



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Planning &
Development
Department No.: 053
For Agenda Of: July 25, 2017
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Glenn Russell, Ph.D., Director (568-2085)
Director: Planning & Development
Contact Info: Peter Cattle, Deputy Director, Energy & Minerals Division
(568-2519), Planning & Development
SUBJECT: Approval of Amendment No. 1 to the Professional Services Contract with Aspen Environmental Group for Preparation of the Environmental Impact Report for the ERG Operating Company West Cat Canyon Revitalization Plan located in the 4th and 5th Supervisorial Districts.

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

1. Approve, ratify, and authorize the Chair to execute Amendment No. 1 to the Professional Services Agreement BC15157 with Aspen Environmental Group (Aspen), in the amount of \$50,702.00 for a total contract not-to-exceed cost of \$292,416.00 for additional analyses for the Draft Environmental Impact Report (DEIR) for ERG's West Cat Canyon Revitalization Plan project. The recommended Contract Amendment is included as Attachment 1.
2. Approve and authorize the Director of Planning and Development, or designee, to make immaterial changes in accordance with Section 35 of the Agreement.
3. Determine that this action is exempt from CEQA pursuant to CEQA Guidelines Section 15378(b)(5), which exempts organizational or administrative activities of governments that will not result in direct or indirect physical changes to the environment. The recommended Notice of Exemption is included as Attachment 2.

Summary Text:

Additional work beyond the original scope of the contract is required for Aspen to complete the Draft EIR for the ERG West Cat Canyon project. This Amendment No. 1 includes a request to fund out-of-scope efforts resulting from: (1) delays in receiving requested information necessary to complete the environmental analyses

and multiple incomplete responses from the applicant which resulted in repeated follow-up review and revisions to administrative draft EIR sections; (2) applicant changes to the project description and submittal of new alternatives to be addressed in the EIR; and (3) need for increased coordination by the Aspen air quality specialist with Air Pollution Control District (APCD) staff due to changes in APCD protocols that occurred during the above-identified delays. The protocol changes necessitated updating of the Health Risk Assessment and other air quality information used in the EIR to ensure that emissions information used by both P&D and the APCD in their respective permitting processes is accurate and up-to-date. All work performed by Aspen to date has been authorized by P&D. A detailed accounting of the out-of-scope costs is provided in the April 18, 2017 memorandum from Aspen which is included as Attachment A of Attachment 1.

Background: The proposed ERG project is summarized below:

- The development and operation of 233 new thermally enhanced (cyclic steaming) production wells.
- The reactivation of four existing steam generators, which were permitted and operated under previous Production Plans. Each generator would have a maximum thermal output of 85 mmBTU/hr.
- The expansion of existing equipment areas and production facilities to accommodate appurtenant equipment.
- The construction and operation of various inner-field piping needed to service the existing and proposed wells.
- The replacement of an existing 3.5 mile-long, 4-inch diameter natural gas pipeline with a new 8-inch natural gas pipeline to provide fuel for the expanded operations.

ERG Operating Company's application for a Production Plan (14PPP-00000-00001) was deemed complete for processing on October 2, 2014. On October 23, 2014, P&D released a Request for Proposals for preparing the EIR and the applicant selected Aspen Environmental Group to prepare the EIR. Your Board approved the contract with Aspen on March 3, 2015. P&D requested the authorized funds from ERG on March 4, 2015. ERG provided the funds to P&D on June 10, 2015. P&D issued Notice to Proceed #1 to Aspen on July 7, 2015, authorizing Aspen to begin work on Tasks 1 through 4. Since the Board approved the contract, three change orders have been executed by P&D and Aspen, as follows:

Change Order #1: Change Order #1 extended the original contract end date from March 5, 2016 to June 30, 2017.

Change Order #2: Change Order #2 split Task 4, *Administrative Draft and Technical Appendices*, into two tasks, 4a (70% ADEIR) and 4b (100% ADEIR). This change was made due to delays in receiving information from the applicant which in turn delayed completion of Task 4. Task 4a was completed and submitted to P&D June 29, 2016 and P&D subsequently authorized payment for completion of Task 4a.

Change Order #3: Change Order #3 (1) extended the contract end date to June 30, 2018 and (2) released the contract contingency of \$31,528 to pay Aspen for work completed since June 29, 2016. This change was made due to continued delays in receiving requested information from the applicant and to changes requested by the applicant to the project description and alternatives to be considered in the EIR. In addition, P&D requested that Aspen perform certain tasks not previously accounted for in the contract. These include active close coordination with APCD to ensure resolution of possible discrepancies between emissions information used in the EIR and similar information used by APCD staff in processing the requisite APCD permits for the project. This process is ongoing.

Fiscal and Facilities Impacts:

All costs for this project are fully reimbursed by the project applicant. With this Amendment 1, the not-to-exceed cost of completing the ERG Operating Company West Cat Canyon Revitalization Plan project Environmental Impact Report total increases from \$241,714.00 to \$292,416.00. This amount includes a base

cost increase from \$210,186.00 to \$260,888.00, with the contingency fund remaining at \$31,528.00. The applicant will deposit \$50,702.00 upon the Board's approval of the requested Contract Amendment No. 1.

P&D will continue to invoice the applicant for all staff time necessary to administer the Agreement for Services and related planning activities. These funds are budgeted in the Operating Expenditures of the Energy & Minerals Division on page D-280 of the County of Santa Barbara Fiscal Year 2017–2018 Operating Plan.

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			
Fees			
Other:			\$ 292,416.00
Total	\$ -	\$ -	\$ 292,416.00

Narrative: The applicant has provided contract funds in the amount of \$241,714.00 and will provide the additional \$50,702 to increase the total not-to-exceed cost to \$292,416.00. This additional amount will be allocated to the Task 4b and 5 budgets.

Key Contract Risks:

A risk analysis was performed on the original proposed contract and was determined to be of low risk. The contract amendment amount of \$50,702.00 will be paid in-full by the applicant in the form of a deposit to the County. As such, there is low risk to County fiscal resources for the contract amount. The contract will continue to include payment arrangements based on periodic compensation at selected milestones. Payments will not be made until all services have been completed, delivered and found to be satisfactory for the various milestones. Funds from the deposit will only be expended upon satisfactory product delivery and performance by Aspen Environmental Group. The Energy and Minerals Division is satisfied with performance by Aspen Environmental Group, which has a proven track record of providing technical services to the Division for the last ten years.

Staffing Impacts:

Legal Positions: N/A **FTEs:** N/A

Special Instructions:

The Clerk of the Board will forward a copy of the executed Amendment 1 to the Agreement for Services and Minute Order to P&D, Energy & Minerals Division, attention Errin Briggs.

Attachments:

1. Contract Amendment No. 1 to Agreement for Services (BC15157)
2. CEQA Notice of Exemption
3. Board Contract Summary

Authored by: Nancy Minick, Planner