

1.0 Introduction

This Environmental Impact Report (EIR) assesses environmental impacts associated with the Phillips Santa Maria Facility Project (Proposed Project), proposed by Phillips 66 Company (Phillips). The proposed location of the Project is in unincorporated San Luis Obispo County on the Arroyo Grande mesa. Figure 1-1 shows the location of the Proposed Project. The County of San Luis Obispo (County) and the San Luis Obispo County Air Pollution Control District (SLOCAPCD) are the co-lead agencies for this EIR.

The Santa Maria Facility (SMF) is part of the greater San Francisco Refinery, consisting of two facilities: the San Francisco-area Rodeo Refinery and the Santa Maria Refinery. These two facilities are linked by a 200-mile pipeline (see Figure 1-1). The refineries mainly process heavy, high-sulfur crude oil. The Rodeo Refinery receives California crude oil directly by pipeline and tanker and receives crude oil directly by tanker. Semi-refined liquid products from the Santa Maria Refinery are sent by pipeline to the Rodeo Refinery for upgrading into finished petroleum products. Products leave the Santa Maria Refinery as (1) semi-refined petroleum by pipeline, (2) solid petroleum coke by rail or haul truck, or (3) recovered sulfur by haul truck. The Project Site has been used for petroleum oil refining since 1955.

Phillips proposes to increase throughput at the SMF by 10 percent to a maximum of 48,950 barrels per day. Semi-refined petroleum products would then shipped by pipeline from the Santa Maria Refinery to the Rodeo Refinery in the San Francisco Bay Area.

Current SLOCAPCD permit limits on crude oil throughput are 48,000 barrels per day and 16,220,600 barrel per year. Current Planning and Building permit limits are a maximum of 44,500 barrels per day of oil. The Proposed Project would increase throughput to 48,950 barrels per day and 17,866,750 barrels per year, approximately 10 percent over the current Planning and Building Department permit level. While the County's permit is based on a daily maximum and the SLOCAPCD's permit is based on twelve-month rolling average, these volume limits are the same.

This EIR evaluates the Proposed Project, which would occur under County jurisdiction. Information for the proposed 10 percent throughput increase is based on Phillips' Development Plan/Coastal Development Permit and Phillips' responses to the EIR preparer's information requests.

San Luis Obispo County will use the EIR when evaluating the suitability of the Phillips application. The goals of the EIR are to provide the public and decision makers with detailed information about the current and future operations at the Proposed Project Site, to determine what types of environmental impacts could result from these operations, and suggest mitigation measures for any potential impacts that could be incorporated into the Proposed Project.

Figure 1-1 Location of the Santa Maria Refinery



1.1 Proposed Project Objectives

Pursuant to Section 15124(b) of the CEQA Guidelines, the description of the Proposed Project is to contain “a clearly written statement of objectives” that will aid the lead agency in developing a reasonable range of alternatives to evaluate in the EIR and will aid decision makers in preparing findings and, if necessary, a statement of overriding considerations. Project objectives should include the underlying purpose of the Project.

The applicant’s overall goal for the Project is to increase the daily maximum limit of crude oil throughput by 10 percent and process petroleum liquid under the definition of crude oil. This would be achieved through the following objectives:

- Operate the Santa Maria Refinery in accordance with all prevailing laws and regulations to maximize safety and protect the environment.
- Employ current technologies in an effort to reduce environmental impacts to less-than-significant levels.
- Provide a development project that is consistent with the major objectives of the County’s General Plan.
- Provide a development project that continues to meet the regulatory requirements and objectives of the SLOCAPCD.
- Provide a development project that meets the regulatory requirements and objectives of the Regional Water Control Board and continues to comply with the existing National Pollutant Discharge Elimination System permit.
- Continue the process of removing contaminated materials from the Project Site to a designated disposal facility where they can be contained and controlled.
- Protect human and ecological receptors from exposure to potentially harmful substances.
- Minimize noise impacts to surrounding areas.
- Minimize traffic impacts to surrounding areas.

1.2 Agency Use of the Document

The SLOCAPCD and the County determined that an environmental analysis of the Proposed Project consistent with the requirements of CEQA was needed in order to proceed with the permitting of the Proposed Project. Section 15124(d) of the CEQA Guidelines requires that an EIR contain a statement within the project description briefly describing the intended uses of the EIR. The CEQA Guidelines indicate that the EIR should identify the ways in which the lead agency and any responsible agencies would use this document in their approval or permitting processes. The SLOCAPCD and the County will serve as the co-lead agencies and use the document as part of their decision-making process in permitting the Project.

The EIR will be consistent with Section 15120-15132 of the CEQA Guidelines, which set forth requirements for contents of Environmental Impact Reports. Based upon the environmental

impact analysis of the Proposed Project, a number of measures will likely have to be developed to mitigate the impacts that could result from the Proposed Project or any Project alternatives that may be approved by the SLOCAPCD and the County. The SLOCAPCD and the County will incorporate the mitigation measures identified in the EIR where applicable as conditions of approval in Project entitlements that may be granted for the Project. The environmental impact analysis will also provide alternatives analysis to determine if most of the Project objectives can be achieved while lessening adverse environmental impacts. The environmental impact analysis may also be used to disclose to the public and decision makers significant and adverse impacts that cannot be mitigated to a less than significant level.

The Regional Water Quality Control Board will use the EIR for decision making regarding continued compliance with the existing National Pollutant Discharge Elimination System permit.

1.3 EIR Process and Scope

This EIR was prepared in accordance with State, SLOCAPCD and County administrative guidelines established to comply with CEQA. Section 15151 of the State CEQA Guidelines, provides the following standards for EIR adequacy:

An EIR should be prepared with a sufficient degree of analysis to provide decision makers with information which enables them to make a decision which intelligently takes account of environmental consequences. An evaluation of the environmental effects of a Proposed Project need not be exhaustive, but the sufficiency of an EIR is to be reviewed in light of what is reasonably feasible. Disagreement among experts does not make an EIR inadequate, but the EIR should summarize the main points of disagreement among the experts. The courts have looked not for perfection; but for adequacy, completeness, and a good faith effort at full disclosure.

The SLOCAPCD and the County have determined that the Proposed Project needs environmental review in the form of an EIR pursuant to CEQA instead of a categorical or statutory exemption, or a Negative Declaration. Under CEQA, “The purpose of an environmental impact report is to identify the significant effects on the environment of a project, to identify alternatives to the Proposed Project, and to indicate the manner in which those significant effects can be mitigated or avoided” (PRC Section 21002.1[a]). An EIR is the most comprehensive form of environmental documentation identified in CEQA and the CEQA Guidelines and provides the information needed to assess the environmental consequences of a Proposed Project. EIR are intended to provide an objective, factually supported, full-disclosure analysis of the environmental consequences associated with a Proposed Project that has the potential to result in significant, adverse environmental impacts.

In compliance with State CEQA Guidelines, the SLOCAPCD and the County, as the co-lead agencies, prepared a Notice of Preparation (NOP) for the Proposed Project and solicited comments through distribution of the NOP. A public scoping meetings was held in the community on June 30, 2010, to provide an opportunity for the public to comment on the scope of the EIR. The NOP and comments received in response to the NOP directed the scope of the analysis and the technical studies in this EIR. The following organizations and individuals submitted written and/or verbal comments:

- County of San Luis Obispo Fire Department / CAL FIRE;
- County of San Luis Obispo Department of Agriculture/Weights and Measures;
- State of California Native American Heritage Commission;
- Ross Chenot;
- Peggee Davis;
- Howard Dolinsky;
- Katrina Dolinsky;
- Mike Eisenhard;
- Judy Eisenhard;
- C. Foglietta;
- Melinda Forbes;
- John Kenny;
- Virginia Kenny;
- Tamara Kleemann;
- Charlie Kleemann;
- Heidi Lewin-Miller;
- Ty McCartney;
- William Miller;
- Brant Moffatt;
- Dwain Morton;
- Carole Morton;
- Yarrow Nelson;
- John Nickols;
- Lois Nickols;
- Cory Pereira;
- David Reeck;
- Steven Sproger;
- Rachelle Toti;
- Arlene Versaw;
- Wes Burk;
- Pamela Dunlap;
- Kara Hagedorn; and
- Paul Lee.

Organizations and individuals also submitted comments during the 45-day public comment period following issuance of the Draft EIR. During this period, community meetings and a public workshop were held to discuss the Draft EIR and receive comments on the document. Based upon the comments received, changes were made for the Final EIR. Areas where the Final EIR has been changed have been marked on the side of the page with a vertical line and all additions to the document have been underlined. All comments received on the Draft EIR and corresponding responses have been provided in electronic format on a CD attached to the inside cover of the Final EIR.

This Final EIR identifies the environmental impacts of the Proposed Project on the existing environment, indicates how those impacts can be mitigated or avoided, and identifies and

evaluates alternatives to the Proposed Project. This document should provide the SLOCAPCD and the County, and responsible agencies with information necessary to exercise their jurisdictional responsibilities with respect to the Proposed Project.

The CEQA Guidelines require that a lead agency shall neither approve nor implement a project as proposed unless the significant environmental impacts have been reduced to an acceptable level. An acceptable level is defined as eliminating, avoiding, or substantially lessening significant environmental effects to below a level of significance. If the lead agency approves the Project even though significant impacts identified in the Final EIR cannot be fully mitigated, the lead agency must state in writing the reasons for its action. In these circumstances, Findings and a Statement of Overriding Considerations must be included in the record of project approval and mentioned in the Notice of Determination.

1.4 Previous CEQA Documents

The current Department of Planning and Building permit limit of 44,500 bpd was evaluated in a CEQA document in a negative declaration in 1990. Therefore, all operations at the Refinery under the current Department of Planning and Building permit limit of 44,500 bpd would be covered by a CEQA analysis and the permit level of 44,500 bpd is considered the baseline for this analysis.

1.5 EIR Contents

The EIR is organized into the following major chapters:

Executive Summary – Provides an overview of the Proposed Project, a summary of the significant impacts, and associated mitigation measures identified for the Proposed Project.

Impact Summary Table – Provides a summary of the identified impacts for the Proposed Project. The table also summarizes identified mitigation measures for each impact.

- 1.0 Introduction** – Provides an overview on the Project evaluated in the EIR and a summary of the objectives for the Proposed Project. The section also discusses agency use of the document and summarizes the contents of the EIR.
- 2.0 Project Description** – Provides the background of the Project, including a history of the area and a detailed description of the Proposed Project. The Project Description also contains a table describing potential permit actions, governmental agencies, and jurisdiction for the entitlements necessary for the Project to proceed.
- 3.0 Cumulative Projects Description** – Describes the projects included in the cumulative analysis, which covers the cumulative impacts of reasonably foreseeable projects located in the vicinity of the Proposed Project.
- 4.0 Analysis of Environmental Issues** – Describes the existing conditions found at the Project Site and vicinity and assesses the potential environmental impacts that could

occur if the Proposed Project were to occur. These potential impacts are compared to various “Thresholds of Significance” (or significance criteria) to determine the severity of the impacts. Mitigation measures intended to reduce significant impacts are identified where feasible.

- 5.0 Alternatives Project Description and Screening Analysis** – Provides descriptions of the Project alternatives that were evaluated in this document. The section also presents an alternative screening analysis that was used to identify alternatives that could reduce significant impacts associated with the Proposed Project.
- 6.0 Comparison of Proposed Project and Alternatives and Conclusions** – Provides an analysis of alternatives to the Proposed Project that could lessen any identified significant impacts while still achieving the Project goals. It also includes the impact analysis for the alternatives evaluated in the EIR. Lastly, it summarizes the environmental advantages and disadvantages associated with the Proposed Project and the alternatives.
- 7.0 Other CEQA Sections** – Discusses the significant irreversible environmental changes that would be caused by the Proposed Project should it be implemented. The section also discusses the spatial, economic, and/or population growth impacts that may result from the Proposed Project.
- 8.0 Mitigation Monitoring Program** – Contains a listing of all identified mitigation measures that should be included in the permit, their implementation requirements, verification schedule, and parties responsible for implementation and verification.
- 9.0 List of EIR Preparers** – Identifies and presents the qualifications of those who prepared the report.
- 10.0 Agencies and Individuals Consulted During EIR Preparation** – Lists reference materials used and persons contacted to prepare the report.

The EIR also contains appendices that support the EIR and the analysis in Chapter 4. These appendices include:

- Appendix A – Air Emission Calculations
- Appendix B – Notice of Preparation, Comments, and Responses
- Appendix C – NMMATG 2009 Annual Report
- Appendix D – List of Abbreviations and Acronyms
- Appendix E – References
- Appendix F – Traffic
- Appendix G – Water Supply Assessment
- Appendix H – DEIR Comments and Responses

These appendices are available in electronic format on the CD attached to the inside back cover of the EIR notebook. In addition, all comments on the Draft EIR and corresponding responses are included electronically on the CD attached to the inside back cover of the EIR notebook.

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