

FILE NUMBER: 2025-215

DATE: Tuesday, December 9, 2025

SUBJECT: Silvergate Tunnel Abandonment at the BAE Leasehold at 2205 Belt St, City of San Diego, California

DESCRIPTION: A) Resolution Adopting an Addendum to the Pier 1 North Drydock, Associated Real Estate Agreements and Removal of Cooling Tunnels Project Final Environmental Impact Report for the Silvergate Tunnel Abandonment Project and Authorizing Staff to File a Notice of Determination and B) Resolution Authorizing Issuance of a Non-Appealable Coastal Development Permit to the District for the Silvergate Tunnel Abandonment Project

EXECUTIVE SUMMARY:

The proposed actions would allow the abandonment in place of formerly operating cooling tunnels at the BAE Systems Maritime Solutions San Diego (BAE Systems) shipyard located at 2205 Belt Street within the city of San Diego and within District jurisdiction (see Project Location Map, Exhibit 1 of Attachment B). The tunnels were previously used to provide seawater intake and discharge for the former Silvergate Power Plant and are no longer operational. Funding for engineering analyses was previously approved by the Board of Port Commissioners (Board) on September 13, 2022 (Ordinance No. 3060). Engineering design is in the process of being finalized and construction documents will be advertised for public bid consistent with Board Policy 110. Any construction contract would require subsequent Board approval at a future Board meeting.

A Final Environmental Impact Report (Final EIR) for the Pier 1 North Drydock, Associated Real Estate Agreements and Removal of Cooling Tunnels Project (previous Project) (SCH #2014041071; Resolution No. 2015-152; Clerk Document No. 64501) was certified by the Board on November 17, 2015 (available at <https://www.portofsandiego.org/public-records/port-updates/notices-disclosures/ceqa-documents>). An Addendum to the Final EIR, dated November 2025, (Attachment A) has been prepared for the Silvergate Tunnel Abandonment Project (proposed Project) to analyze and document that none of the conditions in CEQA Guidelines Section 15162, triggering preparation of a subsequent EIR, have occurred. The District finds that there are no substantial changes in the project, nor substantial changes with respect to circumstances under which the project is undertaken, nor new information of substantial importance that shows any new or more severe environmental impacts or any substantially different mitigation measures than were previously identified and adopted.

A non-appealable Draft Coastal Development Permit (Attachment B) has been prepared for the Silvergate Tunnel Abandonment Project in accordance with the District's Coastal Development Permit Regulations. The proposed Project, as conditioned, is consistent with the certified Port Master Plan (PMP) and Chapter 3 and Chapter 8 of the Coastal Act.

RECOMMENDATION:

A) Adopt a resolution adopting an Addendum to the Pier 1 North Drydock, Associated Real Estate Agreements and Removal of Cooling Tunnels Project Final Environmental Impact Report for the Silvergate Tunnel Abandonment Project and authorizing staff to file a Notice of Determination and B) Adopt a resolution authorizing issuance of a non-appealable Coastal Development Permit to the District for the Silvergate Tunnel Abandonment Project.

FISCAL IMPACT:

This agenda item has no fiscal impact.

Funds required for the construction contract award, subject to Board approval at a future Board date, are budgeted for in the Engineering-Construction FY 2026 Equipment Outlay and Other Capital Projects appropriation. Project funding is supported by a settlement payment received from San Diego Gas & Electric (SDG&E) in July 2022 (Document No. 74333), which resolved District litigation pertaining to the tunnels.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A thriving and modern maritime seaport.
- A Port with a healthy and sustainable bay and its environment.
- A Port that is a safe place to visit, work and play.
- A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

Background

The cooling tunnels were constructed in the early 1940s by a predecessor of SDG&E to provide seawater intake and discharge for the former SDG&E Silvergate Power Plant. SDG&E decommissioned the Silvergate Power Plant in the early 1980s. The tunnels have remained out of service since that time and are beyond their useful life. The 2-acre parcel where the subterranean tunnels are located is currently utilized by BAE Systems as a parking lot and materials storage yard.

The intake and discharge tunnels are approximately 700 feet long, each consisting of a pair of 8-foot by 8-foot reinforced concrete chambers. The tunnels are approximately 20 feet wide overall, with joined tunnel segments approximately 38 feet in width. Approximately 490 feet of the intake tunnel and 450 feet of the discharge tunnel are located within District jurisdiction, with approximately 250 feet of each tunnel extending north beyond District jurisdiction. Portions of the cooling tunnel system outside of the District's jurisdiction were previously abandoned in place by SDG&E.

Removal of Cooling Tunnels (previously analyzed Project)

The previous Project, as analyzed in the Final EIR, included the removal of the intake and discharge tunnels within District jurisdiction. Tunnel removal would require excavation of soil, dewatering, installation of shoring to protect the excavation, installation of a coffer dam, demolition and removal of the concrete tunnels, and backfill with clean structural fill. It was determined that soil and groundwater characterization would be necessary and potential remediation would also need to be conducted. Disposal of the soils, if required, would be at the appropriate landfill facilities depending on the sediment characterization.

Cooling Tunnel Abandonment Project (proposed Project)

The proposed Project, as analyzed in the Addendum to the Final EIR, would complete the abandonment of the remaining tunnel sections within District jurisdiction, subject to the Board authorizing a construction contract at a future Board meeting. The scope of work includes partial removal of the top six (6) feet of the two concrete tunnel access structures, excavation of surrounding soils to a depth of approximately six (6) feet, and backfilling to restore surface conditions. Following partial removal of the access structures, the void space of the tunnels would be permanently filled with controlled low-strength concrete slurry pumped from Belt Street.

This abandonment method eliminates the need for extensive excavation, dewatering, and disposal of tunnel materials, thereby substantially reducing construction impacts compared to the full removal alternatives previously analyzed in the Final EIR for the previous Project.

If this item is approved and the Board subsequently authorizes a construction contract at a future Board meeting, District staff would coordinate with BAE Systems to minimize operational impacts.

Environmental Impact Report Addendum

A Final EIR for the Pier 1 North Drydock, Associated Real Estate Agreements, and Removal of Cooling Tunnels Project (SCH (SCH #2014041071; Resolution No. 2015-152; Clerk Document No. 64501)) was certified by the Board on November 17, 2015. The certified EIR addressed three project components: (1) the construction of a new drydock to increase the current dock capacity to provide additional support for commercial vessel drydock needs, (2) the BAE Systems real estate agreement to extend the lease term based on investments in the leasehold, and (3) the removal of existing onsite subsurface cooling tunnels, previously used for intake/discharge of cooling water for the Silvergate Power Plant and no longer in operation.

It was assumed for the analysis of the previous Project that the removal of the tunnels would include demolition of the existing structures, reconstruction of the shoreline with a similar rock facing as that being completed adjacent to the tunnel structures, and an additional sheet pile cutoff potentially required to retain the slopes where the existing structures were to be removed.

Staff have prepared an Addendum (Attachment A) to the certified EIR (<https://www.portofsandiego.org/public-records/port-updates/notices-disclosures/ceqa-documents>) to evaluate the modified project description as well as a change in

circumstances where eelgrass is now present in the San Diego Bay near the intake and discharge structures, where there was previously assumed to be none. The key differences between the previous and proposed Project include:

1. Tunnel Abandonment and Stabilization versus Removal – Rather than full excavation and off-haul of tunnel segments, the tunnels will be left in place and filled with concrete slurry.
2. Reduced Bayside Demolition – Intake and discharge structures will be partially demolished, but instead of full excavation and reconstruction, the shoreline will be restored using armor stone to match existing revetment.
3. Simplified Access Shaft Treatment – Two access shaft locations will be partially removed to a depth of five feet, then backfilled with general fill, aggregate base, and asphalt paving to restore existing paved conditions.
4. Minimized Marine Operations – One or two barges may be used for localized demolition of the intake/discharge structures, but continuous barge use for debris removal (as analyzed in the Final EIR but associated with the drydock Project component) will not be required.
5. Elimination of Dewatering/Shoring Systems – Because extensive excavation will no longer occur, there is no need for groundwater dewatering systems, settlement monitoring wells, or temporary shoring systems.
6. Reduced Backfilling – Structural backfill and compaction will only occur at the access shaft locations and shoreline work areas, rather than full excavation footprints.

The Addendum concludes that none of the conditions set forth in CEQA Guidelines Section 15162 requiring preparation of a Subsequent EIR have been triggered. The District finds that there are no substantial changes in the project, nor substantial changes with respect to circumstances under which the project is undertaken, nor new information of substantial importance that shows any new or more severe environmental impacts or any substantially different mitigation measures than were previously identified and adopted.

Coastal Development Permit

The project constitutes development under Section 30106 of the California Coastal Act as it will result in the partial demolition and abandonment in place of structures and placement of solid material. Chapter 8 of the Coastal Act regulates port development within the California coastal zone. Section 30715 of Chapter 8 specifies the sole categories of development that may be appealed to the Coastal Commission. Abandonment of underground tunnels is not listed as appealable in Section 30715. Accordingly, the Coastal Act authorization required from the District is a non-appealable CDP.

A non-appealable Draft Coastal Development Permit (Attachment B) has been prepared in accordance with the District's Coastal Development Permit Regulations. The proposed Project, as conditioned, is consistent with Chapter 3 and Chapter 8 of the Coastal Act.

The proposed Project is located in the Belt Street Industrial Subarea of Planning District 4, Tenth Avenue Marine Terminal, which is delineated on Precise Plan Map Figure 14 of the certified PMP. The land and water use designations are Marine Related and Specialized Berthing, respectively. The proposed Project would abandon former cooling tunnels in place. No new uses are proposed, and thus, the Project is also consistent with the existing certified land and water use designations. Therefore, the Project conforms to the certified PMP.

Next Steps

If the Board adopts the Resolutions, staff will issue the CDP, proceed with final engineering design, coordinate with BAE Systems, and advertise the construction contract for competitive public bid in accordance with Board Policy 110. The construction contract award is subject to a future Board approval.

General Counsel's Comments:

The General Counsel's Office reviewed this agenda as presented to it as to form and legality.

Environmental Review:

A Final EIR for the Pier 1 North Drydock, Associated Real Estate Agreements and Removal of Cooling Tunnels Project (previous Project) was certified by the Board on November 17, 2015, by Resolution No. 2015-152 (SCH #2014041071; Clerk Document No. 64501). The previous Project addressed the following three project components: (1) the construction of a new drydock to increase the current dock capacity to provide additional support for commercial vessel drydock needs, (2) the BAE Systems real estate agreement to extend the lease term, and (3) the removal of existing onsite subsurface cooling tunnels, previously used for intake/discharge of cooling water for the Silvergate Power Plant which is no longer in operation.

Since the Final EIR was certified, the tunnels are now proposed to be abandoned in place rather than fully removed (proposed Project). Additionally, updated studies identified the presence of eelgrass in the proposed Project area that was assumed not present at the time of preparation of the EIR.

The District has determined that the certified EIR has continuing informational value with respect to the proposed Project and that none of the conditions in the CEQA Guidelines Section 15162, requiring preparation of a subsequent or supplemental EIR, have occurred. In accordance with Section 15164, an Addendum to the Final EIR has been prepared as: 1) no substantial changes are proposed to the previous Project that would

call for preparation of a subsequent EIR; 2) no substantial changes have occurred with respect to the circumstances under which the Project is undertaken that require major revisions to the EIR due to the involvement of new significant environmental effects or a substantial increase in severity of previously identified significant effects; and 3) no new information of substantial importance has come to light that (a) shows the Project will have one or more significant effects not discussed in the EIR, (b) identifies significant impacts would be substantially more severe than those analyzed in the EIR, (c) shows that mitigation measures or alternatives previously found not to be feasible are now feasible and would reduce significant impacts, or (d) shows that mitigation measures or alternatives which are considerably different from those analyzed in the certified EIR would substantially reduce one or more significant effects on the environment.

The proposed Board actions comply with Section 87 of the Port Act, which allows for all commercial and industrial uses and purposes, and the construction, reconstruction, repair, and maintenance of commercial and industrial buildings, plants, and facilities. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board actions are consistent with the Public Trust Doctrine.

The proposed Board actions conform with the Coastal Act process. If the Board authorizes the issuance of a non-appealable CDP for the proposed Project, the Coastal Act review would be complete and the CDP would be issued as soon as possible after the Board action, in accordance with the District's Coastal Development Permit Regulations.

Diversity, Equity, and Inclusion Program:

Not applicable.

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Attachment(s):

- Attachment A: Addendum to the Pier 1 North Drydock, Associated Real Estate Agreements and Removal of Cooling Tunnels Project Final EIR for the Cooling Tunnels Abandonment Project
- Attachment B: Draft Coastal Development Permit for the Cooling Tunnels Abandonment Project