

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 Significant Irreversible Environmental Changes That Would be Caused by the Proposed Project Should It be Implemented

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 operation (i.e., natural gas 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.

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

Future development at the proposed Project Site would involve drilling of oil production wells and water injection wells, and installing new equipment. Future development 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 future development activities because of construction workers and associated support services. Employment due to future activities at the proposed Project Site would be limited to increased labor for the drilling operations. Minimal new significant operational employment would be associated with future development at the oil field. The 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 drilling activities, the economic growth associated with jobs and purchases from the future development at the proposed Project Site would not be significant. However, the City could receive significant funds as a result of the revenue-sharing agreement with Matrix. Using the projected average royalties that the City could receive until 2030 and assuming high production levels, average annual revenues could range from \$7.5 million for low-crude-price scenarios and \$115.4 million for high-crude-price scenarios. Sales tax revenue in the City has decreased from 2003 to 2009. The decline in sales tax from 2007 to 2008 is primarily as a result of the closure of five of the City’s largest auto dealers. The Project represents a significant revenue source that could mitigate some

long-term uncertainty of relying on new retail sales revenue. 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 Whittier Zoning Ordinance allows oil development, including drilling and operations, with a Conditional Use Permit. The proposed Project Site is in a former oil field within the Whittier Main Oil Field that was active for nearly 100 years until the early 1990s. The proposed Project would not expand beyond the limits of the Whittier Main Oil Field and, therefore, would not be a precedent-setting action that would 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 Site is within the Puente Hills Native Habitat Preserve, which is an open space area that includes the Arroyo Pescadero Trailhead. Therefore, development of the proposed Project would be considered growth inducing under this criterion since future oil development would cause new encroachment upon current open spaces. However, it is recognized that despite this new encroachment, oil field activities and open space recreational activities and facilities would be designed to co-exist, thereby allowing continued use of the Arroyo Pescadero Trailhead by recreational users.

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 the Preserve resources and the potential for safety impacts to the local population.

The proposed Project would introduce oil drilling and oil and gas production and transportation to an area that has not had these activities for nearly 20 years. The Project area, which was once industrial with a multitude of oil wells and drilling rigs, has evolved over decades into Preserve open space that provides recreation and wildlife habitat to the area. Some people in local communities do not want the Project to move forward, as exemplified by a non-profit organization and website opposing the Project (e.g., Whittier Hills Oil Watch). The Project has generated a high level of public interest and controversy (see Appendix I, Notice of Preparation and Comments). Areas of controversy highlighted in comments on the Notice of Preparation and the previous Final Draft EIR include:

- The use of property purchased with Proposition A funds for an oil and gas development project;
- The level of traffic generated by the Project that could impact residential areas;

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- The use of Penn Street, which residents say is already impacted by Whittier College and Penn Park;
- Noise, odor, and air quality issues from oil and gas development proximate to residential areas and a school; and
- The development of industrial facilities in the Preserve and the potential impacts on biological resources.