



City of Culver City

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Staff Report

File #: 18-01406, Version: 1

CC - (1) Presentations and Discussion Regarding the Inglewood Oil Field (IOF) Specific Plan Project; and (2) Direction to the City Council Oil Drilling Subcommittee and City Staff as Deemed Appropriate.

Meeting Date: June 20, 2018

Contact Person/Dept: Heather Baker, Assistant City Attorney;
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Fiscal Impact: Yes No **General Fund:** Yes No

Public Hearing: **Action Item:** **Attachments:**

Commission Action Required: Yes No **Date:**

Public Notification: (E-Mail) Meetings and Agendas - City Council; Culver City News and Events; Stay Informed - Inglewood Oil Field; Stay Informed - Sustainability and Environmental Issues; and Sentinel Peak Resources (05/18/18, 06/06/18, 06/13/18, 06/15/18 and 06/18/18); (Mail) Inglewood Oil Field Property Owners (06/13/18); and City's Social Media Accounts (various dates).

Department Approval: Carol Schwab (06/14/18)

RECOMMENDATION

Staff recommends the City Council (1) receive and discuss presentation from staff on the status of the City of Culver City Inglewood Oil Field (IOF) Specific Plan Project and Environmental Impact Report (EIR) (collectively, "Project"); and (2) provide direction to the City Council Oil Drilling Subcommittee (Subcommittee) and City staff as deemed appropriate.

PURPOSE AND OVERVIEW

The objective of this meeting is to update the City Council and the community on key aspects of the IOF Specific Plan Project, discuss schedule and process options, and seek direction that reflects the current City Council's input on matters such as public transparency, utilization and assignment of City resources, and incorporation of public feedback, as such matters may affect decisions concerning the Project process moving forward. The meeting is informational and intended for discussion and

guidance only. Public comment may be taken and questions may be addressed at this meeting. However, comments on the Draft EIR will not be taken, as the public review period for submitting such comments has closed. Further, it is not a public hearing and no formal decisions regarding the IOF Specific Plan or EIR will be made.

BACKGROUND

On September 15, 2017, a Draft of the IOF Specific Plan (including revised draft drilling regulations) and the Draft EIR were released to the public for review and comment. The draft documents are posted on the City's website at the Inglewood Oil Field page (www.culvercity.org/inglewoodoilfield <<http://www.culvercity.org/inglewoodoilfield>>). The public review period concluded on March 14, 2018, which allowed for a total of 180 days during which public comments on the Draft IOF Specific Plan and Draft EIR could be submitted to the City. During the public review period, the City Council Oil Drilling Subcommittee held three Informational Community Meetings on October 24 and 30, 2017 and on February 21, 2018 to address questions on the IOF Specific Plan Project and Draft EIR.

In part because of the extensive outreach and lengthy public review schedule, coupled with the high-level of interest in the Project from a range of community, agency, and stakeholder groups, a substantial number of public comments on both the Draft EIR and the proposed IOF Specific Plan Project were received. Responding to all submitted comments will require a significant commitment of City resources (including staff time and consultant costs).

The range of public input received both prior to and after the release of the Draft EIR is broad. Public opinion as to the future of the City IOF ranges from "elimination of any and all existing (and future) oil-related activity" to "allow the oil activity to remain and operate per current regulations unchanged," with various preferences in between as to the level of oil activity, its potential regulation, and alternative uses of the land.

The proposed project set forth in the Draft IOF Specific Plan, which is evaluated by the EIR, outlines the following scenario: (1) existing oil activity would be allowed to continue as a non-conforming use; (2) limited new drilling activity (i.e., up to 30 wells) could occur as an interim use; and (3) no time limit is established to cease the non-conforming activity.

Because the IOF Specific Plan Project process started more than five years ago, it is appropriate to reassess public opinion and the objectives of the current City Council regarding the City IOF to determine whether there has been a change in policy direction during this intervening period. There have been a number of events since initiation of the process that may have influenced how the City currently characterizes the Project, and how the evaluation of future land uses for the IOF area should be studied. The direction and process that was established as early as 2013 may no longer fit the City's current strategic path. Intervening events that have influenced the IOF process include the following, during the past five years:

- Change in two current City Council Members;
- Changes to the membership of the City Council's Oil Drilling Subcommittee;
- Information gained through participation with the Baldwin Hills Community Standards District (CSD) Community Advisory Panel (CAP), including access to reporting and

monitoring programs;

- Adoption of the Senate Bill 4 (SB4) addressing oil and gas well stimulation techniques;
- A turnover (twice) of the IOF Oil Field Operator;
- Initiation of the City's General Plan Update process;
- Implementation (completed and/or scheduled) of various open space/recreational amenities within the northern portion of the IOF (e.g., the Stoneview Nature Center, Segment C of the Park-to-Playa Trail, and the Pedestrian Bridge overpass of La Cienega Boulevard);
- Access to continued and expanding technical knowledge of oil and gas production needs and activities, including the potential environmental consequences related thereto;
- A shift in the way local and regional agencies (e.g., the City of Los Angeles and the South Coast Air Quality Management District) manage and regulate urban oil activity within the southern California region;
- A shift in the level of public sentiment and tolerance toward non-sustainable industrial practices and non-renewable energy; and
- Advisement by Sentinel Peak Resources that a detailed advanced technical geologic assessment of the entire IOF is underway, and will be used to define future activity within the IOF.

In light of the change in circumstances and range of community input provided, staff recommends the City Council discuss the matter and direct the Subcommittee (currently comprised of Vice Mayor Sahli-Wells and Council Member Alex Fisch), and staff, as deemed appropriate, with specific guidance as to how to move forward with the IOF Specific Plan Project. To facilitate this discussion, several potential options are outlined below, including the Subcommittee's recommended option.

SUBCOMMITTEE RECOMMENDATION

Over the course of the development of the IOF Specific Plan and Draft EIR, the Project has diverged at times from its initial path, which started more than five years ago. New information has been gathered during the course of the current environmental review process, including substantial community and stakeholder feedback received throughout a series of public meetings within the last year. In addition, the City is in the process of commencing its General Plan Update program.

The Subcommittee concurs there are many new factors to be considered in comparison to the City's original objectives and the City Council direction provided in 2013. Accordingly, the Subcommittee desires to reassess the IOF Specific Plan Project, reevaluate the set of objectives, redirect the approach, and modify the scope of work that will implement that approach, all to better align with the current community climate and the City's best interests.

The Subcommittee recommends the City Council consider authorizing the following direction:

- Place completion of the 2017 IOF Specific Plan and EIR, including preparation of responses to comments received on the Draft EIR, on hold.
- Retain a qualified expert to prepare a study and recommendation for the potential amortization of oil-related activities within the IOF.
- Coordinate with the Community Development Department to (1) facilitate review and

recommendation regarding potential transition of Interim Oil Activity land uses; and (2) incorporate into the General Plan Update process a vision for future land uses based on a potential “end of life” timeframe for the IOF.

- Revise and streamline the 2017 Draft Drilling Regulations (as set forth in Appendix C-1 of the IOF Specific Plan) to reflect a program that is focused on ensuring the community’s health, welfare and well-being through robust requirements for monitoring and reporting to the City those activities that occur within the City IOF, and establish a protocol for sharing this information in a publicly transparent manner.
- Further revise and streamline the 2017 Draft Drilling Regulations to minimize or eliminate the role for potential new or expanded oil drilling, and instead provide a focus and mechanisms for phasing out oil-related uses at a point in the future (to be determined).
- Reassess the appropriate environmental analysis and related environmental document, in accordance with CEQA, that should be required for consideration of a regulatory ordinance encompassing the 2017 Draft Drilling Regulations.
- Reach out to potential partners for coordination toward a broad goal that aligns with the City’s commitment toward clean energy alternatives and fostering sustainability.
- Research opportunities for partnering with other Southern California agencies and/or investigating State funding opportunities that can offset the City’s financial expenses, or supplement the City’s resources, for the actions listed above.

If the City Council determines to pursue the Subcommittee’s recommendation, it is recommended the City Council direct staff to develop a scope of work, cost estimate and tentative schedule that reflects the above approach and return to the City Council for review and approval of budget/authorization to proceed.

OPTIONS

1. Subcommittee Recommendation as described above.
2. Complete the current Project path, including preparation of the Responses to Comments on the EIR and bringing the IOF Specific Plan and EIR (September 2017) to public hearing.

If the City Council determines to continue on the current path with the Draft Specific Plan and EIR, then staff will complete preparation of responses to comments received on the EIR and finalize the EIR as expeditiously as practical. Upon completion of preparing responses to comments, the City will make a determination as to whether or not the EIR requires additional circulation. At that point, staff can also provide City Council with an update on the process and a tentative hearing schedule. With this option, it is assumed that the proposed project carried forward would be essentially the same as it is currently described in the 2017 Draft Specific Plan and analyzed in the Draft EIR. This includes analysis of five Alternatives to the project that focus on various modifications to the project related to well stimulation, deep well injection, electric-powered drilling equipment, and limitation on the total number of concurrent wells. It is unknown at this time whether additional alternatives would be introduced during preparation of responses to comments.

An issue that remains open-ended in the Draft Specific Plan (see Section 57 of the Draft Drilling Regulations, found in Appendix C of the Specific Plan) is any determination as to the overall length of time that oil-related activities would be allowed to continue as an interim non-conforming use. As part of this option, the City Council may consider it to be helpful and informative to engage the services of a professional expert to prepare an amortization study that considers possible options for phasing out oil-related activity. An amortization or similar type study could be attached to this option, as well as other options included in this report, in order to inform the Council on this issue.

3. Place the current IOF Specific Plan Project and EIR on indefinite hold and rely on the current regulations, set forth in Culver City Municipal Code (CCMC) Chapter 11.12, Oil and Hydrocarbons, to regulate current and future oil operations in the City IOF:

If the City Council selects this option, then the current regulations would remain unchanged. Under the current regulations, any oil field operator wishing to erect a derrick (or similar structure) for the purpose of drilling, re-drilling or deepening any well would be required to submit an application for an Oil Drilling Permit. Such application will require environmental review in accordance with the California Environmental Quality Act (CEQA) and approval following a public hearing before the City Council. While the current regulations are not as robust with regard to reporting and monitoring mechanisms, the City would still have the opportunity to attach reasonable conditions to any Oil Drilling Permit that it approves, as well as potential mitigation measures through the environmental review process. A comparison of the existing regulations (CCMC Chapter 11.12) to the 2017 Draft Drilling Regulations can be viewed on the City's website (<https://www.culvercity.org/home/showdocument?id=9884>).

This option is essentially the same as the "No Project" Alternative evaluated in the Draft EIR.

4. Place the current IOF Specific Plan Project and EIR on indefinite hold and augment/amend the City's current regulations (CCMC Chapter 11.12, Oil and Hydrocarbons) to incorporate the Los Angeles County's Baldwin Hills Community Standards District (CSD) regulations:

If the City Council selects this option, then the current regulations would be augmented and amended to incorporate monitoring and reporting requirements that parallel those of the Baldwin Hills CSD, which address in considerable detail how future oil drilling would be permitted, managed and reviewed. Essentially, this option would provide for a level of oversight consistent with that which already occurs within the majority of the IOF, including much of the City's portion of the IOF, and which is more stringent than what currently exists for Culver City. Some adjustments would be needed to adapt the CSD regulations for the City. This option would not preclude the City's ability to continue to investigate and plan for a transition of long-term future land uses (as the County's CSD will expire in about 15 years), including the option to investigate amortization scenarios. This option offers a mechanism for an enhanced oversight process in the interim that could be adopted and implemented in a relatively streamlined manner. A comparison of the existing regulations (CCMC Chapter 11.12) to the County's CSD and the 2017 Draft Drilling Regulations can be viewed on the City's website (<https://www.culvercity.org/home/showdocument?id=9884>).

Other Considerations:

As noted above, an amortization or similar type study could accompany any of the above options as directed by the City Council. Such a study would be helpful and informative, and would ensure that future considerations concerning the long-term uses within the IOF are factually supported.

It is also important to note, regardless of the City Council's direction regarding these options, that until otherwise changed, oil-related activities remain an allowed "non-conforming" use, and may be continued and expanded as already regulated by CCMC Chapter 11.12. Thus, the City Council is also encouraged to consider the path and schedule toward accomplishing any of the options above.

FISCAL ANALYSIS

There is no fiscal impact from receiving these reports and update. However, implementation of the City Council's recommendation(s) may result in the need to allocate budget and staff resources, for which staff will develop a proposal and cost estimate and return to the City Council with such information at a future date and to receive City Council approval prior to proceeding with work on the City IOF Specific Plan Project and EIR, or any other option related to the City IOF.

ATTACHMENTS

None

MOTION

That the City Council:

1. Receive and discuss a report on the status and update regarding the City IOF Specific Plan Project and EIR, including consideration of the Subcommittee's Recommendation (Option 1) and other Options 2 through 4; and
2. Provide direction to the City Council Oil Drilling Subcommittee and City staff as deemed appropriate.