

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

Meeting Date: 04/13/15		Item Number: <u>A-3</u>	
CITY COUNCIL AGENDA ITEM: (1) Discussion of the City Council Oil Drilling Subcommittee's and Staff's Recommendation for an Environmental Consultant (BonTerra Psomas) to Prepare an Environmental Impact Report (EIR) for the Inglewood Oil Field Specific Plan Project (Project); (2) Approval of a Professional Services Agreement with BonTerra Psomas for the Preparation of the Project EIR in an Amount Not-to-Exceed \$305,080; and (3) Authorization to the City Manager for Approval of Amendments to the Agreement in an Amount Not-to-Exceed 25%.			
Contact Person/Dept.: Heather Baker/City Attorney; Sherry Jordan/CDD		Phone Number: (310) 253-5660 (310) 253-5746	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒ Date: _____			
Public Notification: (Email) Meetings and Agendas – City Council (04/02/15 and 04/08/15)); (Email) Ongoing Topics – Inglewood Oil Field and Sustainability and Environmental Issues (incl. Oil Drilling/Fracking) (04/02/15 and 04/08/15); (E-Mail) Freeport McMoran (04/02/15 and 04/07/15); (US Mail) Freeport McMoran and persons owning property in proposed Specific Plan area (04/02/15 and 04/07/15); Posted on City's Inglewood Oil Field webpage (04/07/15)			
Department Approval: Carol Schwab (04/07/15) Sol Blumenfeld (04/07/15)		City Attorney Approval: Carol Schwab (04/07/15)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (04/07/15)		City Manager Approval: John M. Nachbar (04/08/15)	
<u>RECOMMENDATION:</u> Staff recommends the City Council (1) discuss the recommendation of the City Council Oil Drilling Subcommittee, consisting of Mayor Sahli-Wells and Council Member Weissman (the "Subcommittee"), and Staff for an environmental consultant (BonTerra Psomas) to prepare the Environmental Impact Report (EIR) for the Inglewood Oil Field Specific Plan Project (Project); (2) approve a professional services agreement with BonTerra Psomas for the preparation of the Project EIR in an amount not-to-exceed \$305,080; and (3) authorize the City Manager to approve amendments to the Agreement in an amount not-to-exceed 25% of the initial amount of the Agreement. <u>BACKGROUND:</u> Approximately 100 acres of the active surface area of the Inglewood Oil Field is located within the jurisdiction of the City of Culver City. In October of 2008, Los			

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Angeles County adopted the Baldwin Hills Community Standards District (CSD) establishing regulations for oil and gas production activities in the remaining approximate 900 acres of the active surface area of the Inglewood Oil Field. The existing regulations for the Culver City portion of the Inglewood Oil Field (the Culver City portion is hereinafter referred to as "Oil Field") were last updated in 2003. Since that time, there has been significant new information relating to oil drilling impacts and technological developments. The City Council, Culver City residents, and the surrounding communities have expressed significant concerns regarding uncertain impacts on the public health and safety and the environment which may occur as a result of oil and gas operations in the Oil Field.

The Oil Field is located within the Southeastern Sub-Area of the City's General Plan and in the Focused Special Study area known as the Blair Hills/Baldwin Hills Area. A Focused Special Study area is an area that has been identified as having special needs or conditions that would benefit from detailed investigations which may address issues such as allowable land use patterns, design standards, zoning and other property development standards. They may include detailed regulations, conditions, programs and proposed designations supplemental to the General Plan, including infrastructure requirements, resource conservation and implementation measures, and identify potential changes in land use that may be appropriate to meet future needs. Since oil and gas production is such a specialized land use, the development of a Specific Plan for the active Oil Field is appropriate and useful to further address the community's concerns regarding the impacts of oil and gas operations and is consistent with the goals and intent of the Blair Hills/Baldwin Hills Focused Special Study area.

The Specific Plan document will incorporate the Discussion Draft Regulations, which were previously released to the public for review and comment and discussed at a previously held community meeting. The Discussion Draft Regulations were prepared in consultation with Aspen Environmental, an environmental consulting firm, and outside legal counsel Greenberg Glusker. The final Specific Plan document will take into consideration comments received from the community, the oil operator and other interested parties, and the regulations may be modified accordingly. Staff is currently evaluating those comments.

On June 23, 2014, the City Council adopted Resolution No. 2014-R054 (Attachment No. 1), authorizing Staff to initiate the process for the development of the Project, in accordance with Chapter 17.570 of the Culver City Municipal Code and State law, including the California Environmental Quality Act (CEQA). Pursuant to CEQA Guidelines, the City will need to conduct an environmental analysis of the Project to determine its environmental impacts and identify measures to mitigate such impacts. During the meeting of June 23rd, several members of the public expressed concern about having the same consultant that prepared the Discussion Draft Regulations

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(Aspen) also prepare the required environmental documents. In response to the public's concerns, the City Council directed staff to work with the Subcommittee to vet other potential consultants to prepare such documents and make a recommendation to the full City Council.

DISCUSSION:

Through research and referrals from other public agencies, Staff identified several potential consultants and issued a Request for Proposals to the following environmental firms: Ecology and Environmental; BonTerra Psomas (a subsidiary of Psomas) ("Bonterra"); RBF/Michael Baker International ("RBF"); ESA; and Vanir Construction Management, Inc. ("Vanir"). Of these firms, staff received the following three proposals:

Consulting Firms	Proposed Base Budget¹
RBF	\$312,027
BonTerra	\$305,080
Vanir	\$262,260

The proposals are available for review on the City's website <http://www.culvercity.org/inglewoodoilfield/Environmentalreview.aspx>. A hard copy of each proposal is available for review at the Planning Division counter on the second floor of City Hall, 9770 Culver Boulevard.

Staff from the City Attorney's Office and the Community Development and Public Works Departments evaluated the proposals. Each of the three firms was interviewed by staff and the Subcommittee. During the interviews, a sample of areas about which we inquired include: each firm's experience in providing CEQA services to a municipality as the lead agency in adopting regulations; how the firm would handle the peer review of the existing technical studies relating to the Inglewood Oil Field operations; qualifications and availability of the firm and subconsultants to address technical issues relating to oil and gas operations; and flexibility of project schedule.

Through their proposals and interviews, BonTerra demonstrated they understood the nature of the Project and were qualified to prepare the Project EIR. The selection criteria staff examined included, but was not limited to: knowledge of the Project; sufficiency of proposal submitted; direct experience and staffing; budget; schedule and potential conflicts of interest.

¹ Due to the highly technical nature of the Project and the need for peer review of existing technical studies to determine inadequacies, missing or inadequate assumptions, and unsubstantiated conclusions, the budget may need to be enhanced if further supplemental study is needed.

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The Subcommittee's and Staff's recommendation of BonTerra is based, in part, on their direct experience in preparing an EIR for the City of La Habra Heights, which evaluated a proposal for the drilling of new oil/gas wells and redevelopment of existing oil/gas wells; an on-site central processing facility for the separation of oil, gas and water; and several miles of off-site oil/gas pipelines. Other factors include, but are not limited to, their understanding and knowledge of the Project scope; their comprehensive approach to the peer review of existing technical studies; their understanding of community concerns; and their communication skills. In addition, they have minimal direct client relationships with the oil industry. Although they have done work with ExxonMobil, such work was for the pipeline division, involving surveys for the pipelines and occasionally engineer spill prevention mitigations to prevent contamination in the event of a leak or spill. BonTerra confirmed that none of their work with ExxonMobil had to do with oil extraction.

BonTerra prepared the environmental documents for the Baldwin Hills Conservancy Park to Playa Trail project. In addition, Psomas' survey division conducts the measurements for the ground movement survey required by the County CSD. Psomas collects the hard data, which is then analyzed by a different firm, StrataGen, Inc., to evaluate surface movement in relation to the on-going oil field injection/extraction activities. The City Attorney's Office has reviewed these relationships and believes there is no conflict of interest that would preclude BonTerra from working with the City on the Project EIR.

City staff contacted BonTerra's references for the two oil-related projects they have conducted in recent years for the cities of La Habra Heights and Newport Beach. The City of La Habra Heights provided very positive comments, indicating that BonTerra worked well with the community and were very productive and timely. Newport Beach also provided very positive comments.

Next Steps:

The response to comments on the Discussion Draft Regulations and the Draft Specific Plan document are in progress and expected to be complete by late September 2015. We anticipate completion of the Draft EIR for the Specific Plan in early 2016. The response to comments on the Discussion Draft, the Draft Specific Plan, and all related environmental documents will be made available on the City's website as they are completed. The project schedule, as discussed above and included in BonTerra's proposal is tentative and the dates are subject to change. Once the environmental review process is underway, an updated schedule will be made available on the City's website.

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FISCAL ANALYSIS:

BonTerra Psomas has offered its services at \$305,080. This fee includes, but is not limited to, peer review of technical studies, public meetings and preparation of all environmental documents. Due to the highly technical nature of the Project and the need for peer review of existing technical studies to determine inadequacies, missing or inadequate assumptions, and unsubstantiated conclusions, the agreement amount may need to be enhanced if further supplemental study is needed. Therefore, staff has also requested the City Council authorize the City Manager to administratively approve amendments to the agreement in a total additional amount not to exceed 25%. Sufficient funds for the Project EIR were included in the Planning Division budget for Fiscal Year 2014-2015 and will be taken from Other Contractual Services (10150200.619800).

ATTACHMENTS:

Resolution No. 2014-R054

MOTIONS:

That the City Council:

1. Discuss the Subcommittee's and Staff's recommendation for an environmental consultant (BonTerra Psomas) for the preparation of the Inglewood Oil Field Specific Plan Project EIR; and,
2. Approve a professional services agreement with BonTerra Psomas for the preparation of the Project EIR in an amount not-to-exceed \$305,080; and,
3. Authorize the City Manager to approve amendments to the Agreement in an additional amount not to exceed 25% of the original amount of the agreement; and,
4. Authorize the City Attorney to review/prepare the necessary documents; and,
5. Authorize the City Manager to execute such documents on behalf of the City.

OR

6. Provide other direction to staff as deemed appropriate.