

Measure J -- Paredon or Paradise?

Carpinterians Debate Venoco Oil Initiative

Nick Welsh, Santa Barbara Independent, 5-7-10

Carpinteria Mayor Gregg Carty occupies the unhappy intersection where the political and the personal collide. And in Carpinteria — a cozy seaside community prized for its small-town charm — that can be an intensely claustrophobic place.

At a Monday night City Council meeting two months ago, Carty surprised many by coming out against Measure J, the ballot initiative sponsored by the Venoco oil company that would permit the company's controversial Paredon proposal to move forward. He called it "a slick document" that would seriously undermine local control. Until that meeting, Carty had been conspicuous by his silence on the issue.

If permitted, Paredon would enable Venoco to drill up to 35 new wells onshore that would tap into rich oil and natural gas reservoirs off the coast. If approved, Measure J would decree that Venoco's proposed Paredon project — including the much-ballyhooed 175-foot drilling rig (disguised as a lighthouse) — comply with Carpinteria's General Plan, its Local Coastal Plan, and a bushel full of zoning rules. Currently, Venoco's proposed new oil development violates these fundamental planning policies. Traditionally, such major planning decisions are the responsibility of the City Council. Measure J would wrest that authority from the council and vest it with city voters, instead.

The real suspense that night had been whether Carty would take any position at all. Or was he, as some suggested, too personally conflicted? After all, Carty's father — Carpinteria's mythically popular former school superintendent, Bill Carty — had already come out in favor of Measure J. More than that, the elder Carty had signed his name to Venoco's ballot language in favor of the initiative. So, too, had Carty's father-in-law. So, too, had two of Carty's immediate neighbors. And Carty's wife's sister — who also happens to be married to Carty's brother — works for Venoco as the company's community relations liaison.

In conversation, Carty — now serving his first term of office — measures his words with almost excruciating care. Some questions he answers with a shrug, a grimace, or a pregnant pause. As Carty explained, he's close to people on both sides of Measure J. "I don't believe I've lost any friends over this," he said. "And I don't intend to."

When Carty ran for office, he took pains to keep silent on Venoco's proposed Paredon project, then very much a hot campaign issue. Much to the exasperation of slow-growth activists, Carty insisted he needed to read every last environmental document and listen to every last speaker before reaching a decision. "I was open-minded then and I'm open-minded now," Carty said. "But Measure J and the Paredon project are two separate things," he argued. "The issue here is the initiative and I'm against it 100 percent. I support the city's planning process." Measure J is asking voters to decide the fate of a major industrial facility before the environmental analysis is complete. And that, he said, is just bad planning.

Likewise, Carty expressed dismay that if approved, the initiative would allow Venoco to change the project description afterward and voters — as well as the City Council — would be given very little to absolutely no say over the matter. Venoco officials contend that, as a practical matter, any after-the-fact changes would have to be approved by the California Coastal Commission before the City Council would be asked to rubber-stamp them.

Certainly, when it comes to oil development, Carty is no eco-prude. Oil and gas have been intimately intertwined in Carpinteria's history, identity, and development. The town's name refers to the Chumash practice of making canoes from planks of wood and then slathering them in tar from the abundant natural oil that seeps nearby to waterproof them. The town grew up around lima bean fields and open-pit asphalt mines, the latter used to pave some of the county's very first roads. One of those mines was later converted into the town dump where garbage was burned. In the 1950s, Chevron bought the dump site and built a sprawling industrial 55-acre oil-and-gas plant there. In the 1960s, Chevron handled about 36,000 barrels of oil a day. One of the town's early mayors, Tom Lewis, worked as a plant manager for Chevron. As a kid, many of Carty's friends' fathers worked at the old Chevron plant, which operated there for 50 years before Venoco purchased it in 1999. He remembers as a teenager he and his friends sometimes got free gas there.

But the burning question confronting Carpinteria residents and voters is how much of that hydrocarbon heritage do they wish to keep alive and kicking. For the past 20 years, Carpinteria politics have been dominated by moderate slow-growthers, dedicated to maintaining open space, preserving Carpinteria's small-town charm, and balancing the books. To an astonishing degree, they have succeeded at all three. In the '80s, they fought back efforts to develop a large swatch of land known as The Bluffs. In the '90s, they waged a similarly vigorous fundraising campaign to buy the land, which they've since set aside as public open space. That undeveloped property had belonged to Chevron. (In the Paredon deal, Venoco is also offering 22 acres of buffer land to the City of Carpinteria that adjoins the Dump Road entrance to the plant. Because of longstanding contamination issues with the property, City Hall is unsure how to respond.)

A child of Carpinteria who grew up and never left, Carty said the city of today is better in many ways than the one of his youth. "That didn't just happen by accident," he stressed. A political moderate and registered Republican, Carty credited the city's planning process, in part, for distilling the community's collective spirit and vision into a practical municipal blueprint that's helped make Carpinteria the thriving Mayberry-by-the-Sea it now is. As such, Carty is loathe to see that planning process tossed aside.

To that end, Carty braved his evident discomfort with public speaking last week to testify against Measure J before the Carpinteria Valley Chamber of Commerce — which just endorsed the initiative — at an early morning State of the City event, which, in turn, was sponsored by Venoco. Making the case for Venoco was company CEO and founder Tim Marquez. After joking how he'd trimmed the horns on top of his head, Marquez sought to dispel any notions that Venoco was a Big Oil company. He reminded the crowd how he started Venoco in Carpinteria back in 1992 with only \$3,000 in his bank account and a single credit card in his wallet. Today, the company is headquartered in Denver, Colorado, employs 350 people — nine of whom live in Carpinteria — and produces seven million barrels of oil a day. That's enough, Marquez noted, to power the United States for just seven hours. "We're not big oil yet," he said, "but I do appreciate the compliment."

The most compelling argument on behalf of Measure J is money, and Marquez wasted little time setting it forth. Marquez, the son of teachers, pledged Venoco would donate \$5 million to the Carpinteria Education Foundation if Measure J passes and the exploratory wells bear fruit. (That \$5 million is nowhere to be found in Measure J, however, having been included in the portion of the initiative struck down last year by Judge Thomas Anderle. Even so, Venoco officials insist the promise will be honored.) Marquez pointed out how that money could help the Carpinteria school district, which has cancelled summer school for the second year in a row because of a budget shortfall.

Likewise, Marquez observed that when he went to swim at the Carpinteria pool one recent morning, it wasn't open. He surmised this was due to budget cuts. Such penny pinching, he said, would not be necessary if the City of Carpinteria were allowed to share in the \$200 million Venoco says local governments could reap in oil royalty payments should Measure J be approved.

Carpinteria City Manager Dave Durflinger — who spoke later at the State of the City event — denied that pool hours had been curtailed. If the pool wasn't open when Marquez went, Durflinger quipped, it was probably because an employee overslept. While conceding that the city may be looking at tough choices ahead, Durflinger said, it's doing remarkably well. City Hall dipped into reserves last year for the first time and for \$500,000. But that leaves \$7.5 million still in reserves, Durflinger said. For a city that spends \$13 million a year and employs 30 workers, that's very healthy.

All sides agree that financial claims surrounding Measure J and the Paredon proposal are swimming in a sea of uncertainty. No one really knows how much oil will be found, if any, what price that oil will fetch, and how much of that money Carpinteria will ever see. But because of an obscure state law — known as the Maddy bill and in effect only from 1996 through 2001 — the City of Carpinteria and the County of Santa Barbara appear to be legally entitled to a combined 20 percent of any oil revenues the State of California receives from production of the Paredon field. It turns out that Paredon — for which Venoco first applied in 2001 — is the only proposal in the state covered by the provisions of this law. The maximum amount local governments can receive under the Maddy bill is \$200 million and that's over the life of the project.

Many of Venoco's estimates come from best-case scenarios — looking at volume and price — that have a 10-percent chance of transpiring. Using more likely scenarios — with a 50- to 90-percent chance of happening — the City of Carpinteria estimates it would likely receive anywhere from \$8 million to \$58 million over the life of the project. That translates to between \$400,000 and \$4 million a year. By any reckoning, that's a lot of money, especially for a city with an annual budget of \$13 million. By law, the city would be limited on how it could spend that money. Only coastal and coastal-enhancement projects would be allowed. Given that the entire City of Carpinteria lies within the coastal zone, however, Venoco officials contend that's not much of a restriction. In rebuttal, three former mayors and Gregg Carty have insisted the additional revenues, however helpful, are simply not necessary given Carpinteria's reserves.

If Measure J is rejected by Carpinteria voters, Venoco has vowed to take its drilling plans offshore. Should that happen, they warn, city residents will lose out on any potential revenue-sharing available under the terms of the Maddy bill. An offshore proposal would require a new application, and under state law, no revenue sharing is allowed for offshore oil developments proposed after 2002.

Measure J's critics dismiss the offshore option as an empty threat. Any move to go offshore requires the blessing of the California Coastal Commission and the State Lands Commission. Venoco would have to demonstrate that no alternative site would be feasible, that its project had been mitigated to the maximum extent possible, and that it was in the state's best interest. The outcome of such an undertaking is far from certain, and the permitting process to get there would be time-consuming, expensive, and fraught with opportunities for public opposition.

BIRTH OF THE BIG J

Measure J got on the ballot because Tim Marquez and other Venoco officials could count to three. With the election of Kathleen Reddington in 2008 and Al Clark in 2006, there was a majority of three solid “no” votes on the Carpinteria City Council where Venoco and the Paredon project were concerned. (Brad Stein, a councilmember since 1990, is the third.) Nor did it help Venoco that the draft environmental impact report — released in 2007 — identified 11 major environmental problems with the proposed expansion. Chief among these was the towering height of the drilling rigs — 175 feet for the exploratory phase and 140 feet for the remainder of the project — noise, its impact on seals at the seal rookery (a popular destination drawing 30,000 visitors a year and located 600 yards from the plant), and, of course, traffic. Last year — just months before a final environmental impact report was to be released — Venoco suspended its application. Company officials

complained they'd been sandbagged and sucker-punched. "It was delay, delay, delay," charged Venoco spokesperson Lisa Rivas. "Kathleen Reddington ran on a 'No Paredon' platform. She had no facts. She never spoke to us."

In February 2009, Venoco announced it would take its case directly to the voters, making it the first oil company in California history to do so. "We'd rather make our case to all the people than to just five people, some of whom made up their minds before they knew anything," said Rivas. "If we had stayed on the traditional path, our project would have been dead by now and less than 10 percent of the voters would have been aware of what they'd had taken away from them." Even former mayor Donna Jordan — one of Measure J's chief antagonists — acknowledged the handwriting was on the wall. "It was highly unlikely that this council would override 11 Class I negative impacts to change the zoning to make this [Paredon] happen," Jordan stated. "I think they read that correctly."

City Hall would spend more than \$300,000 in lawyers' fees trying to keep the initiative off the ballot. (Coincidentally, that's roughly the amount Venoco has already spent as of March on political consultants, advertising, mailers, focus groups, and legal advice on behalf of Measure J.) Venoco clearly won Round One in the courts — though portions of the initiative were disqualified — but City Hall is still appealing the matter.

Mayor Carty doesn't believe Venoco got the raw deal it claims. If additional studies were required, he said, it was in response to public concerns, not to string the company along. What's galling to Carty is the idea that voters would be asked to approve anything before the final environmental document was written. "Normally you have the vote after the analysis is available, not the other way around," he said. "By having voter approval take place prior to completion of environmental review, Measure J would evade environmental review."

Rivas said the issue of environmental review has been greatly exaggerated by Paredon's critics. The fact is, she said, City Hall lacks the expertise or the staff to prepare a meaningful environmental document, let alone monitor the plant afterward for compliance. Even if Measure J never happened, she said, City Hall would have to farm out these functions. In addition, agencies like the Air Pollution Control District, the Regional Water Quality Control Board, the Carpinteria Fire Department, the State Lands Commission, and the California Coastal Commission would continue to have regulatory authority and oversight at the plant whether J passes or not. (And even if Measure J were to pass, Paredon would still need to be approved by the Coastal Commission and the State Lands Commission.) Finally, Rivas stated that many, though not all, of the mitigations called for in the draft environmental report are included in the initiative.

When it comes to environmental mitigation, former mayor Donna Jordan charged Measure J puts Venoco in the driver's seat. "Venoco chooses which mitigations it wants to include; it chooses when they want to implement them; it chooses its own mitigation monitoring program; and it hires the monitor," Jordan said. "Under Measure J, the city has no regulatory oversight and that's the problem." Jordan acknowledged that other agencies would still be involved. "But none of them have offices in Carpinteria. Many have narrow, focused agendas, and many will rely on Venoco to report on itself."

Getting to specifics, Measure J's critics worry whether Venoco has adequately addressed the impact the additional noise from the plant will have on the nearby seal population. The rookery is one of five between Pt. Conception and the Mexican border, and loud sudden sounds tend to cause seals to flee. "We don't know how bad it's going to be. Nobody has studied the effect of vibrations," said Dave Allen, who's helped organize Seal Watch, a group of about 70 volunteers who patrol the bluff tops above the rookery to ensure passersby don't startle the seals. "Will there be more noise than there is now? Of course there will be. Will there be vibrations? Of course. What effect will they have? We don't know."

Rivas said electric motors will be used to power the drill rig rather than diesel, which is noisier. People working at the rig site will be required to wear ear protection, she said, but from 300 feet away, Paredon operations will not contribute to the ambient noise levels. “The drill goes down 1,000 feet, but not under the seals. The seals live there now with crane operations on the pier. Cars and trucks go by on the pier. So the seals aren’t going to feel [Paredon] or hear it.”

City Hall released a comparison of the mitigations called for by the initiative and those suggested in the draft environmental report. The comparison concluded that mitigations for noise on seals, like many mitigations, were more robust and immediate in the environmental document than they were in the initiative.

Rivas expressed skepticism about the sincerity of some of the concerns raised about future Venoco operations. “Venoco has regional offices about a mile and a half from one of the nearby neighborhoods. People from there will show up before the City Council to complain about the issues they have, yet they don’t call us,” she said. “Do people truly have an issue or do they want to make it seem like there’s an issue?”

PUT IN PERSPECTIVE

All these concerns pale in the face of the industrial Armageddon now consuming the Gulf of Mexico. Pro-oil chants of “Drill, Baby, Drill,” have been replaced with the I-told-you-so taunt “Spill, Baby, Spill” from environmental critics of expanded oil development. The Gulf blowout has generated gale-force political winds against which any proposed oil development must struggle. Venoco, despite its numerous industrial safety awards and commendations, is hardly immune. Speakers at the anti-Measure J paddle-out protest held last Saturday, attended by about 400 people, repeatedly described the Gulf incident as a wake-up to the limits of “modern safety technology” long touted by the oil industry and its supporters.

The chance of a major oil blowout from the Paredon proposal is one in a million — about once every 1,800 years, said Venoco’s Lisa Rivas, the chances of just five gallons of the project’s crude washing ashore, once in 1,200 years. The City of Carpinteria contends that an oil spill that chases tourists away for as little as one month could cost the city \$4 million in lost revenues. Rivas noted major differences in circumstances and technology between the Gulf exploratory well and what Venoco has proposed. In the event of a spill, Rivas noted, the Paredon wells would be located on dry land — where the errant oil could be more safely contained in a concrete berm — not in the water off the coast, where choppy seas can interfere with even the best cleanup efforts.

Rivas noted that British Petroleum was hunting for oil in exceptionally deep waters, far off the coast, factors that carry increased risk and danger. By contrast, she said, the Paredon field lies in much shallower waters and lies much closer to shore. “Would we as a nation have to pursue such radical projects in the Gulf,” she asked, “if places like California were to allow for drilling here?” Rivas noted that there were 660 million barrels of known oil in the Santa Barbara Channel. “That’s a lot of resource,” she said.

To Dick Weinberg, another former Carpinteria mayor against Measure J, the Gulf tragedy underscores the inherent danger and risk associated with oil extraction, no matter what improvements have taken place in safety technology. Weinberg noted that 30 days before the blowout at Platform A, which gave rise to Santa Barbara’s oil spill of 1969, then-secretary of the interior Stuart Udall had flown out to Santa Barbara to assure residents that the new platform had been equipped with state-of-the-art safety technology. “Thirty days later, it blew up,” he said. Since 2001, Weinberg stated there have been 850 fires and explosions on oil rigs in the Gulf of Mexico. Sixty-seven people have been killed and another 1,400 injured. “You tell me,” he said. “Are these good odds?”

KEEPING FRIENDS AND SANITY

In the meantime, both sides of the Measure J debate are campaigning hard. When it comes to dollars, Venoco has outspent its opponents by 10-1. When it comes to people power and yard signs, the opposition appears to enjoy a decided edge. After the votes are tallied June 8, Mayor Gregg Carty said activists on both sides will feel entitled “to a well-deserved vacation.” Measure J proved every bit as divisive, Carty said, as he initially feared it would be. “There’s plenty of anger on both sides,” he said. When the dust settles, Carty said he’s hoping he hadn’t lost any friends, noting, “I’m at that stage in my life where I can’t afford to lose any.” But Carty also said he hopes the voters render an unequivocal opinion at the polls. “It’s a really big deal,” he said. “Bigger than a lot of people realize. And I want it to lose, really big.”