

Notice of Preparation and Notice of Public Scoping Meeting

Bay Area Air Quality Management District

Phillips 66 Marine Terminal Permit Revision Project – Draft Environmental Impact Report

To: Interested Agencies, Organizations and Individuals
Project: Phillips 66 Marine Permit Revision Project – Draft Environmental Impact Report
Lead Agency: Bay Area Air Quality Management District
Comment Period: June 22, 2017 – July 23, 2017 (30 days)

NOTICE IS HEREBY GIVEN that the Bay Area Air Quality Management District (Air District), as Lead Agency under the California Environmental Quality Act (CEQA), will prepare an Environmental Impact Report (EIR), and all interested agencies, organizations and individuals are invited by the Air District to comment on the scope and content of the EIR that will be conducted for the Phillips 66 Marine Terminal Permit Revision Project (Proposed Project). The Proposed Project would allow an increase in the amount of crude and gas oil brought by ship to the Marine Terminal at the Phillips 66 Company (Phillips 66) San Francisco Refinery in Rodeo, California (Rodeo Refinery).

The Air District is the lead agency undertaking preparation of a Draft EIR for the Proposed Project. The Air District staff prepared this Notice of Preparation (NOP) and will hold a public scoping meeting to obtain agency and the public's views, in writing, as to the scope and content of the environmental analysis, including the significant environmental issues, reasonable range of alternatives, and mitigation measures that should be included in the EIR.

Written comments will be accepted via mail or email to:

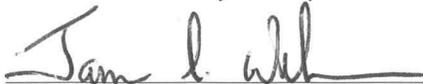
Barry Young, Senior Advanced Projects Advisor
Engineering Division
Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, CA 94105

Email: P66MarineTerminalPermitRevision@baaqmd.gov

All comments must be received by 5:00 p.m. on July 23, 2017. Please contact Barry Young if any special arrangements or assistance is needed for your review of the NOP for the Phillips 66 Marine Terminal Permit Revision Project.

Issuance

The Bay Area Air Quality Management District hereby issues this Notice of Preparation of an Environmental Impact Report.



Jaime Williams, Director of Engineering
Engineering Division
Bay Area Air Quality Management District

6/14/2017
Date

Public Scoping Meeting

On **Thursday, June 22, 2017 from 4:00 to 6:00 p.m.**, Air District staff will conduct a public scoping meeting at:

Meeting Information: Ohlone Community Center
190 Turquoise Drive
Hercules, California

Map: <https://www.google.com/maps/place/190+Turquoise+Dr,+Hercules,+CA+94547/@38.0074818,-122.2762481,17z/data=!4m5!3m4!1s0x808576d7cd41348b:0xcd4b277cad630ad8!8m2!3d38.0077861!4d-122.2739629>

The meeting will begin with a brief presentation on the Proposed Project. The Air District staff will then receive comments on the potential significant environmental issues, alternatives to the project, and mitigation measures that should be considered in the EIR, until all persons present who wish to provide oral comments have done so. The purpose of the public scoping meeting is to present information about the Proposed Project and the Air District's decision-making process and to listen to the views of the public on the range of issues relevant to the scope and content of the EIR.

Language interpretation can be provided upon request at least 72 hours before an event. Contact Azibuike Akaba at aakaba@baaqmd.gov or 415-749-8603 to request interpretation.

1. Introduction

As required by CEQA, this Notice of Preparation (NOP) is being sent to interested agencies and members of the public. The purpose of the NOP is to inform recipients that the Air District is beginning preparation of an EIR for the Proposed Project and to solicit information that will be helpful in defining the scope and content of the environmental analysis. This notice includes a description of the project that Phillips 66 proposes to implement at the Rodeo Refinery, a summary of potential project impacts, and information on how to provide comments. The scoping period will end on July 23, 2017.

2. Project Description

The Proposed Project would modify the existing Air District permit limits to allow an increase in the amount of crude and gas oil that may be brought by ship or barge to the Marine Terminal at the Phillips 66 Company (Phillips 66) San Francisco Refinery in Rodeo, California (Rodeo Refinery). The refinery processes crude oil from a variety of domestic and foreign sources delivered by ship or barge at the Marine Terminal and from central California received by pipeline. The Proposed Project would allow the refinery to receive more waterborne-delivered crude and gas oil, and thereby to replace roughly equivalent volumes of pipeline-delivered crudes with waterborne-delivered crudes. However, the Proposed Project would not affect the characteristics of the crude oil and gas oil the refinery is able to process.

The proposed increase in offloading and the additional ship and barge traffic necessitates modification of Phillips 66's existing Permit to Operate and the Major Facility Review (Title V) Permit, which was issued by the Air District to the Phillips 66, San Francisco Refinery (BAAQMD Facility #A0016). Approval of the proposed air permit modifications would be a discretionary action by the Air District, requiring CEQA review (BAAQMD Regulation 2-1-310).

For the purpose of environmental impact assessment, the scope of the Proposed Project includes:

- Approval of the proposed permit revision described in Application No. 25608 to increase the Marine Terminal (S425, S426) offloading limit contained in the permit by 78,818 barrels per day (bbl/day), from 51,182 bbl/day to 130,000 bbl/day, on a 12-month rolling average basis. Phillips 66 also requests increasing the allowable number of tankers or ships making crude or gas oil deliveries by 76 ships per year, from 59 ships up to a total of 135 tankers or ships in any 12 consecutive months.
- The effects of two prior approvals made by the Air District in 2013: Application No. 22904, which established the current permit limit for crude and gas oil offloading (51,182 bbl/day); and Application No. 24256, which increased storage tank throughput limits related to Marine Terminal offloading.

The Proposed Project would allow greater levels of marine vessel traffic to call upon the marine terminal by increasing the allowable receipts of crude and gas oil at the marine terminal (S425, S426). The project would not change any equipment at the terminal. Aside from the previously approved applications (No. 22904 and No. 24256) for storage tanks related to offloading, the project would not increase or modify other currently permitted throughput or emissions limits for the refinery as a whole or at any process units.

Regarding refinery capabilities, the Proposed Project does not include any change in the overall amount or type of crude oil and/or gas oil that the refinery can process. Additionally, Phillips 66 proposes no change in the current permit condition that allows loading and shipment of up to 25,000 bbl/day, on an annual average basis, of regulated petroleum products through the marine terminal.

Project Objective

The objective of the Proposed Project is to increase the Marine Terminal offloading limit to provide the refinery with flexibility to receive more waterborne-delivered crude and gas oil. This would allow the refinery to replace pipeline-delivered crudes and gas oil with waterborne-delivered crudes and gas oil.

Project Location

The Marine Terminal is located in the San Pablo Bay and Carquinez Strait adjacent to the Rodeo Refinery, in unincorporated Contra Costa County, near the town of Rodeo, as shown in Figure 1. The Marine Terminal covers an estimated 16.7 acres of leased, filled and unfilled State of California-owned sovereign lands in San Pablo Bay. The Rodeo Refinery encompasses a total of 1,100 acres of land, consisting of the 495-acre active area of the refinery, where all its facilities and equipment are located, and another 600 acres of undeveloped areas.

The Rodeo Refinery and Marine Terminal are permitted by the Air District as one facility although the Marine Terminal is separated from the refinery properties by the Union Pacific railroad (UPRR). The on-shore surroundings of the Marine Terminal and the refinery property are zoned Heavy Industrial (H-I) by Contra Costa County. Figure 2 shows the basic configuration of the Marine Terminal.

Role of California State Lands Commission

The land/tidelands underlying the Marine Terminal are owned by the State of California, State Lands Commission, and Phillips 66 presently operates and maintains the terminal and associated facilities, according to a lease that is effective from September 1, 2001 to December 31, 2031 (the CSLC Lease).

Although the Proposed Project involves no physical alteration or modification of the Marine Terminal itself, the CSLC will be a Responsible Agency for the EIR because the CSLC is the public agency, other

than the lead agency, that has the responsibility for carrying out and enforcing the terms and mitigation measures adopted with the CSLC Lease and verifying ongoing compliance of marine terminal operations.

Operations at the Marine Terminal are primarily regulated through the CSLC Lease (PRC 600), CSLC regulations (Title 2, Section 2300 et seq., of the California Code of Regulations), and the Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS).¹ The lease authorizes the continued operation of the marine terminal that has been at its present location since 1955. The lease allows unloading and loading of tanker vessels, ships, and barges, and the lease requires the terminal to be maintained and operated in accordance with all applicable laws, regulations and ordinances.

Reasonable Range of Alternatives

CEQA requires the Air District to develop and evaluate a reasonable range of alternative options to meet the project objectives and also avoid or substantially lessen any of the significant effects of the project. A preliminary list of alternatives to the Proposed Project is presented with this Notice of Preparation for review during this scoping period. Alternatives that may be considered in the EIR could include:

- Allowing less crude and gas oil to be delivered to the Marine Terminal (less than the proposed 130,000 bbl/day) and allowing fewer tankers or ships per year.
- Requiring upgrade of ocean-going vessels calling upon the Marine Terminal with lower-emitting engines or requiring marine vessels to use shore-side power while at berth, which would require physical modification of the Marine Terminal to supply electricity. [Note: this strategy is a proposed measure to amend the “At-Berth” regulation in ARB’s *2016 Mobile Source Strategy* (5/16/2016) and *Revised Proposed 2016 State Strategy for the SIP* (3/7/2017).]
- The No Project Alternative, under which, the current offloading limit for the Marine Terminal would remain unchanged (51,182 bbl/day; 59 tankers per year). If declines in the levels of State-wide petroleum production in existing fields are reasonably foreseeable, and if potential petroleum resources outside of California’s existing fields are not developed in the State, crude oil deliveries to the Rodeo Refinery by pipeline would be likely to decrease. Waterborne deliveries would be likely to climb to the levels allowed by the current permit from the baseline levels.

¹ MOTEMS are building standards for engineering, inspection and maintenance of marine oil terminals, in California Code of Regulations, Title 24, California Building Code, Chapter 31F—Marine Oil Terminals.

3. Summary of Potential Impacts

Based on a preliminary evaluation, the Air District staff anticipates that the environmental factors listed below would not be potentially affected and that the Proposed Project would not have a potentially significant impact in the following areas:

- Agriculture & Forestry Resources
- Cultural Resources & Tribal Cultural Resources
- Geology & Soils
- Land Use, Planning & Recreation
- Mineral Resources
- Population & Housing
- Transportation & Traffic (Land-Based)
- Utilities & Service Systems

Potential issues and impacts to the existing environment include the following.

Aesthetics

- The movement of additional marine vessels, including tankers, ships, barges and tug boats could create a visual impact in a primarily industrial waterfront setting.

Air Quality

- An increase in crude and gas oil offloading activity and the number of transits made by ocean-going vessels into and out of the San Francisco Bay Area Air Basin would increase emissions of non-attainment pollutants and precursors, and mitigation in the form of offsets may be required to ensure that criteria air pollutant emissions do not conflict with the adopted control measures of the air quality plan, the 2017 Clean Air Plan.
- An increase in the number of transits made by ocean-going vessels into and out of the San Francisco Bay Area Air Basin and an increase in the number of calls made by ships and barges at the Marine Terminal would increase the localized emissions of diesel particulate matter and other toxic air contaminants that could locally increase public health risks in areas where populations are vulnerable to air pollution.

Biological Resources

- An increase in offloading activity and additional ship traffic could increase wave action, cause underwater noise, and increase the potential for conflicts with vessels, and this could have an adverse effect on San Pablo Bay coastal marsh habitat, which hosts various protected birds and mammals, and protected fish, including eelgrass beds that are designated as Critical Fish Habitat.
- Crude oil or gas oil released into coastal and marine sensitive natural communities during an accidental spill would have an adverse effect on coastal waters and to coastal or marine sensitive natural communities.
- An increase in ship traffic and the potential impacts of accidental spills could interfere with fisheries and movement or migration of fish and other marine wildlife.

Greenhouse Gas Emissions

- Global climate change is a driver of sea level rise, storm events, and wave action that could adversely affect the structural integrity of the Marine Terminal.

- An increase in the number of transits made by ocean-going vessels and the number of calls made by ships, including tankers and barges assisted by tugs, at the Marine Terminal could substantially increase greenhouse gas emissions within the air basin.
- An increase in the offloading activity and additional ship traffic may conflict with or obstruct implementation of the control measures adopted by the Air District for the purpose of reducing greenhouse gas emissions.

Hazards & Hazardous Materials

- An increase in offloading crude and gas oil poses safety risks. Accidental releases can lead to oil spills, toxic exposure, and fires or explosions.
- An increase in the offloading of waterborne oil imports would add vessel traffic and increase the routine activities of berthing, coupling lines, and transferring oil from the vessels to the onshore storage tanks. These routine activities could create a hazard to the public or the environment.
- An increase in the vessel traffic and marine terminal activities could create reasonably foreseeable upset and accident conditions related to conflicts with other offshore traffic and an increase in the potential for oil spills.
- An increase in the vessel traffic and marine terminal activities could interfere with implementation of existing Emergency Response Plans.

Hydrology & Water Quality

- An increase in the offloading rate of the vessels at the Marine Terminal and an increase in vessel traffic could result in an accidental spill that would violate water quality standards or waste discharge requirements and create an impact to water quality.
- An increase in the offloading rate of the vessels at the Marine Terminal and an increase in vessel traffic could result in an accidental spill that would create an additional source of contaminants and create an impact to marine water quality.

Noise

- An increase in the vessel traffic could result in periodic increases in ambient noise levels in the vicinity of the Marine Terminal due to vessel engine and equipment noise, and this could create an impact in a primarily industrial waterfront setting.

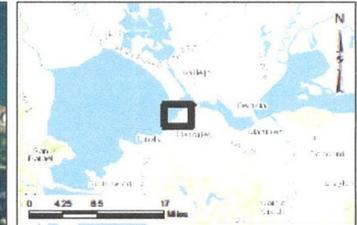
Public Services

- An increase in the offloading of waterborne crude and gas oil could increase the possibility of a fire and increase in the need for fire protection services.

Energy Conservation

- CEQA requires a discussion of the potential energy impacts of a project where there is a possibility of “wasteful, inefficient, and unnecessary consumption of energy” (Public Resources Code Section 21100(b)(3)), and additional ship traffic could increase consumption of fossil fuels by ships when compared with the energy requirements of making pipeline deliveries.

Reference: This Notice of Preparation has been prepared according to California Code of Regulations, Title 14, (CEQA Guidelines) Sections 15082(a), 15103, and 15375.



Legend

- Interstate 80
- P66 Rodeo Boundary

Figure 1
 Rodeo Refinery Overview

Environmental Resources Management
 www.erm.com

