget and policy committee deadlines. It is an incredibly busy month in the Legislature. Last week, the Legislature passed a 2022-23 budget. Bills are now being heard by policy committees in their second house before the summer recess begins on July 1.

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The Legislature will reconvene on August 1, setting off a hectic few weeks of work before a fast-approaching August 31 adjournment. These final few weeks of session will include additional budget bills, including one or more budget bill juniors, and resolution of an approximately \$32 billion dollar climate change and energy package. This package, which the Legislature and Administration are currently negotiating, is focused on water resilience and drought response, renewable and clean energy development and storage, including the development of geothermal energy and lithium recovery in the Salton Sea region, nature-based solutions, including conserving 30 percent of the State's land and coastal waters by 2030, and climate equity. The Commission has adopted a support position on [AB 353](#) (O'Donnell), [AB 1832](#) (Luz Rivas), [AB 2109](#) (Bennett), and [AB 2257](#) (Boerner Horvath). All these bills are progressing. Commission staff is also tracking dozens of other bills that are detailed in Agenda Item 45.

Rincon Phase II Decommissioning Project

On March 17, staff released a draft Feasibility Study for a 60-day public review and comment period. Staff held a public meeting on May 4 to discuss the draft Feasibility Study and receive public comment. Staff is reviewing public comments received at the meeting and the written comments submitted on the draft Feasibility Study. Staff expects to complete the final Feasibility Study by the 3rd quarter of 2022. It will respond to comments and will be considered by the Commission for feedback and direction on a proposed project. The CEQA analysis will begin after the Commission approves a proposed project and alternatives for further analysis.

Ongoing efforts are being made to conduct public outreach, particularly to Mussel Shoals residents. Staff hosted a townhall meeting and feasibility study workshop last year, and a public meeting last month. Staff notified the local community, interested parties, and associated tribes about each meeting. The Commission also, as part of its April public meeting, hosted a field trip to Rincon Island. The field trip included walking across the causeway and touring the island. The public was invited to attend, and many people joined the event, including community members and representatives from local agencies, environmental organizations, universities, and tribes. Staff has also begun informal consultation with the Coastal Commission, State Coastal Conservancy, California Department of Fish and Wildlife, National Marine Fisheries Service, and

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Ventura County. Consultation will continue while the Feasibility Study is finalized and throughout the CEQA process.

As background, Phase 1 work, consisting of abandonment of the wells and oil facilities at the former state oil and gas leases at Rincon Point in Ventura, is complete. Rincon Island and the nearby onshore site were placed into caretaker status in July 2021 and will remain in caretaker status while the Phase 2 Feasibility Study and CEQA documentation are completed, and until the final Phase 3 work, which will include the final island and onshore decommissioning, commences.

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, ExxonMobil, and their subcontractors have continued to work on the abandonment process and as of today, four of the 30 wells have had their surface plugs installed and are now permanently sealed. Operations are proceeding in a phased approach with 16 of the remaining 26 wells having had the lower oil producing formations sealed off. Staff estimates the remaining well work will be completed by the end of the year and continues to work closely with ExxonMobil and their subcontractors to ensure that the work is conducted safely and responsibly.

In April, the Commission certified an Environmental Impact Report for the 421 piers and caissons removal project. ExxonMobil's process to select a contractor to perform the work is ongoing and actual decommissioning work is scheduled to begin in August 2022. Commission staff anticipates that the Coastal Commission will approve a Coastal Development Permit for the project at its July meeting. This approval will enable the removal project to begin in August.

SB 44 Legacy Well Remediation Program

In March, dive teams performed two surveys in Summerland Beach and around Rincon well 102. The surveys revealed that two wells along the Treadwell pier, Treadwell #1 and Treadwell #5, are leaking. During the survey, small debris (from pier remnants) were removed around the wells in preparation for future abandonment. Two additional target areas were investigated on the beach. One was determined to be a natural seep because the survey team did not find a casing or pier remnants after digging around the area. The survey team

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located a casing and pier remnants on the second target around the Moore pier, but no indication of leaking. The survey of Rincon subsea well 102 (located off Rincon Island) noted gas bubbles and oil droplets around the well but could not tell if they originated from the well itself. Staff continues to monitor and investigate remaining legacy wells and seepage reports off Summerland Beach. Staff and its contractor, InterAct, are preparing cost estimates and engineering plans to re-abandon up to two Treadwell wells in the next fiscal year.

Coordinated Offshore Wind Energy Planning in Federal Waters

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 and is working with the applicants, IDEOL and CADEMO, to gather additional details about the project, including the use of port facilities to support project construction, operation, and maintenance. Staff is also working with the applicants and responsible agencies, including the Coastal Commission and California Department of Fish and Wildlife, to inform the selection of initial baseline studies for environmental analysis. Because the applicants are at different stages of readiness to proceed with CEQA, staff will prepare two separate Environmental Impact Reports—one for each project. Staff entered into a Memorandum of Understanding with the Coastal Commission to form a Joint Review Panel to guide development and review of the Environmental Impact Reports for the proposed projects. Staff expects to release the scope of work and a request for proposals to hire a consultant for the first Environmental Impact Report this fall.

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 AB 525 (Chiu), Chapter 231, Statutes of 2021. AB 525 requires state to develop a strategic plan for offshore wind in federal waters off the coast of California.

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Federal leasing process and Task Force

In June, the BOEM-CA Task Force held their fifth meeting and provided an overview on the Proposed Sale Notice (PSN) and gave a detailed description on the bidding credits and auction format. The PSN, published on May 31, 2022, proposes to hold a simultaneous lease auction for five lease areas within the Humboldt and Morro Bay Wind Energy Areas (WEAs). The Humboldt WEA will be subdivided into two lease areas while the Morro Bay WEA will be subdivided into three lease areas. Each lease would allow lessees to perform geophysical, geotechnical, and biological surveys as well as the temporary placement of up to three metocean buoys and oceanographic devices. BOEM is accepting public comments on the PSN until August 1, 2022, after which a Final Sale Notice will be released. At their June meeting, the Coastal Commission conditionally concurred that BOEM's proposed lease activities outlined within the Environmental Assessment for the Morro Bay WEA are consistent with California's Coastal Management Program under Chapter 3 of the Coastal Act. This conditional concurrence follows a similar action by the Coastal Commission in April for the Humboldt WEA and Environmental Assessment.

AB 525 (Chiu)

California Energy Commission (CEC) staff published a draft report outlining the "maximum feasible capacity" of offshore wind, which will establish megawatt offshore wind planning goals for 2030 and 2045. Given the range of comments provided during a public workshop on the draft, CEC staff decided to revisit the initial megawatt planning goals to determine whether the goals should be adjusted. CEC will hold a follow-up public workshop later this month to discuss proposed revisions. With respect to port infrastructure and capacity, Commission staff is working closely with the CEC and BOEM to assess California seaport readiness and determine the necessary physical investments to facilitate successful offshore wind energy development consistent with the planning goals. CEC, as the lead state agency coordinator for AB 525, created four technical working groups: transmission infrastructure, environmental/sea space analysis, port infrastructure/workforce development, and tribal and cultural resources. Commission staff are a part of the latter three working groups and will work with each group member to deliver a report outlining the strategic plan later this year. On June 1, staff solicited bids for an Alternative Ports Study and has since reviewed each bidder's proposal, and plans to host a kick-off meeting with the awarded contractor in the near future.

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Outreach

Staff continues to participate in outreach to the fishing community and tribal governments to ensure meaningful and inclusive participation by these important partners and stakeholders. On May 16 and 17 staff participated in meetings with fishermen, processors, and port staff in Santa Barbara and Morro Bay to discuss the PSN, AB 525, and the Coastal Commission staff report on the Morro Bay WEA. Staff also engaged with fisherman to learn about their concerns about impacts of offshore wind development to the fishing industry. Follow-up meetings are scheduled for late June and early July in Morro Bay and Eureka to discuss the outcomes of the June 3 Task Force meeting. Staff's follow up meetings are in addition to a virtual meeting with California Native American tribes that CEC will host on July 11 on this same topic.

West Montalvo Offshore Oil and Gas Leases (Ventura County) – Assignment Application

At the April Commission meeting, as part of Informational Staff Report 61 (Update on the status of the existing offshore oil and gas production and pipeline leases managed by the Commission), staff reported it was processing two applications for assignment of West Montalvo leases 3314 and 735. The applications were to assign California Resources Production Corporation's interest in these leases to California Natural Resources Group Ventura County, LLC. The applicants withdrew their applications earlier this month.

Owens Lake – Patsiata Historic District

The State Historical Resources Commission voted unanimously, at its April meeting, to list Patsiata Tübiji Nüümü-na Awaedu Ananisudüheina ([Patsiata Historic District](#)) in the California Register of Historical Resources and to support the District's listing in the National Register of Historic Places. The Patsiata Historic District includes Patsiata (Owens Lake) and surrounding land, reflecting the ebb and flow of the Lake's shoreline over the past 14,000 years, encompassing approximately 186 square miles within its boundary. This important listing confers formal recognition of this site as a traditional cultural property associated with the creation of the world and the lifeways and history of the Nüümü and Newe (Owens Valley Paiute and Western Shoshone Indigenous People). The District is important both for cultural heritage, for its many features related to creation story and reciprocity with the land, as well as for the physical record of western

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colonization and genocidal policies toward the area's Indigenous people. Because Owens Lake was a natural and navigable waterway at the time of California's statehood, it is sovereign land under the Commission's management jurisdiction. Due to many years of water diversion that caused the Lake to dramatically shrink, however, today the Lake is a highly altered and actively managed landscape, engineered and maintained for purposes of controlling dust on the dry lakebed. Many artifacts and sites from the Tribes' historical occupation of the Lake have been uncovered during construction of dust suppression projects, and to this day, culturally significant resources and sites remain on the Lake. Some are known due to archaeological surveys or local tribal knowledge, but others remain undiscovered. The landscape includes ceremonial areas, massacre sites, grinding rocks, figurines, arrowheads, rock features, and other artifacts. In June 2017, the Commission adopted a resolution supporting the National Register nomination in recognition of the local Tribes' unique experiences, history, and knowledge as well as the presence of important resources on the Lake, and understanding that a National Register nomination would facilitate consideration of tribal heritage in the most objective and practical manner to ensure maximum consideration of cultural resources during ongoing implementation of dust control activities and management of the Lake.

Hollister Ranch Coastal Access Program

The state agency team has determined that a Programmatic Environmental Impact Report is necessary before the Coastal Commission adopts a contemporary Access Program. The Environmental Impact Report will ensure a comprehensive environmental impact and mitigation analysis and meaningful public engagement and input. The state agency team is currently coordinating to initiate the Programmatic Environmental Impact Report, the appraisals to obtain the necessary property rights for public access, and the cultural and tribal resource studies. The State Coastal Conservancy is providing funding for this work. The Coastal Commission will be the lead agency for the CEQA analysis and will contract with the Commission to develop the Programmatic Environmental Impact Report. The Commission will be the lead agency for the appraisals, and the State Coastal Conservancy will be the lead agency for the cultural and tribal resource studies, working closely with local tribal members and representatives. The State Lands Commission will consider authorizing staff to hire a consultant for the preparation of environmental documentation and

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appraisals for the Hollister Ranch Coastal Access Program at its June meeting ([Item 47](#)).

As background, since 2019, the 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 (Limón, 2019). The team established a stakeholder working group that met regularly for a year and a half to assist in developing the draft Program. The team interviewed 18 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.

Tijuana River Valley Pollution Crisis

In May, San Diego County became the first federal and state approved coastal county in the United States to begin using a new testing water quality method. The droplet digital polymerase chain reaction testing method tests for fecal indicator bacteria DNA and offers rapid results to inform the public of water quality conditions within the same day. During the first month of implementation, test results determined that levels of bacteria in the water exceeded state health standards at beaches, resulting in beach closures. The ongoing issue of beach closures due to the Tijuana River pollution highlights the important need to continue efforts to address the crisis.

In April, a coalition of government agencies and clean-water advocates, including the Commission, reached a settlement with the U.S. Section of the International Boundary and Water Commission (USIBWC) on cross-border water pollution in the Tijuana River Valley. The Commission joined the San Diego Regional Water Quality Control Board's action in 2018, alleging that the USIBWC's failure to address transboundary pollution violated the Clean Water Act. Other plaintiffs, including the San Diego Unified Port District, the cities of Imperial Beach, Chula Vista, and San Diego, and Surfrider, also filed claims against the USIBWC related to the transboundary pollution. In exchange for dismissing the lawsuits, USIBWC, which owns and supervises the operation and maintenance of the South Bay International Wastewater Treatment Plant in the Tijuana River Valley, agreed to improve its canyon collector network, support a

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main channel berm, improve its stakeholder communication, and take other steps to address pollution that flows across the border.

The steps USIBWC agreed to perform are in addition to the U.S. EPA's comprehensive infrastructure solution, which is a holistic and comprehensive solution that will allow the U.S. EPA to implement a phased approach in the design and construction of water infrastructure projects. The U.S. EPA is committed to public engagement during the National Environmental Policy Act review process and working with their counterparts in Mexico to ensure binational support for water infrastructure projects.

Poseidon Huntington Beach Desalination Project

On May 12, the Coastal Commission denied Poseidon's Coastal Development Permit application for the proposed Huntington Beach Desalination Project. At the direction of Poseidon's Board, Poseidon has begun the process of shutting down planning and other work related to the proposed project.

San Onofre Nuclear Generating Station Units 2 & 3 Decommissioning

Southern California Edison Company (SCE) notified Commission staff of a Notice of Violation from the Nuclear Regulatory Commission (NRC) concerning security-related documents classified as "Safeguards Information". The documents were discovered several years ago while dismantling office equipment during demolition activities. SCE immediately self-reported the discovery of documents to the NRC and implemented corrective actions by conducting a thorough review of all abandoned office spaces prior to deconstruction.

Based on the information acquired during the NRC's investigation, it was determined that a violation of NRC requirements occurred, but the discovery of security-related documents was not intentional and did not jeopardize Safeguards security. More information on SONGS safety and security measures is available here: [Plant Safety and Security | SONGS \(songscommunity.com\)](https://www.songscommunity.com).

SCE and its decommissioning contractor at SONGS have developed new procedures and guidelines, including enhanced training. Dismantlement work at SONGS is slowly returning to its normal work activities. SCE anticipates continued permitting activities this year to accommodate the required State Water Quality Control Board final approved 401 water quality certification and a U.S. Army

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Corps of Engineers Clean Water Act Section 404 individual permit required under the Clean Water Act.

In March, staff received the latest monitoring report on the onshore construction activities from Aspen Environmental Group. Major onshore activities will continue to occur at the facility. Onshore work will include, but not be limited to: 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 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. SCE 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.