MINUTE ITEM
This Calendar Item No. 24
was approved as Minute Item
No. 24 by the State Lands
Commission by a vote of 3
to 0 at its 7/10/89
meeting

CALENDAR ITEM
24

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07/10/89
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Townsend

GENERAL LEASE - INDUSTRIAL USE

APPLICANT: Peter Scrivani
Pacific Mariculture, Inc.
100 Shaffer Road
Santa Cruz, California 95060

AREA, TYPE LAND AND LOCATION:
Two parcels consisting of 0.370 acres of sovereign tide and submerged land located in the Pacific Ocean, Santa Cruz County.

LAND USE: Pumphouse, intake and discharge system to convey filtered seawater to and previously circulated seawater from an upland abalone aquaculture facility.

TERMS OF PROPOSED LEASE:
Initial period: Ten (10) years beginning July 10, 1989.

Surety bond: $10.000.

Public liability insurance: Combined single limit coverage of $2,000,000.

CONSIDERATION: $250 per annum; with the State reserving the right to fix a different rental on each fifth anniversary of the lease.

BASIS FOR CONSIDERATION:
Pursuant to 2 Cal. Code Regs. 2003.

APPLICANT STATUS:
Applicant is lessee of upland.





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PREREQUISITE CONDITIONS, FEES AND EXPENSES:

Filing fee and processing costs have been received.

STATUTORY AND OTHER REFERENCES:

A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.

B. Cal. Code Regs.: Title 2, Div. 3; Title 14, Div. 6.

AB 884: 10/03/89.

OTHER PERTINENT INFORMATION:

1. Dr. Peter Scrivani, representing Pacific Mariculture, Inc., has filed an application with staff of the Commission for a General Lease - Industrial Use to construct, on State-owned lands, a pumphouse, intake and discharge system for a proposed abalone mariculture facility. The proposed facility would pump seawater from the ocean to storage tanks for a one-time circulation through tanks containing abalone, and discharge the circulated water back into the ocean. The abalone, hatched in a separate hatchery facility, are moved to growing tanks of different sizes according to the various growth stages. The lifecycle for commercially grown abalone is about three years. The company's existing facilities, currently located at the University of California Santa Cruz, Long Marine Laboratory, will be relocated to the proposed upland site. The abalone farm will occupy 3.8 acres of a 121-acre agricultural parcel for which the applicant has a ten-year lease agreement with an option to purchase.

2. The project site is located at Sandhill Bluff, approximately one-half mile seaward of Highway 1, and 5.5 miles north of Santa Cruz, in Santa Cruz County. The project lies over and proposes to utilize two of the seven major seacaves that mark

the face of the bluff. The surface area over the seacaves is presently used for the growing of brussel sprouts. Highway 1, a Southern Pacific Railroad spur, and a small residential neighborhood on Coast Road are located 900 yards landward. Laguna Creek Beach lies about 600 yards to the northwest.

3. The 1,152-square foot pumphouse will be located on State-owned lands over a seacave in which the applicant proposes to install the seawater intake and will be set back a minimum of 25 feet from the edge of the bluff. It is designed to have a maximum structural elevation of 7.5 feet, and will be landscaped with Monterey Cypress in order to screen the structure from off-site views without blocking panoramic views of the ocean or bluffs. The pumphouse will be fully insulated to reduce noise levels. The intake system design will require the drilling of three shafts from the surface of the bluff through the roof of a seacave, to place three seawater intake pumps within the water in the cave. The seawater will be pumped through pressure sand filters into seawater storage tanks for circulation in the abalone growing tanks. Each intake line will be located a minimum of 35 feet from the mouth of the seacave. This arrangement is similar to that at the Long Marine Lab at the University of California, Santa Cruz.

   Ultimately, about 4.4 million gallons of seawater per day will be discharged back to the sea through the discharge line that will be placed in a shaft to be drilled from the bluff surface through the roof of another seacave which is located approximately 140 feet downcoast from the intake seacave. This smaller seacave is partially filled with sand and fronts a seasonal pocket beach. The small beach area is surrounded by vertical cliffs, and

therefore cannot be reached by the general public. The Regional Water Quality Control Board has established discharge standards for the proposed operation. In addition, the County's approval provides for daily and weekly monitoring of the discharge, and quarterly reports of the results. It is expected that the discharge from the seacave will create, at least during low tides, a sal ater stream emerging from the cave and ru .ng a short distance across the beach t the sea.

4. Various portions of the project have been controversial. The major issues included: 1) the maintenance of public access along the bluff top; 2) retention of scenic views; and 3) the project's potential impacts on environmentally sensitive wildlife and habitat, particularly with regard to the use of the seacaves for the intake and discharge lines.

   The County of Santa Cruz, as the Lead Agency under the provisions of the CEQA, prepared, circulated and certified the adequacy of an EIR for the proposed project. Based on the information and analyses within the document and its public hearings at the Planning Commission and Board of Supervisors, the County approved the project with conditions. On June 14, 1989, the Coastal Commission approved the project, with conditions, on a vote of 10-0. Each of these approvals provide for the use of the seacaves for both intake and discharge lines.

5. Various elements of State law and policy support saltwater-dependent aquaculture as a priority use of the coast. The Coastal Act, in Section 30411(c), provides, in part, that aquaculture is a coastal-dependent use which should be encouraged and directs the Department of

Fish and Game to identify appropriate sites. The applicant has worked closely with the Department of Fish and Game and the Coastal Commission to establish criteria for an appropriate site and has explored several alternative locations. The proposed site and use of the seacaves has been deemed to be the least damaging to sensitive environmental habitat, and the project has received, with the exception of the Department of Transportation and the State Lands Commission, the approval of all agencies having permit jurisdiction.

Staff recommends issuance of a General Lease - Industrial Use to Pacific Mariculture, in the form on file in the Sacramento offices of the State Lands Commission, for that portion of the aquaculture project located on State-owned lands. It should be made clear, however, that staff's recommendation is based on its review of the needs of this project specifically, the accessibility of the affected caves to the general public, and the resources affected, and in no way is it to be construed as setting a precedent for the general use of seacaves for industrial applications. In addition to other terms and provisions of the lease agreement, Pacific Mariculture agrees to the following:

a. Construction shall begin by July 10, 1989, and be completed by June 1, 1991; however, construction of the intake and discharge shafts shall be limited to the non-nesting season for the Black Swift (October - May, inclusive). Other excavation and construction activity on the pumphouse site shall be similarly limited, except for those activities which in the written opinion of the California Department of Fish and Game pose no reasonable likelihood of interfering with the nesting of the Black Swift.

b. Lessee agrees to afix a sign to each seawater intake line located within the seacave. Said sign shall be of a size and shape as approved by the Executive Officer of the State Lands Commission, and shall state, in English and Spanish, the following: "WARNING: Seawater Intake Line/Keep Away."

c. Lessee shall develop and submit to the Executive Officer, for review and acceptance in conjunction with the Department of Fish and Game, the Regional Water Quality Control Board and the Coastal Commission, a monitoring program which will evaluate the performance of the proposed discharge pipe and document the configuration of the adjacent beach during the first two years of the proposed lease. At the request of the Executive Officer, based on the information contained in the final report of such monitoring program, lessee shall submit an application to the Commission for the modification of said pipe such that it is extended, buried below the scour level of the beach, and projected on the sea floor beyond the outer limits of the offshore sand line as determined at the time of design.

6. An EIR was prepared and adopted for this project by the County of Santa Cruz. The state Lands Commission's Staff has reviewed such document.

7. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to P.R.C. 6370, et seq. However, the Commission has declared that all tide and submerged lands are "significant" by nature of their public ownership (as opposed to





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"environmental significant"). Since such declaration of significance is not based upon the requirements and criteria of P.R.C. 6370, et seq., use classifications for such lands have not been designated.

APPROVALS OBTAINED:

California Regional Water Quality Control Board, County of Santa Cruz, United States Army Corps of Engineers, California Coastal Commission and California Department of Fish and Game.

FURTHER APPROVALS REQUIRED:

California Department of Transportation.

EXHIBITS:

A. Land Description.
B. Location Map.
C. EIR Summary
D. CEQA Findings

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT AN EIR WAS PREPARED AND ADOPTED FOR THIS PROJECT BY THE COUNTY OF SANTA CRUZ AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.

2. ADOPT, IN CONFORMITY WITH THE PROVISIONS OF SECTION 15096(h) OF THE STATE CEQA GUIDELINES, THE FINDINGS MADE BY THE LEAD AGENCY, THE COUNTY OF SANTA CRUZ, AS CONTAINED IN EXHIBIT "D" ATTACHED HERETO.

3. DETERMINE THAT THE PROJECT, AS PROPOSED, MODIFIED AND APPROVED, WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT

4. AUTHORIZE ISSUANCE TO PACIFIC MARICULTURE, INC. OF A 10-YEAR GENERAL LEASE - INDUSTRIAL USE. IN THE FORM ON FILE IN THE SACRAMENTO OFFICES OF THE STATE LANDS COMMISSION, BEGINNING JULY 10, 1989; IN CONSIDERATION OF ANNUAL RENT IN THE AMOUNT OF $250, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENTAL ON EACH FIFTH ANNIVERSARY OF THE LEASE; PROVISION OF A $10,000 SURETY BOND; PROVISION OF PUBLIC LIABILITY INSURANCE FOR COMBINED SINGLE LIMIT COVERAGE OF $2,000,000; ON THE LAND DESCRIBED ON



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EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF FOR THE INSTALLATION AND MAINTENANCE OF A PUMPHOUSE, AND INTAKE AND DISCHARGE SYSTEM TO CONVEY FILTERED SEAWATER TO AND PREVIOUSLY CIRCULATED SEAWATER FROM AN UPLAND AQUACULTURE FACILITY.

5. FIND THAT THE AWARD OF SAID LEASE IS BASED ON THE COMMISSION'S REVIEW OF THE NEEDS OF THIS PROJECT SPECIFICALLY, THE ACCESSIBILITY OF THE AFFECTED CAVES TO THE GENERAL PUBLIC, AND THE RESOURCES AFFECTED AND IS NOT TO BE CONSTRUED AS SETTING A PRECEDENT FOR THE GENERAL USE OF SEACAVES FOR INDUSTRIAL APPLICATIONS.

## EXHIBIT "A"

W 24227

## LAND DESCRIPTION

Two parcels of tide and submerged land located near Sand Hill Bluff, Santa Cruz County, California, described as follows:

Parcel 1 - Pump House Site

COMMENCING at USC&GS triangulation station "LAG", having CCS 27, Z 3 coordinates of X = 1,517,528.53, Y = 177,796.61; thence N 82° 30' 00" E, 324.50 feet to the POINT OF BEGINNING; thence S 79° 00'00" E, 80 feet; thence S 11° 00' 00" W, 240 feet; thence N 79° 00' 00" W, 80 feet; thence N 11° 00' 00" E, 240 feet to the point of beginning.

Parcel 2 - Discharge site

COMMENCING at the above mentioned USC&GS triangulation station "LAG"; thence N 75° 38' 00" E, 428 feet to the POINT OF BEGINNING; thence N 64° 00' 00"E, 30 feet; thence S 26° 00' 00" E, 30 feet; thence S 64° 00' 00" W, 30 feet; thence N 26° 00' 00" W, 30 feet to the point of beginning.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark of the Pacific Ocean.

Coordinates, bearings, and distances used in this description are based on the California Coordinate System of 1927, Zone 3.(CCS 27, Z3).

**END OF DESCRIPTION**

**REVISED MARCH 30, 1989 BY BIU 1.**

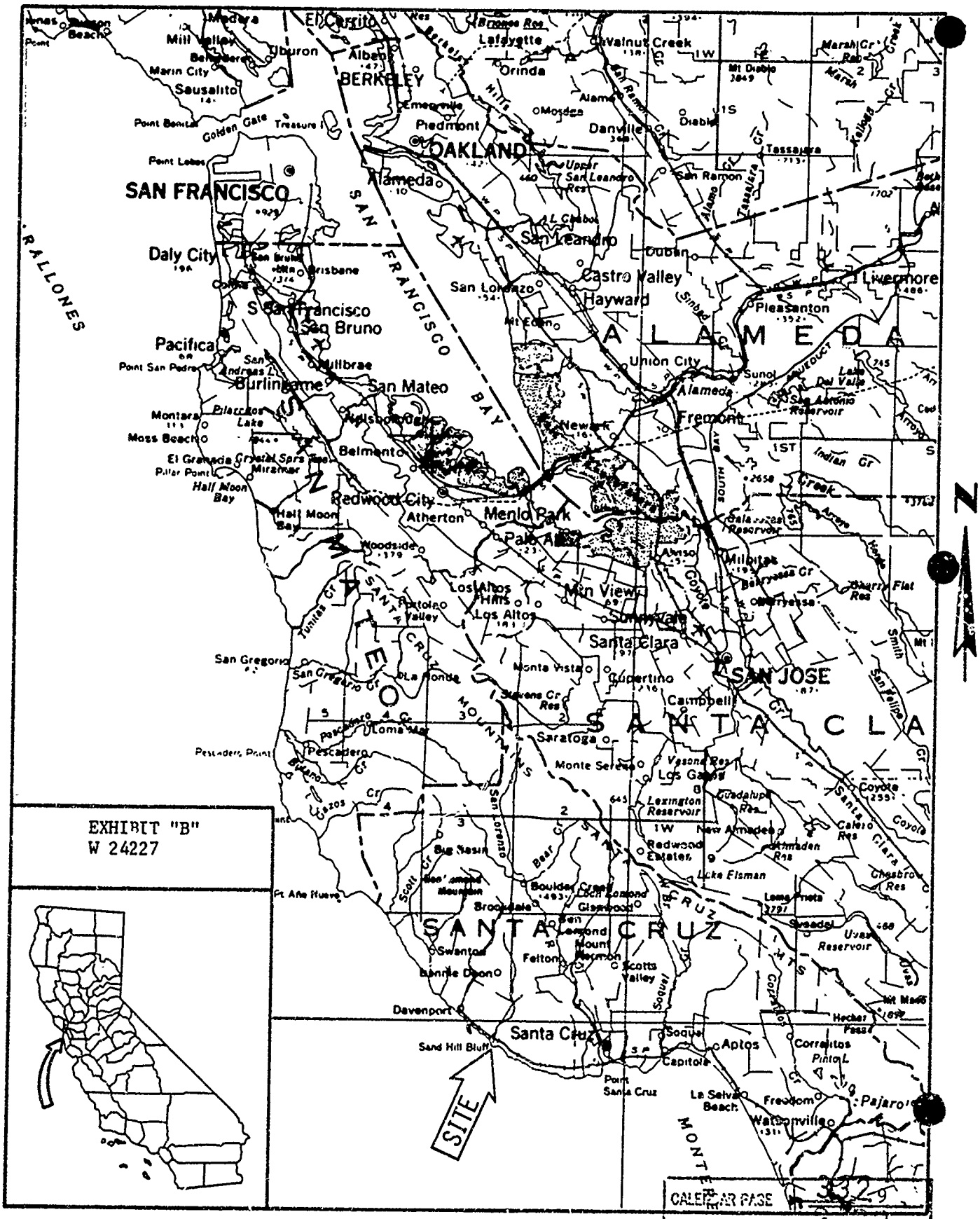


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EXHIBIT "C"

EIR SUMMARY

Pacific Mariculture intends to construct an aquaculture facility to hatch and raise abalone for commercial sale. The company's existing facilities currently located at the Long Marine Lab will be relocated to the proposed site and expanded over time to reach the limits of the proposed site plan.

The proposed operation consists of pumping seawater from the ocean to storage tanks for one-time circulation through the abalone growing tanks, and ultimate discharge back into the ocean. The abalone are hatched in a separate hatchery facility and moved to growing tanks of different sizes according to the various growth stages. The life cycle for commercial abalone is about three years. The facility will operate year around and is expected to have a maximum of 12 employees at full buildout in approximately ten years. There will be no "processing" of abalone at the site other than possible stockpiling of a small number of removed shells. These shells will be rinsed, air-dried, and boxed to eliminate potential for fly/rodent problems. The abalones will be marketed either with or without the shells and shipped in five-gallon buckets to the distributor. Shells removed at the site will be stockpiled and sold to local wholesalers.

The project consists of construction of the mariculture facility, seawater intake and discharge lines, a pumphouse, and water storage tanks. The existing access road will be improved with 4-inches of base rock to create an all-weather surfacing. The road will be used by both Pacific Mariculture and the adjacent farming operator.

The part of the project that the Commission will be considering for approval is the construction of the seawater intake and discharge lines. This "system" is planned as an "open" or "flowthrough" system, similar to those used at the Long Marine Lab, the Monterey Bay Aquarium and the Hopkins Marine Station in Pacific Grove. Seawater will be pumped through a screened vertical intake, filtered through pressure sand filters, and conveyed through a buried pipe to storage tanks. Three, 3-foot diameter shafts will be drilled through mudstone to the ocean via an existing seacave. Two-foot diameter pipe casings will extend to the seacave floor and into the mudstone bedrock below the sand. The casings will be grouted into the bedrock with concrete grout at both the cave floor and cave roof to provide a firm anchorage. The casings will be thick steel pipe, designed to withstand corrosion, the pounding of the ocean waves, and abrasion from boulders and sand.

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EXHIBIT 'D'

CEQA FINDINGS

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RECOMMENDED FINDINGS

F. ENVIRONMENTAL IMPACT REPORT FINDINGS:

Required Findings:

1. THE FINAL EIR HAS BEEN COMPLETED IN COMPLIANCE WITH CEQA AND THE STATE AND COUNTY EIR GUIDELINES.

   The Final EIR, prepared by John Gilchrist and Associates, has been completed in compliance with the County's Environmental Review Guidelines, State Guidelines set forth in Title 14 of the California Administrative Code and CEQA. All written comments pertaining to significant environmental issues in the Draft EIR were responded to in the Final EIR. The staff report prepared for the February 22, 1989 Planning Commission hearing is included as an addendum to this EIR.

2. THE EIR HAS BEEN REVIEWED AND CONSIDERED PRIOR TO APPROVAL OF THE PROJECT.

   The Board of Supervisors reviewed and considered the Final EIR and the addendum to the EIR during March, 1989 prior to and including the March 21 and April 4, 1989 hearing dates for this project.

3. THE EIR HAS BEEN FORMALLY ACCEPTED AND CERTIFIED AS COMPLETE BY THE DECISION-MAKING BODY.

   By approval of these findings, the Board of Supervisors (as the decision-making body) has formally accepted the EIR and its addendum and certified it as complete.

4. CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN, OR INCORPORATED INTO, THE PROJECT WHICH MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE FINAL EIR.

   The EIR identified 4 moderately significant environmental effects for the project. However, the EIR did identify a number of mitigations which would reduce these moderate impacts to a level of insignificance. Each of these mitigations, with one exception, is listed by impact category on the Attachment Sheet to these findings and has been incorporated into the conditions of project approval as indicated. This one exception is that retention of the packing crate wall has been deleted as a mitigation measure. Subsequent analysis has shown that the project will not be visible from Laguna Creek Beach. In addition, the site plan has been revised by relocating water storage tanks as specified in the EIR addendum to further reduce their visual impact. The discharge pipe has been relocated to a less significant sea cave.

5. IF MITIGATING CHANGES OR ALTERATIONS ARE WITHIN THE RESPONSIBILITY AND JURISDICTION OF ANOTHER PUBLIC AGENCY AND NOT THE AGENCY MAKING THE FINDING, SUCH CHANGES HAVE BEEN ADOPTED BY SUCH OTHER AGENCY OR CAN AND SHOULD BE ADOPTED BY SUCH OTHER AGENCY.

   The project, now known as Application 87-1057, and its mitigation measures are the responsibility and jurisdiction of the County of Santa Cruz who has jurisdiction over the approval of the project and certification of the EIR. The mitigation measures will be incorporated into any permit approved for this project.

6. SPECIFIC ECONOMIC, SOCIAL, OR OTHER CONSIDERATIONS MAKE INFEASIBLE THE MITIGATION MEASURES OR PROJECT ALTERNATIVES IDENTIFIED IN THE FINAL EIR.

   All mitigation measures can be implemented and have been included as conditions to the project approval.

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Pete Scrivani for Pacific Mariculture
Application No. 87-1057
APN: 59-023-08

ATTACHMENT SHEET TO EIR FINDING #4

NOTE: EACH OF THE MITIGATIONS LISTED BELOW HAS BEEN INCORPORATED INTO THE CONDITIONS OF PROJECT APPROVAL AS REFERENCED.

Biology

1. Impact - Construction of seawater pipe shafts through ceiling of sea cave could adversely affect Black Swift nesting.

   Mitigation - Limit construction of shafts to non-nesting period of the swift (October through May). (See permit condition #3.i.)

2. Impact - Seawater intake system could cause entrainment of a very small marine life.

   Mitigation - Intake holes will be covered with fine screen mesh. (See condition #3.i.)

Archaeology

3. Impact - Construction of northern half of project site will result in disturbance to existing buried archaeological resources.

   Mitigations -

   a) Implement a data recovery plan. (See condition #4.c.)

   b) Construct a fence along base of the Sand Hill to discourage access to this area. (See conditions #5.i. and #3.h.)

Visual Resources

4. Impact - Alteration of scenic corridor viewshed could result due to construction of water tanks and pump house and shade cloth houses.

   Mitigations -

   a) Extend existing row of cypress trees to coastal bluff to block visibility of shade houses from Highway 1 vicinity. (See conditions #3.a. and #3.h.)

   b) Plant cypress trees along 120 feet of project site northern boundary between the shop building and the Sand Hill to block visibility of the shop building from Highway 1 vicinity. (Same as above.)

   c) Plant cypress trees on landward side of pump house to block visibility of this structure. (Same as above.)



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d) Paint water tanks an earthen tone color which will camouflage them with the adjacent Sand Hill. Paint all other structures an earthen brown color with dark green roofs. Use a shade cloth color which will visually blend with the surrounding area. (See conditions #3.e, #3.h and #5.h.)

e) Require underground placement of all utilities. (See conditions #3.f and #3.h.)

Traffic

5. Impact - Project build-out will result in a minimal daily traffic increase of 28 +/- vehicle trips with a potential increase in hazards due to limited sight distance at Highway 1 and Coast Road intersections.

Mitigations - a) Install a "side road" sign on Highway 1 to provide advance warning of Coast Road intersection. (See conditions #2.h and #5.d.)

b) All project traffic shall use the northwestern Coast Road intersection with Highway 1. (See condition #5.e)

Geology

6. Impact - Construction of the pump house near the edge of the bluff could affect the geologic stability of the bluff face or sea cave.

Mitigation - Redesign pump house so no portion of the building encroaches into the 25 foot bluff setback area. (See conditions #1.a and #5.g.)

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