



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: August 21, 2012  
Placement: Administrative  
Estimated Tme:  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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TO: Board of Supervisors

FROM: Department Glenn Russell, Planning & Development 568-2085  
Director(s)  
Contact Info: Doug Anthony, Deputy Director, Energy Division, 568-2046

SUBJECT: Coastal Resource Enhancement Fund (CREF) Five-Year Assessment (2013-2017)

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**County Counsel Concurrence**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: N/A

**Other Concurrence:** N/A

As to form: No

**Recommended Actions:**

That the Board of Supervisors:

- A. Amend the Coastal Resource Enhancement Fund Guideline as recommended in Attachment A for the purpose of assessing 2013-2017 CREF fees.
- B. Determine that the assessment of the CREF fees for the period of 2013 through 2017 is exempt from CEQA pursuant to Sections 15061(b)(3) and 15378(b)(4) of the State Guidelines for the implementation of the California Environmental Quality Act.

**Summary Text:**

**2013 to 2017 Assessment.** Permits for three oil and gas projects – Santa Ynez Unit, Point Arguello, and Point Pedernales (see map in Attachment A for locations) – require payment of mitigation fees to the Coastal Resource Enhancement Fund (CREF) for the life of the project. These fees help mitigate impacts to coastal aesthetics, coastal recreation, coastal tourism, and environmentally sensitive coastal resources. The CREF Guidelines stipulate a process by which these fees are assessed at five-year intervals; 2013 marks a new five-year cycle.

Consistent with past assessments, each of the three oil and gas projects is assigned up to five points per year in each of the four impact categories. The points are multiplied by a fixed-dollar amount to determine the CREF fee of each project. This multiplier is adjusted every five years, based on the change in consumer price index for the preceding five years; the revised CPI-adjusted dollar value for the 2013-2017 period is \$38,600 per CREF point.

Staff recommends the 2013-2017 schedules of CREF fees in the table below.

CREF Fees for 2013-2017\*

<b>PROJECT</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Point Arguello</b>	\$250,900	\$250,900	\$250,900	\$250,900	\$250,900
<b>Santa Ynez Unit</b>	\$231,600	\$231,600	\$231,600	\$231,600	\$231,600
<b>Point Pedernales</b>	\$193,000	\$193,000	\$193,000	\$193,000	\$193,000
<b>CREF Fees Per Year</b>	<b>\$675,500</b>	<b>\$675,500</b>	<b>\$675,500</b>	<b>\$675,500</b>	<b>\$675,500</b>

\* Assessed at \$38,600 per point, pursuant to CREF Guidelines to reflect 1988 dollars.

This five-year assessment reflects a status-quo of the oil and gas operations in Santa Barbara County. There are no impact changes with this 5-year assessment from last year's five-year assessment, only the increase in the multiplier due to the consumer price index.

Staff recommends that the Board amend the CREF Guidelines to include the 2013-2017 CREF fees (page 4 of Attachment B) and update the oil and gas project's tables with the recommended 2013-2017 assessment points (pages 7, 8, and 10 in Attachment B).

**Background:**

The County established CREF as a condition of permits for offshore oil and gas development and transportation projects; mitigation is provided through CREF for impacts to four categories of coastal resources: recreation, tourism, aesthetics, and environmentally sensitive resources. The County must ensure that CREF fees are used to mitigate those impacts.

**Fiscal and Facilities Impacts:**

The Coastal Resource Enhancement Fund is funded by mitigation fees paid by developers of offshore oil and gas reserves. Fees to fund grants are received annually. CREF is included in the Energy Division Mitigation Program Cost Center (5090) in the Planning & Development Department's FY 12/13 Budget on page D-138 (sections "Source of Funds Summary – Offshore Oil and Gas Mitigation" and section "Energy Mitigation" for revenue, and "Use of Funds Summary – Mitigation Programs"). Each of the three oil and gas developments pay for staff costs to prepare the oil and gas project's CREF assessment. Staff costs to administer the fund are offset by interest accrued to the Coastal Resource Enhancement Fund.

**Attachments:** Attachment A: Energy Division Map  
Attachment B: CREF Guidelines  
Attachment C: Notice of Exemption