

# Staff Report 68

**APPLICANT:**

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Southern California Edison Company

**PROPOSED ACTION:**

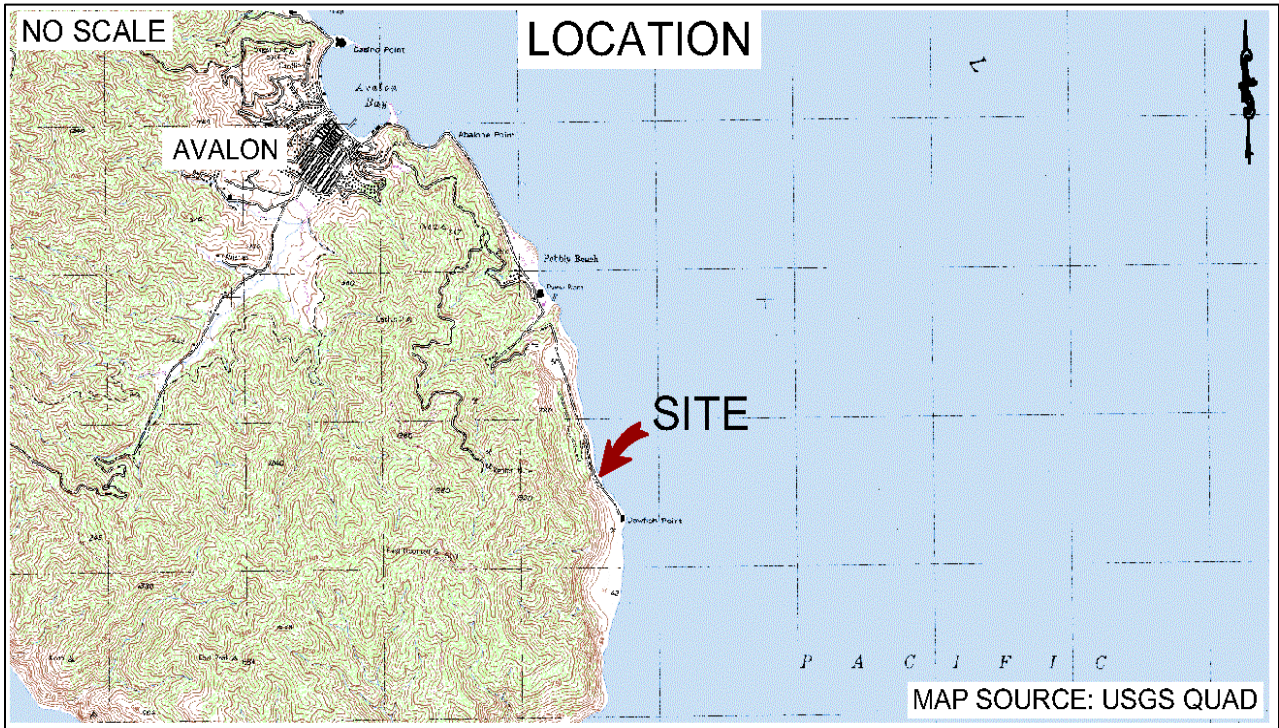
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Issuance of a General Lease – Industrial Use

**AREA, LAND TYPE, AND LOCATION:**

Sovereign land located in the Pacific Ocean, near the southeast coast of Santa Catalina Island, Los Angeles County (as shown in Figure 1).

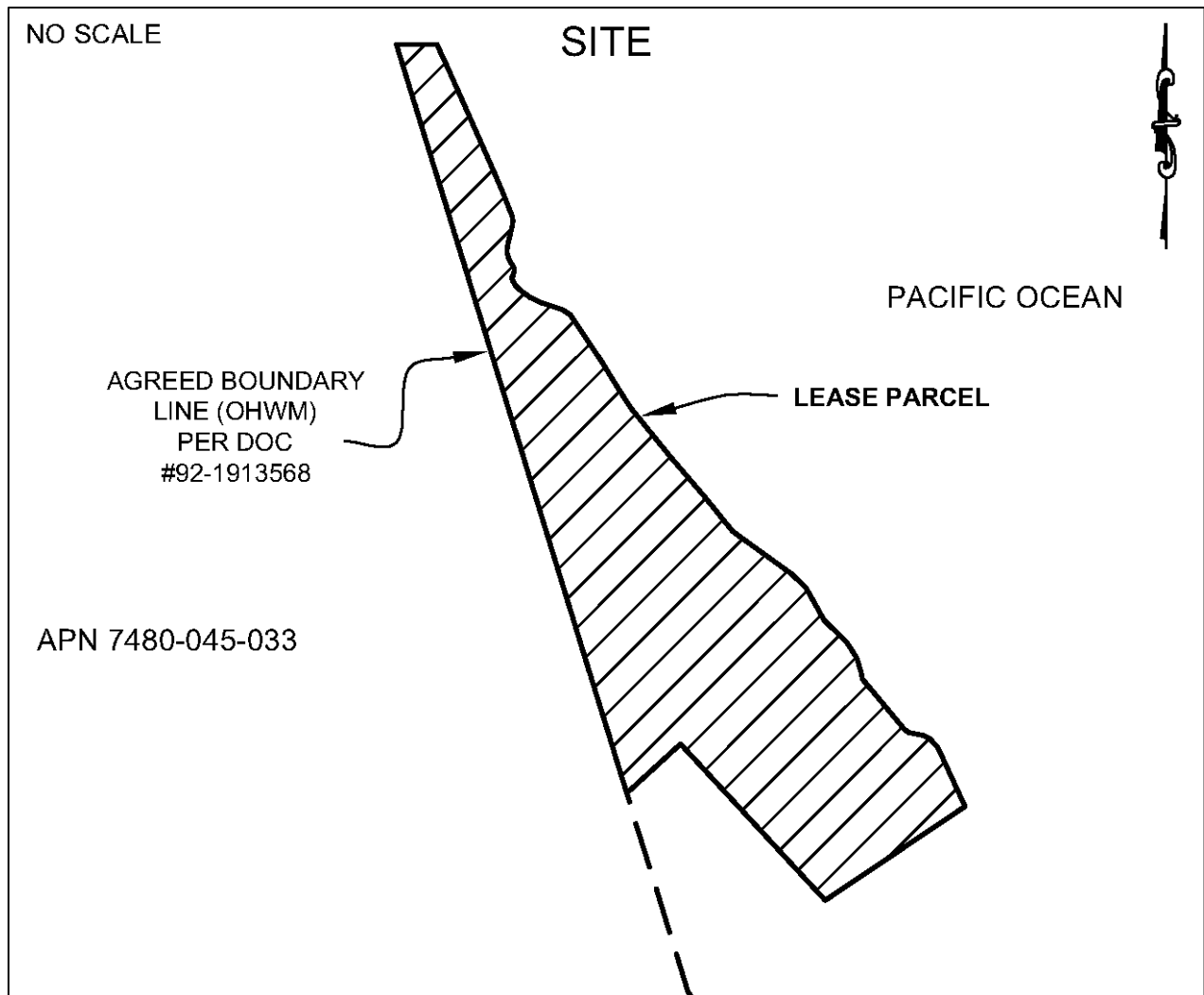
**Figure 1. Location**



**AUTHORIZED USE:**

The use of two existing source saltwater wells, buried 8-inch-diameter water line and electrical conduit, two well heads on concrete pads, a fence, and the improvement and enhancement of a portion of a rock riprap revetment (as shown in Figure 2).

**Figure 2. Site Map**



NOTE: This depiction of the lease premises is based on unverified information provided by the applicant or other parties and is not a waiver or limitation of any State interest in the subject or any other property.

**TERM:**

10 years, beginning July 1, 2022.

**CONSIDERATION:**

\$671 per year, with an annual Consumer Price Index adjustment, as provided in the lease.

**SPECIFIC LEASE PROVISIONS:**

- Insurance: Liability insurance in an amount no less than \$1,000,000 per occurrence; Lessee may satisfy all or part of the insurance requirement through maintenance of a staff-approved self-insurance program as specified in the lease.
- No later than July 1, 2026, Lessee shall provide for Lessor staff's review a cost estimate for removal of the authorized improvements within the Lease Premises. Such estimate will be prepared by a qualified third party and include costs associated with removal of the authorized improvements described in Lease Section 1, compliance with the California Environmental Quality Act, and any State and Federal permits and approvals. The removal cost estimate will be considered when modifying the surety bond or other security device pursuant to Section 3, Paragraph 10(b).

**STAFF ANALYSIS AND RECOMMENDATION:**

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**AUTHORITY:**

Public Resources Code sections 6005, 6216, 6301, 6303, 6321, 6321.2, 6501.1, and 6503; California Code of Regulations, title 2, sections 2000 and 2003.

**PUBLIC TRUST AND STATE'S BEST INTERESTS:**

On February 22, 2013, the Commission authorized a General Lease – Right-of-Way Use to Southern California Edison Company (SCE) for the use of two existing source saltwater wells with appurtenant buried pipeline and electrical conduit, two well heads on concrete pads, and a 10-foot by 22-foot, 8-foot high fence surrounding the well site ([Item 78, February 22, 2013](#)). The lease expired on June 30, 2022. SCE is now applying for a new General Lease – Industrial Use for the use of the previously authorized improvements and for the improvement and enhancement of a portion of a rock rip rap revetment adjacent to the saltwater well site.

To minimize slope erosion, damage from future storms, and protect the saltwater wells, additional stabilization along the shore and hillside slope is proposed. Improvement and enhancement of the revetment would remain within the footprint of the existing rock revetment. Approximately 5,800 cubic yards of rock rip rap would be required to complete the proposed improvement work. The portion

of the revetment adjacent to the saltwater wells is leased to the Santa Catalina Island Company (CIC) under lease PRC 7030 ([Item 35, December 23, 1986](#)). That lease expires on December 31, 2035. The CIC is aware of SCE's proposed improvements to this portion of the revetment and has no objections.

The work is part of SCE's Desalination Phase 1 Enhancement Project, which consists of upgrades to the existing desalination system, and associated water distribution and storage system on Santa Catalina Island. Proposed improvements would allow for the production and transmission of additional potable water from the Pebbly Beach Desalination Facility (PBDF). Project components outside the Commission's leasing jurisdiction include upgrades to the PBDF, one new vertical beach saltwater intake well, and one new water storage tank. The project's overall goal is to improve water supply reliability and water quality, provide public health benefits, strengthen drought resiliency, and reduce adverse environmental impacts by lessening groundwater withdrawals.

In 1962, SCE acquired the water utility infrastructure and water rights for Santa Catalina Island, along with electric and gas utilities. SCE's domestic water system serves approximately 2,000 residential and commercial accounts, serving approximately 4,000 customers in addition to the approximately one million tourists who visit Santa Catalina Island every year. Water comes from a combination of underground aquifers and SCE's PBDF.

On July 11, 2022, stage 1 mandatory water conservation went into effect, which prohibits certain uses of potable water on Santa Catalina Island. From 2014 to 2017, Santa Catalina Island customers also faced severe water rationing due to persistent drought conditions. Cycles of prolonged droughts are projected to continue in Southern California due to climate change, and water security for Santa Catalina Island will depend on the reliability of the PBDF, as well as additional measures to advance water conservation and efficiency. Maintaining and improving Santa Catalina Island's water supply is a critical component to maintaining public health and safety and could help reduce future mandatory water rationing.

The authorized improvements are located on both filled and unfilled sovereign tide and submerged land, along a portion of Pebbly Beach Road which includes industrial uses and limited public recreation amenities.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT:**

Although several project components occur outside the Commission's leasing jurisdiction, the Commission is serving as the lead agency under the California Environmental Quality Act (CEQA) for the whole of the project. Commission staff reviewed potential effects to the environment, in particular air quality, cultural



resources, and terrestrial and marine biological resources. Staff concluded that there is no reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances, and that no other exception listed in the CEQA Guidelines section 15300.2 would apply. Staff therefore recommends that the Commission determine the whole of the project is categorically exempt from the requirement for the preparation of environmental documents.

### **CLIMATE CHANGE:**

Climate change impacts, including sea level rise, more frequent and intense storm events, increased flooding and erosion, and changes in sand deposition, affect open coastal areas in California. The authorized uses are located adjacent to Pebbly Beach Road and in the Pacific Ocean offshore of Santa Catalina Island, which is a tidally influenced site.

The California Ocean Protection Council updated the [State of California Sea-Level Rise Guidance](#) in 2018 to provide a synthesis of the best available science on sea level rise projections and rates. Commission staff evaluated the “high emissions,” “medium-high risk aversion” scenario to apply a conservative approach based on both current emission trajectories and the lease location and structures. The Los Angeles tide gauge was used for the projected sea level rise scenario for the lease area as listed in Table 1.

**Table 1. Projected Sea Level Rise for Los Angeles**

<b>Year</b>	<b>Projection (feet)</b>
2030	0.7
2040	1.2
2050	1.8
2100	6.7

Source: Table 28, [State of California Sea-Level Rise Guidance: 2018 Update](#)

Note: Projections are with respect to a 1991 to 2009 baseline.

As stated in [Safeguarding California Plan: 2018 Update](#) (California Natural Resources Agency 2018), climate change is projected to increase the frequency and severity of natural disasters like flooding, drought, and storms (especially when coupled with sea level rise). The combination of these conditions will likely result in increased wave run-up, storm surge, and flooding in coastal areas. In tidally influenced waterways, more frequent and powerful storms can result in increased flooding conditions and damage from storm-created debris. Climate change and sea level rise will further influence coastal areas by changing erosion and sedimentation rates. Beaches and coastal landscapes will be exposed to

increased wave force and run-up, potentially resulting in greater erosion than previously experienced.

The combination of these projected conditions could increase the likelihood of damage to structures within the lease premises during the term of the lease. For example, the potential for more frequent and stronger storm events may cause the utility infrastructure to be damaged or dislodged, presenting hazards to public safety and threats to Santa Catalina Island's water supplies. The rip rap revetment will improve the resilience of the utility infrastructure and the Island's water supplies by providing protection against storm surges, wave run-up, erosion, and flooding. However, alternative strategies for the adaptation and protection of the lease premise and its improvements may be feasible and appropriate to consider in the future as flood exposure increases over time due to sea level rise.

While hard armoring structures provide temporary protection against the threat of sea level rise and other climate impacts, they disrupt natural shoreline processes, accelerate long-term erosion, cause loss of beach and other critical habitats and corresponding ecosystem benefits, as well as impair beach access and recreational uses. The impacts that hard armoring can have on tidelands are compounded by the climate change impacts discussed previously. Therefore, staff recommends a short lease term for this revetment so that it can assess the site again in a few years and review the functionality of the structure and the condition of the lease premises to ensure the revetment does not adversely affect nearby habitats or recreational uses. Additionally, the proposed lease is for upgrades to a small portion of the revetment leased to the Catalina Island Company, whose lease expires on December 31, 2035. The short term of the proposed lease will allow staff to coordinate review of the improvements authorized by this proposed lease with review of the total revetment leased to Catalina Island Company.

Pursuant to the proposed lease, the Applicant acknowledges that the lease premises and adjacent upland (not within the lease area) are located in an area that may be subject to effects of climate change, including sea level rise.

### **TRIBAL CONSULTATION:**

The Commission's Tribal Policy commits staff to engage in effective, meaningful, and mutually beneficial coordination and communication between Commission staff and California Native American Tribes, which can include but is not limited to engagement through the CEQA process. During routine coordination with Coastal Commission staff near the end of May 2023, staff learned of two tribes that could be interested in the project, and of which staff was previously unaware. Staff has begun tribal outreach and is scheduled to meet with representatives of the

Gabrieleño Band of Mission Indians - Kizh Nation on Friday, June 2 to consult on the proposed lease and Project.

The Applicant requires a lease from the Commission before the August Commission Meeting in order to start construction at the end the 2023 summer peak visitor season in August. In balancing the Commission's priorities of effective and meaningful tribal consultation and efficiently and timely processing lease applications that involve water supply projects, staff recommends the Commission delegate authority to the Executive Officer to include terms in the proposed lease to address requests and concerns relating to the proposed project resulting from the June 2 tribal consultation and any follow up consultations.

**CONCLUSION:**

The proposed lease would authorize infrastructure that protects water security in Santa Catalina Island, along with maintenance and upgrades to portions of an existing revetment, under lease to the Santa Catalina Island Company, which protects the infrastructure. Maintaining and improving Santa Catalina Island's water supply is a critical component to maintaining public health and safety and could help reduce future mandatory water rationing.

Structures such as rock revetments disrupt natural shoreline processes and can impair or destroy the public's ability to access beaches. In this case, however, denial of the proposed lease would not lead to the removal of the existing revetment, which is authorized until December 31, 2035. Denial of the lease would deny authorization to maintain and upgrade the revetment so that it protects the seawater wells and other infrastructure.

In some situations, staff may recommend additional consideration to compensate for the impacts to Public Trust resources caused by hard armoring, such as a revetment. More specifically, when hard armoring provides only private benefits, staff generally recommend monetary rent and other consideration for protective structures based on the appraised value of the sovereign land and the impacts to Public Trust resources. In this case, staff calculated rent for the portion of revetment that would be upgraded under the proposed lease based on the appraised value of the sovereign land. Staff is not recommending additional consideration based on impacts to Public Trust resources because those impacts are already caused by the existing revetment leased to the Catalina Island Company.

Finally, the 10-year term of the proposed lease will allow staff to coordinate review of the improvements authorized by this proposed lease with review of the total revetment leased to Catalina Island Company.

For the reasons stated above, staff believes the issuance of this lease will not substantially interfere with the public rights to navigation, fishing, and commerce, or substantially interfere with the Public Trust needs at this location, at this time, and for the foreseeable term of the proposed lease and is in the best interests of the State.

## **OTHER PERTINENT INFORMATION:**

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1. Approval or denial of the application is a discretionary action by the Commission. Each time the Commission approves or rejects a use of sovereign land, it exercises legislatively delegated authority and responsibility as trustee of the State's Public Trust lands as authorized by law. If the Commission denies the application, the Applicant will not be authorized to improve and enhance the existing riprap and may be required to remove the other improvements and restore the premises to their original condition. The lessee has no right to a new lease or a renewal of any previous lease.
2. This action is consistent with the "Leading Climate Activism" and "Meeting Evolving Public Trust Needs" Strategic Focus Areas of the Commission's 2021-2025 Strategic Plan.
3. **Pebble Beach Desalination Facility Improvements and Existing Riprap:** Staff recommends that the Commission find that this activity is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, title 14, section 15301.
4. **New Vertical Beach Well and Water Storage Tank:** Staff recommends that the Commission find that this activity is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 3, New Construction or Conversion of Small Structures; California Code of Regulations, title 14, section 15303.
5. **Improvement and Enhancement of the Rock Riprap Revetment:** Staff recommends that the Commission find that this activity is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 4, Minor Alterations to Land; California Code of Regulations, title 14, section 15304.

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15300.



## **APPROVAL REQUIRED:**

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California Coastal Commission

## **RECOMMENDED ACTION:**

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It is recommended that the Commission:

### **CEQA FINDING:**

**Pebble Beach Desalination Facility Improvements and Existing Riprap:** Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, title 14, section 15301.

**New Vertical Beach Well and Water Storage Tank:** Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, title 14, section 15061 as a categorically exempt project, Class 3, New Construction or Conversion of Small Structures; California Code of Regulations, title 14, section 15303.

**Improvement and Enhancement of the Rock Riprap Revetment:** Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, title 14, section 15061 as a categorically exempt project, Class 4, Minor Alterations to Land; California Code of Regulations, title 14, section 15304.

Find that the whole of the project is categorically exempt from the requirement for the preparation of environmental documents through the combination of categorical exemptions listed above.

### **PUBLIC TRUST AND STATE'S BEST INTERESTS:**

Find that the proposed lease will not substantially impair the public rights to navigation and fishing or substantially interfere with the Public Trust needs and values at this location, at this time, and for the foreseeable term of the lease; and is in the best interests of the State.

### **AUTHORIZATION:**

1. Authorize issuance of a General Lease – Industrial Use to the Applicant beginning July 2, 2022, for a term of 10 years, for the use of two existing source saltwater wells, buried 8-inch-diameter water line, electrical conduit, two well heads on concrete pads, a fence and the improvement and enhancement of a portion of a rock riprap revetment; annual rent in the amount of \$671, with an

annual Consumer Price Index adjustment; and liability insurance in an amount no less than \$1,000,000; Applicant may satisfy all or part of the insurance requirement through maintenance of a staff-approved self-insurance program as specified in the lease.

4.2. Delegate authority to the Executive Officer to add terms to the proposed General Lease to address requests and concerns involving the protection of cultural resources and practices within the project area resulting from the June 2 tribal consultation and any follow up consultations.