



Challenges with Securing Aquaculture Permits in California

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President and Founder
Santa Barbara Sea Ranch, Inc.



- ***Santa Barbara Sea Ranch, Inc. (SBSR)** is a startup 176-acre offshore farm near Santa Barbara, CA that will grow Mediterranean mussels, Pacific Oysters, and potentially purple-hinge rock scallops using 80 longlines.*
- *In full production, the farm will produce 2.7 million pounds of mussels and 300,000 pounds of oysters each year.*
- *SBSR applied for a state-water bottom lease in 2018, over six years ago, and is still working to secure the lease.*
- *We were the **first applicant in over 25 years.***
- *While a lot has been accomplished, **only this year** has the California Fish and Game Commission developed a process and began **supporting aquaculture applicants.***

Introduction

Founding Year: 2018

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Agencies and Permits

AGENCY	PERMIT TYPES
California Department of Fish and Wildlife	Aquaculture Registration
California Fish and Game Commission	State Water Bottom Lease
California Coastal Commission	Coastal Development Permit
United States Army Corp of Engineers	Nationwide 48 permit or Letter of Permission or Standard Individual Permit (at the discretion of USACE)
United States Coast Guard	Private Aid to Navigation Permit, Notice to Mariners (Navigational Risk Assessment may be required)
California Department of Public Health	Shellfish Growing Area Certificate, and Shellfish Handling & Marketing Certificate
State Lands Commission	Confirmation to Fish and Game Commission that lease area is not otherwise encumbered, nor privately owned, so as not to preclude its use for the proposed culture.
Central Coast Regional Water Quality Control Board	
National Oceanographic and Atmospheric Administration (NOAA)	
United States Fish & Wildlife Service	
Local Tribal Authorities	



#1: Stringent Environmental Regulations

- **CEQA (California Environmental Quality Act)**
 - 502-page document, enacted in 1970
 - Requires state and local agencies to assess the environmental impact of proposed projects before they are approved.
 - It **protects our natural ecosystems** and ensures sustainable practices.
 - On the other hand, it **creates a maze of compliance requirements** that can delay or even derail permit approvals.
- **Startup aquaculture operations must navigate a myriad of state and federal regulations**, including those concerning water quality, habitat protection, and species management.
- **Expensive and time consuming**



#2: **Extremely** Slow and Bureaucratic Permitting Process

1. CA Fish and Game Commission (FGC):

- Lead Agency, issues state water bottom leases
- SBSR was the first applicant to FGC for a state water bottom lease in over 25 years.
- August 2018 the project was determined to be in the public interest (one of just three)
- FGC put a two-year moratorium on accepting new lease applications to figure out the criteria for "public interest."
- Challenges working with the California Fish and Game Commission have been:
 - Understaffed
 - No defined process for handling applications
 - Has been incapable of supporting lease applicants



#2: **Extremely** Slow and Bureaucratic Permitting Process

2. CA Department of Fish and Wildlife:

- Tasked with rigorous evaluations to balance economic benefits with environmental preservation.
- This has led to lengthy review periods and unpredictable timelines, which make it challenging for any business trying to plan and invest.

3. CA Coastal Commission:

- A separate state agency established by the California Coastal Act of 1976 that issues Coastal Development Permits (CDPs).
- Ensures that development activities comply with the California Coastal Act, which mandates the protection of coastal resources, habitats, and public access.
- Limited engagement prior to issuance of a state water bottom lease.



#2: **Extremely** Slow and Bureaucratic Permitting Process

4. US Army Corps of Engineers

- Follows a specific process designed to ensure that the proposed activity complies with **federal laws and regulations** related to navigable waters.
 1. **Review of Application**
 2. **Public Notice and Comment**
 3. **Environmental Review**
 4. **Consultation with Other Agencies**
 5. **Evaluation of Public Interest**
 6. **Decision on Permit**
 7. **Monitoring to Ensure Compliance**

#3: Lack of Interagency Coordination

- Key agencies have overlapping concerns
- Requirements not the same (CCC asked for MND, but CFG wants a full EIR)
- Uncoordinated effort leads to the potential for duplication of work, extended durations for permitting, high cost, and increased risk for investors
- Startup companies must proactively involve all interested parties early and often to ensure that all concerns are addressed.





#4: **Overly Cautious Agencies**

<https://calmatters.org/environment/2020/05/california-shellfish-farming-aquaculture/>

Failure of Catalina Sea Ranch Leads to More Stringent Approval Requirement:

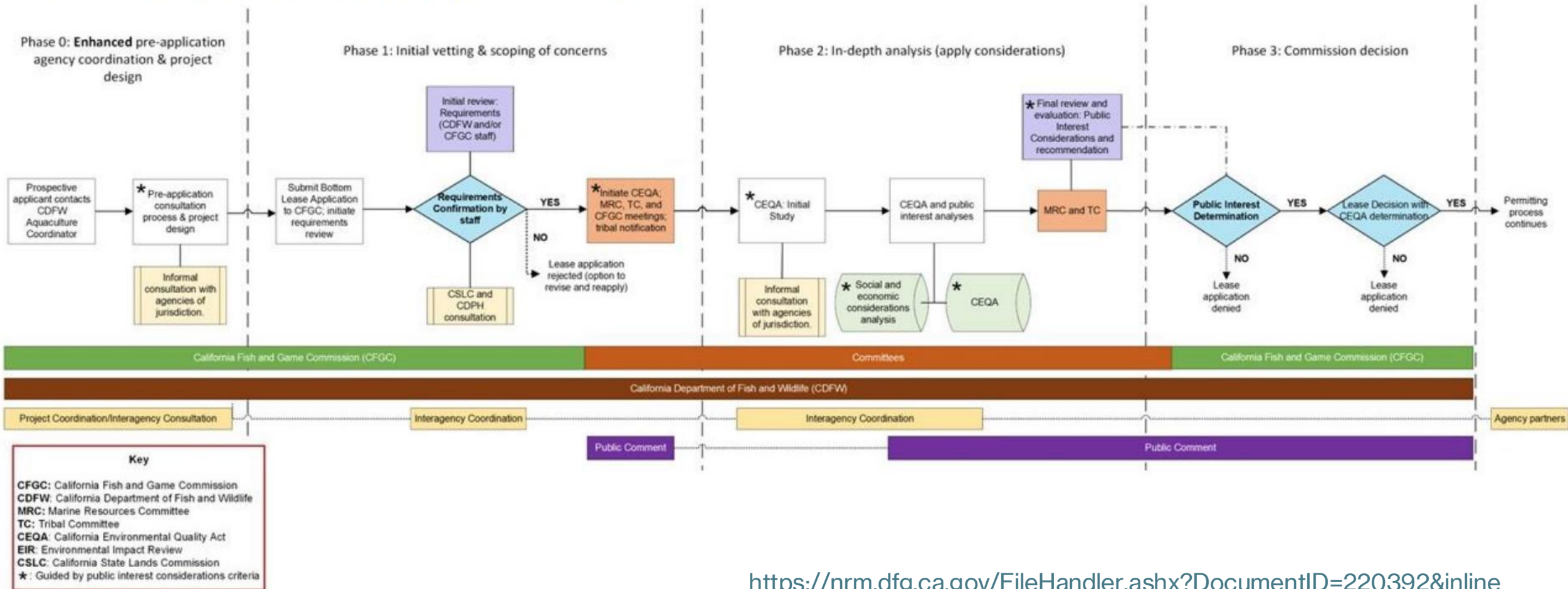
- Operator ignored permit requirements.
- Did not perform required inspections and failed to repair equipment.
- Ignored enforcement letters demanding compliance with state and federal rules.

Full Environmental Impact Review Required for SBSR

- A competitor doing identical farming in an identical, nearby area needed only a mitigated negative declaration to reconfigure its lease.
- For SBSR, this has led to delays, higher permitting cost, and increased project risk.

New Fish & Game Process (Sept. 2023)

Figure 1. Aquaculture Lease Application Process, Phases 0 through 3. Overview of staff-proposed process for Commission consideration of new state water bottom aquaculture lease applications, including public interest determination. Includes an enhanced and formalized pre-application phase (Phase 0) facilitated by CDFW and including interagency consultation, followed by a three-phase Commission process (phases 1-3) (see figures 5 and 6 for close-up images of each phase with written descriptions below steps in the corresponding phase).



Closing

Key Points

- CA has stringent and complex environmental regulations.
- Slow and bureaucratic process with zero sense of commercial urgency is frustrating, makes planning difficult, and increases perceived risk.
- Lack of interagency coordination can lead to mixed messages, delays, and duplication of effort.
- Agency overcaution due to past failure of others has created a difficult and challenging situation for startups

Recommendations:

- Start with CDFW Aquaculture:
 - <https://wildlife.ca.gov/Aquaculture#22164163-leases>
 - Randy Lovell: State Aquaculture Coordinator
(randy.lovell@wildlife.ca.gov)
- Connect with key people at CFG, CDFW, CFPH, CCC, NOAA, and USACE early.
- Identify an environmental consultant to support the process.
- Push CFG to facilitate a project review with all stakeholders as soon as possible to create awareness, solicit input, and ensure there are no early fatal flaws.



SBSR Today:

Key Points

- SBSR project is in the public interest
- 176-acre offshore shellfish growing operation with a projected **\$4.5M EBITDA**
- Full operation in five quarters
- Break-even in seven quarters
- **\$25M NPV**
- **18% IRR**
- Seeking \$3M to finish permitting and reach full production

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David Willett's vCard:

