

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

Prepared on: June 29, 2006
Department Name: Planning & Development
Department No.: 053
Agenda Date: July 11, 2006
Placement: Administrative
Estimate Time: N/A
Continued Item: NO
If Yes, date from:
Document File Name: G:\GROUP\ENERGY\OIL&GAS
PROJECTS\PXP-TRANQUILLON
RIDGE\EIR\CONSULTANT
SELECTION\BSCONTRACT_LTR

TO: Board of Supervisors

FROM: Dianne Meester, Assistant Director
Planning & Development

STAFF

CONTACT: Doug Anthony, Deputy Director, 568-2046

SUBJECT: Execute EIR contract with Aspen Environmental Group for the proposed
Tranquillon Ridge project

RECOMMENDATION: That the Board of Supervisors:

Approve and execute a professional services contract with Aspen Environmental Group for preparation of an EIR for the proposed Tranquillon Ridge project for the period beginning July 11, 2006 and ending February 14, 2007 in the amount of **\$345,037.95** (which includes a 15% contingency).

ALIGNMENT WITH THE BOARD STRATEGIC PLAN:

The recommendation is primarily aligned with actions required by law and by routine business necessity.

EXECUTIVE SUMMARY & DISCUSSION:

Plains Exploration & Production Co. (PXP) proposes to expand the Point Pedernales project using extended reach drilling from Platform Irene to produce oil and gas from the portion of the Tranquillon Ridge field located in State Tidelands. This project would involve technical changes to and expansion of facilities in addition to extending the life of the Point Pedernales facilities beyond what was originally anticipated. The project requires leasing of a new State Tidelands parcel, adjacent to Outer Continental Shelf (OCS) Lease 441. The processing facilities (Lompoc

Oil and Gas Plant) are located on Harris Grade Road, north of Lompoc and northeast of Vandenberg Village.

The Tranquillon Ridge Project was originally before your Board in 2002, proposed by then owner Nuevo Energy and operator Torch. Your Board denied the project, due to an applicant challenge of the County's authority to enforce certain proposed permit conditions. The EIR prepared to analyze the project was not certified for the project and remains in draft form.

PXP resubmitted the Tranquillon Ridge project applications to the County and the State Lands Commission in late 2004. In order to facilitate a coordinated environmental review process, a Joint Review Panel (JRP) was formed amongst the County, State Lands Commission, California Coastal Commission, the Minerals Management Service and Vandenberg Air Force Base. As was the case with the original project, the County is the CEQA lead agency.

The JRP agreed to use the original project EIR as the base document; however, it also identified several areas that require updating or expansion of scope. For example, Vandenberg Air Force Base has expressed willingness to consider an onshore alternative option that it had rejected in the past. This alternative analysis will be reviewed at a conceptual level to determine an environmentally superior alternative, as required by CEQA. Additionally, there is also new information available regarding pipeline corrosion control and monitoring that will require analysis.

The County solicited proposals to prepare an updated EIR through a competitive bidding process, sending the Request for Proposal to six qualified consultants. Two proposals were received, and the JRP unanimously agreed upon Aspen Environmental Group (Aspen) as the most qualified consultant for the task. A copy of the Aspen proposal dated June 14, 2006 is included as Attachment A of the contract. Aspen's proposal to prepare the EIR was selected consistent with the *Santa Barbara County Guidelines for the Implementation of CEQA*. The Guidelines state that "In the case of a joint agency document process involving a County agreement with another CEQA agency or National Environmental Policy Act (NEPA) agency, consultant selection shall occur in accordance with the process identified by the joint agency agreement, and may involve consultant selection by the joint powers agency rather than the applicant."

The approved EIR scope of work includes the following:

- An update of baseline conditions, including environmental, regulatory and operational conditions.
- An update on the ongoing soil subsidence investigation and remediation efforts at the Lompoc Oil and Gas Plant beneath the oil plant.
- An update on the operational integrity of the project oil, gas and waste water pipelines, including the information obtained in recent internal inspection reports, recent repairs, and the ongoing corrosion control and monitoring program.

- An analysis of an onshore drilling and production alternative on the Vandenberg Air Force Base, including analysis of VAFB policies and potential conflicts with base operations.
- Within the Energy and Mineral Resources section of the EIR, evaluate possible benefits of incorporating energy conservation technologies into project design, such as cogeneration units.

The total not-to exceed cost of the EIR is \$345,037.95. This includes the base contract amount and a 15% contingency, which is only to be used to fund unanticipated work that is beyond the original scope of the EIR proposal. The authority to use the contingency lies with the Director of Planning & Development.

MANDATES & SERVICE LEVEL:

No change in programs or service levels would result. The Board-adopted process for using consultant services contracts for environmental impact report (EIR) preparation is a permissible method under the California Environmental Quality Act (CEQA) and allows the County to meet CEQA-mandated time lines for EIR preparation. In addition, the *Santa Barbara County Guidelines for the Implementation of CEQA* set forth procedures for EIR consultant selection when other CEQA or NEPA agencies are included in the review process through the formation of a joint agency agreement. Those procedures were followed in this process.

FISCAL AND FACILITIES IMPACTS:

Costs for consultant preparation of the EIR are to be borne by the applicant. Expenditures are budgeted in line-item "EIR Contracts" of the Energy Division's operating expenses, and offsetting revenues are budgeted in line-item "Reimbursable Contracts" on page D-302 of the approved 06/07 fiscal year budget.

SPECIAL INSTRUCTIONS:

- Clerk of the Board will forward a copy of the Minute Order to Planning & Development; Attn: Cintia Mendoza.
- Planning & Development will issue a Notice-to-Proceed to Aspen Environmental Group

CONCURRENCE:

Concurrences regarding the subject contract have been obtained from County Counsel, the Auditor-Controller and GSA/ Risk Management.

Authorization of EIR Contract for PXP Tranquillon Ridge Project
Case No. 06RVP-00000-00001
Agenda Date: July 11, 2006
Page 4

ATTACHMENTS:

Attachment A: Contract between Aspen Environmental Group and the County for
preparation of the updated EIR for the PXP Tranquillon
Ridge project

G:\GROUP\ENERGY\OIL&GAS PROJECTS\PXP-TRANQUILLON RIDGE\EIR\CONSULTANT SELECTION\BSCONTRACT_LTR