

Agenda Date: December 20, 2012  
Agenda Placement: Regular  
Estimated Time: 10 min.  
Continued Item: No

## Board Agenda Item

TO: Air Pollution Control District Board of Directors

FROM: Dave Van Mullem, Air Pollution Control Officer

CONTACT: Ron Tan, Planning and Technology Supervisor (961-8812)

SUBJECT: Memorandum of Understanding (MOU) to establish a Mitigation Program for the Remediation of the Guadalupe Oil Field in San Luis Obispo County

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### RECOMMENDATION:

Authorize the Control Officer to execute the attached MOU establishing a Guadalupe Oil Field Air Quality Mitigation Program.

### SUMMARY:

Remediation and abandonment efforts at Chevron's former Guadalupe oil field<sup>1</sup> in San Luis Obispo County have been on-going for over a decade. These efforts involve excavating the affected material and hauling it off-site to the City of Santa Maria's landfill for use as daily cover. Chevron recently informed San Luis Obispo County that there is considerably more material that requires removal and hauling than was originally envisioned. Consequently in August 2012 the San Luis Obispo County Planning Commission approved an Addendum to the original EIR and permit which will allow Chevron to haul an additional 500,000 cubic yards of affected material to the Santa Maria Landfill.

The Addendum identified significant and unavoidable adverse air quality impacts in both San Luis Obispo and Santa Barbara Counties caused by diesel exhaust emissions from haul trucks. To mitigate these impacts Chevron has agreed to enter into a Memorandum of Understanding ("MOU") with the San Luis Obispo County Air Pollution Control District and the Santa Barbara County Air Pollution Control District that would fund emission reduction projects selected by the two APCDs to mitigate these impacts. Staff is requesting that your Board delegate to the Control Officer the authority to execute the 2012 MOU.

### DISCUSSION:

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<sup>1</sup> The Guadalupe Oil Field was originally owned by Unocal. In 2005 Chevron and Unocal merged and Unocal became a wholly owned subsidiary of Chevron.

Remediation and abandonment efforts at Chevron's former Guadalupe oil field in San Luis Obispo County have been on-going for over a decade. The current effort which commenced in 2006, involves excavating the affected material and hauling it off-site to the City of Santa Maria's landfill for use as daily cover. A 2005 Supplemental Environmental Impact Report ("SEIR") identified air emissions of oxides of nitrogen and reactive organic compounds from the haul trucks as a significant adverse impact. To mitigate these impacts, Chevron, the San Luis Obispo County APCD and the Santa Barbara County APCD entered into a Memorandum of Understanding approved by your Board in 2006 ("2006 MOU"). The 2006 MOU required Chevron to pay each Air District \$235,960 to fund emission reduction projects that mitigated the impact of the truck emissions. Our funds were used to purchase two new low emissions school buses for the Guadalupe Union School District.

Chevron recently informed San Luis Obispo County that there is considerably more affected material requiring removal and hauling to the Santa Maria Landfill than was originally anticipated in 2006. Consequently in August 2012 the San Luis Obispo County Planning Commission approved an Addendum to the 2005 SEIR and permit which allowed Chevron to haul up to an additional 500,000 cubic yards. The Addendum required Chevron to again mitigate the truck exhaust emissions.

The attached Guadalupe Oil Field Air Quality Mitigation Program MOU ("2012 MOU") will provide funds for emission reduction projects in the impacted region. The total funding will depend on the actual number of cubic yards of material hauled and this quantity has yet to be determined. Consequently the 2012 MOU is structured such that Chevron will pay \$17,080 for each ton of truck emissions plus an additional administrative fee of 15%. The 2012 MOU also requires Chevron to make an initial payment to mitigate the first 250,000 cubic yards of hauled material and future pre-payments for each additional 100,000 cubic yards. This initial payment for the first 250,000 cubic yards is \$205,370 (\$178,583 for projects and a \$25,787 administrative fee). Since the trucking emissions are expected to be evenly divided between San Luis Obispo and Santa Barbara Counties, the total mitigation funds will be split evenly between the two counties and the Air Districts will independently manage their portion of emission reduction funds.

To allow Chevron to continue hauling activities, the 2012 MOU must be signed by Chevron, the San Luis County Obispo APCD and the Santa Barbara County APCD no later than December 31, 2012. At their November hearing the San Luis Obispo County APCD Board of Directors authorized their Control Officer to execute the 2012 MOU.

#### FISCAL IMPACTS:

The Santa Barbara County APCD portion of the mitigation funds will be deposited into a trust account managed by the SBCAPCD. These mitigation monies will be used to fund and implement projects in northern Santa Barbara County with up to 15% of the total funds allowed to be used to cover SBCAPCD costs to administer the Program. The initial mitigation payment is expected in January 2013.

#### ATTACHMENTS:

- Resolution
- MOU establishing a Guadalupe Oil Field Air Quality Mitigation Program.



**Now, Therefore, It Is Hereby Resolved,** as follows:

The Board hereby delegates authority to the Control Officer to execute the Guadalupe Oil Field Mitigation Memorandum of Understanding.

**Passed and Adopted** by the Air Pollution Control District Board of the County of Santa Barbara, State of California, this 20<sup>th</sup> day of December, 2012 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

SANTA BARBARA COUNTY  
AIR POLLUTION CONTROL DISTRICT

By \_\_\_\_\_  
Chair

**ATTEST:**

LOUIS D. VAN MULLEM, JR.  
Clerk of the Board

By \_\_\_\_\_  
Deputy

**APPROVED AS TO FORM:**

DENNIS A. MARSHALL  
Santa Barbara County Counsel

By: \_\_\_\_\_  
Deputy

**APPROVED AS TO ACCOUNTING FORM:**

ROBERT W. GEIS, CPA  
Auditor-Controller

By: \_\_\_\_\_  
Deputy

**APPROVED AS TO FORM:**

RAY AROMATORIO, ARM, AIC  
Risk Manager

By \_\_\_\_\_