

**ATTACHMENT A:
BOARD OF SUPERVISORS
CEQA FINDINGS**

1.0 FINDINGS PURSUANT TO PUBLIC RESOURCES CODE SECTION 21081 AND THE CALIFORNIA ENVIRONMENTAL QUALITY ACT GUIDELINES SECTIONS 15090 AND 15091:

1.1 CONSIDERATION OF THE ENVIRONMENTAL IMPACT REPORT:

The Final Environmental Impact Report (09-EIR-00005) was presented to the Board of Supervisors and all voting members of the Board of Supervisors have reviewed and considered the information contained in the Final EIR (09-EIR-00005) and its appendices prior to approving the franchise agreement. In addition, all voting members of the Board of Supervisors have reviewed and considered testimony and additional information presented at or prior to public hearing on February 14, 2012. The Final EIR reflects the independent judgment and analysis of the Board of Supervisors and is adequate for this proposal.

1.2 FULL DISCLOSURE:

The Board of Supervisors finds that the Final EIR, previously certified by the Santa Barbara County Planning Commission, constitutes a complete, accurate, adequate and good faith effort at full disclosure under CEQA. The Board of Supervisors further finds the Final EIR has been completed in compliance with CEQA.

1.3 LOCATION OF RECORD OF PROCEEDINGS:

The documents and other materials that constitute the record of proceedings upon which this decision is based are in the custody of the Clerk of the Board located at 105 E. Anapamu Street, Santa Barbara, CA 93101.

1.4 FINDINGS THAT CERTAIN UNAVOIDABLE IMPACTS ARE MITIGATED TO THE MAXIMUM EXTENT FEASIBLE:

The Final EIR for the Line 96 Modification Project identifies four significant environmental impacts that would result from the proposed pipeline, which cannot be fully mitigated and are therefore considered unavoidable (Class I). Those impact areas are in the biological resources, hazardous and hazardous materials, land use, planning and recreation, public services and water resource issue areas.

To the extent the impacts remain significant and unavoidable, such impacts are acceptable when weighed against the overriding social, economic, legal, technical, and other considerations set forth in the Statement of Overriding Considerations included herein. For each of these Class I impacts identified by the Final EIR (09-EIR-00005), feasible changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effect, as discussed below:

Biological Resources (EIR Section 4.5.7)

Impact BIO-4 Although the reduction in the frequency, volume, and spatial extent of offshore oil spills by the elimination of barge loading and transportation would benefit marine biological resources, the potential for an onshore spill from the proposed pipeline remains. The proposed pipeline and associated facilities cross several major drainages, including Bell, Dos Pueblos, and Eagle canyons, and smaller drainages that flow into the Pacific Ocean. Significant biological impacts would likely result from an oil spill and associated cleanup and remediation activities if spills were of sufficient volume to enter creeks or drainages which could then affect wetland and aquatic habitats in the vicinity and downstream of the pipeline, and under worst-case conditions, reach the ocean.

Mitigation Measures Venoco currently maintains an Emergency Action Plan and an Oil Spill Contingency Plan (OSCP). These plans address spill response actions to be completed in the event of a spill that would potentially occur from the EOF, EMT and existing pipelines. Mitigation measure BIO-4a requires an update to the OSCP to address protection of sensitive biological resources and re-vegetation of any areas disturbed during an oil spill from the proposed pipeline or cleanup activities. The new plan must include specific measures to avoid impacts to specifically listed protected species and Environmentally Sensitive Habitat Areas (ESHA's), adequate training for spill response personnel, habitat restoration, re-vegetation and monitoring.

Land Use, Planning and Recreation (EIR Section 4.7.4)

Impact LU-2 A number of sensitive habitats and high-quality recreational resources are located within potential areas of an accidental release from the proposed pipeline. An oil spill could impact and potentially degrade the environment and preclude the use of coastal areas associated recreational activities and tourism.

Mitigation Measures Mitigation measures BIO-4a and 4b, GEO-3, GEO-4a, 4b and 4c, HM-3, and WQ-4a all address oil spill risk. As noted above, BIO 4a requires an update to the OSCP whereas BIO-4b moves the Pig Launcher from a temporary location outside the fence to a permanent installation within the EOF facility. Both these measures lower the risk and consequences of a spill to the environment. Measures GEO 4a and 4b require site specific geotechnical and seismic investigations and the use of industry standard seismic designs to reduce the risk of a spill from a geotechnical hazard or seismic event. GEO 4c requires cessation of pipeline operation after a specified seismic event, a follow up inspection and approval by the County prior to resuming operation of the proposed pipeline. HM-3 reduces the chance of a spill reaching a watershed by requiring the block valves near Tecolote Creek, Eagle Canyon, Dos

Pueblos Canyon, Llagas Canyon and Corral Canyon be remotely actuated as opposed to requiring manual operation. Mitigation Measure WQ-4a requires an updated Storm Water Pollution Prevention Plan (SWPPP) to be reviewed and approved by the Central Coast Regional Water Quality Control Board. Update of the SWPPP and OSCP, noted above in the BIO-4 discussion, with site specific detail would minimize the potential for impacts from an oil spill to the sensitive habitat and recreation resources in the proposed pipeline project area.

Hazards/Hazardous Materials (EIR Section 4.2.4)

Impact HM-3 A failure along the pipeline system could result in an oil spill to the environment.

Mitigation Measure The installation of remotely actuated block valves (HM-3) reduces the amount of time necessary to shut the pipeline in as the valves would be operated from the control room at the EOF rather than requiring a physical visit to the valve location. These valves are located near Tecolote Creek, Eagle Canyon, Dos Pueblos Canyon, Llagas Canyon and Corral Canyon and once closed prevent oil from entering these sensitive watersheds.

Water Resources (EIR Section 4.4.4)

Impact WQ-4 A rupture or leak from the EOF, the existing onshore portion of the oil pipeline from Platform Holly to the EOF, or the proposed oil pipeline could substantially degrade surface and groundwater quality.

Mitigation Measure Mitigation measure WQ-4 requires a site specific Operational Storm Water Pollution Prevention Plan (SWPPP) to be submitted and approved by the Central Coast Regional Water Quality Control Board (RWQCB). The plan must include preventative and spill contingency measures not covered by the Emergency Action Plan (EAP). The plan also requires non-point source water quality testing in the case of a spill to demonstrate the completeness of spill containment and remediation. The implementation of the mitigation measures noted above for biological, land use and hazards also minimize the potential for impacts to water resources.

1.5 FINDINGS THAT CERTAIN IMPACTS ARE MITIGATED TO INSIGNIFICANCE BY CONDITIONS OF APPROVAL

In addition to the significant, unavoidable impacts described above, the Final EIR for the EPI Line 96 Modification Project identified 18 significant but mitigable (Class II) impacts in the following subject areas; Aesthetic/Visual Resources, Agricultural Resources, Air Quality, Biological Resources, Cultural Historical and Paleontological Resources, Geological Resources, Noise, Traffic/Circulation, and Water Resources. These Class II impacts are mostly construction related and are identified in Table 5 and discussed in Section 6.1.3 of the June 1, 2011 Planning Commission staff report. The mitigation measures recommended in the Final EIR and adopted as conditions of approval for this project will reduce all of these potentially significant impacts to less than significant levels.

1.6 **APPROVAL FINDING THAT MITIGATION OF CERTAIN IMPACTS IS WITHIN THE RESPONSIBILITY AND JURISDICTION OF ANOTHER PUBLIC AGENCY**

The Board of Supervisors finds that changes or alterations to the project which could avoid or substantially lessen the following significant environmental impacts are within the responsibility and jurisdiction of the City of Goleta and the Regional Water Quality Control Board and not the County. Such changes have been adopted by such other agency or can and should be adopted by such other agency.

Biological Resources (EIR Section 4.5.7)

Impact BIO-4 As noted above in Section 1.4, although the reduction in the frequency, volume, and spatial extent of offshore oil spills by the elimination of barge loading and transportation would benefit marine biological resources, the potential for an onshore spill from the proposed pipeline remains (Class I). The proposed project includes the installation of a temporary pig launcher, the device that allows for cleaning and inspection tools to be run through the pipeline, just outside the fence of the EOF adjacent to Bell Creek. The proposed location outside the fence, as opposed to installation at the EOF itself, exposes the system to vandalism and requires a separate vapor recovery system. Installation of a permanent pig launcher within the confines of the EOF would simplify the operation and allow for the system to be connected to the existing vapor recovery, drain and sump structure.

Mitigation Measure Mitigation measure BIO-4b requires the pig launcher to be installed at a permanent location at the EOF. The location within the EOF will reduce the probability of an oil spill that could impact the Bell Creek ESHA. Implementation of this mitigation measure is under the jurisdiction of the City of Goleta.

Cultural Resources (EIR Section 4.5.6)

Grading and excavation associated with construction of the proposed project at the EOF involves ground disturbing activities that could potentially result in disturbance to unknown archaeological sites buried below the EOF. (Class II)

Mitigation Measure Mitigation measures CR-1a and CR-1b require that all ground disturbances associated with construction of the proposed project at the EOF be monitored by a qualified archaeologist and a local Native American representative and that a pre-construction workshop be conducted. The pre-construction workshop must be attended by all construction personnel involved with work at the EOF and be conducted by the qualified archaeologist and a local Native American representative. Implementation of this mitigation measure is under the jurisdiction of the City of Goleta.

Water Resources (EIR Section 4.4.4)

Impact WQ-2: Pipeline construction and abandonment could degrade surface and groundwater quality. (Class II)

Mitigation Measure Mitigation measure WQ-2a requires a project-specific Construction Storm Water Pollution Prevention Plan to be prepared and submitted to the California Regional Water Quality Control Board, Central Coast Region. The plan will minimize adverse impacts to nearby waterways associated with construction, demolition, and remediation related erosion and sedimentation and incidental spills. Approval of the Construction Storm Water Pollution Prevention Plan is under the jurisdiction of the California Regional Water Quality Control Board, Central Coast Region.

Water Resources (EIR Section 4.4.4)

Impact WQ-4 As noted above in Section 1.4, rupture or leak from the EOF, the existing onshore portion of the oil pipeline from Platform Holly to the EOF, or the proposed oil pipeline could substantially degrade surface and groundwater quality (Class I).

Mitigation Measure Mitigation Measure Mitigation measure WQ-4 requires a site specific Operational Storm Water Pollution Prevention Plan (SWPPP) to be submitted and approved by the Central Coast Regional Water Quality Control Board (RWQCB).

1.7 FINDINGS THAT IDENTIFIED PROJECT ALTERNATIVES OR MITIGATION MEASURES ARE NOT FEASIBLE

The Final EIR prepared for the project evaluated a no project alternative, an alternate onshore pipeline route and a potential offshore pipeline route as methods of reducing or eliminating potentially significant environmental impacts. The Board of Supervisors finds that the following alternatives are infeasible for the reasons stated:

In evaluating the No Project Alternative versus the proposed Project, one key issue stands out. The proposed Project would result in a cessation of crude oil barge transportation, thereby reducing the potential for offshore oil spill impacts, and eventually resulting in the abandonment and removal of the Ellwood Marine Terminal (EMT) following further environmental review and permitting.

Crude oil transportation via overland pipeline is environmentally preferred over marine barge transportation, since both the likelihood and size of a worst case oil spill impacting the sensitive marine environment would be greatly reduced by the use of a pipeline. While the potential for an oil spill would still exist for crude oil transportation by an onshore pipeline, there are clear advantages due to the reduced probability of a spill, smaller spill volumes, and more efficient oil spill response capabilities onshore. In addition, the decommissioning of the EMT would result in numerous beneficial impacts related to air quality, hazardous materials/public safety, marine water quality, marine biological resources, visual resources, land use and recreation. The EMT is required to be decommissioned and abandoned between 2013 and 2016 or when an overland pipeline becomes available. The EMT onshore site is owned by UCSB, which is on record as

stating that the lease will not be renewed past 2016 under any circumstance. The offshore lease renewal from the CSLC was approved on June 1, 2009, which provides a termination date of February 28, 2013. Therefore, it is reasonable to assume that many of the environmental benefits associated with the proposed Project could occur under the No Project Alternative. However, those benefits would be realized several years later than under the proposed Project. Furthermore, in order to avoid stranding recoverable South Ellwood Field reserves under the No Project Alternative, State Lands Commission staff have stated that the EMT leases are likely to be extended, or a new marine terminal (most likely located at Platform Holly), could be constructed. Therefore, the proposed pipeline project offers a substantial benefit over the No Project Alternative.

The EIR also evaluated an alternative that involves moving some crude oil dehydration processing to Platform Holly and constructing a new pipeline between Platform Holly and the EOF. While moving some crude oil processing to Platform Holly would increase the platform oil spill risk, replacement of the existing emulsion pipeline from the platform to shore would result in an overall improvement in offshore oil spill risk. Onshore, this alternative would be very similar to the proposed Project. Since this alternative does not avoid or substantially lessen potential impacts associated with the proposed Project, and would have substantially greater short-term construction impacts associated with the transfer of oil processing equipment to Platform Holly from the EOF, as well as construction of a replacement offshore emulsion pipeline, environmental impacts associated with this alternative are greater than for the proposed Project.

An offshore pipeline alternative that would involve constructing a new crude oil pipeline offshore between the EOF and PPLP tie-in facility near LFC was also considered. Overall oil spill risk (onshore and offshore) would be the highest of any of the alternatives or the proposed Project, due to the lengthened pipeline route to the LFC/PPLP location. While this alternative, with a longer offshore crude oil pipeline, would create a greater risk than the mitigated proposed Project of offshore crude oil spills with resulting impacts to marine water quality and biological resources, it would avoid almost all impacts associated with onshore pipeline construction and operation between the EOF and LFC. However, given the larger spill volumes associated with an offshore pipeline, the greater severity associated with an offshore oil spill, and difficulties in containing offshore oil spills, the proposed Project is preferred over the Offshore Pipeline Alternative.

Given the relative impacts and merits of the proposed Project and each alternative that was considered in this EIR, and based on the discussion presented above, the proposed Project is considered to be environmentally superior over all the other alternatives. None of the alternatives that were considered or evaluated in this EIR offer any substantial benefit over the proposed Project, nor would any potentially significant Project-related impacts be avoided. The proposed Project and active alternatives all have clear advantages over the No Project Alternative due to the benefits of crude oil pipeline transportation over the use of the EMT and barge transport. While the potential for an oil spill would still exist for all crude oil transportation

alternatives, onshore pipelines offer a clear advantage due to the reduced probability of a spill, smaller spill volumes, and more efficient oil spill response capabilities onshore.

1.8 STATEMENT OF OVERRIDING CONSIDERATIONS

The Final EIR (09EIR-00000-00005) for the Ellwood Pipeline Incorporated (EPI) Line 96 Modification Project identifies significant, unmitigable project impacts in the areas of Hazardous Materials, Water Resources, Biological Resources, Land Use/Recreation and Public Services. All of these impacts are associated with a pipeline upset that results in a release of crude oil into the environment. The spills could enter creeks, streams and other drainages, affecting sensitive habitats and species, even reaching the Pacific Ocean under certain conditions. However, 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 EPI Line 96 Modification Project provides significant environmental benefits. 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. CEQA Findings require maximum feasible mitigation, as do the Findings of Approval for the discretionary permits necessary for the proposed project. The new pipeline allows those findings to be made because of its significant benefits over oil barging. The new pipeline will permanently end oil storage at the Ellwood Marine Terminal and the barging operation that would continue at least until 2013 and potentially until 2016 and beyond, which has a greater likelihood of an oil spill with more significant consequences when compared to overland pipeline transportation. The proposed pipeline will be entirely onshore and equipped with a state-of-the-art leak detection system. The pipeline will also have automatic and remotely activated control valves that would reduce spill volumes, and the operator will be required to conduct regular maintenance and inspections under the authority of the County and other regulatory agencies to ensure long-term operational integrity. Although oil barging operations are highly regulated, there are no protective measures that could be applied offshore that come close to the operational safeguards offered by onshore pipeline transportation.

The Board of Supervisors therefore makes the following Statement of Overriding Considerations which warrants approval of the project notwithstanding that all identified effects on the environment are not fully mitigated. With respect to each of the environmental effects of the project listed above, the County of Santa Barbara finds that the stated overriding benefits of replacing the last marine barging operation originating in the Santa Barbara Channel with an onshore oil pipeline clearly outweigh the significant effects on the environment and that there is no feasible way to lessen or avoid the significant effects. Pursuant to Public Resources Code Section 21081(b) and CEQA Guidelines Sections 15043, 15092 and 15093, any remaining significant effects on the environment are acceptable due to these overriding considerations.

1.9 ENVIRONMENTAL REPORTING AND MONITORING PROGRAM

Subject: Ellwood Pipeline, Inc. Ordinance

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Public Resources Code §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 hereby adopted as the mitigation monitoring program for the Line 96 Modification project. The monitoring program is designed to ensure compliance during all phases of project implementation.