



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 Names: Planning and
Development/ General
Services
Department No.: 053/063
For Agenda Of: February 7, 2012
Placement: Departmental
Estimated Tme: 30 minutes
Continued Item: No
If Yes, date from:
Vote Requirement 4/5

TO: Board of Supervisors
FROM: Department Bob Nisbet, Director, General Services (560-1011)
Directors(s) Glenn Russell, Director, Planning and Development (568-2085)
Contact Info: Paddy Langlands, Assistant Director, General Services (568-3096)
Doug Anthony, Assistant Director, Planning and Development
(568-2046)
**SUBJECT: Ellwood Pipeline Inc. Line 96 Modification Project; Ordinance/Franchise CEQA
Findings; Third Supervisorial District**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions: That the Board of Supervisors:

- a) Consider introduction (first reading) of an urgency ordinance granting a Public Pipeline Franchise to Ellwood Pipeline Inc. (EPI) for a twenty (20) year term to allow EPI the use of portions of County road right-of-way known as Calle Real for the operation and maintenance of a 6-inch oil transportation pipeline beginning at the Venoco Ellwood Onshore Facility and connecting to existing common carrier pipeline system north near the entrance of Las Flores Canyon, in the unincorporated area of Santa Barbara County; and
- b) On second hearing of February 14, 2012, on the Administrative Agenda, consider the adoption of the urgency ordinance to be effective immediately granting the Public Pipeline Franchise to EPI to facilitate EPI's Line 96 Modification Project; and
- c) Pursuant to California Environmental Quality Act (CEQA), find and approve action, as follows;
 - (1) Find that the Ellwood Pipeline Company Line 96 Modification Project Final Environmental Impact Report FEIR 09-EIR-00000-00005 (Ellwood FEIR) was reviewed, considered and certified by the Santa Barbara County Planning Commission on August 3, 2011 and is on file with the State Clearinghouse as file No. 2009111034; and
 - (2) Determine that the issuance of the Public Pipeline Franchise is within the scope of the project for which the Ellwood FEIR was certified; and

(3) After reviewing and considering the Ellwood FEIR that the Board of Supervisors adopts CEQA findings (Attachment A) and, pursuant to 14 CCR (CEQA Guideline) 15162, determines that no subsequent EIR or Negative Declaration is required for this project because of the following:

- i. No substantial changes are proposed in the project which require major revision of the Ellwood FEIR;
- ii. No substantial changes have occurred with respect to the circumstances under which the project was undertaken which required major revisions to the Ellwood FEIR;
- iii. No new information of substantial importance concerning the project's significant effects or mitigation measures, which was not known and could not have been known with the exercise of reasonable diligence at the time that the Ellwood FEIR was certified in August 2011, has been received that requires a subsequent EIR or Negative Declaration.

Summary Text: Pursuant to Chapter 2, Article XI, Section 2-82 of the Santa Barbara County Code, the Board may grant a Public Franchise to Ellwood Pipeline, Inc. to operate and maintain a pipeline system to transport hydrocarbon substance (oil) within County road right-of-way (Calle Real) and particular portions of County road right-of-way running parallel along Highway 101 north to the entrance of Las Flores Canyon.

The Ellwood Pipeline, Inc. Line 96 Modification Project eliminates the last marine barging operation which transports crude oil extracted offshore Santa Barbara County to refineries by connecting an existing offshore oil development project with the existing overland crude oil transportation network. The Venoco Ellwood Onshore Facility currently processes oil from Platform Holly and transports it via pipeline to the Venoco Ellwood Marine Terminal. The Ellwood Marine Terminal loads marine barges off of Coal Oil Point for transportation to Los Angeles and Bay Area refineries. Once the new pipeline begins operation, the Ellwood Marine Terminal will be decommissioned and abandoned under a later County permit process. Ellwood Pipeline is a wholly owned subsidiary of Venoco, Inc.

Staff is recommending that the franchise ordinance be effective immediately upon second reading as an urgency ordinance for the following reasons:

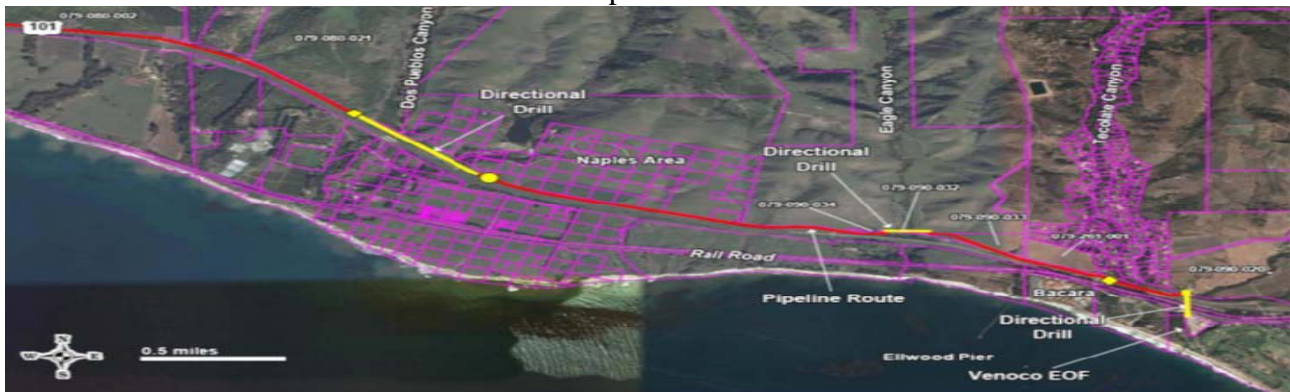
1. The Project EIR at Section 4.5.7 Biological Resources determined that transport of petroleum by pipeline rather than barge presents a significant improvement of safety for biological resources.
2. The Statement of Overriding Considerations for this project finds that when compared to the significant impacts that would occur from the continued operation of the Ellwood Marine Terminal and crude oil barging for each of the noted issue areas, the pipeline project provides significant environmental benefits.
3. The Coastal Act and County Coastal policies all recognize the environmental benefits of pipeline transportation and mandate pipeline use over all other modes of transportation where feasible.
4. Transport by pipeline represents a significant reduction in air emissions from transport by sea-going barge.
5. The National oceanographic and Atmospheric Administration in the United States Coast Pilot advisory has determined the endemic offshore fog on sea transport route from Ellwood Marine Terminal to Los Angeles presents a "persistent navigational hazard" that use of the pipeline will immediately avoid.

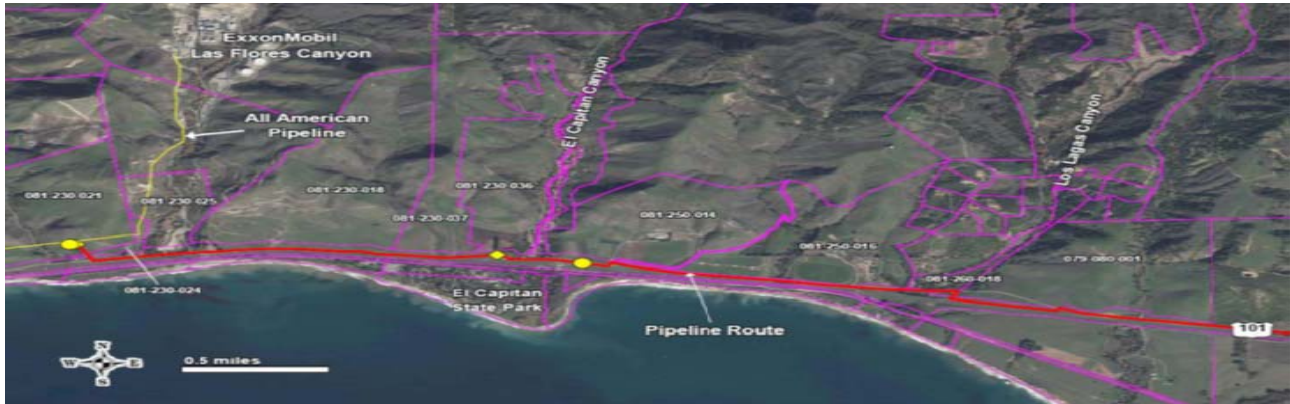
Passage of the franchise ordinance as an urgency ordinance pursuant to California Government Code Section 25123 will allow immediate commencement of transport by pipeline as soon as the construction and inspection of the pipeline is complete and allow the curtailment of the more hazardous sea-going barge traffic.

Background: This is a multi-jurisdictional project that has received permits from the Santa Barbara County, the City of Goleta and the Coastal Commission. Almost the entirety of the proposed pipeline lies within the County’s jurisdiction, with approximately 585 feet in the City of Goleta. The County was the acting CEQA Lead Agency under a formal Joint Review Panel, and an Environmental Impact Report has been certified by the Planning Commission. The project also involves abandonment of the existing Line 96 pipeline system which transports processed oil from the Ellwood Offshore Facility to the Ellwood Marine Terminal for marine transport. Abandonment of that pipeline is under the regulatory authority of the City and Coastal Commission.

The proposed Line 96 Modification Project consists of a new 6-inch oil transportation pipeline approximately 8 ½ miles long beginning at the Venoco Ellwood Onshore Facility identified as Assessor Parcel Number 079-210-042 located in the City of Goleta and terminating at a connection to the existing 24-inch Plains Pipeline LP common carrier pipeline system located on Assessor Parcel Number 081-230-021, near the entrance to Las Flores Canyon. The pipeline would be routed within existing County road right-of-ways (sections of Calle Real) and adjacent to existing public utility services for approximately 90% of its length and would maximize the use of an existing Gas Company pipeline corridor. The pipeline route travels north from the Venoco facility under Highway 101 and Calle Real Road and then turns west and continues on the north side of 101 along the Gaviota coast to its terminus at the connection to the existing Plains Pipeline system. The new, modified and re-aligned Line 96 pipeline route runs through portions of the City of Goleta, Union Pacific Railroad property, Highway 101 (Caltrans), various private properties (29) and the County-owned right-of-way just north of Highway 101.

Pipeline Route





The Franchise Agreement only addresses EPI's use of the County right of way. The Franchise sets forth the permitted use of the County road right-of-way, establishes certain insurance requirements, and requires EPI to post a bond in the amount of \$100,000 to ensure EPI's faithful performance of the terms and conditions of the Franchise, including their obligation to remove or abandon in place the pipeline upon expiration of the term. Any abandonment of pipelines or other infrastructure would require additional permits and a resolution approved by the Board of Supervisors.

The Franchise also sets forth the fees due to the County for EPI's use of the County road right-of-way and requires the grantee to have acquired a Road Encroachment Permit prior to doing any excavation in County roadway. The fees set forth in the Franchise are determined by multiplying the lineal feet of County right of way (approx. 22,810 lineal feet) occupied by a factor determined by the internal diameter of the pipeline (6-inches). That determination and formula are set forth in County Code Section 2-82, and by the corresponding California Public Utilities Code Section 6231.5. The Franchise reserves for the County the right to increase the annual franchise fees according to changes in the Consumer Price Index, and allows the County to increase those fees to correspond to any increases in fees set forth by the applicable provisions of the Santa Barbara County Code or the California Public Utilities Code.

The Director of Public Works has made the required determination that EPI's use of the County right of way described in the Franchise will not unduly impair or obstruct the County Roadway system. Road Encroachment Permit Numbers 040651, 040652, 040653, 040654, 040655 have been approved and issued for the project by the County's Public Works Department. Conditional Use Permit Number 09CUP-00000-00022, Development Permit Number 09DVP-00000-00017, Coastal Development Permit Number 09CDP-00000-00038, and Land Use Permit Number 11LUP-00000-00360 have also been approved and issued for the project.

The Environmental Impact Report (09EIR-00000-00005; SCH# 2009111034) was certified and the project was approved by the Planning Commission at the August 3, 2011 hearing. There have been no substantial changes to the project proposed since that approval, and no new information of substantial importance has come to light regarding environmental effects of the project or of the sufficiency or feasibility of mitigation measures.

Public Resource Code Section 21081.6 requires that the County adopt a reporting or monitoring program for the changes to the project which it has adopted or made a condition of approval in order to mitigate or avoid significant effects on the environment. The approved project description and conditions of approval, with their corresponding permit monitoring requirements, are adopted as the

mitigation monitoring program for Line 96 Modification Project. The monitoring program is designed to ensure compliance during all phases of project implementation.

Fiscal and Facilities Impacts:

In accordance with Section 2-82 of the Santa Barbara County Code, the estimated annual franchise fee is Five Thousand Six Hundred Thirty and 42/100 Dollars (\$5,630.42), based on the calculation of 22,810 (lineal feet) multiplied by .132 (multiplying factor from PUC Section 6231 for 6" internal diameter) multiplied by 1.87 (increase in CPI from June, 1989 to September, 2011). EPI will submit actual lineal footage after completion of installation and pay the County that adjusted amount annually with a CPI adjustment during the term of the franchise.

Special Instructions: After Board action, distribute as follows:

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|------------------------------|----------------------|
| 1) Adopted Ordinance | Clerk of the Board |
| 1) Copy of adopted Ordinance | GS/Real Estate Svcs. |
| 2) Minute Order | GS/Real Estate Svcs. |

Attachments:

- A. CEQA Findings
- B. PowerPoint

Authored by: Ronn Carlentine, Office of Real Estate Services