

EXECUTIVE SUMMARY

SOUTHERN CALIFORNIA GAS COMPANY'S APPLICATION TO VALUE AND SELL SURPLUS PROPERTY AT PLAYA DEL REY AND MARINA DEL REY (A.99-05-029) DRAFT ENVIRONMENTAL IMPACT REPORT

INTRODUCTION

Southern California Gas Company (SCG), in its California Public Utilities Commission (CPUC) application (A.99-05-029), proposes a sale of surplus SCG property in PDR and MDR. Under Public Utilities Code 851, review and approval of the proposed sale must comply with the California Environmental Quality Act (CEQA) in order to assess the potential environmental impacts of the proposed project. Accordingly, under CEQA Guidelines 15378(a), a “project” is defined as: [1] “the whole of an action, which has the potential for resulting in either a direct physical change in the environment, or [2] a reasonably foreseeable indirect physical change in the environment...” Therefore, this Environmental Impact Report (EIR) is approached using a two-pronged analysis considering the environmental impacts that would result from [1] the sale of the 36 lots that comprise these properties; as well as, [2] impacts of the reasonably foreseeable future development of these lots that would result from the proposed sale. This EIR focuses on analyzing the environmental impacts of the following issues relating to the project.

- The sale itself, transfer of property ownership of the 36 Playa del Rey and Marina del Rey lots from SCG to new owners, would not directly result in any significant environmental impacts.
- The EIR analyzes the impacts of reasonably foreseeable future development of urban land uses consistent with existing zoning and adjacent land uses that would result from the sale of these lots. For this project, the reasonably foreseeable future development that would result from the proposed sale includes the construction and occupancy of residential housing units, as well as commercial uses.

The CPUC is the lead agency for this project and is responsible for compliance with CEQA. An Initial Study for this project was conducted and released for public review on September 3, 2003. The Initial Study concluded that, although no direct significant environmental impacts would result from the sale of the lots, the reasonably foreseeable future development of urban land uses, consistent with existing zoning and adjacent land uses, could result in significant environmental impacts to air quality, biological resources, cultural resources, geology and soils, public health, public safety, hydrology and water quality, noise, transportation and traffic, and utilities and

service systems. Therefore, this Draft EIR had been prepared to further analyze these potential impacts.

As described in this EIR, the sale of the project lots would not result in any direct environmental impacts. The CPUC (the lead agency for this project) would not have jurisdictional control over the lots after the proposed sale has been completed. Therefore, the CPUC would not have the authority to impose and/or enforce mitigation measures associated with the construction and occupancy of future buildings on the lots. However, this EIR discloses the environmental impacts that would be expected to result from the future development of the lots and recommended mitigation measures, which if implemented by other responsible agencies (i.e., City of Los Angeles), could avoid or minimize these significant environmental impacts.

Because reasonably foreseeable potential impacts have been identified associated with future development of the 36 lots proposed for sale, based on their present land use designations (residential development, except for Cluster 5, which is designated for limited commercial use) the CPUC should consider these potential environmental impacts when certifying the Final EIR for potential approval of the proposed sale. Accordingly, this EIR recommends mitigation measures that could and should be applied by other responsible agencies during subsequent environmental review and approval processes for future development projects as they occur.

Copies of the Draft/Final EIR will be distributed by the CPUC to all responsible agencies for consideration in subsequent environmental review for the future development of these lots. This EIR provides a comparison of the environmental effects of the proposed sale and the alternatives, noting the two pronged analysis of the sale and the future development, and identifies an environmentally superior alternative.

With implementation of recommended mitigation measures identified throughout Chapter 4, *Environmental Setting, Impacts, and Mitigation Measures*, impacts related to air quality, biological resources, cultural resources, geology and soils, hydrology and water quality, noise, transportation and traffic, and utilities and service systems would be less than significant.

This EIR is an informational document only and does not make a recommendation regarding the approval or denial of the proposed sale. The purpose of the EIR is to inform the public on the environmental setting and potential impacts of the proposed sale and its alternatives. The EIR will be used by the CPUC in conducting the proceeding to determine whether to authorize SCG's requested sale.

ALTERNATIVES

CEQA Guidelines 15126.6(a) requires that a range of reasonable alternatives to the project, which would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any significant effects of the project, be discussed in an EIR. This EIR identified and analyzes such a range of alternatives; discusses the environmental effects of each alternative;

compares the environmental effects of each alternative with existing conditions and with impacts of the proposed project; and addresses the relationship of each alternative to the project objectives. The alternatives evaluated in this EIR consist of the following:

- Alternative 1: No Project - the lots proposed for sale by SCG would not be sold. As none of the lots would be sold, the future connected action that would result from the sale of the lots (residential and some commercial development) would also not occur. SCG would maintain ownership of the 36 lots; the site characteristics would remain in their existing conditions.
- Alternative 2: Partial Sale – Exclude Cluster 9 to avoid potential adverse impacts to the monarch butterfly habitat. Under this alternative, the CPUC would authorize the sale of all of the lots except the lots contained in Cluster 9.
- Alternative 3: Partial Sale – Exclude Cluster 12 to avoid potential adverse impacts to the globose dune beetle habitat. Under this alternative, the CPUC would authorize the sale of all of the lots except the lots contained in Cluster 12.

Of the alternatives assessed in this EIR, the alternative with the least environmental impact would be the No Project Alternative. Section 15126.6(e)(2) of the CEQA Guidelines states that if the environmentally superior alternative is the no project alternative, the EIR shall also identify an environmentally superior alternative among the other alternatives. Among the other alternatives, Alternatives 2 and/or 3 would be the environmentally superior alternatives.

PROJECT DESCRIPTION

SCG has submitted its application to the CPUC to sell surplus land associated with 36 undeveloped lots in PDR and MDR with an approximate total acreage of 4.7 acres. All of the lots proposed for sale overlie the existing SCG PDR Gas Storage Field, which lies approximately 6,000 feet below ground surface and had an extensive history of oil exploration and extraction activity during the 20th century. The general project area is approximately four miles south of the city of Santa Monica, 1.5 miles north of the Los Angeles International Airport, five miles west of Culver City, and is bordered by Santa Monica Bay to the west. PDR is located within the city of Los Angeles, and MDR is located within the county of Los Angeles. MDR is approximately two miles northwest of PDR, separated by the Ballona Wetlands and the MDR Channel. A general project location is shown on **Figure S-1**.

The 34 undeveloped lots proposed for sale located in PDR are grouped into eleven lot clusters (Clusters 1 to 11) consisting of one to eight lots per cluster, as shown in **Figure S-2**. The two MDR lots represent a single cluster (Cluster 12) and are located approximately two miles north of PDR as shown in **Figure S-3**. SCG proposes to sell these lots “as-is” without any requirements for future development on the lots; however, subsurface and mineral rights would be retained by SCG and would not be included in the sale. Twelve of the 36 lots contain an abandoned gas well; these gas wells were once used by SCG as observation or monitoring wells for the PDR Gas

Storage Facility. Per A.99-05-029, between 1998 and 1999 SCG conducted an open process sealed bid sale of these undeveloped lots and has selected four different, already-approved buyers. Sales agreements presented in A.99-05-029 anticipate that one buyer would purchase a single lot (Cluster 5), while the other three would acquire blocks of the remaining 35 lots.

SCG has identified three project objectives associated with the proposed sale of the 36 lots. These project objectives include:

- To remove SCG assets no longer necessary for public utility service – Since SCG has declared these properties as neither “necessary or useful” to its PDR gas storage operations, they are now considered to be surplus properties.
- To return these assets to the public – by accomplishing divestiture of these assets, the properties would be returned to the public for other uses.
- To provide a benefit to ratepayers – After divestiture, ratepayers would no longer be assessed for SCG’s ownership and stewardship of these surplus properties.

POTENTIAL ENVIRONMENTAL RISKS

While the sale of the lots itself would not present any direct significant environmental impacts, reasonably foreseeable future development of the lots could result in environmental impacts. Potential environmental risks could occur from the development of the 36 lots proposed for sale due to the lots’ history of oil and gas exploration and extraction operations as well as the potential for methane gas migration from any leaking abandoned gas wells. Future development of the lots could reasonably consist of residential development (except for one lot which is zoned commercial), which is consistent with the present land use in the area. Using previously documented scientific information and data gathered from additional field investigations of onsite conditions conducted for this EIR; consideration of these future impacts and associated risks are examined in detail in this EIR.

FIELD INVESTIGATIONS OF EXISTING SITE RISKS

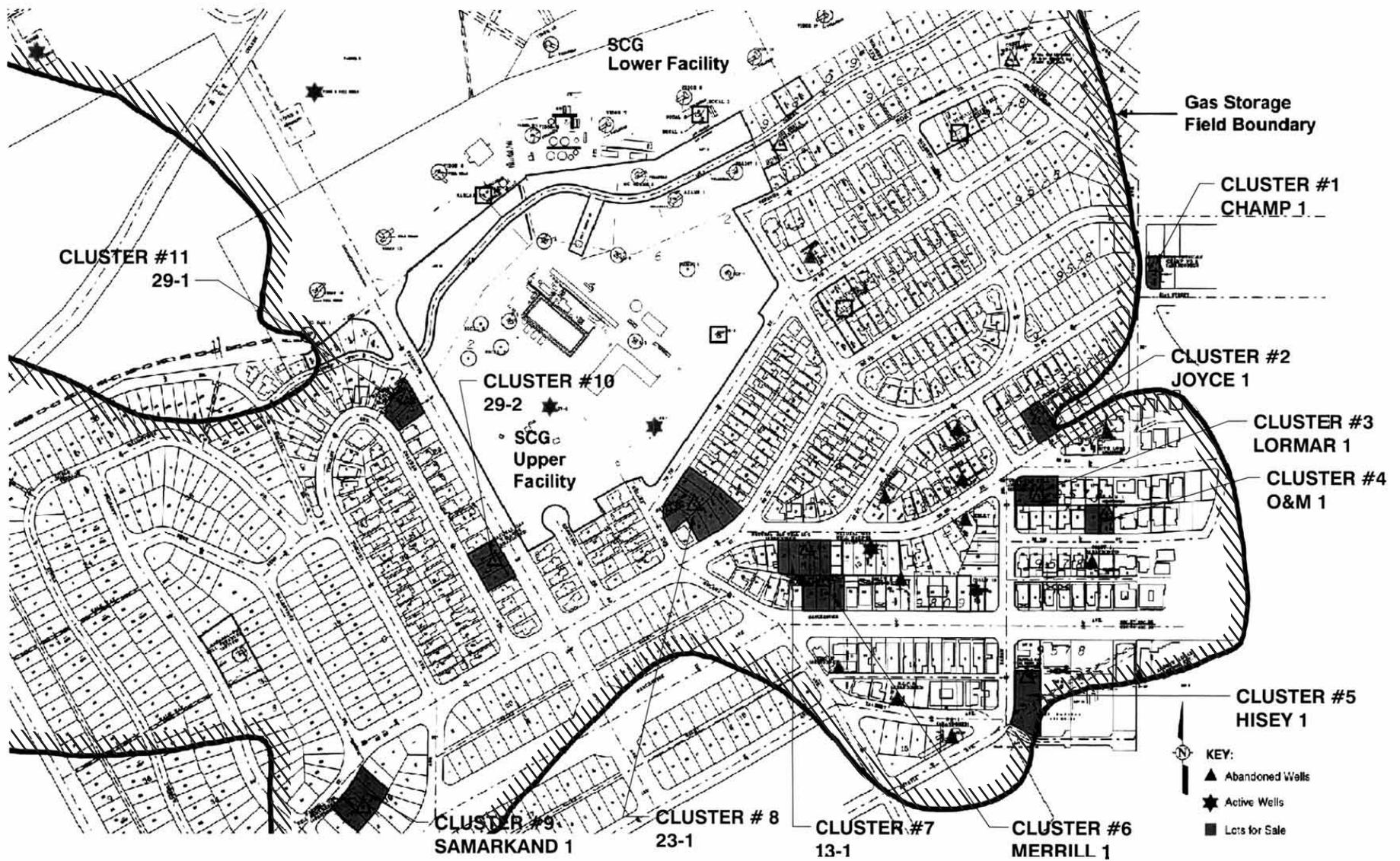
Beginning in 2000, an initial field monitoring study was performed at two lot clusters (Clusters 3 and 12) to assess the potential effects of methane migration on sensitive receptors that could be caused by future development of the 36 lots proposed for sale. While this initial testing concluded that subsurface migration was not occurring, it also concluded that the two lots where testing occurred could not be considered indicative of all 12 clusters. Therefore, additional



SOURCE: Environmental Science Associates

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Surplus Property at Playa del Rey and Marina del Rey Project / 202639

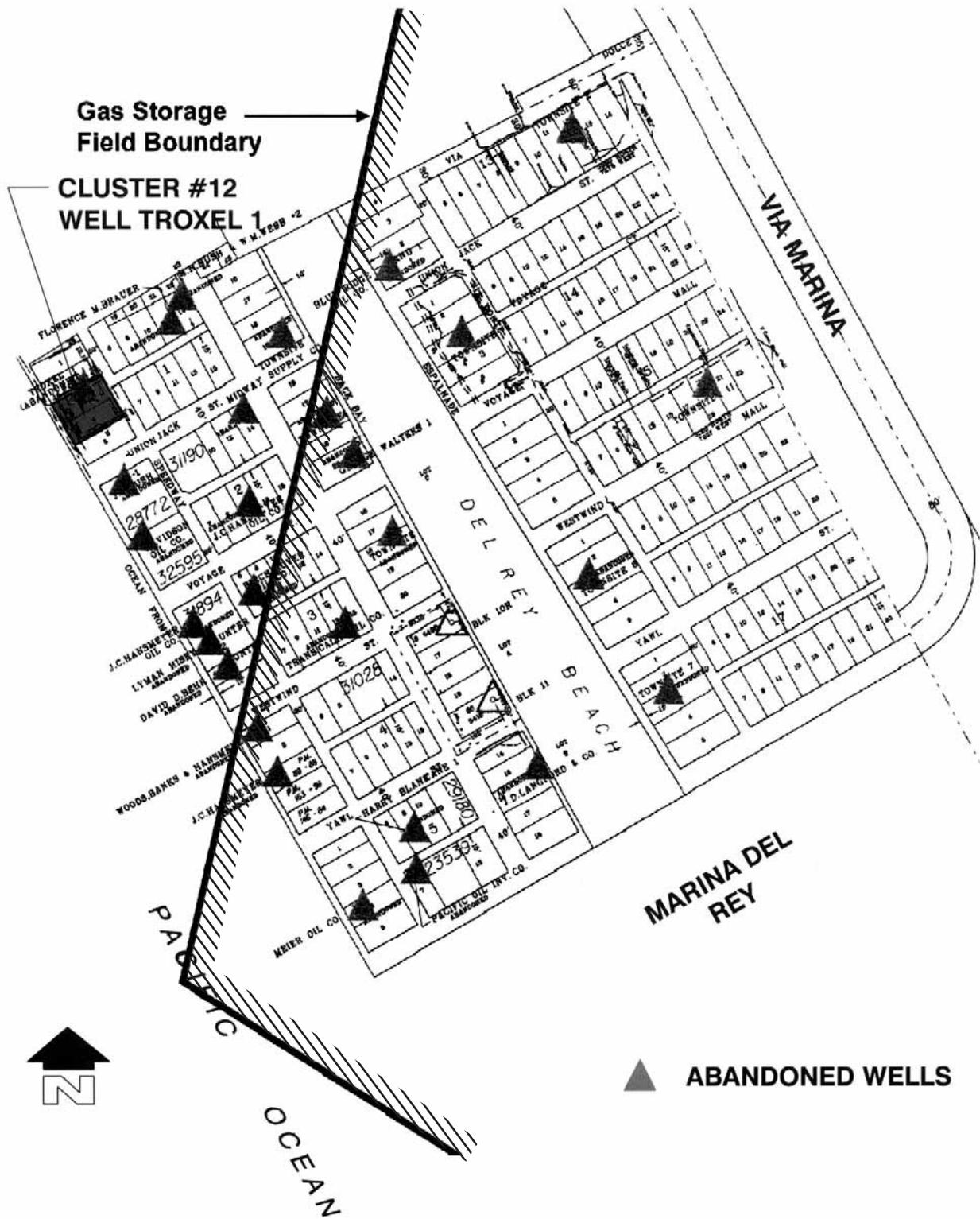
Figure S-1
Aerial Map of Project Area



SOURCES: Environmental Science Associates, Southern California Gas Company

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Figure S-2
 Annotated Site Map - Playa del Rey



SOURCES: Environmental Science Associates, Southern California Gas Company

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Figure S-3
 Annotated Site Map - Marina del Rey

testing (including testing for methane, soil contamination, and soil gas) of the lots was performed; the results of which are described in further detail in Sections 4.E, *Geology*, 4.F, *Public Health*, and 4.G, *Public Safety*. Health hazards associated with impacts from potential gas migration are analyzed in Section 4.F, *Public Health*. Methane field testing showed that the combustible gas concentrations were generally non-detectable at each cluster and that no significant odors (olfactory) were detected at any cluster during the monitoring periods.

During the final round of field investigations, conducted in 2003, testing was performed to identify any toxic substances that could be present at the 36 lots proposed for sale. A total of 86 soil samples, 231 vapor soil samples, and 21 groundwater soils were taken as part of this sampling analysis. Total petroleum hydrocarbons (TPH) were measured in the soil and in the soil vapor at the 36 lots proposed for sale, and the toxic components of TPH were identified. Based on these field investigations, a Human Health Risk Assessment (HHRA) was prepared to evaluate the findings of the field data investigations.

HUMAN HEALTH RISK ASSESSMENT

A Human Health Risk Assessment (HHRA) for the 36 lots proposed for sale was completed in March 2004. The HHRA evaluated the potential human health risks associated with chemicals detected in various field data collection studies conducted by consultants for the CPUC Energy Division between 2000 and 2003. An HHRA is a formal process that combines information on how people could come into contact with chemicals (exposure) with information on the health effects of the chemicals (toxicity). This combined information is used to estimate the likelihood of an adverse health effect. Soil and groundwater samples were tested and evaluated for the presence of total petroleum hydrocarbons (TPH), the volatile organic chemicals including benzene, toluene, ethylbenzene, and xylene, and semivolatile organic chemicals, because cancer and noncarcinogenic risks could result from the chemicals if present in the soils at the 36 lots proposed for sale.

The California Environmental Protection Agency (Cal/EPA) and the United States Environmental Protection Agency (U.S. EPA) has established the range for acceptable cancer risks to be between one in ten thousand (1 in 10,000) to one in one million (1 in 1,000,000)¹ depending on the type of human interaction with the affected area. Therefore cancer risk levels higher than 1 in 10,000 represent unacceptable risks to human health, while risks between 1 in 10,000 to 1 in 1,000,000 may be considered acceptable depending on the situation. Cancer risks below 1 in 1,000,000 are generally considered to be negligible. CEQA Guidelines for several air districts in the state of California, such as the Bay Area Air Quality Management District, recommend a significance threshold of 10 in 1,000,000. Furthermore, Proposition 65, otherwise known as The Safe Drinking Water and Toxic Enforcement Act of 1986, defines the “no significant risk” level

¹ For example, a cancer risk of one in one million means that the evaluated risk has the probability of causing one additional case of cancer in one million cases directly as a result of the evaluated risk.

as the level that is calculated to result in not more than one excess case of cancer in 100,000 individuals exposed over a 70-year lifetime.

Noncarcinogenic health effects are expressed as a ratio between the daily intake and the reference dose. This ratio is referred to as the hazard index. The reference dose is defined as a level of daily exposure that is unlikely to result in noncarcinogenic adverse health effects over a lifetime of exposure. Hence, hazard index values that are greater than one indicate that exposure is greater than the recommended level; while hazard index values that are less than one show that exposure is lower than the recommended level.

Overall, the HHRA conservatively estimated probability of an increased incidence of cancer for the residential future use of the 36 lots proposed for sale, assuming 30-year exposure to the maximum chemical concentration found in any sample at any of the lots, is 0.4 in 1,000,000 with a noncarcinogenic hazard index of 0.6. The estimated cancer risk level is less than one half the lowest level of no-significant risk of 1 in 1,000,000 set by Cal/EPA and the U.S. EPA as well as being below the CEQA level of significance 10 in 1,000,000. Furthermore, the estimated hazard index (0.6) is well below recommended levels (1.0). **Table S-1** shows cancer and hazard risks associated with the 36 lots. As is presented in the discussion of Impact F.1, Section 4.F, *Public Health*, the health risks of the properties to local residents (sensitive receptors) is less-than-significant.

**TABLE S-1
PROJECT CANCER AND RISK HAZARDS**

Exposure Pathway	Cancer Risk^a	Hazard Index^b
Contact with Soil (Ingestion and Dermal)	9 in 10 billion (9×10^{-10})	0.09
Inhalation of Outdoor Air	2 in 1 billion (2×10^{-9})	0.06
Inhalation of Indoor Air	4 in 10 million (4×10^{-7})	0.5
TOTAL	4 in 10 million (4×10^{-7})	0.6

a – The cancer risk significance threshold is 1 in 1 million (1×10^{-6})

b – The hazard index significance threshold is 1.0

SOURCE: Brown and Caldwell (2004)

METHANE HAZARDS

All of the 36 lots proposed for sale are located within an area designated as a “methane zone” by the City of Los Angeles. In 2003, as part of the overall field testing, a methane hazards analysis study was conducted on the lots proposed for sale. The analysis found that 35 of the lots were

free of methane in the soil gas monitoring probes and thus free of methane hazards. However, one lot on Cluster 11 had elevated levels of methane soil gas in the probes.

The lower explosive limit of methane gas is generally considered to be 5 percent methane in the air. This is equivalent to 50,000 parts per million (ppm) by volume. The upper explosive limit, above which methane will burn, but not explode, is generally considered to be approximately 15 percent methane by volume (150,000 ppm) depending upon the composition of the balance of the atmosphere. If there is enough methane to significantly displace oxygen in the air, it can cause suffocation in living beings. Methane gas can explode in inhabited structures or confined spaces if the methane is above the lower explosive limit, is present in a confined space (such as a basement), and there is a source of ignition. In addition, explosion can result when soil gas enters dry utility conduits or vaults.

From July 2003 to December 2003, monthly measurements for total volatile organics, methane, oxygen, and hydrogen sulfide at shallow and deep probes on the 36 lots proposed for sale were taken. No hydrogen sulfide was found at any of the testing sites at any time. Methane readings were all non-detect except at Cluster 11 and Cluster 12. At the Cluster 11 site, elevated levels of methane were consistently found, from a minimum of 11.5 percent to a maximum of 35 percent by volume. Additional analysis of the Cluster 11 methane was conducted to determine if the specific source of the observed methane could be inferred. Laboratory analysis of the helium content of the methane showed no evidence of any SCG PDR Facility storage gas. Methane at Cluster 11 may be related to residual soil contamination at depth, remaining from previous oilfield activities and not from any leak of the abandoned SCG gas well. At the Cluster 12 site, a single methane transient of 2.2 percent by volume was detected in July 2003 during installation of a borehole on site. However, subsequent samplings at the same location failed to detect any further elevated levels of methane at Cluster 12.

The presence of methane gas can either be remediated (source removal) or mitigated (venting of gas and interruption of pathways). Some source removal has already occurred at the 36 project lots as part of the well abandonment and site remediation performed by SCG. With the exception of Cluster 11, all of the clusters' most recent measured soil gas concentrations were negligible. Field monitoring data suggest that structures placed on Cluster 11 would most likely be safe from methane hazards due to compliance with California Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR) requirements for proper well abandonment already having been performed by SCG for all wells considered in the proposed sale. Developers of future development of these 36 lots proposed for sale would be required to implement methane protection measures for utility conduits and recently adopted (2004) City of Los Angeles requirements.

The new City of Los Angeles Building Code (Ordinance No. 175790) expands the official methane zone from the older, more limited Fairfax Area to include all lands in the city overlying oil fields, plus a substantial buffer zone around the oil fields. These codes would apply to the 36 lots proposed for sale. The City code describes required mitigation measures for all structures in

potential soil gas areas, whether gas is present or not. For areas where gas is present, additional measures are required, including soil gas venting, constructing barriers to interrupt gas migration pathways, and, in cases where gas is present, monitoring gas in the soil and at structures.

SUMMARY OF PUBLIC HEALTH AND METHANE SAFETY IMPACTS

Based on field measurement data taken over several years at the 36 lots proposed for sale and risk estimates from the HHRA, no significant risk to public health (see Table S-1) would be expected from the sale or from potential future development of these lots. Similarly, field measurements of methane show that no significant safety risks exist from methane with the exception of one lot at Cluster 11 which could have a potential risk for future occupation of the property. However, the recently enacted changes to the City of Los Angeles Building Code (Ordinance No. 175790) provide mitigation measures designed to provide sufficient mitigation for this potential future risk. These measures include the installation of membrane barriers and vent piping as well as trench dams and electrical seal offs for each property.

MITIGATION AND MONITORING

Under CEQA guidelines, this Environmental Impact Report (EIR) is approached using a two-pronged analysis considering both the environmental impacts that would result from [1] the sale of the 36 lots that comprise these properties; as well as, [2] the reasonably foreseeable future development of these lots that would result from the sale. Mitigation and monitoring is approached in a similar manner. Accordingly, in certification of this EIR, the CPUC identifies enforceable mitigation measure associated with the sale of the project; as well suggested mitigation measures to be considered by other agencies during future environmental review associated with the future development of these 36 lots.

MITIGATION MEASURES FOR THE PROPOSED SALE

As is stated in the EIR, the transfer of property ownership of the 36 Playa del Rey and Marina del Rey lots from SCG to new owners, would not directly result in any significant environmental impacts. The proposed sale was also evaluated for the necessity to require SCG to provide complete disclosure of existing site conditions and/or other related documents to the four future buyers of the lots as mitigation measures associated with the sale and required in this EIR. Future buyers have already been provided with a substantial amount of information on the lots by SCG. This information will be further supplemented by this environmental review document as well as documents from the supporting field investigation data. Therefore, because the information provided by SCG and by this document are believed to comprise full disclosure of existing site conditions including environmental documentation and supporting scientific information, no mitigation measures are required for the proposed sale.

RECOMMENDED MITIGATION MEASURES FOR FUTURE DEVELOPMENT

The EIR considered the reasonably foreseeable impacts resulting from future development of the lots proposed for sale based on their existing land use designations. Accordingly, a set of recommended mitigation measures is presented in the EIR for consideration by other agencies during future environmental review of the future development of the lots. These mitigation measures address two aspects of future development: construction and occupation of the properties.

CONSTRUCTION MITIGATION MEASURES

- Air Quality - measures are provided to control dust and carbon monoxide from construction equipment and construction-related traffic.
- Biology – measures require surveys of raptor and other nesting bird species at the lots. At Cluster 9 surveys are required to determine if monarch butterflies are present during the winter prior to the start of construction or onsite tree removal. At Cluster 12, surveys for globose dune beetles are required prior to construction. Additionally, measures for compensation of loss of habitat are provided.
- Cultural Resources – measures are provided that specify action should an accidental discovery of archaeological or paleontological artifacts be made.
- Geology and Soils – measures require that a site-specific design level geotechnical investigation for each building be conducted and that full seismic considerations be given to future structures.
- Noise – measures require limits of operation of construction equipment, use of construction equipment with noise control measure incorporated, and a system for instruction to contractors about noise control and a complaint reporting system.
- Transportation and Traffic – measure requires construction contractors to implement measures such as limiting the transport of construction materials and equipment to off-peak traffic periods, as required by the City of Los Angeles.

FUTURE DEVELOPMENT OPERATIONS MEASURES

- Hydrology and Water Quality – measure requires that future developers prepare a drainage plan for each site and submit it with the building permit application, as required by the City of Los Angeles Public Works Department.

- Transportation and Traffic – measure requires that a trip generation study be performed for the commercial lot (Cluster 5) to determine impacts on local traffic as well as to insure that Cluster 5 is provided with adequate parking.