MINUTES
WHITTIER CITY COUNCIL
SPECIAL MEETING
RADISSON HOTEL BALLROOM
7320 GREENLEAF AVENUE
NOVEMBER 8, 2011

1. CALL TO ORDER:

The Whittier City Council met in Special Session on November 8, 2011. Mayor Warner called the meeting to order at 6:31 p.m. in the Radisson Hotel Ballroom, 7320 Greenleaf Avenue, Whittier, California.

2. ROLL CALL:

COUNCIL MEMBERS PRESENT: J. Greg Nordbak, Council Member
Joe Vinatieri, Council Member
Bob Henderson, Council Member
Owen Newcomer, Mayor Pro Tem
Cathy Warner, Mayor

OTHER OFFICIALS PRESENT: Stephen W. Helvey, City Manager
Jeffrey W. Collier, Chief Assistant City Manager
Richard D. Jones, City Attorney
Kathryn A. Marshall, City Clerk-Treasurer

3. PLEDGE OF ALLEGIANCE:

Council Member Vinatieri led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS: None

5. PUBLIC HEARING – CONDITIONAL USE PERMIT NO. CUP09-004 AND ENVIRONMENTAL IMPACT REPORT (STATE CLEARINGHOUSE SCH2010011049); APPLICANT: MATRIX OIL CORPORATION; CITY-OWNED PROPERTY WITHIN THE PUENTE HILLS LANDFILL NATIVE HABITAT PRESERVATION AUTHORITY AREA GENERALLY LOCATED NORTH OF MAR VISTA STREET AND WEST OF COLIMA ROAD IN THE CITY OF WHITTIER

[A verbatim transcript is attached and made a part of these Minutes.]

6. ADJOURNMENT:

Mayor Warner adjourned the City Council meeting at 10:58 p.m. to Wednesday, November 9, 2011 at 6:30 p.m. in the Radisson Hotel Ballroom, 7320 Greenleaf Avenue, Whittier.

Respectfully submitted:

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Kathryn A. Marshall
City Clerk-Treasurer

WHITTIER MAIN OIL FIELD CITY COUNCIL MEETING

Tuesday, November 8, 2011, 6:30 p.m.

Raddison Hotel

7320 Greenleaf Avenue, Whittier, California

HAHN & BOWERSOCK 800-660-3187 FAX 714-662-1398
151 KALMUS DRIVE, SUITE L1 COSTA MESA, CA 92626

MAYOR WARNER: Good evening. We'd like to welcome you to the Whittier City Council special meeting this evening.

And we'll begin with the roll call, please.

KATHRYN MARSHALL: Council Member Nordbak?

COUNCIL MEMBER NORDBAK: Here.

KATHRYN MARSHALL: Council Member Vinatieri?

COUNCIL MEMBER VINATIERI: Here.

KATHRYN MARSHALL: Council Member Henderson?

COUNCIL MEMBER HENDERSON: Here.

KATHRYN MARSHALL: Mayor Pro Tem Newcomer?

MAYOR PRO TEM NEWCOMER: Here.

KATHRYN MARSHALL: Mayor Warner?

MAYOR WARNER: Here.

And I'd like to ask Joe if he'll lead us in the pledge this evening.

COUNCIL MEMBER VINATIERI: Please stand. Ready. Begin.

(Pledge of Allegiance recited.)

MAYOR WARNER: Thanks, Joe.

I have several introductory comments to read this evening, if you'll bear with us, please.

This meeting may be continued to receive public testimony or allowed time for deliberations on the Matrix Oil Company conditional use permit application.

With regard to the public hearing, it is anticipated that only presentations will occur on November 8th and that public testimony will begin on November 9th and possibly be continued to another night.

If you wish to submit oral or written comments on the public hearing, you should plan to attend the November 9th meeting. If additional meetings are needed, they will be held November 14th and/or November 15th. Contact the City for additional information at (562) 567-9850.

And I have an announcement to read in regards to a Planning Commission opening. The Whittier City Council is seeking applicants to fill a seat on the Planning Commission. The commission consists of five members who advise the City Council concerning the general plan, make recommendations to the City Council on subdivision zoning and land use matters, and hears requests for zone changes, variances, conditional use permits, and development review applications.

Registered voters of the city of Whittier are eligible to apply. Applications are available from the City Clerk/Treasurer's department at city hall, 13230 Penn Street, and on the City's web site, www.cityofwhittier.org, and by calling (562) 567-9850.

Applications for this vacancy should be

returned to the City Clerk's office by 5:00 p.m. on Monday, November 14th, 2011.

The Council would like to thank all the staff and consultants who have prepared for tonight's meeting. We appreciate the handling of the logistics and all the preparation that has gone into setting everything up for us and making it possible for as many community members as possible to attend.

If you'll bear with me, we have a few more introductory comments that we need to go over.

As we begin this public hearing, I would like to outline several procedures to make sure each individual who wishes to speak is heard while also moving our meeting along in an expeditious manner.

When you arrived this evening, you were offered a speaker card. The card is intended to assist our court reporter in transcribing the proceedings of this hearing. When you come up to speak at the podium, we request that you turn in a speaker card that is filled out to one of the staff members seated near the podium.

When speaking at the podium, we ask that you speak at a normal pace and in a normal tone of voice. The microphones are set to accommodate a normal tone of voice. Speaking too loudly will skew the audio portion of the television recording. Speaking too rapidly will

make it difficult for your testimony to be recorded by our court reporter. We will need to take periodic breaks during the evening to accommodate our court reporter.

As with our normal public hearing process, speakers will be given three minutes to provide testimony. To help you determine when you need to summarize your comments, there is a lighting system similar to the one we have in the City Council chambers. It is located in the table in front of the Council. You will see a green light two minutes into your testimony. A flashing green light will occur for the next 30 seconds and then a yellow light will appear for your last 30 seconds, followed by a red light to indicate your time is up.

When you see the yellow light, please begin to summarize your comments. When the red light is displayed, I will ask that you complete your sentence so the next speaker may begin.

Council wishes to hear what each person has to say. Therefore, we ask that you be succinct in your comments and request that you try not to repeat what others have said before you. If -- you may indicate whether or not you agree with the points raised by those speaking before you.

The Council values your comments, and we look

forward to hearing from you.

We understand that this hearing matter is a subject with which all members of the audience are likely to have strong opinions. As such, it is important that we respect one another's rights to be heard in a fair and respectful manner.

To this end, we ask that everyone abide by the following guidelines to this hearing. Please remain seated during the hearings. The Los Angeles County Fire Department has asked that we keep the aisleways and the exit corridors clear so we can comply with the Fire Code. Therefore, it will be necessary for all guests in the room to remain seated at all times unless you are in the process of entering or exiting the room.

The city staff members, consultants, and members of the television crew will not always be seated as there is a need for them to perform logistical functions related to the meeting.

If you need to speak with others during the hearing, we request that you leave the hearing room to continue your conversation outside so as to not distract those around you. Once again, it will be necessary for staff members to have periodic conversations with one another for logistical purposes in facilitating the meeting.

If you have signs that you would like to display during the hearing, out of courtesy for others in the audience, we ask that you not wave your sign or hold it up in a manner that may block the view of those behind you.

If members of the press or public wish to use a video camera to record the proceedings or use a camera to take pictures of the proceedings during the hearing, we ask that you use one of the designated areas on either side of the room for this purpose.

Out of respect for others in the audience that may have an opposing view from your own, we request that you refrain from applause, cheering, booing, or making other comments from the audience which may disrupt the flow of the meeting.

Given the interest level of the public hearing matter, we have adjusted our hearing process slightly so as to accommodate those wishing to speak who might not be able to attend every night of the hearing.

As such, we will utilize the following order for our hearing. First, we will receive a report by city staff. Council will then have an opportunity to ask questions. Next we will receive a presentation of the environmental impact report by the consultant, MRS. The City Council will then ask questions of the consultant.

We will then move into public testimony by those for and against the project.

First, the applicant, Matrix Oil, will make their presentation. They will have up to 60 minutes due to the scope and complexity of the case. Again, after each of the presentations, the City Council members will have an opportunity to ask questions. You need to remember we've been waiting two and a half years to ask our questions.

Then the Open Space Legal Defense Fund will have an opportunity to make a presentation. As with the prior approach at the Planning Commission hearing, they will have 20 minutes subject to seven speakers coming forward to identify themselves and acknowledging that they are donating their speaking time for this presentation.

We will then proceed into a time of public comment with a three-minute speaker time limit. Thirty minutes will be given to those speaking in favor of the application and then 30 minutes to those speaking in opposition to the application.

We will ask that those speaking line up with five persons at each of the two podiums. You do not need to line up in any particular order. It is likely we will receive public testimony over several evenings, both for

and against the application.

At the conclusion of receiving public testimony, in accordance with our public hearing procedure, the applicant will be permitted to offer a rebuttal to those points raised in opposition. After the rebuttal, city staff and the environmental consultant may present additional clarification regarding points raised during the testimony, and the Council then will have the opportunity to ask questions, deliberate, and then make a determination on the final EIR and the CUP application.

The action on the final EIR is either certified or not certified. The action option regarding the CUP application, we need to either approve, approve with modifications, or to deny the application.

At this point, Mr. Jones, will you explain what will constitute the record for the matter before the City Council.

CITY ATTORNEY JONES: Thank you, Mrs. Mayor.

Let me begin by citing that the decisions in these next few days are quasijudicial in nature and that the decision makers are the City Council who assume a role similar to that of a judge.

In addition, it must be understood that real property interests are involved in this matter in these hearings so that these proceedings must provide for

1 proper due process. This includes the following two key
2 elements: No. 1, the City Council must be fair,
3 unbiased, and must not make up its mind or render a
4 decision until after hearing all the evidence and the
5 hearing is concluded; No. 2, much like a trial, the
6 decision makers must rely on only that evidence which is
7 presented to them during the course of the proceedings
8 and disclosed to them during these proceedings.
9 The record consists of all written documents,
10 exhibits, and materials presented to them, which includes
11 the various environmental documents, the proceedings of
12 the Planning Commission, and any other written or oral
13 evidence that is submitted during the public testimony
14 portions of these proceedings.
15 The city clerk is responsible for maintaining
16 the record, and all documents submitted to the Council in
17 conjunction with these proceedings, both prior to the
18 accepting of testimony and during the testimony phase,
19 are maintained by her.
20 In reviewing these proceedings, the courts have
21 consistently recognized that public officials may receive
22 communications, observe the site in question, and have
23 other evidence that might potentially impact their
24 decision as they reach a final conclusion. This
25 information may come to them outside of the materials

1 presented.
2 The mayor has set forth a procedure, which we
3 will follow and which is intended to allow all parties to
4 present their information, allow all parties to be heard
5 during these proceedings, and that information upon which
6 the Council may rely will be appropriately presented to
7 them for their determination.
8 MAYOR WARNER: Thank you.
9 At this time, we will open the public hearing
10 on Conditional Use Permit No. CUP 09-004.
11 And, Mr. Jones, will you explain the process
12 for Council disclosures, please.
13 CITY ATTORNEY JONES: Yes.
14 Prior to the commencement of public testimony,
15 the Council must disclose any contacts, information,
16 observations, or any other evidence of any nature that
17 they have been received outside of these proceedings
18 beyond the records and documents that are submitted
19 either prior to submitting this part of the public record
20 or during the course of testimony.
21 This disclosure, as I said before, should
22 include any communications of any nature that may impact
23 your decision and should be proffered tonight in the
24 spirit of allowing anyone hearing such disclosures to be
25 able to respond or to offer contrary or supporting

1 presented to them during the course of these proceedings.
2 That which is received during the course of the actual
3 proceedings is part of the record, and that which is
4 received outside of the proceedings must be fully
5 disclosed.
6 There is nothing illegal or improper about such
7 communications or information being received by the
8 Council, but in order to ensure that a fair hearing
9 occurs, the Council is required to disclose any such
10 information, observations, or contacts that may have
11 occurred and which potentially impact their ultimate
12 decision.
13 This provides for opportunities for the
14 proponents or opponents of a given position to either
15 challenge or support whatever outside information is
16 disclosed during the course of the Council members'
17 disclosure process.
18 Ultimately the goal in these proceedings is to
19 ensure that all relevant information and evidence is
20 presented to the Council, that a hearing is conducted to
21 allow all views or opinions to be heard within a standard
22 of reasonableness, and that a decision is rendered by the
23 Council which relies upon the evidence submitted, is not
24 arbitrary or capricious, and that articulates appropriate
25 findings based on these proceedings and the evidence

1 evidence to whatever disclosures you may make.
2 Disclosures require you, for instance, to
3 provide whether or not you have visited a given site
4 which may be the subject of these proceedings and time
5 frame as to when this has occurred, any communications
6 either in writing, by e-mail, or text or phone
7 conversations.
8 This matter has obviously been discussed for
9 many months. So it would be unrealistic for you to have
10 to go through every single contact you've had and
11 articulate each individual conversation, but if those
12 conversations have had particular impact or may have
13 particular impact in your decision-making process, it is
14 important that you articulate the nature and content of
15 those conversations so that those who may be in
16 opposition or who would, again, want to support your
17 position are fully aware of those types of communication.
18 It is also appropriate in this situation to
19 assume that you've read the local newspaper. You've
20 obviously attended the City Council meeting for many
21 months, people speaking from the podium regarding their
22 opinions. You've been out in the community. You've
23 heard people address you and speak to you regarding those
24 opinions.
25 Clearly the nature of those conversations

should be disclosed, but it is also not significant or would not be practical if you go through the last year every single conversation you've had. The more important thing is the citizens as a whole understand the nature of those communications and their impact on you with respect to the process if there's significance in those conversations.

It is important perhaps to also characterize these communications in this sense as well. Clearly if you had meetings of great significance, either think that those types of meetings where either you've had direct meetings with the oil company or direct meetings with those groups or groups -- those groups or individuals who specifically have opposition to this project, that you have met with those people and they have articulated to you their particular positions and views. If you had such meetings, it's important to disclose those meetings and articulate to the community as a whole what the nature of those conversations were.

But let me reiterate there is nothing illegal or inherently wrong with those types of meetings or communications. The important thing as a matter of law is they're fully and properly disclosed to those people who may have a different view or a supporting view may have a chance to respond to those particular meetings or

conversations you may have had outside of the normal proceedings we're now talking about this evening and the next few days.

As a final comment, let me just indicate to you this. If any of you, as you sit here this evening, have already reached a decision or cannot fairly judge all the evidence that is presented before you, you should excuse yourself at this point in time. If you have an open and fair mind and are unbiased with respect to the process, you should now proceed.

MAYOR WARNER: Thank you.

Before we move on to council members giving their disclosures, I've noticed that several community members have joined us since we started the meeting. I do need to reiterate that we have asked that you please remain seated during the hearings. The Los Angeles County Fire Department has asked that we keep aisleways and exit corridors clear so we can comply with the Fire Code. Therefore, it will be necessary for all guests in the room to remain seated at all times unless you are in the process of entering or exiting the room.

So I would like to ask the ushers at this time to please seat those guests that are in the room that are not seated other than staff members.

Ushers, if you can, please do so.

Thank you.

And then we'd also like to remind you that if you do have a need to have a conversation, please feel free to do so, but please exit the room and have your conversation outside. We're trying to be sensitive not only to each other who are here but also to our recording equipment.

Thank you.

So we'll move forward with disclosure.

Greg?

COUNCIL MEMBER NORDBAK: Yes. I have had hundreds of communications with residents in favor of and have expressed their opinions to me. And I've also had hundreds of conversations with those that are in support of it. I think that, to my knowledge, I've never voiced an opinion to any of the people I've met with. I've spoken publicly to numerous groups in the city and asked questions, and I've always given generic answers, never have rendered an opinion of where I believe or stand on this.

I have not toured the facility itself, even though it has been open to us since this process started. I'm familiar with the property from my time on the City Council, but I have gone out of my way to not take a position or a stance, both publicly and privately.

That includes conversations with my family, who don't understand why I can't talk to them about it, but I think that this is a very, very important situation for this community for both sides. And I'm willing to listen and make a judgment opinion based on what I think is correct.

MAYOR WARNER: Thank you.

Joe?

COUNCIL MEMBER VINATIERI: I've had numerous discussions with people both pro and con. I've had somebody say whatever you think is the best thing to do. In fact, the latest discussion, someone called me last night for purposes of getting the vote out today for the school board and reminded that I should vote no.

So other than the generic, there's been nothing specific. Let me, however, indicate that I did spend at least an hour and a half this morning at the tour site with Jeff Collier, our Chief Assistant City Manager, looking at the site, looking at the photographs that I have been presented in the EIR, and trying to scope it out myself. I'm one of those people who needs to see it first. That gives me a much better handle on what I'm looking at and what I'm basically viewing in terms of reviewing things.

MAYOR WARNER: Thank you.

Owen?

MAYOR PRO TEM NEWCOMER: The items that I would include, like everybody else, loads of conversations, obviously refer to many comments at the City Council meetings. We've run into people at the supermarket. My phone is listed on the Council web site. I get lots of phone calls, both for and against.

Also I've gone through the Planning Commission information and their proceedings, and that's part of what will help me form an opinion.

Things a little more individualistic, I live approximately 700 feet from an operating oil well. It is the system on Honolulu Terrace, and I'm a nearby resident of that area. And I have toured the proposed drill site. I think it was a few months ago, but I've been in there. And I'm an avid hiker in the hills, and I have taken in the view of what I -- of where the site will be from the different loop trails and the different places that you can see coming in from Arroyo Tuscadero.

So I'm familiar with the site, have personal experience living near an oil well, and yes. I've met with Matrix, but actually it was quite a while ago. And it was social in nature, not a sitdown to go over the details of the proposal. I have left that to our subject meeting.

Property Homeowners Association, for example, some several meetings with social organizations here in town, just to talk about the process and the general outline of the project, not to take any position on it.

Is that off entirely?

Sorry. Apparently. I'm sorry. They had a very small green light. Now, we have a larger green light on the instrument.

I've also served on the Council subcommittee regarding the oil project, which was put together by the Council in order to have two of us that could meet with the applicant at various times to get additional information to them about the process and to receive from them information for our staff to visit and review.

I've had lots of materials that have passed through, including -- as most of you, I'm sure, have looked at these 3,000 pages in the last EIR comments, responses to comments, opinion letters that have come in late and so on.

I will base my decision on the materials presented by the Planning Commission previously and those presented to the Council through this public hearing process and upon the public testimony of the citizens of Whittier to this City Council.

I think that I've been able to know a lot about

Thank you.

MAYOR WARNER: Thank you.

Bob?

COUNCIL MEMBER HENDERSON: As most people know, I've been intimately involved with these properties for a number of years. Excuse me. I'm sorry. I've got a little bit of a cold tonight.

I am chairman of the Puente Hills Landfill Native Habitat Preservation Authority, which is the joint powers authority that manages the properties. I've been chair of that since 1994.

I am very familiar with all of the properties having been involved in the acquisition and preservation of all of the wilderness properties in the Whittier Hills area, in particular these two closed oil fields, which was the Chevron and Unical properties.

I visited the property on many occasions and have taken tours through that for some of the major environmental groups so they can familiarize themselves with what the property looked like and so on.

I have met, of course, with many, many, many people over these last several years either in favor or opposed to the project. I've spoken to a number of public groups, including at public forums that were put on especially for that purpose, Central East Whittier

the biology in particular of this habitat, and I'm very interested and concerned about its proper use. I'm interested in the safety and well-being of the citizens of Whittier. And I feel I can make a fair and open decision on this matter.

Thank you.

MAYOR WARNER: Thank you.

And a question to our court reporter, were you able to capture his comments early on --

THE REPORTER: Yes.

MAYOR WARNER: -- when his mic was off?

THE REPORTER: I was fine. Thank you.

MAYOR WARNER: Greg, you have another comment.

COUNCIL MEMBER NORDBAK: Yes. I just wanted to add that when I was on the subcommittee when I was mayor, I did meet with Matrix Oil regarding my position as a subcommittee member with Mr. Henderson. Since I've been off of mayor and off of the subcommittee, I have not met with Matrix regarding this project at all.

MAYOR WARNER: Okay. And I will state my disclosures that like my colleagues, for the last couple of years, I have, of course, been in attendance at Council meetings and have heard comments made by the public both for and against this project. I have served on the subcommittee with Bob since becoming mayor, have

attended several meetings in regards to the matter.

I too have received several e-mails, several comments from those community members that are both for and against the project. I have not had any specific individual meetings in regards to the project.

Okay. I think at this time we are ready for the staff presentation, Mr. Helvey.

CITY MANAGER HELVEY: Thank you, Madam Mayor.

This is the date and time set and duly noticed for a de novo public hearing to review the Planning Commission's approval of a conditional use permit, the CUP 09-004 and certification of an environmental impact report for a project that consists of wells, oil processing, a natural gas plant, oil and natural gas pipelines, and oil truck loading facilities to be located within portions the 1,290-acre city-owned Whittier Main Field within the Puente Hills Landfill Native Habitat Preservation Authority area. That's an area generally located north of Mar Vista Street and west of Colima Road in the city of Whittier.

The oil and gas production and processing facilities will be physically located at one consolidated site that can be up to seven acres in size within the Whittier Main Field. The applicant of this project is Matrix Oil Corporation.

An environmental initial study has been completed, and it has been determined that the proposed project would have a significant impact on the environment. Consequently, an environmental impact report was conducted and a mitigation monitoring plan was prepared in accordance with the requirements of the California Environmental Quality Act that carries the state clearinghouse No. 2010011049.

The two recommendations that staff would be making for you tonight at the conclusion of your hearing is that you were recommending that the City Council conduct a public hearing and adopt, No. 1, a Resolution No. 8423 entitled "The Resolution of the City Council of the City of Whittier, California" certifying the final environmental impact report for the Whittier Main Oil Field development project, adopting findings pursuant to the California Environmental Quality Act and adopting a statement of overriding considerations and adopting a mitigation and monitoring and reporting program; and, secondly, Resolution No. 8424, entitled "A Resolution of the City Council of the City of Whittier, California, Approving Conditional Use Permit No. CUP 09-004" to allow the development and operation of the Whittier Main Oil Field project located on city-owned land within the Puente Hills Landfill Native Habitat Preservation

Authority area, which is known formally as the Whittier Main Oil Field. That's an area generally located north of Mar Vista Street and west of Colima Road.

We have a staff report that we're prepared to begin now if that's your desire, Madam Mayor.

MAYOR WARNER: Please.

JEFF ADAMS: Thank you. Sorry. Thank you, Madam Mayor and members of the Council.

We'll get to the PowerPoint. Load the --

MAYOR WARNER: Jeff, why don't you identify yourself just for the court reporter.

JEFF ADAMS: Jeff Adams, Planning Manager.

The project as mentioned is the Whittier Main Oil Field development project, which includes the final environmental impact report and the conditional use permit, No. CUP 09-004.

The applicant is Matrix Oil Corporation, and the request is to drill, explore, produce, and recover the remaining oil in the gas reserves at the Whittier Main Oil Field site.

As mentioned, the location is within land owned by the City and managed by the Puente Hills Native Habitat Preservation Authority for the area that was formerly the oil field, which is generally located north of Mar Vista and west of Colima Road, as mentioned.

The site contains -- the overall site contains about 1290 acres, which includes the former oil fields, which produced oil for approximately a hundred years and was purchased in the early 1990s by the City through Prop A funds from the County and is currently managed by the Habitat Authority. This area is part of the larger Puente Hills Native Habitat Preserve.

As also mentioned earlier, the acre is up to seven acres -- I consulted the site -- which was modified from the original proposal and application, which included three separate individual drill sites. The EIR was processed and then republished for review and has since been refined further, which included the items listed previously as well as the crude oil pipeline that would go from the project site and tie into existing gas and oil pipelines at Leffingwell Road and La Mirada Boulevard with the gas lines connecting to the Southern California Gas Company line at Colima and Lambert Road.

The illustration shows the project site outlined in red or the approximate boundaries of the project site with the blue line being the extension of the Catalina Road, the green, which would be the sewer and the water pipelines, which would be underground, the temporary power line, which are shown in green and the orange, eventual location of the underground oil and gas

pipelines to the metered station on Colima Road, which would go south from there to the previously mentioned locations to tie in.

The project has moved through the process beginning with the award of the lease to Matrix Oil in 2008, which would permit Matrix the rights to drill for oil and gas subject to the approval of the CUP and the environmental review and approval.

In exchange Matrix will provide the long-time financial stream for the City and for the preservation enhancement of the preserves, the native habitat and ecological resources.

In April of 2009, Matrix submitted the application for the conditional use permit, which proposed the drilling operations as well as the overall site improvements. As part of that process, in October of 2010, the draft EIR, the environmental impact report, was released for an extended review of 60 days from the normal 45-day period.

As part of the EIR process, the process includes an environmentally superior alternative as well as a no project alternative. As part of that alternative, the -- as part of the superior alternative, a consolidated site -- a consolidated site -- excuse me -- was identified to move the three previously

mentioned sites into one overall site.

The EIR was revised and recirculated to address that singular site approach, which was available for public review from June 6th, 2011, through June 21st, 2011. Subsequent to that, which is shown as Appendix O, were refinements that further modified the original proposal.

And we'll have Joann Lombardo, who is the contract planner with the City, continue the presentation.

JOANN LOMBARDO: Thank you.

I'm just going to outline a few of the key provisions of the project. At its full production, the project proposes up to 10,000 barrels per day of crude oil production, up to 6 million cubic feet per day of natural gas production, and has under its CUP a proposed maximum number of wells of 60.

The pipeline and the tie in to the gas line would be about 1.8 miles from Colima Road to Lambert. The pipeline for the crude would be about 2.8 miles from Colima Road to La Mirada to Leffingwell Avenue.

The project proposes three phasings in their phases. And they're outlined in detail in the environmental impact report for the project.

The first phase is drilling and testing. At

that time, Matrix proposes to do superficial infrastructure improvements to go out to the site and to develop some test wells. If the project proves to be economically feasible, they would move on to design and construction, in which they would develop the full wells, the infrastructure associated with the wells, and the last phase would be the ongoing operations.

This outlines the drilling and testing phase. Again, there would be three wells that would be drilled and tested on a temporary basis. As I just mentioned, if successful, they would go forward.

If Matrix was to find that these wells were not producing enough crude oil to make it economically viable, they would be required to restore the site to its existing condition. And the approximate timeline for this first phase is eight months.

The next phase is design and construction, and this assumes that the project is a go. Under this phase, Matrix would be constructing the oil and natural gas processing facilities, the natural gas and crude oil sales pipelines. They could construct the well cellars, which again would produce up to 10,000 barrels per day of crude oil, and the natural gas facilities. All roads would be paved, and the duration of this construction would be about 30 months.

The last phase is the operation, and this is where it would be an active oil field. There would be drilling and the ongoing maintenance and drilling operations that are typical at this kind of facility. Drilling would take up 30 days per well. And, again, there would be the typical drilling rig setup, tear down, and operations.

For the Council to move forward with this conditional use permit tonight, the Development Code lays out a series of findings that the Council will be asked to make. These are the findings. The project site is designated as open space in the city zoning map. And to conditionally approve the project, there are five findings consistent with Section 18.52.040 of the Municipal Code.

The first finding is that the site proposed for the use is of adequate size, shape, and topography; the second, that the site proposed for the use has sufficient access to streets, which were adequate in width, pavement type to carry the quantity and quality of traffic generated by the proposed use; that the proposed use will not unreasonably interfere with the use, possession, and enjoyment of surrounding adjacent properties; that the proposed use will be compatible with the permitted uses of the surrounding and adjacent properties; and that the

use will, as to location, operation, and design, be consistent with the general plan and any applicable specific plan in Whittier zoning regulations.

Staff has done the analysis, and staff finds that the benefits of the project to the preserve and the community outweigh adverse impacts associated with the proposal.

The staff recommends that the Council move forward to certify the final environmental impact report including the findings and statement of overriding considerations and adoption of the mitigation monitoring and reporting program.

Staff also recommends that the Council approve Conditional Use Permit CUP 09-004 subject to the implementation of the attached condition of approval with amendments as appropriate for the Whittier Oil project.

JEFF ADAMS: One other item, if you would. Staff has -- and hopefully I have someone delivering the document -- further refinements to the conditions of approval that Matrix has asked to have modified. Staff had sent a number of documents to Council previously, and these are the last refinements that were just finished today, including the environmental -- environmental consultant's input relative to the requests.

There are a number of conditions with the --

and we jump around?

JEFF ADAMS: It's up to the Council. We could go over each of the items. I'm sure Matrix would still have some questions or requests. They were also given this document today relative to their original requests.

MAYOR WARNER: Steve, what's your recommendation as far as how you planned your staff report, how you intend to move forward?

CITY MANAGER HELVEY: I think at this point in time the conditions of approval that you're going to mandate on the project that are going to be based on the evidence presented during the hearing, I would suggest that you take that evidence and then read the conditions and the proposed changes in light of the facts that have been presented to you during the course of your hearing.

MAYOR WARNER: Okay. So is staff finished with their report --

JEFF ADAMS: Yes, ma'am.

MAYOR WARNER: -- or do you have additional materials?

At this point in time, we can have Council questions on the staff report.

Greg?

and what's shown is the current text, the proposed or suggested text by Matrix, as well as the staff recommendation or comments below each item. We can -- I can go through each one of them, if you like, or they're written down. We can follow up with them at any future point in time.

MAYOR WARNER: So this document is from Matrix?

JEFF ADAMS: The document is actually from staff, but the requests were part of the original request from Matrix that we had not modified based on the original submittal to Council. There were some items that Matrix had requested that we recommended in the documents that you already have. These were further items that staff did some additional research on and provided a recommendation.

MAYOR WARNER: Does staff -- does Council wish to have staff go over this item by item?

What's your preference?

COUNCIL MEMBER NORDBAK: A couple of minutes to look at it.

MAYOR PRO TEM NEWCOMER: My question being what's going to be the format?

Are we going to be going through each of the conditions that already exist in which this would naturally flow, or is this simply open to our questions

COUNCILMAN NORDHOF: Not at this time.

MAYOR WARNER: Joe?

MR. VINATIERI: As a matter of procedure, I have a whole slew of questions.

Is this the time to ask questions, or should we --

MAYOR WARNER: Let's ask Mr. Helvey.

CITY MANAGER HELVEY: I think the questions that are appropriate at this time are the questions that have been raised in your mind or questions of the presentation made by Mr. Adams and Ms. Lombardo. I think a lot more detail will come out as MRS makes their presentation on the environmental impact report. My guess is it may be easiest for you to hold it until you hear their information presented next on the agenda.

CITY ATTORNEY JONES: I believe at this point in time, we really almost preliminarily need to hear more information for the questions to become perhaps more germane to the discussion.

MAYOR WARNER: Okay. Owen, any at this point in time?

MAYOR PRO TEM NEWCOMER: We'll come back to them later.

MAYOR WARNER: Bob?

COUNCIL MEMBER HENDERSON: Later.

MAYOR WARNER: Okay. As we move on, Tomas, would you mind closing the back doors so those outside conversations aren't distracting, please.

So at this point, we will have our presentation by the environmental impact report consultant, MRS.

LUIS PEREZ: Madam Mayor, Council members, good evening.

My name is Luis Perez, and I'm the project manager with MRS. With me is Greg Chittick, who is the project engineer also with our team. He'll probably answer most of the hard questions you'll have later on.

I think some of you have seen some of this presentation before. Certainly stop me as I'm going through it if you have questions. We can always go back to slides if you have questions after the presentation, but certainly we're here at your -- at your beck and call.

Next slide. So what we'll do in this presentation is we'll try to go through the purpose of the EIR and quickly go through some of that, the approach that we took in the preparation of the environmental document. We'll go through the EIR contents and also go through a little bit of an overview of the proposed project. We'll try not to be too repetitive from what you have already seen.

And we also at the same time will go through some design modifications, which were the subject of Appendix O, which were added by the applicant once they saw the significant number of truck trips that would be generated as a result of the grading that they had proposed to the project originally. So we'll go through some of that, some of those modifications at that time.

We will go through also the EIR issue areas that we analyzed in looking at this project. We'll look at the impacts and mitigation measures that we were able to get to in the document. We'll look at the alternatives that we analyzed. We'll talk to you about the screening analysis that we undertook to come up with the alternatives that we eventually used for final analysis in the document.

We'll talk briefly about the appendices that are part of your record, and we'll talk briefly about what the process has been to date and then we'll entertain questions and try to provide some answers to your questions.

Now with that, the EIR obviously is an informal document that is provided both for the public and for decision makers. And it gives you the documentation so that you can ascertain what the environmental impacts of a project are, and you'll be able to make the appropriate

decisions.

We give you specific information as to what the baseline is at the project site. The baseline -- and I'll talk a little bit more about it in a second -- is what is the project site before the project is superimposed upon it, and before we ascertain what the impacts are, we have to understand what's there today. And typically per CEQA requirements, you have to set the baseline of the time when the NOV is issued.

So the EIR then identifies and assesses the environmental impacts of the project based on those proposed activities that Matrix has in the project description. The EIR then provides mitigation measures and for all the environmental impacts that are identified in all the separate issue areas. And then we also identify the alternatives and finally provide you with what is considered to be the environmentally superior alternative.

As far as how the EIR is broken down, we have an executive summary. One of the cautions that I always provide to people -- and I always see a lot of comments on EIRs, and they're limited to the executive summary. And obviously it's -- it's just a summary, synoptic in nature, and as such, it doesn't contain all the details. And sometimes it's misleading if you only read the

executive summary. Nevertheless, the requirement of CEQA, we have to provide you with a synoptic version of it. I always recommend that if people have questions, they should rely on the body of the document to clarify issues that may come up.

We also have impact summary tables, which are at the front of the document. They provide a short way of describing what the impacts are of the project, the types of impacts that you have, and the mitigations that you have for those impacts.

We have an introduction, a project description. Typically the project description is what essentially the applicant or Matrix owns. They own the project description. That's what they have given us to work with. That's our starting point. The EIR consultant doesn't have a lot of input into what the project description is. It is essentially the proposed project by the applicant.

We also have a chapter that discusses the cumulative projects, what are the projects that could be occurring or have occurred simultaneously with the project that is proposed so that we can analyze the impacts that they could have with each other so that we can provide you with cumulative impacts and then also cumulative mitigation measures.

We also then give you the Chapter 4, which is sort of the meat of the environmental document, and Chapter 4 has all the issue areas. And then we'll briefly talk with you in a second of all the issue areas that we looked at, but it has the meat of all the issue areas, the environmental impacts for all those issue areas, and then mitigation measures for them.

We also then look at the alternatives analysis, and that is divided into two chapters. The first one is a screening analysis, and I'll go a little bit more into what entails and then finally the chapter that discusses the alternatives that are carried forward in the environmental document for thorough review and then finally the identification of the environmentally superior alternative based on those alternatives that are carried forward for review.

We also then have a mitigation monitoring program. As Mr. Helvey mentioned before, that is a requirement of CEQA. That is your Chapter -- Chapter 8, and it includes all the mitigation measures that are proposed. It includes a schedule as to how they would be implemented by the City once the -- if the project happens to be approved.

And then the last thing is we have the appendices. And I'll just mention what those appendices

are. If you have more interest in those, you can certainly ask us and we can go through specific issues on those.

Now, I mentioned the baseline, and several studies have to be conducted in order for us to establish what that baseline is. So we go out there, and we conduct baseline noise surveys to determine what is that -- what kind of noise do you hear out there now. Obviously it's a preserve. It's a very quiet area. So we conduct a series of noise measurements throughout the day, at different times of day, particularly at night when it's most quiet, so we can establish, once we superimpose the project, what is the impact going to be at that project once it's operational during construction phases and so on.

We also looked at a number of baseline biological surveys, what is that we have there as far as habitat, what is that we have there as far as things of an ecological value.

We also conducted a baseline visual assessment to ascertain what -- what is it that -- what is the expectation for those that are looking out into that property and what is it that they see today and then superimposition of the project to try to determine what the impacts are.

Similarly we did baseline traffic studies, baseline geological assessments, and then baseline cultural surveys.

Now, I won't belabor this too much because you have seen plenty of this already. It gives you the three phases of the project with the drilling and testing phase. We added here in the bullet of that if a truck transportation of crude would occur and then some gas flaring would occur during that time. Then you have the design and construction phase if the project proves economical.

Construction of the oil and gas pipelines is approximately nine months. And then we point out the testing and crude trucking and flaring would continue during that time. And then you have the operational maintenance phase, and then, of course, during that time, the expectation is that all the crude would be transported via pipeline.

With this, we have a small movie that shows you a little bit of the proposed project. We start with the site, the leased parcels where the project is proposed, and then we're going to move in and try to see the location of the project site. And so here we have the project site, and then we have a depiction of the oil plant, also the drilling pad area, and then the gas plant

area.

Then we get a little closer so we can see the drilling pad area and actually the drilling rig as it would be located in the site, one of the three drilling sites there, drilling pad areas that you can see there.

Then as we move farther to the east, we take a look at what the project would look like from one of the viewing areas. We provide you with some grounding, the parking area, the community church, and then this viewing area. And then we take sort of a ground level view, and then this is a picture that is in the EIR. This is a depiction that we have of a photo simulation of what the project would look like from that specific location.

Then we move over to where the Loop Trail Road is -- the Deer Loop Trail. I'm sorry. And we do the same kind of thing where we try to go down into that area. Now, this is probably going to be the most prominent view. Then this shows you the picture that is in the EIR. And in this particular picture, a lot of the vegetation is removed, which is not something that has changed. And we'll talk about more of that later.

Then we move on to the Catalina Avenue views. We'll also show you there the school for location of potential sensitive receptors. And then now we go down into the street, just like as we did before. And it's

really not that visible. In fact, we ended up conducting a balloon test. We have some of the results of that, if you're interested. It's not that visible from there. So we have to provide you with that arrow to show you the potential location there of the site.

So as far as access, the first access would be to Catalina, and then access during some of the construction and then operations will be through Penn Street onto the landfill and then the north access road that you saw there.

This shows you the oil and gas pipelines, and then the oil pipeline actually continues on beyond Lambert Road on La Mirada down to the Crimson pipeline system. Approximately 2.8 miles, I think, is the number that has been used.

And I think that concludes our presentation at this part of the proposed project. I'll skip through this quickly because you have seen this. I think the only thing that is of interest here is that for the proposed project -- and this is all covered on Page 213 of the environmental document, but the total disturbed area is 30.6 acres. And the closest residence there is approximately 1100 feet.

So on this slide, we have calculated what the peak truck trips and vehicle trips will be for the site

for the project during the different activities that are occurring at the site.

Now, these particular numbers are without the design modifications that I spoke of earlier, and I'll talk a little bit about those later and how they affect the numbers that we see here. But as you can see, for construction of the north access road, the peak in vehicles, all of them trucks, will be 86 trucks.

And so as we move forward and look at the rest of the information, you will see that those are the ones that will go away as a result of the design modifications that the applicant has proposed and we have analyzed in Appendix O.

So as far as those modifications, they're considered refinements. I will show you a couple of slides in a minute that will superimpose the two plot plans of the proposed project that we had originally in the environmental document and then the refinements.

It reduced the amount and duration of grading, and it eliminates the hauling of soil off-site. Those are the most significant things it reduced. So when you're doing that, you're reducing all the truck trips during project construction.

And then, of course, there are reductions of impacts to the habitat preserve area. There are a number

of significant and unavoidable impacts that are unchanged as a result of it, as a result of this design modification. Some impacts would slightly increase but not change the impact classification. And I'll go through those.

So here we see the design modification layout. It's going to be a little bit more clear as I show you the superimposed area, but I think one of the main changes is that they're utilizing the existing topography rather than doing the significant amount of excavation that was contemplated under the proposed project.

And as you can see, they will have an area here where the existing slopes will be preserved. This is a fairly steep area that under the original proposed project was slated to be essentially flattened out to create pads. And so that, along with the need for some of the retaining walls and so on, created a significant amount of grading that is now being reduced with this redesign.

Another aspect of the redesign is that you're going to have access come in from an area that was previously not contemplated for access. If you follow my pointer here, this is the area of the road where access was going to be provided previously, and access through the proposed modification would be in this area now. And

that would account for some differences in the acreage that gets affected by the project, and I'll address that momentarily.

So here we have a superimposition. In red we have what the proposed project is, and you can tell that the footprint is substantially the same as the footprint that we had in the proposed project with the slight modifications that I mentioned with regards to the use of the existing topography versus the significant grading that was part of the original proposed project.

MAYOR PRO TEM NEWCOMER: Excuse me. Can you identify the roads in there?

LUIS PEREZ: The roads are in blue.

MAYOR PRO TEM NEWCOMER: Would that be the extension of Catalina?

LUIS PEREZ: No. Catalina would be coming around from this area like here. So if -- I don't know if I have a figure that I can show you later that orients you. I think if we go back to the little movie that we showed you of the location of the site within the preserve, that gives you a little bit more of an idea as to what the extension of Catalina is with respect to this site.

So with that, the revised site plan design has overall cuts and fill for dirt work that -- there are --

there is actually a slight number where it's not exactly zero. I know that the slide says it's zero. It's a small number, but basically it constitutes no soil or no significant soil export. There may be ten trucks that get exported as a result of the project. But -- so it's not actually zero. I wanted to clarify that in the slide, and we didn't have the time to actually change it.

But it reduces the amount of time that the grading would occur from 24 weeks to 12 weeks, and it eliminates soil export truck trips from approximately 9300 fewer truck trips doing grading. So it's a fairly substantial reduction of the truck trips that would go -- would be slated to go on that north access road up to the landfill. And then if the landfill could not handle that amount of soil -- and we did a lot of consultation with Mr. Dave Pelser from public works. It appeared as if they have plenty of soil there.

So what we did in the original analysis is we had assumed that the soil that would come out of the site would actually not stay at the landfill but actually go out through Penn Street and would have to be disposed of elsewhere.

So all those truck trips that would go beyond -- beyond the landfill and then on to other areas where it would be have to be disposed of, all those truck

trips would also be eliminated.

Obviously there are reductions in the amount of air quality impacts because of the lesser number of trucks that you would have to use for grading. So there are some substantial benefits that are accrued as a result of this design modification. I think I'll cover some of those here in some of the next slides.

One of the things that we had that we wanted to show you was what are the differences in the pad area, the road areas, and how the different portions of the projects are affected as a result of this design modification.

So what we have in this graph is an attempt to give you, first, what the permanent facility area, what the total acreage is. And as you see, for the pad area, that remains the same, 6.9 acres. The number in parentheses is the number of the acreage for the proposed project. The number outside of the parentheses is the number for the design modification that we're discussing.

For the road areas, we have for the -- for the design modifications 6.9 acres, and for the proposed project, we had 6.5. So there is a differential there of .4 acres more than you would have as a result of this design modification. And that should come as no surprise to you since I showed you in blue the new access road

that they would have in that figure. So that adds .4 acres there.

Then, as far as the secondary fire access, the Loop Trail Road, there's no change there. That remains 1.7 acres, and then as you move on to the right on the graph, you look at the permanent fuel modification area. That area, again, changes somewhat in the road -- in the road areas because of the additional road that we have and also because the pad area is slightly larger. So you're going to have an area that is going to have a little bit more fuel modification there.

And then finally with regards to the construction -- the temporary disturbed area as a result of the construction, because they're not doing all the grading that was proposed under the original proposed project, you see some reductions -- actually some substantial reductions here where the proposed project has a total disturbed area of about 4.9 acres. I'm sorry. The other way around. The modification has a total disturbed area of 4.9 where the proposed project had 8.5 acres of disturbed area.

Again, the significant amount of grading would have to go outside of the -- if you think about the topography there, you would have to go outside of that area in order to construct the site, and that would have

those larger effects that are depicted here by that larger number.

I know that's sort of complicated. I don't know if you have any questions of that particular slide that you want me to go over at this point.

COUNCIL MEMBER NORDBAK: Actually, I had a question on the previous slide. You stated that you're reducing the type of berms from 30 to 40 feet to 8 to 10.

Was that because you're using -- moving to the other side and keeping the park view preserved?

LUIS PEREZ: That's correct. I think rather than doing all of the leveling of the site with the existing topography, they're using more of what's there, the pads that are there that were previously used by Chevron, some existing pads. In fact, where the gas plant is located now, as far as the design modification, it's within an existing pad. So it wouldn't require that additional grading.

COUNCIL MEMBER NORDBAK: Just flipping it around, that would greatly -- you can say grading truck trips and the reduction of the berms by 65 percent?

LUIS PEREZ: That's correct.

COUNCIL MEMBER NORDBAK: Go ahead.

COUNCIL MEMBER VINATIERI: The grading has been cut down, but when I saw it today, I thought this was all

going to be one flat plane. What's happened now is essentially you have it on two tiers, two levels, because there was well drilling on the above -- or I think you have a portion of this. And then you still have the canyon -- canyon floors. So that's -- that's the reason, as I understand it. Because that's already impacted that area above.

Is that correct?

LUIS PEREZ: That's correct. And that's what I was referring to. And I think when you're saying the area above, that's the area where the gas plant would be located. What they're doing with this design modification is they're preserving some of the -- what I showed in that middle area there. You really can't tell, but there's a -- you're right. In that middle area, there's a topographical difference. There's a slope there that is preserved. So they're using a lot of the existing topography going in and doing the significant grading that was proposed previously.

COUNCILMAN NORDHOF: Also on the slide, it appears the grading time is going from 24 to 12 weeks.

Has that been -- did that number get reflected in the reduction of the design construction?

Is it going to take three months off the 30 months that's originally --

LUIS PEREZ: That's right. You get those reductions. So overall the reductions that you see here would get accrued into those 30 months of construction.

COUNCIL MEMBER NORDBAK: Three months coming off the design of construction?

LUIS PEREZ: That's right.

MAYOR PRO TEM NEWCOMER: Question on fuel modification. That's an area around the roads, around the pad that are less likely to catch on fire?

Is that what the fuel modification is about?

LUIS PEREZ: It's sort of like that. What the fire department requires -- and there are different requirements depending on what things you have on the ground that need to be protected. And so what they do is they create a zone around it that would not burn, and there's a number of things that can happen when you have trucks going by where if there is vegetation that could -- that could light on fire, you know, whether it's catalytic converter or whether there are -- there are a number of things that causes a fire.

What the fire department wants if you have vegetation near the road, that vegetation has to be modified so that it doesn't constitute fuel for a fire. And so those are the things that we take into consideration when we're actually taking the total

acreage of material that would be disturbed.

MAYOR PRO TEM NEWCOMER: Okay. And for the roads, that would be -- the fuel modification would be ten feet on either side of the road?

LUIS PEREZ: That's correct.

MAYOR PRO TEM NEWCOMER: And the road itself is 20 feet, or has that been changed?

LUIS PEREZ: I think it's 20 feet.

MAYOR PRO TEM NEWCOMER: Thank you.

LUIS PEREZ: So if we can go back to the PowerPoint, please. So this is the one that we were addressing for questions, and I think we were moving on to the table that showed us the different acreage affected by both the proposed project and the Appendix O modification.

So we can then move on and talk about a little -- some of the things that I've already mentioned, which is the -- the reduction of the severity of impacts in the portion of air quality. You have fewer emissions as a result of fewer trucks. So that's total bacteria pollutants, oxides of nitrogen, reactive organic compounds, and also then you have greenhouse gas emissions, carbon dioxide emissions reduction there.

You have traffic reduction by the number of trucks. You also have biological benefits as a result of

this because you're not going to have the noise from those trucks going up the north access road through the landfill. So taking those trucks off the road certainly makes a difference. You're also reducing the opportunity for road kill to occur when you're not having all those trucks going by. So that's also a benefit.

COUNCIL MEMBER HENDERSON: I wanted to -- doesn't this also have quite an impact on the vegetation that would be left around the site so that view sheds are not disturbed so much?

LUIS PEREZ: That's correct. That -- I was going to touch on that on the aesthetics portion, but the -- you're absolutely right. I think one of the things that the City has done is -- in consultation with the fire department is to determine whether the Eucalyptus grove that is directly behind that area, whether that could be preserved as a result of having some of these design modifications.

And I think that the fire department has written a letter that states that they would not require the removal of those fairly sizable Eucalyptus trees. So the photo simulation that we showed you earlier from the Deer Loop Trail Road, where it showed the fairly sizable drill rig there, those are not going to be as visible as that was shown because all that vegetation will be

preserved. And our photo simulations specifically had taken that out because that was part of the originally proposed project.

So thank you for that clarification.

MAYOR WARNER: And how does the fire department rationalize that line of thinking when they previously mandated that the Eucalyptus trees be removed in the habitat?

LUIS PEREZ: I'm not sure if it's -- if they actually rationalized how -- whether, you know, they were requiring that before. I think it was more that as part of the grading process, it was something that Matrix had proposed. So Matrix had proposed that the Eucalyptus trees would be removed as part of clearing that area.

In recognition of the fact that it provides -- the Eucalyptus groves provides an aesthetic benefit and then in recognition of the fact that in that particular area you have the oil plant, which is less likely to be having flammable issues.

I mean, if you were closer to the gas plant perhaps, the flammability issue would be higher. I think that maybe went into the fire department thinking that this is not something that they should have concerns with as far as the potential flammability of those Eucalyptus trees.

Now, you still have fencing. You still have walls around the site. You still have quite a bit of distance between where those are and where the Eucalyptus trees are. So there's still some safeguards that would prevent, you know, those Eucalyptus trees from catching on fire as a result of something that is operational by the project.

MAYOR WARNER: Thank you.

COUNCIL MEMBER NORDBAK: Luis, when you did your -- when you did your picture that showed us the views from the different areas, what was the height of the drilling rigs you used in those?

LUIS PEREZ: 125 feet.

COUNCIL MEMBER NORDBAK: 125.

LUIS PEREZ: Taking into consideration also the topography of the site where it was to be located.

COUNCIL MEMBER NORDBAK: But it was 125, the height of the rigs?

LUIS PEREZ: Right. That's correct.

I'm sorry. They asked me to move up here because there's something going on with the video.

So if we can go back to the PowerPoint, we can see if we can catch up to where we were. I think what we have here is we're trying to catch up to the -- thanks -- to understanding what the total truck trips would be.

And the big difference is -- I had shown an earlier slide that showed the peak day is 86 truck trips, and that occurred during grading and testing, during the grading and testing phase.

As a result -- and then it lasted about 120 days. As a result of the design modification, now you have a peak day that occurs during a different time of the project, which would be now during facility construction and testing. And it's sort of a -- we used this slide to explain during the Planning Commission hearing, and I explained that this is sort of an apple and oranges kind of comparison. What we should say is that for the proposed project during the grading and testing, if you want to compare apples to apples, you would have a peak day now with the change in the project to be approximately ten truck trips.

You still have 36 as your peak day, but it occurs during a different time of the project. I don't know if that's clear. I can go a little deeper into it if you would like me to but, again, I think it's trying to make the point that the modifications of Appendix O significantly eliminated the export of soil and thereby the truck trips.

MAYOR PRO TEM NEWCOMER: Just a definition question. The truck goes in. The same truck goes out.

One trip or two?

LUIS PEREZ: Well, what we account for is the round trip.

MAYOR PRO TEM NEWCOMER: So --

LUIS PEREZ: All these trips -- all these trips that you see here are the round trip in and out.

MAYOR PRO TEM NEWCOMER: So if I'm standing on the corner, I'm going to see 72 times a truck go by for 36 trips because 36 is a round trip?

LUIS PEREZ: That's correct.

MAYOR PRO TEM NEWCOMER: Okay. I just want to understand.

LUIS PEREZ: Now, we wanted to give you the full breadth of what happens with this modification. So there are also some increases in severity of impacts in some of portions of our issue areas we looked at.

For biology -- and I showed in an earlier slide there are areas where you have more fuel modification. You have a slightly more road area. So you're going to be impacting those biological areas by those amounts. And so those impacts would occur. The impacts remain less than significant, and the same ratios of mitigation that we have for those biological and those habitats would apply for those portions of the project. So I think it was .4 acres that we have for the road and then

a little bit more for the fuel modifications.

So you would have those that would have to then be accounted for. So there's a slight increase in the severity of those impacts.

Also as far as aesthetics, if you compare the superimposed images that we gave you, the drill rig area actually moves a little bit closer to residences. I think we calculated about 130 feet. So it's a nominal change. However, we wanted to point that out just to give you the full breadth of the information.

MAYOR PRO TEM NEWCOMER: And after the 130 feet closer, what would be the distance to the closest?

LUIS PEREZ: It's about a thousand feet.

MAYOR PRO TEM NEWCOMER: Thank you.

LUIS PEREZ: So it's still -- still the distance is not going to alter. This is something that we consider to be an impact that would be a significant and unavoidable impact already. So by moving the drill rig 130 feet, it's still significant and unavoidable.

Then, as far as noise, the same kind of thing happens. You're getting a little bit closer. However, all the same mitigation measures continue to apply, and the noise levels remain below the significance thresholds with the mitigation measures imposed.

Okay. So now we are moving out of what is the

proposed project and the slight detour that we took to explain the Appendix O design modification. And we'll go through some of the issue areas that were evaluated in the document. These are the typical issue areas that CEQA requires you to evaluate. Sometimes some of them are taken out as a result of projects perhaps not affecting those.

This particular project has -- we looked at -- because of the nature of the project, we looked at issue areas -- pretty much all the issue areas that are contemplated within the CEQA handbooks. So you looked at air quality, biological resources, safety and risk of upset, geological resources, noise and vibration, aesthetics, transportation, hydrology, cultural resources, wastewater, land use and policy consistency, fire protection, public services and utilities, recreation, energy, and then finally environmental justice.

Now, throughout the EIR -- and, again, these are classifications that are given to us by the law, by the California Environmental Quality Act. So throughout the EIR, we have impacts classified using the system of significant and unavoidable impacts, which are impacts that may not be fully mitigated to less than significant levels, impacts that are less than significant with

mitigation, and then, you know, the significance of the impact gets reduced as a result of adopting mitigation measures. So they are reduced to less than significant.

Then you have impacts that are less than significant. So some of those are adverse but insignificant impacts, and then finally beneficial impacts.

So as far as the findings of the environmental document, we had six significant and unavoidable impacts. And they were found in air quality. And we had two there. We had one, which is the significant impact of construction. They exceed the thresholds that the AQMD has for construction, so for criteria pollutants. This is not atypical of large construction projects. They're considered to be temporary in nature, but nevertheless they're found to be significant and unavoidable.

Similarly we found greenhouse gas emissions to be significant and unavoidable, and the reason for that was that there was no specific projects or specific contracts that were provided at the time when the project was submitted that showed that Matrix could offset those greenhouse gas impacts. So that's not to say there aren't some systems out there or projects out there that they could take advantage of or credits that they can purchase to get those offsets.

But as the EIR prepares, we felt that we needed to be conservative, and until those credits or those offsets were presented to us that were specific and quantifiable, we were not sort of willing to say that they could be mitigated, not to say that they can't be.

As far as the aesthetics impacts, as I said before, we found the site -- in evaluating aesthetics impacts, as you can imagine, is a very subjective type of situation. What may constitute an impact to some people may not constitute an impact to others.

I know that we have looked at a number of projects in the past that has this sort of same type of peculiarity. We have looked at projects that, for example, had drilling rigs that were next to the coast in tourist-type areas. This is a drilling rig within a preserve, the visibility of which would be diminished as a result of the topography and the location, but nevertheless from some of the areas where sensitive receptors exist, they could still see it. So we felt that, being conservative again, that that should be considered a significant and unavoidable impact.

Since that, you know, we have seen other projects. And I know that there's a proposed 183-foot tower on top of a hill within the preserve that the County of L.A. is looking at, and they're writing a

mitigated -- mitigated declaration for it, which means that they don't consider that tower to be a significant and unavoidable impact.

There is also a tower that if you walk outside the hotel and look to the right, that you can see in the distance, which would be far more visible than the drill rig is. Nevertheless, always in the eye of the beholder. And, again, for CEQA purposes, we believe that this should be considered a significant and unavoidable impact.

We also felt that, you know -- and people have complained to us about triple counting against Matrix because we found that it was also a significant impact of land use. And, again, we felt that a preserve, open space area, your expectation of a passerby or your expectation of somebody would not be to see that kind of activity. And so therefore, it's considered to be a significant and unavoidable impact.

Similarly, for recreational users, it has again to do with the same kind of thing, that the expectation of that recreational user would be not to see that drilling rig, and for that reason it's found to be a significant and unavoidable impact.

MAYOR WARNER: So when you -- go ahead, Joe.

COUNCIL MEMBER VINATIERI: Mr. Perez, two

things.

First of all, can you define for me a sensitive receptor?

LUIS PEREZ: Well, a sensitive receptor is essentially any resident that is nearby that can see the site.

COUNCIL MEMBER VINATIERI: And what --

LUIS PEREZ: It's a fairly general description of what a sensitive receptor is.

COUNCIL MEMBER VINATIERI: In talking about this, you've been talking about the drilling rig. And I think you indicated earlier to Greg that the drilling rig was 120-foot, I think it was.

COUNCIL MEMBER NORDBAK: 125.

LUIS PEREZ: 125.

COUNCIL MEMBER VINATIERI: 125. So if the drilling rig is less than that, is then -- is it still a significant impact if you can't see it?

LUIS PEREZ: Obviously not. I mean, if you cannot see it, it's not a significant impact. In fact, there is a -- there's a fairly hefty discussion within the aesthetics issue in the EIR that talks about if you have a reduction, if you're able to reduce the size of the drill rig to 85 -- 80 or 85 feet, that would not be visible any longer. And it would probably go down to a

significant but mitigable impact. So yes. If you reduce the size of the drilling rig, which is the most prominent factor, the most prominent feature of the project, you would reduce the level of impact from significant and unavoidable to significant and mitigable.

COUNCIL MEMBER VINATIERI: Thank you.

MAYOR WARNER: When you were talking about the towers, would that be like electrical towers?

LUIS PEREZ: When I was talking about towers, I was talking about telecommunication towers. I think it's an existing one. It's 130 feet tall. You know, when we do this kind of work, we sort of become sensitive to it because we have -- we have done all the -- all the photo simulations. And we feel we want to depict it just the way it's going to look out there. And then you turn around and you look and you see this very large tower on the horizon. And you go, oh, my God, look at that. That's certainly more visible than what this project is.

MAYOR WARNER: So when those telecommunication towers were placed, the agencies that placed them, did they have to go through to CEQA process and through the EIR?

LUIS PEREZ: Well, they have to go through a CEQA process. Whether they decide to write an EIR or

some other environmental document is up to those decision makers. We know -- we looked a little bit into the County of L.A. for the current process, and they're in the process of writing that document. And we weren't able to get a copy of it. They still don't have it available, but it's a 180-some-odd feet tower. And it appears it's mitigated in their declaration, which only can mean that impacts are less than significant.

COUNCIL MEMBER HENDERSON: I agree with Mr. Perez about the fact that seeing a tower would be significant and unavoidable. Although, I would have to tell you that we made that same complaint to the California Public Utilities Commission about the 200-foot towers that are being -- marching along the top of our hills through our preserve, and they didn't find those to be a significant and avoidable impact at all. They thought they were absolutely -- there was no need to mitigate for them whatsoever. So yeah. But eye of the beholder, I guess.

LUIS PEREZ: Exactly. So if we could go back to the never-ending PowerPoint presentation. I'm sorry. So we were one more. Yeah.

So I was talking about the significant and unavoidable impacts. The last one that I was going to mention was hydrology, significant impacts due to the

1 risk of oil spills that could affect ground water or
2 running waters. So we felt that that is something that
3 where you have the risk of an oil spill, where there's a
4 pipeline that could have a spill, less likely to have an
5 oil spill from the facility -- a potential from the
6 facility because there are requirements that they would
7 be bermed. And the berms are required to contain 110
8 percent of the contents of the tank.
9 So you're assuming, first, that the tank is
10 full; second, that the whole tank collapses; and then
11 third, that there is -- you have additional water which
12 typically would occur during a storm. So all that water
13 mixed with the oil would still be contained. So it
14 requires to contain 110 percent. So it's less likely to
15 have oil from the actual tanks within the site. But I
16 think what we're looking at is a potential for a pipeline
17 rupture that could then affect hydrological features
18 within the project area.
19 MAYOR PRO TEM NEWCOMER: And could you clarify
20 the impact on water?
21 Is this water that residents are using for
22 drinking? Water that the animals are using?
23 Water that -- which water is that water used
24 for?
25 LUIS PEREZ: Well, I think when we're looking

1 at a pipeline rupture, you're probably going to end up
2 affecting waters if you run into a creek, into ravines
3 into creek areas. So it would mostly have biological
4 impacts associated with that.
5 In fact, if you look at our document, the
6 document picks up on the biological impacts that would
7 occur as a result of an oil spill. Those biological
8 impacts are considered to be significant but mitigable
9 because the resources that would be affected are not
10 sensitive in nature.
11 We have done many projects that also touch
12 offshore, and anytime that you have oil in the water, the
13 biological impact is considered significant and
14 unmitigable. We deal with agencies, used to be the
15 Minerals Management Service. Now they're called the
16 Bureau of Environmental Management, BEM, and also with
17 the State Lands Commissions that manage the offshore
18 waters from the beach through three miles out. And both
19 agencies feel that, you know, any amount of oil in the
20 water constitutes a significant and avoidable impact
21 because it's really hard to get affected organisms away
22 from it.
23 When you have oil spills on land, there's a
24 substantial difference. You can access the spill. You
25 can get to it pretty quickly. You can manage it, and you

1 can prevent more ecological damage fairly quickly.
2 MAYOR PRO TEM NEWCOMER: Thank you.
3 LUIS PEREZ: So that's as far as the
4 significant and unavoidable impacts.
5 Then we have a number of impacts that were
6 thought to be less than significant with mitigation. We
7 have those up there. Those are also part of your impact
8 summary tables. I won't spend too much time on them
9 unless you have an interest on them. The point of some
10 of these is to show there were some significant impacts
11 that were able to be mitigated with mitigation measures.
12 MAYOR PRO TEM NEWCOMER: I do have a question
13 on the traffic on Penn. At some point I heard about a
14 possible requirement that for every oil truck that went
15 down the street, there would have to be payment to the
16 trash company to divert a trash truck. I didn't see that
17 anywhere.
18 Is there any requirement as part of your
19 recommended mitigation for basically offsetting truck
20 trips by reducing trash truck trips?
21 LUIS PEREZ: I'm trying to remember if we put
22 it in the mitigation measures. I think Greg is assenting
23 that yes, we did. So we did include a mitigation measure
24 to require that the number of truck trips during
25 operations, which is approximately three to six truck

1 trips per day, would be offset.
2 And what we did is we went back and looked at
3 the total number of truck trips that came from elsewhere,
4 not within the city. So that you would preserve the
5 trucks that are using -- that are being used for
6 municipal waste and that are part of the city cohort
7 (phonetic) and not reduce those but take into
8 consideration some of them are coming from other
9 jurisdictions that could be diverted elsewhere and then
10 provide for those so that there would be no increase --
11 no net increase in traffic for the residents around the
12 Penn Street area during that operational phase, albeit,
13 it's a small number, three to six truck trips per day.
14 ASSISTANT CITY ATTORNEY BARLOW: Madam Mayor,
15 if I could. In addition to mitigation measures, there
16 was a condition of approval that was previously -- which
17 would have required a payment to the landfill to offset
18 income from the loss of those outside sources.
19 MAYOR WARNER: And then I would have a further
20 question in regards to turning away some of those trash
21 trucks that might be using our landfill that are from
22 other entities.
23 If they are turned away, even though there may
24 be payment made to the landfill, is that going to affect
25 our diversion requirements, our landfill diversion

requirements?
LUIS PEREZ: I'm hearing no behind me.
JEFF COLLIER: No. It would not.
MAYOR WARNER: Thank you.
JEFF COLLIER: Again, what you're talking about is this would be trash generated within the city. We would still preserve that.
LUIS PEREZ: Okay. So, again, back to the PowerPoint presentation.
MAYOR WARNER: About how much longer do you have for the PowerPoint?
LUIS PEREZ: Probably about three or four more slides, I think.
MAYOR WARNER: Okay.
LUIS PEREZ: I'll try to go through them quickly.
So we talk a little bit about -- and then there were some that were less than significant impacts, and then there were some that just -- you know, environmental justice, public service entity and wastewater were less than significant without any mitigation and were considered to be adverse.
There were over a hundred mitigation measures that were found within the document. There is a series of bullets there that gives you some of them. We also

have a bunch of the mitigation measures for each issue area. And we can share those with you if you're interested in some of the questions that you ask, but I will not spend much time here. If you have questions, we can try to answer them.
It's important to note how we did the alternatives analysis. So if you look at this slide, obviously CEQA requires you to do an analysis of what the impacts are for the no project alternative. We also looked at alternative sites, and then we looked at alternative access roads. And we looked at alternative pipeline routes. So we tried to look at alternatives for each major component of the -- of the project.
And then for the screening analysis, we used -- we tried to look at every issue area. We tried to look at feasibility, and we tried to look at engineer and design. Then we put all that through the alternative screening analysis. Then we draw up alternatives for consideration, and then we evaluate the alternatives that are part of the EIR. We have a short movie that shows you some of those.
So here we have the project site directly in the middle of the -- as proposed, directly in the middle of the picture. We looked at the landfill site. We looked at a site deep within the preserve, the Canada

Canyon site. We looked at the old Chevron site. We looked at theEast Colima site, and we also looked at the north site. And then we also added a couple of off-site sites, Honolulu Terrace and Sycamore Canyon where Matrix apparently has some operations. So we looked at those, some of the different off-site locations.
One of the ones that was carried forward was the landfill. So we picked a couple of areas for a drill site and also for the location of the equipment, the oil and gas facilities. And then we tried to do a photo simulation of what that would look like from the distance. And this is that depiction for that landfill site.
Then we also took a look at Catalina Avenue and the north access roads that were part of the access points for the site. So we take a closer look here of potentially using the Loop Trail Road as access for the site throughout the project. And we also -- we carried this alternative through environmental review in the following chapter.
We also looked at the use of Hadley, and you can see where Hadley Street is and then where the landfill is for access. It would be a significant bridge that would have to be constructed there. We didn't find that to be feasible as part of this project, and that was

eliminated.
And then as far as the oil and gas pipelines, the oil pipeline only, we would look at the alternative to go down Lambert Road and use an existing transportation corridor right next to the railroad right of way as an alternative, which would have lesser traffic impacts because you would have an existing corridor. So we looked at that in the EIR.
We also looked at a pipeline within the preserve on existing roads or trails, but then we couldn't really find any additional location where we can get to -- that's where that question mark was about. We couldn't find a way to get it down to the Crimson pipeline system.
So as far as the alternatives stand, the ones that we carried forward are the ones in bold. So no project alternative in the Savage Canyon landfill alternative, and as far as the access, we carried forward the Loop Trail Road access alternative.
Here is the comparison. This is on Page 654 of your environmental document, and what we have here is a comparison of the types of impacts that you would have as a result of the proposed project, the landfill site alternative, and the proposed project with the Loop Trail Road access.

Essentially the proposed project has six significant and unavoidable impacts that we talked about. When you have the landfill site alternative, you have some of same impacts with the exception of the recreational aesthetic impact to recreational areas, but you do pick up a land use impact. And it comes as a result of a number of things, one that seems speculative. We tried very hard to determine what the permitting process would be for an oil and gas facility within an existing operating landfill, and it was very hard to get any information from Cal Recycle.

We suspect they're trying to obtain a permit for that. It would be difficult and take many years, if possible. And it would also reduce the life of the landfill because it would occupy some of the areas that are currently designated for refuse.

And you would have to then be taking some of that elsewhere. So all of those constitute what we felt was a significant and unavoidable land use impact.

And then as far as the proposed project with the Loop Trail Road access, you had some significant and unavoidable impacts that you picked up. In recreation, noise impacts because of the traffic going through there and then an additional aesthetic impact of seeing the access road and having those trucks go through there for

those residents.

So with that, the environmentally superior alternative was found to be the proposed project with all the mitigation that we identified with access through Catalina Avenue during the exploratory phase and during some of the construction phase and then cars only during the operational phase and then use of the access to Penn Street and the landfill and then the Lambert right of way access that I mentioned before.

COUNCIL MEMBER NORDBAK: Luis, you mentioned Catalina access during the construction portion of it. I'm hoping there's also directions of where they're coming off of -- where they're entering Catalina from.

I mean, are they coming up Whittier Boulevard and going through the entire residential section?

Are they coming up Mar Vista?

What is the direction to reach Catalina?

LUIS PEREZ: I think the majority of the traffic, the way it was looked at, was coming from Colima Road onto Mar Vista and then onto the Catalina Avenue side.

COUNCIL MEMBER NORDBAK: Thank you.

LUIS PEREZ: So the project as presented still had the six significant and unavoidable impacts that we discussed earlier.

This slide simply gives you a listing of all the appendices. Again, I will not belabor those. You can ask questions, if you wish, about any of them. We'll try to respond to those.

And then -- sorry. The previous slide shows the process that we have undertaken as a result of this project, the release of the different documents, the different opportunities that have existed for public comment, public review, the community workshops, meetings, and so on culminating on the meetings that have started tonight. So that concludes our EIR presentation.

MAYOR WARNER: Thank you.

At this time we will take a break, and then when we return, we would like to ask questions.

Thank you.

(Break was taken.)

MAYOR WARNER: We'd like to ask the audience to be seated so we can begin again.

As a reminder, for those that came in late this evening, per the Los Angeles County Fire Department, we have been asked to ask our guests to remain seated during the hearings so we can comply with the Fire Code. Therefore, it would be necessary for all guests in the room to remain seated at all times unless you are in the

process of entering or exiting the room.

And let's see. We have -- if members of the press or public wish to use a video camera to record the proceedings or use a camera to take pictures of the proceedings during the hearing, we ask that you use one of the designated areas on either side of the room for this purpose.

If any of our guests need any assistance, there are staff members in the back that are available for question if you have any logistical questions at all.

At this time, we're going to continue.

And, Mr. Helvey, a recommendation on how to proceed.

CITY MANAGER HELVEY: Yes. I think, Luis, you've completed the basic presentation you wanted to make tonight. I think it would be best if we went ahead and let the applicant make their presentation. That way you would be armed with all of the base data upon which they answered questions before we concluded tonight's staff presentation.

So it would be my recommendation we move on with Matrix and then have an extended period of time for questions from the Council afterwards.

MAYOR WARNER: Council okay with that approach?

COUNCIL MEMBER NORDBAK: Sure.

MAYOR WARNER: Then we have indicated that we're allowing Matrix 60 minutes for their presentation.

You're doing the timing.

Right, Kathryn?

KATHRYN MARSHALL: If that's your desire.

MAYOR WARNER: Okay.

KATHRYN MARSHALL: It's not necessary to time them, if you'd just like to just play it by ear.

MAYOR MARSHALL: Okay. Well, I just want to make sure that if we do happen to interrupt with questions, that that not be taken away from their time frame.

KATHRYN MARSHALL: So you wish them to be timed for 60 minutes?

MAYOR WARNER: What did the Planning Commission do, Steve?

KATHRYN MARSHALL: It was informal.

CITY ATTORNEY JONES: Well, as far as we're concerned with respect to this process, it is a public-hearing-type environment in which the applicant has a significant amount of materials to present to you. The idea of setting 60 minutes is very flexible because depending upon what they have to provide to us and your response back by way of questions may extend that.

MAYOR WARNER: Right. That's okay.

CITY ATTORNEY JONES: It's that kind of process, and so while 60 minutes should be the goal, I think we should be flexible.

MAYOR WARNER: Okay. And I do want to be flexible. Especially if we have questions, I want to make sure that they are still allowed plenty of time.

Okay. Good evening.

MICHAEL MCCASKEY: Hello, everyone. I'm Mike McCaskey of Matrix Oil. I won't need 60 minutes, but with questions, I'm certainly willing to talk about anything on the project and answer questions for clarification.

If we can go to the slides, please.

Of course, this project started a few years ago, and I want to cover our goals. Our goals have been consistent from the beginning. First, we wanted to develop the resource in a safe, efficient way. And we feel this is a partnership with the City.

Our goals are to follow all local, state, and federal rules, and our No. 1 priority is protecting citizens and the environment.

We are -- of course, you've seen in the project, we're going to optimize the production. We're using a one 6.9-acre site. The lease allows for up to seven acres of what's described as a permanent

constructed facility in the Whittier Oil Field.

And we've done quite a bit of geologic review of the project over the last few years. We've collected information from state records and from Chevron. We located quite a number of the well records. So we have information on over 400 wells in the fields. There are over, historically since 1890, approximately 500 wells drilled. Most of those wells are very shallow wells drilled a long time ago.

But it's our estimate that the field is a substantial resource for the City. The oil in place number that we're calculating -- and this doesn't include the associated natural gas -- is approximately 600 million barrels. And that's all of the oil contained within the bore spaces within the oil reservoirs underneath the City land.

About 10 percent of that has been produced over the first hundred years through the initial drilling in shallow drilling. So 60 million out of the 600 has been produced. So you have quite a bit of oil left underneath the city as a resource for the City.

The third goal is very important to us, supporting the community. We're very interested in establishing relationships throughout the community. In the last year or two years, I've met over a thousand of

the residents and through service groups and through our association with Mac McFarland and have met many others and enjoyed getting to know people.

We appreciate the local charities. We know there's many local environmental projects that we'll be learning about. We're very interested in local -- creating jobs through this project as we take it from a schematic project that's been analyzed in the EIR conceptual project into a quantified and developed plan working with all of the city departments to review the local companies to work on the project.

We feel that this is a substantial and important revenue resource for the City. Of course, part of our program is that we think it ensures the future of Whittier. We know that Whittier has a future, of course, without the oil project, but it has a resource and a potentially dramatic one. It would have quite a benefit for Whittier and also Los Angeles County to have revenue coming out of this project.

Next, please.

We looked, of course, or are highlighting some of the things that Luis went through, but our city contract -- and there's been -- we like to keep emphasizing this in our presentations. There's a question about it. Our contract initially, which was

1 developed in 2008, is -- allows for up to seven acres.
2 We -- of course, in this current design, it's 6.9 acres,
3 and that number was developed by two civil engineering
4 firms that we used. In all the plans you've seen, it's
5 been seven acres or less.
6 And we, of course, have designed the project to
7 use the existing roads; that the road that there was a
8 question about is a leased road that's still -- sits in
9 the canyon. It's got -- it's asphalt covered. And all
10 of this is less than 1 percent of the existing habitat
11 preserve, which is in excess of 3800 acres, the entire
12 preserve, which is mentioned in the EIR. And we feel
13 that this is a very minimal impact to the entire
14 ecosystem.
15 The CUP, of course, allows for up to 60 wells.
16 We want to emphasize it's up to. We're going to test the
17 site. And we'll be designing the optimal number of wells
18 but, of course, in the conditional use permit and the
19 lease, we want to clarify that we'll be allowed up to 52
20 active underground oil wells. And then we have a number
21 of formation water disposal wells. So you wouldn't be
22 hauling water off-site should there be any production of
23 water under the formations under the lease.
24 MAYOR PRO TEM NEWCOMER: Quick question there,
25 if I can, on the active wells.

1 Could there be any unlimited number of inactive
2 wells?
3 I'm trying to understand because I think the
4 verbiage there could be more than 60 wells as long as
5 they weren't active at the same time.
6 Is that the case?
7 MICHAEL MCCLASKEY: We would go up to 60 wells.
8 If a well is producing and for some reason declines
9 rapidly, one of the reservoirs may be at a lower pressure
10 and have been -- produced quite a bit previously over the
11 hundred years and the well declines quickly, under the
12 lease, we would be allowed to use well bore to redrill a
13 segment of that well to another potential target. So
14 there wouldn't be more than 60 wells.
15 MAYOR PRO TEM NEWCOMER: Thank you.
16 COUNCIL MEMBER NORDBAK: So you're saying you
17 would use the same bore line and do additional
18 diagonally?
19 MICHAEL MCCLASKEY: Yes.
20 The -- again, there's been discussions of pump
21 jacks and then, I think, a depiction that there would be
22 pump jacks, that there would be no pump jacks.
23 Everything is -- will be placed underground, and then as
24 the technology has been employed dramatically over the
25 last decade or so, particularly in urban areas, is to

1 consult a -- put everything in underground cellars, which
2 are concrete in design.
3 And all your piping and electrical pumps, which
4 is what we would use here, the wells would have eight
5 horsepower or slightly more electric motors on the top of
6 the well heads. And we would draw the oil up out of the
7 ground with underground pumps, not above ground.
8 So everything is underground, which is
9 soundproofed. The utility and pipelines, of course, are
10 underground. All of this was analyzed extensively by an
11 outside company under contract to the City on how it
12 would impact property values. There's been a lot of
13 discussion about that. I believe they showed a 1 percent
14 or less impact, but in our presentation here relative to
15 all of the other dramatic impacts on property values,
16 recession, and everything else, our project will not, in
17 our assessment, affect property values.
18 Again, this -- the document -- the final EIR
19 has two sites, and we want the Council to focus on the
20 site plan outlined in Appendix O, which is the most
21 recent modification. And I'll go into why we want you
22 folks to emphasize that. We feel it dramatically reduces
23 the impacts to the project.
24 Next slide, please.
25 This is, of course, a picture of the

1 consolidated site. When we started our project in 2008,
2 2009, we had imagined three separate sites. And I don't
3 know that you can see this on the screen you're looking
4 at, but we looked at one site up here way back in the
5 canyon. We looked at a central site, and then we also
6 looked at placing a site over here across from the church
7 there by the parking lot up on the hill. So we had three
8 sites that were about a mile apart, and they would have
9 been connected by all of the roads and would have allowed
10 for kind of an early stage optimized development of a
11 pretty broad area.
12 So the impacts were analyzed, and we felt,
13 along with 99 percent of the people responding in the
14 community, that gee, can't you do this from one potential
15 site and try to reduce impacts. So we started to take a
16 hard look at that. And, of course, this picture depicts
17 the central -- excuse me -- consolidated central site.
18 There's already a road, of course, that leads
19 into it off of Catalina. That's a paved plus gravel
20 road, and then there's an asphalt road that goes up into
21 the canyon that still exists. It's 20 feet wide. It
22 sits there. So we wanted to at least locate the facility
23 on an existing road that was there rather than place a
24 new one in through the habitat.
25 So next slide, please.

All of this has been looked at in two EIRs. We didn't imagine that we'd be doing two EIRs when we started, but we feel that we'd go to any length to allow for dramatic and extensive review of the environmental and all of the impacts.

So the original project, which was written and published in 2009, had, by the experts hired by the City, 15 significant, unavoidable impacts. And that was really -- when you look at it in common sense, the three sites, which were kind of a triangle shape separated by about a mile that were impacting close to 200 acres, if you consider driving between the sites supporting all of the operations at three different locations along with a central tank battery and then potentially taking oil out of the parking lot, I think early on we felt we were doing something maybe a lot more grand. And then when we thought about it, it seems almost common sense in hindsight, just trying to consolidate everything in one site, and which we did. And it was presented in the original EIR and then looked at again extensively in the new EIR, which was published in 2011, which has six significant, unavoidable impacts.

And I think this is a trait of our company. We want to work with the community. We could have just said forget it; we've got an EIR; let's go see what the

Council thinks of it. But we really agreed it makes sense to take a good hard look at the one consolidated site, which is what came out of this EIR published just recently toward the end of the summer here, at the end of September.

And of the six significant impacts, our team feels that one is, of course, temporary. That's the construction air quality aspects. We'll go into some details on that. Two are hypothetical and important but still speculative in nature, the greenhouse gas emissions exceeding thresholds. And then there's the discussion of what, if any, would crude oil impact, in particular, the ground water.

And finally three impacts are listed really from one cause, which was the view of the top of the drill rig. And so those are, of course, aesthetics, land use, and recreation. We want to speak to a few of these things and go over some of the details.

So next, please.

Impacts to air quality. Of course every EIR and CEQA project has some construction. So ours is no different, and we took a look at the excavation, which on seven acres was kind of rivaling a recent project in Whittier, which had also a lot of truck trips. And we wanted to see if we could do anything about that, which

was, you know, excavating and taking soil through to the landfill.

So our idea -- and we're working with one of my partners here, Joe Paquette, who's a construction engineering expert on facilities, and we submitted for the City to review -- and it's in Appendix O -- a plan to not excavate the site down to one elevation, one floor plan, if you will. And the reason we decided to do that was to use more of the natural contouring that's out in the hills; two, aesthetically rather than reslope back into the hill, taking out a lot of the trees and everything else, we wanted to eliminate that, which, of course, take quite a bit of traffic and excavation; and third, to get everything down to one floor plan like this room over seven acres.

We were going to have off-site deport, if you will, almost 130- to 140,000 cubic yards of soil. So the new plan eliminates all of that extensive digging and resloping and huge retaining walls, which were taking 20 to 30 to 40 pieces of equipment, to reduce that dramatically down to just a simple plan, which, of course, eliminates all of the truck trips.

I believe Luis mentioned that we would have some off-site, but the EIR calls for, under aesthetics, the use of any remaining soil of which there would be

less than 5,000 cubic yards for any local berms or visuals. So we don't plan to have any trucks taking soil off-site. If there's any soil left in what's called the cut and fill operation, that soil will be used along the view corridor toward the hiking trail to build up and replant for a potential berm that might be 10 to 20 feet tall.

And so we feel that this is one of our efforts to mitigate the impacts to air quality, which is cutting out quite a bit of equipment and reducing the time for construction and also eliminating quite a bit, as we see, the truck trips.

There's other things we can do. Of course, the second bullet here talks about why we have a reduced footprint. All of that cutting back into the hill, which was what we were going to do, was approximately 15 acres or so of the resloping and taking out trees. So, of course, that's eliminated.

And finally, there's quite a bit of leeway here, but we want to implement vanpooling and use off-site parking to locate a suitable site, preferably close to the freeway or wherever, or one to two acres or three acres where we can park workers and then take them in using vans so we're not having cars going in and out, which would also reduce impacts for air quality.

We'll be working out -- we don't have the details of the vanpooling program at this moment, but we'd be working that out with city staff, a traffic plan to optimize going in and out of the site at certain times of the day, rather than having random trips in and out, associated traffic impacts there.

Next, please.

There's been quite a bit of discussion of greenhouse gases. In a contract we've set up relative to emission of greenhouse gases, we have executed a contract with a company called Evolution Markets. They're one of the larger offset emission credit companies where they work out of San Francisco. They're based out of New York. They have quite a number of programs that can be implemented in California. But we would be working with them to purchase CO2 or CO2 equivalent emission credits or other programs to register with the AQMD to show that amounts passed the action level, which the AQMD is 10,000 metric tons per year. And we would be measuring our greenhouse gas -- greenhouse gas program would be measuring that and then offsetting the excess.

So we've set up a contract, and that was provided for by review by the Planning Commission. So we have a plan for that.

Other ways to reduce, of course, the emissions

is to reduce drilling activity. You get to look in the EIR at kind of a maximum drilling schedule, 12 wells per year. We think that as we work with the Habitat Authority, and the city staff, there will be probably some constraints that come in due to biology and/or other activities during the year where we would be drilling less than 12 wells.

During the test phase, we may drill three wells that are highly successful, and our program might identify that the field is going to yield quite a bit more oil where we wouldn't need 52 wells. So that's all going to come out as we test, but there is a possibility here. And that's why we listed this. You're going to get quite a bit less emissions if we don't drill up to that maximum permit amount for the wells.

We're hoping, because of the long lateral aspect of the wells, they're going to produce a lot higher than what we were forecasting, which was about 200 barrels a day per well. And that was the rates the companies were getting. Fifty, sixty, to seventy is off of more shallow vertical wells. So our wells, which would be two to three times longer and laterally from the one site have the potential to produce quite a bit more per well. So you can kind of see why this point was put in. Your emissions will go down if after testing we show

that the drilling will be reduced.

Further, as we come up with the final plan for our site, which will be reviewed by the State, probably the County and also the City, we're going to try to optimize from the conceptual plan you see in Appendix O to really use the site contours and everything very efficiently and potentiallyhave a very short construction activity. I believe it's being profiled in the EIR as originally 30 months. Of course, it will be less because we've cut out the truck trips.

But we feel that's a pretty long timeline, and we think we'll come underneath that after we optimize how we're going to build the site.

Of course, the other is on spills. We feel that we will mitigate any effects of potential spills on soil and ground water. We're going to have every method with modern engineering to contain all liquids on the site. We're going to have an impermeable layer, almost like a landfill-type membrane, put underneath a concrete floor, which would be the floor of the site. So you're going to have impermeable layers for anything that potentially would drop out of the site along with your well cellars, which are also containment-type solutions.

And the site will have a slight tilt to it, two degrees. So any rainwater, any potential materials would

collect inside berm areas and containment bases and pumped into holding tanks to be either taken off-site or disposed of properly. So we think that the hypothetical impact to ground water, which in this area, is more than 200 feet below where the floor plan is going to be of the site, the actual chance of anything getting to ground water here is probably very similar to what's shown here in the EIR. About one in a million or once every million years something could possibly get to the ground water.

Next slide, please.

This gets into the rig and the aspects of aesthetic land use and recreation. Now, as MRS accurately showed, they have two views. One is a view where the trees were cut out. That was our plan, to go in and recontour everything and take out trees, thereby dramatically reducing, I guess, fire aspects because you've got a pretty good buffer around the site.

But in our plan, we want to mitigate the view of the top of the rigs. So there's different ways to do that. We'll be working with several groups to try to come up with a plan on this, but one way, of course, is to plant mature trees. There are several -- for those that have been out to the site, you know that there's quite a number of walls of trees, but there's a couple of corridors. And you can see planting trees in there to

block the rig view from the hiking trail, we think, is a pretty easy proposal.

There's also -- there are rigs in the Los Angeles area where they're completely sound paneled with different colored panels so they're harder to see. So that's what this second item is. It's a sound panel camouflage, but you camouflage the entire rig. So it's a neutral color. So it's going to be harder to spot. Of course, you can paint the rig, but I think it's easier just to sound panel it.

Finally, we -- our first three wells are previewed with a rig that's 125 feet tall. We wanted to drill three types of wells. One is a swallow, a 4,000-foot test. The next one is about a 6,000-foot test in another part of the field, and the third well is about 8,000 feet.

So that type of rig, which is called a triple conventional rotary table rig, allows for the fastest drilling of those three type of wells where we're going to test three different parts of the field, and we wanted to have the most options for drilling to get those wells drilled quickly and safely.

We will review, when we get back to drilling, the aspect of using smaller rigs. Some shallow drilling can be done with smaller rigs. We used a smaller rig in

our Sycamore Canyon drilling, which is both a double -- it's an 85-foot rig. If we find that the development targets for us are shallow and we want to redevelop some of the shallow wells economically and for this reason right here, which is important, the aesthetic land use recreation, we would use a smaller rig in there, which is 85 feet tall. We can drill shallow targets very effectively with a smaller rig.

The deeper targets, which is where more of the untapped oil is, requires a more powerful rig, which is the larger ones. So the bottom line is we're going to continue to review the use in the next few years when smaller rigs, more powerful rigs that are being developed in our industry are commercially available, and it makes economic sense to do that. Also it makes sense for the project.

And so we think the rig can be hidden through any of these numbers of mitigation solutions. There's a picture here on the next slide, which is similar to -- of course, everything is dark green there. It looks like there's a 100,000 trees in there, but there's less. We were depicting the top of the rig with an arrow. That's the view from the Loop Trail.

There's a slight corridor opening there where we were depicting planting some more mature trees right

around where the rig is going to be located to help screen it. So that's where you see it. It's hard to spot the top of the rig, and we did sound panel to camouflage the top, particularly we used green paneling. We think it would be hard to see. So that's just a visual presentation of that. At least there's the top of the rig from the hiking trails.

Next slide, please.

I want to review some of the misstatements. We've run into legitimate questions over the last few years about our project, and particularly in the planning commission, we had some assertions that were made, the first one, that our engineering and calculation weren't correct. We'd like to certify completely that our construction, which is schematic construction plans, presented are seven acres or less.

And, in fact, there was quite a dramaticpresentation that we were going to export quite a bit of soil off-site. Here's the first one, that our project was going to fill up half of the Rose Bowl. Without going into all that, we want to assert that our site plan which is the 6.9 acres in Appendix O, which doesn't -- again, doesn't have all of the excavation and also maintains the slopes, will not have any off-site soil export.

Quite a bit of discussion that we're going to harm the habitat and the environment. We'd like to assert that -- or a fact that we know -- and we're glad to do it -- there's extensive mitigation. And there's a number of plans here that are presented in the EIR for mitigating the different ratios relative to the types of habitat and the types of plants, quite a bit of acreage, which we feel -- and our biologists and consultants that work with us -- will improve the habitat quality by taking out areas of nonnative plants and also allowing for habitats around the site and also away from the site to flourish and bring in more diverse biology and species. So we think that the project will not harm the habitat or the environment.

We were asked a number of questions about and also was presented that it's very dangerous to plan for a project in or around abandoned wells. Of course, one of the advantages of putting the consolidated site where it is we -- through our three years, we know exactly where the oil field is. It's right there where there's a lot of old wells. So we know that we'll be dealing with abandoned wells.

In fact, it's not dangerous at all. It's done all the time, particularly in Los Angeles, in these older fields. Some of the fields have thousands of wells. The

Wilmington and Long Beach and Huntington Beach fields have thousand of wells. Some of them -- many of them are abandoned with construction and drilling in and around those wells.

So I've got more information on what abandoned wells are and some of the details I'll cover for this project, but it's done all the time in Los Angeles, drilling and building over abandoned wells. And there are no negative impacts from it.

Finally, quite a bit of discussion that this -- our project refinements in our Appendix O plan needs a recirculation of the EIR. We think this is entirely not the case. Appendix O presents project refinements, minor modifications -- it's 6.9 acres -- and also presents dramatically less impacts, which helps the project. So we're proud to say that we don't think it needs to be recirculated.

Next, please.

If anybody has any questions -- I might be going too quick. Abandoned wells, quite a bit of questions, and we're happy to answer any and all questions. The concern is building near and over abandoned wells at the proposed site dangerous. I just wanted to review a few things about how is this situation addressed by various parties.

First fact is the State allows for construction in and over abandoned wells. Our site plan is located -- consolidated site plan, there are some wells that were drilled by Chevron. That's why that flat terrace is there, and our final site plan, which has to be engineering certified plans which need to be drawn up, but that whole plan will be reviewed with the specific locations of any abandoned wells in and around the site. It will be reviewed and approved by the State Department of Conservation. That's the first step.

Abandoned well locations, of course, in the habitat are all known. The wells we've taken a look at -- and we have records of over 400 of the wells. The wells we've looked at were all abandoned to modern standards and, of course, were inspected by the State and certified as safe. And from 1991 to 1993, I think most of the wells were abandoned.

Another thing, when we get our site plan set up, we will be out there with both a Phase 1 and Phase 2 site assessment where we'll go in with test borings. And this is in addition to what has already been done by a geotechnical company where they went in and drilled or dug 60 test borings and pits throughout the site, which remarkably -- and I was very surprised by this. In only three out of the 60 did they find any evidence of waste

or debris or presence of thin layers of potential oil that might have been left behind by Chevron. Fifty-seven of the 60 were clean with no indications of any hydrocarbon.

The borings were typically 10 to 20 feet. Some were deeper, and the test pits were six to ten feet deep and 20 feet long trenches.

So on top of that, we'll go in with what's called a Phase 1, and Phase 2 is actually drilling more test borings around the abandoned wells to see are the wells -- are there any leaks, where's the presence of oil in and around the site. So, again, the wells will be located, assessed.

The State -- in this fourth point, the State reviews all final building plans and will require an inspection -- an abandonment of any of the old wells out at the site if those wells are not found to be properly abandoned. So they're very aggressive about this now. They don't allow for construction and haphazard activity around old wells. What's good about this is that these wells were what's called modern abandonment techniques. They use a cement. They go in, pull out all of the well equipment that's in an old well, which is typically pumps or any equipment, and then pump cement down from top to bottom through -- under pressure through any perforations

or holes in the casings and completely cement up an old well to where there's almost no likelihood of any leaks.

But -- but, you know, that was done 20 years ago. So when we go back in there, we're going to have to show the State these old wells are safe.

COUNCIL MEMBER NORDBAK: Mr. McCaskey?

MICHAEL MCCASKEY: Yes.

COUNCIL MEMBER NORDBAK: You've got a Phase 1 and 2, the third bullet point down.

MICHAEL MCCASKEY: Right.

COUNCIL MEMBER NORDBAK: Is that -- do both those Phase 1 and 2s take place in Phase 1 of your project, or are you referring to Phase 1, the drilling test, and Phase 2, the design and construction?

MICHAEL MCCASKEY: Phase 1 and 2 are actually environmental site assessments. So prior to us starting any work out there, we'll be doing an assessment of the site to accompany the background geotechnical data on those sites.

COUNCIL MEMBER NORDBAK: Okay. Those Phase 1 and Phase 2 are your Phase 1 of your project?

MICHAEL MCCASKEY: Yes. Those are soil tests, soil tests reports to be presented to the City.

COUNCIL MEMBER NORDBAK: Thanks.

MICHAEL MCCASKEY: Uh-huh.

Finally, not only is the State involved, but we also will be, with our site plan, working with the City of Whittier. So we want to emphasize that both the planning and construction departments of building and constructing in and around old wells is completely safe and will be done to all standards. So we don't feel that because there are old wells out in the site that this is going to be a problem for health and safety reasons.

Next, please. Next slide.

Quite a bit of discussion -- we presented this for the Planning Commission. We've answered a lot of questions over the years about will our project create clusters of health hazards or can it harm the neighborhoods. And we don't feel that this is the case.

Our first point is maybe more practical and empirical. Whittier is located over what's called a giant oil field, a field that's produced in excess of 50 million barrels over a hundred-year period with all manner of wells that were open to the environment, so a fairly long period of time.

A third point here, there's quite a number of -- a case history over a seven-year period of the Brokovich firm sued the operator for being involved with a hazardous oil field in Beverly Hills, which they claim caused cancer clusters. Of course, all the experts were

brought in agencies, and no credible connections were established. And the suit was dismissed to the fact that here a large firm had to pay fees back to the school district for suing.

So we feel that that sort of backs up more of the common sense empirically. The field's been there a long time.

Our activity, which is a seven-acre project with a number of wells drilled over the years, is not going to create a health hazard.

We feel that the project is also designed to protect ground water, reduce waste. There's a number of points we want to make. The ground water is protected by one to two strings of steel casing. The -- there's no connection to a well being in contact with ground water. It's not allowed by the State, and the State -- prior to drilling any well, you submit your program to the DOG, who reviews it. There's a -- the State has Whittier field rules in place that require that all casing go below ground water, and you have to show those plans to the State prior to getting permits. So those permits and those plans will also be provided to the City showing where the ground water is and how the wells protect ground water.

Of course, we will have a plan for hauling and

recycling all materials. Again, I mentioned ground water is protected by a concrete slab and impermeable membrane. This is required in the conditional use permit.

And a lot of questions about the -- what's called wastewater. When you produce oil, sometimes formation water comes up. And people ask what is formation water. It's actually salt water, sea water from -- these rocks are Miocene in age, which are 15 to 16 million years old. So if they're not oil bearing, they contain some of the sea water that's still present in the rocks. They're compacted because they're buried 4- to 5,000 feet deep.

The water is primarily salt water. So you typically produce the water up, and the State allows you under an approved plan to reinject that water down at approximately the same depth or deeper away from your oil reservoirs and away from any ground water wells and far -- almost 5,000 feet below any surface ground water, what's called surface fresh water aquifers.

So I'll be happy to meet with anybody to discuss that. We feel the ground water is going to be completely protected in our project.

A lot of people asked are you guys going to do the types of fracturing that are depicted in the movie "Gasland" and some of the techniques used back in the

East Coast or up in the lockin play (phonetic), which using what's called high volume, high pressure fracturing.

In this technique, two to three or four million gallons of water are used. It's called a slick water fracks. They pump water into the formation at usually 8,000 to 10,000 feet below the surface where the rocks are almost impermeable shales. And they fracture the rocks around the casing through the casing to get production.

That type of method is not used in the L.A. basin. We are happy to say we're not going to do that because it costs millions of dollars to do this technique, and the formations here are soft and oil bearing.

And we basically put a casing down into these formations with a submersible pump and pump the oil out that's coming out of these layers. We're happy to say we're not using this high volume, high pressure fracturing.

Finally, noise reduction, we're very serious about it. We have analyzed and concur with the studies in the EIR. There's about a 250-foot envelope where noise migrates out from the site. Our site is going to have several layers of sound walls. The sound walls will

be put around the seven-acre site, including the rig. Motors will be double paneled, and then the perimeter panel will include a thirty-foot high -- a sound wall, which is set up behind an eight-foot tall cinder block wall.

So we think that using a local Los-Angeles-based firm, which around the country does most of the soundproofing for urban drilling -- they're one of the foremost companies that are profiled on our web site. The company's name is Behrens, B-e-h-r-e-n-s, Environmental. And they'll be helping us completely soundproof the site. So we'll be very aggressive toward that.

Let me go on to why we're not going to excavate transport soils.

The next slide. Here we go.

I think this has been covered conceptually. And I'm happy to answer questions. The Appendix O plan -- and this gets to important questions, are we going to take soil off-site. The reason we revised the site plan is to eliminate this. We're going to maintain the surface topography. There will be what's called cut and fill. Those numbers were presented to the Planning Commission. About 15,000 cubic yards over the seven acres are moved around and placed on-site to create areas

that are suitable for placing equipment.

I think that's covered here under the second bullet. We mentioned the excavation is eliminated, and we're leaving the trees in place for shielding.

The other fact that -- that we wanted to cover is that the original plan, which is in the main body of the EIR, had us putting the site a little bit further into the hill. So we're trying to leave it closer to the road, at least for the tanks. And we reduced the size of the tank area and also shifted the drill rig from up on the hill farther down to the service road, which brought the height of the rig down by about 50 feet. We felt -- we shifted the height of the rig closer to the road next to the tanks.

We moved the gas plant a little bit, but that's lower profile equipment. So putting that up against the hill and farther from the homes would help with the sound and noise reduction. So this whole slide explains that we're not exporting soil. So I think we've covered that point over and over.

If we can go to the next slide. This just covers what we think are important project benefits. We agree with the EIR, that 7.5 million a year could be generated for the City. This is off of the original project estimates of bringing the site back up to a

thousand barrels a day, and this is what the field was doing when Chevron abandoned the field in 1990. The field was doing that. So we originally profiled getting that production back up and running.

We -- Matrix has provided kind of a knit case. Today's oil price, we felt it was important to mention there's a 40 million or so per year royalty. And this is -- this calculated oil royalty is not including the natural gas royalty, which is the same 30 percent coming out of the production of natural gas. So that would add to that.

There's quite a bit -- of course, obviously this is new revenue, and it generates -- generates in many ways. Of course, the royalty, these first numbers, is the seven and a half million and up. There's sales tax and ad valorem taxes. We are happy to submit whatever applications to allow for procurement of all the capital spending to be done on the project to allow for Whittier to get the -- do that through an office here. We would set up to allow for Whittier to get the sales tax.

And ad valorem, of course, is a county tax that goes -- and we know that the County has supported activities here in the city. And those taxes help to support that. So we wanted to just mention there is a

per barrel ad valorem tax that goes to the County.

Of course, this is from the one 6.9 acres. So we think that this a dramatic amount of revenue to come out of a small site.

We know that -- and we're happy to mitigate the project. There's going to be numbers of restoration projects over the life of the project and throughout the habitat, and I think the EIR goes through lots of projects. So we're anticipating working with our consultants, with the Habitat Authority staff. And we're excited that this has got the environmental benefits.

We, of course, want to hire local people. So, of course, there's site maintenance and construction jobs. Those are the potential local workers there during the first phases in that. Operationally, we're going to need people running the project out on-site and security aspects also, relative office jobs that come out of this once we get the project up and moving, and potential with the landscaping and remediation and mitigation aspects, other potential work. We want to work with the local companies that can, you know, add value here.

So, again, the whole thing is about creating a new source of revenue for the City, and we're excited that it has a lot of those aspects to the project.

We'll go to the last slide. I want to -- I've

said this over and over since 2008. This is the most unique project we've been associated with. It's -- you know, most projects of this size are not owned by a city. They're all privately owned. There's a number of companies that may not be local that are doing work. And this is the City's resource.

So, again, from our standpoint, we've been excited to work with it because it's a city project. It's very unique. There aren't any of these that we know of in California where the city owns the land and the minerals. The -- of course, it provides a very long-term project. This is a 25-year contract as the city charter. Under state laws, these contract are all set up for 25 years.

Of course, they can be renewed, but that's quite a bit of potential royalty. And these royalty numbers that you're looking at were looked at over a 30-year life with only 60 -- 60 wells and no redrills. So we think the production, once it's established, will be easy to maintain flat production and extensive production in the future for as long as the contract goes.

Again, I want to remind people that this annual 7.5 million we think we can get to that thousand barrels a day with as little as three wells, at the upper end,

eight. So these types of wells can be drilled quickly. In our seven wells we've drilled in Sycamore Canyon, the average drilling case -- what we call drilling case time was about 20 days to drill a 4500-foot well.

So we think that the drilling over in the Whittier Main area is going to be easier. The drilling over at Sycamore Canyon, the shallow zones are boulders. And it takes an extra amount of time to drill those as opposed to the geology here, the Whittier Main area, leased area.

We are targeting production, this fourth bullet, over the life of the project 10 to 20 million barrels. That's just factoring in the historical database and with the types of longer reaching drills we are drilling. So it could be higher, but we'll know more after we test and release.

So this is -- the fifth point here elaborates off the first one. There aren't any other projects like this in the state. The amount of royalty here for the City, because it's a sliding scale, starting at 30 percent, is quite a -- quite a dramatic lease contract. So we're pretty excited about it and happy to answer any questions.

MAYOR WARNER: Okay. Mr. Helvey, based on your recommendation earlier, Council questions now could be

addressed to city staff, the EIR consultants, or Matrix?

CITY MANAGER HELVEY: Yes. I think anybody that you've heard presentations from would be open to answer any questions at this point.

MAYOR WARNER: Okay. Joe, do you want to start at this time?

COUNCIL MEMBER VINATIERI: Sure.

MAYOR WARNER: And should we -- when you're on a particular question or a particular subject, would we all agree that if we have additional questions about that subject, we can all jump in before we move away from that subject?

MAYOR PRO TEM NEWCOMER: Sounds good.

MAYOR WARNER: Okay. Go ahead, Joe.

COUNCIL MEMBER VINATIERI: Thank you. Thank you, Mr. Perez and Mr. McClaskey. We appreciate it.

What I have done, just for purposes of discussion, is to essentially take the report that we were given, and I've gone through -- and based on the Attachment A here, I've gone through which mirrors essentially the EIR as well as some of the subjects that you just talked about. And so I just -- I have a whole series of questions. I'm sure many of the questions are questions that have been raised by other Council on this subject. Jump in if that's the case.

And when referring -- as I go through here, I'm referring to our materials --

COUNCIL MEMBER HENDERSON: Joe, excuse me. Could you get a little closer to that mic?

I've got a cold, and I'm kind of stuffed up tonight. And I'm having a hard time hearing you.

COUNCIL MEMBER VINATIERI: I'll swallow it.

COUNCIL MEMBER HENDERSON: There you go.

COUNCIL MEMBER VINATIERI: As I go through here, I'm going to utilize the Bates stamp at the bottom, if I could.

First question I had -- and I don't know if this is to Matrix or to MRS. I just want to make sure. On Page 7, there's -- there's a discussion about the EIRs. Actually, it's Page 8. As I understand it, there's an EIR in 2009, another one in 2011, and then a further modification, which is the Exhibit O in 2011.

Am I correct on that?

MICHAEL MCCASKEY: There are two EIRs from MRS, 2009 and 2011.

LUIS PEREZ: Is this on?

I think there's a little bit of confusion, and I think Mr. McCaskey went through a little bit of the process.

And originally the first project that was

1 submitted contained a number of sites, a west pad site, a
2 central site, and then also an east site. Also it
3 contained a separate truck-loading facility, and that
4 project was analyzed. We wrote an environmental impact
5 report for it. We found a number of impacts.
6 And we came up with an environmentally superior
7 alternative that was published as part of the public
8 draft that was far better than the proposed project that
9 Matrix had proposed. And it reduced significant impacts
10 from -- significant and unavoidable impacts from 15 to 6.
11 What Matrix then did after the public EIR went
12 out and went out for public comment is they decided to
13 change their project. And, you know, it is not unusual
14 to see the environmental review process contribute to the
15 improvement and the design of a project. And this is, I
16 think, what has happened in this particular project.
17 We at MRS in our process of trying to identify
18 the impacts and identify a better alternative came up
19 with an alternative we felt was significantly improved,
20 and as a result, they submitted that as a subsequent
21 application to the City.
22 In turn, the City decided to write a new
23 environmental document that addressed the impacts of this
24 new project. As far as the connectivity between the
25 previous EIR and this one, there isn't any, other than

1 the fact that the project that is analyzed in the new
2 environmental document was derived and took benefit from
3 that earlier document.
4 COUNCIL MEMBER VINATIERI: So essentially what
5 happened here as part of CEQA process, as I understand
6 it -- I'm somewhat a novice for learning, but essentially
7 what happened is the project got better as a result of
8 the first one such that what we have in front of us today
9 is greatly refined?
10 LUIS PEREZ: That's correct.
11 COUNCIL MEMBER VINATIERI: Okay.
12 LUIS PEREZ: Then if I may add, the Appendix O
13 was another refinement to that that did not rise to the
14 same level as the previous one that would necessitate a
15 significant change where you would then try to do a
16 recirculation or a start over of the project.
17 With the Appendix O, what they saw was the
18 opportunity to reduce -- once they had seen what the
19 impacts were as a result of our analysis on that public
20 draft and the number of trucks that would be generated
21 from the significant amount of grading, they went back
22 to the drawing board and encouraged by the City to come
23 up with something that was far better with regard to that
24 grading process.
25 It doesn't require -- CEQA has a number of

1 parameters that dictate within the law -- within the law,
2 within the guidelines, that tell you when you have to
3 recirculate or if there are significant changes that
4 would require recirculation.
5 And it has to do with whether there is
6 substantial new information that is presented, and then
7 the courts in the guidelines have defined the substantial
8 new information a number of ways that include whether
9 there is an increase in the significance of an impact.
10 So, for example, there is a change to the project that
11 instead of having five significant and unavoidable
12 impacts, now you have seven or eight significant and
13 unavoidable impacts, those are grounds for recirculation
14 where you will have to go back and recirculate that EIR
15 for public comment once again. So that's one of the --
16 that's one of the parameters that is used.
17 I believe another parameter that is used is if
18 there's an alternative that gets identified and the
19 applicant chooses not to embrace that alternative and
20 that alternative reduces the level of impacts on the
21 project, then there's a requirement -- that constitutes
22 significant new information, and we're getting sort of to
23 some finer points of the law and how it has been applied
24 through time.
25 Suffice it to say that with the Appendix O,

1 there are modifications that actually reduce impact. It
2 is substantially the same project, substantially within
3 the same location that we have analyzed, and it fits
4 within the envelope of the environmental impacts that we
5 have evaluated in the environmental document.
6 COUNCIL MEMBER VINATIERI: Thank you.
7 Let's go to Page 21, and I'm not sure whether
8 this is for you, Mr. Perez, or whomever, but on Page 21
9 there's a statement made on the last paragraph of the
10 introduction. And here it talks about the Planning
11 Commission hearing on October 19th, 20th, 24th,
12 et cetera.
13 Then it says -- the last sentence says:
14 Contrary to many comments from the public, the project is
15 not what is allowable under the lease agreement between
16 the City and the applicant. I'm not sure that's in your
17 bailiwick. Maybe that's Council's bailiwick. I'm just
18 trying to find out exactly what that statement means.
19 LUIS PEREZ: I could start. And then I think
20 somebody else can interrupt me, but I can tell you what
21 we analyzed in the environmental document. The
22 environmental document analyzes a project description
23 that is based on what is proposed by the applicant. That
24 proposal may or may not be exactly the same thing that is
25 within the lease. In this particular case, it is not

exactly what is contained within the lease. The lease contemplates other things that are part of the project description and, therefore, are not part of the environmental review we conducted.

COUNCIL MEMBER VINATIERI: Okay. So in other words, there are some aspects that are maybe more legal that aren't strictly environmental. You were retained for purposes of looking at the environmental aspects of this, and so therefore, that's not something you would review.

Is that correct?

LUIS PEREZ: That's correct. We are reviewing exclusively the portion of the project description that we were provided. That's what's part of environmental review.

COUNCIL MEMBER VINATIERI: Okay. Thank you.

Let's go to Page 30.

MAYOR WARNER: And does anyone else have a question between Page 21 and 30?

Continue, Joe.

COUNCIL MEMBER VINATIERI: Page 30, this is under air quality, and it's already operational emissions. And it's AQ-2A. This is the findings.

And so last item -- last paragraph on K 10, it says limit flaring and drilling during the peak days to

the equivalent of drilling and full flaring combined to less than three hours per pay or limit flaring to only less than four hours per day.

And I've had a concern about the flaring and that kind of thing.

Is this flaring -- is this going to be 24 hours a day?

Is this 18 hours a day, or exactly what is it?

LUIS PEREZ: Mr. Chittick would address that.

GREG CHITTICK: Thank you. Madam Mayor, members of the City Council, my name is Greg Chittick. I work with Luis at MRS.

And that would be if they were to have some sort upset with the plant during the operations, they would then need to flare the produced gas through the flare, and that might go on for multiple days. And then the concern was that if they were also drilling at the same time, that would be too -- too many emissions and it would cause an exceedance of the state AQMD's thresholds. And so that's why that limit is there.

COUNCIL MEMBER VINATIERI: Okay. That's helpful.

So from the standpoint of the flare -- and I'm obviously not an expert on oil exploration.

But to the extent that there's some kind of

upset, for example, what's the ability of the oil company or the producer to stop the gas production so that the flaring only goes for a certain period of time and then it gets stopped also because it's not coming up anymore?

MICHAEL MCCASKEY: The wells can be shut in to cease production. The -- our line will be tied into a Southern California Gas line, which is a high transmission. And there is -- it's not called a local transmission line. Where in some of the local lines in areas that aren't industrial, Southern California Gas or whatever the utilities is can call you up and say we don't need your gas volume shut in.

So the operators can divert gas from the line over to a flare and flare it. And this is allowed through AQMD permitting, and the oil production will continue.

So in our case, with a high transmission line, there is very little chance unless the gas company does a pipeline maintenance where we have to shut our gas in.

COUNCIL MEMBER VINATIERI: Okay.

MICHAEL MCCASKEY: So we can shut the wells off.

COUNCIL MEMBER VINATIERI: Okay. So in other words, if something happens, if not the only way of dealing with this is to flare it into the air, which is

an air quality issue but you can actually divert it into a So Cal gas line that's more than just a local line and they can take that, and what you're saying is that they can't take it, then at that point in time you can shut the well down?

MICHAEL MCCASKEY: Yes. Our project -- and I was clarifying. Our project, our gas line goes to a high transmission line, which is rarely shut in unless the utilities does maintenance on that line. In other words, the line is going every day 365 days a year. So it's not what's called a local line where operators provide the gas into the community, which has frequent shut-ins and flaring.

So in our case, there will be minimal chance of a shut-in and if indeed it is -- we are required to shut in, we could close off the wells to not flare.

COUNCIL MEMBER VINATIERI: Okay. That answers that for me.

Thank you.

MAYOR PRO TEM NEWCOMER: And if I could tag on to the flaring. Under normal considerations, what would be the maximum number of hours a day flaring would take place?

MICHAEL MCCASKEY: During the testing phase before the pipeline is built, we'll be flaring the gas.

You're producing oil and what's called associated gas. There aren't any natural gas open reservoir in these fields. So as the oil comes up, gas comes out and natural gas comes with it. And so we'll be putting the oil into temporary tanks and flaring the amount of gas that comes out.

Now, the AQMD will restrict the amount of production we can do during testing to 478 barrels a day with associated gas. And that might be about 200 what's called MCF gas a day as a rate. We'll be flaring that gas during testing, but during the -- when the facility is built, we don't anticipate flaring. The AQMD will give us an annual permit for the amount of gas allowed for flaring, and typically that can be up to 55 days a year depending on your -- it varies from field to field depending on the amount of gas that you're moving into their system.

COUNCIL MEMBER VINATIERI: So that's --

What?

-- propane and butane and methane, obviously all NGLs?

MICHAEL MCCASKEY: Well, this will be flaring primarily methane.

COUNCIL MEMBER VINATIERI: Methane. Okay.

MICHAEL MCCASKEY: And part of the gas train

also here is CO2 and nitrogen, and those things are 98 percent of the gas train. There are some other inerts of that.

MAYOR WARNER: Let me ask a question about greenhouse gas emissions, and I'm not sure if it fits totally under this particular subject or not because I'm just not that knowledgeable in regards to that.

But as that item has been discussed in our paperwork, has it been taken into consideration the fact that CAR is raising the requirements and has that been considered in your long-term plans?

MICHAEL MCCASKEY: The way it's been described to me is that the -- thanks to State Law AB32 and other local requirements, the -- each year the new requirements will get more rigorous, and so we have to pull in a team of experts that will profile over a five- or ten-year period what our requirements are going to be.

So each year we'll have -- anticipating an action level of 10,000 metric tons during the early drilling and/or construction and having to offset moving in excess of that.

That's the first requirement here we're describing. This will be a monitored program with results submitted to local agencies including the AQ -- South Coast AQMD. So we haven't planned it long range,

but we planned it in short term and pulled in this company that's going to be setting up these relationships with programs in and around the state for offsetting relative to that first action level.

But we know that it's going to change every year. So we have to get knowledgeable about that and plan accordingly.

MAYOR WARNER: Thank you.

COUNCIL MEMBER VINATIERI: On Page 35 --

COUNCIL MEMBER HENDERSON: Before we get off that for a minute, Mike, could you explain what the flare looks like?

Will it be a big flame shooting up into the air?

What do these flares look like?

MICHAEL MCCASKEY: I'm going to pass that question to Joe Paquette, who is our construction engineer, one of our partners at Matrix.

JOE PAQUETTE: Good evening. My name is Joe Paquette.

That flare essentially will be invisible from -- as far as the flame is concerned. It's a totally enclosed flare where you'll -- it will be typically 30 feet tall by 10-foot square enclosure. The size might vary from that, but essentially it will be totally

hidden.

COUNCIL MEMBER HENDERSON: All right. There's also been an issue in Sycamore Canyon about the flare there generating a lot of noise, and I understand it was because it was -- a lot of it has to do with the topography of the site and the inability to use certain other types of flares in that area.

But talk to us a little bit about the noise that would be generated from the flaring.

JOE PAQUETTE: Yes. Certainly. That's a good question.

The noise generated by flares a lot of times has to do with the type of flare, the manufacturer of the flare, and the size of the flare, how much gas is going through that particular flare.

One of the restrictions that we find ourselves in a lot of time in the industry is that we get a permit from the AQMD for a specific flare, and sometimes it's difficult to change that flare out if it's causing a problem or it's rumbling or causing noise.

So what we would do in this new flare installation is attempt to take noise into consideration and make sure that the new flare doesn't -- the best we can to not make any noise. So, you know, depending on other flares and other applications, some of the older

flares have a tendency to make more noise than some of the newer designed flares we can install.

COUNCIL MEMBER HENDERSON: But you will be able to keep them in your required noise levels even when you're flaring?

JOE PAQUETTE: Certainly. We would put those requirements in the specifications for a new flare. We would have noise reduction associated with that flaring.

COUNCIL MEMBER HENDERSON: Thank you.

MAYOR PRO TEM NEWCOMER: If I may, still another question on the timing. I'm looking at the bottom of the page stamped 30(A)10. I'm not sure if you have a copy at the moment. But it seems, to my mind, reading, to limit the number of hours per day that flaring can be done. And I'm wondering how this matches up with the 55 days a year that's allowed.

And it says: Limit flaring and drilling during the peak day to equivalent of drilling and full flaring combined to less than three hours per day at full gas plant flow or the equivalent throughout or limiting flaring only to less than four hours per day.

Is there a limit per day of how much flaring you can do, and if so, when does that apply?

MICHAEL MCCASKEY: The AQMD specifies the number of days or volume.

MAYOR PRO TEM NEWCOMER: Okay.

MICHAEL MCCASKEY: And I believe this provision, as Greg described, is a provision for kind of multiple activity at the site. If -- under this provision if we're drilling and doing other work, creating emissions, then this CP regulation would not allow us to potentially use the flare for more than that set period of time.

MAYOR PRO TEM NEWCOMER: Okay.

MICHAEL MCCASKEY: So I think it's a calculation their scientists did relative to potential emissions in trying to reduce the impacts. But yes. You can flare for parts of the day --

MAYOR PRO TEM NEWCOMER: Okay.

MICHAEL MCCASKEY: -- during -- under AQMD permitting.

MAYOR PRO TEM NEWCOMER: If that other activity were not going on, then you could flare for more hours?

MICHAEL MCCASKEY: Right.

MAYOR PRO TEM NEWCOMER: Because that activity -- that other pollution causing is not occurring?

MICHAEL MCCASKEY: That's right.

MAYOR PRO TEM NEWCOMER: Okay.

MICHAEL MCCASKEY: And an H AQMD permit is

different. We'll have -- they're all similar in their form, but relative to our field off the projected gas rates, they're going to allow a certain number of days or a certain volume. So it may or may not be 55 days, but each field has a certain allowance for flaring.

MAYOR PRO TEM NEWCOMER: Thank you.

COUNCIL MEMBER VINATIERI: Moving on for flaring, Page 35, there's a discussion here about H2S concentration. As one who is very familiar with the Santa Barbara Channel and the stink, there's a statement made in here that there's historically the limit from So Cal Gas Company has been four parts per million. I was wondering -- and you indicate here that you think it's going to be substantially less than that.

Was there any experience with Chevron regarding H2S concentrations that you've been able to discover?

MICHAEL MCCASKEY: The Whittier Field wasn't reported to have any H2S in its historic records. The Sansinena field next door, La Habra Heights, does not have H2S. And in our production -- on leases we don't have natural H2S coming out of the formations. There is a chance in wells where there's bacteria forming on casings. Sometimes we get -- just like you do in streams where you've got some anaerobic conditions, you can have minor amounts of H2S that are what's kind of biogenic.

And those are usually treated with chemicals in the field to knock the H2S out.

So historically in these three fields, they're not sour gas fields like Santa Barbara Channel. The Monterey formation there is a different formation than what we're producing out of, and the organics and chemistry of those formations produce upwards of 20,000 parts per million, as you know. So we're not going to have that situation to contend with.

COUNCIL MEMBER VINATIERI: Thank you.

I'm going to skip forward here to Page 77, and we've moved off the air quality. And we're now into the biological mitigation.

MAYOR WARNER: Joe, pardon me for interrupting, but maybe before you lead into that exception question, we should go ahead and take a break. It's been about an hour and a half.

COUNCIL MEMBER VINATIERI: Sure.

MAYOR WARNER: Before we go to the next topic, let's do that.

(Break was taken.)

MAYOR WARNER: We anticipate Council questions for lasting probably for most of this hour. We initially had agreed that we would end our meeting tonight at 11:00 and then, of course, come back tomorrow night.

If you do wish to speak during the public hearing, we probably will not have testimony until at least tomorrow evening. So if that helps kind of plan out your next hour, that's our plan.

So, Joe, you were looking at what section and what page?

COUNCIL MEMBER VINATIERI: This is on the findings from biological, Page 77, Cumulative Bio 1 A.

MAYOR WARNER: Okay. And then as you get into that -- Steve, I'm not sure who would answer this question. Some of us wrote our questions on different parts of the different documents. So, for example, I wrote my questions on this chart.

So how does this compare with what Joe's now referencing stamped Page 77?

Does anyone know that?

COUNCIL MEMBER HENDERSON: Bio 1 A would be the same.

JOANN LOMBARDO: It's the mitigation monitoring.

MAYOR WARNER: Okay. So I just need to find the -- okay. Got it. Go ahead, Joe.

COUNCIL MEMBER VINATIERI: Thank you.

Mr. Perez, on Page 77 under Cumulative Bio 1 A, it says the applicant shall ensure and shall demonstrate

to the City of Whittier and Habitat Authority that the existing Matrix Oil drilling operation in lower Sycamore Canyon complies with Chapter 12, blah, blah, blah, of L.A. County noise standards.

When I read this, I asked -- I wondered basically what's the nexus between the project here in the Whittier field and the Sycamore Canyon such that we can force the oil company, the applicant, to comply with some noise standards of L.A. County that are outside of the jurisdiction of the City of Whittier.

LUIS PEREZ: That's a very good question.

When our biologist were looking the cumulative impacts within the preserve, and so you're trying to superimpose the project upon the existing conditions and recognizing that there's a project already within the preserve that produces certain levels of noise, when they added the cumulative -- potential cumulative impacts on biology from this project, they found that it would be important to try to reduce overall cumulative impacts.

And so in order to do that, they felt like they needed to ensure that Sycamore Canyon was complying with the regulations that are within the County of L.A.

Now, there is really no instrument or tool that you can use to ensure that compliance or compel the City -- I'm sorry -- to compel the County to ensure that

Matrix is complying with it, but it's included as mitigation.

Certainly during the process of compliance, you can be in contact with the County to see if they're achieving those reductions. It behooves the County to do so. The biologists felt that it was important to add it as a mitigation, and that's why you see it there. It seems a little bit overreaching, but because it was a cumulative impact and affects a different jurisdiction, it's complicated. But nevertheless, it was felt that it was important to keep.

COUNCIL MEMBER VINATIERI: Thank you for that explanation.

And, Matrix, how do you feel about being required to do that even though it's outside the City of Whittier jurisdiction?

MICHAEL MCCASKEY: Well, we operate the Sycamore site under L.A. County ordinance. So we're happy to comply with the L.A. County standards. And we -- although the law for the site was written a few years ago, I think that we'll be able to comply at that site. It's -- there's a number of wells there and electric pumps, and so we're happy to think we can achieve the current L.A. County standards because we're under an L.A. County ordinance anyway. So...

COUNCIL MEMBER VINATIERI: Thank you.

Let me turn to Page 81. This is under safety, risk of upset, and hazardous materials.

MAYOR WARNER: Are you leaving 1 A?

COUNCIL MEMBER VINATIERI: I am.

MAYOR WARNER: Before you leave 1 A, a further question, and I'm looking at this chart that's ES 3. And several of the items that are stated in this section indicate something is going to be judged by the City or by the Habitat Authority or it's going to be standards to be satisfied. And then on Page ES 30, it says something about being as agreed, but it doesn't give a specific guideline or standard. It seems kind of nebulous when it says as agreed or to a standard. It doesn't say whose standard or which standard.

So how is all that determined?

More specifically --

COUNCIL MEMBER HENDERSON: What's that page reference in the EIR?

MAYOR WARNER: ES 29. It's on this chart under the 1 A.

COUNCIL MEMBER HENDERSON: It's in the executive summary section.

MAYOR WARNER: I just happened to use that. Under the 4.2, biological resources, and then it's under

1 A.
MICHAEL MCCASKEY: Is there a staff report page?
MAYOR WARNER: The sentence that I'm looking at says a minimum of five years of maintenance shall be required unless the plan's long-term performance standards are judged by the City or Habitat Authority and the appropriate resource agencies to be satisfied in less than five -- in less than five years.
So my question is to what standard?
COUNCIL MEMBER HENDERSON: Oh, it would be the standard by the resource agencies themselves. In other words, that would be Fish and Game and California Department of Fish and Wildlife.
MAYOR WARNER: Okay.
COUNCIL MEMBER HENDERSON: I'm sorry. Fish and Game, California Fish and Wildlife would all service. They would oversee those standards, and what it basically is normally it's within that five-year period of time you have to have a 95 percent coverage by natives. It's a very common standard.
MAYOR WARNER: All right. So then as this is written several places, it will refer to the standards, then that means the standards within the particular agency that already exists. It just doesn't articulate

what they are.
COUNCIL MEMBER HENDERSON: Right. That's right.
MAYOR WARNER: Okay. It just seemed a little nebulous. Okay. Got it.
COUNCIL MEMBER VINATIERI: Kathy, I think for the record, what you're referring to is also found on Page 228 under Bio 1 A.
MAYOR WARNER: Right. I know it's in different places.
COUNCIL MEMBER VINATIERI: Right. Exactly.
MAYOR WARNER: I just happened to mark mine there.
And then are you going -- you're going past the Bio?
COUNCIL MEMBER VINATIERI: Yes.
MAYOR WARNER: Okay. Before, if I can do one on Bio 3 A.
Does anyone else have one before that point?
MAYOR PRO TEM NEWCOMER: Actually, I guess I do on a couple on Bio 2.
MAYOR WARNER: Go ahead. No. No. No. It's probably easier to do them in order.
COUNCIL MEMBER VINATIERI: Okay. Turn on your mic.

MAYOR PRO TEM NEWCOMER: That would probably help.
Bio 2, I believe, is dealing primarily with mitigating the core habitat area, dealing with noise, water, et cetera. And I have mine up a little different -- set up a little different than theirs. So if I get mixed up, please correct me.
It's talking about the effect and how to mitigate the effect of the project operation on the plants, the animal movements, the creek bed, and if we could go through those three.
How do you mitigate disruption of a creek bed?
And I believe the project area is in part a small part. I forget the creek.
How do you mitigate that?
Do you replace a creek somewhere?
Do you divert the water so it goes around?
MICHAEL MCCASKEY: No. Our site is above the road. There's a creek on the other side of the road that could have potential impact. So...
MAYOR PRO TEM NEWCOMER: If I might, I found it now, the spot. It's Bio 2 A, to mitigate the project's permanent loss of .22 acres of riparian habitat, the applicant shall provide a minimum of three to one areal replacement.

What are we talking about here?
MICHAEL MCCASKEY: Well, the road and any potential buffer along the road for fire buffer would clear out -- and certainly Bob and MRS could correct me. If we're clearing any of the habitat along the road which is nearest to the creek, the creek is on the other -- it's a blue line, dry erosional feature across -- if you can picture it, going up the hill. And then there's the road across from our site. There's an erosional feature, a blue line on the map and along the road where the fire department will require a potential up to ten-foot buffer clearing out the sensitive habitat.
There's a ratio, per the agencies, as Mr. Henderson mentioned. The California Fish and Game has a ratio relative to that habitat. So we would go to a designated area to replant that to offset any permanent loss of riparian habitat along the road, which is near the creek.
We're not building over a creek as far as the site inspections I've done. MRS can confirm this, but there's some erosional features coming off the hill where water could potentially run down during rain periods. But there's no creek above in our seven-acre site.
MAYOR PRO TEM NEWCOMER: Okay.
MAYOR WARNER: And that sentence, what is that

3 to 1 a-r-e-a-l?
MICHAEL MCCASKEY: Areal.
MAYOR WARNER: Areal.
MICHAEL MCCASKEY: So .22 acres. The final impacts will be calculated out of the final approved plan, but in this particular analysis, .22 acres at a 3 to 1 ratio would -- over an area, areal meaning looking down, and 3 to 1 would be .66 acres.
No?
Am I doing the math -- Bob is looking at me.
MAYOR WARNER: Okay. I get it. I thought that was spelled differently. My mistake. I'm okay.
MAYOR PRO TEM NEWCOMER: And the same type of question on the next sentence dealing with noise, how do you replace an area that is damaged by noise?
I'm kind of lost.
First of all, could you just tell me how does noise affect a shrub?
MICHAEL MCCASKEY: I'm going to defer to MRS on this question. I don't know.
LUIS PEREZ: You know, sometimes I regret the fact that we don't bring down our biologists for all of these meetings so they get to answer these wonderful questions.
Some of the impacts that are related to noise

are related to how the potential ecological habitat gets affected by it. And so in quantifying the level of impact, the biologists look at the noise that is produced by the facility and the total areas that could be affected.
So what we have there for mitigation is some mitigation that would restore another site that presumably wouldn't have that same level of impact.
With regards to the riparian, it's sort of along the same lines. It's not necessary that it's the creek bed is being affected but rather the riparian habitat that is above where the creek is that is also considered to be riparian habitat. And so that is the area that has to be then restored.
To what extent does it get damaged? Does it get partially damaged? Does it get completely damaged? Is it a full .22 acres?
We take into consideration what we consider to be the most conservative amount. Granted it's a small amount in this particular case, but all of the acres that get disturbed then gets mitigated at a different ratio and presumably elsewhere. So it's not in that direct location. You will find another area where it requires restoration, and then you will preserve it to a level that would be consistent with restoration levels,

preservation levels.
MAYOR PRO TEM NEWCOMER: Okay. Thank you.
And I'm still on the same one, animal movements. There's a quite a list of different animals, birds, et cetera that are found in the area. Not going through all of them, let me just take a couple. The gnatcatcher, I thought in one area it says there are no gnatcatchers in the area. In another section, though, it says juvenile gnatcatchers were observed in the area.
Can somebody clarify what's going on there?
MICHAEL MCCASKEY: We did bring a biologist, a company we work with, one of the preeminent companies in Los Angeles, LSA Associates, and our biologist that's been consulting with us for years will address that.
ADRIANNE BEAZLEY: Okay. For the record, my name is Adrianne Beazley. I work with LSA Associates based out of Carlsbad -- is my office.
My understanding --
MAYOR WARNER: You have to hold that closer.
ADRIANNE BEAZLEY: Sorry. My understanding of the issue of the gnatcatcher is that breeding pairs of gnatcatchers have not been observed on the site. They are known from the area of the preserve. There are breeding pairs. I think it's closer to the landfill.
Bob, you might know from the Habitat Authority

surveys.
There's one there. Okay. So at any rate, juveniles have been observed dispersing through the area. So that's the answer there.
COUNCIL MEMBER NORDBAK: Dispersing, they're flying through?
ADRIANNE BEAZLEY: When they're young, they are all in their parents' territory, and then at the end of the breeding season, the young disperse out. And they have to go find their own territories. They haven't been observed taking up residence there. They just pass through.
MAYOR PRO TEM NEWCOMER: And then bobcats and movement, they're in the area. They move around.
How does the project affect the movement of the bobcats?
ADRIANNE BEAZLEY: Well, it's -- my understanding is that there were not specific project-related studies done that would directly answer that question.
MAYOR PRO TEM NEWCOMER: Okay.
ADRIANNE BEAZLEY: There is a mitigation measure required to study the ultimate effects on it. From a practical standpoint and from my knowledge -- I'm not a bobcat expert specifically, but you'd be taking out

the 6.9 acres of site and adding in roads. And it sounds like the north access road is going to have different features added into it as part of the conditions to allow wildlife back and forth across it. So it shouldn't be a substantial impediment to bobcats moving, especially since the truck trips have been reduced from soil hauling.

So you would have bobcats probably avoiding the immediate vicinity of the site, at least during the hours when there's people there, but the overall movement through the preserve, you know, they could probably go around the site on either side.

MAYOR PRO TEM NEWCOMER: Okay. And I think the question for MRS, do I read correctly the environmental impact report that you find no significant impacts on animal movements?

LUIS PEREZ: I think what you find, if you look at the environmental document discussion, is that there are significant impacts related to wildlife movement, but they are mitigable.

MAYOR PRO TEM NEWCOMER: Okay.

LUIS PEREZ: So there's a strong difference there.

MAYOR PRO TEM NEWCOMER: Understood.

LUIS PEREZ: And so there is a number of

mitigation measures that have been adopted or that have been included within the environmental document with the intent of mitigating those impacts. So our biologists feel confident that with the adoption of those mitigation measures, the impact will be less than significant.

MAYOR PRO TEM NEWCOMER: Okay. Thank you.

COUNCIL MEMBER HENDERSON: Can I follow on that just a little bit?

MAYOR WARNER: Sure.

COUNCIL MEMBER HENDERSON: Luis, I just wanted to point out I believe there's an artifact that got left over from the prior DEIR on page stamped 62, end of the first paragraph there, the last sentence of that paragraph. I believe that was from the prior DEIR, and then if you'll flip forward to Page 77, the bottom paragraph of that page where it has now picked up that under the cumulative bio impacts in Bio 1 C, there is a recommendation that that bobcat study will be done.

LUIS PEREZ: Yes. And it's an interesting way in which we handled this. There was no impact that was found that would require the study on bobcats as far as the specific impacts of the project.

COUNCIL MEMBER HENDERSON: Right.

LUIS PEREZ: Also as we did the analysis on cumulative, in trying to determine a number of other

projects that are typically happening in the surrounding area of the habitat preserve that could be having impacts on other, you know, wildlife movement, which typically happens, if there is any type of residential project that is going to impinge upon the different populations and so on, and so we were trying to look at a more holistic approach with the cumulative impact.

And still there was a couple of mitigation measures that were added, cumulative Bio 1 A and 1 B, and then cumulative Bio 1 C, which is the one that you're referencing, was a recommended mitigation measure. And we typically don't do those in CEQA. We stay away from doing recommended mitigation measures. We felt it was important. The biologists felt it was important to note it as a recommended mitigation measure, which means it is not required. So it's up to the City to adopt that.

I think we have a couple of others. We tried to stay away from them. The attorneys don't like them because they're really not enforceable, but we find them to be in some cases helpful. If the City feels that this is something that is important to them, that they can adopt that additional recommended mitigation measure. The applicant then has the right to decide whether legally the City has the right to impose that upon them or accept the mitigation measure as such.

That's the nature of that specific mitigation measure. There appears to be some conflict there. Hopefully with my explanation, it makes a little more sense.

COUNCIL MEMBER HENDERSON: I understand. Thank you.

MAYOR WARNER: Joe, where are you at?

MAYOR PRO TEM NEWCOMER: I just thought of something else.

MAYOR WARNER: Go ahead.

MAYOR PRO TEM NEWCOMER: I'm sorry. I said I was done, but I lied.

Closure of the underpass at Colima, what's the supposed benefit of temporarily closing that underpass?

LUIS PEREZ: Well, the closure of the underpass is for recreational users so that the recreational users -- something that happened, you know, and there's a long history now of the habitat.

For a period of time or the beginning of when the tunnel was constructed, there was no access to folks through there. Then subsequent to that, the habitat decided to allow people to come through there, and there have been some documented differences in use of wildlife through the tunnel. And it has to do with -- you know, they track the area, the smells. Perhaps if they smell

the humans, they don't want to go through there. You know, it depends on what type of domestication the wildlife has gone through.

And so if you have less human interaction through there -- the habitat ecologists have talked to us about that -- then it's more likely that wildlife will continue to use that tunnel.

MAYOR PRO TEM NEWCOMER: Thank you.

MAYOR WARNER: Joe, are you down to 4 C yet, or do you have anything before that?

COUNCIL MEMBER VINATIERI: I'm actually over on D, safety, risk of upset, and hazardous materials.

MAYOR WARNER: Okay. Can I ask one on 4 C, Just kind of following along in that area?

This talks about the traffic limit of ten miles an hour, but then I saw in the addendum that was handed to us tonight that the applicant is requesting 15 miles an hour and the staff is recommending that based on, I guess, safety features or mechanical features of the vehicles.

Is that correct?

I think it says something about braking.

MICHAEL MCCASKEY: I think the recommendation relative to the slope coming from the landfill down to the site, there's a bit of a grade. The total distance

might be a quarter of a mile coming down the hill. The slower speeds would require higher RPMs and more noise. So we are going to recommend a safety and a traffic plan beyond relative to trucks to determine the final speed. We thought at least the initial restriction of ten miles an hour would have the larger vehicles using the low gears and, you know, to go those speeds. At 15 miles an hour is actually a safer speed for them rather than jamming on brakes and using, you know, low gears and a lot of noise.

MAYOR WARNER: Okay. This section also refers to all nighttime traffic shall be minimized during the construction and operational phases.

What kind of traffic needs to occur at night?

MICHAEL MCCASKEY: Well, there will be -- in my understanding of the conditions, there's no nighttime traffic allowed on that landfill road.

MAYOR WARNER: That's what I thought. That's why I didn't understand it when it said all nighttime traffic shall be minimized.

MICHAEL MCCASKEY: Right.

MAYOR WARNER: Because I thought if you're using Penn and Catalina to get in there, that traffic is limited between 9:00 and 3:00. So it was just confusing. I don't know who would answer.

MICHAEL MCCASKEY: The traffic plan to be developed along guidelines under the general conditions is no nighttime use of the landfill or the north access road, specific points of entry relative to the morning and evening hours. It's also seasonal relative to no after sunset use, and then there will be a specific window relative to any larger trucks such as an oil truck for transport going in during the middle of the day. I think that's the 9:00 o'clock to 3:00 o'clock range.

MAYOR WARNER: Okay.

MICHAEL MCCASKEY: It's very specific to a certain type of vehicle.

MAYOR WARNER: Okay.

ASSISTANT CITY ATTORNEY BARLOW: Madam Mayor, if I could, I'd also want to point out that the mitigation measure specifies that nighttime traffic shall be committed only for activities required for safety reasons or emergencies.

MAYOR WARNER: Okay. That helps that clarification. Thank you.

Joe, I think -- go ahead.

COUNCIL MEMBER VINATIERI: Over to Page 81, we're now up to safety, risk or upset, and hazardous materials. There is a statement on Page 81 here regarding potential for accidental release of gas. And

there in the next to last paragraph, it says releases -- it says releases of flammable gas from the proposed project will not impact nearby residences. And then it says releases from the metering station located near Colima Road, however, could impact nearby residences. However, these releases are estimated to occur at a low frequency and, therefore, not produce unacceptable risk levels.

As I understand it, there will be a metering station of some sort right where the gas pipeline intersects with Colima Road.

Is this referring to that station?

Is that an above-ground station?

MICHAEL MCCASKEY: It's -- some metering stations are above ground, and they typically have a fence around them. It's where the pipe comes above ground, and So Cal put both a chromatograph and a measuring devise to measure the volume and take possession of gas at that point.

COUNCIL MEMBER VINATIERI: They're not going to take it there. I thought they're taking it down at Lambert.

MICHAEL MCCASKEY: They'll put the -- they'll put the metering station where they take possession of the gas. So -- but in our proposal, we have the metering

station, from a feasibility study, from So Cal at that point right there at -- where it's shown in the EIR.

COUNCIL MEMBER VINATIERI: Okay. That's what has been discussed with So Cal Gas?

MICHAEL MCCASKEY: Right. Right. And the pipe is above ground. The potential for a leak is relative to a calculation of gas escaping from a piece of pipe and/or valves and/or chromatograph material and gas going through and being tested. So it's above ground.

Joe can speak to the dimensions.

Maybe Greg can respond to that.

MAYOR WARNER: Yes.

GREG CHITTICK: Madam Mayor, members of council, we do an analysis where we look at historical data of similar types of equipment in terms of how frequently a valve might release or have problems, how frequently a pipe might break. And we looked at the equipment that was going to be at that station or proposed to be at that station. And so we estimated the frequency, and it's fairly low because there's not a lot of equipment there. And so that was the basis for our conclusion about not presenting a significant risk.

COUNCIL MEMBER VINATIERI: Okay. So you did it based upon the amount of equipment there. What I'm concerned -- well, I can talk later about what I'm

concerned about. Let me ask another question.

With respect to that, would it be more helpful or is it possible to take that station and maybe put it underground as it is right behind the residences there?

GREG CHITTICK: Well, you still -- you might be able to put it in the vault that's below the surface, but you're still going to need to be able to access that equipment by the So Cal Gas Company to either do maintenance or at least check how it's operating.

So effectively, short of moving that station to a different location, there's not really much more that you can do.

COUNCIL MEMBER VINATIERI: And as a matter of safety -- and I know it says here that it's estimated to occur at low frequency. So I don't want to make a mountain out of a mole hill.

But have there been other situations that you have gone out and surveyed where there would be a gas metering station like this where there's been a problem with some type of gas release?

GREG CHITTICK: The ones that we've worked on, it's usually they have a release of the odorant, where they're actually odorizing, but under this project, they're proposing to do the odorizing at the project site in the facility as opposed to at the metering station.

There are a lot of metering stations throughout the United States. They're fairly common. And we haven't heard of a large release of one, but there are certainly pipeline situations where there have been releases.

MAYOR PRO TEM NEWCOMER: If I can tag on to that. You mentioned earlier unless you move it.

Is it feasible, desirable to move it so that we're on the 6.9-acre site?

Is that practical?

GREG CHITTICK: We had looked at that earlier, and Matrix had indicated there were some complexities with the right of way because the -- it actually transfers to So Cal Gas at that point. So So Cal Gas would have to have the right of way to the project site and the preserve, and there were problems with that. So we didn't continue to pursue that.

COUNCIL MEMBER NORDBAK: Let me follow up on your comment, Greg. My question, I think you answered it, but I want to make sure you did.

At what point is the gas going to become odorized, and who's going to do that?

Because that's running towards the -- along the residential neighborhood.

GREG CHITTICK: Matrix is proposing to do the

odorizing within the project site, and then it would -- the pipeline would travel along Loop Road to the metering station where the custody transfer would occur. That's what's in the project description. So that's the analysis we did.

COUNCIL MEMBER NORDBAK: And how far off of Colima is the monitoring station where the gas company can take charge of it?

Because one thing you are going to have is above ground down, there's an awful lot of cars on Colima.

GREG CHITTICK: It's pretty close, but it's -- it's far enough that I wouldn't expect there to be accident problems.

Is that what you're looking at, like a car running off the road and hitting it?

It would probably be in the 50 to 100 feet. I can take the measurements.

COUNCIL MEMBER NORDBAK: That's substantial. I wanted to make sure it wasn't eight to ten feet off the setback.

GREG CHITTICK: No. It would be farther.

COUNCIL MEMBER NORDBAK: Thank you.

MAYOR WARNER: Are you as far along as SR 1 B, Joe?

COUNCIL MEMBER VINATIERI: Actually, we're right at SR.

JEFF ADAMS: Madam Mayor?

MAYOR WARNER: Yes.

JEFF ADAMS: Could staff now have MRS address the speed change that we spoke to just a minute ago where Mr. McCaskey addressed 15 miles an hour to 10 miles an hour change or vice versa, 10 to 15 mile an hour change?

We just want to make sure there was clarity in any potential impacts on the bio relative to that change.

MAYOR WARNER: Sure. Go ahead.

JEFF ADAMS: Okay.

LUIS PEREZ: So this was an issue that had come up before, and we consulted with the biologists. And while they prefer to have the ten mile an hour, they also felt that 15 miles an hour would provide for sufficient protection. And they understand that there are some safety issues, particularly when you're dealing with big pieces of equipment.

COUNCIL MEMBER HENDERSON: Well, have you analyzed the fact that if you're going to be using engine braking coming down, you're going to be generating a heck of a lot more noise?

That's the problem with the 15 mile an hour

limit or at the least the question needs to be raised about it.

They're using jake brakes basically if they're using the engine coming down. Those things are noisier than heck. And now it has significant biological impact, I would feel.

GREG CHITTICK: We didn't specifically look at that in terms of biology, but we did look at that in terms of noise that would be generated. And we --

COUNCIL MEMBER HENDERSON: I'm sorry. Could you speak up a little bit?

I'm having an awfully hard time hearing you.

GREG CHITTICK: We looked at the noise that could be generated with braking coming downhill. We certainly feel like 15 gives you a better -- a more favorable noise -- more favorable noise issues than running at ten miles an hour. So we feel like that's an advantage to be at 15.

COUNCIL MEMBER HENDERSON: I apologize. I'm just having an awfully hard time hearing you. You have a very soft voice anyway, and my ears are really plugged up tonight. So I apologize.

Can you try it one more time?

GREG CHITTICK: We feel that 15 miles an hour presents an advantage in terms of noise.

COUNCIL MEMBER NORDBAK: A positive advantage?

GREG CHITTICK: A positive advantage. We feel it's better to be at 15 miles per hour in terms of -- for noise.

COUNCIL MEMBER HENDERSON: Do you have some studies that show that?

GREG CHITTICK: Just that the additional braking issues associated with having to come downhill at ten miles an hour.

COUNCIL MEMBER HENDERSON: So is engine. I mean, we have that problem at a higher speed out at Colima Boulevard, but it's a real issue. Trucks come down, and then instead of using their brakes, they throw it into the engine situation. And we get constant complaints about the noises generated by the jake brakes. So I'd like to see a study that you have that would show that, not that you just feel it's that way.

GREG CHITTICK: The difference between 10 miles an hour and 15 miles an hour?

COUNCIL MEMBER HENDERSON: Yes.

GREG CHITTICK: Okay.

MAYOR WARNER: So a question on SR 1 B. It talks about -- I'm reading about in the -- I think it's the middle of the section. The review shall include a

seismic assessment of equipment to withstand earthquakes prepared by a seismic engineer, et cetera, et cetera.

Is there any inference or is it understood what seismic measurement is being discussed here, or is that according to a standard of one of these agencies that's listed?

ASSISTANT CITY ATTORNEY BARLOW: It's Page 81.

GREG CHITTICK: The mitigation measure referred to CalARP Associate, the L.A. PC. And they have specific requirements about walking, walk-throughs, and various different seismic requirements. So that's why we mentioned that one.

MAYOR WARNER: So do they have a guideline as to when there is seismic activity, what measurement it has to be for this to kick in?

GREG CHITTICK: No. They're requiring that to be done --

MAYOR WARNER: With any?

GREG CHITTICK: -- with any facility that meets the CalARP requirements. And that's needs to be done before an earthquake occurs, for example, but they don't have requirements about what needs to be done if an earthquake occurs.

MAYOR WARNER: Okay. Then a further sentence says all audit items shall be implemented in a timely

fashion, and the audit shall be updated periodically.
Again, there's one of those words that doesn't give me specific objective criteria.
So what does that mean, or who makes the decision on what periodically is?
GREG CHITTICK: Well, the CalARP requires every five years, and so we would defer to the regulations for CalARP on that.
MAYOR WARNER: Okay. And it says periodically as directed by the City and the L.A. County Fire Department.
So would those two entities then just refer to industry standards as to what periodically means?
GREG CHITTICK: Yes. The fire department is the AA or the authorizing agency for CalARP.
MAYOR WARNER: Okay. You can kind of tell I don't like words that don't give definition. So -- and if there is a reference to an entity, a professional entity, it's always helpful to have it indicate that in the verbiage for those of us that aren't experts.
Okay. Who's got a question?
Kind of going along.
COUNCIL MEMBER VINATIERI: Next one?
MAYOR WARNER: Go ahead.
COUNCIL MEMBER VINATIERI: Turning over to Page

84, this is once again potential for pipeline release. I note in here that there's a discussion about automatic shut-down valves, et cetera, but I also see here on the top of Page 84, the first paragraph, that there's a discussion of what happens with the construction projects and contractors hitting pipelines.
It says here that the installation of warning tape within the Colima Road pipelines would help to warn people of pipelines present. Maybe this is a small thing, but that construction -- that tape usually gets worn down fairly quickly, especially with a fast-paced high traffic road such as Colima Road.
What are we doing or what's being proposed here to make sure that that tape stays pretty current, that it's not worn out in just a couple of months and then there's nothing done to put new tape on there?
I didn't see anything in here about that.
GREG CHITTICK: The tape is actually buried. So it's -- it sits above the pipeline but below the surface of the ground so that when they're digging, they hit the tape before the pipe, and it acts as a warning for the third party.
COUNCIL MEMBER VINATIERI: Yeah. This is a dig alert tape. So we're not talking about -- I've seen the tape that goes actually down the street that warns people

also.
GREG CHITTICK: Right. No. This is a dig alert tape.
COUNCIL MEMBER VINATIERI: Okay. Great. Thank you.
All right. Next question. I'm over here. I've changed to geological resources. This is Page 87. There's a discussion here regarding, Page 87, on the facts in support of findings. And it talks about the surface trace in Whittier Fault does not traverse the project area. So the potential for fault service rupture is low. But then down below it also talks about a scenario when there's an injection. Well bore holes could potentially be sheered and sealed, thus preventing additional disposal of produced water in that well. Although such a scenario would necessitate well abandonment, it would be detrimental to oil and gas production, blah, blah, blah.
The question is does this mean that the sheering of the bore hole stops the flow of the oil and gas to the surface?
I guess that's a technical question maybe for Matrix.
MICHAEL MCCASKEY: I think that I interpret that reference to a hypothetical situation where a well

is sheered thus preventing additional disposal of produced water. In other words, the well -- we wouldn't be allowed to pump water down the well into an injection well. And it goes on to discuss well abandonment but -- or other scenarios or potential for spills or releases.
Now, in the -- it's some depth. Specifically, Council Member, did you want me to clarify the paragraph, or are you asking is this possible?
COUNCIL MEMBER VINATIERI: Yes and yes.
MICHAEL MCCASKEY: The Whittier Fault is significantly a fair distance away from -- away from the construction of the seven-acre site. It's -- it also angles away from the site. We would be drilling wells down and away from the Whittier Fault. So we wouldn't be crossing that fault, which is a major active fault.
There is possible scenarios of underground movement could cause a well to sheer, typically because each well is monitored relative to production, either coming out of the well or as you're injecting into it, there's an amount of pressure required to inject. So if a well is compromised either with a hole in the tubing or a hole in the casing or something that affects the well bore, you'll know at the surface and be able to shut that well down.
If it is indeed damaged by earth movement or

mechanical wear, that typically a well is repaired either in the casing, or if the well is completely demolished for some reason, we're going to have provisions for automatic shutoffs relative to seismic activity. The damaged well could be sidetracked under the provisions of the lease for repairs or additional wells of the same well bore surfacing casing. You would go down and redrill that well and use it as a new well bore for your site.

COUNCIL MEMBER VINATIERI: I guess my concern -- and I think I saw it in here. I'm not sure.

So if there's a seismic event that basically sheers off that bore, there's an automatic shutdown of that particular bore so that there's not an issue of further rupture or whatever that might happen?

MICHAEL MCCASKEY: Well, we're going -- under the general conditions, there's a condition for a seismograph during significant earthquake events.

COUNCIL MEMBER VINATIERI: That's the accelerometer that I think I've seen in here?

MICHAEL MCCASKEY: Yes. All of the wells are immediately tested relative to pressure production. Of course, the surface is inspected relative to any potential damage. So with all of the auto shut-off or actual optional physical shut-offs of various wells,

wells can be shut off relative to seismic activity.

In an older oil field, 50 years ago, wells would typically go and they would notice loss of production or something observationally, which might take longer to determine if there was a problem in a well.

It is really rare to have a well that's crossing a fault, where the fault moves and sheers it. Most wells are drilled away from faults, or near faults, just like your house moves and the ground moves, everything is kind of moving in the same direction. In other words, if you go across the fault with two pieces of ground going in the opposite direction, there's your likely scenario for well sheering.

But in our case, we're drilling wells away from the Whittier Fault, which is your active fault here. And so we think the chance of a well being sheered is really almost astronomical.

CITY MANAGER HELVEY: Madam Mayor, it is seven minutes before the hour at this point, if you want to deal with the curfew.

MAYOR WARNER: I know.

CITY MANAGER HELVEY: We also would like to encourage all the technical questions to be objectively answered. While I'm sure the applicant is giving it it's best objective answer, but it would be better if MRS and

our experts were answering technical questions to the degree they can do so, if that's all right with you.

MAYOR WARNER: Per your advice. We don't know who needs to answer what questions.

CITY ATTORNEY JONES: Well, let me begin by saying this. As you ask the questions, begin with the staff at left. If the staff at the left believes Matrix has a more complete answer or can supplement the answer, that would be the appropriate process at this stage of our proceedings.

MAYOR WARNER: Okay.

MAYOR PRO TEM NEWCOMER: Could I ask for one thing to be brought up tomorrow?

I would really appreciate getting a photograph of what a 70-foot truck looks like, the types of trucks that would be permitted under it, so we can visualize. I don't know if they have it tonight. Since it looks like we will continue our questions --

MAYOR WARNER: Yes.

MAYOR PRO TEM NEWCOMER: -- if that can be brought tomorrow, that would be appreciated.

MAYOR WARNER: Just so we have a few minutes for some concluding comments before we adjourn. I know we're right in the middle of questions. I have some to ask on this subject, but in order to be respectful of the

time frame that we agreed upon, can we move towards concluding tonight and ask Mr. Helvey, Mr. Jones if they have any comments for us relative to our proceedings, where we're going, what we've done.

CITY ATTORNEY JONES: I believe two comments should be made, one of which is I think regarding the process where we are at this point in time, questions asked of an informational nature provided by staff with respect to an independent and objective analysis of the project at this point in time. Once we get to the testimony phase, we can then ask questions more probably towards Matrix, having heard all the testimony and weighed and evaluated all the evidence.

The second I would say is that from a -- with respect to the hearing itself, we're asking a lot of questions, and while it's important to get that information out, it's also important as quickly as possible to get to the testimony phase so we can get the testimony before you so you can begin the more deliberative process that would occur in the next three or four days.

MAYOR WARNER: I personally appreciate your advice, and you are the attorney. However, I said at the beginning of this meeting -- and I can only speak for myself -- I've been writing questions for two and a half

years. And most of them are clarifying-type questions.

CITY ATTORNEY JONES: Okay. I understand.

MAYOR WARNER: I'm trying not to give any opinions at this point in time, and my colleagues can speak for themselves if they have any comments to make.

So as we return tomorrow night, then, at 6:30, Mr. Helvey, we will anticipate continuing Council questions.

CITY MANAGER HELVEY: I think you should feel free to ask questions for clarification prior to opening for the public as long as you feel the need.

MAYOR WARNER: Okay. Then we will move towards public comment.

Any questions, colleagues, or any comments to be made?

COUNCIL MEMBER NORDBAK: Yeah. I have a question on process. We're still going to be able -- I have a list of questions here that aren't as much for this. They're more the presentations that I had some questions on.

We'll have the ability to ask that after public testimony.

Is that correct?

CITY ATTORNEY JONES: That is correct.

COUNCIL MEMBER NORDBAK: To the applicant?

CITY ATTORNEY JONES: That is correct.

MAYOR WARNER: Joe, any comments?

COUNCIL MEMBER VINATIERI: Well, I'm mindful of what Mr. Helvey is saying, but I'm also mindful of what you had to say. And I've spent a lot of time going through this. And I don't -- I want to make sure we get -- all the people make their comments who want to come in here be heard, but I want to make sure I have my questions answered.

You can see they're detailed in nature. And so I don't know whether tomorrow night we just hold off doing the rest of my questions and whoever else has questions and we do the public comments or what, but I can just tell you I've got literally lots and lots of questions here.

COUNCIL MEMBER NORDBAK: That's why I asked if I could ask questions at the end.

COUNCIL MEMBER VINATIERI: Right. I'm good with testimony. I just want to make sure -- and I don't want to prolong this thing, but I mean, we've got a very detailed report here on a major project that I want to make sure it gets all out.

MAYOR WARNER: Owen, comments?

MAYOR PRO TEM NEWCOMER: I certainly want to get my questions answered before the public comments.

I'll be as brief as I can, but I think it's important to get answers before we go to public comments.

MAYOR WARNER: Bob, comments?

COUNCIL MEMBER HENDERSON: No.

MAYOR WARNER: Okay. So with that, we are adjourned.

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(Whereupon, the hearing adjourned at 10:58 p.m.)

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I, the undersigned Certified Shorthand Reporter of the State of California, does hereby certify:

That the foregoing proceedings were taken before me at the time and place herein set forth; that a verbatim record of the proceedings was made by me using machine shorthand which was thereafter transcribed under my direction; further, that the foregoing is an accurate transcription thereof.

I further certify that I am neither financially interested in the action nor a relative or employee of any attorney of any of the parties.

IN WITNESS WHEREOF, I have this date subscribed my name _____.

Dated: _____

Certificate Number 12776