



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: September 20, 2016
Placement: Administrative Agenda
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Glenn Russell, Director, Planning and Development, 568-2085
Director(s)
Contact Info: Peter Cantle, Deputy Director, Energy & Minerals Division, 568-2519

SUBJECT: Authorization of Agreement for Services with Aspen Environmental Group to Complete an Environmental Impact Report for the Aera Energy, LLC East Cat Canyon Oil Field Redevelopment Plan project located in the 4th Supervisorial District

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

- a) Approve and authorize the Chair to execute an Agreement for Services of Independent Contractor (Attachment 1) with Aspen Environmental Group to complete an Environmental Impact Report for the Aera Energy, LLC (Aera) East Cat Canyon Oil Field Redevelopment Plan for the period of September 20, 2016 through September 20, 2018 for a base amount of \$280,440.00 and a total contract amount not to exceed \$322,506.00.
- b) Authorize the Director of Planning & Development, or designee, to approve up to a 15 percent contingency cost not to exceed \$42,066.00 for services being performed under the Agreement for a total contract amount not to exceed \$322,506.00.
- 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 Aera Energy LLC East Cat Canyon Oil Field Redevelopment Plan project (Case Nos. 15PPP-00000-00001, 15DVP-00000-00005 and 15TRM-00000-00003) is subject to the California Environmental Quality Act (CEQA). Aera and the Planning and Development Department (P&D) agree that the project may have a significant effect on the environment and, therefore, an Environmental Impact Report (EIR) is required under Section 15064(a)(1) 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 EIR. Board authorization of an Agreement is required when the cost of preparing an EIR will exceed \$100,000.00. The preparation of this EIR is included in P&D's current fiscal year budget and therefore, no budget revision is necessary for the contract's execution.

Background:

On April 8, 2016, P&D deemed Aera's application for the East Cat Canyon Oil Field Redevelopment Plan project complete. On April 28, 2016, P&D issued a Request for Proposals for preparing the Environmental Impact Report (EIR) to seven consulting firms. After the County evaluated the proposals for adequacy, Aera selected Aspen Environmental Group to prepare the EIR. 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, and identification of mitigation measures to reduce environmental impacts to the extent feasible.

Aera has proposed the East Cat Canyon Oil Field Redevelopment Plan (Project) to reestablish oil production by implementing a thermally enhanced oil recovery process in the East Cat Canyon Oil Field, approximately 10 miles southeast of Santa Maria in northern Santa Barbara County. The proposed Project would allow for the following:

- The development of approximately 72 well pads (including both new construction and restoration of existing pads), construction and restoration of over nine miles of field access roads, and drilling of up to 296 wells.
- The construction of new processing facilities including:
 - A production group station
 - A central processing facility
 - A steam generation site (up to six once-through steam generators rated at 85 million British thermal units/hour each)
 - An additional 62.5 million British thermal units/hour steam generator
- The construction and operation of various inner-field piping needed to service the existing and proposed wells.
- The construction of a new 14-mile, natural gas pipeline and associated facilities
- A new Aera-owned electrical substation located at the central processing facility and a transmission-level service connection to Pacific Gas and Electric Company's Sisquoc-Santa Ynez powerline.

Consistent with Section 15087 of the CEQA Guidelines, once your Board approves the execution of the Agreement for Services, P&D will oversee the consultant's completion of the EIR and circulate it for public review and comment.

Fiscal and Facilities:

Costs for consultant preparation and processing of the EIR will be fully reimbursed by Aera. The cost of completing the Aera East Cat Canyon Oil Field Redevelopment Plan Environmental Impact Report is for an amount not to exceed \$322,506.00, which includes a base cost of \$280,440.00 and a 15 percent contingency amount of \$42,066.00. Prior to Aspen Environmental Group commencing work to complete the EIR, Aera will deposit \$322,506.00. Any contingency funds used must be identified by the consultant and approved by P&D Director or designee prior to the work commencing. Aspen Environmental Group is not considered a local contractor according to the General Services Departmental definition of such.

P&D will invoice Aera for all staff time necessary to administer the Agreement for Services and related planning actions. These funds are budgeted in the Operating Expenditures of the Energy & Minerals Division on page D-212 of the County of Santa Barbara Fiscal Year 2016 – 2018 Operating Plan.

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:			\$ 322,506.00
Total	\$ -	\$ -	\$ 322,506.00

Narrative: Aera will provide a one-time deposit of \$322,506.00 for completion of the Environmental Impact Report prior to any work commencing under the contract.

Key Contract Risks:

A risk analysis was performed on the proposed contract and was determined to be of medium risk. Approximately 25-50% of the work will be subcontracted to Geotechnical Consultants, Inc., ioMosaic, and Althouse & Meade, Inc. for specific and highly technical resource areas. Aspen Environmental Group did not provide current financial statements and/or tax returns, however the contract amount of \$322,506.00 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 identified in Exhibit B 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 Aspen Environmental Group. The Energy and Minerals Division is satisfied with historic performance by Aspen Environmental Group, which has a proven track record of providing technical services to the Division for the last ten 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).

Staffing Impacts:

Legal Positions: N/A

FTEs: N/A

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: CEQA Notice of Exemption

Authored by: Kathryn Lehr, Energy Planner