

Staff Report 45

APPLICANT:

Channelside Water Resources LP

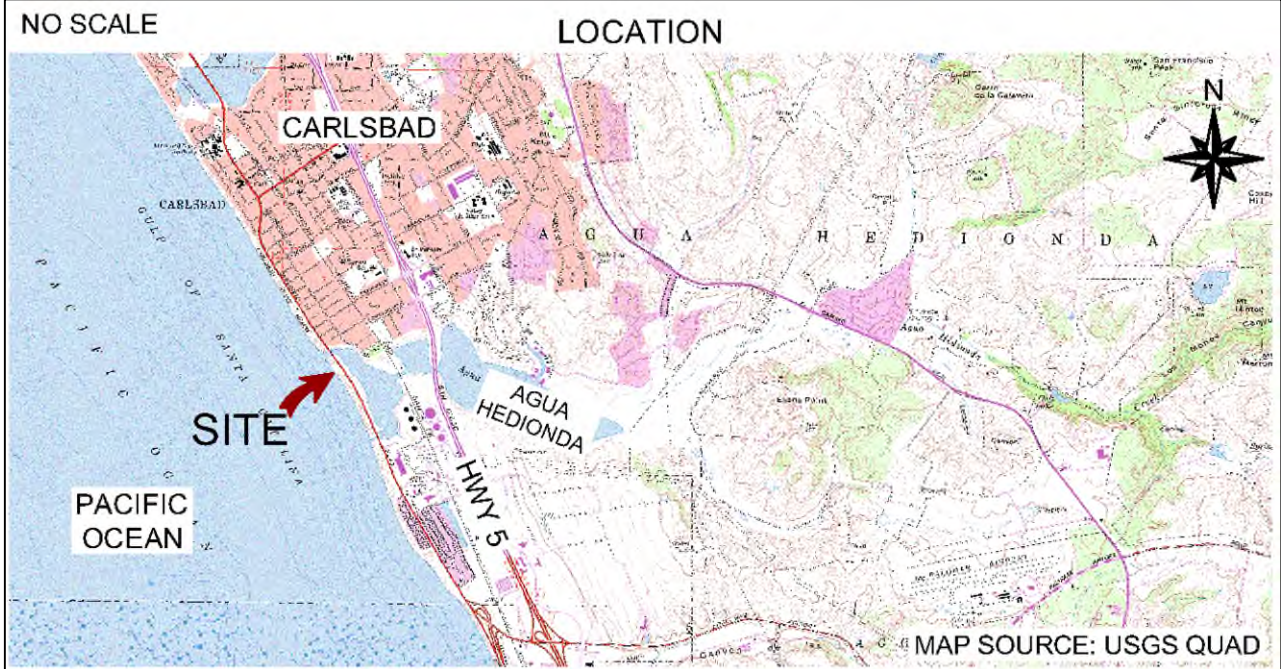
PROPOSED ACTION:

Issuance of a General Lease – Other.

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Pacific Ocean adjacent to Carlsbad State Beach and Agua Hedionda Lagoon, Carlsbad, San Diego County (as shown in Figure 1).

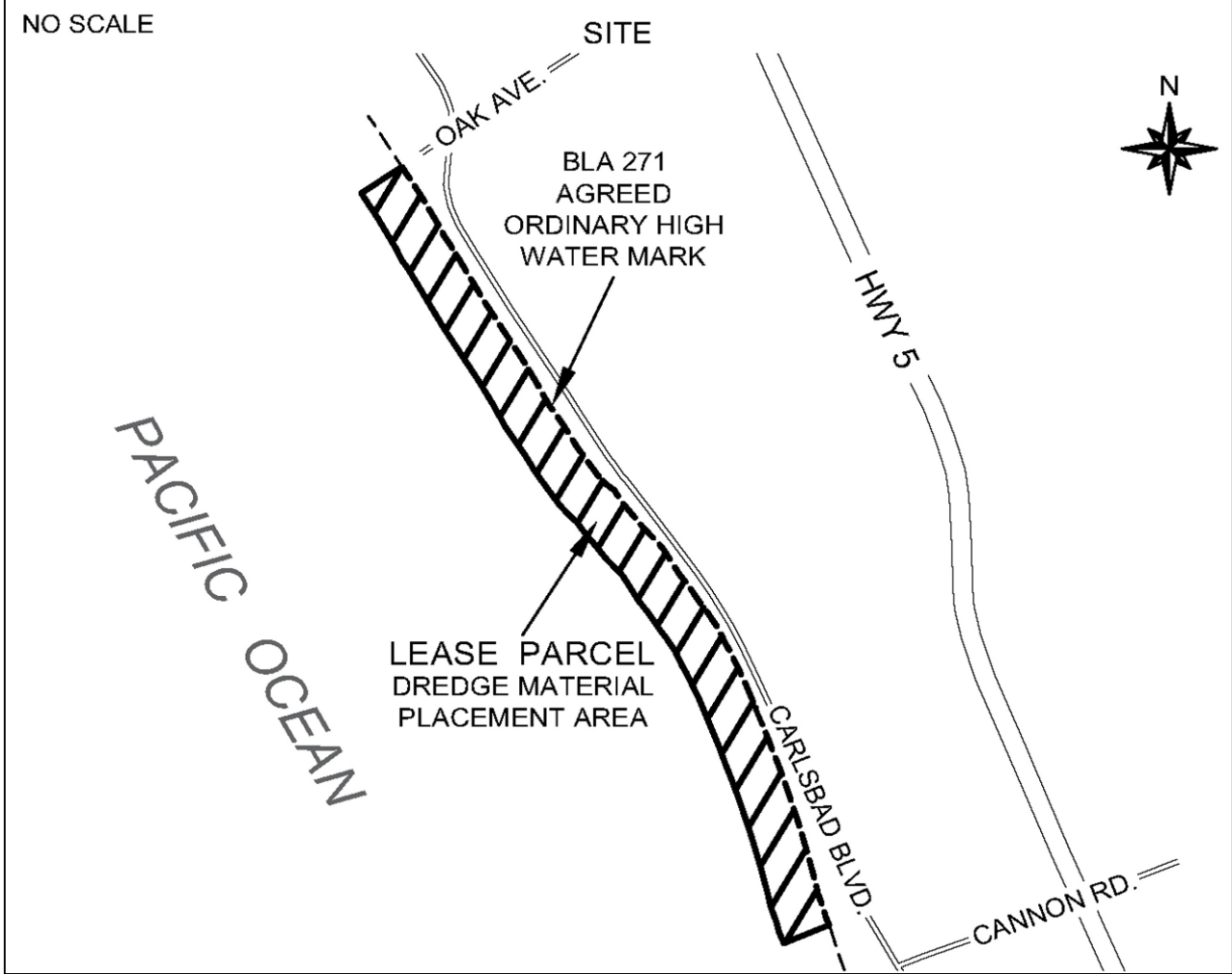
Figure 1. Location



AUTHORIZED USE:

Placement of up to 500,000 cubic yards of suitable dredge materials per dredging cycle from Agua Hedionda Lagoon on sovereign land adjacent to Carlsbad State Beach, Carlsbad, San Diego County (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 September 1, 2024.

CONSIDERATION:

\$167 per year, with an annual Consumer Price Index adjustment.

SPECIFIC LEASE PROVISIONS:

- At least 30 days prior to the beginning of any dredge cycle where placement of dredge materials is expected to occur at the Site, Lessee shall submit for Lessor staff review and approval a Sampling and Analysis Plan (SAP) substantially in the form of the SAP as shown in Exhibit C, attached and by this reference made a part hereof, and a Sampling and Analysis Report showing the results of sampling conducted in accordance with the SAP.
- No refueling or maintenance of vehicles, equipment, or watercraft shall take place within the Lease Premises.
- Any vehicles, equipment, or machinery used on the Lease Premises are limited to those directly required to perform the authorized use.
- All personal property, tools, equipment, or any other materials brought onto State lands shall remain the property of the Lessee and/or its contractors.
- Lessee agrees that all waste material and debris created by Lessee, or its contractors, shall be entirely removed from the Lease Premises and any other lands subject to Lessor's jurisdiction.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

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

PUBLIC TRUST AND STATE'S BEST INTERESTS:

On August 15, 2014, the Commission authorized the issuance of a General Lease – Beach Nourishment Use to Cabrillo Power I LLC for the placement of up to 500,000 cubic yards of suitable dredge materials per dredging cycle from Agua Hedionda Lagoon on sovereign land adjacent to Carlsbad State Beach ([Item 50, August 15, 2014](#)).

On January 19, 2023, Cabrillo Power I LLC entered into a lease agreement with Poseidon Resources LP, under which Poseidon Resources LP can utilize the Agua Hedionda Lagoon, which is owned by Cabrillo Power I LLC, for dredging purposes. On March 29, 2024, Poseidon Resources LP changed its name to Channelside

Water Resources LP (Applicant). Staff were notified of the name change in a letter dated April 11, 2024.

The Applicant is applying for a General Lease – Other, for the placement of up to 500,000 cubic yards of suitable dredge materials per maintenance dredging cycle from Agua Hedionda Lagoon on sovereign land in the Pacific Ocean, adjacent to Carlsbad State Beach, Carlsbad, San Diego County. The dredging cycles occur about every 2 to 4 years.

Agua Hedionda Lagoon provided cooling water for the Encina Power Station through the existing intake pipelines. However, the Station ceased operations in 2018, and the intake pipelines were then temporarily used for the Poseidon Desalination Plant. Construction of a new intake system is expected to be completed before the end of 2024, and the existing intake pipelines will be demolished in 2025. The new system will require the same periodic dredging. Additionally, the area that is being dredged and surrounding the Agua Hedionda Lagoon is on land that is not within the Commission's leasing jurisdiction. Therefore, the dredging aspect of this project is not included in the proposed lease.

The Applicant's activities under the proposed lease are similar to the previously authorized beach nourishment activities at Carlsbad State Beach. The Applicant conducts beach nourishment in multiple cycles from upland maintenance dredging. The dredged material is then placed at a receiver site: North, Middle, and South parts of Carlsbad State Beach. The dredged material (slurry) will be pumped to each of the receiver beaches via slurry discharge pipelines. Temporary dikes and berms will be constructed near the discharge points to dewater the slurry and aid in the retention of sand at the receiver beaches. Once the material is dewatered, front-end loaders will spread the sand on the beach and into a curved beach profile configuration. From dredging to placement, each dredging cycle is expected to take 2-3 months to complete.

The Applicant is required to prepare a Sampling and Analysis Plan (SAP) for each dredging/deposition cycle at least 30 days prior to placement of dredge materials at the receiver site. A Sampling and Analysis Report detailing findings such as core samplings, chemical analysis, grain size, and confirmation that the material conforms to the receiver site specifications, is submitted to each agency with approval authority over the beach nourishment activities.

Temporary impacts to public access within the Lease Premises will occur during the activities authorized by the proposed lease; however, the Applicant is required to implement certain measures designed to minimize such impacts. These measures

include restricting the authorized activities to periods of the year in which there is less public use of the beach, using on-site staff to detour foot traffic in the immediate discharge location, and leaving the beach areas in a safe condition each workday. Additionally, all impacts to public access are restricted to discrete operational areas; all other areas of the beach and other Public Trust lands will remain open during the authorized activities.

Over the past six to eight decades, beaches along the San Diego County coastline have narrowed due to declining natural sand supply attributable to urban development, especially from dams that block the natural flow of sediment from streams and rivers to the ocean. By placing dredged material along this section of the coast, the Applicant's objective is to restore the sediment supply through direct sand placement. Sand placement is proposed on the beach to reduce impacts from storms, enhance recreational use and public access for both residents and tourists, and restore beach habitat.

Applications for the required permits from the United States Army Corps of Engineers, the California Coastal Commission, California Department of Parks and Recreation, San Diego Regional Water Quality Control Board, and City of Carlsbad have been submitted and are pending approval.

The proposed Lease does not alienate the State's fee simple interest or permanently impair public rights. The lease is limited to a 10-year term, does not grant the lessee exclusive rights to the lease premises, and reserves an easement to the public for Public Trust-consistent uses.

The proposed lease requires the lessee to insure the lease premises and indemnify the State for any liability incurred as a result of the lessee's activities thereon. The lease also requires the payment of annual rent to compensate the people of the State for the occupation of the public land involved.

CLIMATE CHANGE:

Climate change impacts, including sea level rise, increased wave activity, storm events, and flooding may impact Carlsbad State Beach, which is located in a tidally influenced area vulnerable to wave action at the current sea level of the Pacific Ocean.

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 La Jolla 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 La Jolla

Year	Projection (feet)
2030	0.9
2040	1.3
2050	2.0
2100	5.8

Source: Table 31, [State of California Sea-Level Rise Guidance: 2018 Update](#)

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

As stated in the [Safeguarding California Plan: 2018 Update](#) (California Natural Resources Agency 2018), climate change is projected to increase the frequency and severity of natural disasters related to 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 and near 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 and riverine areas by changing erosion and sedimentation rates. Beaches, coastal landscapes, and near-coastal riverine areas will be exposed to increased wave force and run up, potentially resulting in greater beach or bank erosion than previously experienced.

The Applicant’s dredging of Agua Hedionda Lagoon includes the placement of sand at Carlsbad State Beach (North, Middle, and South Beaches) which is intended to nourish these beaches for protection of upland infrastructure and enhance beach width, public access, and beach habitat. These activities will provide periodic and temporary soft protection to offset the impacts of climate change-induced beach erosion and sea level rise.

Sand dredged from Agua Hedionda Lagoon has historically been deposited on North Beach (Pine Avenue south to North Jetty), Middle Beach (between inlet and outfall channels), and South Beach (south of outfall channel). All three of these beaches are public recreational destinations that benefit from sand deposition. Historically, North Beach has lost significantly more sand than Middle and South Beaches since 2018. North Beach is the most popular beach segment, and the

proposed sand volume will restore sand lost from this beach, increasing beach widths to benefit recreational use.

The lease includes an acknowledgment that the lease premises may be subject to the effects of sea level rise and may require additional maintenance or protection as a result, for which the lessee agrees to be solely responsible.

CONCLUSION:

For all the reasons above, staff believes the issuance of the proposed lease will not substantially interfere with the Public Trust needs and values at this location, at this time, and for the term of the lease; and is in the best interests of the State.

OTHER PERTINENT INFORMATION:

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 place the suitable dredge material. The lessee has no right to a new lease or a renewal of any previous lease.
2. This action is consistent with the "Meeting Evolving Public Trust Needs" and "Leading Climate Activism" Strategic Focus Areas of the Commission's 2021 – 2025 Strategic Plan.
3. State and local jurisdictional permitting agencies subject to the California Environmental Quality Act (CEQA) have applied the Class 4 Categorical Exemption, Minor Alterations to Land; California Code of Regulations, title 14, section 15304 for beach nourishment activities associated with Lease 932. These approvals include the City of Carlsbad Special Use Permit 06-10X2(A) on September 20, 2017; the California Regional Water Quality Control Board, San Diego Region, Clean Water Act Section 401 Water Quality Certification No. R9-2020-0232 on November 20, 2020; and the California Coastal Commission Coastal Development Permit 6-20-0240 on November 5, 2020.
4. 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 15061.

APPROVALS REQUIRED:

- U.S. Army Corps of Engineers
- California Coastal Commission
- California Department of Parks and Recreation
- California Regional Water Quality Control Board
- City of Carlsbad

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

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.

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 term of the lease; and is in the best interests of the State.

AUTHORIZATION:

Authorize the issuance of a General Lease – Other to the Applicant beginning September 1, 2024, for a term of 10 years, to place up to 500,000 cubic yards of suitable dredge materials per dredging cycle from Agua Hedionda Lagoon on sovereign land adjacent to Carlsbad State Beach; annual rent in the amount of \$167, with an annual Consumer Price Index adjustment; and liability insurance in an amount no less than \$1,000,000 per occurrence.