

May 19, 2014

Santa Barbara County Board of Supervisors
105 E. Anapamu Street, Room 407
Santa Barbara, CA 93101

Dear Supervisors,

I understand that you are considering having a study performed on the impacts of the proposed "Initiative to Ban High-Intensity Petroleum Operations". I am writing to urge that the study not ignore the potentially large economic impacts of the proposed ordinance.

In 2013, the University of California Santa Barbara performed an economic impact study of Santa Barbara County's oil industry. The results of that study were impressive. They estimated that Santa Barbara County's oil industry created 1,953 jobs in 2011, generated at least \$291,354,963 in economic activity (possibly as much as \$402 million), and contributed \$49.2 million in tax revenue. They found that each barrel of oil produces \$142 in economic benefit for Santa Barbara County.

This was a study using industry-standard methods. It included direct, indirect, and induced economic activity. Doing something similar in regard to the proposed ordinance would be the minimum appropriate economic analysis, and I would recommend the same UCSB team perform that analysis.

However, I recommend that the analysis go beyond the standard economic analysis. Santa Barbara County has a depressing combination of high income inequality and low economic opportunity. The County's least advantaged workers have little hope of significantly improving their standard of living. Indeed, even for the bulk of the County's more advantaged young people, achieving the American dream of opportunity, career, and home is challenging.

My understanding of today's oil industry is that it employs a wide range of workers and pays those workers well. The technology requires highly educated and trained professionals, but the traditional need for lower-educated workers persists. A growing oil sector would provide a wide range of well-paying jobs for Santa Barbara County citizens. It seems likely that it has the potential to significantly increase economic opportunity and reduce income inequality. It also seems likely that the improved prosperity would reduce demand for local government services.

Therefore, I recommend that the analysis also consider the proposed ordinance's impact on inequality, opportunity, and demand for government services. The UCSB team that prepared the 2013 study is certainly qualified to perform this analysis.

Finally, I have written this letter at the request of industry participants, but I was not paid for it. As far as I know, neither my employer nor I have any economic interest in my writing this letter or in how the Santa Barbara County Board of Supervisors acts on the proposed ordinance.

Sincerely,



Bill Watkins