

**City of Culver City, California
Agenda Item Report**

Meeting Date: 08/24/09		Item Number: <u>A-3</u>	
CITY COUNCIL AGENDA ITEM: FOUR-FIFTHS VOTE REQUIREMENT – Introduction and Adoption of an Ordinance Establishing a Temporary Moratorium on the Drilling, Redrilling or Deepening of any Well Within the Jurisdiction of the City of Culver City Associated with Oil and/or Gas Operations and Declaring the Urgency thereof.			
Contact Person/Dept.: Thomas Gorham/Community Development; and Heather Baker/City Attorney		Phone Number: 310-253-5610; 310-253- 5660	
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 (08/21/09)			
Department Approval: Sol Blumenfeld (08/21/09) Carol Schwab (08/21/09)		City Attorney Approval: Carol Schwab (08/21/09)	
Chief Financial Officer Approval: Jeff Muir (08/21/09)		City Manager Approval: Mark Scott (08/21/09)	

RECOMMENDATION:

Staff recommends that the City Council introduce and adopt an Ordinance establishing a temporary moratorium on the drilling, redrilling or deepening of any well within the jurisdiction of the City of Culver City associated with oil and/or gas operations (“Oil Well”) and declaring the urgency thereof. **(This item requires a four-fifths vote.)**

BACKGROUND:

Communities surrounding the Inglewood Oil Field (the “Oil Field”), located in the City of Culver City and unincorporated areas of the County of Los Angeles (the “County”), have been subjected to documented and significant environmental impacts for many years due to oil drilling activities, including air quality, noise, releases, spills, visual and other impacts. In addition, the impacts of greenhouse gas emissions from these operations extend far beyond Culver City and the Greater Los Angeles region (the “Region”).

Three significant incidents arising from Oil Field operations, occurring within the period of about two years on January 10, 2006, February 6, 2006 and March 22, 2008, resulted in substantial impacts to the surrounding communities. The first of these incidents resulted in a significant release of gases and odors to surrounding

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neighborhoods, with residents reporting symptoms of headaches, nausea, and ear, eye, nose and throat irritation. The second incident was also a gas release, resulting in similar impacts, and the third incident occurred when a pipeline leak resulted in a release of crude oil that reached the City's storm drain system, threatening to enter Ballona Creek, a waterway emptying into the Santa Monica Bay. All such incidents required an emergency response by the Culver City Fire Department. The third incident involving the storm drain system also required an emergency response from both the City's and County's Public Works crews. Reports of odors and noise from ongoing Oil Field activities have been made by residents to the City and AQMD in the period since these incidents. These releases are indicative of the types of incidents the City believes will continue to occur without adequate regulation of oil drilling activities.

There is a significant concern regarding the short- and long-term health impacts on the community from current and future Oil Field operations, as well as the future impact on the region's evolving business community. There is further significant concern regarding the potential pollution and scarring of land that will likely be transformed into parkland in and around the area already designated as the Baldwin Hills Conservancy, which includes Culver City parkland and other property. Under State law, such areas should be protected for the future benefit of the Culver City community and the entire Region.

Effective regulation should be adopted that allows oil drilling operations to co-exist safely with the communities surrounding the Oil Field and throughout the City and region. Provisions of the City's current laws, rules, procedures and fees relating to oil drilling activities (the "Existing Regulations"), currently set forth in the Culver City Municipal Code ("CCMC"), including Chapter 11.12, Oil, Gas and Hydrocarbons, need review, study and revisions in order to protect the health, safety and welfare of the communities surrounding the Oil Field, including Culver City, and the Region. Those revisions will likely result in the City amending, repealing and adding provisions to the CCMC, including Title 17, the Culver City Zoning Code.

Without the imposition of a temporary moratorium on the drilling, redrilling and deepening of Oil Wells, the City may be required to process applications for such drilling activities despite the fact that the Existing Regulations are in need of updating and studies should be done to provide recommendations of possible new standards for oil drilling activities.

DISCUSSION:

Review and Study of Existing Regulations:

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The City has already begun the process of reviewing, studying and revising the Existing Regulations, which has included, but not been limited to:

- 1) City Council members, City residents and City staff have actively participated in the County of Los Angeles' process to establish a community standards district ("CSD") regulating oil drilling activities in that portion of the Oil Field located in unincorporated Los Angeles County (Baldwin Hills), in an attempt to revise the Existing Regulations in a manner that achieves some consistency in regulating the Oil Field which spans across two jurisdictions (the City and the County).
- 2) As a result of recent action taken by the County Board of Supervisors to further study the CSD, the City needs time to work in conjunction with the County to bring about mutually acceptable and uniform regulations of the Oil Field.
- 3) As part of the City's effort to draft amendments to the Existing Regulations, the City has retained technical and legal consultants and is currently reviewing various oil field regulations adopted by other local agencies, including the County.

Further detailed review and study is needed to make certain the revisions to the Existing Regulations will adequately and appropriately balance the rights of existing operators and future applicants who wish to operate in the Oil Field with the preservation of the health, safety and welfare of the communities surrounding the Oil Field, including Culver City and the Region. Because of the importance of these issues and addressing them through adequate study, an ordinance imposing a moratorium on further permit issuance for new or expanded drilling is needed.

Declaration of Urgency:

The proposed Ordinance is immediately required to preserve the public health, safety and welfare and should be adopted immediately as an urgency ordinance to make certain that permits for the drilling, redrilling or deepening of Oil Wells are issued only under adequate regulations. Imposition of a moratorium will allow the City sufficient time to conclude the preparation of a comprehensive ordinance for the regulation of such activities. The absence of this Ordinance would create a serious threat to the orderly and effective implementation of any amendments to the CCMC which may be adopted by the City Council as a result of studying this issue, in that the drilling, redrilling or deepening of Oil Wells under the Existing Regulations may be in conflict with or frustrate the contemplated updates and revisions to the CCMC.

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There is a current and immediate threat to the public health, safety and welfare of the City and its community, in that the approval of permits for the drilling, redrilling or deepening of Oil Wells, which would be required to be processed under the Existing Regulations, do not provide adequate protections for the communities surrounding the Oil Field and throughout the City and the region, thereby necessitating the immediate enactment of the proposed Ordinance.

Moratorium:

Should the Council adopt the proposed Ordinance, a moratorium shall be imposed from August 24, 2009 through and including October 7, 2009, during which time no application for permit shall be accepted, no consideration of any application for permit shall be made and no permit shall be issued by the City, for the drilling, redrilling or deepening of any well relating to oil and/or gas production. This moratorium will allow the City time to thoroughly review, study and revise the City's laws, rules, procedures and fees related to oil drilling activities, which will enable the City to adequately and appropriately balance the rights of existing operators and future applicants who wish to operate in the Oil Field, with the preservation of the health, safety and welfare of the communities surrounding the Oil Field, including Culver City and the Region.

Legal Authority:

Section 614 of the City Charter provides:

“Any ordinance declared by the City Council to be necessary as an urgency measure for preserving the public peace, health or safety and containing a statement of the reasons for its urgency may be introduced and adopted at any regular, adjourned, or special meeting if passed by a vote of at least four-fifths of its members.”

If enacted by a four-fifths vote of the City Council, the Urgency Ordinance would take effect immediately and would continue in full force and effect for forty-five (45) days (unless repealed by the City Council). The City Council may determine to extend the Urgency Ordinance in accordance with the provisions of Government Code Section 65858.

Government Code Section 65858 provides that an urgency ordinance may be adopted without prior public notice or public hearing by a four-fifths vote of the legislative body upon a finding that the action is required to protect the public safety, health and welfare. Such ordinance shall have no further force and effect 45 days from the date of its adoption. However, after notice and a public hearing, such ordinance may be extended for a period of ten months and 15 days, and

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subsequently extended for an additional 12 months. Not more than two extensions may be adopted.

FISCAL ANALYSIS:

The adoption of the Ordinance would result in the City not collecting any permit application fees for the drilling of new wells or the deepening of existing wells. Because it is speculative to determine the exact number of applications the City may receive during the period of the moratorium, it is difficult to determine the fiscal impact at this time

ATTACHMENTS:

1. Proposed Ordinance

MOTION:

That the City Council:

Introduce and Adopt an Ordinance establishing a temporary moratorium on the issuance of any permits for the drilling, redrilling or deepening of any oil well within the jurisdiction of the City of Culver City associated with oil and/or gas operations and declaring the urgency thereof. (This item requires a four-fifths vote.)