

7.0 Other CEQA-Mandated Sections

The California Environmental Quality Act (CEQA) requires evaluations of irreversible or irretrievable commitment of resources and project related growth-inducing impacts. The following sections evaluate the Proposed Project in light of these requirements. Chapter 4.0 discusses potentially significant environmental impacts, as described in the State CEQA Guidelines section 15126.2(a) and (b).

7.1 Unavoidable Significant Adverse Effects

Section 15126.2(c) of the State CEQA Guidelines states that significant irreversible environmental changes, which would be involved with a Proposed Project, may include the following:

- Uses of non-renewable resources during the initial and continued phases of the project that would be irreversible because a large commitment of such resources makes removal or non-use thereafter unlikely;
- Primary impacts and, particularly, secondary impacts that commit future generations to similar uses; and
- Irreversible damage, which may result from environmental accidents, associated with the project.

The purpose of the Proposed Project is to produce oil and gas for markets in California. Thus, the Proposed Project by definition involves use of non-renewable resources. Development of the Proposed Project would involve the consumption of some non-renewable and locally limited natural resources (i.e., fossil fuels and water) associated with construction activities. The Proposed Project would also require consumption of non-renewable resources during operations (i.e., natural gas, electricity, and fossil fuels). However, the main goal of the Proposed Project is to develop the non-renewable oil and gas resources using new facility infrastructure on an established oil field. Therefore, the non-renewable resources demand by the Proposed Project is not considered to be significant since the oil field would produce more non-renewable oil and gas than it would consume.

The Proposed Project would directly increase the volume of oil and gas extracted and produced locally, but would not increase the overall consumption of oil or gas. The production from the Proposed Project would be used to satisfy existing demand.

The Proposed Project could create environmental accidents (e.g., oil spills, gas releases) with the potential to impact resources. Potential impacts can be reduced with adequate design and operating procedures and effective emergency response plans specifying staffing and equipment needs. However, the potential remains for damage as a result of an upset associated with the operation of the Proposed Project.

Significant environmental impacts of the Proposed Project would remain significant and unavoidable after the incorporation of feasible mitigation measures.

7.2 Growth Inducing Impacts

Section 15126.2(d) of the State CEQA Guidelines states that growth-inducing impacts of the Proposed Project must be discussed in the Environmental Impact Report. In general terms, a project may induce spatial, economic, or population growth in a geographic area if it meets any of these four criteria:

- Removal of an impediment to growth (e.g., establishment of an essential public service or the provisions of new access to an area);
- Economic expansion or growth (e.g., changes in revenue base, employment expansion);
- Establishment of a precedent-setting action (e.g., an innovation, a change in zoning or general plan amendment approval); or
- Development or encroachment in an isolated area or one adjacent to open space (being different from an “infill” type of project).

Should a project meet any one of the above listed criteria, it can be considered growth inducing. The impacts of the Proposed Project are evaluated below with regard to these four growth-inducing criteria.

7.2.1 Removal of an Impediment to Growth

The Project Site is currently developed as the City Maintenance Yard; the Proposed Project would involve drilling and production of oil and gas. Development of the Proposed Project would not result in the establishment of an essential public service nor would it provide new access to a previously inaccessible area. As a result, future development at the Proposed Project Site would not cause significant growth inducement under this criterion.

7.2.2 Economic Growth

Economic growth could occur in the area during the Proposed Project activities because of construction workers and associated support services during site preparation (Phase 1) and final design and construction (Phase 3). Employment due to the drilling and testing (Phase 3) of the Proposed Project would be limited to increased labor for the drilling operations. Minimal new significant operational (Phase 4) employment would be associated with the Proposed Project. The construction and drilling activities would create some short-term increase to the area’s existing revenue base. Given the limited increase in local expenditures associated with the construction and drilling activities, the economic growth associated with jobs and purchases from the Proposed Project would not be significant. However, the City could receive significant funds as a result of the Settlement Agreement with the Applicant. As discussed in previous sections, if the Project is approved and produces oil, the City would collect royalty payments on the gross sales of the oil produced by the Project and would use a portion of its royalties to pay the \$3.5 million it would owe E&B Natural Resources Management Corp. under the agreement.

The Hermosa Beach City School District would also collect additional revenues for the schools from the Project. Depending on how the City chooses to use the projected revenue, economic growth could occur as a result of the Project.

7.2.3 Precedent-Setting Action

The purpose of the Proposed Project is to develop an oil and gas production facility. The City of Hermosa Beach Zoning Ordinance, General Plan, and Coastal Land Use Plan do not currently allow for oil development. The Proposed Project Description includes amendments to the City's land use plans and ordinance that would, if approved, make the Project consistent with those regulations. Thus, approval of the Proposed Project would be a precedent setting action because no oil and gas operations currently exist or are allowed by the current land use plans or the zoning ordinance of the City. However, the land use plan and zoning ordinance amendments would be specific to the Proposed Project and Project Site; no other oil and gas projects would be allowed or could be permitted in the City if the Proposed Project is approved. Therefore, although the Proposed Project would be a precedent-setting action by allowing for oil development and production in the City, due to the fact that only a single Project and single site location would be allowed, the Proposed Project would not create significant growth inducing impacts.

7.2.4 Development of Open Space

Development of open space is considered growth inducing when it encroaches upon urban-rural interfaces or in isolated localities. The Proposed Project does not involve development of open space from an undeveloped use to a developed use; therefore, no growth inducing impacts from the development of open space are associated with the Proposed Project.

7.3 Known Areas of Controversy or Unresolved Issues

According to Section 15123 of the CEQA Guidelines, the EIR shall identify "*areas of controversy known to the Lead Agency including issues raised by agencies and the public.*" All proposals related to the development and transportation of oil and gas reserves in urban areas generate controversy and receive a high level of public scrutiny. For this Project, controversy is due to the sensitive nature of coastal resources, the potential for safety impacts to the local population, and the fact that oil and gas development in the City does not currently exist.

The Proposed Project would introduce oil drilling and oil and gas production and transportation to an area that does not currently have this type of development. Some people in local communities do not want the Project to move forward, as exemplified by organizations opposing the Project such as *Stop Hermosa Beach Oil*, *Heal the Bay*, and other environmental groups. The Project has generated a high level of public interest and controversy (see Appendix H, Notice of Preparation and Comments). Areas of controversy highlighted in comments on the Notice of Preparation include:

- The development of oil and gas in the City is not allowed by the current land use plans and zoning ordinance;
- Safety and Risk of Upset and the impacts on nearby residences and businesses;

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- Noise, odor, and air quality issues from oil and gas development proximate to residential areas;
- Aesthetics and views of the drilling rig;
- Geology and subsidence;
- Climate change and the use of fossil fuels;
- Oil spills and the effects on biology;
- Noise from the Project;
- The costs of the settlement agreement;
- Potential impacts to coastal and recreational resources; and
- Potential impacts to tourism as a main economic resource to the City.