



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: February 5, 2008
Placement: Administrative
Estimated Time: 30 minutes on 2/12/08
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department John Baker, 568-2085
Director(s)
Contact Info: Douglas K. Anthony, 568-2046

SUBJECT: Coastal Resource Enhancement Fund (CREF) Five-Year Assessment and
Recommendations for the 2008 cycle

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: No

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors set a hearing for February 12, 2008 to:

- A. Amend the Coastal Resource Enhancement Fund Guidelines as recommended in Attachment A for the purpose of assessing 2008-2012 CREF fees and making minor updates.**
- B. Approve grant awards from the Coastal Resource Enhancement Fund in conjunction with the County's Capital Improvement Plan (CIP) and proposed FY 08-09 budget, based on the staff recommendations provided below and conditions outlined in Attachment B or defer all 2008 CREF funds to future acquisitions.**
- C. Defer acquisition monies from 2008 to 2009, unless a prominent land acquisition is brought forward for consideration prior to the 2009 cycle.**
- D. Receive update on land donation in-lieu of mitigation fees in the CREF allocation process.**

Summary Text:

A. 2008 to 2012 Assessment. Permits for four oil and gas projects (Point Arguello, Santa Ynez Unit, Point Pedernales, and Gaviota Terminal) require payment of mitigation fees to the Coastal Resource Enhancement Fund (CREF) for the life of the project. These fees help mitigate impacts to coastal aesthetics, coastal recreation, coastal tourism, and environmentally sensitive coastal resources. The

CREF Guidelines stipulate a process by which these fees are assessed at five-year intervals; 2008 marks a new five-year cycle.

Consistent with past assessments, each of the three oil and gas projects is assigned up to five points per year in each of the four impact categories. The points are multiplied by a fixed-dollar amount to determine the CREF fee of each project. This multiplier is adjusted every five years, based on the change in consumer price index for the preceding five years; the revised CPI-adjusted dollar value for the 2008-2012 period is \$35,600 per CREF point.

Staff recommends the 2008-2012 schedule of CREF fees in the table below.

CREF Fees for 2008-2012*

PROJECT	2008	2009	2010	2011	2012
Point Arguello	\$231,400	\$231,400	\$231,400	\$231,400	\$231,400
Santa Ynez Unit	\$213,600	\$213,600	\$213,600	\$213,600	\$213,600
Point Pedernales	\$178,000	\$178,000	\$178,000	\$178,000	\$178,000
Gaviota Terminal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
CREF Fees Per Year	\$623,000	\$623,000	\$623,000	\$623,000	\$623,000

* Assessed at \$35,600 per point, pursuant to CREF Guidelines to reflect 1988 dollars.

There are just three noted changes between the last assessment and the current assessment.

- Staff recommends no fees be assessed for the Gaviota Terminal project for this five-year assessment. One visual coastal impact remained in 2007 with the tanks still onsite; however, Shell Pipeline Company will be removing the storage tanks.
- Staff recommends a one point total reduction in the Point Arguello assessment for the following three reasons. First, two creeks along the pipeline corridor, Canada del Baranca, and Canada del Agua Caliente, appear to have stabilized from on-going erosion. Second, the cumulative impact of an oil spill on the Gaviota coast has decreased slightly due to the purging of the storage tanks on the Gaviota Terminal site. And third, there is a slight reduction in the cumulative industrial scenario since Molino Gas will have restored approximately 80 acres and the Gaviota Terminal will have its tanks removed in 2008.
- Staff recommends a one point total reduction in the Santa Yenz Unit assessment due to the reduction in the same cumulative impacts that are described above in the Point Arguello project.

Staff recommends that the Board amend the CREF Guidelines to include the 2008-2012 CREF fees and update the CREF Guidelines with past assessment points and fees.

B. CREF Grant Awards for fiscal year 2008/2009.

If the Board of Supervisors approves the CREF assessments above, there will be \$218,050 available for general allocation and \$404,950 for acquisition in 2008. At the May 15, 2007 hearing for 2007-2009 CREF awards, the Board of Supervisors informally agreed to consider funding the following projects:

POTENTIAL PROJECTS FOR BOARD TO CONSIDER IN THE 2008 & 2009 CREF CYCLES

Proposal Title	Applicant	2008	2009
Walter Capps Park Improvements	County Parks Department	\$ 130,800	\$ 84,000
Generator	Sea Center		\$ 46,800
Belly of the Whale Exhibit	S. M. Valley Discovery Museum	\$ 75,000	\$ 75,000
Total		\$ 205,800	\$ 205,800

Staff recommends that the Board now allocate 2008 CREF awards as shown in column 3 of the foregoing table. In so doing, the Board establishes an expectation that additional CREF funding for the two 2008 projects would follow in 2009, as shown in column 4. Alternatively, the Board may decide to dedicate the entire amount to acquisitions and forego the awards for 2008 and 2009. Should the Board fund 2008 projects, a balance of \$12,250 would remain in the general allocation fund. Since this amount is so small, staff recommends that the Board defer this amount to the 2009 cycle.

C. Defer acquisition monies to 2009.

During the May 15, 2007 hearing, the Board encouraged all entities, including the County Parks Department and Trust for Public Lands, to continue negotiating with landowners to purchase the Gaviota Terminal and Gaviota Village sites or purchase land conservation easements over the sites. With the proposed 2008 CREF fees, there will be approximately \$1,372,000 available in acquisition monies for 2008. Staff recommends the \$1,372,000 defers to the 2009 cycle, unless a prominent land acquisition is brought forward sooner for consideration.

D. Update on land donation in-lieu of CREF mitigation fees.

Staff has contacted both the oil & gas companies, ExxonMobil Production Company (Santa Ynez Unit) and Plains Exploration and Production Company (Point Arguello and Point Pedernales), that would pay into CREF into future years. ExxonMobil is interested in the in-lieu idea and is working within its own company to review its land holdings in Las Flores Canyon and comparable land value comparisons. ExxonMobil has stated that this internal process will take some time and advised us that an in-lieu proposal would not be ready until the 2009 CREF cycle (see letter attached in Attachment C). Plains Exploration and Production Company has requested that the County defer this discussion until a later time.

Background: The County established CREF as a condition of permits for offshore oil and gas development and transportation projects; mitigation is provided through CREF for impacts to coastal resources.

Fiscal and Facilities Impacts: The undeveloped property at the Walter Capps Park would be improved with benches, turf play area, a native plant restoration area, a memorial to the late Walter Capps, and public restrooms. The Coastal Resource Enhancement Fund is funded by mitigation fees paid by developers of offshore oil and gas reserves. Fees to fund grants are received annually. CREF is included in the Energy Division Cost Center in the Planning & Development Department’s proposed FY 08/09 Budget submitted to the County Executive Office (sections “Source of Funds Summary – Offshore Oil and Gas Mitigation” and section “Use of Prior Fund Balances” for revenue, and “Use of Funds Summary –

Mitigation Programs”). Each of the four oil and gas developments pay for staff costs to prepare the oil and gas project’s CREF assessment. Staff costs to administer the fund are offset by interest accrued to the Coastal Resource Enhancement Fund.

Special Instructions:

Clerk of the Board will set the hearing on February 12, 2008 and have this item follow the County Executive Office’s Capital Improvement Plan item.

Attachments:

A: CREF Guidelines

B: Excerpts from the 2007-2009 CREF Evaluations

C: Letter from ExxonMobil Production Company, Regarding Land Donation In-Lieu of CREF Fees

Authored by:

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Attachment A

CREF Guidelines
Revised February 12, 2008

COASTAL RESOURCE ENHANCEMENT FUND

GUIDELINES

Adopted: June 6, 1988
Revised: April 25, 1990
Revised: December 8, 1992
Revised: May 24, 1994
Revised: December 1, 1998
Revised: October 22, 2002
Revised: September 21, 2004
Revised: February 12, 2008

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COASTAL RESOURCE ENHANCEMENT FUND GUIDELINES

1. PURPOSE OF THE COASTAL RESOURCE ENHANCEMENT FUND

Environmental impact reports for five oil projects concluded that Santa Barbara County's coastal resources will be adversely affected by the impacts of offshore oil and gas development along or near the County's coast. Permit conditions for these County-approved offshore oil and gas projects, Point Arguello, Santa Ynez Unit, Point Pedernales, Gaviota Terminal, and Molino Gas require each project to contribute to a Coastal Resource Enhancement Fund (CREF). The permit conditions specify that for the Santa Ynez Unit and Point Arguello projects, the contribution to the CREF shall not exceed \$327,400 annually for the life of the project. For Gaviota Terminal and Point Pedernales projects, the contribution to CREF shall not exceed \$325,000. The Molino Gas project's permit requires a CREF payment of \$71,880 (in 1997 dollars) every year while the drilling rig is erected for primary drilling operations and \$17,970 (in 1997 dollars) every quarter for well workovers and abandonment procedures.

The purpose of the CREF is to provide the required mitigation for these residual and cumulative impacts that cannot be fully mitigated by other project-specific mitigation measures. The CREF is designed specifically to mitigate, to the maximum extent feasible, impacts to coastal recreation, aesthetics, tourism, and/or sensitive environmental resources. The CREF achieves mitigation by providing enhancement projects, which will compensate for the residual impacts to the County caused by these oil and gas projects that are not fully mitigated by other project-specific mitigation measures. Any future offshore oil and gas projects permitted by Santa Barbara County would be expected to participate in the CREF program consistent with the adopted guidelines.

1.1 Coastal Resource Enhancement Fund Program Approved by the Board of Supervisors

On April 18, 1988 the Board of Supervisors approved a funding approach for implementing the CREF. This approach requires four of the five affected offshore oil projects (Point Arguello, Santa Ynez Unit, Point Pedernales, and the Gaviota Terminal), to make either a front-end, five-year payment to the CREF or to make annual payments for the next five years. The CREF payments required of these projects for each five-year period are reassessed by the Board of Supervisors. The results of the past reassessments are in Table 1.

The County specified the CREF fees for the Molino Gas project in the permit, rather than resorting to five-year assessments, due to state law effective for mitigation fees approved after January 1, 1989. The Molino Gas project has paid \$71,880 to CREF in 1997 and \$21,025 when it plugged and abandoned its sole exploratory well in 2003.

Table 1. Past CREF Payments (adjusted for inflation)

	Santa Ynez Unit	Point Arguello	Gaviota Terminal	Point Pedernales	Totals
1987/88	\$240,000	\$981,000	\$480,000	\$400,000	\$2,101,000
1989	\$240,000	\$327,400	\$240,000	\$100,000	\$ 907,400
1990	\$240,000	\$327,400	\$240,000	\$ 60,000	\$ 867,400
1991	\$240,000	\$300,000	\$100,000	\$ 60,000	\$ 700,000
1992	\$240,000	\$300,000	\$100,000	\$ 60,000	\$ 700,000
1993	\$239,600	\$327,400	\$119,800	\$ 95,840	\$ 782,640
1994	\$263,560	\$327,400	\$119,800	\$ 95,840	\$ 806,600
1995	\$239,600	\$327,400	\$239,600	\$ 95,840	\$ 902,440
1996	\$239,600	\$327,400	\$119,800	\$ 95,840	\$ 782,640
1997	\$239,600	\$327,400	\$119,800	\$ 95,840	\$ 782,640
1998	\$234,450	\$299,575	\$104,200	\$130,250	\$ 768,475
1999	\$234,450	\$273,525	\$ 78,150	\$130,250	\$ 716,375
2000	\$234,450	\$247,475	\$ 78,150	\$130,250	\$ 690,325
2001	\$234,450	\$247,475	\$ 78,150	\$130,250	\$ 690,325
2002	\$234,450	\$221,425	\$ 78,150	\$130,250	\$ 664,275
2003	\$208,600	\$253,300	\$149,000	\$149,000	\$ 759,900
2004	\$208,600	\$253,300	\$149,000	\$149,000	\$ 759,900
2005	\$208,600	\$223,500	\$ 59,600	\$149,000	\$ 640,700
2006	\$208,600	\$223,500	\$ 89,400	\$149,000	\$ 596,000
2007	\$208,600	\$223,500	\$ 29,800	\$149,000	\$ 566,200
2008	\$213,600	\$231,400	\$ 0	\$178,000	\$ 623,000
2009	\$213,600	\$231,400	\$ 0	\$178,000	\$ 623,000
2010	\$213,600	\$231,400	\$ 0	\$178,000	\$ 623,000
2011	\$213,600	\$231,400	\$ 0	\$178,000	\$ 623,000
2012	\$213,600	\$231,400	\$ 0	\$178,000	\$ 623,000

1.2 Mitigation Requirements

The Coastal Resource Enhancement Fund provides a mechanism for receiving and utilizing funds assessed as part of oil and gas development project approval and permit issuance. The CREF ensures that impacts identified in project Environmental Impact Reports (EIRs) are mitigated to the maximum extent feasible.

Inclusions: Provisions of the CREF are applicable to all projects related to offshore oil and gas development, where the EIR for the project identifies potential residual impacts to the County's coastal zone of one or more of the following types: coastal recreation, aesthetics, tourism and environmentally sensitive resources. Residual impacts are those impacts remaining after project-specific mitigation has been implemented.

Impacts resulting from all project phases -- including construction, operation, facility removal, and site restoration -- are subject to the provisions of the CREF.

"Residual" is emphasized above as the CREF addresses only those impacts that have not already been mitigated through project-specific conditions. Impacts that can be eliminated by project mitigation measures will continue to be addressed in that manner and only unmitigated impacts fall under the purview of the CREF.

Exclusions: To avoid duplicative mitigation, impacts addressed by any existing program (including in-lieu fee programs) are not included within the scope of the CREF. Impacts and associated mitigation programs or existing funds that are specifically excluded from the CREF are outlined below.

Local Fishermen's Contingency Fund: For coastal developments containing offshore project components such as platforms, pipelines, and piers, monies are required to be set aside in this contingency fund. Funds are specifically used to aid commercial fishermen whose gear is damaged or lost due to offshore oil or gas development.

Fisheries Enhancement Fund: Although payments to this fund are from the same type of offshore developments as referenced above, monies are targeted for improvement of commercial fisheries. The purpose of the fisheries fund is to offset losses of, or disturbances to, commercial fishing areas. Projects that may be eligible for funds from this program are: protection of certain spawning grounds; pier, dock, and harbor improvements for commercial fishermen; and various types of fishery enhancement programs.

Offsite Road Improvement Fees: Road improvement fees are required by the Santa Barbara County Public Works Department to mitigate cumulative direct and/or indirect traffic impacts. Fees are used to improve roads in impacted areas, to install traffic signals and turn lanes, to widen roads, etc.

In-Lieu Coastal Access Fees: Coastal access is an existing County requirement for projects within the coastal zone.

Socioeconomic Monitoring and Mitigation Program: This program addresses mitigation required as a result of oil development population impacts to the County, cities, or special districts and school districts.

2.0 CREF PROCESS

2.1 Fee Amounts

The procedure for calculating fee amounts for the Point Arguello, Santa Ynez Unit, Point Pedernales, and the Gaviota Terminal projects is described below. The assessment is based on the following three steps:

1. Identify residual impacts within various issue areas that contribute to an impact, either project-specific, cumulative or both.
2. Assign impact points a value between 0-5.
3. Multiply the number of impacts points for each oil project times the \$20,000 value to determine the annual contribution, adjusted every five years to reflect constant dollars, pursuant to changes in the Consumer Price Index_(The Bureau of Labor Statistics, U.S. Department of Labor,

"Consumer Price Index for All Urban Consumers, Los Angeles - Long Beach - Anaheim Metropolitan Area.").

Administrative Costs: Administrative costs are covered by the CREF program. Under a five-year assessment approach the administrative costs for the CREF program are relatively minor.

Determining Fee Amounts:

1. Identify residual impacts of the types below. "Residual impacts" refer to impacts remaining after all mitigation measures have been incorporated into the project.
2. Evaluate the entire project, including onshore and offshore impacts that adversely affect residents of, or visitors to Santa Barbara County.
3. Evaluate impacts associated with all phases of the project, including construction, operation, facility removal, and site restoration.
4. Evaluate net residual impacts; include directly related beneficial impacts in the assessment of residual impacts.

Impact Types:

coastal recreation
tourism
aesthetics (visual)
environmental sensitive resources

Impact Values:

Assign a value from 0-5 to each impact category. A value of one is equivalent to low impact; five signifies high impact. Sum all values to derive a measure of total residual impact. See Tables 2-5 for a summary of the past CREF point value determinations.

In assigning values, consider the following factors:

- a. area affected by impact,
- b. duration of impact,
- c. frequency of impact,
- d. extent to which impact exceeds impact significance criteria.
- e. number of project components contributing to the impact.
- f. number of people affected,
- g. quality of resource prior to impact,
- h. priority given to impacted resource in the Local Coastal Program and other elements of the County's Comprehensive Plan.

Table 2: Santa Ynez Unit CREF Assessments

	Environ. Sensitive Resources	Aesthetics	Recreation	Tourism	TOTALS
1988	5	2	0	5	12
1989	5	2	0	5	12
1990	5	2	0	5	12
1991	5	2	0	5	12
1992	5	2	0	5	12
1993	4	2	0	4	10
1994	4	2	2	3	11
1995	3	2	2	3	10
1996	3	2	2	3	10
1997	3	2	2	3	10
1998	2.5	2	1.5	3	9
1999	2.5	2	1.5	3	9
2000	2.5	2	1.5	3	9
2001	2.5	2	1.5	3	9
2002	2.5	2	1.5	3	9
2003	2	2	1.5	1.5	7
2004	2	2	1.5	1.5	7
2005	2	2	1.5	1.5	7
2006	2	2	1.5	1.5	7
2007	2	2	1.5	1.5	7
2008	1.5	2	1.25	1.25	6
2009	1.5	2	1.25	1.25	6
2010	1.5	2	1.25	1.25	6
2011	1.5	2	1.25	1.25	6
2012	1.5	2	1.25	1.25	6

Table 3: Point Arguello CREF Assessment

	Environ. Sensitive Resources	Aesthetics	Recreation	Tourism	TOTALS
1988	4	5	5	5	19
1989	4	5	5	5	19
1990	4	5	5	5	19
1991	3	4	4	4	15
1992	3	4	4	4	15
1993	3	4	4	4	15
1994	3	4	4	4	15
1995	3	4	4	4	15
1996	3	4	4	4	15
1997	3	4	4	4	15
1998	3.5	3	3	2	11.5
1999	2.5	3	3	2	10.5
2000	2.5	3	3	1	9.5
2001	2.5	3	3	1	9.5
2002	2.5	3	3	0	8.5
2003	2.5	3	3	0	8.5
2004	2.5	3	3	0	8.5
2005	2.5	2.5	2.5	0	7.5
2006	2.5	2.5	2.5	0	7.5
2007	2.5	2.5	2.5	0	7.5
2008	2	2.5	2	0	6.5
2009	2	2.5	2	0	6.5
2010	2	2.5	2	0	6.5
2011	2	2.5	2	0	6.5
2012	2	2.5	2	0	6.5

Table 4: Gaviota Terminal CREF Assessments

	Environ. Sensitive Resources	Aesthetics	Recreation	Tourism	TOTALS
1987/88	2	4	3	3	12 (x 2)
1989	2	4	3	3	12
1990	2	4	3	3	12
1991	1	0	2	2	5
1992	1	0	2	2	5
1993	1	0	2	2	5
1994	1	0	2	2	5
1995	2	2	3	3	10
1996	1	0	2	2	5
1997	1	0	2	2	5
1998	2	0	2	2	6 (-2)*
1999	1	0	2	2	5 (-2)*
2000	1	0	2	2	5 (-2)*
2001	1	0	2	2	5 (-2)*
2002	1	0	2	2	5 (-2)*
2003	1	0	2	2	5
2004	1	0	2	2	5
2005	0.75	0	1.75	1.5	4**
2006	0	0	1.		1***
2007	0	0	1	0	1
2008	0	0	0	0	0****
2009	0	0	0	0	0
2010	0	0	0	0	0
2011	0	0	0	0	0
2012	0	0	0	0	0

* The County credited ten points spanned over five years since the first two assessments predicted three years of tanker berthing and only one year of tanker berthing occurred.

** The whole point in the Coastal Recreation category reflects the annual impact of the tanks onsite. The three other points distributed among the three categories represents the impact of oil in the storage tanks for three-quarters of the year.

*** One point reflects the annual impact of the purged tanks onsite.

**** The CREF assessment eliminates the remaining last point since removal of all tanks will occur in 2008.

Table 5: Point Pedernales CREF Assessments

	Environ. Sensitive Resources	Aesthetics	Recreation	Tourism	TOTALS
1987/88	2	2	1	0	5
1989	2	2	1	0	5
1990	1	1	1	0	3
1991	1	1	1	0	3
1992	1	1	1	0	3
1993	2	1	1	0	4
1994	2	1	1	0	4
1995	2	1	1	0	4
1996	2	1	1	0	4
1997	2	1	1	0	4
1998	3	1	1	0	5
1999	3	1	1	0	5
2000	3	1	1	0	5
2001	3	1	1	0	5
2002	3	1	1	0	5
2003	3	1	1	0	5
2004	3	1	1	0	5
2005	3	1	1	0	5
2006	3	1	1	0	5*
2007	3	1	1	0	5
2008	3	1	1	0	5
2009	3	1	1	0	5
2010	3	1	1	0	5
2011	3	1	1	0	5
2012	3	1	1	0	5

* The half point reduction in the aesthetics category applies the year following confirmation by Energy Division that the newly planted trees are established, thriving, and of adequate growth to screen the electrical substation from direct view. (This has not occurred yet.)

2.2 Timing of Payments

CREF fee requirements may be included as a condition of any discretionary plan or permit approved by the County. Relevant approvals and permits include, but are not limited to, Preliminary Development Plans, Final Developments Plans, Conditional Use Permits, Special Use Permits, and Specific Plans. In no case will different permits for the same project duplicate assessed fees.

The fee is assessed as an annual payment to be paid each year. Annual payments will be due by February 15 of each year. A reassessment of impacts and CREF contributions for the next five-year period will be done during the last year of the last assessment.

For all affected oil projects the CREF applies to each oil project for the life of the project. For purposes of the CREF program "life of the project" is defined as the period:

"beginning the first date of the initiation of site preparation or construction activities (a) in state or federal waters offshore Santa Barbara County, or (b) at an onshore site within the coastal zone as designated in the County's Local Coastal Program, whichever is earlier; and ending the date County-approved site restoration has occurred at (a) the last offshore, or (b) the last onshore site that is in or adjacent to the coastal zone and associated with the project, whichever is later."

In all cases, the beginning and ending dates are determined by the Director of the Planning & Development Department.

2.3 Impact and Fee Reassessments

As impacts may not actually occur as predicted by the environmental analysis used for the initial CREF assessments, fee amounts are to be reassessed throughout the duration of offshore oil and gas development along the County's coastline. Impacts and corresponding fee amounts are to be reassessed at five-year intervals. Reassessments are to be based on information collected as part of the County's project and permit monitoring efforts.

A reassessment for the CREF does not open other conditions of the same plan or permit to reevaluation.

A reassessment may be based on the same methodology as described for the initial assessment, or based on an improved methodology if one becomes available in the intervening years and is approved by the Planning Commission and Board of Supervisors prior to its use.

3.0 USE OF FUNDS

CREF monies are to be used for a variety of coastal resource protection or improvement projects. Enhancement projects, or programs eligible to receive CREF monies, are limited to those that are offsite from and not specific to any one development project. That is, the projects eligible for funding must be above and beyond the scope of other mitigation measures required of an individual permit holder.

As the purpose of the CREF is to mitigate coastal impacts, it is the County's intent to actively seek and provide financial assistance to appropriate enhancement projects. The County Board of Supervisors will ultimately determine how CREF monies are awarded.

3.1 Eligible Enhancement Projects

All projects awarded CREF monies or support must demonstrate that they are consistent with the goals and policies of the County's Local Coastal Program (LCP). In addition, according to the specific goals of the CREF, eligible projects must emphasize one or more of the following categories:

- coastal land acquisition for public use/preservation,
- coastal restoration or habitat protection,
- coastal tourism or recreation,
- coastal quality of life.

Examples of the type of projects that might be funded are presented below. These are not intended to be all-encompassing, or exclusionary, nor necessarily to indicate the County's priorities.

Coastal Tourism and Recreation, such as projects to:

- a. Acquire new coastal recreation areas and coastal access; improve conditions or facilities at existing recreation areas. (See LCP Section 3.7.)
- b. Improve access to recreation areas for non-motorized modes of transportation (bikeways, hiking and equestrian trails). (See LCP Section 3.7.5.)

Coastal Restoration/Habitat Protection, such as projects to:

- a. restore or enhance degraded habitat areas such as wetlands. (See LCP Section 3.9).
- b. purchase land, conservation easements, or development rights in remaining habitat areas for rare and endangered native plants and animals. (See LCP Section 3.9).

Note that eligible projects are not associated with the direct mitigation measures required of an individual development. Note too, that while CREF monies may be used to acquire, improve, and maintain coastal access, such use of CREF monies is not interchangeable with, nor a substitute for, in-lieu coastal access fee requirements of specific development projects. CREF monies may be matched, however, with In-Lieu Coastal Access Fees to better implement the County's Coastal Access Plan.

Enhancement projects may be located in the unincorporated and incorporated areas of Santa Barbara County. Projects in the incorporated areas of the County, or areas subject to a certified coastal program or management program other than the County's, must be consistent with the relevant program. Certified programs include, but are not limited to, the City of Santa Barbara's Coastal Land Use Plan for the City (certified January 22, 1981) and for the Airport (certified May 20, 1983), City of Carpinteria's Coastal Land Use Plan (certified January 27, 1982), University of California at Santa Barbara's Long-Range Development Plan (certified March 17, 1981).

Eligible Project Applicants

Project proposals may be solicited from the public, public agencies, municipalities, special districts, and non-profit organizations, as appropriate for the types of projects desired. All project applicants must demonstrate that their project is for a broad public purpose.

3.2 Enhancement Project Selection Criteria and Selection Process

CREF projects for funding will be recommended to the Board of Supervisors by the Planning & Development Department (P&D). For those CREF projects under consideration that are in the jurisdiction of other County departments, such as the County Park Department, P&D, in conjunction with the appropriate department, and the Administrative Office, will provide the Board of Supervisors with an assessment of long-term fiscal impacts associated with these projects. The diversity of projects ultimately selected for funding will be at the sole discretion of the Board. The Board may give priority to projects

where combined funding resources, such as matching grants or leveraged funds, can be utilized to increase the effectiveness of CREF expenditures. The Board of Supervisors will hold a public hearing to select CREF projects on the funding schedule and cycle to be determined by the Board. The Planning & Development Department will solicit public input and provide discussion of potential CREF projects through public workshops. These workshops will be held in the North County and the South Coast area, prior to the Board's hearings on CREF project allocations.

3.3 Revised Enhancement Project Selection Criteria and Selection Process

The Board of Supervisors has expressed concerns that the selection criteria have been excessively broad. As a result, numerous proposals that have not been consistent with the major goals of the CREF program have not been screened out prior to the Board's hearing. The Board has been, in particular, concerned with projects not meeting the coastal area criterion and the acquisition criterion as was the intent of the original guidelines. Subsequently, the Board has revised the language of No. 1 Coastal Area criterion and No. 4 Acquisition Project criterion to ensure that all projects will enhance those two major goals of the CREF program.

The Board has directed Planning & Development Department Energy Division staff to advise whether or not proposed projects will be located in the coastal area or will be coastal related as described in revised No. 1 Coastal Area Criterion below. The term "coastal area" provides the Board of Supervisors with sufficient flexibility to enhance coastal resources that may extend beyond the Coastal Zone boundary, yet are still coastal related. Staff has been directed to encourage those projects, which are coastal by virtue of location or relationship. Also, staff will assign a higher priority to revised No. 4 criterion to ensure that acquisition projects will be implemented as a major goal of the CREF program.

Coastal Resource Enhancement Fund: Enhancement Project Criteria

Projects requesting funding from the Coastal Resource Enhancement Fund would be assessed according to the criteria specified below:

1. Enhancement projects must be located in the coastal area or have a coastal relationship, and must be consistent with the County's Local Coastal Program and Comprehensive Plan and with the other local jurisdictions' applicable coastal programs. Enhancement projects should be located within geographical proximity to oil and gas onshore/offshore development activities while still providing for the broadest public benefit.
2. Projects should compensate for coastal impacts due to oil and gas development, specifically for sensitive environmental resources, aesthetics, tourism, and negative effects on coastal recreation in the County.
3. Projects should provide a level of broad public benefit.
4. The intent of the CREF program is to fund coastal acquisition and capital improvement projects; therefore, projects which offer coastal acquisition and capital improvement will receive higher priority than those projects which do not.
5. Projects should utilize matching funds and/or in-kind services to the maximum extent possible.

6. Projects should be self-supporting or should require minimum on-going County operations/maintenance costs once the project is completed and implemented.
7. Projects to be funded should lack other viable funding mechanisms to complete the project.
8. The feasibility of implementing and completing the project shall be considered. Projects with a high probability of success should be given preference.

3.4 Financial Assistance Options

The Board of Supervisors may choose to award CREF monies, or support, in a variety of forms, including grants, loans, matching funds, leverage arrangements, and loan guarantees.

3.5 Enhancement Project Application Requirements

An applicant requesting CREF funds must submit the following information as part of the CREF application, but is not limited to:

- a. Project description, including sufficient detail for staff to verify project description and seek additional information, if relevant. (For example, in the case of a proposal for an easement or for the acquisition of property, applicant should provide the name, address and telephone number of the property owner, together with the assessor's parcel numbers of the properties affected and the current status of any negotiations in progress.
- b. Project budget, including detailed itemization of expenses, estimated costs of materials, etc.
- c. Project construction or implementation schedule.
- d. Schedule of milestones the applicant agrees would be fair progress check points for Energy Division project managers to track.
- e. Descriptive slides, photographs, maps to help explain the project and its setting.
- f. Detailed explanation of the public benefits of the project.
- g. Applicants proposing acquisition projects must describe how ownership of real property to be acquired will be held.
- h. Demonstration of non-profit status by attaching relevant evidence such as a declaration of the group's California State Tax Exemption status and a description of the group's voting membership including the number of voting members and the group's statement of purpose.
- i. When a city within the county (or other organization and municipality) submits more than one proposal in a given funding cycle for consideration by the Board, that city shall rank the priority of its CREF proposals and further justify the priority of each proposal in the context of its own budgetary priorities.

Additional informational requirements may be contained in the Request-For-Proposal (RFP) packages prepared annually by the Planning & Development Department, Energy Division. Potential applicants must provide all information requested in the RFP package.

3.6 Fund Deferral Program

To provide adequate funding for acquisition projects, in April 1990 the Board directed that a program deferring 1/2 of each year's contributions to allow available funds to accrue shall be implemented. These deferred funds will be used at a point when the Board decides an appropriate project has been initiated. The Board may also wish to allocate funds to staff to develop acquisition projects acceptable to CREF criteria.

In February and May of 2007, the Board of Supervisors directed that at least 65% of the CREF fees in 2007-2009 be designated for acquisitions and the remaining 35% for both general allocation and acquisition.

3.7 Fund Administrative Guidelines: Requirements of Grantees

- a. Each grantee, except for an agency of Santa Barbara County, shall enter into a contractual agreement with Santa Barbara County. The contract shall contain provisions that require the timely and successful completion of the project as proposed. Any substantive modification to the project shall require a modification to the contractual agreement.
- b. All grantees shall commence projects within one year of the decision by the Board of Supervisors to award the CREF grant. If the project has not commenced within one year, the CREF grant shall become void and all associated money shall revert back to the CREF for new allocation. The Planning & Development Department may grant a maximum extension of one year if the grantee can demonstrate good cause for the delay.
- c. All grantees shall conduct their projects in accordance with their proposed schedule, and such schedule shall be included in the proposal. The County shall send written warning to any grantee that falls more than six months behind schedule, and the County shall send a second written warning to any grantee that falls more than nine months behind schedule. The County shall reclaim the unspent portions of all grants for projects which fall behind schedule by more than twelve months, without further notice.
- d. All grantees shall submit annual written reports on project status, including photographs to document the work completed to date. These reports shall include verification that the CREF grant is being used in accordance with the project description contained in the contract between the County and the grantee or, in the case of County agencies, in accordance with the project description as proposed. The contractual agreement shall specify when annual reports fall due.
- e. Any County agency that is a CREF grantee shall be accountable to commence and complete the CREF project as proposed. Any substantial changes in the project description must be approved by the Planning & Development Department as the administering agency, in consultation with the County Administrator's office. Changes in the project schedule of more than six months must also be approved by the Planning & Development Department in consultation with the County Administrator's office.

- f. A CREF grantee shall no longer be eligible for CREF grants or loans in the future if the grantee has defaulted on a previous CREF contract. Exceptions shall be considered only for minor defaults that do not result in a significant mis-use of the grant as determined by the county. Additionally, the county will exercise its options to seek full refund of CREF grants when a major default of the terms and conditions of the grant has occurred. County agencies that receive CREF awards shall be treated in a similar manner if the agency does not use the grant as proposed in its CREF application.

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Attachment B

**Excerpts from the
2007-2009 CREF Evaluations**

PROJECT # 3
WALTER CAPPS PARK DEVELOPMENT
3rd District

Santa Barbara County Parks Department
Requests \$84,000 in 2007, \$268,400 in 2008, and \$84,000 in 2009
Total Project Costs: \$600,000

Summary of Proposal: The applicant requests three-years (see above) of funding to develop a two-acre open space park in Isla Vista. The park would be developed with walks, benches, turf play area, a native plant restoration area, and a memorial to the late Walter Capps. In addition, public restrooms with outdoor shower heads would be provided at the park (see *Background* section regarding another CREF grant).

Staff Recommendation: Consider funding a portion of its request, \$130,800, in 2008 and the full request, \$84,000 in 2009.

Applicant's Priority Ranking: The applicant ranks this proposal third of three submitted.

Background: In March of 2006, the County finalized the purchase of 5 parcels along the Isla Vista bluff top. The purchase was aided by three CREF grants from the 2001, 2003, and 2005 cycles, totaling \$766,009.

In the 2003 CREF cycle, the Board of Supervisors awarded the applicant \$30,000 towards constructing a public restroom facility, with outdoor shower heads, along Del Playa in Isla Vista. Workshops have been conducted to solicit input from area residents and interested parties to choose a site for the facility. A feasibility study has been prepared that looked at compatibility issues, space, adequate utilities, and cost estimates at all publicly owned properties along Del Playa. After many years, this subject proposal site was settled on.

- (+) ***Criterion #1.*** The proposal enhances coastal bluff top property.
- (+) ***Criterion #2.*** The proposal enhances coastal recreation by providing for passive recreational opportunities. For some, development of the park aesthetically enhances five vacant parcels.
- (+) ***Criterion #3.*** The proposal provides a broad level of public benefit, mostly for the residents of Isla Vista and the students and faculty at UCSB.
- (+) ***Criterion #4.*** This proposal is considered capital improvements, which satisfies the higher priority of CREF.
- (+/-) ***Criteria #5 and #7.*** The project's total budget is \$600,000. The applicant seeks 73% of the total budget from CREF over three years: \$84,000 in 2007, \$268,400 in 2008, and \$84,000 in 2009. The applicant has secured the approximate \$163,000 from the surplus of the County's sale of a couple other Isla Vista properties.

- (-) **Criterion #6.** There would be ongoing operational or maintenance costs associated with maintenance of the future park; the applicant budgeted \$50,000 annually towards the park maintenance.
- (+) **Criterion #8.** Staff believes the applicant can successfully complete the project. The County recently bought the land, and the County has wanted to provide bathrooms along Del Playa Road for many years. However, the Board would need to commit to all three years of funding from CREF for this proposal to be realized since the applicant anticipates 73% of the total budget from CREF.

Other Considerations: Park's Department's request in 2008 for the Walter Capps Park is more than the funds available for general-type proposals in that year.¹

¹ The amount of general allocation money available in 2008 is speculative at this time. (The County assesses CREF fees every five years; the 2008-2012 fee assessment will occur in summer of 2007.)

PROJECT # 16
BELLY OF THE WHALE
5th District

The Santa Maria Valley Discovery Museum

Requests \$75,000 in 2008 and Requests \$75,000 in 2009

Total Project Costs: \$150,000

Summary of Proposal: The applicant seeks future funding (in 2008 and 2009) for a whale exhibit at the Santa Maria Valley Discovery Museum. The whale would be a baleen whale and would be big enough for visitors to walk inside. The exhibit would be part play structure (e.g., sliding down the soft tongue) and part learning center, focusing on the size of these sea creatures, their navigational abilities, and their food and digestion. The outside of the whale would be anatomically correct (eye markings, tail fluke, etc).

Staff Recommendation: Consider granting full requests, \$75,000, in both 2008 and 2009

Applicant's Priority Ranking: The applicant does not seek this proposal for the 2007 cycle. The applicant ranks this proposal first of two submitted for the years 2008 and 2009.

Background: The Santa Maria Valley Discovery Museum is a children museum that recently moved its location within Santa Maria and held its grand opening in January of 2005. The applicant has received six past CREF grants:

- \$24,500 in the 1994 CREF cycle to install the Tide Pool Touch Tank, the Kelp Forest Tunnel, and the Sea It! Research Vessel exhibits;
 - \$13,444 in the 1997 cycle to develop marine science curriculum and conduct workshops for teachers and children;
 - \$20,000 in the 2002 cycle and \$79,000 in the 2005 cycle to install an Ocean Supermarket exhibit that teaches adults and children about the marine food chain and the variety of everyday food that comes from the ocean;
 - \$115,000 in the 2004 cycle to install a Marine Exhibit; and
 - \$47,750 in the 2006 CREF cycle to install a Dock Side Fish Station exhibit, a coastal birding mural, a Birding Activity center, and improvements to the shark tank.
-

Satisfaction of CREF Criteria:

[(+) means the proposal satisfies the criterion; (-) means doesn't satisfy; (+/-) means partially satisfies]

- (+) **Criterion #1.** The proposed project is coastal related by function, educating children and adults about whales.
- (+) **Criterion #2.** The proposal enhances recreation and environmentally sensitive coastal resources by teaching children about whales and in so doing, heightens the sensitivity of this specie.

- (+) **Criterion #3.** The applicant states that this proposal will benefit over 25,000-40,000 people who visit the museum annually. Specifically, the museum attracts children (underprivileged, special educated and at-risk), parents, grandparents, and counselors.
- (+) **Criterion #4.** The project is a capital improvement, which satisfies the higher priority use of CREF.
- (-) **Criteria #5 and #7.** The applicant seeks 100% of the proposal's budget from CREF.
- (+) **Criterion #6.** The proposal would not require any additional ongoing County operational or maintenance costs. The applicant states the museum has an annual budget for maintenance and repair.
- (+) **Criterion #8.** Staff believes the proposal can be completed successfully. The applicant has received six CREF grants in the past, completing four successfully and currently working on completing the remaining two. The applicant opened the museum at its new location in January of 2005.

Other Considerations: None.

Attachment C

**Letter from ExxonMobil Production Company
Regarding Land Donation In-Lieu of CREF Fees**