



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:** December 6, 2022  
**Placement:** Departmental  
**Estimated Time:** 20 min  
**Continued Item:** No  
**If Yes, date from:** N/A  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department Lisa Plowman, Director, Planning & Development  
(805) 568-2086  
Contact Info: John Zorovich, Deputy Director  
Energy, Minerals & Compliance Division (805) 568-2519

**SUBJECT:** Coastal Resources Mitigation Fund (CRMF): Name Change, Five-Year  
Reassessment of Fees, Annual Status Report and Combined 2022-2023 Cycle

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**County Counsel Concurrence**

As to form: Yes

Other Concurrence: N/A

As to form: No

**Auditor-Controller Concurrence**

As to form: N/A

**Recommended Actions:**

That the Board of Supervisors:

- a) Change the name and acronym for the “*Coastal Resources Enhancement Fund*” (“CREF”) to “*Coastal Resources Mitigation Fund*” (“CRMF”);
- b) Consider and approve staff’s recommendation for the reassessment of oil and gas project Coastal Resources Mitigation Fund payments for 2023-2027 (Attachment A)
- c) Receive and file the annual Coastal Resources Mitigation Fund Status Report (Attachment B);
- d) Direct staff to set aside \$124,999 from both the 2022 and 2023 Coastal Resources Mitigation Fund fees (total of \$249,998) for the Hollister Ranch Access Program (HRAP);
- e) Direct staff to divide the remaining Coastal Resources Mitigation Fund fees for each year equally between the general allocation subfund and the coastal acquisition subfund;
- f) Amend the Coastal Resources Mitigation Fund Guidelines (Attachment C) for the purposes of documenting:
  - i) the name change;
  - ii) the reassessment of fees; and
  - iii) fees set aside for HRAP;
- g) Direct staff to commence a combined two-year 2022-2023 Coastal Resources Mitigation Fund cycle; and

- h) Determine that changing the Coastal Resources Mitigation Fund’s name/acronym, reassessing the fees for years 2023-2027, receiving the annual Status Report, allocating 2022 and 2023 annual fees into the HRAP and general allocation and acquisition subfunds, and updating the CRMF Guidelines are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(5) (Attachment D).

**Summary Text:**

- a) **Coastal Resources Mitigation Fund Name Change.** The County received a trademark complaint concerning the acronym “*CREF*” in connection with this grant program. In response, staff is proposing to rename the program “*Coastal Resources Mitigation Fund*” with the acronym “*CRMF*.”
- b) **2023-2027 Reassessment.** Permits for three oil and gas projects – Santa Ynez Unit (SYU), Point Arguello Project (PAP), and Point Pedernales Project (PPP) – each require the payment of mitigation fees to the Coastal Resources Mitigation Fund for the life of each project. These fees are intended to mitigate impacts to coastal aesthetics, coastal recreation, coastal tourism, and environmentally sensitive coastal resources. The CRMF Guidelines stipulate a process by which these fees are reassessed at five-year intervals. This 2023-2027 reassessment marks the eighth five-year reassessment.

Consistent with past reassessments, each of the three oil and gas projects is assigned up to five points per year in each of the four impact categories (coastal aesthetics, coastal recreation, coastal tourism, and environmentally sensitive coastal resources). The points are multiplied by a fixed-dollar amount to determine the CRMF fee of each project. The fixed-dollar amount was \$20,000 in 1988 and is adjusted every five years based on the change in Consumer Price Index (CPI) for the preceding five years. The fixed-dollar amount for 2018-2022 was \$41,800; the revised CPI-adjusted dollar value for the 2023-2027 period is \$53,100 per CRMF point.

Staff recommends the 2023-2027 schedule of CRMF fees in the table below. Detailed reassessment recommendations for PAP, SYU and PPP for the years 2023-2027 are included in Attachment A. These reassessments assume that both PAP and SYU will continue to be shut down through the five-year period. If the facilities are able to operate within the five-year period, staff will conduct a mid-cycle reassessment. With PPP, this five-year reassessment reflects a status-quo of its operations. Both Freeport-McMoRan (PAP and PPP) and ExxonMobil (SYU) have reviewed staff’s proposed 2023-2027 reassessment for their respective facilities and concur with staff’s recommendations.

**Annual Fees for 2023-2027\***

PROJECT	2023	2024	2025	2026	2027
<b>Point Arguello Unit</b>	\$159,300	\$159,300	\$159,300	\$159,300	\$159,300
<b>Santa Ynez Unit</b>	\$132,750	\$132,750	\$132,750	\$132,750	\$132,750
<b>Point Pedernales</b>	\$238,950	\$238,950	\$238,950	\$238,950	\$238,950
<b>CRMF Fees Per Year</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$531,000</b>

\* Assessed at \$53,100 per point, pursuant to CRMF Guidelines to reflect “1988 dollars”.

- c) **Annual Status Report.** The Annual Coastal Resources Mitigation Fund Status Report (Attachment B) reviews the status of the 330 grants provided from CRMF since 1988. The report organizes the CRMF grants by district and then by category (acquisitions, capital improvements, planning and research, educational and equipment).
- d) **Hollister Ranch Access Program.** From both the 2022 and 2023 fees, staff recommends setting aside \$124,999 for the Hollister Ranch Access Program (HRAP). The HRAP currently has an existing balance of \$750,002. With an allocation of \$124,999 from 2022 and 2023 fees, the HRAP will have a total of \$1,000,000. This would meet the California Coastal Commission’s Special Condition that requires the Point Arguello Project to provide \$1,000,000 through its CRMF fees. The \$1,000,000 is earmarked to provide initial costs for the development of a public access program for the Hollister Ranch, which has yet to be developed.
- e) **Fees to be Allocated into Subfunds.** The County collected 2022 fees totaling \$449,350 in January 2022. If staff’s reassessment of 2023-2027 fees is approved by the Board today, the County will be collecting \$531,000 in February 2023 for the 2023 fees. As stated above, staff recommends setting aside \$124,999 for the Hollister Ranch Access Program (HRAP) and that the remaining annual balances be divided equally between the coastal acquisition and general allocation grants (see table below).

The HRAP currently has an existing balance of \$750,002. With an allocation of \$124,999 from each the 2022 and 2023 fees, the HRAP will have a total of \$1,000,000. This would meet the California Coastal Commission’s Special Condition that requires the Point Arguello Project to provide \$1,000,000 through its CRMF fees. The \$1,000,000 is earmarked to provide initial costs for the development of a public access program for the Hollister Ranch (see *Background* section below).

The recommended 50/50 split between the coastal acquisition and general allocation subfunds for the remaining annual fees is based on the Fund Deferral Program in the Board-approved Coastal Resources Mitigation Fund Guidelines (Section 3.6). This Program stipulates that half of each year's remaining contributions be available to accrue for coastal acquisitions. The Fund Deferral Program currently has an unallocated balance of \$712,800, monies that were deferred to this Program from past years. Therefore, for the 2022-2023 combined CRMF cycle, a total of \$1,118,802 would be available for coastal acquisition grants and \$406,000 would be available for general allocation grants. See table below for 2022 and 2023 fee recommended distribution and balances.

**Staff Recommendations for 2022 and 2023 CRMF Fee Allocation**

	<b>2022 CRMF Fees</b>	<b>2023 CRMF Fees</b>	<b>Existing Hollister Ranch Access Program Funds</b>		<b>Existing Fund Deferral Program Balance</b>	<b>Recommen ded Total Balance</b>
<b>Hollister Ranch Access Program</b>	\$124,999	\$124,999	\$750,002			<b>\$1,000,000</b>
<b>Coastal Acquisition Available 22- 23 Cycle</b>	\$203,001	\$203,001			\$712,800	<b>\$1,118,802</b>
<b>General Allocation Available 22- 23 Cycle</b>	\$203,000	\$203,000				<b>\$406,000</b>
<b>Total Annual Fees</b>	\$531,000	\$531,000				

- f) **CRMF Guidelines Amendment.** Staff recommends that the Board amend the Guidelines to document the actions described above. Specifically, the “*Coastal Resources Enhancement Fund Guidelines*” would be amended to be renamed the “*Coastal Resources Mitigation Fund (CRMF) Guidelines*”. In addition, the Guidelines would be amended to reflect the approved reassessment of fees for the years 2023-2027. Lastly, Table 6 of the Guidelines would be revised to reflect a total of \$249,998 going towards the HRAP (\$124,999 each from 2022 and 2023 fees). The recommended amendments are shown in Attachment B.
- g) **Combined two-year 2022-2023 CRMF Cycle.** The County collected 2022 fees but did not solicit proposals, per the Board’s direction of soliciting proposals every other year (see *Background* below). The County will be collecting fees in 2023 to combine with the 2022 fees for a two-year 2022-2023 grant cycle. This combined cycle would include solicitation of proposals (including two online workshops during the winter of 2023), evaluation of proposals with the Board-approved criteria, and culminating with the Board’s allocation of awards in spring 2023.

**Background:**

The County established CRMF as a condition of approval on permits for offshore oil and gas development and transportation projects. Mitigation is provided through CRMF for impacts to four categories of coastal resources: recreation, tourism, aesthetics, and environmentally sensitive resources (e.g., marine mammals and birds). The County must ensure that CRMF fees are used to mitigate those impacts.

There are three oil and gas projects located offshore that pay annual CRMF fees. These are the Freeport-McMoRan Oil and Gas Point Arguello and Point Pedernales projects, and ExxonMobil’s Santa Ynez oil

and gas project. Typically, CRMF grants were historically awarded annually. However, in 2017 the Board directed staff to solicit CRMF proposals every other year in the wake of the Plains Pipeline spill to ensure the reduced annual funds are adequate for solicitation.

The Point Arguello and Santa Ynez Unit oil and gas facilities continue to be non-operational due to the Plain's All-American Pipeline incident and the lack of an available crude oil transportation pipeline.

Recently, an entity known as "Sable Offshore Corp." has entered into a purchase and sale agreement with ExxonMobil to acquire the Santa Ynez Unit and the Line 901/903 pipeline system. According to conversations with Exxon personnel, this deal is pending and has not yet been finalized. The deal is expected to close sometime around March of 2023. If the sale of SYU to Sable Offshore Corp. results in any changes to the facilities that would affect CRMF point allocations, staff will return to the Board with a mid-cycle reassessment.

***Public Access Program for Hollister Ranch.*** As noted in the attached CRMF Status Report (pages 3-4 of Attachment A), the California Coastal Commission (CCC) added two special conditions to the Point Arguello Project's Coastal Development Permit (CDP), when it approved the CDP on appeal in 1985. CCC Special Condition #1 requires the permittee to provide \$1,000,000 to Santa Barbara County through its CRMF fees; the \$1,000,000 would be earmarked to provide initial costs for the development of a public access program for the Hollister Ranch. This money was to be collected and set aside from Point Arguello's first three CRMF payments; however, setting aside those first three payments never occurred. The Board began to set aside CRMF money towards this program in 2017 and will continue to set aside funds until the \$1,000,000 total is met. With this year's contributions, the one million dollar balance will be reached and no future contributions to this fund will be necessary.

Currently, no such public access program has been developed because no final agreement has yet been reached between the Hollister Ranch Owner's Association, the California Coastal Conservancy, or the CCC regarding public access through Hollister Ranch.

### **Fiscal and Facilities Impacts:**

Budgeted: Yes

CRMF creates no fiscal impact on the County general fund budget. CRMF is funded by mitigation fees paid annually by developers of offshore oil and gas reserves. Funding for CRMF is budgeted in the Planning & Development Department's Coastal Mitigation Budget Program, and is fully supported by funds in the Coastal Resources Mitigation Fund. Administration of CRMF includes updates of the annual status report, solicitation and evaluation of grant proposals and recommendation of grant awards to the Board of Supervisors, preparing, monitoring and enforcement of CRMF grant contracts, preparation and monitoring of the CRMF budget, reassessing CRMF fees, and responding to inquiries. Administration costs for FY 2022-23 would be funded by the interest accrued on CRMF.

**Attachments:**

- Attachment A: CRMF Reassessment for 2023-2027
- Attachment B: Annual CRMF Status Report
- Attachment C: Revised CRMF Guidelines
- Attachment D: Notice of Exemption

**Authored by:**

Nereyda (Rey) Harmon, Planner