



Review and Evaluation of Proposed **WHITTIER OIL AND GAS PROJECT** For Consistency with Proposition A



Prepared for City of Whittier

July 2011





About this Report

Limitations

- Limited to analysis of consistency of language and intent of L.A. County Proposition A (1992 & 1996) & Prop. A implementing documents
- Based solely on the October 2010 Draft Environmental Impact Report (DEIR)
- Does not reflect any changes made in June 2011 DEIR
- Not an endorsement by report authors or by Community Conservation Solutions



About this Report

Funding Sources

- Funded by City of Whittier



About this Report

Data Sources

- **Draft Environmental Impact Report** for the Whittier Main Oil Field Development Project, October 2010
- **Legal analysis by** Carlyle W. Hall Jr., Akin Gump Strauss Hauer & Feld LLP, June 2011
- **Resources Management Plan** for the Puente Hills Landfill Native Habitat Preservation Authority, July 2007, by LSA Associates, Inc.
- **Information** from City of Whittier
- **Information** from Matrix Oil Corporation

Where some see
conflict

We see compatibility



PEOPLE

NATURE

WE ARE PROBLEM SOLVERS



- Community collaboration
- Project direction and management
- Scientific, technical and engineering expertise
- Sustained leadership
- Fundraising

CCI believes in crafting innovative solutions that combine long-range vision with the focused plans needed to translate ideas into reality.



About Community Conservation Solutions & Esther Feldman

CCS has track record in successfully addressing complex, challenging conservation issues

Esther Feldman:

- provided vision for and authored Prop. A
- Directed state legislative effort to secure passage of authorizing statute
- Formed countywide Citizens Advisory Committee
- Coordinated with L.A. County and all 88 cities
- Directed countywide campaigns in 1992 and 1996



Potential Precedent for Prop. A

Importance of this Review and Evaluation:

Potential precedent for similar situations related to Proposition A that may arise elsewhere in L.A. County



CCS Evaluated the Following Questions:

- Can the proposed Oil Project be carried out in a manner consistent with Proposition A and its implementing documents?
- What must the City do to comply with the requirements and intent of Proposition A?
- How much parkland area would be changed from park and open space uses as a result of the proposed Oil Project and would have to be replaced with comparable parkland pursuant to the requirements of Proposition A?
- What actions are needed by L.A. County (Regional Park and Open Space District) and the City?



Puente Hills Preserve & Proposed Whittier Oil Project: Regional Context





Puente Hills Preserve & Proposed Whittier Oil Project: Regional Context





L.A. County Proposition A

- Countywide ballot measure in 1992, amended in 1996
- Funding for parks, recreation, beaches, habitat and open space
- Created L.A. County Regional Park and Open Space District
- District Board of Directors is L.A. County Board of Supervisors
- Funded by property owners throughout L.A. County



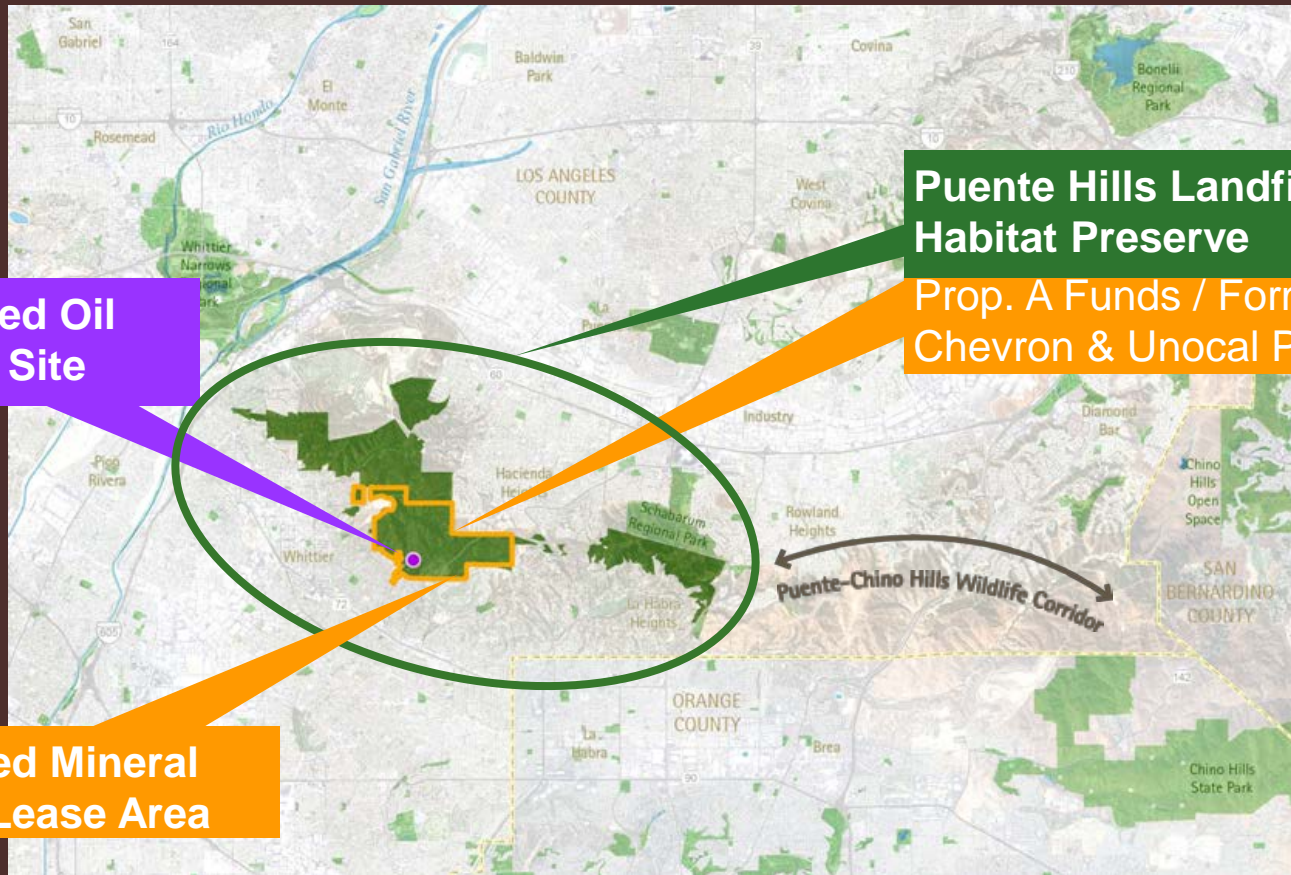
L.A. County Proposition A's Intent

Protect and Increase Parks, Open Space & Habitat

- **Emphasis on projects with regional benefits throughout L.A. County**
 - Funding to acquire, improve and restore parks, recreation facilities, rivers, beaches and natural habitat lands throughout L.A. County
 - Provided funds to L.A. County, all 88 cities, Santa Monica Mountains Conservancy and many non-profits
 - Included nearly 100 specific regional projects
- **Provided \$17.3 million to acquire natural, park and open space lands in the Whittier Hills (now Puente Hills)**



Lands Purchased with Proposition A Funds in Whittier/Puente Hills



Proposed Oil Project Site

Proposed Mineral Rights Lease Area

Puente Hills Landfill Native Habitat Preserve
Prop. A Funds / Former Chevron & Unocal Properties



L.A. County Proposition A

Funds Provided to Acquire Lands in Whittier Hills

Section 8(b) – Specific grants to cities for regional projects

- For parks, recreation, wildlife habitat, natural lands purposes
- All projects in this category met specified regional project criteria
- Subsection (2)(QQ) earmarked **\$9.3 million** to City of Whittier for:

“acquisition of natural lands and development of related facilities in the Whittier Hills”



L.A. County Proposition A

Funds Provided to Acquire Lands in Whittier Hills

Section 8(c) - Allocated funds to Santa Monica Mountains Conservancy

- For acquisition of park and open space lands and development of related recreational facilities
- Subsection (6) earmarked **\$7 million** of Conservancy's funds for expenditure in the Whittier Hills for the preservation of park and open space lands



L.A. County Proposition A

Funds Provided to Acquire Lands in Whittier Hills

Section 11 - Competitive grant funds

- For acquisition, development and improvement of real property for trails and public access
- **\$1 million** earmarked for use within the Whittier Hills



Proposition A's Requirements

Key Provisions

Section 16

- Anticipated future changes of use due to circumstances unforeseeable at time of drafting
- Requires that parklands purchased with Prop. A funds whose uses are changed must be replaced
- **Section 16(b):** details what grant recipients must do if they propose to change the use of all or a part of parkland or open space purchased with Prop. A funds



Proposition A's Requirements

Key Provisions

Replace Acquired Lands if Land Use is Changed to a Non-Prop. A Use

Underlying Intent:

Ensure no net loss of parklands in specific project area where funds were originally allocated

- Maintains consistency with regional benefits conferred on property of the District by the Whittier/Puente Hills acquisition
- Consistent with overall intent of Prop. A
- Consistent with regional benefit analysis of Engineer's Report which underlies Prop. A



Proposition A's Requirements

Key Provisions

Replace Changed Use Acres with Lands with Comparable or Higher Open Space and Habitat Value

- Applies to change of use of all or part of parkland purchased with Prop. A funds
- Fair market value at time of changed use or sale/lease of property or proceeds from selling or leasing the parkland acreage, whichever is greatest
- Replacement funds must be used for a purpose authorized in the category under which the original grant was funded



Proposition A's Requirements

Key Provisions

Replace Changed Use Acres with Lands with Comparable or Higher Open Space and Habitat Value

- **Authorized purpose here:** acquisition of natural lands in the Whittier/Puente Hills for habitat and open space
- Replacement must help improve and protect the Preserve's overall ecological viability as functioning natural habitat



Proposition A's Requirements

Key Provisions

Replace Changed Use Acres with Lands with Comparable or Higher Open Space and Habitat Value

- **Highest priority:**

Replace changed use acreage by acquiring other comparable or higher value lands immediately adjacent to the Subject Property or to the rest of the Puente Hills Preserve

- **Second priority:**

Acquire replacement parklands as near to the Puente Hills Preserve as possible



Proposition A's Requirements

Preserve Original Proposition A Intent and Regional Benefit

To do this, City can:

- Expend funds itself to acquire natural lands in the Whittier/Puente Hills
- or*
- Reimburse District's Parks Fund so that District can acquire natural lands in the Whittier/Puente Hills



Proposition A's Requirements

No Violation of Federal Regulations Regarding Use of Proceeds from Tax-Exempt Bonds

- City cannot enter into any contract, agreement, or lease that, in the District's opinion, violates federal regulations restricting the use of funds from tax-exempt bonds



Proposition A's Requirements

Actions Needed by L.A. County (District) and City of Whittier

Conditional lease agreement between Matrix/Clayton Williams and City can only become operative if:

- District approves the lease
- District releases the land acquired with Prop. A funds from protected status
- City completes the CEQA environmental review and approves Final EIR
- City issues a permit to Matrix/Clayton Williams for the Oil Project



Puente Hills Landfill Native Habitat Preserve Description

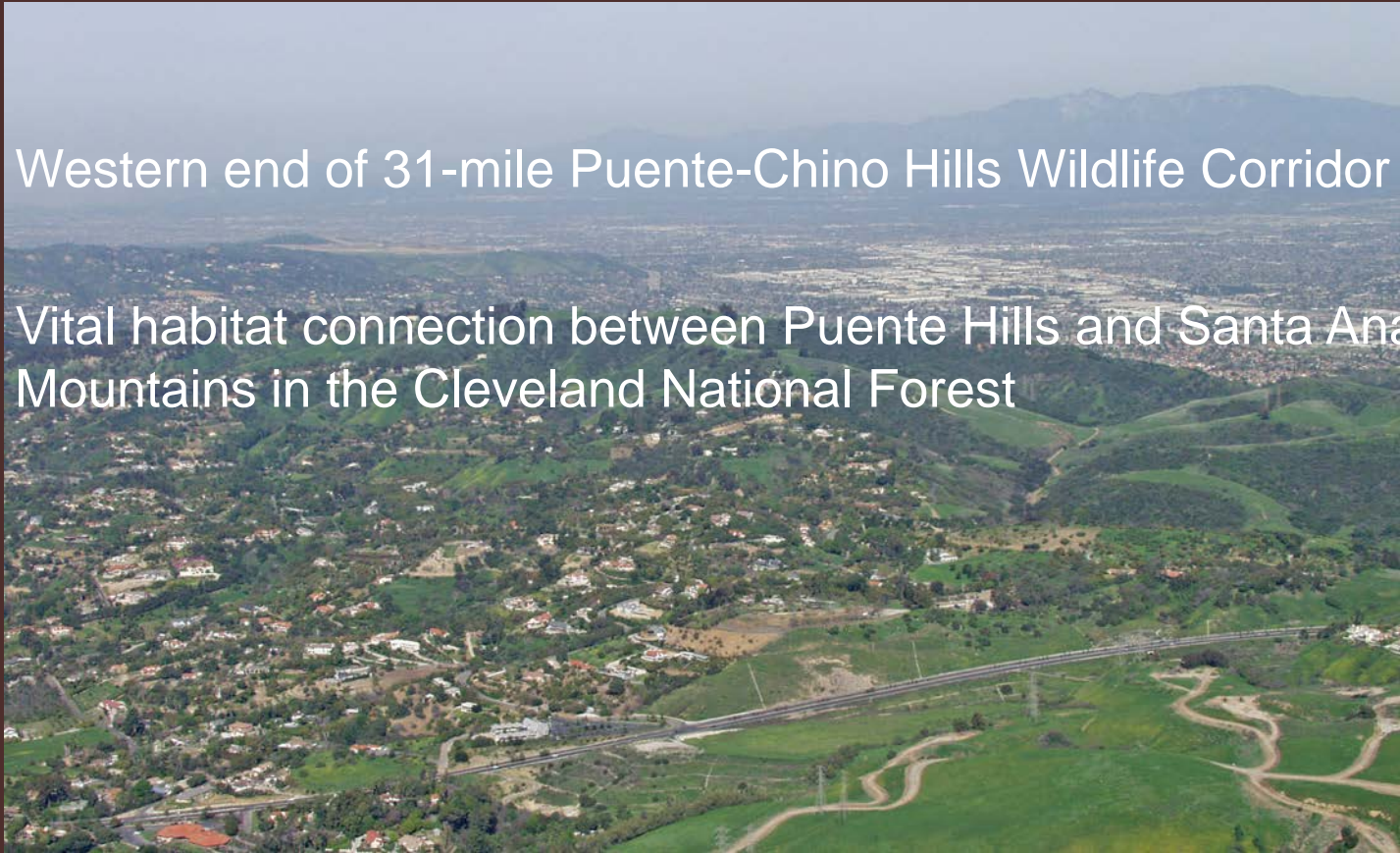


- 30 miles east of downtown L.A.
- Bounded by San Gabriel River, Chino Hills, La Habra Heights, Whittier, Rowland Heights and Hacienda Heights
- Managed by the Puente Hills Landfill Native Habitat Preservation Authority



Puente Hills Landfill Native Habitat Preserve Description

- Western end of 31-mile Puente-Chino Hills Wildlife Corridor
- Vital habitat connection between Puente Hills and Santa Ana Mountains in the Cleveland National Forest

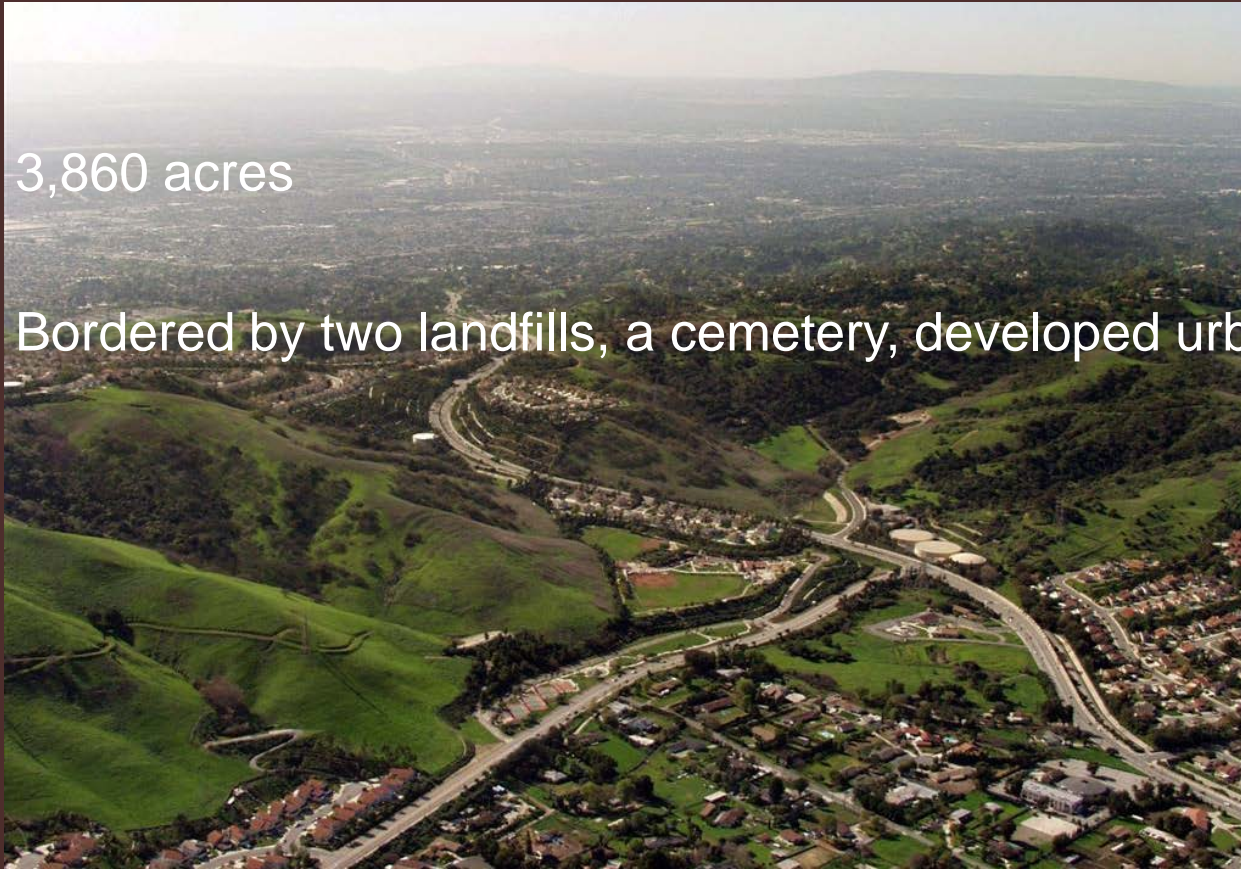




Puente Hills Landfill Native Habitat Preserve

Description

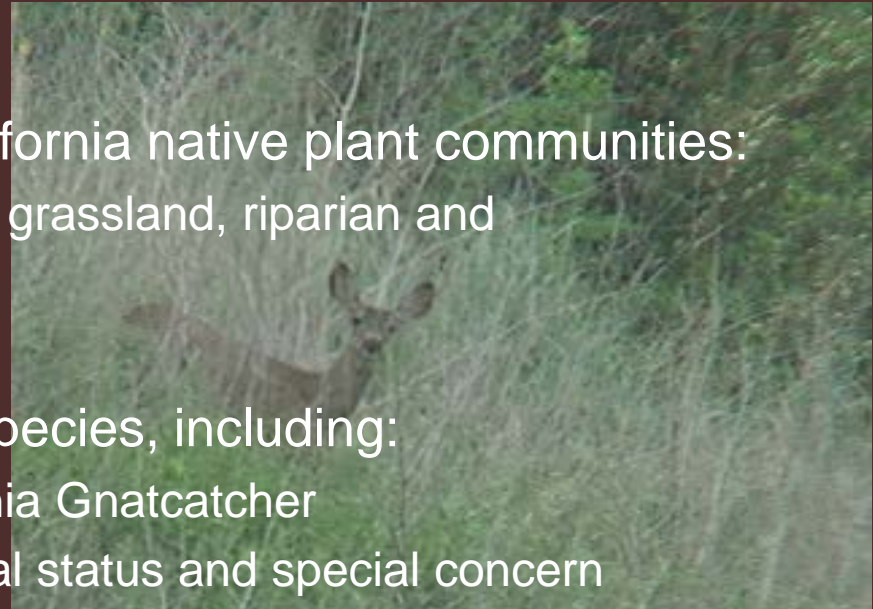
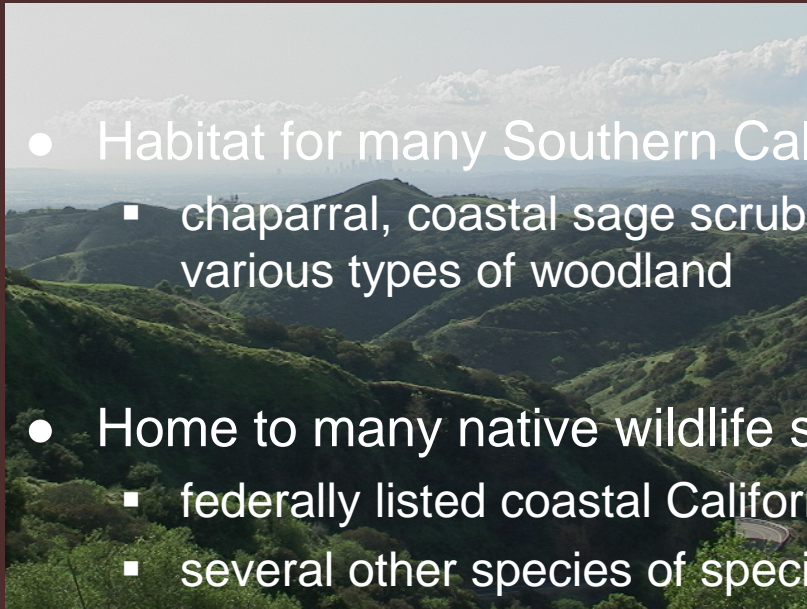
- 3,860 acres
- Bordered by two landfills, a cemetery, developed urban areas





Puente Hills Landfill Native Habitat Preserve Description

- Habitat for many Southern California native plant communities:
 - chaparral, coastal sage scrub, grassland, riparian and various types of woodland
- Home to many native wildlife species, including:
 - federally listed coastal California Gnatcatcher
 - several other species of special status and special concern





Puente Hills Landfill Native Habitat Preserve

Description



- Many areas of fragmented and degraded habitat
- Many old roads



Puente Hills Landfill Native Habitat Preserve Description



- 27 miles of public trails



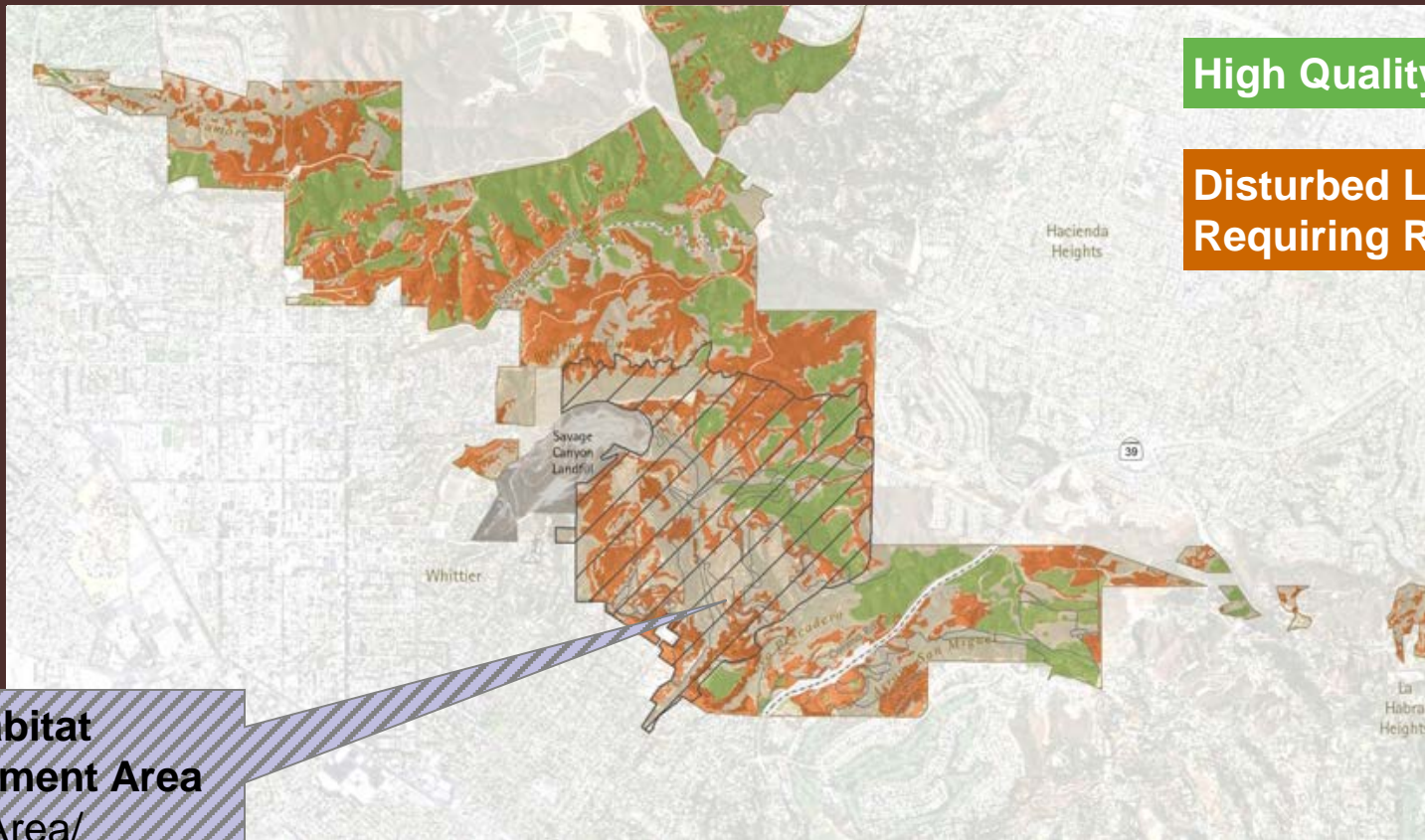
Puente Hills Landfill Native Habitat Preserve

Habitat Quality and Closed Area

- **Core Habitat Management Area:** Closed to Public Use
 - allows habitat recovery of degraded areas over time
 - includes high quality native habitat
provides undisturbed habitat for wildlife



Puente Hills Landfill Native Habitat Preserve Habitat Quality



High Quality Habitat

Disturbed Lands
Requiring Restoration

**Core Habitat
Management Area**
Closed Area/
No Public Access



Puente Hills Landfill Native Habitat Preserve Habitat Quality and Closed Area

- Many areas of fragmented and degraded habitat
 - Restoration Needs:
 - 1,200 acres of land in need of habitat restoration
 - Over 600 acres high priority for restoration
 - Acquisition Needs:
 - 4,000 acres to protect long-term habitat viability and ecological function of Preserve and Wildlife Corridor



Puente Hills Landfill Native Habitat Preserve

Lands Purchased with Proposition A Funds from Chevron and Unocal

The 1,290-acre Subject Property: Historically known as the Whittier Main Oil Field

- Active oil and gas field for over 100 years
- Owned and operated by Chevron & Unocal
- Nearly 550 oil wells
- Numerous oil and gas production facilities and roads
- Purchased by the City with Proposition A funds in 1995





Puente Hills Landfill Native Habitat Preserve

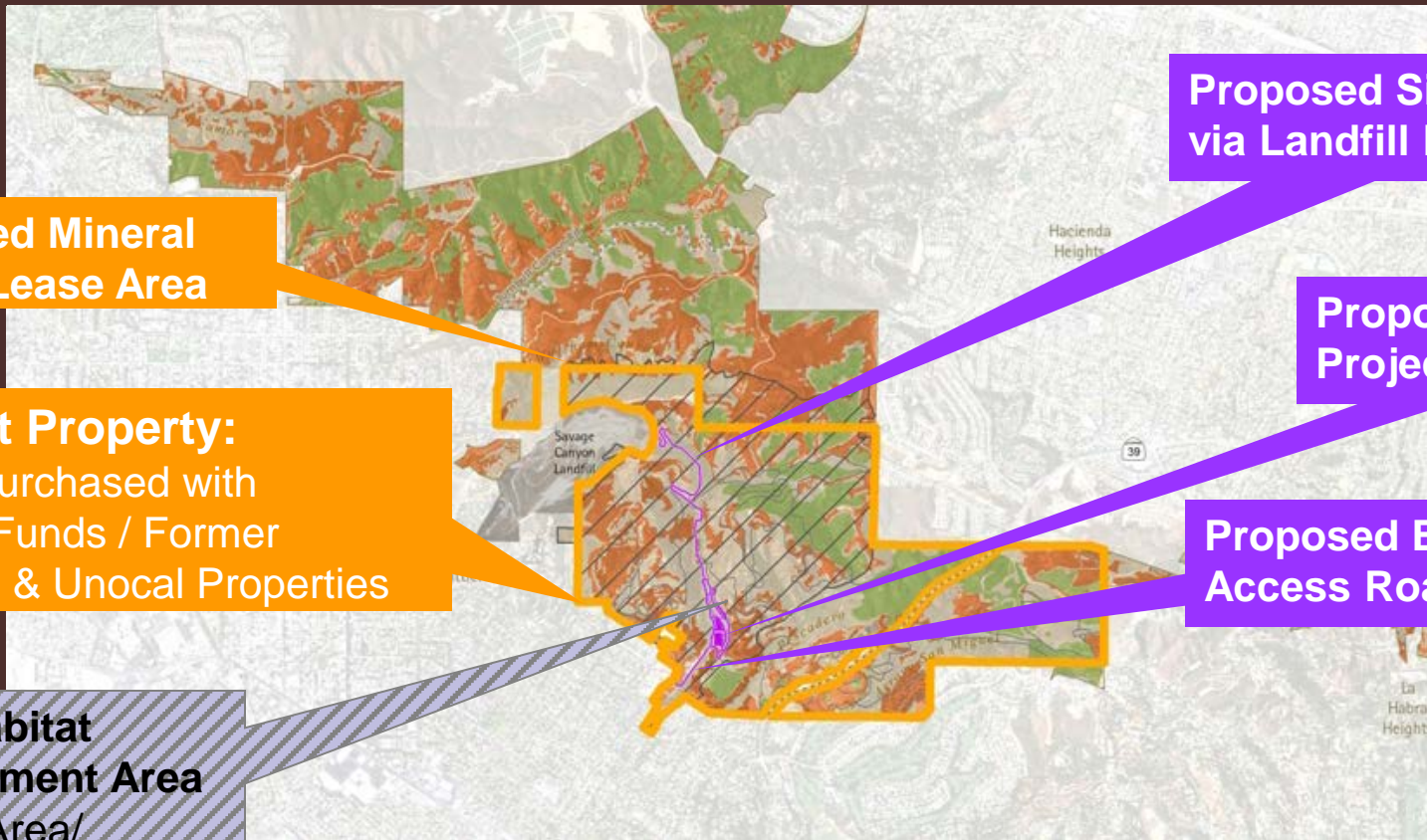
Lands Purchased with Proposition A Funds from Chevron and Unocal

The 1,290-acre Subject Property today:

- Nearly 60% in Core Habitat Management Area
- 18 miles of old roads
- 6 miles of public trails



The Proposed Whittier Oil and Gas Project



Proposed Mineral Rights Lease Area

Subject Property:
Lands Purchased with Prop. A Funds / Former Chevron & Unocal Properties

Core Habitat Management Area
Closed Area/
No Public Access

Proposed Site Access via Landfill Road

Proposed Oil Project Site

Proposed Emergency Access Road



The Proposed Whittier Oil and Gas Project





The Proposed Whittier Oil and Gas Project

Proposed Project Components

- a central oil and gas processing facility
- enclosed concrete cellar for up to 60 underground wells and well test stations
- 15-foot wall around processing facility and well cellar
- truck loading facility
- emergency facilities including fire hydrants and shut-offs
- underground oil, gas, and water pipelines, electrical conduit
- connecting roads within the Project Site

continued



The Proposed Whittier Oil and Gas Project

Proposed Project Components

- grading and fuel modification around 7-acre Project Site
- internal roads
- 1.25 mile access road between Project Site and Whittier's Savage Canyon Landfill
- 0.33 mile emergency access road between Project Site and Catalina Avenue
- temporary construction staging near drilling site
- drill rig height up to 147'
visible from certain locations on the Preserve



The Proposed Whittier Oil and Gas Project Changed and Disturbed Parkland Acres

Per Prop. A, changed parkland acres must be replaced with lands with comparable or higher open space and habitat value

- Proposed Oil Project surface land uses result in changed use
- Subsurface activities would not change surface uses for habitat, public open space or recreation
- Disturbance to parkland acres during construction would be temporary and would be fully restored and mitigated



The Proposed Whittier Oil and Gas Project Changed and Disturbed Parkland Acres

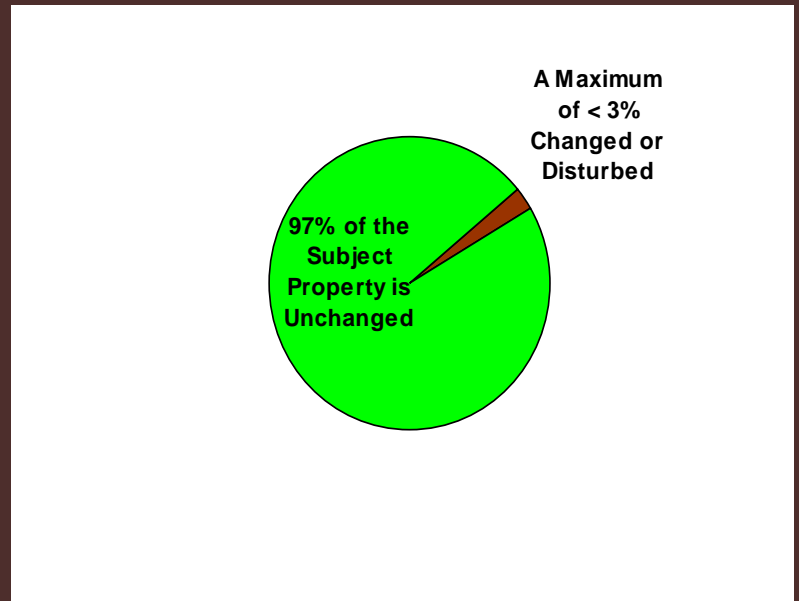
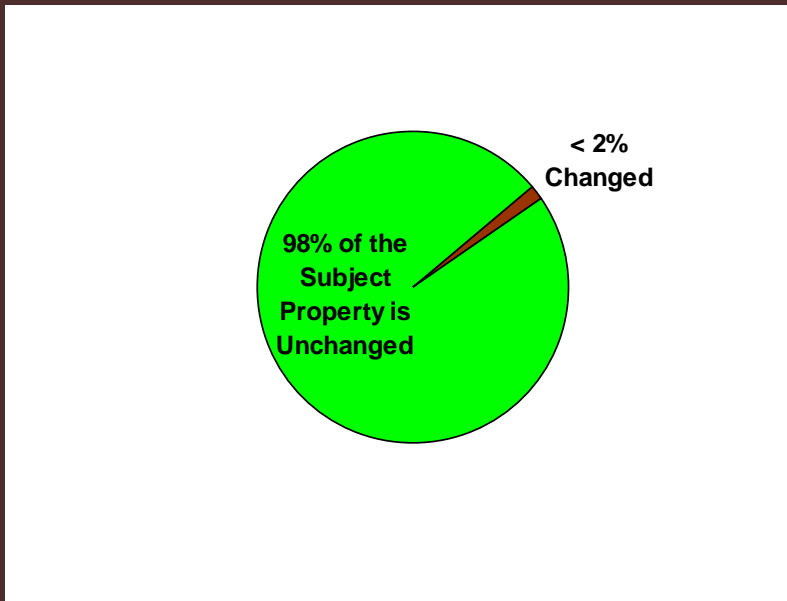
Changed Parkland Acres	Proposed Project	Fuel Mod. Zone	Totals
Consolidated Oil and Gas Operations			
Pads, Integrated trucking facility, Processing operations	7.10		
Internal roadways (50% of total)	0.50	0.80	1.30
Total changed acres, Project Site and Roadways	7.60	5.70	13.30
Landfill Road			
Landfill Road (50% of total)	1.52		
Grading and widening	2.52		
Total changed acres, Landfill Road	4.04	2.53	6.57
Total Changed Land Use Acres	11.64	8.23	19.87
Temporary Disturbed Acres			
Temporary Disturbed Acres, to be Restored			
Construction grading	8.66		
Construction staging and parking areas	4.10		
Total Temporary Disturbed Acres, to be Restored	12.76		12.76
Maximum Changed and Disturbed Parkland Acres			32.63



The Proposed Whittier Oil and Gas Project

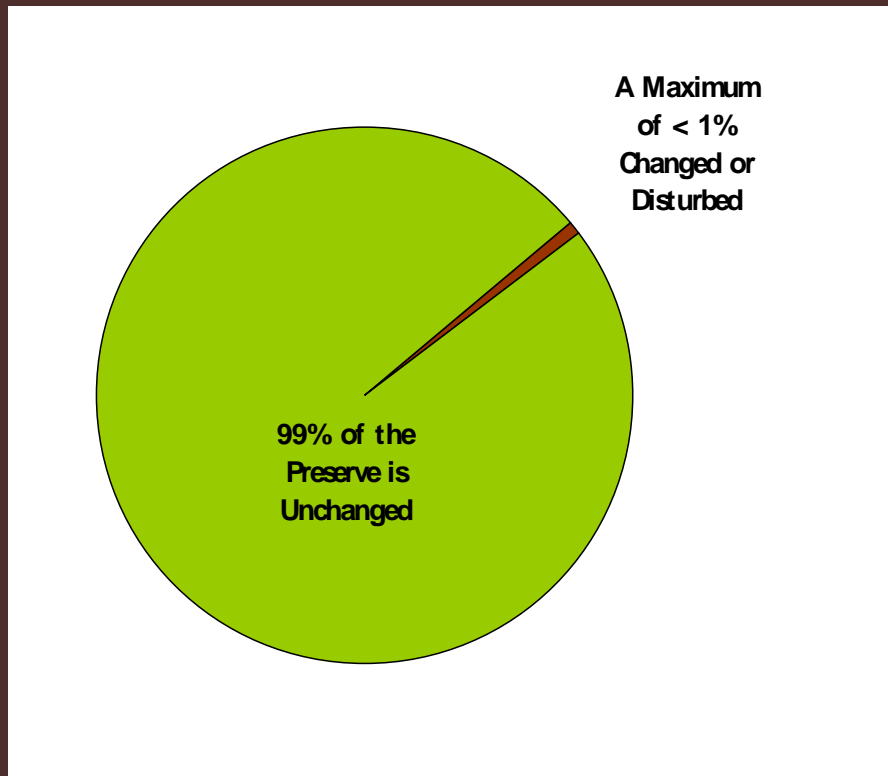
Changed and Disturbed Parkland Acres

Subject Property





The Proposed Whittier Oil and Gas Project Changed and Disturbed Parkland Acres Pueente Hills Preserve





The Proposed Whittier Oil and Gas Project Changed and Disturbed Parkland Acres

**Proposed project would change use of 12 - 20 parkland
acres**

**Plus 8.2 acres if Fuel Modification Zones not fully
mitigated**



The Proposed Whittier Oil and Gas Project Changed and Disturbed Parkland Acres

Additional changed acres get added to these totals if:

- fuel modification zones are not fully mitigated
- pipelines or conduit are installed outside existing roadways and disturbed land is not restored
- L.A. County Fire Department requires additional fuel modification beyond what is described in DEIR
- other actions result in a changed use that is not fully restored and mitigated



The Proposed Whittier Oil and Gas Project Funding for Preserve and Oil and Gas Royalties

Proposed Oil Project would generate:

- \$500,000 in lease payments to City from Matrix/Clayton Williams
- Annual funding for Puente Hills Landfill Native Habitat Preservation Authority
- Royalties of \$400 million to \$1 billion over 25 years depending on:
 - Number of wells permitted by City
 - When those wells begin producing
 - Oil and gas production levels
 - Oil and gas prices



Findings and Conclusion

The proposed Oil Project can be implemented in a manner consistent and compatible with Proposition A



Findings and Conclusion

Approximately 12 to 20 acres of changed use parkland must be replaced to ensure no net loss of parkland

- Prop. A allows for change of use of lands purchased with Prop. A funds
- Provides specific steps that City and District must follow
- City must comply with Prop. A's requirements for replacement of changed use acreage
- Use of additional acres could change if:
 - fuel modification zones are not fully mitigated
 - more fuel modification is required by L.A. County
 - other actions result in changed uses that are not fully restored



Findings and Conclusion

Replacement of changed use acreage must preserve the original Proposition A intent and regional benefit to property throughout the District

- Can be achieved through acquisition or land swap
- **Highest priority:** Purchase lands adjacent to the Subject Property or to the Puente Hills Preserve that are of comparable or higher open space or habitat value
- **Second priority:** Purchase lands as near to the Puente Hills Preserve as possible that are of comparable or higher open space or habitat value



Findings and Conclusion

Replacement of changed use acreage must preserve the original Proposition A intent and regional benefit to property throughout the District

If higher quality land or land with important wildlife habitat or open space value can be purchased, this would compensate for the loss of the changed use acreage and would meet Prop. A's requirement of no net loss of park and open space lands from the Puente Hills area



Findings and Conclusion

Approvals Needed from L.A. County (District)

- L.A. County (District) approval required of lease between City and Matrix/Clayton Williams
- L.A. County (District) approval required to release Prop. A Lands from protected status



Findings and Conclusion

Other Actions Required of City of Whittier

- Complete CEQA environmental review process
- Approve a Final Environmental Impact Report
- Conduct analysis of federal regulations and use of tax-exempt bonds as they pertain to proposed Oil Project
- Provide this analysis to L.A. County (District)



Findings and Conclusion

Royalties from the Oil Project should be shared with other areas of L.A. County for regional park, recreation, habitat, and open space projects, consistent with Proposition A

- Recognizes the role of Prop. A in providing the opportunity for the proposed Oil Project
- Acknowledges the pivotal role of Prop. A in purchasing the Subject Property
- Consistent with the specific intent and spirit of Prop. A
- Maintains regional benefit to property throughout the District



COMMUNITY UNITY CONSERVATION

CONSERVATION

SOL'

SOLUTIONS

*Solving Problems where
People and Nature Intersect*