



CITY OF LONG BEACH

DEPARTMENT OF DEVELOPMENT SERVICES

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November 30, 2017

CHAIR AND PLANNING COMMISSIONERS

City of Long Beach

California

RECOMMENDATION:

Recommend that the City Council certify Environmental Impact Report (03-15) and approve a Zoning Code Amendment, Local Coastal Program Amendment, Site Plan Review, Oil Map Amendment, and Certificate of Compliance to consolidate existing oil operations, implement a wetlands habitat restoration project, and provide public access opportunities, located on four sites (Synergy Oil Field at 6433 E. 2nd Street, City property at the southeast corner of Studebaker Road and 2nd Street, Pumpkin Patch site at 6701 E. Pacific Coast Highway, and the Los Cerritos Wetlands Authority site at the northeast corner of Studebaker Road and 2nd Street) within the Southeast Area Development and Improvement Plan (SEADIP / PD-1) area. (District 3)

APPLICANTS: Beach Oil Minerals, LLC
Los Cerritos Wetlands Authority
(Application No. 1601-05 (A through D))

DISCUSSION

The Los Cerritos Oil Consolidation and Wetlands Restoration project (Project) site comprises four properties in the southeastern portion of the City. The Project site is generally bordered by the Los Cerritos Channel to the north, beyond which is a residential development; Studebaker Road to the east, beyond which is the AES Power Plant site, and the San Gabriel River; the San Gabriel River to the southwest, beyond which are undeveloped areas; and Pacific Coast Highway to the west, beyond which is commercial development and Alamitos Bay. The site includes Steamshovel Slough, which is approximately 1,950 feet long and is considered a historic or "ancient" marsh in that it has not been modified through dredging or filling.

The surrounding area was historically all wetlands, but is now characterized by the presence of remnant wetlands, marinas and harbors, oil fields, power plants, oil drilling, commercial development and low-density residential development. The oil fields were established in the 1930s and portions of two of the sites were used for a short time as a former municipal landfill.

Table 1 provides existing information about the four properties that comprise the Project site:

Table 1 – Existing Site Information				
Site	Size	Site Boundary	Existing Use	SEADIP Subarea
Synergy Oil Field	150 acres	North: Los Cerritos Channel East: Studebaker Road West: Pacific Coast Highway South: 2nd Street	Oil field (39 wells) / Synergy Office building / wetlands	11a and 33
City property	33 acres	North: 2nd Street East: Shopkeeper Road West: Private Property South: San Gabriel River	Wetlands / Oil field (13 wells)	25
Pumpkin Patch Site	7 acres	North: Studebaker Road (stub) East: City Property West: Pacific Coast Highway South: San Gabriel River	Seasonal pumpkin and Christmas tree sales / Undeveloped/1 well	25
LCWA site	5 acres	North: Private Property East: Private Property West: Studebaker Road South: Westminster Ave	Industrial Storage / Undeveloped	19

The Project proposes the following, to be phased over the course of up to 44 years:

1. Synergy Oil Field: Phase out all oil wells and pipelines, restore wetlands, establish a public access trail, relocate and convert the existing office building to a visitor center, and establish wetlands mitigation bank.
2. City Property: Phase out all oil wells and pipelines, construct an aboveground pipeline to connect the LCWA site and Pumpkin Patch site and an underground utility corridor.
3. Pumpkin Patch site: Develop a 5,200-square-foot, two-story office building along with 9,750 square feet of storage/warehouse, establish 50 new oil wells and associated storage.
4. LCWA site: Establish 70 new oil wells, associated oil storage tanks, and microgrid integrated energy system.

General Project Components

The Project generally includes various site improvements to each property. All public rights-of-way will be improved to current City standards, including but not limited to sidewalks, bike ways, and undergrounding of eligible utilities. Furthermore, the phasing out of existing oil wells on the Synergy Oil Field, Pumpkin Patch site, and City Property would occur in a phased manner, beginning from the “New Occupancy Date”, which is

the issuance of a Certificate of Occupancy for the new office or warehouse on the Pumpkin Patch site. Half of the oil wells would be removed within 20 years of the New Occupancy Date, and all wells removed by 40 years from the New Occupancy Date. Furthermore, if an oil well produces less than one full barrel of oil per day for a period of 18 consecutive months, the well would immediately be plugged and abandoned. All oil wells are abandoned in accordance to the standards set forth by the California Department of Oil, Gas, and Geothermal Resources.

Synergy Oil Field

The Synergy Oil Field is divided into two portions: northern and southern. The northern portion includes wetlands, Steamshovel Slough, tidal channels, and mudflats. There are no active oil wells in the northern portion. The southern portion contains wetlands, an active oil field with 39 wells, and a one-story, wood office building, the Bixby Ranch Field Office, which is located within the Newport-Inglewood Fault zone. The site takes access from 2nd Street via a signalized intersection at Shopkeeper Road.

The northern portion of the Synergy Oil Field would be restored to reestablish historic tidal salt marsh and related habitats. This involves constructing sheet piles and earthen berms to create a southern limit to the area, establish tidal channels, remove berms and roads from non-tidal areas, and lowering the elevation of the northern edge of Steamshovel Slough to create additional high marsh species habitat. The applicant also intends to pursue designation of this northern section as a wetlands mitigation bank and convey the property to the Los Cerritos Wetlands Authority.

Restoration on the southern portion of the Synergy Oil Field would begin immediately. During the first two years, the Project would remove all above ground pipelines and tanks and begin revegetation activities. Then, the existing Bixby Ranch Field Office (Field Office) would be relocated out of the Fault zone to a 1.42-acre previously-disturbed area, approximately 427 feet southwest from its current location. The Field Office is eligible for listing in the California Register of Historic Resources and would undergo exterior renovation and restoration. The Field Office would be converted to a publicly-accessible visitors center, along with a paved parking lot and landscaping. The access point to the site from 2nd Street would be improved.

Along with the establishment of the Visitors Center, a 10-foot-wide, pedestrian-only decomposed granite trail would be constructed, connecting the visitor center parking lot to a wetlands overlook before continuing along the site's eastern boundary (near Studebaker Road) to the Los Cerritos Channel.

City Property

The City Property site is currently accessed from Shopkeeper Road via an existing driveway. Currently, there are 11 active wells on-site and 2 idle wells, for a total of 13 wells. The Project proposes removal of approximately 95 percent of the oil production infrastructure, including aboveground pipelines and tanks, during the first year, with the remaining infrastructure supporting the existing wells until they are phased out.

Construction on the site will involve an approximately 2,200-foot aboveground pipeline system to connect the Pumpkin Patch site to the LCWA site. The pipeline system includes a water injection line, gas line, and various oil lines and would be contained within an earthen berm, approximately 18 inches tall, on both sides. There would also be an underground utility corridor for gas, water, electrical, and communication lines. The applicant already has an existing Surface Use Release and Grant Easement (SURGE) Agreement, which defines the current rights for surface use of the City Property. This SURGE will need to be amended in order to implement the Project.

Pumpkin Patch site

The Pumpkin Patch site is currently accessed from a driveway via the stub of Studebaker Road that is east of Pacific Coast Highway. Development of the Pumpkin Patch site will include street and sidewalk improvements to the Studebaker Road stub, along the property's frontage. Two driveway access points will be created to access the site; the first driveway provides access to the office building and the second is primarily used for the oil production operations. A turnaround will be constructed at the future terminus of Studebaker Road in accordance with City specifications.

The proposed office building on the Pumpkin Patch site is designed with a modern look, with clean lines and substantial glazing. The exterior facade consists of a glass curtain wall with tinted spandrel glass, aluminum sunshades, bronze aluminum framing, and wooden clad eaves to add warmth to the building. The sloping roof element provides shading for the building and establishes character at a gateway location. The roof includes solar panels that generate power for site usage. The warehouse is connected to the office building and will include a painted concrete exterior. The colors used on the exterior are varied, in order to add interest. An 18-foot to 20-foot screen wall along Pacific Coast Highway and the San Gabriel River will minimize the view of oil production equipment. There is a 30-foot landscaped setback between the Pacific Coast Highway right-of-way and the building/wall, allowing for a softened appearance. Landscaping improvements will be incorporated along the base of the building, as well as throughout new parking areas. The site plan includes 37 parking spaces, which satisfies the zoning code parking requirements for the building, along with electric vehicle and accessible spaces. The applicant anticipates a space for a City gateway sign at the southwestern corner of the site, which marks the entrance to the City from Seal Beach.

There is currently one active well on this site. The oil production facilities on the Pumpkin Patch site will include 50 new oil wells contained in a well cellar, water injection and water source wells. These wells would be drilled using a 160-foot-tall drilling rig encased in a sound-attenuated shell. Well drilling would occur over the course of eight years, at which point the drilling rig would be removed. For the duration of the operation, a 120-foot collapsible workover rig will be on site periodically for well maintenance and workover operations.

LCWA Property

Access to the LCWA Property is via a driveway on Studebaker Road, north of the

intersection of 2nd Street/Westminster Avenue. There are no existing structures on the site. The existing driveway would be relocated slightly north in order to avoid an existing utility pole, and a second driveway would be constructed for right-in/right-out access from Westminster Road. Construction on this site would include 70 new wells, drilled over the course of 14-15 years. Four oil storage tanks (one 28,000 oil barrel tank, one 5,000 barrel water tank, and two 14,000 barrel tanks), ranging from 35 to 50 feet high, would be constructed. Associated equipment would include an elevated pipe rack and three well cellars. Also, a perimeter screen wall and buffer landscaping are proposed.

The primary portion of the energy system microgrid would be constructed on the LCWA site and will connect to the Pumpkin Patch site. The energy system includes a solar photovoltaic system on the Pumpkin Patch site. The main components of the energy system are natural gas turbines located on the LCWA site. The natural gas produced during the oil extraction process powers the facility, producing both electricity and steam for power and heat per the cogeneration design of the system. Until sufficient quantities of natural gas are produced, the project includes an interconnection to Southern California Edison facilities.

Required Entitlements

A Zoning Code Amendment is required to amend SEADIP to allow for the new oil production areas, wetlands restoration program, visitor's center, and clarification of open space requirements for oil production areas. SEADIP anticipated residential and commercial development on wetland areas, and is no longer an accurate reflection of on-the-ground conditions. As such, it is necessary to update SEADIP to eliminate those uses from the wetlands areas, but also accommodate for wetlands restoration over time. The existing oil production areas predated the adoption of SEADIP and were not acknowledged as uses, even though they were legally permitted. As such, these uses will be acknowledged as "existing" in Subareas 33 and 25. Lastly, the once-anticipated extension of Studebaker Road from Pacific Coast Highway has been eliminated from SEADIP and replaced with a possible future connection of Studebaker at Pacific Coast Highway to Shopkeeper Road. These road segments already exist as dedicated rights-of-way, however they cannot be completed until the office development and retail center (Marketplace) rebuilds or substantially reinvests. Because SEADIP is incorporated as part of the City's Local Coastal Program, amendments to SEADIP require a Local Coastal Program Amendment to be certified by the California Coastal Commission. The proposed amendments to SEADIP are included as Exhibit C. A General Plan Consistency analysis for the Zoning Code Amendment can be found in Exhibit D.

Site Plan Review approval is required for commercial buildings of more than 1,000 square feet, industrial projects of more than 5,000 square feet, and projects on City property in the Coastal zone involve more than 500 square feet of land or water. The project must comply with Site Plan Review findings for the construction of the building, warehouse, and associated improvements. These findings are summarized below, and included in further detail in the attached findings (Exhibits E - Findings). The Site Plan Review also includes conditions of approval to ensure that construction and operation of the project progresses in accordance with project-specific and standard requirements. These

conditions are included as Exhibit F – Site Plan Review Conditions of Approval.

The Municipal Code requires a Local Coastal Development Permit (LCDP) for development occurring within the Coastal Zone. In 2014, the City submitted a letter providing, pursuant to Coastal Act Section 30601.3, its consent to the California Coastal Commission assuming responsibility for processing a Consolidated Coastal Development Permit for those areas that are under the Coastal Commission's permitting jurisdiction (the Synergy Oil Field site and City Property site) and those under the City's coastal permitting jurisdiction (the Pumpkin Patch site and the LCWA site). Therefore, an LCDP issued by the City is not applicable.

The City's Oil Map must be amended to add the Pumpkin Patch site and the LCWA Property as oil areas in which oil can be drilled. The Pumpkin Patch site would be added to the current Oil Area 8. The LCWA site is proposed as a new oil drilling Subarea. Chapter 12.08 requires that the Planning Commission forward a recommendation to the City Council on the approval of all new or modified oil drilling areas. The Oil Map Amendment components, including a map of existing Oil Drilling Area 8, legal description of proposed Subarea 8, legal description of the LCWA site, and a map showing the proposed new Oil Areas are included as Exhibit G.

The applicant is requesting a Certificate of Compliance to formally establish the legal description and boundaries of the Synergy Oil Field site. Certificates of Compliance are used to document that parcels created prior to or exempt from the California Subdivision Map Act are found to comply with the City's land use development standards, such as minimum lot size and street access. A Certificate of Compliance is needed for the Synergy Oil Field for future conveyance to the Los Cerritos Wetlands Authority. The Certificate of Compliance is included as Exhibit H.

The project allows for the applicant to consolidate oil operations using more modern and efficient oil production technology and restore the still-intact portions of the historic Los Cerritos Wetlands, complete with public access trail and visitors center. The Project also includes a new office building and warehouse for the Synergy Oil Company that marks a gateway location at the entrance to the City with a new entry monument. Lastly, the project complies with the findings of the Zoning Ordinance. Staff therefore recommends approval of the Zoning Code Amendment, Local Coastal Program Amendment, Site Plan Review, Oil Map Amendment, and Certificate of Compliance, subject to the attached conditions.

PUBLIC HEARING NOTICE

Public hearing notices were distributed on November 16, 2017, in accordance with the requirements of Chapter 21.21 of the Long Beach Municipal Code. At the time of writing of this report, staff has received 19 letters, 17 of which support the project and 2 of which are opposed. All written public testimony received by November 17, 2017 is included in this packet (Exhibit I – Public Comments). Any written testimony received following preparation of this report will be provided to the Planning Commission prior to the hearing.

ENVIRONMENTAL REVIEW

In accordance with the California Environmental Quality Act (CEQA) and the CEQA Guidelines, an Initial Study / Notice of Preparation (IS/NOP) was circulated for public review from April 28, 2016 to May 27, 2016. The IS/NOP concluded that the project would potentially have significant impacts to the environment.

A Draft Environmental Impact Report (EIR) (State Clearinghouse Number 2016041083) was prepared for this project. After analysis, the Draft EIR determined that the project would result in less-than-significant impacts for Hydrology and Water Quality, Land Use and Planning, Mineral Resources, Population and Employment, Recreation, Transportation and Traffic, and Utilities and Service Systems. For the topics of Aesthetics, Air Quality (operational), Biological Resources, Cultural Resources, Geology/Seismicity/Soils, Greenhouse Gas Emissions, Hazards and Hazardous Materials, Hydrology and Water Quality, Land Use and Planning, Mineral Resources, Noise, Population and Employment, Public Services, Recreation, Transportation and Traffic, Tribal Cultural Resources, Utilities and Service Systems, and Energy Consumption, the Draft EIR found that mitigation measures would be necessary in order for the project to result in less-than-significant impacts. These mitigation measures are in the Executive Summary of the Draft EIR, as well as included in the Final EIR.

The Draft EIR found that the project's construction activities would have short-term significant and unavoidable impacts to Air Quality in that they would exceed regional significance thresholds for construction related Volatile Organic Compounds (VOC) and Nitrogen Oxide (NO_x) emission. The project is located within the South Coast Air Basin (SCAB), which is currently classified as nonattainment area for ozone (including (or VOC). Cumulative development, consisting of the proposed project along with other reasonably foreseeable future projects, in the SCAB could violate an air quality standard or contribute to an existing or projected air quality violation. Furthermore, based on the South Coast Air Quality Management District's cumulative air quality impact methodology, an individual project resulting in air emissions of criteria pollutants that exceed the SCAQMD's recommended daily thresholds for project-specific impacts (in this case, VOC and NO_x) would result in a cumulatively considerable net increase of these criteria pollutants for which the project region is in nonattainment under an applicable federal or state ambient air quality standard.

Implementation of Mitigation Measure AQ-1 would reduce construction-related VOC emissions to a less-than-significant level, but SCAB as a whole continues to be in nonattainment for ozone. Mitigation Measure AQ-2 would reduce construction-related NO_x emissions; however, the NO_x emissions would still exceed the threshold. Since Mitigation Measure AQ-2 requires the use of construction equipment that meets the most stringent emissions standards, there are no feasible measures to reduce the construction NO_x emissions to less than the threshold. For these two reasons, the project's construction impacts to air quality are considered significant and unavoidable. In order to approve a project with significant and unavoidable impacts, the City Council will have to adopt a Statement of Overriding Considerations, which includes findings that the project's benefits outweigh the stated impacts to the environment.

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The Draft Environmental Impact Report circulated for a 45-day public review period between July 24, 2017 and September 6, 2017 (Exhibit J – Draft EIR). Public comments were received during the DEIR public review period from various public agencies, residents, and stakeholders. Responses to these comments were prepared and distributed to the commenters on Friday, November 17, 2017, in accordance with CEQA Guidelines. The responses to the comments, errata to the DEIR, and Mitigation Monitoring and Report Program are included as part of the Final EIR (Exhibit K). The Findings and Statement of Overriding Considerations is included as Exhibit L.

Respectfully submitted,


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PLANNING BUREAU MANAGER


AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

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Exhibit A – Location Map
Exhibit B – Plans (Site Plan, Elevations, Landscaping)
Exhibit C – Proposed Amendments to SEADIP
Exhibit D – Findings – General Plan Consistency
Exhibit E – Findings – Site Plan Review
Exhibit F – Site Plan Review Conditions of Approval
Exhibit G – Oil Map Amendment and Findings
Exhibit H – Certificate of Compliance
Exhibit I – Public Comments
Exhibit J – Draft Environmental Impact Report (EIR)
Exhibit K – Final EIR (Response to Comments, Errata, and Mitigation Monitoring and Reporting Program)
Exhibit L – Findings and Statement of Overriding Considerations