



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: October 13, 2020
Placement: Administrative
Estimated Tme: n/a
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Lisa Plowman, Director, Planning and Development
Director(s): (805) 568-2086

Contact Info: John Zorovich, Deputy Director, Energy, Minerals & Compliance
Division (805) 568-2519

SUBJECT: Coastal Resource Enhancement Fund (CREF) Combined 2020-2021 Cycle

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: No

Recommended Actions:

That the Board of Supervisors:

- a) Receive and file the annual CREF Status Report (Attachment A);
- b) Direct staff to set aside \$156,138 from both the 2020 and 2021 CREF fees (total of \$312,276) for the Hollister Ranch Access Program and amend the CREF Guidelines for the purposes of documenting CREF fees set aside for the Hollister Ranch Access Program (page 17 of Attachment B);
- c) Direct staff to divide the remaining CREF fees for each year (\$293,212) equally between the Fund Deferral Program for coastal acquisition (\$146,606) and general allocation grants (\$146,606);
- d) Direct staff to commence a combined two-year 2020-2021 CREF cycle; and
- e) Determine that receiving the annual CREF Status Report, allocating 2020 and 2021 CREF fees and updating CREF Guidelines are exempt from the California Environmental Quality Act pursuant to Sections 15378(b)(5) of the State Guidelines.

Summary Text:

Annual CREF Status Report. The Annual Coastal Resource Enhancement Fund (CREF) Status Report (Attachment A) reviews the status of the 322 grants provided from CREF since 1988. The report organizes

the CREF grants by district and then by category (acquisitions, capital improvements, planning and research, educational and equipment).

Combined two-year 2020-2021 CREF Cycle. The County collected 2020 CREF fees (see *CREF Fees* below) but did not solicit proposals, per the Board’s direction of soliciting proposals every other year (see *Background* below); therefore, no grants will be awarded in 2020. The County will be collecting CREF fees in 2021 to combine with the 2020 CREF fees for a combined two-year 2020-2021 CREF grant cycle. This combined cycle would include solicitation of proposals (including two online workshops in late October), evaluation of proposals with the Board-approved CREF criteria, and culminating with the Board’s allocation of CREF awards in spring 2021.

CREF Fees. The County collected 2020 CREF fees totaling \$449,350 in February 2020, and the same amount will be collected in February 2021. From each of these annual fee amounts, staff recommends setting aside \$156,138 for the Hollister Ranch Access Program, and the remaining annual balance of \$293,212 be divided equally between the coastal acquisition and general allocation grants (see table below). The recommended 50/50 split between coastal acquisition and general allocation grants is based on the Fund Deferral Program in the Board-approved CREF Guidelines (Section 3.6). This Program stipulates that half of each year's remaining contributions be available to accrue for coastal acquisitions. The Fund Deferral Program currently has an unallocated balance of \$419,588, monies that were deferred to this Program from past years. Therefore, for the 2020-2021 combined CREF cycle, a total of \$712,800 would be available for coastal acquisition grants and \$293,212 would be available for general allocation grants. See table below for 2020 and 2021 fee recommended distribution and balances.

Staff Recommendations for 2020 and 2021 CREF Fee Allocation

	2020 CREF Fees	2021 CREF Fees	Existing Hollister Ranch Access Program Funds	Existing Fund Deferral Program Balance	Recommended Total Balance
Hollister Ranch Access Program	\$156,138	\$156,138	\$437,726		\$750,002
Coastal Acquisition Available 20-21 Cycle	\$146,606	\$146,606		\$419,588	\$712,800
General Allocation Available 20-21 Cycle	\$146,606	\$146,606			\$293,212
Total Annual Fees	\$449,350	\$449,350			

CREF Guidelines Amendment. As noted above, staff recommends that a total of \$312,276 go towards the Hollister Ranch Access Program (\$156,138 each from 2020 and 2021 fees). Staff recommends that the Board amend the CREF Guidelines to document CREF funds set aside for the Hollister Ranch Access Program. Table 6 on page 17 in the attached Guidelines (Attachment B) has been amended to

show that a total of \$750,002, including the recommended 2020 and 2021 allocations, would be set aside towards the program since 2017. This is the only recommended amendment to the Guidelines and is shown as bold text and underlined (aside from a new revision date and the name change for the Energy, Minerals and Compliance Division shown on the first page of the Guidelines).

Background:

The County established CREF as a condition of approval on permits for offshore oil and gas development and transportation projects. Mitigation is provided through CREF for impacts to four categories of coastal resources: recreation, tourism, aesthetics, and environmentally sensitive resources (e.g., marine mammals and birds). The County must ensure that CREF fees are used to mitigate those impacts.

There are three oil and gas projects located offshore that pay annual CREF fees. These are the Freeport-McMoRan Oil and Gas Point Arguello and Point Pedernales projects, and ExxonMobil's Santa Ynez oil and gas project. Typically, CREF grants are awarded annually. However, to ensure funds are adequate for solicitation, in 2017 your Board directed staff to solicit CREF proposals every other year, because the Point Arguello and Santa Ynez Unit oil and gas facilities are non-operational due to the Plains Pipeline incident and the lack of an available crude oil transportation pipeline. CREF fees were reassessed and reduced to reflect the non-operational status of these two facilities.

Public Access Program for Hollister Ranch. As noted in the attached CREF Status Report (pages 3-4 of Attachment A), the California Coastal Commission (CCC) added two special conditions to the Point Arguello Project's Coastal Development Permit (CDP), when it approved the CDP on appeal in 1985. CCC Special Condition #1 requires the permittee to provide \$1 million to Santa Barbara County through its CREF fees; the \$1,000,000 would be earmarked to provide initial costs for the development of a public access program for the Hollister Ranch. This money was to be collected and set aside from Point Arguello's first three CREF payments; however, setting aside those first three payments never occurred. The Board began to set aside CREF money towards this program in 2017 and will continue to set aside funds until the \$1,000,000 total is met.

Currently, no such public access program has been developed because no final agreement has yet been reached between the Hollister Ranch Owner's Association, the California Coastal Conservancy, or the CCC regarding public access through Hollister Ranch.

Fiscal and Facilities Impacts:

Budgeted: Yes

CREF creates no fiscal impact on the County general fund budget. CREF is funded by mitigation fees paid annually by developers of offshore oil and gas reserves. Funding for CREF is budgeted in the Planning & Development Department's Coastal Mitigation Budget Program on page D-294 of the County of Santa Barbara Fiscal Year (FY) 2020-21 adopted budget, and is fully supported by funds in the Coastal Resource Enhancement Fund. Administration of CREF includes updates of the annual status report, solicitation and evaluation of grant proposals and recommendation of grant awards to the Board of Supervisors, preparing, monitoring and enforcement of CREF grant contracts, preparation and monitoring of the CREF budget, reassessing CREF fees, and responding to inquiries. Administration costs for FY 2020-2021 would be funded by the interest accrued on CREF.

Attachments:

Attachment A: Annual CREF Status Report

Attachment B: Revised CREF Guidelines

ATTACHMENT A

Annual CREF Status Report

ATTACHMENT B

Revised CREF Guidelines