



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 2, 2018
Placement: Administrative
Estimated Tme: n/a
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Dianne M. Black, Director, Planning and Development, 568-2084
Director(s)
Contact Info: John Zorovich, Deputy Director, Energy, Minerals & Compliance
Division, 568-2519

SUBJECT: Coastal Resource Enhancement Fund (CREF) Combined 2018-2019 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 the 2019 CREF fees for the Hollister Ranch Access Program and \$146,606 for the Fund Deferral Program for coastal acquisitions;
- c) Amend the CREF Guidelines for the purposes of documenting CREF fees set aside for the Hollister Ranch Access Program (Attachment B);
- d) Direct staff to commence a combined two-year 2018-2019 CREF cycle; and
- e) Determine that receiving the annual CREF Status Report, allocating 2019 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 314 historic 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 2018-2019 CREF Cycle. At the June 20, 2017 hearing, your Board directed staff to solicit CREF proposals every other year, as long as the Point Arguello Project and Santa Ynez Unit are

not operating. Due to the Plains Pipeline incident, both facilities are still shut down. The County last solicited grant proposals and granted 10 CREF awards with 2017 CREF fees. The County collected 2018 CREF fees but did not solicit proposals, per the Board’s direction of soliciting proposals every other year. The County will be collecting 2019 CREF fees in February of 2019, and staff recommends the Board direct staff to solicit proposals to award grants that would be funded by both 2018 and 2019 CREF fees. Commencement of a combined two-year 2018-2019 CREF grant cycle would begin with solicitation of proposals immediately, including workshops in Santa Barbara and Santa Maria, evaluation of proposals with the Board-approved CREF criteria, and culminating with the Board’s allocation of CREF grants in spring 2019.

CREF Fees. The County collected 2018 CREF fees totaling \$449,350 in February 2018. On December 12, 2017, your Board directed staff to set aside the 2018 CREF fees to the following categories: \$156,138 for the Hollister Ranch Access Program, \$146,606 for the Fund Deferral Program for coastal acquisitions, \$122,731 for general allocation, and \$23,875 for administrative costs. (The Board-approved CREF Guidelines stipulate that half of each year's contributions be available to accrue for coastal acquisitions.) In addition, the Board directed staff to solicit proposals for the 2018 CREF fees in 2019 with 2019 CREF fees, thereby soliciting proposals every other year since the Point Arguello Project and Santa Ynez Unit were not operating. As noted above, proposals were last solicited in 2017.

The 2019 CREF fees are due in February 2019 and will total \$449,350. Staff recommends setting aside the same amounts for the 2019 CREF fees as the Board did for the 2018 fees in the following categories: \$156,138 for the Hollister Ranch Access Program and \$146,606 for the Fund Deferral Program for coastal acquisitions. However, staff recommends setting aside less administrative costs as there was no solicitation and evaluations of CREF proposals in 2018. As a result, staff recommends allocating \$15,000 for administrative costs and increasing the amount to general allocation to \$131,606. By combining the 2018 and 2019 CREF fees, there would be \$293,212 available for coastal acquisitions and \$254,337 available for general allocation in spring 2019.

CREF Guidelines Amendment. 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 \$437,726, including the 2019 allocation, has been set aside towards the program since 2017. This is the only amendment to the Guidelines and is shown as bold text and underlined.

CEQA Exemption. Receiving the annual CREF Status Report, allocating 2019 CREF fees and updating CREF Guidelines do not meet the definition of a “project” pursuant to CEQA Guidelines Section 15378(b)(5). This section exempts government administrative activities that will not result in direct or indirect physical changes in the environment.

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.

Public Access Program for Hollister Ranch. As noted in the attached CREF Status Report (pages 3-4), 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 been reached to date 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 on page D-272 of the fiscal year 2018-19 budget in the Coastal Mitigation Budget Program, 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.

Attachments:

- Attachment A: Annual CREF Status Report
- Attachment B: Revised CREF Guidelines

ATTACHMENT A

Annual CREF Status Report

ATTACHMENT B

Revised CREF Guidelines