FILE NUMBER: 2024-310

DATE: Tuesday, July 9, 2024

SUBJECT: Shellfish and Seaweed Aquaculture Program

DESCRIPTION: Presentation and Direction to Staff on a Discussion Draft Establishing a Shellfish and Seaweed Aquaculture Program in and Around San Diego Bay Including Policies, Procedures, and Best Practices

EXECUTIVE SUMMARY:

The San Diego Unified Port District (District) has identified shellfish and seaweed aquaculture development as a potential source for promoting regional economic diversity and growth, while enhancing environmental, ecosystem benefits, and strengthening our community's knowledge of sustainable aquaculture and connection to the water. When properly planned and managed, shellfish and seaweed aquaculture can co-exist with other maritime functions and provide many benefits such as improving water quality, habitat enhancement, carbon sequestration, and ecosystem restoration. San Diego can support viable aquaculture businesses that align with the District's mission, advance science, and grow a new industry sector with strong potential for job creation and related economic and environmental benefits for the region. To support growth of the shellfish and seaweed aquaculture industry in southern California, the District is proposing the development of the Shellfish and Seaweed Aquaculture Program (SSAP), which would include a proposed set of policies, procedures, and best practices that the District would apply when considering future aquaculture proposals both in the water and on land. Through this program, the District can identify viable in-water and landside locations for shellfish and seaweed aquaculture in and around San Diego Bay and programmatically analyze them under the California Environmental Quality Act (CEQA), and other permitting or regulatory processes for future aquaculture use. This programmatic analysis may be able to streamline permitting and entitlement processes for future shellfish and seaweed aquaculture proposals. In addition to identifying locations, the SSAP would also identify species and gear types that would likely be utilized and outline a process towards implementation for future aquaculture operations. Next steps for the SSAP would include the release of a "Discussion Draft" (anticipated in August 2024) for a public review period, followed by commencement of the CEQA process.

RECOMMENDATION:

Receive a presentation and provide direction to staff on a Discussion Draft establishing a Shellfish and Seaweed Aquaculture Program in and around San Diego Bay, including policies, procedures, and best practices.

FISCAL IMPACT:

Funds for work associated with the Shellfish and Seaweed Aquaculture Program are budgeted through Professional Services of Aquaculture and Blue Technology and Planning Departments' FY 2025 budgets. Funds required for future fiscal years will be

budgeted for in the appropriate year subject to Board approval upon adoption of each fiscal year's budget.

COMPASS STRATEGIC GOALS:

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

- A Port that the public understands and trusts.
- A thriving and modern maritime seaport.
- A Port with a healthy and sustainable bay and its environment.
- A Port with a comprehensive vision for Port land and water uses integrated to regional plans.
- 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:

The San Diego Unified Port District (District) has identified shellfish and seaweed aquaculture development as a potential source for promoting regional economic diversity and growth, while enhancing environmental, ecosystem benefits, and strengthening our community's knowledge of sustainable aquaculture and connection to the water. San Diego Bay and surrounding areas have several characteristics supportive of aquaculture farming, including a temperate climate, proximity to markets, and existing shore-side infrastructure. Shellfish and seaweed aquaculture have the potential to provide sustainable commercial opportunities in multiple areas, including food production, biofuel, bioplastics, and other alternative materials. When properly planned and managed, shellfish and seaweed aquaculture can co-exist with other maritime functions and provide many benefits such as improving water quality, habitat enhancement, carbon sequestration, and ecosystem restoration. San Diego can support viable aquaculture businesses that also align with the District's mission, advance science, and grow a new industry sector with strong potential for job creation and related economic impacts for the region.

Shellfish and Seaweed Aquaculture Program

To support growth of the shellfish and seaweed aquaculture industry in southern California, the District is proposing the development of the Shellfish and Seaweed Aquaculture Program (SSAP). The SSAP would include a proposed set of policies, procedures, and best practices that the District would apply when considering future aquaculture proposals both in the water and on land. Through this program, the District can identify viable in-water and landside locations for shellfish and seaweed aquaculture in and around San Diego Bay and programmatically analyze them under the California Environmental Quality Act (CEQA), and other permitting or regulatory processes for future aquaculture use. This programmatic analysis may be able to streamline future permitting and entitlement processes once a specific aquaculture operation is proposed in one of the locations included in the program. In addition to identifying locations, the SSAP would also identify species and gear types that would likely be utilized, and outline a process towards implementation for future aquaculture operations.

Program Locations
Through prior studies and analyses, the District has identified three in-water locations and a minimum of three landside locations for future shellfish and seaweed aquaculture operations.

In-water locations
In partnership with National Oceanic and Atmospheric Administration (NOAA), National Ocean Service (NOS), National Centers for Coastal Ocean Science (NCCOS), the District supported two coastal marine spatial analyses. The first analysis, *Balancing Conflict and Opportunity – Spatial Planning of Shellfish and Macroalgae Culture Systems in a Heavily Trafficked Maritime Port*[1], identified nearly 5,400 submerged acres of potentially usable area for future shellfish and seaweed aquaculture opportunities by considering major potential use conflicts between future aquaculture and current uses in the San Diego offshore region. The potentially usable aquaculture area was identified to avoid or minimize those conflicts to the greatest extent possible. The second analysis, *Coupling Spatial Aquaculture Opportunity Analysis with Habitat Interactions Predictions*, further refined the specific opportunity locations and evaluated potential interactions with sensitive and essential fish habitat. Based on these analyses, three in-water areas in and around San Diego Bay were identified as suitable for shellfish and seaweed aquaculture. For a map of these locations, please see Attachment A.

- *Imperial Beach* – This site contains submerged lands in the open ocean west of the City of Imperial Beach that were granted in trust to the District and within the District's coastal permitting authority.

- *Former A-8 Anchorage* – This site is located west of the National City Marine Terminal within San Diego Bay. The area is currently within submerged lands that were granted in trust to the District per Senate Bill 507; however, it is within the California Coastal Commission's (CCC) permitting authority because it is not yet incorporated into the District's Certified Port Master Plan (PMP).

- *Zuniga Shoals* – This nearshore, open-ocean, site is south of the western end of the City of Coronado. The submerged lands are within the CA Fish and Game Commission's aquaculture leasing jurisdiction and within the CCC's permitting authority.

Aquaculture operations are anticipated to have different permitting pathways due to the varying jurisdiction and permitting authorities at each location.

Landside Locations
Landside aquaculture activities could support corresponding in-water operations, or operate independently. The District conducted a land-based infrastructure feasibility analysis for future aquaculture activities, relying upon a series of factors to evaluate sites.

[1] Wickliffe LC, Jossart JA, Theuerkauf SJ, Jensen BM, King JB, Henry T, Sylvia PC, Morris JA Jr. and Riley KL (2024) Balancing conflict and opportunity - spatial planning of shellfish and macroalgae culture systems in a heavily trafficked maritime port. Front. Mar. Sci. 10:1294501. doi: 10.3389/fmars.2023.1294501

These factors include: access to electricity, access to municipal water and sewer, available covered or enclosed space, among others.

Three initial locations have been identified as possible locations for the development of the landside aquaculture activities. For a map of these locations, please see Attachment A.

- CP Kelco Leasehold –The site located on the eastern shore of the Bay, southeast of the Coronado Bridge (State Route 75);
- Tenth Avenue Marine Terminal (TAMT) –The gravel lot is located on the eastern shore of the Bay, southwest of East Harbor Drive and the railroad tracks, north of the Coronado Bridge and Cesar Chavez Park; and
- National Distribution Center Leasehold –Specific space has been identified within the warehouse located east of the National City Marine Terminal and Pasha Automotive Services and just west of the railroad tracks, combined with adjacent outdoor space.

The District will continue to evaluate whether additional land-based sites around San Diego Bay may be feasible to support future land-based aquaculture activities. It is anticipated that further development on a site or retrofit of existing structures may be required before any aquaculture operations would be implemented.

Other Program Components

In addition to locations, the SSAP would include other components, such as:

- Species: the SSAP would identify native or naturalized species (approved by the California Department of Fish & Wildlife for aquaculture in California waters) that would be most feasible to be cultivated in the SSAP locations.
- Gear type: the SSAP would include a discussion of commonly used gear types and configurations for the species identified. Other gear types and configurations may be considered for the program as long as they can demonstrate consistency with the program's overall objectives.
- Process: the SSAP would outline the overall process towards implementation for future aquaculture proposals. This would include: a Request for Proposals (RFP), application review, tenant project review, real estate agreements, and when proposals would be considered by the Board.

The SSAP would also identify program objectives, benefits of the program, best management practices, and how the program may be updated or changed over time.

Timeline and Process

Staff's proposed steps to preparing the SSAP include:

- **SSAP Discussion Draft (anticipated August 2024):** Release a "Discussion Draft" of the SSAP for a 60-day review period to receive early stakeholder and public feedback on the program.
- Once the review period has ended, prepare a Revised Draft SSAP based on feedback received on the draft.
- **California Environmental Quality Act (anticipated 12-18 months):**

    - This process would commence with a public scoping meeting, along with the release of a Notice of Preparation and Initial Study.
    - After scoping, the team would prepare a Draft Program Environmental Impact Report (Program EIR). This would be released for a 45-day public review period and would include the Revised Draft SSAP.
    - Upon conclusion of the Draft Program EIR review period, the team would respond to all comments received and prepare a Final Program EIR, which would be considered for certification by the Board at a future public hearing.
- **SSAP Approval:** Along with the Final Program EIR, staff anticipates that the Board would also consider approval of the SSAP.
- **SSAP Implementation:** If approved by the Board, staff would begin implementation of the SSAP, including issuing a Request for Proposals for potential aquaculture operators, evaluation of proposals, then eventual issuance of leases, coastal development permits, and other agreements for approved operations. The District would also participate in agency coordination for aquaculture proposals that require additional agency approvals.

Stakeholder Engagement
Stakeholder engagement is a key component to the development of this program. Staff has started, and will continue, to hold focused discussions with organizations (e.g., industry experts, commercial and recreational fishing groups), agencies (e.g., regulatory agencies such as the California Fish and Game Commission and the California Coastal Commission), and other Bay stakeholders to obtain input on the process, potential opportunities, and key considerations.

General Counsel's Comments:

The Office of the General Counsel has reviewed this staff report as presented to it and approves it as to form and legality.

Environmental Review:

The Board direction or action, including without limitation to receive an informational update on the District's process to prepare a Discussion Draft to create a Shellfish and Seaweed Aquaculture Program, does not constitute an "approval" or a "project" under the definitions set forth in California Environmental Quality Act (CEQA) Guidelines Sections § 15352 and 15378 because no direct or indirect changes to the physical environment would occur. CEQA requires that the District adequately assess the environmental impacts of projects and reasonably foreseeable activities that may result from projects prior to the approval of the same. Any project developed as a result of Board's direction that requires the District or the Board's approval, including without limitation District proposed legislation or a request for funding will be analyzed in accordance with CEQA prior to such approval. CEQA review may result in the District, in its sole and absolute discretion, requiring implementation of mitigation measures, adopting an alternative, including without limitation, a "no project alternative" or adopting a Statement of

Overriding Consideration, if required. The current Board item in no way limits the exercise of this discretion. Therefore, no further CEQA review is required.

The proposed Board action complies with Sections 21 and 35 of the Port Act, which allow for the Board to pass resolutions and to do all acts necessary and convenient for the exercise of its powers. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The proposed Board action does not allow for development, as defined in Section 30106 of the California Coastal Act, or new development, pursuant to Section 1.a. of the District's Coastal Development Permit (CDP) Regulations because there will not be, without limitation, a physical change, change in use or increase the intensity of uses. Therefore, issuance of a Coastal Development Permit or exclusion is not required. However, development within the District requires processing under the District's CDP Regulations. Future development would remain subject to its own independent review pursuant to the District's certified CDP Regulations, Port Master Plan (PMP), and the relevant chapter(s) of the Coastal Act. The exercise of the District's discretion under the District's CDP Regulations is in no way limited by the proposed Board action.

Diversity, Equity, and Inclusion Program:

This agenda sheet has no direct DEI impact on District workforce or contract reporting at this time.

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Attachment(s):
Attachment A: Map of SSAP Locations