MEMORANDUM OF UNDERSTANDING
AIR EMISSIONS MITIGATION PROGRAM
GUADALUPE RESTORATION PROJECT
PERMIT # DRC 2011-00065

This Memorandum of Understanding is made, and shall be effective on the date last written below, between the San Luis Obispo County Air Pollution Control District (SLOCAPCD), Santa Barbara County Air Pollution Control District (SBCAPCD) and Chevron Environmental Management Company (CEMC).

WHEREAS, the Guadalupe Restoration Project is a former active oil field undergoing active remediation and abandonment to prevent the discharge of oil and oil-related substances into the environment; and

WHEREAS, on August 30, 2012 the San Luis Obispo County Planning Commission approved DRC2011-00065 and certified an Addendum to a 2005 Supplemental Environmental Impact Report (SEIRA) to haul up to 500,000 cubic yards (cy) of non-hazardous impacted sand (NHIS) offsite to the Santa Maria Regional Landfill (SMRL) for use as cover material; and

WHEREAS, the SEIRA also allows for up to 100,000 cy (of the 500,000 cy) of material not acceptable as NHIS for the SMRL to be hauled to the Buttonwillow Landfill (BL); and

WHEREAS, hauling activities associated with the SEIRA contribute to reactive organic gases (ROG) and nitrogen oxide (NOx) emissions in San Luis Obispo and Santa Barbara Counties that must be mitigated to zero due to these impacts being above and beyond the mitigated emissions associated with EIR activities for the project; and

WHEREAS, the SEIRA hauling activities shall be mitigated via an air-emission-reduction (AER) program as identified in the SEIRA and Condition of Approval 11 of DRC2011-00065 that is funded by CEMC; and

WHEREAS, these new hauling emissions subject to this AER program will be determined for the transport of up to 500,000 cy of NHIS to the SMRL, resulting in up to 29,411 truck trips spread out over several years; and

WHEREAS, the emissions shall be based on 17 cy (24 ton) loads, an average hauling density of 1.41 tons per cy, current EMFAC emission factors, information on the Guadalupe project’s actual hauling truck fleet, and 25 mph on-site and 45 mph off-site speeds; and

WHEREAS, ROG and NOx emissions impacts from the first 250,000 cy of hauling activity to the SMLF would total 10.4557 tons; and

WHEREAS, an initial pre-payment shall be made by CEMC for the initial 250,000 cy of transport with future pre-payments being made in increments of 100,000 cy of transport; and
WHEREAS, the mitigation rate to offset the hauling activity impacts shall be $17,080 per ton of ROG plus NOx emissions with an additional 15% administration fee paid for the management of the grant program; and

WHEREAS, trucking emissions mitigation funding shall be evenly divided between San Luis Obispo and Santa Barbara counties, with the payments made by CEMC to SLOCAPCD and SBCAPCD to secure emission reduction projects that directly benefit and protect public health in southern San Luis Obispo County and northern Santa Barbara County.

NOW, THEREFORE, it is hereby agreed as follows:

1) Emission impact mitigation payments and grant administration fees paid by CEMC shall be based on the above specified rates, and shall be evenly split between SLOCAPCD and SBCAPCD. The CEMC shall make these payments in installments and provide reporting according to the following protocol:
   a) The hauling activity associated with the SEIRA shall be broken out separately in the County of San Luis Obispo Onsite Environmental Coordinator Guadalupe Weekly Update;
   b) The initial mitigation and administration funding installment shall be pre-paid to SLOCAPCD and SBCAPCD for the first 250,000 cy moved with the impact assessment being based on the SMRL destination;
   c) When a pre-payment’s remaining value is depleted to a level equivalent to 1,000 SMRL destination round trips (17,000 cy or 24,000 tons), CEMC shall:
      i) Notify SLOCAPCD and SBCAPCD;
      ii) Submit to SLOCAPCD and SBCAPCD the following for review and approval:
         1) A summary to date of the SMRL and BL hauling activities, the associated air quality impacts, the value of the pre-payments made, and a demonstration that the value is equivalent impact mitigation; and
         2) Calculations supporting the proposed next impact mitigation funding installments to be made to SLOCAPCD and SBCAPCD, where a minimum subsequent impact funding installment shall be based on hauling activities to transport 100,000 cy to the SMRL or as approved by the SLOCAPCD and SBCAPCD.
      iii) After approval from the SLOCAPCD and SBCAPCD, CEMC shall pay the next mitigation and administration funding installment to the SLOCAPCD and SBCAPCD prior to the previous pre-payment being fully expended.
   d) Should affected material need to be transported to BL for disposal, CEMC shall:
      i) Notify SLOCAPCD and SBCAPCD;
      ii) Submit to SLOCAPCD and SBCAPCD an estimate of the anticipated amount of material to be transported to BL;
      iii) Inform SLOCAPCD and SBCAPCD:
         1) If the anticipated BL transport was underestimated and provide a new estimate of anticipated BL transport activity; and
(2) Of the completion of the originally estimated BL transport.
e) CEMC shall notify and demonstrate to SLOCAPCD and SBCAPCD when the final work
under the SEIRA is within 17,000 cy of being completed and shall notify these
agencies when the off-site hauling work specified in DRC2011-00065 is complete.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Understanding to be
executed as of the date last written below.

Chevron Environmental
Management Company

Robert. S. Skiba
Project Manager

San Luis Obispo County
Air Pollution Control District

Larry R. Allen
San Luis Obispo County
Air Pollution Control Officer

Approved as to legal form and content:

Raymond A. Biering
SLOCAPCD Counsel

Santa Barbara County
Air Pollution Control District

Louis D. Van Mullem, Jr.
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Approved as to form:

William M. Dillon
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