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

Submitted on:
(COB Stamp)

Department Name:	Community Services Planning & Development
Department No.:	057, 053
Agenda Date:	October 21, 2025
Placement:	Departmental Agenda
Estimated Time:	1.5 hours
Continued Item:	No
If Yes, date from:	N/A
Vote Required:	Majority

TO: Board of Supervisors

FROM: Department Director(s): Jesús Armas, Community Services
Lisa Plowman, Planning & Development

Contact: Garrett Wong, Sustainability Division;
Errin Briggs, Energy, Minerals & Compliance Division;
Alex Tuttle, Long-Range Planning Division

SUBJECT: Framework, Approach and Budget to Phaseout Oil & Gas Operations

County Counsel Concurrence
As to form: Yes

Auditor-Controller Concurrence
As to form: Yes

Recommended Actions:

That the Board of Supervisors:

a) Authorize staff to initiate work on developing an ordinance to prohibit drilling of new oil and gas wells and to initiate work on preparing a Request for Proposals to undertake an amortization study to determine an appropriate period to phase out existing oil and gas facilities/operations; and

b) Direct Planning & Development Department staff to add this project to the Long-Range Planning Annual Work Program for FY 2025-2026, and adjust work on other projects, as necessary; and

c) Provide additional direction to staff regarding the framework and/or approach; and

d) Determine that the proposed actions are not a project pursuant to California Environmental Quality Act Guidelines (CEQA Guidelines) Section 15378(b)(5) because providing direction to staff is an organizational or administrative activity of the government that itself will not result in direct or indirect physical changes in the environment.

Summary Text:

This Board Letter includes a framework to direct staff and financial resources for developing and adopting ordinance amendments that would respond to the Board's May 13, 2025 directive to prohibit the drilling of new oil and gas wells and develop a long-term plan to phase out existing oil and gas facilities/operations. In recognition of the difference in effort and complexity in implementing the Board's direction, staff is recommending that this be divided into two phases: 1) prohibit new oil and gas wells, and 2) phaseout existing oil and gas facilities/operations. The framework consists of a description of the general approach, timeline and estimated costs associated with each of these requests.

The first phase would focus on preparing an ordinance amendment to prohibit the drilling of new oil and gas wells. Staff estimates that the prohibition on new drilling could be adopted within approximately six months. The second phase would include an amortization study for existing oil and gas facilities/operations, and additional ordinance amendments to effectuate the Board's directive. This second phase includes determining a period by which all existing wells and oil and gas facilities/operations in the county would be required to cease operations. Staff propose to begin the second phase after the amortization study is completed and after the Board has approved funding for environmental review for the ordinance amendments. Staff estimates that the phaseout ordinance could be adopted within three years.

Discussion:

Phase I Drilling Prohibition

Staff can take immediate action to initiate the ordinance amendment to prohibit new drilling with internal resources. Staff recommend drafting amendments to the Land Use Development Code (LUDC), Petroleum Code and the Coastal Zoning Ordinance (CZO) that would prohibit all new oil and gas drilling. Once effective, this would result in decision-makers no longer having the ability to approve permits for drilling of new oil and gas wells.

Under this approach, staff would draft the amendments, conduct outreach and attend public hearings with reallocated staff resources. Staff also anticipate that a CEQA Exemption or Negative Declaration would be prepared to satisfy CEQA.

Planning & Development (P&D) staff would review relevant provisions in the LUDC, CZO, and Petroleum Code, draft amendments and prepare necessary documentation for public review and hearings. Community Services staff would lead stakeholder engagement and community outreach and provide general project management. The time required to develop the draft amendments to the LUDC, CZO and Petroleum Code and present to decision is estimated at approximately six months. It should be noted that the LUDC and CZO amendments would go to the Planning Commission for a recommendation that will be presented to the Board of Supervisors for action. The Petroleum Code amendments would go directly to the Board of Supervisors for a first and second reading. Also, before becoming effective in the coastal zone, the amendments would need to be reviewed and approved by the California Coastal Commission which could take an additional 9-15 months. Below is an estimate of full-time equivalent (FTE) staff needed from each department.

Phase I Estimated FTE

Planning & Development	Community Services
0.2	0.03

As a result of this initiative, P&D would need to defer work on non-essential projects or projects that are not time sensitive, such as the short-term rental ordinance.

Phase II Phaseout

In order to determine an appropriate period by which to sunset existing oil and gas facilities/operations, an amortization study is recommended. In basic terms, an amortization study estimates the time required for oil revenues to offset investment backed expectations (such as expenses associated with acquisition, drilling and extraction). The results of the study would be used to inform future policy.

Costs and revenues associated with oil and gas facilities/operations vary depending on many circumstances; additionally, there are various ways to study amortization costs, which can yield different results. In order to ensure industry input is considered, staff proposes to invite local operators to provide perspectives, documentation and/or representative information that would inform these studies. The cost of the study can also vary depending on the complexity. The jurisdictions of Culver City, City of Los Angeles, and County of Los Angeles have conducted five amortization studies, with costs to the jurisdictions ranging from $220,000 to over $2 million. Based on prior projects, and discussions with consultants, staff estimates an adequate budget for an amortization study to be in the range of $250,000, although the exact amount is not known at this time. Study duration is projected to be approximately 9-12 months.

As the cost of the study is unknown, staff suggests that an RFP be prepared and issued in Spring 2026, yielding a more reliable cost figure. If the cost can be supported within existing funding currently appropriated to CSD, staff will bring forward a recommendation to retain the selected consultant. If available funding is insufficient, the allocation of additional funding can be determined during fiscal year 2026-27 budget deliberations.

Once the amortization study is completed, staff would prepare the second ordinance amendments. Based on the findings of the study, the Board could identify a sunset period by which operators would need to cease operation of existing oil and gas facilities/operations. Plugging and abandonment of facilities would occur subsequently, consistent with State regulations. Phase II would also include ordinance amendments to effectuate this phase.

Staff anticipates that a programmatic environmental impact report (PEIR) will be required for this phase of the project. A PEIR would provide an analysis of impacts for all activities necessary to cease operation of the entirety of the County's oil and gas facilities/operations. If approved and budgeted, staff would procure an environmental consultant to draft and finalize the PEIR. Staff estimates that the environmental review will take approximately 12-18 months to complete and anticipates a budget of up to $500,000 for consultant services. There is no current funding allocated to support this work, so the allocation of additional funding would be determined during fiscal year 2026-27 budget deliberations. Staff estimates an additional 4-6 months for Planning Commission and Board hearings after completion of the PEIR and draft amendments.

Community Services staff would lead the amortization study, stakeholder engagement and community outreach and provide general project management. Planning & Development staff would participate in the amortization study, prepare code amendments, lead environmental review, and prepare necessary documentation for public review and hearings.

Staff estimate that this phase would last approximately three years. This is due to the fact that the ordinance is dependent on the amortization study and the PEIR is dependent on allocation of funding, to be determined as part of FY 2026-27 budget deliberations.

Below is an estimate of full-time equivalent (FTE) staff needed from each department.

Phase II Estimated FTE

Fiscal Year	Planning & Development	Community Services
FY 25/26	0.1	0.04
FY 26/27	0.7	0.09
FY 27/28	0.7	0.04

As a result of this initiative, P&D would need to defer work on non-essential projects or projects that are not time sensitive. This would be further outlined as part of Long-Range Planning's Annual Work Plan for FY 26-27, which would be presented to your Board for consideration in Spring 2026.

Stakeholder Engagement & Community Outreach

Outreach efforts may include consultation with oil companies through means such as requests for information, stakeholder and public meetings during the study and policy development process. General public outreach will consist of workshops, supplemented by additional meetings and presentations upon request. Regulatory agencies may also be engaged, as appropriate.

Separately, staff are participating in informal meetings of a working group of local government administrators working on oil and gas. Through the working group, local governments share updates and resources related to efforts to address local fossil fuel industries that could help inform this process.

Additional Considerations

Generally, the financial responsibility of plugging and abandonment of wells falls on the operator and, if the operator is unable, the State may pursue the immediately preceding operator. Locally, to implement the phaseout ordinance, staff and financial resources would be needed.

Staff would need to develop an implementation and compliance plan and program to provide for oversight of oil and gas facility (extraction, processing, etc.) cessation requirements stemming from Phase II. Generally speaking, but dependent on details to be determined in the future amortization study, implementation/compliance could entail:

- Development of database to track oil and gas facility status
- Communication and coordination with operators and regulatory agencies
- Monitoring, tracking, inspecting, and reporting of phaseout progress

Staff estimate up to one dedicated FTE would be needed to do this work. Currently, P&D has staff to administer and regulate existing oil & gas operations. Beyond this, P&D does not have adequate staffing to complete the tasks necessary to implement this effort. It is possible that at least some of this new staffing need could be accommodated by shifting existing staff responsibilities, but more precise staffing allocations would need to be considered as part of future fiscal year budgets.

Background:

On August 27, 2024, the Board adopted the 2030 Climate Action Plan and directed staff to identify viable measures to reduce emissions from oil and gas operations.

On September 25, 2024, Governor Newsom signed:

- AB 3233 authorizing the ability of local jurisdictions to limit or prohibit oil and gas operations or development; and
- AB 1866 requiring oil operators to submit Idle Well Management Plans or to pay a fee. The legislation identified a percentage of idle wells to be plugged and abandoned over an eight-year time frame and increased operator fees to maintaining idle wells. Operators would be financially responsible for plugging and abandoning their wells.

On May 13, 2025, the Board directed staff to 1) Develop and return to the Board with a framework by October 2025; (2) Prohibit new oil and gas operations and phase out existing operations within the county; (3) Re-examine the current long-range work plan priorities; (4) Provide detailed cost estimates and timelines for conducting an Environmental Impact Review and an amortization study; (5) Outline the necessary steps and resources required for the development of an Ordinance to implement the proposed changes; and (6) Estimate the overall project scope.

On September 16, 2025, the Board directed staff to provide a comprehensive status report on the number, location, and condition of orphaned and idle oil and gas wells in Santa Barbara County, along with any current plans for their abandonment. This information included in a separate report for the Board's consideration

Fiscal Impacts:

On June 17, 2025, the Board allocated $250,000 from the Sustainability Initiatives Fund to the Community Services Department to work on oil and gas regulations. This funding will be dedicated to procuring a technical consultant and undertaking the amortization study.

Staff estimate a budget of approximately $500,000 will be necessary for the environmental review. As this phase of the project is anticipated to begin in FY 2026-27, there is no need to consider allocating any funds at this time. Instead, the relative priority of this effort and allocation of associated funding can be considered in the context of budget deliberations for FY 2026-27.

Fiscal Analysis:

Funding Source	FY [25/26]	FY [26/27]	FY [27/28]	Total
General Fund	$250,000			
State				
Federal				
Fees				
[*Other Source*]				
Total	**$250,000**			**$250,000**

Staffing Impacts:

Special Instructions:

N/A

Attachments:

Attachment A – Idle Wells Map

Attachment B – SBCAPCD Report: Status Update on Oil and Gas Operations (Mar 2025)

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