

STAFF REPORT

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08/23/19

PRC 1915.1

D. Simpkin

GENERAL LEASE – INDUSTRIAL USE

APPLICANT:

Chevron Products Company, a Division of Chevron USA, Inc.

PROPOSED LEASE:

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Pacific Ocean, Santa Monica Bay, near El Segundo, Los Angeles County.

AUTHORIZED USE:

Use and maintenance of an existing 60-inch-diameter wastewater outfall.

LEASE TERM:

10 years, beginning April 15, 2019.

CONSIDERATION:

\$54,542 per year, with an annual Consumer Price Index adjustment.

SPECIFIC LEASE PROVISIONS:

Insurance: Liability insurance in an amount no less than \$1,000,000 per occurrence, or equivalent staff-approved self-insurance program.

Surety: \$550,000 surety bond or other security.

Other: Applicant shall provide a copy of a valid National Pollutant Discharge Elimination System (NPDES) permit upon expiration of NPDES Permit No. CA0000337 no later than November 30, 2022.

STAFF ANALYSIS AND RECOMMENDATION:

Authority:

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

Public Trust and State's Best Interests Analysis:

On May 26, 1994, the Commission authorized the issuance of Lease No. PRC 1915.1, a General Lease – Industrial Use, for the construction of a 3,200-foot extension to an existing 850-foot-long, 60-inch-diameter

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wastewater outfall pipeline. The Applicant is now applying for a new General Lease – Industrial Use for the use and maintenance of the outfall. Since the issuance of the lease in 1994, the Applicant's name has changed from Chevron U.S.A. Products Company to Chevron Products Company, a Division of Chevron USA, Inc.

The outfall was originally constructed in 1957 and used as a saltwater return and wastewater line that extended into Santa Monica Bay. In 1994, the outfall was extended approximately 3,200 feet with a high-density polyethylene pipe fitted to the existing concrete outfall and fitted with a 300-foot-long polyethylene diffuser. The outfall is buried in the surf zone and rests on the ocean floor beyond the surf zone. Fifty anchors, placed approximately 67 feet apart, secure the outfall to the ocean floor. The outfall receives discharges from the process wastewater system and a non-contact wastewater and stormwater system associated with the Applicant's upland oil refinery.

The outfall is not associated with a traditional Public Trust use. Because the pipeline is buried in the surf zone, however, it has no impact on nearshore recreational uses like surfing and swimming. The outfall line is secured to the ocean bottom and is not expected to affect navigation or fishing. In addition, the outfall diffuser lies on the ocean bottom at a depth of approximately 42 feet and over one-half mile offshore. No impacts to recreational uses are anticipated due to the distance from shore and depth of the diffuser. Staff has no record of either the pipeline or diffuser impacting Public Trust uses within the leased area.

Discharge is permitted by the Applicant's National Pollutant Discharge Elimination System Permit CA0000337, issued by the California Regional Water Quality Control Board. That permit expires on November 30, 2022. The lease requires the Applicant to provide a valid copy of a new NPDES Permit no later than November 30, 2022.

The outfall has existed for many years at this location and the proposed lease does not permanently alienate the State's interest in the leased land and would not permanently impair public rights. The lease is limited to a 10-year term and does not grant the lessee exclusive rights to the lease premises. Upon termination of the lease, the Applicant may be required to remove all improvements from State land and restore the lease premises to their original condition. The proposed lease requires the Applicant to indemnify the State for any liability incurred as a result of the lessee's activities thereon. In addition, the lease requires a surety bond or other security in the amount of \$550,000. The lease also requires the payment

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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, more frequent and intense storm events, increased flooding, and erosion affect both open coastal areas and inland waterways in California. The pipeline extends offshore and is buried under the South Bay Bike Trail and the beach and is anchored to the ocean floor offshore. This area is tidally influenced and exposed to flooding and strong wave action due to storm surge and wave run-up during extreme high tides and storms. Sea-level rise increases the vulnerability of the beach area by increasing the frequency of exposure to flooding and wave action impacts, including scour and erosion of the beach. However, the pipeline is less likely to become exposed due to erosion because of the jetty located to the south. The jetty is authorized in Lease No. PRC 5574.1 ([Item 47, December 10, 2010](#)) issued to Chevron U. S. A. Inc. and does not expire until September 30, 2040. The jetty disrupts longshore sediment transport during the summer months, trapping sand travelling southward along the shore, resulting in a buildup of sand on the north side (the site of the pipeline), with less sand deposited on the south side. Therefore, the pipeline remains buried and is less likely to become a public hazard due to exposure.

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 assessed risk tolerance of 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 Angeles¹

Year	Projection (feet)
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: ¹ Projections are with respect to a 1991 to 2009 baseline.

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As discussed in the *Safeguarding California Plan: 2018 Update* (California Natural Resources Agency 2018), armoring structures along the coast, while intended to safeguard coastal upland property and structures, offers only temporary protection, eventually accelerating long-term erosion and leaving homes and property at risk. The jetty (providing protection to the pipeline) may become vulnerable to more frequent overtopping or inundation during high tides, king tides, and storms, as well as from storm runoff. As a result, the jetty may require more frequent maintenance and repair to ensure continued function during and after storm seasons and to avoid dislodgement. In the future, the jetty and the buried pipeline may need additional modifications to withstand higher levels of flood exposure and sea-level rise. Regular maintenance of the pipeline, as required by the terms of the lease, will reduce the likelihood of severe structural degradation or dislodgement. 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 proposed lease will not result in significant changes in the use of, or impacts to, Public Trust resources; does not substantially interfere with Public Trust needs and values 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:

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 may be required to remove the outfall and restore the premises to their original condition. Upon expiration or prior termination of the lease, the lessee also has no right to a new lease or to renewal of any previous lease.
2. This action is consistent with Strategy 1.1 of the Commission's Strategic Plan to deliver the highest levels of public health and safety in the protection, preservation, and responsible economic use of the lands and resources under the Commission's jurisdiction.
3. Staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA)

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as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, title 2, section 2905, subdivision (a)(2).

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15300 and California Code of Regulations, title 2, section 2905.

APPROVALS OBTAINED:

California Regional Water Quality Control Board

EXHIBITS:

- A. Land Description
- B. Site and Location Map

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 1, Existing Facilities; California Code of Regulations, title 2, section 2905, subdivision (a)(2).

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:

Authorize issuance of a General Lease – Industrial Use to the Applicant. beginning April 15, 2019, for a term of 10 years, for use and maintenance of an existing 60-inch-diameter wastewater outfall, as described in Exhibit A and shown on Exhibit B (for reference purposes only), attached and by this reference made a part hereof; consideration in the amount of \$54,542 per year, with an annual Consumer Price Index adjustment; liability insurance in an amount no less than \$1,000,000 per occurrence, or equivalent staff approved self-insurance program; and surety bond or other security of \$550,000.

EXHIBIT A

PRC 1915

LAND DESCRIPTION

A strip of tide and submerged land 60 feet in width lying in the Pacific Ocean, adjacent to Rancho Sausal Redondo, City of El Segundo, County of Los Angeles, State of California, the centerline of which is more particularly described as follows:

BEGINNING at the centerline of an existing 60 inch diameter outfall pipe having CCS 83, Zone 5 coordinates of North(Y) = 1,791,085.8 feet and East(X) = 6,431,813.1 feet; thence along the centerline of said pipe the following 17 courses:

- 1) S 68°51'59" W 248.4 feet;
- 2) S 65°34'52" W 95.4 feet;
- 3) S 68°57'09" W 209.4 feet;
- 4) S 56°31'04" W 52.1 feet;
- 5) S 62°55'45" W 260.3 feet;
- 6) S 64°44'30" W 84.1 feet;
- 7) S 72°22'57" W 106.3 feet;
- 8) S 63°38'26" W 412.2 feet;
- 9) S 61°35'45" W 90.6 feet;
- 10) S 59°57'02" W 502.2 feet;
- 11) S 55°59'32" W 109.3 feet;
- 12) S 57°26'50" W 494.3 feet;
- 13) S 48°23'21" W 92.1 feet;
- 14) S 41°15'06" W 407.3 feet;
- 15) S 56°58'34" W 125.3 feet;
- 16) S 61°45'48" W 98.7 feet;
- 17) S 67°02'00" W 503.3 feet to the end of said pipe.

EXCEPTING THEREFROM any portion lying landward of the Ordinary High Water Mark of the Pacific Ocean.

The sidelines of said strip shall be prolonged or shortened so as to commence at the Ordinary High Water Mark of the Pacific Ocean and terminate perpendicular to the end of the centerline of said strip.

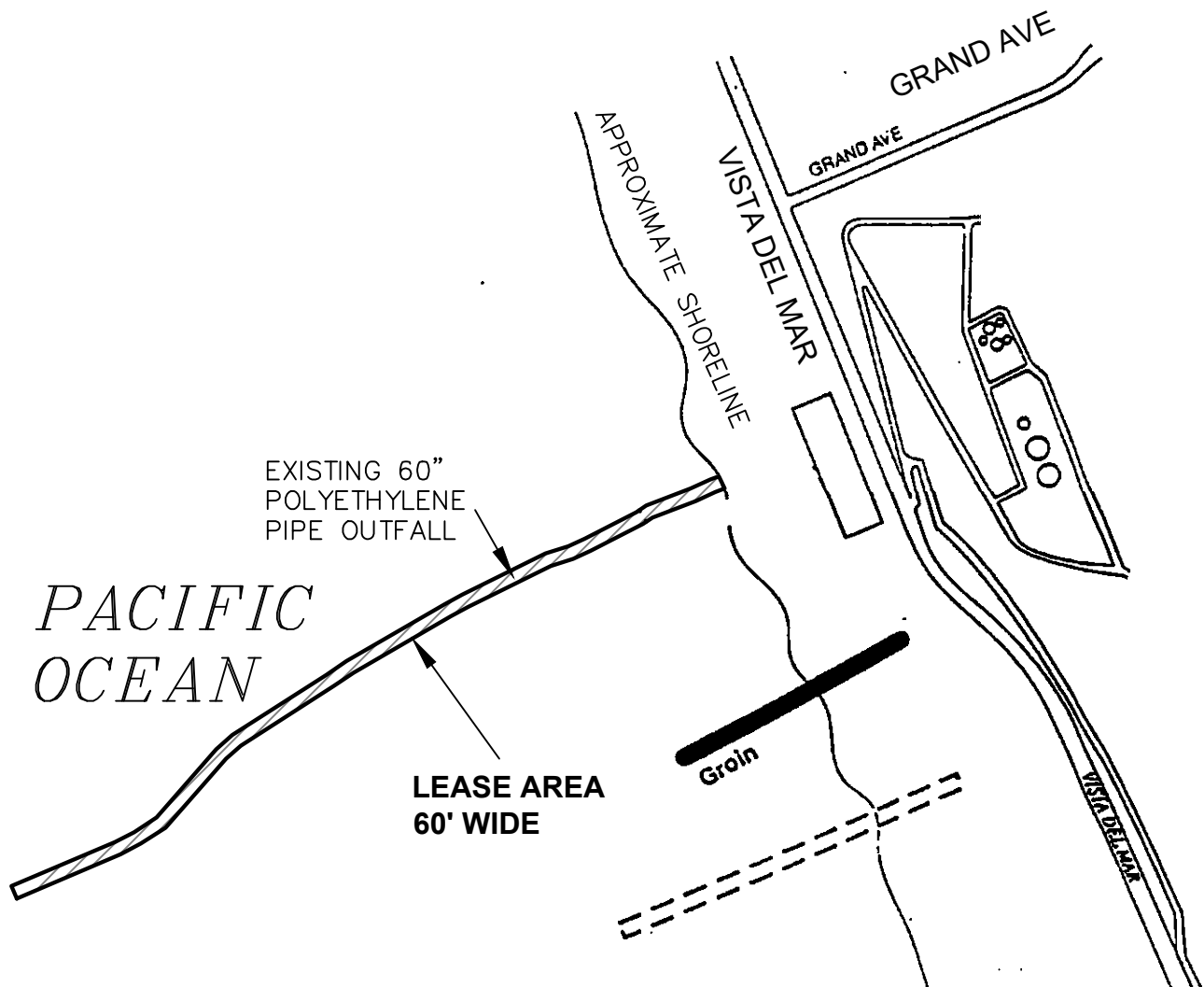
The BASIS OF BEARINGS of this description is the California Coordinate System of 1983, Zone 5. All distances are grid distances.

END OF DESCRIPTION

Prepared 6/23/2011 by the California State Lands Commission Boundary Unit. This revised description is based on as-built coordinates of the outfall location supplied to the State Lands Commission by Fugro Consultants, Inc. on 6/21/2011.

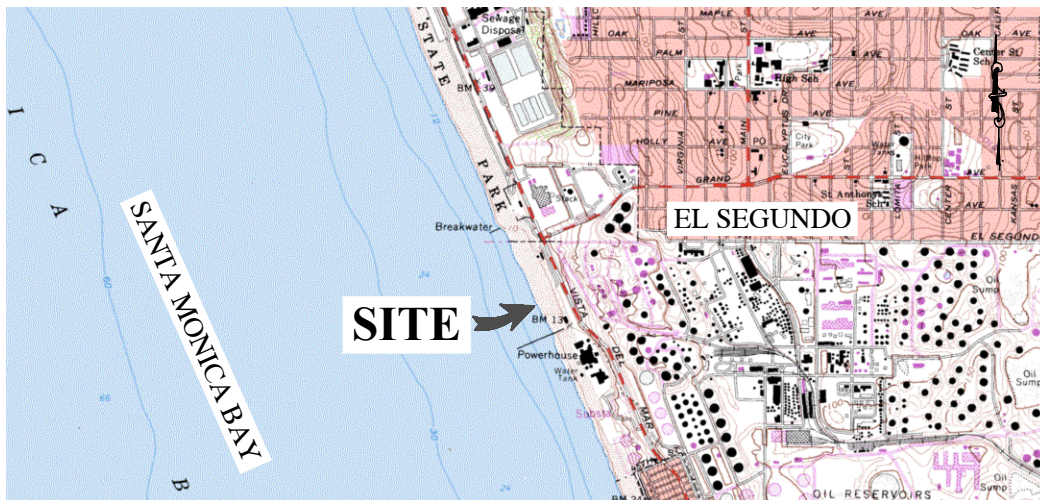


SITE



NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

CHEVRON - EL SEGUNDO
OUTFALL
GENERAL LEASE -
INDUSTRIAL USE
LOS ANGELES COUNTY



D.JF 4/4/2019

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.