



**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: 5/15/2007
Placement: Departmental
Estimated Tme: One Hour
Continued Item: Yes
If Yes, date from: 4/3/07
Vote Required: Majority

TO: Board of Supervisors
FROM: Department John Baker, 568-2085
Director(s)
Contact Info: Doug Anthony, 568-2046

SUBJECT: Coastal Resource Enhancement Fund 2007-2009 Recommended Awards

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: Select_Concurrence

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors approves grant awards from the Coastal Resource Enhancement Fund (CREF) for the fiscal year of 2007-2008, based on the staff recommendations provided below and conditions outlined in Attachment B of the staff report provided for the April 3rd CREF hearing.

Summary Text:

In its April 3rd hearing, the Board directed staff to review its original CREF recommendations for grants under the General Allocation category, based on the Board's deliberations. The following allocation is recommended (see Attachment A for details):

Table 1: General Allocation (35% of CREF fees)

	Project	Dist	Applicant	2007 Grant Awards	2008 Tentative	2009 Tentative
1	Rincon Park Phase II	1	Parks Dept.	\$ 92,000		
2	Franklin Trail	1	Parks Dept.	24,000		
3	Lookout Park Arundo	1	Ag. Commissioner	40,000		
4	Surf Exhibit	2	SB Maritime Museum	50,000		
5	Sea Center Generator	2	Sea Center			46,800
6	IV-Walter Capps Park	3	Walter Capps Park	4,305	130,800	84,000
7	Tide & Seek Exhibit	5	SMV Discovery Museum	45,000		
8	Belly of the Whale Exh	5	SMV Discovery Museum		75,000	75,000
9	Seabird Care Compound	all	SB Wildlife Care Network	150,000		
Totals				405,305	205,800	205,800

Table 1 reflects staff's recommendations presented in its April 3rd CREF staff report with one exception. The exception moves \$50,000 in 2007 from the Walter Capps Park to the Surf Exhibit at the Santa Barbara Maritime Museum. This option would require the Parks Department to either seek funds from other sources, such as the Isla Vista Recreation and Parks District, or evaluate ways to reduce costs of the proposed park.

Alternatively, the Board may choose to take \$50,000 from the acquisition fund. This option would adjust the Board's desired proportionment of 65%/35% of CREF fees between acquisition and general allocation to a ratio of 57%/43%.

During the April 3rd hearing, concern was expressed for staff's recommendation to fund the City of Goleta's request for \$350,000 to acquire the Doty property for purposes of expanding the Ellwood/Mesa preserve. Interest was expressed in acquiring the Gaviota Terminal property, working through the County's Parks Department rather than the Trust for Public Lands. Lastly, Supervisor Firestone noted that the Goleta Cemetery District might purchase the Gaviota Village property, and that a CREF award may help it achieve that result.

Table 2, below, reflects removing specific allocations for the Doty, Gaviota Terminal, and Gaviota Village properties and establishing a pool of future funding for acquisitions on the Gaviota coast or elsewhere. A determination of specific acquisitions could be made during future Board allocation hearings.

Table 2: Optional Uses of Acquisition Funds

	Optional Use of Funds	2007	2008	2009
A	Dedicate to future acquisitions on the Gaviota Coast - Retain acquisition/general allocation proportionment of 65/35 - Funds not allocated to any entity at this time - Parks Dept. pursues Gaviota Terminal - County works with Goleta Cemetery District to acquire Gaviota Village	\$1,017,034	\$382,200	\$382,200
B	Dedicate to future acquisitions on the Gaviota Coast - Adjust acquisition/general allocation proportionment in 2007 from 65/35 to 57/43 to fund Maritime Museum - Funds not allocated to any entity at this time - Parks Dept. pursues Gaviota Terminal - County works with Goleta Cemetery District to acquire Gaviota Village	\$ 967,034	\$382,200	\$382,200
C	Defer to future cycles without geographic focus - Retain acquisition/general allocation proportionment of 65/35 - Funds not allocated to any entity at this time - Parks Dept. pursues Gaviota Terminal - County works with Goleta Cemetery District to acquire Gaviota Village	\$1,017,034	\$382,200	\$382,200
D	Defer to future cycles without geographic focus - Adjust acquisition/general allocation proportionment in 2007 from 65/35 to 57/43 to fund Maritime Museum - Funds not allocated to any entity at this time - Parks Dept. pursues Gaviota Terminal - County works with Goleta Cemetery District to acquire Gaviota Village	\$ 967,034	\$382,200	\$382,200

During the April 3rd CREF hearing, Supervisor Centeno inquired about a proposal from Mr. Bob Poole of the Western States Petroleum Association (WSPA) to consider the option of accepting conveyance of coastal property to the County in lieu of CREF fees. The concept originated from Mr. Greg Diotte of the ExxonMobil Exploration Company. Here is our progress to date:

- Four offshore oil/gas projects pay CREF fees: (1) Point Pedernales, (2) Point Arguello, (3) Santa Ynez Unit, and (4) Gaviota Terminal.
- Plains Exploration and Production, Inc., operator of the Point Pedernales and Point Arguello projects, previously informed Mr. Poole and staff that it had no interest in pursuing this option. Last week, Mr. Steve Rusch informed Mr. Poole and staff that, after subsequent discussions with Supervisor Firestone, Plains would be willing to discuss the concept. Plains contributes \$223,500 and \$149,000 to CREF annually for its Point Arguello and Point Pedernales projects, respectively (see Attachment B).
- ExxonMobil Exploration Company, who owns and operates the Santa Ynez Unit project, remains interested in the land in-lieu-of fees concept with regard to its Las Flores Canyon property, which encompasses approximately 1,500 acres on the mountainside of U.S. 101 between the El Capitan and Refugio State Beaches (see Attachment C). Its current CREF obligation is \$208,600 annually, and is reassessed every five years.
- Both WSPA and staff are making inquiries with Shell Pipeline Company, LP, who is managing partner (20% ownership) and operator of the Gaviota Terminal, located on the Oceanside of U.S. 101. (Other partners include ConocoPhillips (20%), Chevron (25%), ExxonMobil Pipeline Company (20%), and Anadarko (15%).) Mr. Diotte of ExxonMobil Exploration Co. is also making inquiries with ExxonMobil Pipeline Co.

The terminal has ceased operations permanently and all oil has been removed from the site eliminating potential impacts of an oil spill. All that remains in the context of CREF fees is the visual impact of the tanks. Consequently, the annual CREF fee has been reduced to \$29,800 annually for all of the partners, and will be eliminated upon removal of the oil storage tanks.

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 facilities at Rincon County Park would be improved with more picnic areas, walkways, plantings and a bioswale. A new 5-mile multi-use trail would be constructed in the foothills of Carpinteria. 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. Arundo would be removed from Lookout County Park.

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 each February. CREF is included in the Energy Division Cost Center on page D-304 in the Planning & Development Department's section of the County's FY06/07 Budget (see "Source of Funds Summary – Offshore Oil and Gas Mitigation" and "Use of Prior Fund Balances" for revenue, and "Use of Funds Summary – Mitigation Programs.") Staff costs to administer the fund are offset by interest accrued to the Coastal Resource Enhancement Fund.

Special Instructions: None.

Attachments:

Attachment A: Summary of Staff's Recommendations for 2007-2009 CREF Awards

Attachment B: Letter from Western States Petroleum Association

Attachment C: ExxonMobil Las Flores Canyon Property

Attachment A

**Coastal Resource Enhancement Fund
(CREF)**

Summary of Staff's Recommendations
for 2007-2009 CREF Awards

Table 3: Staff Recommendations for 2007-2009 CREF Awards
(Shaded rows are proposals associated with the Capital Improvement Plan)¹

No.	Proposal Title	Dist.	Applicant	Amount Applicant Requests			Amount Leveraged (or to be) S = secured U = unsecured	Recommendations 2007 Awards		Recommendations Consider Funding in 2008 ^{2,3}		Recommendations Consider Funding in 2009	
				2007	2008	2009		General Allocation	Acquisition	General Allocation	Acquisition	General Allocation	Acquisition
1	Rincon Park, Phase II	1 st	Parks Department	\$92,000			\$40,000 (S) \$11,000 (U)	\$92,000					
2	Franklin Trail in Carpinteria	1 st	Parks Department	\$24,000			\$380,864 (U) \$27,936 (S)	\$24,000					
3	Walter Capps Park in Isla Vista ⁴	3 rd	Parks Department	\$84,000	\$268,400	\$84,000	\$163,000 (S)	\$4,305		\$130,800		\$84,000	
4	Water Rescue Boat	All	Fire Department	\$228,100			\$0						
5	Ocean Beach Monitoring & Education	1 st	City of Carpinteria	\$19,350			\$7,200 (S)						
6	Lookout Park Arundo Removal	1 st	Ag. Commissioners Office	\$40,000			\$57,420 (S)	\$40,000					
7	Native Seed & Plant Facility	1 st	Santa Barbara Botanic Garden	\$74,300			\$30,000 (S) \$126,000 (U)						
8	Channelkeeper Patrol Boat	1 st /2 nd	Channelkeeper	\$50,000			\$190,000 (U)						
9	Sea Center Generator	2 nd	Sea Center	\$85,000			\$0					\$46,800	
10	Surf Exhibit	2 nd	Maritime Museum	\$50,000			\$170,000 (S) \$205,000 (U)	\$50,000					
11	Ellwood Access Improvements	3 rd	City of Goleta	\$50,000			\$40,000 (S)						
12	Doty Property Acquisition	3 rd	City of Goleta	\$350,000			\$75,000 (S)						
13 & 14	Gaviota Terminal or Gaviota Village Acquisition	3 rd	Trust for Public Lands	\$500,000 \$500,000			\$2,500,000 (U) for each						
15	Tide & Seek Exhibit	5 th	Santa Maria Valley Discovery Museum	\$45,000			\$0	\$45,000					
16	Belly of the Whale	5 th	Santa Maria Valley Discovery Museum		\$75,000	\$75,000	\$0			\$75,000		\$75,000	
17	Seabird Care Compound	All	Santa Barbara Wildlife Care Network	\$150,000			\$109,200 (S) \$139,000 (U)	\$150,000					
Total Recommended								\$405,305	\$0	\$205,800	\$0	\$205,800	\$0
Total Available								\$405,305	\$1,017,034	\$205,800	\$382,200	\$205,800	\$382,200
Balance/Defer to Next Cycle								\$0	\$1,017,034	\$0	\$382,200	\$0	\$382,200

¹ The first four proposals in the table are associated with the County's Capital Improvement Plan (CIP); the CIP includes County capital improvement projects that have a total cost of \$100,000 or more.

² For 2008 and 2009, actual awards cannot be granted at this time; however, staff recommends the Board consider these awards for funding in those years.

³ The Parks Department recently completed a mean high-tide survey and will be seeking CREF funds for the Santa Claus Lane Beach Access project in the year 2008 and beyond. The funds potentially needed for this project are in the millions, and the Department would be seeking both general and acquisitional CREF funds, along with other funding sources.

⁴ The Parks Department's Walter Capps Park request in 2008 is more than the amount of money staff estimates will be available for the general allocation portion of that cycle.

Attachment B

Letters from Western States Petroleum Association



Western States Petroleum Association
Credible Solutions • Responsive Service • Since 1907

4/27/2007

Board of Supervisors
Santa Barbara County
105 East Anapamu Street
Santa Barbara, Ca 93101

Members of the Board,

This letter is a follow-up to comments I made to you on February 20th requesting, on behalf of the Petroleum Industry the opportunity to explore potential options with your staff for the County's acquisition of coastal lands in exchange for credit towards coastal Resource Enhancement Fund (CREF) mitigation fees.

Since February 20th, Plains Exploration and Production has informed me they do not wish to pursue discussions on this matter at this time. Conversely, ExxonMobil is engaged in preliminary talks with County staff to consider what possible exchange options exist with lands they own.

In addition, WSPA is in the process of contacting all members of the "GTC" Partnership which owns the Gaviota Oil Terminal (onshore crude oil tank storage facility) currently being abandoned on the Gaviota coastline to determine if an opportunity exists for the public acquisition of this property.

I anticipate providing a further update on these initiatives to you at your May 15th hearing.

Thank you again for your continuing interest in this matter

A handwritten signature in black ink that reads "Robert W. Poole". The signature is written in a cursive, flowing style.

Bob Poole
Senior Coordinator

Cc: John Baker
Doug Anthony

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(805) 966-7113 • Fax: (805) 963-0647 • Cell: (805) 252-6778 • bob@wspa.org • www.wspa.org



Western States Petroleum Association
Credible Solutions • Responsive Service • Since 1907

5/01/2007

Board of Supervisors
Santa Barbara County
105 East Anapamu Street
Santa Barbara, Ca 93101

Members of the Board,

Subsequent to my recent letter to you dated 4/27/07, I have become aware that Plains Exploration and Production is now willing to discuss potential options with your staff for the County's acquisition of coastal lands in exchange for credit towards Coastal Resource Enhancement Fund (CREF) mitigation fees.

Based on this updated information, it is now my understanding that three separate discussions are in process related to this matter involving the following entities; Plains Exploration and Production, ExxonMobil, and the "GTC" Partnership (which owns the Gaviota Oil Terminal onshore crude oil tank storage facility currently being abandoned on the Gaviota coast) respectively.

Thank you again for your continuing interest in this matter

A handwritten signature in black ink that reads "Robert W. Poole". The signature is written in a cursive, flowing style.

Bob Poole
Senior Coordinator

Cc: John Baker
Doug Anthony

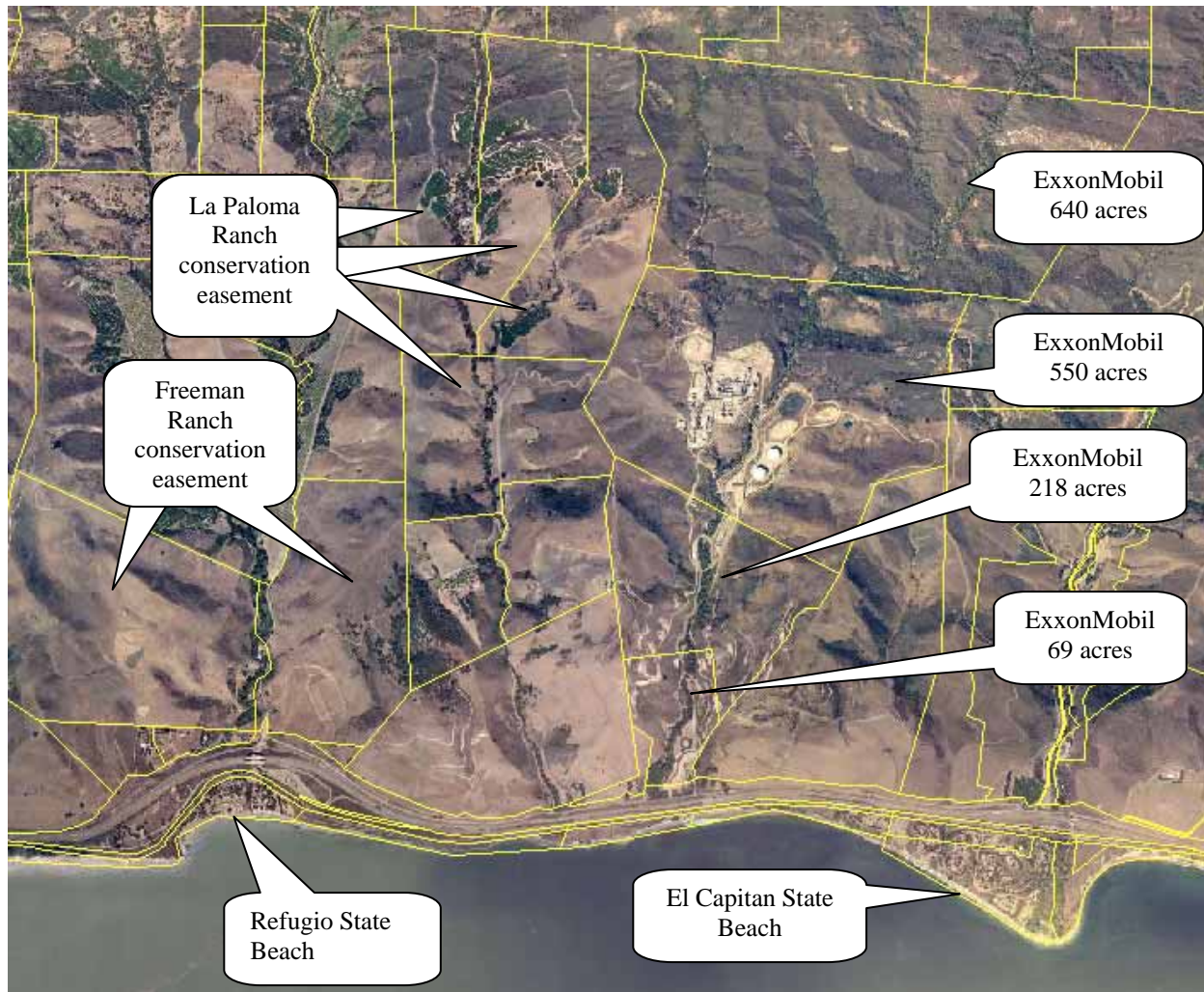
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Attachment C

ExxonMobil Las Flores Canyon Property

Attachment C: ExxonMobil's Las Flores Canyon Property

Views from eastern boundary



ExxonMobil Exploration Company owns four parcels on the mountainside of U.S. 101 between Refugio and El Capitan State Beaches as indicated below. These four parcels combine for a total of 1,477 acres. The topography of the parcels entails a north-south oriented canyon surrounded by steep slopes to the east, west, and north. The portion of the site that supports oil and gas processing facilities is zoned Coastal-Related Industry, while the remainder carries AG zoning. The County's Comprehensive Plan and Zoning Code designate this site as a Consolidated Oil and Gas Processing Site.

Portions of the site were also location to previous onshore oil production by companies other than ExxonMobil. The oil production has permanently ceased several years ago, but the last operator, SABA, has declared bankruptcy. The Division of Oil, Gas, and Geothermal Resources has employed its Orphan Well Fund to plug and abandon the wells; however, its efforts do not include removal of sumps, piping and other structures that have been left. Some contamination also likely exists where these operations occurred.

Mr. Greg Diotte, Landman for ExxonMobil Exploration Co., has inquired to the County if there is any interest in a concept wherein ExxonMobil would offer coastal land or a conservation easement over coastal land, in lieu of paying CREF fees (approximately \$208,600 annually). A very rough estimate for a conservation easement is \$2,000-\$3,500 per acre, or about \$3-to-\$5.2 million, although a more precise estimate would depend on the extent to which the easement would allow private development. Mr. Diotte estimates remaining project life of the Santa Ynez Unit to be 15-20 years. Therefore, the potential to pursue a conservation easement in lieu of CREF fees appears to be present (15 years X \$208,600 = \$3.1 million). Other arrangements could be negotiated as well.

To acquire this land in fee, a rough estimate, based on recent sales in the area, would be \$8 million per 100 acres.