



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: July 3, 2018
Placement: Administrative Agenda
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Director(s) Dianne M. Black, Director, Planning and Development, 568-2086
Contact Info: John Zorovich, Deputy Director, Energy & Minerals Division, 568-2519

SUBJECT: Authorization of Agreement for Services with MRS Environmental to Complete an Environmental Impact Report for the ExxonMobil Interim Trucking for Santa Ynez Unit (SYU) Restart Project located in the 3rd Supervisorial District

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

- a) Approve and authorize the Chair to execute an Agreement for Services of Independent Contractor (Attachment 1) with MRS Environmental to complete a Supplement to an Environmental Impact Report for ExxonMobil's Interim Trucking for Santa Ynez Unit Phased Restart Project (Project) for the period of July 3, 2018 through June 30, 2020 for a base amount of \$163,511.00 and a total contract amount not to exceed \$188,038.00.
- b) Authorize the Director of Planning & Development, or designee, to approve up to a 15 percent contingency cost not to exceed \$24,527.00 for services being performed under the Agreement for a total contract amount not to exceed \$188,038.00.
- c) Determine that this action is exempt from CEQA pursuant to Section 15378(b)(5), which addresses organizational or administrative activities of governments that will not result in direct or indirect physical changes to the environment (Attachment 3).

Summary Text:

The ExxonMobil Project (Case Nos. 17RVP-00000-00081) is subject to the California Environmental Quality Act (CEQA). ExxonMobil and the Planning and Development Department (P&D) agree that a Supplement to the Environmental Impact Report (SEIR) is required under Section 15163 of the *Guidelines for Implementation of the California Environmental Quality Act* (CEQA Guidelines).

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

Background:

On February 20, 2018, P&D deemed ExxonMobil's application for the project to be complete for processing. On April 2, 2018, P&D issued a Request for Proposals for preparing the Subsequent Environmental Impact Report (SEIR) to ten consulting firms. Three proposals were received. After the County evaluated the proposals for adequacy, ExxonMobil selected MRS Environmental to prepare the SEIR. Tasks involved with the preparation of the environmental document include, but are not limited to, peer review of technical reports, independent field survey of the project site, independent and objective evaluation of potential project-specific and cumulative impacts, project alternatives and identification of mitigation measures to reduce environmental impacts to the extent feasible.

ExxonMobil's Las Flores Canyon Facility (LFC) relies on Plains All American Pipeline's Line 901 to transport its oil to refineries. The pipeline has been prevented from returning to active service due to the need for Plains to undertake physical repairs to the damaged pipeline and respond to Federal regulatory requirements. Thus, the non-operation of Line 901 effectively resulted in a facility-wide shut-in at ExxonMobil's LFC, which remains non-operational. ExxonMobil's proposal is to initiate interim trucking of limited crude oil production from the LFC until a pipeline alternative becomes available to transport crude oil to a refinery destination.

The proposed project includes the installation of piping modifications for crude oil transfer from holding tanks to tanker trucks, loading racks, piping modifications for vapor recovery and four Lease Automatic Custody Transfer (LACT) Units for royalty determination. Trucking is proposed to occur seven days per week, 24-hours per day, with no more than 70 trucks leaving the facility within a 24-hour period to one or both of the two identified receiver sites located in Santa Maria and/or Maricopa. As part of the proposed interim trucking program, ExxonMobil would execute a phased approach to restarting offshore oil production at the Santa Ynez Unit (SYU) platforms.

Once your Board approves the execution of the Agreement for Services, P&D will oversee the consultant's completion of the SEIR process.

Fiscal and Facilities:

Costs for consultant preparation and processing of the SEIR will be fully reimbursed by ExxonMobil. The cost of completing the SEIR is for an amount not to exceed \$188,038.00, which includes a base cost of \$163,511.00 and a 15 percent contingency amount of \$24,527.00. Prior to MRS Environmental commencing work to complete the SEIR, ExxonMobil will provide a one-time deposit to the County Planning & Development Department in the amount of \$188,038.00. Any contingency funds used must

be identified by the consultant and approved by P&D Director, or designee, prior to the work commencing. MRS Environmental is a local contractor with an office located in the City of Santa Barbara.

P&D will invoice ExxonMobil for all staff time necessary to administer the Agreement for Services and related planning actions. Funding for this project is budgeted in the Permitting Budget Program on page D-286 of the FY 2017-18 and is included in the recommended FY 2018-19 budget.

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:			188,038.00
Total	\$ -	\$ -	\$ 188,038.00

Key Contract Risks:

A risk analysis was performed on the proposed contract and was determined to be of medium risk due to the contract size, and competitive acquisition with a limited number of bidders. Approximately 8% of the work will be subcontracted to Central Coast Transportation Consulting for the traffic and transportation section of the SEIR. MRS Environmental did not provide current financial statements and/or tax returns, however the contract amount of \$188,038.00 will be covered in full by the applicant in the form of a deposit to the County. Payments to the contractor will be made from the deposited amount upon completion of pre-determined milestones as required by Exhibit B of Attachment 1 and described in Appendix 2 of Attachment 1. Payments will not be made to the contractor until all services for each milestone have been completed, delivered and found to be satisfactory by P&D. This ensures that deposited funds will only be expended upon satisfactory product delivery and performance by MRS Environmental. The Energy and Minerals Division is satisfied with historic performance by MRS Environmental, which has a proven track record of providing technical services to the Division for over 30 years. Furthermore, risk is also reduced due to the incorporation of ‘termination for convenience’ and ‘suspension for convenience’ clauses in the Agreement for Services (Attachment 1).

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 Kathryn Lehr.

Attachments:

Attachment 1: Agreement for Services of Independent Contractor

Attachment 2: Board Contract Summary

Attachment 3: CEQA Notice of Exemption

Authored by: Kathryn Lehr, Energy & Minerals Planner