



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:** June 3, 2014  
**Placement:** Administrative Agenda  
**Estimated Tme:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** 4/5

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**TO:** Board of Supervisors

**FROM:** Department Glenn Russell, Director, Planning and Development, 568-2084  
Director(s)  
Contact Info: Kevin Drude, Deputy Director, Energy and Minerals Division, 568-2519

**SUBJECT:** Authorization of Agreement for Services with Marine Research Specialists to Complete an Environmental Impact Report for the Pacific Coast Energy Company Orcutt Hill Resource Enhancement Plan project located in the Fourth Supervisorial District.

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence:** Risk Management

As to form: Yes

**Recommended Actions:**

1. Approve and authorize the Chair to execute an Agreement for Services with Marine Research Specialists to complete an Environmental Impact Report for the Orcutt Hill Resource Enhancement Plan project for the period of June 3, 2014 through June 30, 2015 in an amount not to exceed \$205,534.00, which includes a base cost of \$186,849.00 as proposed by the contractor and a 10 percent contingency cost of \$18,685. The Agreement for Services is included as Attachment 1.
2. Approve the budget revision in Attachment 2, increasing Account 7510, Contractual Services, offset by an increase to revenue Account 5101, Environmental Resource Service, in Planning and Development in the amount of \$205,534.00.
3. Determine that this action is exempt from CEQA pursuant to Section 15378(b)(5), which are organizational or administrative activities of governments that will not result in direct or indirect physical changes to the environment.

### **Summary Text:**

The Orcutt Hill Resource Enhancement Plan project is subject to the California Environmental Quality Act (CEQA). The applicant and the Planning and Development Department (P&D) agreed that the project may have a significant effect on the environment and, therefore, an Environmental Impact Report (EIR) is required under Section 15064(a)(1) of the *Guidelines for Implementation of the California Environmental Quality Act* (CEQA Guidelines).

Exhibit A of the attached Agreement includes the technical and cost proposal for completing the EIR. Board authorization of an Agreement is required when the cost of preparing an EIR will exceed \$100,000.00.

### **Background:**

On October 28, 2013, P&D deemed the applicant's application for the Orcutt Hill Resource Enhancement Plan project complete. On February 25, 2014, P&D sent a Request for Proposals for preparing the EIR to seven consulting firms. After the County evaluated the proposals for adequacy, the applicant selected Marine Research Specialists (MRS) to prepare the EIR.

The proposed project is for an Oil Drilling and Production Plan ODPP (Case No. 13PPP-00000-00001) to add 96 new Diatomite cyclic steaming oil wells to the existing 96 oil well operation. The project would result in a total of 192 Diatomite cyclic steamed wells. The proposed ODPP would replace and supersede the existing ODPP (Case No. 05PPP-00000-00001). Project specific components include the following:

- 96 new wells and ancillary equipment.
- Approximately 7,400 linear feet of new connecting above ground pipelines.
- Permit existing (currently 94) oil seep receptacles (cans) and associated French drains previously installed under Emergency Permits.
- Evaluate a Supplemental Pollution Control Plan to serve as a comprehensive set of best practices for responding to future seeps and surface expressions.

Consistent with Section 15087 of the CEQA Guidelines, once the Board approves the Agreement for Services, P&D will oversee completion of the EIR that analyzes the project and circulate the EIR for public review and comment.

### **Fiscal and Facilities:**

All costs for this project are fully reimbursed by the project applicant. The cost of completing the Orcutt Hill Resource Enhancement Plan project Environmental Impact Report is for an amount not to exceed \$205,534.00, which includes a base cost of \$186,849.00 and a 10 percent contingency cost of \$18,685.

Approval of the attached budget revision in the amount of \$205,534.00 will provide budget authorization to fund the Agreement. The applicant will deposit \$205,534.00 to pay the costs for Marine Research Specialists to complete the Environmental Impact Report.

P&D will continue to invoice the Applicant for all staff time necessary to administer the Agreement for Services and related planning actions. These funds are budgeted in the Operating Expenditures of the

Energy & Minerals Division on page D-168 of the County of Santa Barbara Fiscal Year 2013 – 2015 Operating Plan.

**Fiscal Analysis:**

<b>Funding Sources</b>	<b>Current FY Cost:</b>	<b>Annualized On-going Cost:</b>	<b>Total One-Time Project Cost</b>
General Fund			
State			
Federal			
Fees			
Other:			\$ 205,534.00
Total	\$ -	\$ -	\$ 205,534.00

Narrative: The applicant will provide a one time deposit of \$205,534.00 for completion of the Environmental Impact Report.

**Key Contract Risks:**

A risk analysis was performed on the proposed contract and was determined to be of low risk. The contract amount of \$205,534.00 will be paid in-full by the applicant in the form of a deposit to the County. As such, there is no risk to County fiscal resources for the contract amount. The contract includes payment arrangements based on periodic compensation at selected milestones. Payments will not be made until all services have been completed, delivered and found to be satisfactory for the various milestones. This ensures that funds from the deposit will only be expended upon satisfactory product delivery and performance by Marine Research Specialists. The Energy and Minerals division is satisfied with performance by Marine Research Specialists, who most recently provided technical assistance for the Santa Maria Energy Environmental Impact Report. Further, Marine Research Specialists have a proven track record of providing technical services to the Division for the last thirty years.

**Staffing Impacts:**

**Legal Positions: N/A**

**FTEs: N/A**

**Special Instructions:**

The Clerk of the Board will forward a copy of the Agreement for Services and Minute Order to P&D, Energy & Minerals Division, attention Susan Curtis.

**Attachments:**

Attachment 1: Agreement for Services of Independent Contractor

Attachment 2: Budget Revision

Attachment 3: Board Contract Summary

**Authored by:** Susan Curtis