Impact Analysis Report
on
Initiative to Ban Certain Petroleum Operations

Santa Barbara County

Board of Supervisors

June 13, 2014

Context of Impact Report

- Two categories of petroleum operations described in the measure:
  - "well stimulation treatments"
  - "secondary and enhanced recovery operations"
- 1,167 onshore wells are operating/active produced 4.3M barrels in 2013, up from 2012
- Wells produce over decades and may require certain techniques throughout or at the end
- No wells in SBC are using "well stimulation treatments"

Future Development

- During the past twelve months:
  - Permitted 239 petroleum production wells
  - 69% will use cyclic steaming
  - Received apps for 131 petroleum production wells
  - 80% of those propose cyclic steaming
  - Expecting apps for 533 petroleum production wells
  - 100% of those are likely to propose cyclic steaming
- Totals – Of 903 anticipated wells, 89% would use petroleum operations of the type described in measure

Macro Impacts on Oil Production

- If adopted, the measure would:
  - Allow status quo operations for wells with vested rights
  - Case by case, future wells may qualify for exemptions from the measure
  - Prohibit certain petroleum operations in the future without an exemption
- Over time, trend line would likely be toward reduced petroleum production

Election Code 9111

- Fiscal Impact
- Effect on consistency of General & Specific Plans
- Effect on land use, housing & regional housing need
- Impact on infrastructure funding
- Impact on ability to attract/retain business
- Impact on use of vacant parcels
- Impact on ag, open space, traffic, business areas

Fiscal Impacts I

- Oil production companies paid $16.4M in local property taxes; 2.65% of the total tax roll
- Distribution:
  - $ 3.6M to County of SB; 2% of available prop. tax
  - $ 2.1M to County Fire; 5.9% of available prop. tax
  - $ 0.5M to other special districts
  - $10.2M to schools
- Impact to property tax revenues can not be precisely determined – unlikely immediate loss

Fiscal Impacts II

- UCSB Economic Impact Project Report (2013)
  - Analyzed broad impact: direct, indirect & induced
  - $291.4M broadly attributable to Oil/Gas
  - Equates to 1.64% of GDP for Santa Barbara County
- Negative effects would be felt over time
- Influenced by exemptions, supply/demand & price
- May cause sale of asset to reinvest elsewhere and/or pressure for offshore leases

Effect on Consistency: General & Specific Plans

- Directs amending the County's Comprehensive Plan and all other plans, codes and policies (Section 6.c)
- No portion of the measure is inconsistent with:
  - Limitations to county actions under Government Code section 65008 (discrimination)
  - Chapter 4.2 (housing development), commencing at Government Code section 65913, and
  - Chapter 4.3 (density bonus for housing developments), commencing at Government Code section 65915

Effect on Land Use

- No direct effect on the availability or location of housing
- No direct effect on the County's ability to meet its regional housing needs
- May have indirect effect on the use of land by slowly decreasing the land likely to be used for oil development

Impact on Infrastructure Funding

- Direct effect will be the eventual decline in the volume of oil produced
- May effect a reduction of funding for infrastructure depending on future price of oil
- Reducing the volume of oil production in County may have a small infrastructure cost savings for our roads

Impact on Ability to Attract or Retain Business

- Development and retention of oil industry businesses and jobs will be negatively impacted over time
- 1.07% of all jobs in SBC had a relationship to the oil and gas industry using the broadest measure
- May create opportunities for new business, even within other portions of the energy sector
- Exemptions, case-by-case, complicates an annual assumption of business impacts

Impact on Use of Vacant Parcels

- Use of vacant land will be indirectly impacted by individual property owners exercising their property rights
- Unclear whether the land use changes would be positive, negative or neutral
- All uses of vacant parcels would remain subject to their current zoning, permitting and development requirements

Impact on Ag, Open Space, Traffic and Business Areas

- Direct effect is the eventual reduction in the volume of oil produced in Santa Barbara County.
- Use of agricultural land, open space, traffic business districts or redevelopment will be indirectly impacted
- Unclear whether the property use changes would be positive, negative or neutral
- All uses of agricultural, open-space and business properties would remain subject to current zoning, permitting and development requirements

Recommended Actions

- Receive and file the *Impact Report on Initiative to Ban "High-Intensity Petroleum Operations"* and either
  1. Adopt the ordinance without alteration within 10 days, or
  2. Order the proposed ordinance to be submitted without alteration to the voters of the County at the November 4, 2014 Statewide General Election by adopting the attached resolution
- If submitted to the voters, consider appointing member(s) of the Board of Supervisors to author, sign and submit a direct argument in favor or against the proposed ordinance and any possible rebuttal, and
- Determine that the proposed action is not a project under CEQA