

W8a

E-06-013

Poseidon Resources (Channelside), LLC

CORRESPONDENCE

Dynegy South Bay, LLC
990 Bay Boulevard
Chula Vista, CA 91911

RECEIVED
JAN 13 2011
CALIFORNIA
COASTAL COMMISSION



January 10, 2010

Alison Dettmer
Energy and Ocean Resources Division
California Coastal Commission
45 Fremont Street, Suite 2000
San Francisco, CA 94105-2219

RE: South Bay Power Plant - Permanent Shutdown

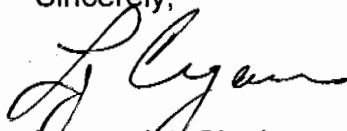
Dear Ms. Dettmer:

Dynegy South Bay, LLC (Dynegy) hereby provides this courtesy notification to the California Coastal Commission that the South Bay Power Plant has been permanently shutdown. All operations ceased as of January 1, 2011.

The South Bay Power Plant has held in the past, various permits issued by the California Coastal Commission for development and operations at the plant. We request your office amend its South Bay Power Plant file to reflect the shutdown of the Plant.

If you have any questions, please call Barb Irwin, Director of West Region Environmental at (217) 519-4035.

Sincerely,


Leonard J. Cigainero
Plant Manager

cc: Barb Irwin - Dynegy



January 31, 2011

Chairperson Wan and Commissioners
California Coastal Commission
c/o San Diego District Office
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108-4402

RE: CDP NO. E-06-013- Poseidon Resources: Support Otay River as primary mitigation site and request addition of mitigation requirements

Dear Commissioners:

Environmental Health Coalition (EHC) is a binational, environmental justice organization working in the San Diego/Tijuana region to protect human health and the environment. We have a long history working to protect the natural resources of San Diego Bay—particularly in the South Bay. While we oppose the desalination project, if mitigation is going to be pursued, we strongly support the restoration of the Otay River mouth as the selected project and recommend that additional measures be required.

A revitalized Otay River Delta where the river meets the lower end of San Diego Bay is an action necessary to restore the Bay to health. It meets all the conditions and is an important part of the wetland enhancement programs moving forward in the Bay. This project will enhance the ecological linkages from the watershed and will connect the Otay River riparian corridor to the river delta, the bay and the ocean. San Diego Bay is one of the most important ecological areas in southern California and is dependent upon the linkages to maintain viability.

A key benefit of the Otay project is the size and the contiguous nature of the restoration. However, we also understand that there may be additional projects, such as those listed in the Agua Hedionda Watershed Management Plan, which could and should be added to the mitigation requirement. The damage to the marine system will be widespread and long-lasting from the project. We encourage the Coastal Commission to add additional projects to bring the overall total to, at a minimum, 100 acres of mitigation and restoration in the Southern California Bight.

In all of our actions today we must consider the fate of natural resources in the future. We need to restore what we can especially as we prepare for the impacts of sea level rise (which Poseidon will exacerbate) on all of our sensitive coastal areas if they are to survive into the next century.

Sincerely,

Laura Hunter
Associate Director of Programs

January 31, 2011

Chair Sara Wan and Commissioners
California Coastal Commission
San Diego District Office
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108-4402
Via FAX: (619) 767-2384

Dear Commissioners:

SUBJECT: Poseidon mitigation in the Otay River, CDP No. E-06-013,
Item W8A on February agenda

The San Diego Audubon Society strongly supports the proposed project to expand and enhance a portion of the Otay River mouth as mitigation for the impacts of the Poseidon desalinization project. We are disappointed that the desalinization project is moving forward with its massive impacts on marine wildlife, but since it is moving forward, this is a very appropriate location for mitigation of those impacts.

The mouths of all of the waterways flowing into San Diego Bay have been brutalized by development over the last century or so. The estuary functions for each of them have been destroyed with serious cumulative habitat impacts. The proposed project will help to restore the river mouth with by far the most restoration potential.

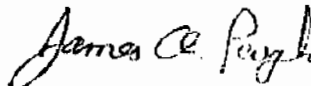
The fact that it is within the National Wildlife Refuge will dramatically increase the project's manageability, viability and sustainability. The other major restoration projects that are planned for this immediate area will, as a whole, provide ecological benefits beyond the sum of the benefits of the individual projects because of their connectivity.

We urge that the requirements and the design of this project seek to allow natural river and wetland dynamics within the project boundaries and not just a river channelized between protected wetland restoration projects as in the San Dieguito Lagoon restoration. We realize that would make the assessment of performance more complicated but feel that it would be worth it.

We also urge that the southern boundary of the project be tilted down toward the southwest to widen and enhance the River down to the point where the river turns toward the northwest. That would extend the widened and enhanced river to approximately 1100 feet which would improve the connectivity between the project and both the ongoing restoration in Ponds 10 and 11 and the Bay. Adjustment of another boundary might be required to offset this.

Whether these last two recommendations are incorporated in the project or not, we strongly support this project and urge the Commission to vote in favor of it. In case of questions or follow-up, I can be reached at 619-224-4591 or peugh@cox.net.

Respectfully,



James A. Peugh
Conservation Committee Chair

January 31, 2011

Commissioners
California Coastal Commission
45 Fremont Street
Suite 2000
San Francisco, CA 94105-2219

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FEB 03 2011

**CALIFORNIA
COASTAL COMMISSION**

Dear Chairwoman Wan:

As a former California State Coastal Commissioner and councilperson from the City of Imperial Beach, I go on record supporting the Poseidon proposed mitigation site in the Otay River delta and floodplain.

There is no other similar or more appropriate site that meets all the criteria and demands delineated in the Marine Life Mitigation Site Selection and Preliminary Restoration Plan in this bioregion.

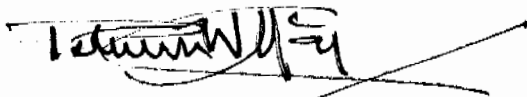
This site is supported by your staff, the Commission's Scientific Advisory Panel, The US Fish and Wildlife Service, the California Department of Fish and Game, the Regional Water Quality Control Board, the environmental community, elected officials and the general public.

This will increase and enhance ongoing projects including restoration, monitoring and protection of sensitive habitat by the USFWS at this location.

It will enable enhancement and continuation of partnerships between the USFWS, non-governmental organizations and the private sector. This will allow more opportunity for funding in the future for more expansive projects meeting the goals of the Service's phased Comprehensive Conservation Plan. The first phases of this plan are already underway in pond 10, 10A and 11 or the most westerly salt ponds and the ongoing restoration work already initiated at the Otay River Delta site between the USFWS and River Partners.

Thank you for your consideration on this matter.

Respectfully:



Patricia W. McCoy
132 Citrus Ave.
Imperial Beach, CA 91932
PMCCOYIB@aol.com

Southwest Wetlands Interpretive Association (SWIA)

P.O. Box 575, Imperial Beach, CA 91933

January 31, 2011

Commissioners
California Coastal Commission
45 Fremont Street
Suite 2000
San Francisco, CA 94105-2219

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CALIFORNIA
COASTAL COMMISSION

SUBJECT: CDP NO. E-06-013 – POSEIDON RESOURCES

Dear Chairwoman Wan:

At its regularly scheduled January meeting, the Board of Directors for the Southwest Wetlands Interpretive Association voted unanimously to encourage you to accept your staff's recommendation and approve Poseidon Resources' proposed desalinization mitigation site in the south San Diego Bay.

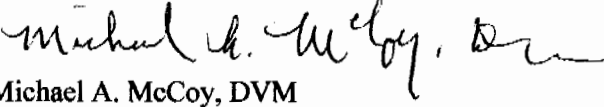
Your staff has concluded that the restoration of the 66.4 acres of estuarine wetlands in the Otay River delta and floodplain **offers the maximum ecological benefit** and, thus, is **the best alternative** for the above mentioned coastal development conditional compliance permit. Please NOTE: The site **exceeds the criteria CCC approved on August 8, 2008 for the Marine Life Mitigation Plan.**

The Otay River floodplain is part of the San Diego Bay National Wildlife Refuge and has been included in a broader planning and restoration effort with the United States Fish and Wildlife Service. The Refuge supports and conserves a wide diversity of natural habitat and has adequate acreage for a contiguous, single restoration site. Additionally, this site, once restored, will be integrated into a larger habitat management system that will conserve this site in perpetuity and with minimal maintenance.

We urge you to join your staff, the Commission's Scientific Advisory Panel, the U.S. Fish and Wildlife Service, the California Department of Fish and Game and the Regional Water Quality Control Board staff by accepting the Coastal Commission staff's recommendation to approve the proposed mitigation site in south San Diego Bay.

FYI, attached is a brief summary of SWIA's historical connection the proposed mitigation site.

Respectfully,


Michael A. McCoy, DVM
President, Southwest Wetlands Interpretive Association

Enclosure:

A Brief Summary of SWIA's Historical Connection to the Proposed Mitigation Site

Starting in 1978, SWIA board members began working with the US Fish and Wildlife Service (USFWS) in hopes of creating a national wildlife refuge. Due especially to the work of Laura Hunter at the Environmental Health Coalition, Jim Peugh at the San Diego Audubon Society and Patricia & Mike McCoy at SWIA, a number of community organizations merged and the combined effort led to the June 1999 creation of the San Diego Bay National Wildlife Refuge.

At the time the wetlands received designation as a national wildlife refuge, title to the proposed mitigation site was held by a group of developers (Malcom, Kruer, Egger and Ghio) and the parcel was known as the MKEG property. SWIA worked with Mark Baylor and Reid Holderman from the California Coastal Conservancy and subcontracted with Michael Brandman and Associates and a team of biologists including Michael White, Keith McDonald and Jerry Stalcup to do an in-depth study and survey. Upon completion of the survey and study, the parcel was conveyed to SWIA through Ghio. SWIA conveyed the land to the USFWS. [One acre was transferred to Swiss Park (a private organization); 122 acres to the USFWS and the remainder to the City of San Diego.]

From the beginning, SWIA had hoped to revitalize the Otay River Delta, located at the lower end of San Diego Bay. The wetlands are being revitalized through a partnership between USFWS and River Partners. After numerous iterations, a Comprehensive Conservation Plan was completed and approved; USFWS has started to implement a wetland enhancement program -- fill is being removed!

The proposed mitigation site is a critical link in the Comprehensive Conservation Plan. It ties the Otay River riparian corridor to the river delta, the bay and the ocean. The restoration of these former intertidal mudflats, salt marshes, subtidal habitats and native uplands would not only provide habitat for salt marsh dependent species, but would also provide significant benefit to native fish, wildlife and plant species in the Refuge. Furthermore, the collaborative effort between Poseidon and USFWS will allow the restoration and monitoring of significant salt marsh and estuarine habitats in a timely and efficient manner without the expenditure of public funding.

San Diego Bay is one of the most important ecological areas in southern California and is dependent upon the linkages to maintain viability. The northern part of the bay has been compromised ecologically by development over the years. Almost all the wetlands have been destroyed except for what is left in the National Wildlife Refuge. The Refuge includes the Sweetwater Marsh, the Paradise Marsh, the South Bay Biological Study Area and the salt ponds. The western portion of the salt ponds are being restored to functional wetlands. SWIA is working with both USFWS and the Port of San Diego to restore salt marsh in the western ponds.

The transfer of nutrients, species etc. is critical to ecosystem health. The proposed mitigation project is important to enhancing eco-dynamics of the linkages from the watershed including the riparian corridor, the delta the bay and the ocean.

February 1, 2011

Ms. Sara Wen, Chair
California Coastal Commission
45 Fremont St., Suite 2000
San Francisco, CA 94105-2219

RE: CDP NO.E-06-013-Poseidon Resources

Dear Ms. Wen:

As a 30 year resident of San Diego's South Bay region and as a board member of the Southwest Wetlands Interpretive Association (SWIA), I strongly urge the Commission to support the Poseidon Resource's proposed mitigation of the Otay River flood plain. This area is vitally important to the preservation and enhancement of coastal wetlands and native uplands in the San Diego National Wildlife Reserve in the South San Diego Bay. It is an area that has been long neglected and therefore a detriment to public enjoyment of the area and a missing, important ecological link to the whole wetland area.

The proposed mitigation in the Otay River Flood Plain fulfills each of the requirements outlined in the plan (number of acres, location, minimum maintenance, required buffer, etc.). Other proposed mitigation projects each has technical problems. It is also the perfect time for this restoration due to the decommissioning of the South Bay Power Plant on the south end of the bay.

Again, please support the proposed Otay River flood plain mitigation; a project supported by the community, the environmental agencies and scientists and local politicians.

Sincerely,

Luanne Coker Harris
South Bay Resident,
SWIA Board Member
1286 Seacoast Dr.
Imperial Beach, CA 91932
l.coker@cox.net



February 1, 2011

Commissioners
California Coastal Commission
45 Fremont Street
Suite 2000
San Francisco, CA 94105-2219

SUBJECT: CDP NO. E-06-013 - POSEIDON RESOURCES

Dear Commissioners:

As Mayor of the City of National City, I encourage you to accept Coastal Commission staff's recommendation to approve Poseidon Resources' proposed mitigation site in South San Diego Bay for the above-mentioned coastal development permit condition compliance as the best alternative that provides the maximum ecological benefit.

The Otay River floodplain is part of the San Diego Bay National Wildlife Refuge Complex and has been included in a broader planning and restoration effort with the United States Fish and Wildlife Service. The complex supports and conserves a wide diversity of natural habitat for which this area is famous, and has adequate acreage for a contiguous, single restoration site.

Additionally, this site, once restored, will be integrated into a larger habitat management system that will conserve this site in perpetuity and with minimal maintenance. Furthermore, the decommissioning of the South Bay Power Plant by the California Independent System Operator marks a turning point in environmental stewardship and provides an excellent opportunity for successful mitigation.

I urge you to join your Scientific Advisory Panel, the U.S. Fish and Wildlife Service and the Regional Water Quality Control Board staff by accepting Coastal Commission staff's recommendation to approve the proposed mitigation site in South San Diego Bay.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Morrison". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Ron Morrison
Mayor, City of National City

Mayor Ron Morrison
1243 National City Boulevard, National City, CA 91950-4301
619/336-4233 Fax 619/336-4239 www.nationalcityca.gov





GREG COX

SUPERVISOR, FIRST DISTRICT
San Diego County Board of Supervisors

February 2, 2011

Sara Wan, Chair
California Coastal Commission
45 Fremont Street, Suite 2000
San Francisco, CA 94105-2219

SUBJECT: Item W8a - CDP NO. E-06-013 - POSEIDON RESOURCES

Dear Chairwoman Wan:

As Supervisor for the First District of San Diego County, I encourage you to accept Coastal Commission staff's recommendation to approve Poseidon Resources' proposed mitigation site in South San Diego Bay for the above-mentioned coastal development permit condition compliance as the best alternative that provides the maximum ecological benefit.

The Otay River floodplain is part of the San Diego Bay National Wildlife Refuge Complex and has been included in a broader planning and restoration effort with the United States Fish and Wildlife Service. The complex supports and conserves a wide diversity of natural habitat for which this area is famous, and has adequate acreage for a contiguous, single restoration site.

Additionally, this site, once restored, will be integrated into a larger habitat management system that will conserve this site in perpetuity and with minimal maintenance. Furthermore, the decommissioning of the South Bay Power Plant by the California Independent System Operator marks a turning point in environmental stewardship and provides an excellent opportunity for successful mitigation.

I urge you to join your Scientific Advisory Panel, the U.S. Fish and Wildlife Service, the Regional Water Quality Control Board staff and numerous environmental organizations, community leaders and former members of the Coastal Commission by accepting staff's recommendation to approve the proposed mitigation site in South San Diego Bay.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Cox", is written over the printed name.

GREG COX
Supervisor, First District

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0079
(916) 319-2079
FAX (916) 319-2179

Assembly California Legislature



BEN HUESO
ASSEMBLYMEMBER, SEVENTY-NINTH DISTRICT

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CALIFORNIA
COASTAL COMMISSION

February 2, 2011

Commissioners
California Coastal Commission
45 Fremont Street
Suite 2000
San Francisco, CA 94105-2219

SUBJECT: CDP NO. E-06-013 - POSEIDON RESOURCES

Dear Commissioners:

I respectfully encourage you to accept Coastal Commission staff's recommendation to approve Poseidon Resources' proposed mitigation site in South San Diego Bay as the best alternative that provides the maximum ecological benefit.

The Otay River floodplain is part of the San Diego Bay National Wildlife Refuge Complex and has been included in a broader planning and restoration effort with the United States Fish and Wildlife Service. The complex supports and conserves a wide diversity of natural habitat for which this area is famous, and has adequate acreage for a contiguous single restoration site.

The proposed mitigation site meets or exceeds all criteria set forth and approved by the California Coastal Commission and once restored, the site will be integrated into a larger habitat management system that will conserve this site in perpetuity and with minimal maintenance. Furthermore, the decommissioning of the South Bay Power Plant by the California Independent System Operator marks a turning point in environmental stewardship and provides an excellent opportunity for successful mitigation.

I urge you to join your Scientific Advisory Panel, the U.S. Fish and Wildlife Service and the Regional Water Quality Control Board staff by accepting Coastal Commission staff's recommendation to approve the proposed mitigation site in South San Diego Bay.

Sincerely,


Ben Hueso

Assemblymember, 79th District

2/3/2011

Commissioners
California Coastal Commission
45 Fremont Street
Suite 2000
San Francisco, CA 94105-2219

SUBJECT: CDP NO. E-06-013 - POSEIDON RESOURCES

Dear Chairwoman Wan:

As a Board member of the Southwest Wetlands Interpretive Association (SWIA), a Citizen's Advisory Committee member for the Otay Valley Regional park (OVRP) and one who is working to improve the trail system in South San Diego Bay, my plea is that the Commissioners accept the Coastal Commission staff's recommendation to approve Poseidon Resources' proposed mitigation site in South San Diego Bay for the above-mentioned coastal development permit condition compliance.

The Otay River floodplain is part of the San Diego Bay National Wildlife Refuge Complex and has been included in a broader planning and restoration effort to help conserve a very diverse natural habitat. This is a critical link in the whole program. It ties the Otay River riparian corridor to the river delta, the bay and the ocean and can be integrated into a larger habitat management system.

It should be noted that in this same area we are working on a county and state trail system that will connect the trails along the perimeter of South San Diego Bay with those in the Tijuana River Valley and Border Field State Park that could eventually become part of the Coast Trail from Mexico to Oregon as a braided trail system.

I urge you to join your Scientific Advisory Panel, the U.S. Fish and Wildlife Service and the Regional Water Quality Control Board staff by accepting Coastal Commission staff's recommendation to approve the proposed mitigation site in South San Diego Bay.

Sincerely,



Robert E. Miller
1167 5th St.
Imperial Beach, CA 91932
619 575-6819

CAPITOL OFFICE
STATE CAPITOL
SACRAMENTO, CA 95814
TEL (916) 651-4040
FAX (916) 327-3522

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SENATOR.VARGAS@SENATE.CA.GOV

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California State Senate



SENATOR
JUAN VARGAS
FORTIETH SENATE DISTRICT

DISTRICT OFFICE
637 3RD AVENUE
SUITE A-1
CHULA VISTA, CA 91910
TEL (619) 409-7690
FAX (619) 409 7688

February 4, 2011

Commissioners
California Coastal Commission
San Diego Coast District Office
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108-4402

SUBJECT: CDP NO. E-06-013 - POSEIDON RESOURCES

Dear Commissioners:

I am writing to encourage The California Coastal Commission to accept the Coastal Commission staff's recommendation to approve Poseidon Resources' proposed mitigation site in South San Diego Bay for coastal development permit number E-06-013 condition compliance as the best alternative that provides the maximum ecological benefit.

The Otay River floodplain is located in the San Diego Bay National Wildlife Refuge Complex and has been included in a larger planning and restoration effort with the United States Fish and Wildlife Service. As such, it is an area of great environmental importance to the State of California. The complex, which has adequate acreage for an adjoining, single restoration site, houses a wide variety of natural habitat for which the area is famous, making it an ideal location for restoration.

Once restored, this area will be integrated into a larger habitat management system that will conserve this site with minimal maintenance, allowing for many families in our community to enjoy and benefit from it for many years to come. Furthermore, the decommissioning of the South Bay Power Plant by the California Independent System Operator marks a turning point in environmental stewardship and provides an excellent opportunity for successful mitigation.

I urge you to accept the Coastal Commission staff's recommendation to approve the proposed mitigation site in South San Diego Bay. Please feel free to call me with any questions at (619) 409-7690.

Truly,

A handwritten signature in dark ink that reads "Juan Vargas".

Juan Vargas
Senator
40th District

February 4, 2011

Chairperson Wan and Commissioners
California Coastal Commission
c/o San Diego District Office
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108-4402

RE: CDP NO. E-06-013- Poseidon Resources: Strong support for Otay River as mitigation site

Dear Commissioners:

WILDCOAST is a binational nonprofit organization working to conserve coastal and marine ecosystems and wildlife in the U.S. and Mexico. In South Bay San Diego we are working with local, state and federal agencies to support the restoration of the Otay River and its watershed, which includes the Otay Valley Regional Park, and the South San Diego Bay Wildlife Refuge. The ecosystems in these areas provide vital habitat for wildlife and recreation.

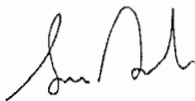
While WILDCOAST opposed the development of the Poseidon desalination plant, we support the Coastal Commission staff's recommendation to approve Poseidon Resources' proposed mitigation site in South San Diego Bay for the above mentioned coastal development permit condition compliance. WILDCOAST believes that restoration of this site will provide maximum ecological benefit and will greatly improve the area as a valuable community asset for open space recreation.

The proposed mitigation project would complement the ongoing efforts to conserve and restore South Bay San Diego open space areas. Significant investments have been made to reclaim the Otay River Valley, and together with the decommissioning of the South Bay Power Plant, represent an environmental and economic turning point for the region.

If approved, WILDCOAST will play an active role in ensuring that the Otay River mitigation project supports the restoration of sensitive habitat in South Bay San Diego's coastal watersheds. We would like to be kept apprised of any environmental review documents for this project. As the restoration plans move forward, it will be crucial that this project is consistent with other conservation and restoration efforts in the Otay River Valley and the South San Diego Bay Wildlife Refuge.

We request that you accept the staff recommendation to approve the proposed mitigation site in South San Diego Bay.

Sincerely,



Serge Dedina, Ph.D.
Executive Director

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POSEIDON RESOURCES FEB 04 2011

CALIFORNIA
COASTAL COMMISSION



February 3, 2011

**Agenda Item
W8a**

VIA OVERNIGHT DELIVERY

Chairperson Wan and Honorable Commissioners
California Coastal Commission
45 Fremont, Suite 2000
San Francisco, CA 94105-2219

Re: Condition Compliance for CDP No. E-06-013, Special Condition 8
Response to January 27, 2011 Staff Report

Dear Chairperson Wan and Honorable Commissioners:

On behalf of Poseidon Resources (Channelside) LLC ("Poseidon"), we are writing in support of the Coastal Commission Staff Report dated January 27, 2011, regarding Poseidon's proposed Mitigation Site and Preliminary Restoration Plan, which are requirements of the Marine Life Mitigation Plan ("MLMP") for the Carlsbad Desalination Project.

Since the October 15, 2010, Commission hearing (the "October Hearing") on Poseidon's proposed site selection and Preliminary Restoration Plan for a portion of the Otay River Floodplain in the San Diego National Wildlife Refuge, Poseidon has worked with Commission staff, the Commission's Scientific Advisory Panel, State Lands Commission staff and Coastal Conservancy staff to address the Commission's outstanding concerns regarding potential constraints to the Otay River site. In response to requests from some Commissioners, Poseidon's experts also submitted to the Commission two supplemental site alternatives analyses focused on other potential mitigation sites in San Diego County. Both of the supplemental alternatives analyses reconfirmed the prior analysis provided by Poseidon and supported by Commission staff that the Otay River site is the best site to meet the MLMP's minimum standards and objectives.

As set forth in Commission staff's thorough and detailed Staff Report, staff believes that the potential site constraints identified and discussed at the October Hearing "have been adequately resolved to allow for Poseidon to develop its proposed final site restoration plan" for the Otay River site. A more detailed discussion of each of those issues and how they have been resolved is provided in the Briefing Materials for the February 9, 2011 Hearing (entitled "Supplemental Issues re: Marine Life Mitigation Site and Preliminary Restoration Plan")

These materials have been provided to Coastal Commission Staff

enclosed with this letter. As background on the selection of the Otay River site, Poseidon has also enclosed its previously submitted Briefing Materials for the October 15, 2010 Hearing.

Poseidon concurs with the Staff Report's analysis of the issues discussed at the October Hearing, and respectfully requests that the Commission approve the Otay River site and the proposed Preliminary Restoration Plan for both phases of Poseidon's restoration obligations under the MLMP as recommended by your staff. We thank the Commission and Commission staff for their careful consideration of this matter.

Sincerely,



Stan Williams
Poseidon Resources

Enclosures: (1) Briefing Materials for February 9, 2011 Hearing
(2) Previously Submitted Briefing Materials for October 15, 2010 Hearing

cc: Kate Huckelbridge
Rick Zbur, Esq.

These materials have been provided to Coastal Commission Staff

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CALIFORNIA
COASTAL COMMISSION

Poseidon Resources (Channelside), LLC

**Carlsbad Desalination Project
Marine Life Mitigation Plan (MLMP)**

CDP No. E-06-013

Briefing Materials for February 9, 2011 Hearing – Agenda Item W8a

***Supplemental Issues re:
Marine Life Mitigation Site Selection
and Preliminary Restoration Plan***



These materials have been supplied to the California Coastal Commission Staff

Key Issues Raised at Oct. 15, 2010 Hearing

- 1. Concerns about continuation of South Bay Power Plant
- 2. Request for expanded alternatives analysis – sites closer to Carlsbad
- 3. Identification of back-up mitigation site should Power Plant operations continue
- 4. Other Issues
 - Potential need for State Lands approval
 - Compensation for use of Otay River site
- ***Staff Report confirms all issues satisfied for purposes of site selection***

1. South Bay Power Plant Concerns

- **Issue:** Continued Once-Through Cooling operations could impact effectiveness of Otay River mitigation project
- **Response:** Issue resolved
 - Oct. 15, 2010: Cal-ISO removed plant's “reliability must run” status
 - Late-Oct. 2010: Application for Regional Water Quality Control Board permit withdrawn
 - Jan. 1, 2011: **Plant operations ceased**

South Bay Power Plant Location



2. Alternatives Analysis Concerns

- Issue: Expanded alternatives analysis requested for potential mitigation sites in San Diego County
- Response: Prior to the October 2010 hearing, a full alternatives analysis was provided to CCC staff, the CCC's Scientific Advisory Panel and the Commission
 - Despite this, two separate supplemental alternatives analyses have been prepared since the hearing – focused on San Diego County sites
 - Both alternatives analyses confirmed that Otay River site can best accomplish the Marine Life Mitigation Plan's (MLMP) minimum standards and objectives

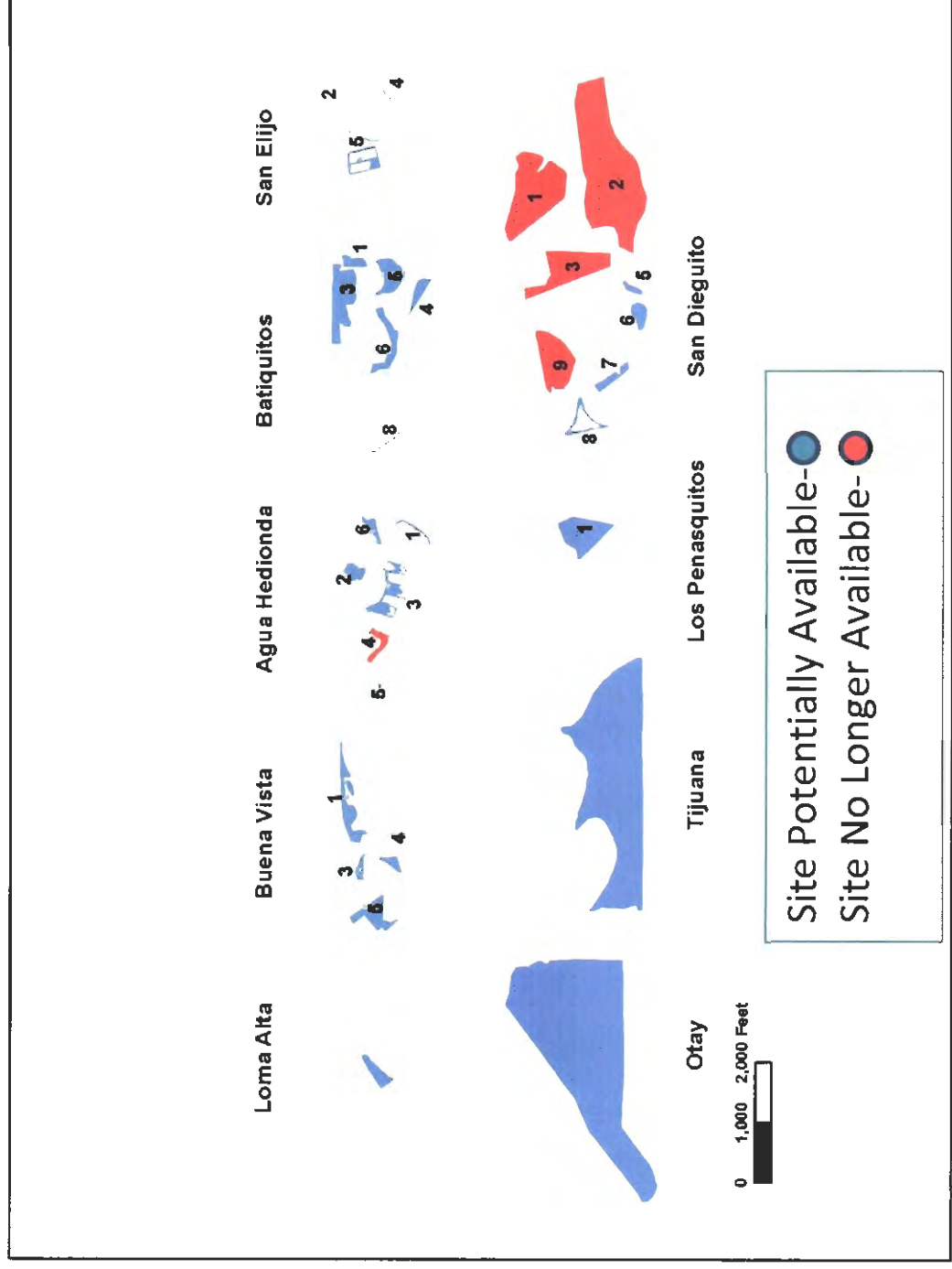
Ability of Sites to Meet Significant Standards and Objectives

Lagoon	Opportunity for Tidal Restoration	Substantial Tidal Restoration for Fish Habitat	Buffer and Upland Transition Zone Sufficient to Protect Restored Areas	Net Increase in Aggregate Tidal Wetland Acreage	Land Available to Poseidon	Acreage Available	Timely Completion
Loma Alta							
Buena Vista							
Agua Hedionda							
Batiquitos							
San Dieguito							
San Elijo							
Los Peñasquitos							
Lower Otay River							
Tijuana							

Meets 

*Based on Alternatives Analysis: Opportunities for Meeting Poseidon Marine Life Mitigation Plan Requirements (Josselyn), Jan. 17, 2011.

Relative Size of Potential Mitigation Site Alternatives



Problems with Sites Located Closer to Carlsbad

➤ Both alternatives analyses confirmed sites closer to Carlsbad would not satisfy MLMP requirements

- **Loma Alta Lagoon:**

- Does not meet 3 of MLMP's minimum standards
- Does not meet 6 of MLMP's objectives

- **Buena Vista Lagoon:**

- Does not meet 4 of MLMP's minimum standards
- Does not meet 6 of MLMP's objectives

Loma Alta Lagoon (Examples of Failure to Satisfy MLMP Requirements)

- **MLMP Minimum Standards (examples)**
 - Minimum restoration of 42.5 acres and up to 66 acres of habitat similar to impacted habitat at Agua Hedionda Lagoon
 - Loma Alta provides for restoration of only about 3 acres
 - At least 100 foot wide buffer zone
 - Conceptual plan has inadequate buffers – including buffer zone would reduce 3-acre restoration site
- **MLMP Objectives (examples)**
 - Average buffer of at least 300 feet
 - 300-foot buffers would substantially reduce 3-acre site to a narrow strip of land
 - Provision of substantial fish habitat
 - 3-acre site unlikely to provide substantial fish habitat
 - Minimum maintenance
 - Loma Alta Lagoon is usually closed by a sand bar and long-term restoration would likely require continual inlet maintenance

Buena Vista Lagoon (Examples of Failure to Satisfy MLMP Requirements)

- **MLMP Minimum Standards (examples)**
 - Minimum restoration of 42.5 acres and up to 66 acres of habitat similar to impacted habitat at Agua Hedionda Lagoon
 - Buena Vista provides for restoration of only about 12 similar acres
 - No adverse impact on endangered animal species
 - Lagoon habitats support breeding populations for Belding's savannah sparrow and light-footed clapper rail, and restoration may impact these species
 - At least 100 foot wide buffer zone
 - Inadequate buffers around majority of restoration acreage
- **MLMP Objectives (examples)**
 - Average buffer of at least 300 feet
 - Since majority of restoration acreage cannot provide a buffer of 100 feet, site would not meet 300-foot buffer average
 - Restoration project be accomplished in a reasonably timely fashion
 - No restoration plans have been developed; thus restoration would take substantially longer than for other sites that already have detailed restoration plans

3. Back-up Mitigation Site

- Issue: Some Commissioners requested the identification of a back-up mitigation site to the Otay River site if Power Plant operations continue
- Response: Tijuana Estuary was identified as second-best site to satisfy MLMP requirements
 - Both alternatives analyses confirmed Tijuana Estuary as appropriate back-up site
 - Tijuana Estuary site would involve impacts to existing wetlands, endangered species issues and maintenance requirements

4. Other Issues (State Lands)

- Issue: State Lands Commission (“SLC”) staff suggested that Poseidon’s mitigation project may require an amendment of USFWS’ Otay River site lease
- Response:
 - Poseidon and USFWS met with SLC staff to discuss how Poseidon’s restoration project would be implemented under USFWS’ direction
 - SLC staff confirmed that if restoration is conducted as proposed it may meet USFWS’ lease requirements and would not require further action from the SLC

4. Other Issues (Compensation)

- Issue: Coastal Conservancy requested that Poseidon compensate the State for use of the portion of the Otay River site purchased with Conservancy grant funds
- Response:
 - The Commission's action is limited to approving a site that best complies with the MLMP's requirements, and compensation is outside the MLMP's scope
 - Nevertheless, Poseidon and Conservancy staff are working together to determine whether and to what extent compensation may be provided

Supporters of Staff Recommendation

- **USFWS**
- **CDFG**
- **San Diego Regional Water Quality Control Board staff**
- **Commission's Scientific Advisory Panel**
- **Coastal Conservancy**

Poseidon Resources (Channelside), LLC

**Carlsbad Desalination Project
Marine Life Mitigation Plan (MLMP)**

CDP No. E-06-013

Briefing Materials for October 15, 2010 Hearing – Agenda Item F5a

***Marine Life Mitigation Site Selection
and Preliminary Restoration Plan***



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These materials have been supplied to the California Coastal Commission Staff

Background: Marine Life Mitigation Plan (MLMP)

- MLMP approved by Commission in August 2008
- Requires up to 55.4 acres of estuarine wetland restoration in two phases
 - Poseidon later voluntarily offered an additional 11 acres, resulting in a total of up to 66.4 acres of wetland restoration in both phases
- MLMP required submittal of proposed site(s) and preliminary restoration plan within 10 months of Nov. 3, 2009 CDP issuance for Carlsbad Project
 - Commission staff concurs that Poseidon satisfied this requirement

What is Before the Commission?

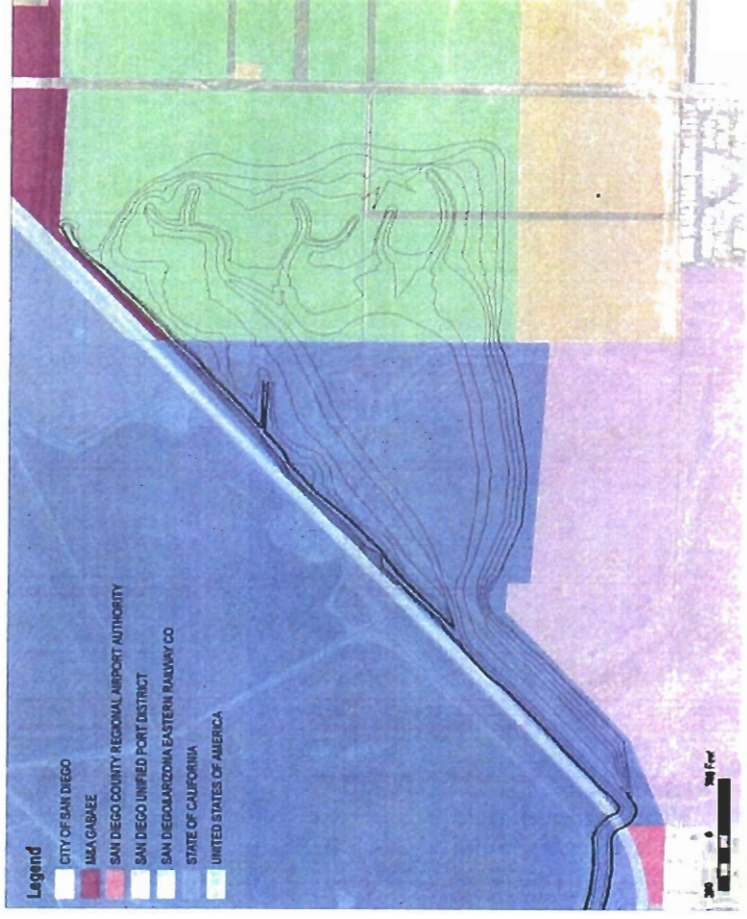
- MLMP requires Commission approval of proposed sites and preliminary restoration plan before Coastal Development Permit (CDP) process begins
- MLMP Section 2.0 (Site Selection) requires:
 - “[T]he permittee shall submit the proposed site(s) and preliminary wetland restoration plan to the Commission for its review and approval or disapproval . . . The basis for the selection shall be an evaluation of the site(s) against the minimum standards and objectives set forth in subsections 3.1 and 3.2 below.”
- Poseidon will come back to Commission for review of CDP based on final restoration plan

Proposed Restoration Site

➤ **Otay River Floodplain Site**

- Located in San Diego National Wildlife Refuge
- Provides restoration opportunity for both Phase I and Phase II mitigation obligations - 66.4 acres
- Site contains former intertidal mudflats and salt marsh, and restored habitat would be similar to affected habitat in Agua Hedionda Lagoon
- Meets MLMP minimum standards and best achieves MLMP objectives
- Supported by USFWS, CDFG, Regional Water Quality Control Board staff, Commission staff and the Commission's Scientific Advisory Panel

Who Manages/Owns the Otay River Floodplain Site?



- The Otay River Floodplain Site is managed and owned or leased by the USFWS exclusively for restoration of coastal wetlands and associated uplands.
- USFWS has proposed to enter into a partnership with Poseidon to facilitate restoration and enhancement of wetlands.

What is the Preliminary Restoration Plan?

- Restoration of a former solar evaporation pond and adjacent lands to intertidal salt marsh, intertidal mudflats and subtidal habitats
- Site would be excavated to the elevation of adjacent intertidal habitats and no hard structures such as jetties are needed
- As part of the CDP process, Poseidon will evaluate three alternative restoration designs
 - Designs will be considered in consultation with USFWS, Commission staff and the Commission's Scientific Advisory Panel
 - Each alternative provides the opportunity for at least the full 66.4 acres of wetland restoration

What Process Did Poseidon Follow?

- MLMP required Poseidon to evaluate 11 potential restoration sites within the Southern California Bight
 - In addition, MLMP provides that Poseidon may consider any other sites recommended by CDFG or agreed to by the Executive Director
- Poseidon evaluated potential sites based on extensive consultation with the following:
 - CDFG
 - USFWS
 - San Diego Regional Water Quality Control Board
 - Commission staff and the Commission's Scientific Advisory Panel

What Sites Were Evaluated?

- Poseidon evaluated the following 12 potential sites:
 - Tijuana Estuary in San Diego County
 - San Dieguito River Valley in San Diego County
 - Agua Hedionda Lagoon in San Diego County
 - San Elijo Lagoon in San Diego County
 - Buena Vista Lagoon in San Diego County
 - Huntington Beach Wetland in Orange County
 - Anaheim Bay in Orange County
 - Santa Ana River in Orange County
 - Los Cerritos Wetland in Los Angeles County
 - Ballona Wetland in Los Angeles County
 - Ormond Beach in Ventura County
 - **Otay River Floodplain in San Diego County**

How Were Sites Evaluated?

- Each potential restoration site was evaluated based on its ability to meet MLMP minimum standards and objectives which included the required timeline, i.e. presentation of a final mitigation plan and proposed Coastal Development Permit within 2 years
- Each site was ranked based on the following criteria:
 - Status of an existing restoration plan;
 - Status of environmental documentation;
 - Land ownership; and
 - Compliance with MLMP minimum standards and objectives

How Did Sites Compare?

Wetland	Status of Restoration Plan	Status of Environmental Documentation	Land Ownership	Ease of Compliance with CCC Objectives	Implementation Risk	Ranking
Tijuana Estuary	Feasibility Study	Needed	California State Parks	Moderate	Moderate	Moderate
San Diego Bay NWR Otay River Floodplain	Conceptual	Programmatic EIS completed	State of California/USFWS	Moderate	Low	High
San Dieguito Lagoon	Conceptual	Needed	San Dieguito JPA	Moderate	(2)	Low
San Elijo Lagoon	Feasibility Study	Needed	State of California	Difficult	High	Low
Buena Vista Lagoon	Feasibility Study	Needed	State of California	(1)	High	Low
Aqua Hedionda Lagoon	None	None	Cabrillo Power-CDFG	(1)	High	Low
Anaheim Bay	CCP (in prep)	None	U.S. Navy	Difficult	High	Low
Santa Ana River	None	None	Private	(1)	High	Low
Huntington Beach Wetlands (Newland Marsh)	Conceptual	Needed	Caltrans	Moderate	(2)	Low
Ballona Wetlands	Feasibility Study	Needed	State of California	Moderate	High	Low
Los Cerritos Wetlands	Conceptual	Needed	Acquisition	Difficult	High	Low
Ormond Beach	Pending	Needed	Acquisition	(1)	High	Low

(1) No existing plan or preferred alternative to evaluate; (2) Wetlands not currently available to Poseidon as potential sites.

Otay River Floodplain Site's Compliance with MLMP Minimum Standards

- a. *Location within Southern California Bight*
 - Located in South San Diego Bay Unit of San Diego Wildlife Refuge
- b. *Potential for restoration as tidal wetland*
 - Would restore intertidal salt marsh and freshwater wetlands
- c. *Creates or restores a minimum of 37 and up to 66.4 acres*
 - Would provide the opportunity for at least 66.4 acres of restored habitat similar to affected habitat in Agua Hedionda Lagoon
- d. *Provides a buffer zone of at least 100 ft. and upland transition zone*
 - Buffer zone meets 100-foot requirement in all directions

Otay River Floodplain Site's Compliance with MLMP Minimum Standards (cont.)

- e. *Any existing site contamination problems would be controlled or remedied and would not hinder restoration*
 - Screening level soil contaminant assessment showed sufficient uncontaminated areas that are suitable for restoration
- f. *Site preservation is guaranteed in perpetuity to protect against future degradation or incompatible land use*
 - Part of site is owned by and part of site is leased to USFWS exclusively for restoration of coastal wetlands and uplands
 - Prior to restoration, agreements will be entered to guarantee site preservation in perpetuity
- g. *Feasible methods are available to protect the long-term wetland values on the site in perpetuity*
 - USFWS will manage restored wetlands to protect their ecological value in perpetuity

Otay River Floodplain Site's Compliance with MLMP Minimum Standards (cont.)

- h. Does not result in a net loss of existing wetlands*
 - Only minimal impact at point of hydraulic connection to Otay River
 - Other portions of site do not contain functioning wetlands
- i. Does not result in an adverse impact on endangered animal species or an adverse unmitigated impact on endangered plant species*
 - Commission staff concurs that “the site as it currently exists has minimal habitat value, and thus it is not likely that this mitigation project will have adverse impacts on existing flora and fauna”
 - Long-term effects of restored habitats on threatened and endangered species would be beneficial

Site Best Meets MLMP Objectives

- a. *Provides maximum overall ecosystem benefits*
 - Historical San Diego Bay maps show currently degraded site as former intertidal mudflats and salt marsh - regionally scarce habitats
 - Restoration would enhance fisheries of South San Diego Bay – a valuable resource that provides habitat for major forage resources (schooling fishes, anchovies and topsmelt) and nursery area for juvenile halibut and spotted and barred sand bass
- b. *Provides substantial fish habitat compatible with other wetland values at the site*
 - Restoration of unvegetated tidal creeks and sloughs would provide fish breeding areas and nurseries
 - Intertidal mudflats created by restoration would provide breeding areas for gobies that are prevalent in Agua Hedionda Lagoon
- c. *Provides a buffer zone of an average of at least 300 ft wide, and not less than 100 ft wide*
 - Restoration site has buffers meeting 100 feet in all directions, and can be designed to meet 300-foot average buffer objective

Site Best Meets MLMP Objectives (cont.)

- d. *Provides maximum upland transition areas*
 - Preliminary plan includes on-site use of excavated soils to create upland and transitional habitats
- e. *Restoration involves minimum adverse impacts on existing functioning wetlands and other sensitive habitats*
 - Only minimal impact at point of hydraulic connection to Otay River
 - Other portions of site do not contain functioning wetlands
- f. *Site selection and restoration plan reflect a consideration of site specific and regional wetland restoration goals*
 - Preliminary plan is consistent with established goals and guiding principles for restoration site, which are consistent with USFWS Refuge purposes, National Wildlife Refuge System (NWRS) goals, the NWRS Improvement Act and USFWS policies

Site Best Meets MLMP Objectives (cont.)

- g. Restoration design is most likely to produce and support wetland-dependent resources*
 - Project is designed to protect, manage, enhance coastal wetlands and provide habitat for salt-marsh species
- h. Provides rare or endangered species habitat*
 - Plan would provide preferred nesting and foraging habitat for light-footed clapper rail, fishery resources that support the California least tern, and habitat for California halibut
- i. Provides for restoration of reproductively isolated populations of native California species*
 - The clapper rail population in San Diego Bay is isolated from other populations and the Plan would provide habitat for this population
 - Plan also would provide opportunity to establish populations of an endangered plant – salt marsh bird's beak – and existing populations are reproductively isolated

Site Best Meets MLMP Objectives (cont.)

- j. Results in an increase in the aggregate acreage of wetland in the Southern California Bight*
 - Will add up to 66.4 acres of restored wetland to the Southern California Bight
- k. Requires minimum maintenance*
 - Site is not subject to coastal erosion or wave action, and sediment load would not require maintenance dredging. Thus, only minimum maintenance is anticipated
- l. Restoration project can be accomplished in a reasonably timely fashion*
 - It is anticipated that site restoration can be accomplished within MLMP timeframes
- m. In proximity to the Carlsbad Desalination project*
 - Located within San Diego County

Commission Staff Concurs with Otay River Floodplain Site Selection

- The Commission's staff report provides:
 - “[T]he Otay River Floodplain site has the greatest likelihood of meeting the requirements and objectives of the MLMP.”
 - “The site contains enough area to meet the acreage requirements in the MLMP.”
 - “including space for transition and buffer areas.”
 - “No [other] funding source has been identified for restoration of this area.”
 - Restored site “will be contiguous to a larger complex of critical wetland and shallow water habitat and easily integrated into a larger management structure.”

Otay River Floodplain Site Supporters

- **USFWS**
- **CDFG**
- **San Diego Regional Water Quality Control Board staff**
- **Commission's Scientific Advisory Panel**
- **Commission staff**
- **Coastal Conservancy**

Request

- Poseidon concurs with Commission staff's recommendation
- Poseidon requests that the Commission:
 - Approve the proposed Otay River Floodplain site and preliminary wetland restoration plan under the MLMP for both Phase I and Phase II restoration obligations