



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:** September 10, 2019  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department  
Director: Lisa Plowman, Director, Planning & Development (805) 568-2085  
Contact Info: John Zorovich, Deputy Director, Energy, Minerals, and Compliance  
Division (805) 568-2519  
**SUBJECT:** Approval of Amendment No. 1 to the Professional Services Contract with Aspen Environmental Group for Preparation of the Environmental Impact Report (EIR) for the Aera Energy, LLC (Aera) East Cat Canyon Oil Field Redevelopment Plan Project located in the 4<sup>th</sup> and 5<sup>th</sup> Supervisorial Districts.

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**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:**

- a) Approve, and authorize the Chair to execute Contract Amendment No. 1 to the Professional Services Agreement BC17152 with Aspen Environmental Group (Aspen), in the amount of \$228,723.00 for a total contract not-to-exceed cost of \$551,229.00 for additional analyses for the Draft Environmental Impact Report (DEIR) and for preparation of the Final EIR for Aera Energy LLC's East Cat Canyon Oil Field Redevelopment Plan project. The recommended Contract Amendment No. 1 is included as Attachment 1-A.
- b) Approve and authorize the Director of Planning and Development, or designee, to make immaterial changes in accordance with Section 35 of the Agreement.
- c) 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.

**Summary Text:**

**Draft EIR.** Additional work beyond the original scope of the contract is now necessary and Contract Amendment No. 1 will be required for Aspen to complete work on the DEIR for the Aera Energy LLC (Aera) East Cat Canyon Oil Field Redevelopment Plan project. This Amendment No. 1 includes a request for an additional \$93,900.00 to fund out-of-scope efforts for Contract Tasks 3, 4 and 5. The out-of-scope efforts were a result of: (1) a significant change in the project description to include Compressed Natural Gas (CNG) transportation tankers which necessitated updates in the Air Quality, Greenhouse Gas and Risk sections as well as the associated technical studies; (2) continued coordination with SB County APCD staff and Aera regarding multiple revisions to the project Air Quality Impact Assessment (AQIA), as well as the air quality and climate change analyses in the Draft EIR; (3) inclusion of additional details in the Draft EIR cumulative section regarding other major proposed oil and gas projects (ERG, PetroRock, Plains Pipeline and ExxonMobil Interim Trucking) as they became available during DEIR preparation; (4) updates to the Geological Processes/Geologic Hazards and Surface/Groundwater Quality sections to incorporate additional information in response to public input and inquiries received on another major oil and gas project Draft EIR; and (5) the original contract assumed that the Draft EIR would not exceed 150 pages, the Draft EIR circulated for public review was 692 pages (not including Appendices) which required a greater level of effort than anticipated.

**Final EIR.** In addition to the out-of-scope effort discussed above, Amendment No. 1 includes \$134,823.00 in added funding for higher than anticipated costs to prepare the draft Final EIR (Contract Tasks 7 through 9) (Attachment 1-A). These costs result from: (1) a higher number of unique comments on the Draft EIR than anticipated in the scope of work (assumed maximum of 400 vs. 933 received); (2) need for multiple iterations to prepare thorough responses to comments; (3) coordination with staff and the applicant via email, meetings and conference calls to clarify and confirm input from the applicant for the Final EIR; (4) develop a new alternative; (5) attendance at additional decision maker hearings, if needed; and replenishment of the contingency.

A detailed accounting of the out-of-scope costs and the requested scope modification for Tasks 7 through 10 is provided in the July 8, 2019 memorandum from Aspen which is included in Attachment 1-A.

**Background:** Aera’s proposed project is summarized below:

- The development of approximately 72 well pads (including both new construction and restoration of existing pads), construction and restoration of over nine miles of field access roads, and drilling of up to 296 wells.
- The construction of new processing facilities including:
  - A production group station
  - A central processing facility
  - A steam generation site (up to six once-through steam generators rated at 85 million British thermal units/hour each)
  - An additional 62.5 million British thermal units/hour steam generator
- The construction and operation of various inner-field piping needed to service the existing and proposed wells.
- The construction of a new 14-mile, natural gas pipeline and associated facilities
- A new Aera-owned electrical substation located at the central processing facility and a transmission-level service connection to Pacific Gas and Electric Company’s Sisquoc-Santa Ynez powerline.

Aera’s application for a Production Plan (15PPP-00000-00001) was deemed complete for processing on April 8, 2016. On April 28, 2016, P&D released a Request for Proposals to prepare the EIR. Aera selected Aspen Environmental Group to prepare the EIR. On September 20, 2016, the Board approved the EIR contract. On September 18, 2018, Change Order #1 was approved and extended the original contract end date from September 20, 2018 to June 30, 2019. On May 3, 2019 the P&D Director approved Change Order #2. Change

Order #2 authorized the following: (1) the use of \$34,580.00 from the contingency for Aspen to continue to prepare responses to public comments while a contract modification was being processed, and (2) extended the date of the contract from June 30, 2019 to June 30, 2020. This contract amendment also includes replacing the \$34,580.00 released from contingency via Change Order #2 therefore replenishing the original contingency amount of \$42,066.00. The amount of \$34,580.00 used to replenish the contingency will be taken from the requested \$134,823.00. No other change orders or amendments have been processed for this contract to-date.

**Fiscal and Facilities Impacts:**

All costs for this project are fully reimbursed by the project applicant. With this Amendment No. 1, the not-to-exceed cost of completing the Aera East Cat Canyon Oil Field Redevelopment Plan project Environmental Impact Report total increases from \$322,506.00 to \$551,229.00. This amount includes a base cost increase from \$280,440.00 to \$509,163.00 and \$42,066.00 for contingency. The applicant will deposit the authorized amount (\$228,723.00) 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 Permitting Budget Program on page D-269 of the County of Santa Barbara Fiscal Year 2019–20 adopted budget.

**Fiscal Analysis:**

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized</u></b>	<b><u>Total One-Time</u></b>
		<b><u>On-going Cost:</u></b>	<b><u>Project Cost</u></b>
General Fund			
State			
Federal			
Fees			
Other:			551,229.00
Total	\$ -	\$ -	551,229.00

The applicant has provided original contract funds in the amount of \$322,506.00 and will provide the additional \$228,723.00 to increase the total not-to-exceed cost to \$551,229.00, including contingency. The additional funds will be allocated to Contract Tasks 3, 4 and 5 (\$93,900) and Tasks 7 through 9 (\$134,823.00), including developing a new alternative. Upon approval of this contract modification, the depleted contingency will be replenished to its original sum of \$42,066.00.

**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 \$228,723.00 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 payment arrangements based on periodic compensation at selected milestones. Payments will be released when all services have been completed, delivered and found to be satisfactory. Funds from the deposit will only be expended upon satisfactory product delivery and performance by Aspen Environmental Group.

September 10, 2019

**Staffing Impacts:**

**Legal Positions:** N/A

**FTEs:** N/A

**Special Instructions:**

The Clerk of the Board will forward a copy of the complete executed Contract Amendment 1 to the Agreement for Services and Minute Order to: P&D, Energy, Minerals & Compliance Division, Attention: Kathryn Lehr.

**Attachments:**

Attachment 1:

- A. Contract Amendment No. 1 to Agreement for Services (BC17152)
- B. Change Orders #1 and #2
- C. Original Contract

Attachment 2: Board Contract Summary

**Authored by:** Kathryn Lehr, Planner

**ATTACHMENT 1-A: CONTRACT AMENDMENT NO. 1**

**ATTACHMENT 1-A**  
**BOARD OF SUPERVISORS CONTRACTOR AMENDMENT**  
**NO. 1 TO**  
**AGREEMENT BETWEEN COUNTY OF SANTA BARBARA**  
**AND ASPEN ENVIRONMENTAL GROUP**

This Contract Amendment (hereinafter referred to as Amendment No. 1) constitutes a modification to the original Agreement between County of Santa Barbara (COUNTY) and Aspen Environmental Group (CONTRACTOR), Contract No. **BC17152**, which was entered into on September 20, 2016.

Effective as of September 10, 2019, the original Agreement is modified as follows:

1. The following work is added to Exhibit A of the Agreement as attached hereto and incorporated herein by reference:
  - a. As described in Aspen memorandum to Santa Barbara Planning & Development dated July 8, 2019 which is included herein as Attachment 1-A.
2. Additional funding of \$228,723.00 is added to the Agreement. Exhibit B of the Agreement, Section "A" is deleted and replaced in its entirety as follows:

For CONTRACTOR services to be rendered under this Agreement, CONTRACTOR shall be paid a total base contract amount, including cost reimbursements, not to exceed \$551,229.00. Upon written approval by the Director of Planning and Development, or designee, a contingency cost may be approved beyond the total base in an amount not to exceed \$42,066.00, making the overall Agreement total, including cost reimbursements, not to exceed cost is \$551,229.00.
3. The Contractor agrees to comply with the changes in compensation for each of the specific tasks added as follows:
  - a. Tasks 3, 4 and 5 will be compensated by \$93,900.00,
  - b. Tasks 7 through 9 will be augmented by \$134,823.00, which include incorporation of a new alternative, and
  - c. The contingency will also be replenished by \$34,580.00 taken from the \$134,823.00 to its original sum of \$42,066.00
4. The time provided (in working days) to complete each of the above-described work tasks is as follows:
  - a. As described in Attachment 1-A.
5. The revised schedule for the total project is as follows:
  - a. As described in Attachments 1-A.
6. Any and all change orders, including but not limited to Change Orders 1 and 2 which are attached hereto in Attachment 1-B and incorporated herein by reference.

CONTRACTOR understands and agrees that the compensation and time granted herein constitutes the total and entire compensation for these changes in the work. All other terms and conditions of the original agreement, as previously amended, if applicable, shall remain in full force and effect.

*(Signatures on following page)*

In witness whereof, the parties have executed this Amendment No. 1 to the original Agreement, Contract No. **BC17152**.

ATTEST:

CLERK OF THE BOARD

By \_\_\_\_\_  
Deputy Clerk of the Board

\_\_\_\_\_  
Steve Lavagnino, Chair, Board of Supervisors

APPROVED AS TO FORM:

MICHAEL C. GHIZZONI  
County Counsel

\_\_\_\_\_  
Contractor  
Hamid Rastegar, President  
Aspen Environmental Group

By \_\_\_\_\_

RAY AROMATORIO  
Risk Manager

By \_\_\_\_\_

APPROVED AS TO FORM:

BETSY SCHAFFER, CPA  
Auditor-Controller

LISA PLOWMAN, Director  
Planning and Development

By \_\_\_\_\_

By \_\_\_\_\_

**ATTACHMENT 1-B: CHANGE ORDERS**



**ATTACHMENT 1-C: ORIGINAL CONTRACT**

**ATTACHMENT 2: BOARD CONTRACT SUMMARY**