



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: March 3, 2015
Placement: Administrative Agenda
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Planning and Development, Glenn Russell, Ph.D., Director, 568-2085
Director(s) 2085
Contact Info: Kevin Drude, Deputy Director, Energy and Minerals Division, 568-2519

SUBJECT: **Authorization of Agreement for Services with Aspen Environmental Group to Complete an Environmental Impact Report for the ERG Operating Company West Cat Canyon Revitalization Plan project 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

1. Approve and authorize the Chair to execute an Agreement for Services with Aspen Environmental Group to complete an Environmental Impact Report for the ERG Operating Company West Cat Canyon Revitalization Plan Project for the period of March 3, 2015 through March 3, 2016 in an amount not to exceed \$241,714, which includes a base cost of \$210,186 as proposed by the contractor and a 15 percent contingency cost of \$31,528. The Agreement for Services is included as Attachment 1.
2. Determine that this action is exempt from CEQA pursuant to 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 (Attachment 3).

Summary Text:

The ERG Operating Company West Cat Canyon Revitalization Plan Project is subject to the California Environmental Quality Act (CEQA). The applicant and the Planning and Development Department (P&D) agreed that the project may have a significant effect on the environment and, therefore, an

Environmental Impact Report (EIR) is required under Section 15064(a)(1) of the *Guidelines for Implementation of the California Environmental Quality Act* (CEQA Guidelines).

Appendix 1 and 2 of the attached Agreement for Services includes the technical and cost proposals for completing the EIR. Board authorization of an Agreement is required when the cost of preparing an EIR will exceed \$100,000.00. The preparation of this EIR is included in P&D's current fiscal year budget and therefore, no budget revision is necessary for the contract's execution.

Background:

On October 2, 2014, P&D deemed the applicant's application for the West Cat Canyon Revitalization Plan Project complete. On October 23, 2014, P&D sent a Request for Proposals for preparing the EIR to eight consulting firms. After the County evaluated the proposals for adequacy, the applicant selected Aspen Environmental Group to prepare the EIR.

ERG Operating Company, LLC (ERG or "Applicant") is proposing the West Cat Canyon Revitalization Plan (Project), which would expand oil & gas development on its property and lease holdings within the Cat Canyon Oilfield, approximately seven miles southeast of Santa Maria in Northern Santa Barbara County. The proposed Project would allow for the following:

- The development and operation of 233 new thermally enhanced (cyclic steaming) production wells.
- The reactivation of four historic steam generators, which were permitted and operated under previous Production Plans. Each of the generators would have a maximum operational capacity 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 Public Utility Commission (PUC) natural gas pipeline (approximately 3.5 miles long).

Consistent with Section 15087 of the CEQA Guidelines, once your Board approves the execution of the Agreement for Services, P&D will oversee completion of the EIR which analyzes the project's impacts on the environment and circulate the EIR for public review and comment.

Fiscal and Facilities:

All costs for this project are fully reimbursed by the project applicant. The cost of completing the ERG Operating Company West Cat Canyon Revitalization Plan project Environmental Impact Report is for an amount not to exceed \$241,714.00, which includes a base cost of \$210,186 and a 15 percent contingency cost of \$31,528. The applicant will deposit \$241,714.00 prior to work commencing to pay the costs for Aspen Environmental Group to complete the Environmental Impact Report. Any contingency utilized must be identified by the consultant prior to the work commencing and approved by P&D staff. Aspen Environmental Group is not considered a local contractor according to the General Services Departmental definition of a local contractor.

P&D will continue to invoice the Applicant for all staff time necessary to administer the Agreement for Services and related planning actions. These funds are budgeted in the Operating Expenditures of the Energy & Minerals Division on page D-212 of the County of Santa Barbara Fiscal Year 2014 – 2015 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:			\$241,714.00
Total	\$ -	\$ -	\$ 241,714.00

Narrative: The applicant will provide a one-time deposit of \$241,714.00 for completion of the Environmental Impact Report prior to any work commencing under the contract.

Key Contract Risks:

A risk analysis was performed on the proposed contract and was determined to be of low risk. The contract amount of \$241,714.00 will be paid in-full by the applicant in the form of a deposit to the County. As such, there is no risk to County fiscal resources for the contract amount. The contract includes 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. This ensures that 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, who 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 Agreement for Services and Minute Order to P&D, Energy & Minerals Division, attention Matt Young.

Attachments:

- Attachment 1: Agreement for Services of Independent Contractor
- Attachment 2: Board Contract Summary
- Attachment 3: CEQA Notice of Exemption

Authored by: Errin Briggs, Energy Specialist