Promoting the wise use of land
Helping build great communities

COUNTY OF SAN LUIS OBISPO
DEPARTMENT OF PLANNING AND BUILDING
STAFF REPORT

PLANNING COMMISSION

MEETING DATE	CONTACT/PHONE	APPLICANT	FILE NO.
December 13, 2012	Murry Wilson / Environmental Resource Specialist (805) 788-2352	Phillips 66	DRC2008-00146

SUBJECT
Hearing to consider a request by Phillips 66 for a Development Plan / Coastal Development Permit to allow for the increase in the daily maximum limit of crude oil throughput (by 10 percent) from 44,500 barrels per day (bpd) to 48,950 bpd at the existing oil refinery. Additionally, for the SLOCAPCD permit, the 12-month rolling average of crude oil throughput would increase from 16,220,600 barrels per year (bpy) to 17,866,750 bpy. The project will not result in new ground disturbance on the approximately 1,644 acre parcel. The proposed project is within the Industrial land use category and is located at 2555 Willow Road, southwest of the Village of Callender Garrett. The site is in the South County (Coastal) planning area.

RECOMMENDED ACTION
1. Certify the Final Environmental Impact Report (FEIR) in accordance with the applicable provisions of the California Environmental Quality Act, Public Resources Code Section 21000 et seq.
2. Approve Conditional Use Permit DRC2008-00146 based on the findings listed in Exhibit A and the conditions listed in Exhibit B including the adoption the CEQA findings in Exhibit C.

ENVIRONMENTAL DETERMINATION
An Environmental Impact Report was prepared (pursuant to Public Resources Code Section 21000, et seq., and California Administrative Code Section 15000, et seq.) for this project. Mitigation measures are proposed to address Air Quality, Public Safety and Hazardous Materials, Noise and Vibration, Transportation and Circulation, Public Services, Land Use Policies, and Water Resources.

LAND USE CATEGORY	COMBINING DESIGNATION	ASSESSOR PARCEL NUMBER	SUPERVISOR DISTRICT(S)
Industrial	Flood Hazard, Sensitive Resource Area, Terrestrial Habitat, Local Coastal Program, and Coastal Appealable Zone	091-141-062, 092-391-020, 021, 034, 092-401-005, 011, 013, 092-411-002, 005	4

PLANNING AREA STANDARDS:
Areawide (Circulation): 1. Areawide Systems – Development Plan Projects, Open Space – Limitation on Use

LAND USE ORDINANCE STANDARDS:
23.04.420 – Coastal Access Required, Section 23.06.040 – Noise Standards, Section 23.06.082 – Air Pollution Control District Review, Section 23.06.084 – Odors, Section 23.06.102 – Regional Water Quality Control Board (RWQCB) Review, Section 23.06.126 – Flammable and Combustible Liquids Storage, Section 23.07.104 – Terrestrial Habitat Protection (TH), 23.07.120 – Local Coastal Program Area, 23.08.094 – Petroleum Refining and Related Industries, and Marine Terminals and Piers, Coastal Appealable Zone

EXISTING USES:
Refinery

SURROUNDING LAND USE CATEGORIES AND USES:
North: Industrial and Residential Suburban / Various uses
East: Agriculture and Recreation / Various uses
South: Agriculture / Agricultural uses
West: Open Space and Recreation / SRA and Recreation

ADDITIONAL INFORMATION MAY BE OBTAINED BY CONTACTING THE DEPARTMENT OF PLANNING & BUILDING AT:
COUNTY GOVERNMENT CENTER γ SAN LUIS OBISPO γ CALIFORNIA 93408 γ (805) 781-5600 γ FAX: (805) 781-1242

OTHER AGENCY / ADVISORY GROUP INVOLVEMENT: The project was referred to: South County Community Advisory Group, Public Works, Environmental Health, Ag Commissioner, County Parks, CDF, APCD, Department of Fish and Game, Cal Trans, and the California Coastal Commission.	
TOPOGRAPHY: Variable - Coastal dunes	VEGETATION: Coastal dune vegetation
PROPOSED SERVICES: Water supply: On-site system Sewage Disposal: Individual sewage disposal system Fire Protection: Cal Fire	ACCEPTANCE DATE: November 4, 2009

PROJECT HISTORY / DISCUSSION

The Phillips 66 Santa Maria Facility (SMF) was built on the Arroyo Grande mesa in southern San Luis Obispo County (SLOC) in 1955. The facility is surrounded by industrial, recreational, agricultural, residential and open space land uses. The SMF operates 24 hours per day and 365 days per year, except when shut down for maintenance.

The SMF was previously owned by several companies, including Union Oil Company of California, Tosco, Phillips Petroleum, and ConocoPhillips (recently changing the name to Phillips 66 Company). Since 1955, the primary land use has been petroleum oil refining.

The SMF mainly processes heavy, high-sulfur crude oil. The bulk of crude oil processed at the SMF is delivered via pipeline from offshore platforms in the Outer Continental Shelf of Santa Barbara County and from oils fields in the Santa Maria area. In addition, crude oil from other onshore sources such as the Arroyo Grande (Price Canyon) field and San Ardo field is delivered by truck to the Santa Maria Pump Station (located in the City of Santa Maria) and then pumped into the dedicated pipeline to the SMF. Crude is received via pipeline only, processed at the SMF, and semi-refined liquid products from the SMF are sent by pipeline to the Rodeo Refinery (near San Francisco) for upgrading into finished petroleum products. Products leaving the SMF are: (1) semi-refined petroleum by pipeline; (2) solid petroleum coke by rail or haul truck; and (3) recovered sulfur by haul truck. In order for the semi-refined liquid product to arrive at the Rodeo Refinery, an additional pump station located near Santa Margarita is used to achieve the necessary flow to reach the end destination.

During recent years, the SMF has been upgraded to modernize the processes and comply with changing environmental regulations. Significant upgrades included installing emission control devices like the tail gas unit, low nitrogen oxide (NO_x) burners, tank vapor recovery, and flare vapor recovery. The water treatment plant was upgraded by installing a reverse osmosis system that replaced a water softener unit, which reduces water demand from the refinery well water system. Also, changing the water effluent to a tankage system eliminated storing water in onsite surface impoundments. The most recent change at the site involved the permanent shut down of the petroleum coke calciner in March 2007, resulting in decreased criteria pollutants and hazardous air pollutants, and reduced water usage.

The proposed project entails an increase to the permitted volume of processed crude oil over the existing permit level by 10 percent. The project will not result in new ground disturbance or physical expansion of the facility. A detailed project description and discussion of current site operations are contained in Section 2 (Project Description) of the EIR.

The project was initiated by Phillips 66 as a request to increase throughput at the facility associated with their Air Pollution Control District permit. The Department of Planning and Building subsequently identified the need to obtain a new Development Plan and Coastal Development Permit prior to undertaking any modification, expansion, or change in maximum refining capacity (as required by a previous approval D890287D). As a result of the dual permit requirements associated with the proposed project, the San Luis Obispo Air Pollution Control District (SLOCAPCD) and the Department of Planning and Building (County) agreed to be co-lead agencies for the purpose of environmental review.

The project included the preparation of an Environmental Impact Report (EIR). The project would result in impacts to air quality, public safety and hazardous materials, noise, land use, public services, and water resources. No significant and unavoidable impacts would result from the proposed project. All impacts would be mitigated to a less than significant level.

A wide range of alternatives were considered for evaluation in the EIR. The Proposed Project with use of the "Southbound Route Alternative" is the environmentally preferred alternative and is recommended for your Commission's consideration. This involves re-routing truck traffic associated with the proposed project away from Highway 166 (through the City of Santa Maria) and requires truck traffic to follow State Route 1 (Willow Road which turns into Guadalupe Road then Cabrillo Highway and lastly Casmalia Road) east and then south to West Clark Avenue; and east on West Clark Avenue (which becomes East Clark Avenue) to U.S. Highway 101 southbound ramp. The "Southbound Route Alternative" would result in lower risk of upset during transportation of products because there is less traffic and population along the alternative route. Conditions of approval which require the applicant to use the "Southbound Route Alternative" are provided for your consideration in Exhibit B – Conditions of Approval.

PROJECT ANALYSIS

ORDINANCE COMPLIANCE:

23.04.420 – Coastal Access Required: Development within the coastal zone between the first public road and the tidelands shall protect and / or provide coastal access. The intent of these standards is to assure public rights of access to the coast are protected as guaranteed by the California Constitution. Coastal access standards are also established by this section to satisfy the intent of the California Coastal Act.

The project site is located adjacent to a State of California recreational area (Oceano Dunes) to the west. The project site contains approximately 7,600 feet (1.44 miles) of property frontage adjacent to the State recreation area. Along this portion of coastline, the nearest vertical access points are located at Pier Avenue in Oceano [approximately 18,900 feet (3.58 miles) to the north – as measured from the northern property boundary] and at Osos Flaco Lake [approximately 3,900 feet (0.74 miles) to the south – as measured from the southern property boundary]. The overall distance between existing vertical access points along this portion of the coastline (as

the bird fly's) is approximately 5 miles. Lateral access exists along a majority of the coastline in the vicinity of the project site due to the ocean front properties being held by the State of California.

Section 23.04.420 c. defines when new access is required. New access is required for all new development unless the development project falls within one of the exemptions identified in this section. The proposed project does not meet the criteria found in the exceptions and the provisions of subsection d. have not been satisfied with regard to location of vertical access points.

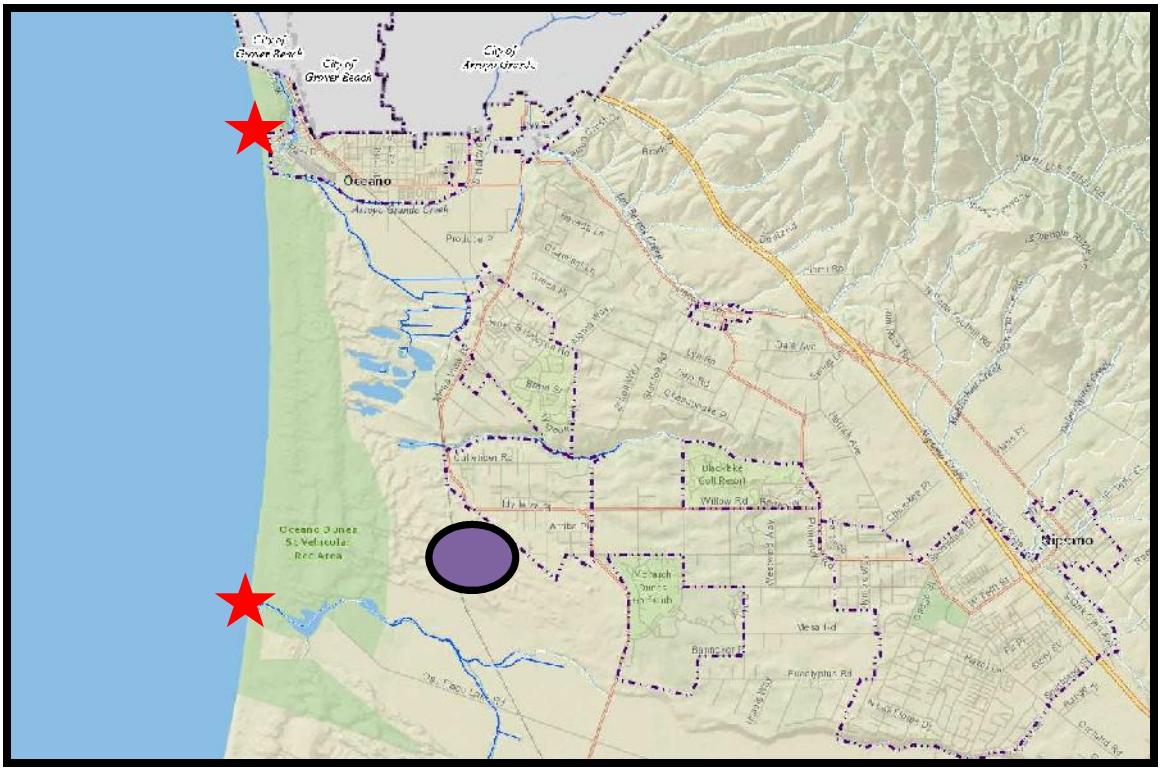
Subsection d. identifies the type of access required and where access should be provided in new development projects. Section 23.04.420 d.(1)(ii) states: In rural areas where no dedicated or public access exists within one mile, or if the site has more than one mile of coastal frontage, an accessway shall be provided for each mile of frontage. Section 23.04.420 d.(2) identifies the minimum width of accessways within rural areas as 10 feet.

Staff has evaluated the existing vertical access points in the vicinity of the project site (as discussed above). Coastal access and recreation opportunities exist to the west of the project site within the State of California recreation area. Horizontal access along the coastline currently exists between the two vertical access points described above for pedestrians (except for partial beach closure during the nesting season). Vehicular access is provided within a portion of the State of California recreation area between the two existing access points. It should be noted that vehicular access from Pier Avenue to the State of California recreation area requires payment of a day use fee (five dollars).

The southern access point (Oso Flaco Lake) provides pedestrian only access to the beach. The northern access point (Pier Avenue, Oceano) provides for both pedestrian and vehicular access. By providing an additional vertical access point along the current service road (a likely location for vertical access), additional shoreline will be made available to pedestrian users which are currently limited by the distant locations between the existing vertical access points.

Staff has determined through a review of existing vertical access that adequate public access does not exist in the vicinity of the project site. By providing vertical access consistent with the provisions of Section 23.04.420, any construction that may be required for the physical development of the accessway would be processed through a Minor use Permit or as part of a Development Plan for the principle use (refinery operation).

Based on the above referenced sections of the CZLUO regarding coastal access, a condition of approval has been included to provide coastal access as required by Section 23.04.420.



Nearest vertical access points

Project site

Additional discussion related to shoreline access is provided below in the Coastal Plan Policies section.

Section 23.06.040 – Noise Standards: This operational standard specifies how noise is to be measured, specifies allowable interior and exterior noise level standards, and is designed to protect people from excessive noise levels.

The SMF currently operates 365 days a year. The project would result in continued operations at the facility as well as continued pumping of partially processed oil through the pipeline on its route to the San Francisco Bay Area (Rodeo Facility). The project would allow a greater volume of oil to be processed than currently permitted. This would result in increased noise associated with the pump station in Santa Margarita as well as increased noise levels on area roadways.

Through the preparation of the EIR, it was determined that noise related impacts would be less than significant and would not exceed the thresholds established in the Noise Standards established in Title 23. Mitigation would be required at the Santa Margarita pump station to reduce project related noise impacts. The project is consistent with this standard.

Section 23.06.082 – Air Pollution Control District Review: This operational standard establishes that the APCD be notified when new development is proposed to include equipment or activities that involve combustion and / or storage or use of hydrocarbons or other air contaminants.

The San Luis Obispo Air Pollution Control District (SLOCAPCD) and the Department of Planning and Building (County) are co-lead agencies for the purpose of environmental review. The APCD and the County have participated in the preparation of the EIR therefore the notification of APCD regarding this application has been met. The project is consistent with this standard.

Section 23.06.084 – Odors: This operational standard requires that any non-agricultural land use conducted with one-half mile of any urban or village reserve line is to be so operated as not to emit matter causing noxious odors which are perceptible at or beyond the lot line of the project site.

The release of materials that contains even small amounts of sulfur compounds (H_2S) or hydrocarbons produce an odor. Several products associated with the oil and gas industry can produce nuisance odors. Odor events can be caused from many different situations associated with refinery equipment operations.

The applicant will be required to submit an Odor Control Plan (to be approved by the APCD). The plan is required to identify all potential odor sources at the refinery and detail how the odors will be controlled at each odor source. The plan would contain a complaint monitoring and reporting section and include a hotline number for complaints to be received. The project is consistent with this standard.

Section 23.06.102 – Regional Water Quality Control Board (RWQCB) Review: This operational standard establishes procedures for notification of the RWQCB when a new land use or development has the potential to affect groundwater quality.

A referral was sent to the Regional Water Quality Control Board (RWQCB) regarding the proposed project. The project would result in an increase in water usage by approximately 1 percent over the existing water usage including an increased amount of effluent discharged through their outfall structure to the Pacific Ocean. The project also includes the storage of "coke" product that has the potential to come in contact with surface water.

Consultation with the RWQCB occurred during the EIR process to ensure their concerns were addressed. The consultation resulted in mitigation measures being applied to the project to address water quality concerns identified in the EIR. These impacts / concerns would be mitigated to a level of insignificance after implementation of the mitigation measures. The project is consistent with this standard.

Section 23.06.126 – Flammable and Combustible Liquids Storage: This operation standard specifies that storage of flammable or combustible liquids is subject to permitting, limitations on quantity, location of storage, and setbacks.

The project would include the storage of flammable or combustible material on the project site. The storage facilities currently exist on the project site and no new facilities are proposed for the purpose of materials storage. The project is consistent with this standard.

COMBINING DESIGNATIONS:

Section 23.07.060 – Flood Hazard Area (FH): This combining designation standard is used to identify areas where flood hazards could affect life and property and where development could affect drainage and waterways.

The Flood Hazard designation is located on the southern portion of the project site. No activities currently occur in the location of the Flood Hazard designation and the project does not include new ground disturbance. The project is consistent with this standard.

Section 23.07.104 – Terrestrial Habitat Protection (TH): This combining designation standard is used to protect and preserve sensitive plant and wildlife species by preserving their habitats. This standard also specifies use of native plants where vegetation is removed and installation of barriers to protect surrounding habitat during construction.

The project will not result in new ground disturbance activities. No vegetation removal is proposed as a part of this project. No impacts to sensitive plants and / or wildlife are anticipated from this project. The project is consistent with this standard.

23.07.120 – Local Coastal Program Area: The Local Coastal Program combining designation identifies areas of San Luis Obispo County that are within the California Coastal Zone as determined by the California Coastal Act of 1976. The provisions of this title apply to all unincorporated portions of the county located within the Coastal Zone, and do not apply to any areas outside of the LCP combining designation.

The project site is located in the Coastal Appealable Zone of San Luis Obispo County. The project is appealable to the Coastal Commission because the project site is located between the first public road and the sea.

SPECIAL USE STANDARDS:

23.08.094 – Petroleum Refining and Related Industries, and Marine Terminals and Piers: This section applies to establishments primarily engaged in petroleum refining and compounding lubricating oils and greases from purchased materials, oil or gas processing facilities, manufacture of petroleum coke and fuel briquettes and tank farms.

a. **Specific Plan Required:** An application for a land use permit for a project within the use group of Petroleum Refining and Related Industries (including extended reach facilities) and Marine Terminals and Piers may be applied for and obtained only after a Specific Plan, as described in Government Code Section 65450 et seq., for overall development of the parcel has been approved, except for:

(1) An existing facility used solely for in-field processing of petroleum produced from a field surrounding or adjacent to the facility and not exceeding 10,000 barrels processing capacity of petroleum and related fluids, excluding produced water, per day;
(2) An existing facility used solely for in-field compression or sweetening of natural gas and similar fluids produced from a field surrounding or adjacent to the facility;
(3) Existing storage facilities having a capacity not exceeding 210,000 barrels of crude petroleum or refined petroleum products;
(4) Emergency oil spill response facilities;
(5) Additions within existing facilities or modifications to existing facilities mandated by local, state, or federal requirements or by a demonstrated need for replacement due to technological improvement or facility age that do not expand the capacity of a facility by more than 10 percent or expand the existing exterior boundary of the site; and,
(6) Any new marine terminal or pier which will be used solely for commercial, recreational, or fishing purposes excluding onshore support facilities for petroleum production, equipment, and related passenger transportation facilities; and,
(7) Any facility described by size, capacity, physical characteristics, and site as part of a previously approved specific plan.

The applicant (Phillips 66) is requesting an increase in the maximum allowable amount of crude oil throughput by 10 percent (from 44,500 barrels bpd to 48,950 bpd). This request is consistent with the Specific Plan exemption [23.08.094a(5)] discussed above because this project includes replacement of facility components with technological improvements (i.e. Best Available Control Technology on the crude heaters, coke heaters and boilers, etc.). Additionally, the project will not expand the capacity of the facility by more than the 10 percent limitation discussed above and will not expand the footprint of the facility.

If the applicant proposes expansions to the facility in the future which would increase the maximum permitted throughput beyond 48,950 bpd, the applicant would be required to obtain a new Development Plan approval including the preparation of a Specific Plan as required by Section 23.08.094. A condition of approval has been included to address this issue.

b. Specific Plan preparation costs to be borne by applicant: The text of this section has not been included.

The project did not require the preparation of a Specific Plan therefore this subsection is not applicable to the project.

c. Contents of Specific Plan: The text of this section has not been included.

The project did not require the preparation of a Specific Plan therefore this subsection is not applicable to the project.

d. Factors to be Considered: The text of this section has not been included.

The project did not require the preparation of a Specific Plan therefore this subsection is not applicable to the project.

e. Pre-application conference required: The text of this section has not been included.

The project did not require the preparation of a Specific Plan therefore this subsection is not applicable to the project.

f. Permit requirements: Development Plan approval by the Board of Supervisors is required for all new uses and any expansion of the external boundaries of existing uses. The action of the Planning Commission described in Section 23.02.034 c shall be a recommendation to the Board of Supervisors. Minor Use Permit approval is required for modification of facilities within an existing approved development, unless a condition of a previous Development Plan approval sets a different land use permit requirement.

Development Plan D890287D (approved on August 23, 1990) contained conditions of approval that required the applicant to obtain a new development plan approval prior to any change in the maximum refining capacity or changes in the maximum throughput beyond 44,500 bpd wet oil. The conditions of approval that required this subsequent permit reads as follows:

GEN 1 Refinery modification approval. Approval of this development plan application (at times hereinafter referred to as "development plan" or "approval"), is made as of August 23,1990, by the San Luis Obispo County Planning Commission subject to all the following conditions. This approval authorizes Unocal, Inc. to construct and operated a modified process water stripper & storage tank and a flare stack at Unocal's Santa Maria refinery, refinery operation under this approval to be conducted at a maximum 44,500 barrels per day wet.

GEN 3 Additional County approvals required for changes to project. The applicant shall obtain a new development plan approval from San Luis Obispo County prior to undertaking any of the following activities: Any refinery modifications or expansion, any changes in maximum throughput from 44,500 BPD wet oil, or any other change which in the County's sole judgment have the potential to cause significant impacts.

The applicant Phillips 66 is requesting a Development Plan / Coastal Development permit in accordance with the above referenced conditions of approval required by D890287D. The land use permit requirement was set by D890287D to ensure that any significant future actions at the facility would be reviewed by the Planning Commission prior to being approved.

g. Application requirements: The text of this section has not been included.

The project did not require the preparation of a Specific Plan therefore this subsection is not applicable to the project.

h. Standards and specifications: The text of this section has not been included.

The project does not include any new construction or ground disturbance therefore this section is not applicable.

PLANNING AREA STANDARDS:

Areawide (Circulation):

1. **Areawide Systems – Development Plan Projects.** Development Plan proposals are to be integrated into areawide circulation and utility easements, providing for future extensions into adjacent undeveloped properties wherever feasible or where known areawide rights-of-way are planned.

The Department of Public Works and Cal Trans have reviewed the proposed project and provided comments as part of the referral and EIR process. All circulation concerns have been addressed as part of the proposed project. The project is consistent with this standard.

Open Space:

1. **Limitation on Use.** This area shall be maintained in its natural state to provide a buffer from the off-road vehicular area to the west and to afford protection to the refinery area to the east. Only authorized vehicles uses for maintenance purposes are permitted, except for special off-road events which may be permitted if the lease between Union Oil and State Parks is renegotiated.

The portion of the project site that is zoned Open Space (located west of the railroad corridor) is not subject to any physical development associated with the proposed project. The project is consistent with this standard.

ENVIRONMENTAL DETERMINATION:

The project included the preparation of an EIR. The Final EIR was released for public review in October 2012. All significant impacts associated with the proposed project have been mitigated to a level of insignificance.

The project site is located within the California Coastal Zone as determined by the California Coastal Act of 1976 and is subject to the provisions of the Local Coastal Plan.

COASTAL PLAN POLICIES: This project is in compliance with the Coastal Plan Policies. The most relevant policies are discussed below.

Shoreline Access: ☒ Policy No(s): 2, 5, 8, and 10
Recreation and Visitor Serving: N/A
Energy and Industrial Development: ☒ Policy No(s): 1A, 24, and 25
Commercial Fishing, Recreational Boating and Port Facilities: N/A
Environmentally Sensitive Habitats: ☒ Policy No(s): 3, 29, and 31
Agriculture: N/A
Public Works: ☒ Policy No(s): 1
Coastal Watersheds: ☒ Policy No(s): 1
Visual and Scenic Resources: ☒ Policy No(s): 1

Hazards: N/A
Archeology: ☒ Policy No(s): 1, 4, and 6
Air Quality: ☒ Policy No(s): 1

COASTAL PLAN POLICY DISCUSSION: The proposed project's conformity with applicable Coastal Plan Policies is as follows:

POLICIES FOR SHORELINE ACCESS

Policy 2: New Development
This policy requires a new development to provide for maximum public access from the nearest public roadway to the shoreline. This standard is to be implemented as a standard pursuant to Section 23.04.420 a. and c. of the Coastal Zone Land Use Ordinance (CZLUO).

The applicant will be required, as a condition of approval, to comply with the requirements of Section 23.04.420.

Policy 5: Acceptance of Offers to Dedicate
This policy acknowledges the need to accept offers to dedicate for vertical accessways prior to the area being opened to public use.

Prior to the public using an offered accessway, a public agency or private association must agree to accept the responsibility for maintenance and liability of the access way. No use of the offered accessway will be authorized until such time the offer is accepted by an appropriate agency.

Policy 8: Minimizing Conflicts with Adjacent Uses
This policy requires provisions for providing maximum access in a manner which minimizes conflicts with adjacent uses.

The project site is located adjacent to State of California lands to the west, industrial land uses to the north, agricultural lands to the south and east, with the project site being bisected by the Union Pacific Railroad (UPRR). Potential conflicts with the railroad corridor could exist due to increasing pedestrian activity in and around the railroad corridor. The development of vertical access that would be required by this project must be coordinated with UPRR to ensure safety concerns associated with the railroad corridor and the vertical access requirement are met.

Policy 10: Protection of Property Rights and Privacy
The acquisition of rights for access and view purposes and other uses by the public should be consistent with the protection of the property and use rights of property owners. Access routes should be selected and designed so as to minimize the public impact on private property.

The project site is bisected by the UPRR corridor. Planning Area Standards require that all physical development associated with the refinery operations be located on the east side of the UPRR corridor so direct conflicts with refinery operations are not anticipated at this time or in the future. To minimize the potential for impacts to Dune Sands habitat, the accessway may be located in the approximate location of the existing service road that provides access to maintain

the ocean outfall line. Co-locating the vertical access where an existing maintenance road is located would minimize impact to sensitive resources and private property.

POLICIES FOR ENERGY AND INDUSTRIAL DEVELOPMENT

Policy 1A: New Facilities and Expansion of Existing Sites
This policy states, "No permit, entitlement, lease, or other authorization of any kind within the County of San Luis Obispo which would authorize or allow the development, construction, installation, or expansion of any onshore support facility for offshore oil and gas activity shall be final unless such authorization is approved by a majority of the votes cast by a vote of the people of the County of San Luis Obispo in general or special election. For the purpose of this ordinance, the term "onshore support facility" means any land use, installation, or activity required to support the exploration, development, production, storage, processing, transportation, or related activities of offshore energy resources."

The Santa Maria Facility has historically processed offshore crude from the Outer Continental Shelf (OCS) and Point Pedernales, as well as crude from onshore sources. Phillips purchases its OCS and Point Pedernales crude on the open market and it does not own or operate any offshore production facility off of California. Theoretically, if Phillips were to stop purchasing OCS and Point Pedernales crude, then that same crude would instead be purchased by and processed at another refinery. Refineries in the Los Angeles area receive OCS and Point Pedernales crude through the Plains-All American Pipeline. Because there are multiple refineries that purchase and process OCS and Point Pedernales crude, it is possible to conclude that the Santa Maria Refinery is not required in order to support offshore energy resources and, therefore, is not subject to this policy.

Policy 24: Requirement for Petroleum Transportation
This policy requires offshore oil to be transported to refining centers by pipeline, where feasible, rather than by petroleum tankers to minimize increased air pollutant emissions and the increased probability of oil spills.

The Santa Maria Facility receives all crude oil for processing by pipeline from various sources, including the Outer Continental Shelf (69%), Point Pedernales (18%), Orcutt (6%), and truck deliveries to the Santa Maria Pump Station (7%). Therefore, the project is consistent with this policy.

Policy 25: Air Pollution Standards
This policy requires that any expansion or modification to existing petroleum processing facilities shall meet SLOCAPCD standards.

Through the environmental review process and the analysis of the refinery throughput increase, the project would result in some additional emissions from the refinery that could be offset through mitigation included in the EIR. Emissions from offsite mobile sources would increase, resulting in significant but mitigable impacts. Since the SLOCAPCD was the co-lead agency for the EIR and participated in the review of the EIR contents, Staff has determined that project is consistent with this standard.

POLICIES FOR ENVIRONMENTALLY SENSITIVE HABITATS

Policy 3: Habitat Restoration
The County or Coastal Commission should require the restoration of damaged habitats as a condition of approval when feasible.

The proposed project would not be expected to cause any new impacts to native species and / or habitat on the project site. Historic coke storage activities at the project site have resulted in damage to dune habitat. The applicant has agreed to limit the size of the coke stockpile resulting in less ground surface area required for the storage of coke products. Prior to increasing throughput and as a condition of approval, the applicant will be required to delineate the reduced storage area and keep all coke storage within that area. Additionally, the applicant shall quantify the area where coke storage bi-products have been historically deposited outside the reduced storage area. The area that would no longer be used for active coke storage shall either be restored or similar habitat on another portion of the project site equal to the area no long used for coke storage shall be restored pursuant to Section 23.07.170.

Policy 29: Protection of Terrestrial Habitats
Designated plant and wildlife habitats are environmentally sensitive habitat areas and emphasis for protection should be placed on the entire ecological community.

The proposed project does not include new ground disturbance. No new areas that contain terrestrial habitats will be impacted by the proposed project.

Policy 31: Design of Trails in and Adjoining Sensitive Habitats
San Luis Obispo County, or the appropriate public agency, shall ensure that the design of trails in and adjoining sensitive habitat areas shall minimize adverse impact on these areas.

Pursuant to Section 23.04.420, any construction that may be required for the physical development of the accessway would be processed through a Minor use Permit or as part of a Development Plan for the principle use (refinery operation) which would provide a mechanism to ensure protection of the surrounding habitat.

POLICIES FOR PUBLIC WORKS

Policy 1: Availability of Service Capacity
New development shall demonstrate that adequate public service capacities are available to serve the proposed development.

The project would allow an increased throughput of 10 percent over the currently permitted amount. This project site is served by on-site wells and an on-site wastewater system with an ocean outfall to the Pacific Ocean. Through the evaluation in the EIR, it was determined that adequate water and wastewater services were available to serve the proposed project.

POLICIES FOR COASTAL WATERSHEDS

Policy 1: Preservation of Groundwater Basins
The long term integrity of the groundwater basin with the coastal zone shall be protected.

The project will result in an increase of 1 percent in water usage over the existing water demand at the project site. Increased water usage was reviewed as part of the EIR process and it was determined that the increased use of water associated with this project would be a less than significant impact therefore the project is consistent with this policy.

POLICIES FOR VISUAL AND SCENIC RESOURCES

Policy 1: Protection of Visual and Scenic Resources
Unique and attractive features of the landscape, including but not limited to unusual landforms, scenic vistas and sensitive habitats are to be preserved, protected, and in visually degraded areas, restored where feasible.

The proposed project is not anticipated to create any impacts to scenic vistas therefore the project is consistent with this policy.

POLICIES FOR ARCHAEOLOGICAL RESOURCES

Policy 1: Protection of Archaeological Resources
The County shall provide for protection of both known and potential archaeological resources. All available measures shall be explored to avoid development of important archaeological sites. Where these measures are not feasible, adequate mitigation shall be required.

Policy 4: Preliminary Site Survey for Development within Archaeologically Sensitive Areas
Development shall require a preliminary site survey by a qualified archaeologist knowledgeable in Chumash culture prior to determination of potential impacts of the project.

Policy 6: Archaeological Resources Discovered During Construction or Through Other Activities
Where substantial archaeological resources are discovered during construction, all activities shall cease until a qualified archaeologist knowledgeable in the Chumash culture can determine the significance of the resource and submit alternative mitigation measures.

The proposed project does not include any ground disturbance activities that would affect archaeological resources.

POLICIES FOR AIR QUALITY

Policy 1: Air Quality
The County will provide adequate administration and enforcement of air quality programs and regulations to be consistent with the San Luis Obispo County Air Pollution Control District (APCD) and the State Air Resources Board.

The SLOCAPCD was co-lead agency with regard to preparation of the EIR. The SLOCAPCD through the EIR process has provided guidance to ensure compliance with local air pollution regulations and to recommend mitigation measures where impacts were identified to ensure the project will be consistent with applicable programs and regulations.

Does the project meet applicable Coastal Plan Policies: Yes, as conditioned.

COMMUNITY ADVISORY GROUP COMMENTS: None

AGENCY REVIEW:
Public Works – See attached referral response
Environmental Health – Updated Hazardous Materials Business Plan required
Ag Commissioner – No comment
County Parks – No comment
CDF – No comment
APCD –Co-lead Agency
Department of Fish and Game – No comment
Cal Trans – No comment
California Coastal Commission – No comment

LEGAL LOT STATUS:

The existing parcels are a portion of: the Standard Eucalyptus Tract, which was filed for record on November 1, 1909 in Book 1 of Maps, Page 12; the map entitled "Map of the Subdivisions of Lot "E" of the Standard Eucalyptus Tract, which was filed for record on March 10, 1910 in Book 1 of Maps, Page 17; Lot Line Adjustment COAL 81-023, Parcel A; and Public Lot PL80-088, Parcel 11, and were legally created by deed, public lot, and issuance of multiple building and land use permits at a time when that was a legal method of creating parcels per Section 66499.34 of the Subdivision Map Act.

STAFF RECOMMENDATION

Staff recommends that the Planning Commission take the following action:

1. Certify the Final Environmental Impact Report (FEIR) in accordance with the applicable provisions of the California Environmental Quality Act, Public Resources Code Section 21000 et seq.

2. Approve Conditional Use Permit DRC2008-00146 based on the findings listed in Exhibit A and the conditions listed in Exhibit B including the adoption the CEQA findings in Exhibit C.

Staff report prepared by Murry Wilson and reviewed by Steve McMasters.

ATTACHMENTS

Exhibit A – Findings

Exhibit B – Conditions of Approval

Exhibit C – CEQA Findings

Exhibit D – Project Graphics

EXHIBIT A – FINDINGS

Environmental Determination

A. The Environmental Coordinator finds that there is evidence that the project may have a significant effect on the environment, and therefore an Environmental Impact Report was prepared (pursuant to Public Resources Code Section 21000, et seq., and California Administrative Code Section 15000, et seq.) for the proposed project. Impacts were identified and mitigation measures have been proposed for: Air Quality, Public Safety and Hazardous Materials, Noise and Vibration, Transportation and Circulation, Public Services, Land Use Policies, and Water Resources. See Exhibit C for CEQA Findings.

Development Plan

B. The proposed increase in throughput is consistent with the San Luis Obispo County General Plan and Local Coastal Program because the use is an allowable use in the Industrial land use category and as conditioned is consistent with all the General Plan Policies and Local Coastal Program Policies.

C. As conditioned, the proposed throughput increase satisfies all applicable provisions of Title 23 of the County Code.

D. The establishment and subsequent operation or conduct of the throughput increase will not, because of the circumstances and conditions applied in the particular case, be detrimental to the health, safety or welfare of the general public or persons residing or working in the neighborhood of the use, or be detrimental or injurious to property or improvements in the vicinity of the use because as identified in the EIR, adverse and unavoidable significant impacts will not result and potentially significant impacts related to Air Quality, Public Safety and Hazardous Materials, Noise and Vibration, Transportation and Circulation, Public Services, Land Use Policies, and Water Resources will be mitigated to a level of insignificance as detailed in the EIR.

E. The proposed project or use will not be inconsistent with the character of the immediate neighborhood or contrary to its orderly development. The project site is located in the Industrial land use category and is occupied by an existing oil refinery. With inclusion of the recommended mitigation measures, impacts associated with the throughput increase will be mitigated to a level of insignificance.

F. The proposed project or use will not generate a volume of traffic beyond the safe capacity of all roads providing access to the project, either existing or to be improved with the project. The throughput increase would result in an increase in project related traffic of approximately 3.9 trips per day over the CEQA baseline, or 11.4 trips per day over the current operations which would not result in a change to Level of Service (LOS) or contribute to a substantial change in traffic loads on any of the project related intersections or roadways. Additionally, the environmentally superior alternative (the proposed project with the southbound route alternative) would reduce impacts along Highway 166 (in the City of Santa Maria) and the recommended measure to use the Willow Road interchange for north and eastbound traffic would reduce impacts associated with north and eastbound traffic (in and around the City of Arroyo Grande).

G. The proposed throughput increase is consistent with the requirements of the San Luis Obispo County Coastal Zone Land Use Ordinance Section 23.02.034 c(4)(vi) which requires conformity with the public access and recreational policies of Chapter 3 of the California Coastal Act because as conditioned, the project will be required to comply with Section 23.04.420 – Coastal Access Required. Lateral access will not be required for this project because the lands within 25 feet of the shoreline are not under ownership of the applicant. Vertical access will be required by Condition of Approval #17 in the approximate location of the existing maintenance road. The project site contains approximately 7,600 feet (1.44 miles) of property frontage adjacent to the State recreation area requiring one vertical access pursuant to Section 23.04.420 d.(1)(ii).

Sensitive Resource Area

H. The development will not create significant adverse effects on the natural features of the site or vicinity that were the basis for the Sensitive Resource Area designation, and will preserve and protect such features through the site design, because the proposed project would not result in any additional ground disturbance beyond the current developed footprint of the refinery as a result of the throughput increase.

Environmentally Sensitive Habitats

I. There will be no significant impact on the sensitive Terrestrial Habitat located on the project site (west of the UPRR tracks) and the proposed use will not disrupt or be inconsistent with the biological continuance of the habitat because the project will not result in any new ground disturbance to facilitate the throughput increase. The vertical access required as a condition of approval of this project would be located within or adjacent to the existing maintenance road as shown in Exhibit D – Project Graphics.

EXHIBIT B - CONDITIONS OF APPROVAL

Approved Development

1. This approval authorizes:

   a. Development Plan / Coastal Development Permit (DRC2008-00146) to allow for the increase in the daily maximum limit of crude oil throughput (by 10 percent) from 44,500 barrels per day (bpd) to 48,950 bpd at the Santa Maria Facility (SMF). Additionally, for the SLOCAPCD permit, the 12-month rolling average of crude oil throughput would increase from 16,220,600 barrels per year (bpy) to 17,866,750 bpy.

   b. The project as conditioned herein including the use of the environmental preferred alternative "Southbound Route Alternative" as follows: State Route 1 (Willow Road which turns into Guadalupe Road then Cabrillo Highway and lastly Casmalia Road) east and then south to West Clark Avenue; and east on West Clark Avenue (which becomes East Clark Avenue) to U.S. Highway 101 southbound ramp.

   c. All previous conditions of approval authorized by previous use permits shall remain in effect except for conditions of approval specifically modified by this approval as described herein.

   d. Any future expansion beyond 48,950 bpd or 17,866,750 bpy shall require Development Plan / Coastal Development Permit approval including preparation of a Specific Plan as required by Section 23.08.094.

Site Development

2. **For any facility upgrade requiring issuance of a construction permit required by this approval,** plans submitted shall show all development consistent with the approved site plan.

3. **At the time of application for construction permits,** the applicant shall provide details on any proposed exterior lighting, if applicable. The details shall include the height, location, and intensity of all exterior lighting. All lighting fixtures shall be shielded so that neither the lamp or the related reflector interior surface is visible from adjacent properties. Light hoods shall be dark colored.

Fire Safety

4. **At the time of application for construction permits,** all plans submitted to the Department of Planning and Building shall meet the fire and life safety requirements of the California Fire Code.

5. **Prior to occupancy or final inspection of any improvements requiring a Fire Safety Plan,** the applicant shall obtain final inspection and approval from CDF of all required fire/life safety measures.

Fees

6. **Prior to issuance of a construction permit**, the applicant shall pay all applicable school and public facilities fees.

Air Quality

7. **(AQ-1.1) Prior to issuance of the Notice to Proceed authorizing an increase in Refinery throughput,** the Applicant shall apply BACT on the crude heaters, coker heaters and boilers, vacuum heaters and superheaters, and/or utilize an equivalent method onsite with other equipment, to reduce the NO_x emissions to less than the SLOCAPCD thresholds.

8. (**AQ-1.2) To the extent feasible,** and if AQ-1.1 does not reduce emissions to below the thresholds, all trucks under contract to the Santa Maria Facility (SMF) shall meet EPA 2010 or 2007 model year NO_x and PM emission requirements and a preference for the use of rail over trucks for the transportation of coke shall be implemented to the extent feasible in order to reduce off-site emissions. Annual truck trips associated with refinery operations and their associated model year and emissions shall be submitted to the SLOCAPCD annually.

9. **(AQ-1.3) Prior to issuance of the Notice to Proceed authorizing an increase in Refinery throughput,** if emissions cannot be mitigated below significance thresholds through implementation of mitigation measures AQ-1.1 and AQ-1.2, then off-site mitigation will be required as per SLOCAPCD guidance in the CEQA Handbook.

10. **(AQ-2) Prior to issuance of the Notice to Proceed authorizing an increase in Refinery throughput,** the Applicant shall prepare and submit an Odor Control Plan, which shall be approved by the SLOCAPCD. The Odor Control Plan shall identify all potential sources of odors at the Refinery. The plan shall detail how odors will be controlled at each odor source and the mechanism in place in the event of an upset or breakdown, as well as design methods to reduce odors, including redundancy of equipment (e.g., pumps and VRU compressors) or reductions in fuel gas sulfur content. Area monitoring shall be discussed. The Plan shall also include a complaint monitoring and reporting section and include a hotline number for individuals to call in case of a complaint.

11. (**AQ-3) Prior to issuance of the Notice to Proceed authorizing an increase in Refinery throughput,** the Applicant shall implement a program to increase efficiency of the Refinery stationary combustion devices to maintain GHG emissions to less than the SLOCAPCD thresholds (10,000 metric tonnes per year) over the emissions associated with the current permitted throughput. If the emission reductions threshold cannot be met by increasing stationary equipment efficiency, additional measures may include the use of more efficient model year trucks or alternative fueled vehicles for hauling vehicles. If after all applicable measures have been implemented, emissions are still over the

thresholds, then off-site mitigation will be required. The off-site mitigation measures shall be approved by the SLOCAPCD **prior to of the Notice to Proceed authorizing an increase in Refinery throughput.**

Public Safety and Hazardous Materials

12. **(PSHM-3) Prior to issuance of the Notice to Proceed authorizing an increase in Refinery throughput,** the Applicant shall ensure that any additional coke produced shall be deposited within designated areas as specified by the Coke and Sulfur Storage and Handling Plan and that these areas shall be clearly delineated to all operators. Storage of coke outside these existing delineated areas shall be only within lined areas or other equivalent measures to prevent groundwater contamination, as per consultation with the RWQCB.

Noise and Vibration

13. **(N-1)** The Applicant shall provide for a noise monitoring study, under the supervision of the County staff, to determine the noise levels in the vicinity of the Santa Margarita Pump Station and the compliance with applicable codes and standards. If noise levels are a concern, the Applicant shall install, at the Santa Margarita Pump Station, a sound wall constructed of barrier pads between the noise sources and residences, as close to the pumping operations as feasible, to reduce noise levels at the closest receptor property line to the County significance threshold level 50 dBA. Additional barrier walls shall be installed as deemed necessary by in-field measurements. Installation of the sound wall shall be verified by County Planning and Building **prior to of the Notice to Proceed authorizing an increase in Refinery throughput.**

Water Resources

14. **(WR-3.1)** The Applicant shall ensure that any additional increased process water is treated by the wastewater treatment system in conformance with the NPDES Permit.

15. **(WR-3.2) Prior to issuance of the Notice to Proceed authorizing an increase in Refinery throughput,** existing spill management precautions shall be amended as needed to mitigate an increased spill size due to the increased amount of crude oil processing as reviewed and approved by San Luis Obispo County Planning and Building in consultation with Environmental Health Services.

Transportation and Circulation

16. **(TR-1) Prior to issuance of the Notice to Proceed authorizing an increase in Refinery throughput,** the Applicant shall pay South County Area 2 Road Impact Fees to the Department of Public Works for the proposed 0.78 peak hour trip increase in accordance with the latest adopted fee schedule. In addition, after the Willow Road/U.S.Highway 101 interchange is completed, the Applicant shall end the use of both their northbound and eastbound truck routes, as identified in this document, and shall use the Willow Road Interchange instead. The Applicant shall notify all applicable truck drivers of this route change by mail and shall post the notification at the Project Site.

Coastal Access

17. **Prior to issuance of the Notice to Proceed authorizing an increase in Refinery throughput,** the applicant shall comply with Section 23.04.420 – Coastal Access Required. Construction of improvements associated with vertical public access (if required) shall occur within 10 years of the effective date of this permit (including any required Coastal Development Permit to authorize such construction) or at the time of any subsequent use permit approved at the project site, whichever occurs first. The approximate location of the vertical access required by this condition of approval shall be located within or immediately adjacent to the existing maintenance road as shown in Exhibit D – Project Graphic (Coastal Access Location Map 1 and 2).

Habitat Restoration

18. **Prior to issuance of the Notice to Proceed authorizing an increase in Refinery throughput,** the applicant shall quantify the area where coke storage bi-products have been historically deposited outside the reduced and delineated coke storage area required by PSHM-3 (COA #12). This area which would no longer be used for active coke storage shall either be restored or similar degraded habitat and in the same biome on another portion of the project site equal in area to the area no long used for coke storage shall be restored pursuant to Section 23.07.170. Restoration of damage habitats shall occur within 10 years of the effective date of this permit (including any required Coastal Development Permit to authorize such) or at the time of any subsequent use permit approved at the project site, whichever occurs first.

On-going conditions of approval (valid for the life of the project)

19. This land use permit is valid for a period of 24 months from its effective date unless time extensions are granted pursuant to Land Use Ordinance Section 23.02.050 or the land use permit is considered vested. This land use permit is considered to be vested once the Notice to Proceed has been issued by the Department of Planning and Building.

20. All conditions of this approval shall be strictly adhered to, within the time frames specified, and in an on-going manner for the life of the project. Failure to comply with these conditions of approval may result in an immediate enforcement action by the Department of Planning and Building. If it is determined that violation(s) of these conditions of approval have occurred, or are occurring, this approval may be revoked pursuant to Section 23.10.160 of the Land Use Ordinance.

21. The applicant shall, as a condition of the approval and use of this conditional use permit, enter into, and maintain for the life of the project, an agreement with the County providing for the defense and indemnification of the County, at its sole expense, any action brought against the County of San Luis Obispo, its present or former officers, agents, or employees, by a third party challenging either its decision to approve and issue this Development Plan / Coastal Development Permit or the manner in which the County is interpreting or enforcing the conditions of this conditional use permit, or any other action by a third party relating to approval or implementation of this Development Plan / Coastal Development Permit. The agreement shall provide that the applicant will

reimburse the County for any court costs and attorney's fees which the County may be required by a court to pay as a result of such action, but such participation shall not relieve the applicant of its obligation under this condition.

EXHIBIT C – CEQA FINDINGS
PHILLIPS 66 – SANTA MARIA REFINERY THROUGHPUT INCREASE

I. PROJECT DESCRIPTION

The Phillips 66 – Santa Maria Facility (SMF), built in 1955, operates 24 hours per day and 365 days per year, except when shut down for maintenance. The SMF mainly processes heavy, high-sulfur crude oil. Semi-refined liquid products from the SMF are sent by pipeline to the Rodeo Refinery near San Francisco for upgrading into finished petroleum products. Products leaving the SMF are: (1) semi-refined petroleum by pipeline; (2) solid petroleum coke by rail or haul truck; and (3) recovered sulfur by haul truck.

The Proposed Project would potentially cause the following changes at the SMF:

- An increase in volumes of crude oil delivered to and shipped via pipeline from the Santa Maria Pump Station to the SMF;
- An increased volume of products leaving the SMF for the Rodeo Refinery via pipeline;
- An increased volume of green coke and sulfur production; and
- An increase in shipments leaving the facility by either truck or railcar.

The Proposed Project entails an increase to the permitted volume of processed crude oil over the existing permit level by 10 percent. Under the Proposed Project, the County Planning and Building permit would increase the daily maximum limit of crude oil throughput by 10 percent, from 44,500 bpd to 48,950 bpd. Additionally, for the SLOCAPCD permit, the 12-month rolling average of crude throughput would increase from 16,220,600 bpy to 17,866,750 bpy. 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.

The Proposed Project would not involve any construction or additions to the SMF plot plan. No changes to the overall processing methods are proposed. Phillips estimates water use may increase by one percent under the Proposed Project.

II. THE RECORD

The California Code of Regulations, Title 14, Section 15091(b), requires that the Planning Commission's findings be supported by substantial evidence in the record. Accordingly, the Lead Agency's record consists of the following, which are located at the County Planning and Building Department Offices, San Luis Obispo, California:

A. Documentary and oral evidence received and reviewed by the Planning Commission during the public hearings on the project.
B. The Phillips Santa Maria Refinery Throughput Increase Project Final EIR (October 2012).
C. The Phillips Santa Maria Refinery Throughput Increase Project Development Plan / Coastal Development Permit application and supporting materials.
D. The Phillips Santa Maria Refinery Throughput Increase Project Staff Report prepared for the Planning Commission.
E. Matters of common knowledge to the Commission that it considers, such as:
    i. The County General Plan, including the land use maps and elements thereof;

ii. The text of the Land Use Element;
iii. The California Environmental Quality Act (CEQA) and the CEQA Guidelines;
iv. The County of San Luis Obispo Environmental Quality Act Guidelines;
v. The Clean Air Plan;
vi. Other formally adopted County, State and Federal regulations, statutes, policies, and ordinances; and
vii. Additional documents referenced in the Final EIR for the Phillips Santa Maria Refinery Throughput Increase Project.

III. CERTIFICATION OF THE FINAL ENVIRONMENTAL IMPACT REPORT

The Planning Commission certifies the following with respect to the Phillips Santa Maria Refinery Throughput Increase Project Final EIR:

A. The Planning Commission has reviewed and considered the Phillips Santa Maria Refinery Throughput Increase Project Final EIR.
B. The Final Environmental Impact Report for the Phillips Santa Maria Refinery Throughput Increase Project has been completed in compliance with the California Environmental Quality Act.
C. The Final Environmental Impact Report and all related public comments and responses have been presented to the Planning Commission, and they have reviewed and considered the information contained in the Final Environmental Impact Report and testimony presented at the public hearing prior to approving the Phillips Santa Maria Refinery Throughput Increase Project.
D. The Phillips Santa Maria Refinery Throughput Increase Project Final EIR reflects the independent judgment of the Planning Commission, acting as one of the lead agencies for the project.

IV. FINDINGS FOR IMPACTS IDENTIFIED AS BENEFICIAL OR NOT SIGNIFICANT (CLASS III)

Air Quality	
Impact AQ.4	Potential increased operations at the Refinery would emit air-borne toxic materials.
Mitigation	None.
Findings	Impacts are considered *less than significant (Class III)*.
Supportive Evidence: The increase in throughput associated with the Proposed Project would increase emissions at the Refinery and along transportation routes between the Refinery and area highways. Some of these emissions would be toxic materials that could increase health risks for populations near to the Refinery. A toxic emission inventory was developed for the Refinery in 2004, which included only stationary sources at the SMF and also included operations such as the calciner, which have since been shut down. The 2004 inventory was used in a 2007 health risk assessment prepared by ConocoPhillips (now Phillips 66) which utilized the California Air Resources Board's Hotspots Analysis and Reporting Program model to assess the cancer, chronic, and acute health risk impacts. The primary cause of health risk impacts at the Refinery in 2004 was determined to be the diesel-cooling water pump. In 2005, a diesel oxidation catalyst (DOC) was reportedly installed on the diesel cooling water pump to reduce diesel particulate emissions by	

Air Quality
30 percent. The installation of the DOC and shutdown of calcining operations resulted in a reduction in health risk levels to 15 cancer cases per one million at the Refinery boundary. Since 2004, several additional changes at the Refinery have reduced toxic emissions, including shutting down the calciner, installation of various DOC and diesel particulate filters (DPF) on several diesel engines, and reductions in fugitive emissions with a more rigorous fugitive emissions control program. Additionally, the SLOCAPCD reported that the diesel cooling water pump has been replaced by a natural gas engine with catalyst, which has reduced risk levels by at least 80 percent. This would reduce health risk levels to approximately five cases per one million. As part of the Applicant's comments on the DEIR, the Applicant prepared and submitted a revised HRA utilizing 2010 emission data and assumptions about the operating characteristics of the Refinery if it were to operate at the Proposed Project levels. This HRA is included in the comments on the DEIR. The HRA indicated that the highest cancer risks at the facility fence line would be 2.1 in a million, and that chronic and acute risks would be 0.02 and 0.38, respectively, associated with the Proposed Project operations. These levels are less than the health risk thresholds of 10 in one million (for cancer) and 1.0 HI for acute and chronic impacts and would be less than significant. Diesel-powered trucks traveling along area roadways could also increase health risks associated with emissions. Modeling was conducted using Aeromod to assess the impacts of truck traffic along area roadways between the Refinery and U.S. Highway 101. The cancer risks associated with truck traffic would increase over the baseline to a level of 5.9 cancer cases per million immediately south of the Refinery along area roadways. This would be less than the thresholds and would be a less than significant impact.

Public Safety and Hazardous Materials	
Impact PSHM.1	The Proposed Project could introduce risk to the public associated with accidental releases of hazardous materials from the SMF processing operations.
Mitigation	None.
Findings	Impacts are considered *less than significant (Class III)*.
Supportive Evidence: Releases of hazardous materials from the Proposed Project site would not acutely impact nearby residences, agriculture, or industrial facilities since the SMF is far away from these receptors. Some releases at facilities are caused by vandalism, such as opening valves or sabotaging equipment integrity. This could increase the frequency of releases. These impacts can be reduced by securing the facilities to reduce the probability of vandalism. The refinery currently has gated access and 24-hour security measures to reduce vandalism. That said, impacts from releases at the refinery would not impact sensitive receptors. Therefore, impacts would be less than significant (Class III).	
Impact PSHM.2	The Proposed Project could introduce risk to the public associated with the transportation of SMF product along local and area roadways.
Mitigation	None.
Findings	Impacts are considered *less than significant (Class III)*.
Supportive Evidence: Products leave the SMF as solid petroleum coke by rail or haul truck and as recovered sulfur by haul truck as well as some hazardous wastes. Shipments of coke and sulfur would be expected to increase with the proposed Project. However, transportation of	

Public Safety and Hazardous Materials
hazardous waste under the Proposed Project would be expected to be the same as the current operations. Petroleum coke is shipped via truck or railcar to customers as fuel or onto ships for export. Major petroleum coke destinations include Mojave, Victorville, Cupertino, Fontana, Lebec, and Gorman, and Long Beach for export. Sulfur is shipped via truck to customers in the agricultural industry or loaded on ships for export. All products are shipped outside of SLOC. Sulfur truck destinations are in the San Joaquin Valley from Bakersfield to Fresno, as well as Long Beach for export. Pipeline transportation of crude oil presents a low risk to public health since crude oil spills generally do not catch fire and the public has sufficient time to move away from spills in the unlikely event of ignition. Generally, spills of crude oil produce environmental impacts as opposed to public safety impacts. Risk levels associated with transportation would be minimal due to the properties of crude oil, sulfur, and coke and impacts would primarily affect environmental resources. The nominal increase in flow rates associated with the Proposed Project would produce environmental impacts similar to current operations. Therefore, impacts would be less than significant (Class III).

Noise and Vibration	
Impact N.2	Traffic increases on area roadways near the Refinery could increase noise levels in the area.
Mitigation	None.
Findings	Impacts are considered *less than significant (Class III)*.
Supportive Evidence: Refinery operations generate traffic associated with coke and sulfur transportation out of the Refinery. Other traffic, such as traffic related to employees or deliveries, would not change with the Proposed Project. This increase in traffic levels could generate an increase in noise levels at nearby residences. Noise was modeled using the FHWA Highway Noise Prediction Model, using 2008 traffic levels from the San Luis Obispo County Public Works Department and additional truck traffic added according to the EIR's Project Description. The Proposed Project would add less than four trucks per day to area traffic. Noise levels generated by this traffic scenario are estimated to increase by less than 0.1 dBA CNEL for a receptor 100 feet from the center of State Route 1. This would be a less than significant impact (Class III).	

Public Services	
Impact PS.1	Increased throughput and operations at the Santa Maria Facility would produce increased sanitary wastewater.
Mitigation	None required beyond existing National Pollutant Discharge Elimination System (NPDES) permit requirements identified in mitigation measure WR-3.1.
Findings	Impacts are considered *less than significant (Class III)*.
Supportive Evidence: The Proposed Project would not generate large flows of increased sanitary wastewater. All water drainage, including storm run-off, is contained onsite. The SMF discharges water to the Pacific Ocean pursuant to waste discharge requirements in Regional Water Quality Control	

Public Services	
Board Order Number R3-2007-0002, adopted September 7, 2007. The Order serves as the permit under the National Pollutant Discharge Elimination System. All process wastewater and contaminated stormwater from the facility flow to a treatment system consisting of oil/water separators, dissolved air flotation, trickling filter, extended aeration, and secondary clarification. The treated wastewater is discharged to the Pacific Ocean through an outfall terminating 1,700 feet offshore and 27 feet deep. Under the National Pollutant Discharge Elimination System (NPDES) permit, the SMF can discharge up to 0.57 MGD of treated wastewater from the facility to the Pacific Ocean in dry weather conditions. The treatment system receives 279 gpm (0.40 MGD) of actual dry-weather process water. Flows of typical dry weather discharge from the treatment system to the outfall sump are 266 gpm (0.38 MGD) and flows of typical wet weather discharge from the treatment system to the outfall are approximately 406 gpm (0.58 MGD). Oil is recovered from the wastewater and contact stormwater during treatment. These levels would not be expected to change with the Proposed Project. Therefore, the Proposed Project's impact due to increased quantities of wastewater would be less than significant (Class III).	
Impact PS.2	The Proposed Project throughput increase operations would not generate increases in solid wastes.
Mitigation	None.
Findings	Impacts are considered *less than significant (Class III)*.
Supportive Evidence: Quantities of wastes associated with the throughput increase would be the same or similar as the current operations The Project would not need new or physically altered waste handling facilities, and would comply with applicable regulations. During operations, trash and rubbish would continue to be collected in waste bins and disposed of by a local waste hauler. The Cold Canyon Landfill would be the primary landfill serving the Proposed Project. If not, both the Chicago Grade and City of Paso Robles landfills have sufficient capacity. Therefore, based on the remaining capacity of the available landfills, potential impacts would be less than significant (Class III). No measures beyond compliance with existing ordinance standards are necessary.	
Impact PS.3	Impacts from electricity consumption at the Santa Maria Facility due to throughput increase operations.
Mitigation	None.
Findings	Impacts are considered *less than significant (Class III)*.
Supportive Evidence: In 2009, the SMF generated 20,732 MWhr of electricity onsite and purchased 23,273 MWhr of electricity from Pacific Gas and Electric Company. This amount of energy was generated with a crude oil throughput of 35,838 bpd. In 2007 and 2008, with 43,321 and 41,655 bpd, electricity purchased decreased due to the increased fuel gas produced by the additional crude oil (to 19,293 and 22,736 MWhr, respectively). The Applicant indicates that the amount of electricity purchased would continue to decrease with increased crude oil throughputs. However, although this trend would most likely continue, it would also be a function of the crude types and the amount of decreased electricity purchased by the SMF	

Public Services	
cannot be definitively estimated. Therefore, under the Proposed Project, electricity purchased from Pacific Gas and Electric Company would most likely remain the same or decrease from historical levels since the Refinery would generate more produced gas if crude throughput rates were higher. The use of electricity would not require upgrades to the current electrical facilities. Since increased crude oil throughput would not increase the Refinery's use of electricity from the power grid, the Proposed Project would not substantially increase demand and the impacts on electrical energy resources would be less than significant (Class III).	
Impact PS.4	Increased fossil fuel consumption and production (diesel, gasoline, and natural gas) at the Santa Maria Facility could thereby decrease availability.
Mitigation	None.
Findings	Impacts are considered *less than significant (Class III)*.
Supportive Evidence: In 2009, the SMF generated 2,185 mmscf of natural gas onsite and purchased 397 mmscf of natural gas from the Southern California Gas Company. In 2007 and 2008, with higher crude oil throughputs, gas purchased was less, at 214 and 226 mmscf. This was due to the increase amounts of refinery gas produced from the additional crude oil processed. The Proposed Project would increase onsite refinery fuel gas production to potentially 3,171 mmscf per year and the amount of natural gas purchased from Southern California Gas Company would most likely remain the same or decrease. The use of diesel fuel and flaring are not expected to increase with the throughput increase. Therefore, the proposed throughput increase would not substantially increase consumption and production (thereby decreasing availability) and the impacts on energy resources would be less than significant (Class III).	
Impact PS.5	Throughput increase at the site would not impact fire protection and emergency response.
Mitigation	None.
Findings	Impacts are considered *less than significant (Class III)*.
Supportive Evidence: The Applicant proposes to utilize the existing fire protection system at the SMF to provide a level of protection for the Proposed Project. The increased throughput would not produce additional impacts on area fire-fighting capabilities since the resources required to address emergencies at the SMF under the Proposed Project would be the same as under the current operations. Impacts would therefore be less than significant (Class III).	

Transportation and Circulation		
Impact TR.1	Traffic associated with the Proposed Project would increase traffic on local roads and the freeway.	
Mitigation	TR-1	Within 30 days of permit approval, the Applicant shall pay South County Area 2 Road Impact Fees to the Department of Public Works for the proposed 0.78 peak hour trip increase in accordance with the latest adopted fee schedule. In addition, after the Willow Road/U.S. Highway 101 interchange is completed, the Applicant shall end the use of both their northbound and eastbound truck routes, as identified in this document, and shall use the Willow Road

Transportation and Circulation	
	Interchange instead. The Applicant shall notify all applicable truck drivers of this route change by mail and shall post the notification at the Project Site.
Findings	Impacts are considered *less than significant (Class III)*.

Supportive Evidence: Additional traffic would be generated as a result of the throughput increase operations; however, the number of additional trucks needed to transport produced coke and sulfur would be a nominal four trucks per day. The Proposed Project would not change traffic associated with workers or miscellaneous deliveries.

The Proposed Project operations estimate an increase from 17,732 truck roundtrips per year (associated with the SMF operating at the permitted capacity, as analyzed in previous CEQA documents) to 19,162 truck roundtrips per year, which is the increase in traffic levels from the permit level to the new Proposed Project permit level, an increase of 1,430 roundtrips per year, or approximately 3.9 trips per day. Increased traffic on area roadways would equal the increase from the current operations (2009) to the proposed project level, which would total the 3.9 trucks trips per day plus 7.5 trucks trips per day (the difference between the current operations and the CEQA permitted level of 44,500 bpd). This would total an increase on area roadways of 11.4 truck trips per day.

This traffic level increase would not contribute to a change in LOS or contribute to a substantial change in traffic load.

The State Route 1 and Halcyon Road intersections (offset) currently operate at AM and PM peak hour LOS E or worse; however, these offset intersections currently meet the MUTCD 2003 based peak hour signal warrant #3 (rural areas) criteria. Traffic travelling south on State Route 1 and turning left onto Willow Road heading east currently operates at a LOS A in the AM peak hour and LOS B in the PM peak hour. Traffic traveling west on Willow Road and turning right onto northbound State Route 1 currently operates at a LOS B in the AM peak hour and LOS B in the PM peak hour. The intersection at Tefft and Highway 101 currently operates at a LOS E in the PM peak hour.

Regarding the above intersection conditions in relation to the Proposed Project, the total number of truck trips that could occur as a result of the throughput increase is an additional 3.9 truck trips per day over the CEQA baseline, or 11.4 truck trips per day over the current operations. In addition, not all of those truck trips would utilize the Northbound or Eastbound Routes associated with these intersections, with some going south, depending on market for the Refinery products. Only 1-2 trucks leaving the Refinery would be reaching these intersections during peak hours since most trucks are loaded and depart the facility throughout the day. Due to the small number of added truck trips during peak hours and the number of potential routes that could be taken, no impacts are anticipated therefore the portion of this measure that requires the use of Willow Road for north and eastbound trips should be considered a recommended condition.

Project-related traffic using the Southbound Route through Guadalupe would not significantly impact the intersection at State Route 1 and State Route 166. According to a 2004 study of this intersection, the AM and PM levels of service are both B.

Along roadways, traffic would increase from 0.4 and 1.0 percent in Guadalupe at the Highway 166 interchange (currently an LOS of A). Impacts along the most congested roadways at Pomeroy, for example would increase less than 0.21 percent. Therefore, project-related impacts

Transportation and Circulation
to local roads and the freeway would be less than significant (Class III). The requirement to pay the South County Area 2 Road Impact Fee is required by ordinance and the portion of the measure requiring use of Willow Road should be considered a recommended measure by the Department of Public Works.

Water Resources	
Impact WR.1	The Proposed Project one percent increase in water usage would not adversely impact the current and future availability of groundwater for other users, including agricultural and residential users.
Mitigation	None.
Findings	Impacts are considered *less than significant (Class III)*.

Supportive Evidence: The rights to extract water from the Santa Maria Groundwater Basin (SMGB) have been disputed since the 1990s, resulting in several legal proceedings and culminating with a multi-pronged lawsuit known as the Santa Maria Groundwater Litigation. The litigation was resolved in 2008 (Lead Case No. 1-97-CV-770214) with The Judgment After Trial (January 25, 2008), which approved the Stipulation (June 30, 2005). The Stipulation includes provisions for the rights to use the groundwater, development of the groundwater monitoring programs, and development of plans and programs to respond to Potentially Severe and Severe Water Shortage Conditions for the Nipomo Mesa Management Area (NMMA). The Nipomo Mesa Management Area Technical Group (NMMATG), which represents various groups and organizations, was formed as a result of a legal judgment to monitor water usage and produce annual reports for the NMMA. These reports provide a breakdown of the available data for the NMMA, production records, and data presented herein.

Based on the 2011 report, the estimated production of groundwater in the NMMA was 10,538 acre-feet (AF) in 2011. Of the 10,538 AF of groundwater produced, the Applicant reported production of 1,100 AF, approximately ten percent of the total production.

Currently, no projected increase is predicted for Rural Water Company, and no estimates are available for future agricultural uses.

The Proposed Project would result in an increase in groundwater use of one percent, or 11 AFY. According to the Stipulation, Phillips has no limit to the beneficial and reasonable use of groundwater unless there is a Severe Water Shortage Condition. In the next 20 years, if a Severe Water Shortage Condition occurs, per the Stipulation, Phillips would have rights to 110 percent of the highest amount of prior groundwater use (1,550 AFY). The Proposed Project demand (1,111 AFY) is less than Phillips groundwater rights, per the Stipulation. Therefore, the WSA concludes there is sufficient water supply for the Proposed Project for the next 20 years.

The water supply assessment is based on the groundwater rights of Phillips, as defined in the Stipulation. San Luis Obispo County and all major water purveyors in the NMMA are signed parties to the Stipulation and are bound by the water management agreement to comply with each and every term, which includes upholding Phillips groundwater rights. The monitoring and water management requirements of the Stipulation are designed to protect the current and future availability of groundwater in the NMMA. Since the Proposed Project water demand is within the groundwater rights of Phillips and less than 110 percent of the highest amount of prior groundwater use, impacts associated with current and future water availability of groundwater for other users, including agricultural and residential users, is considered *less than significant* (Class III).

Water Resources	
Impact WR.2	The Proposed Project increase in groundwater pumping of onsite wells would not exceed sustained pumping capacities of existing wells, nor result in drawdown of onsite wells and wells on neighboring properties.
Mitigation	None.
Findings	Impacts are considered *less than significant (Class III)*.
Supportive Evidence: Water wells within the Santa Maria Groundwater Basin (SMGB) are screened over alluvial and bedrock approximately 1,500 feet below mean sea level under the Santa Maria River and approximately 200 feet above mean sea level under the northeastern edge of the Nipomo Mesa. Wells in the Nipomo Mesa and Santa Maria area are screened for hundreds of feet within alluvial and Paso Robles Formation bedrock. Hydraulic conductivity is estimated to be approximately 15 to 110 gpd/ft^2 in the western portion of the Santa Maria River Valley increasing to 100 to 400 gpd/ft^2 in the central Santa Maria River Valley (Luhdorff and Scalmanini 2002). The existing wells have considerably greater capacity and production capabilities than the current and projected uses. In addition, the Nipomo Mesa Management Area Technical Group (NMMATG) has adopted a Well Management Plan and protocol for establishing and measuring groundwater level measurements. To date, no drawdown or adverse effects have been noted and none are anticipated based on the available data and well conditions. However, the well monitoring program will continue to document and verify these findings. Therefore, the existing water wells have sufficient capacity to provide the additional water demand supply for the Proposed Project. Impacts due to increased groundwater pumping on the adjacent properties would be less than significant (Class III).	

V. FINDINGS FOR IMPACTS IDENTIFIED AS SIGNIFICANT BUT MITIGABLE (CLASS II)

Air Quality		
Impact AQ.1	Operational activities at the Refinery and offsite would generate emissions that exceed SLOC APCD thresholds.	
Mitigation	AQ-1.1	Prior to issuance of the updated permit and increase in Refinery throughput, the Applicant shall apply BACT on the crude heaters, coker heaters and boilers, vacuum heaters and superheaters, and/or utilize an equivalent method onsite with other equipment, to reduce the NOx emissions to less than the SLOCAPCD thresholds.
	AQ-1.2	To the extent feasible, and if AQ-1.1 does not reduce emissions to below the thresholds, all trucks under contract to the SMF shall meet EPA 2010 or 2007 model year NOx and PM emission requirements and a preference for the use of rail over trucks for the transportation of coke shall be implemented to the extent feasible in order to reduce offsite emissions. Annual truck trips associated with refinery operations and their associated model year and emissions shall be

Air Quality	
	submitted to the SLOCAPCD annually. AQ-1.3 Prior to issuance of the updated permit, if emissions cannot be mitigated below significance thresholds through implementation of mitigation measures AQ-1.1 and AQ-1.2, then offsite mitigation will be required as per SLOCAPCD guidance in the CEQA Handbook.
Findings	Impacts are considered *less than significant with mitigation (Class II).*

Supportive Evidence: Emissions associated with an increase in crude oil processed would be a linear increase in emissions in relation to the level of crude oil processed for most equipment. The amount of gas used to heat the crude oil would increase by the same level as the increased throughput of crude oil. This is true for most of the combustion processes at the facility. Therefore, an estimate of facility emissions associated with the Proposed Project crude oil throughput increase was produced by increasing the 2009 emissions by the ratio of the Proposed Project crude oil throughput level to the crude oil throughput level in 2009.

An increase in emissions of criteria pollutants (CO, ROG, NOx, SO_2, and PM) during operations would occur due to the increased intensity of operations of the Refinery equipment needed to process the additional crude oil. The ROG+NOx emissions associated with the daily emissions would increase by more than the SLOCAPCD thresholds. Daily emissions of diesel particulate matter, fugitive dust or CO would be below the thresholds. The annual emissions of ROG+NOx and fugitive dust would also be less than the thresholds. Increases in emissions would be subject to New Source Review requirements.

Air emissions of criteria pollutants (CO, ROG, NOx, SO_2, and PM) during operations would also increase as a result of increased transportation of materials associated with the Refinery operations. The level of increase in emissions associated with the transportation of crude oil would be a function of the crude oil origin and the transportation methods. At this time, it is not known where the additional crude oil would come from that would allow the Refinery to operate at a higher throughput level. Increased throughput could be produced from onshore fields or from offshore fields. It could be transported by pipeline or it could be transported by truck to the Santa Maria Pump Station. Since the mode and source of the transportation are not known, a reasonable worst-case scenario is defined where the additional crude oil would come from onshore sources and would be transported by truck to the Santa Maria Pump Station. This scenario would produce the highest emissions associated with an increase in crude deliveries to the Refinery.

The Proposed Project would not increase the emissions associated with employees or miscellaneous Refinery deliveries since an increase in the crude oil throughput would not increase employee travel or miscellaneous deliveries.

Daily offsite mobile emissions of ROG+NOx and diesel particulate matter would increase more than the SLOCAPCD thresholds. Annual thresholds would not be exceeded.

Emissions associated with Refinery operations would increase with the Proposed Project due to the increased use of equipment associated with crude oil processing. Emissions associated with the transportation of sulfur and coke and the delivery of crude oil to the Santa Maria Pump Station would also increase. The increase would be more than the SLOCAPCD thresholds and would therefore be a significant impact.

Air Quality		
However, with the implementation of mitigation measures including the minor modification shown in the Conditions of Approval, impacts would be reduced to less than significant (Class II).		
Impact AQ.2	Operational activities could increase the frequency or duration of odor events.	
Mitigation	AQ-2	The Applicant shall prepare and submit an Odor Control Plan, which shall be approved by the SLOCAPCD prior to the issuance of a revised permit. The Odor Control Plan shall identify all potential sources of odors at the Refinery. The plan shall detail how odors will be controlled at each odor source and the mechanism in place in the event of an upset or breakdown, as well as design methods to reduce odors, including redundancy of equipment (e.g., pumps and VRU compressors) or reductions in fuel gas sulfur content. Area monitoring shall be discussed. The Plan shall also include a complaint monitoring and reporting section and include a hotline number for individuals to call in case of a complaint.
Findings	Impacts are considered *less than significant with mitigation (Class II).*	
Supportive Evidence: Odor events could occur from many different situations associated with Refinery equipment operations. The equipment components could leak and cause odors. Tanks are equipped with hatches to protect them from overpressure. These hatches could lift, leading to odor events. The amount of throughput through the crude oil tanks would increase under the Proposed Project. The storage of sulfur at the Refinery could also be a source of odors to nearby residences and the amount of sulfur moved through the Refinery would increase with the Proposed Project. The combustion of Refinery gases that contain sulfur produces SO_2 which could travel downwind after combustion and produces odors. Sulfur levels of Refinery fuel gases vary, but generally are limited by the SLOCAPCD permit to less than 797 ppm and generally range from 250 to 300 ppm. Although these levels would not change with the Proposed Project, the amount of gas that is treated and combusted would increase with the Proposed Project. Released materials that cause odors can travel a substantial distance since the odor thresholds for materials can be as low as parts per billion. Odor impacts associated with accidental releases or from normal operations at the Refinery could impact surrounding areas. Increased processing of crude oil would lead to increased movements of sulfur and increased emissions, increased cycling of coker units and increased cycling of crude tank levels in the crude oil tanks, all of which would lead to an increase in emissions and a potential for an increased frequency and/or duration of odor events. This would be considered a significant impact; however, with the implementation of mitigation measures including the minor modification shown in the Conditions of Approval, impacts would be reduced to less than significant (Class II).		
Impact AQ.3	Operational activities could increase GHG emissions.	
Mitigation	AQ-3	The Applicant shall implement a program to increase efficiency of the Refinery stationary combustion devices to maintain GHG emissions to less than the SLOCAPCD thresholds (10,000 metric tonnes per year) over the emissions associated with the current permitted throughput. In addition to increasing stationary

Air Quality	
	equipment efficiency, additional measures may include the use of more efficient model year trucks or alternative fueled vehicles for hauling vehicles. If after all applicable measures have been implemented, emissions are still over the thresholds, then off-site mitigation will be required. The off-site mitigation measures shall be approved by the SLOCAPCD prior to permit issuance.
Findings	Impacts are considered *less than significant with mitigation (Class II).*

Supportive Evidence: GHG associated with operations include emissions from combustion sources (e.g., flare, heaters, boilers, and electrical generators), offsite vehicles, and fugitive emissions that contain CO_2 and methane. The largest source of GHG emissions are the heaters and the electrical generators.

Refinery operations account for more than 90 percent of the GHG emissions, with onsite stationary sources creating the vast majority of emissions and offsite mobile emissions accounting for the remaining percentage.

The GHG emissions estimate utilizes the same approach as the criteria emissions estimate, whereby emissions from equipment are assumed to increase proportional to the increase in crude throughput. Since the majority of emissions are associated with Refinery combustion from the crude oil heaters, the coke heaters, and boilers, which would have an increase in heating requirements as a function of the increase in crude oil throughput, this estimate is considered to be an accurate assessment of the Proposed Project GHG emissions.

Emissions of GHG would be greater than the significance threshold of 10,000 metric tonnes CO_2e. However, with the implementation of mitigation measures including the minor modification shown in the Conditions of Approval, impacts would be reduced to less than significant (Class II).

Public Safety and Hazardous Materials	
Impact PSHM.3	The Proposed Project could introduce contamination to groundwater through exacerbation of existing contamination issues.
Mitigation	PSHM-3 Prior to issuance of the updated permit and increase in Refinery throughput, the Applicant shall ensure that any additional coke produced shall be deposited within designated areas as specified by the Coke and Sulfur Storage and Handling Plan and that these areas shall be clearly delineated to all operators. Storage of coke outside these existing delineated areas shall be only within lined areas or other equivalent measures to prevent any additional groundwater contamination, as per consultation with the RWQCB.
Findings	Impacts are considered *less than significant with mitigation (Class II).*

Supportive Evidence: The proposed Project could increase the amount of coke produced and stored at the coke piles. The coke piles have been identified by the RWQCB as a source of localized, low-level groundwater contamination. Based on a review of the most recent (May 2011) Coke and Sulfur Storage and Handling Plan, the coke pile is limited in its extents to the area in the layout figure in the plan. As long as coke is deposited within this designated area, then the extent of coke affected area would not increase with the proposed increase in coke

Public Safety and Hazardous Materials
throughput associated with the Proposed Project. However, any increased coke storage outside of this area could exacerbate this groundwater contamination and thereby produce a potentially significant impact. Therefore, with implementation of mitigation measures including the minor modification shown in the Conditions of Approval, impacts would be reduced to less than significant (Class II).

Noise and Vibration		
Impact N.1	Operation increases at the Refinery could increase noise levels in the area.	
Mitigation	N-1	The Applicant shall provide for a noise monitoring study, under the supervision of the County staff, to determine the noise levels in the vicinity of the Santa Margarita Pump Station and the compliance with applicable codes and standards. If noise levels are a concern, the Applicant shall install, at the Santa Margarita Pump Station, a sound wall constructed of barrier pads between the noise sources and residences, as close to the pumping operations as feasible, to reduce noise levels at the closest receptor property line to the County significance threshold level 50 dBA. Additional barrier walls shall be installed as deemed necessary by in-field measurements. Installation of the sound wall shall be verified by County Planning and Building prior to the issuance of the updated permit/authorization to proceed.
Findings	Impacts are considered *less than significant with mitigation (Class II).*	

Supportive Evidence: Various operations and alarms at the Refinery generate noise in the community. The level of noise impacts on the community would not increase due to an increase in crude oil throughput at the Refinery. Alarm frequency would remain the same. Although equipment use, such as the crude heaters, would increase, noise levels would not increase at receptors near the Refinery.

The pump stations along the pipeline routes from the Santa Maria Pump Station to the Refinery and from the Refinery north to the Bay Area could increase their pumping frequency or pump-drive load or operate in a manner that would increase noise levels as more crude oil would need to be pumped (e.g., operating multiple pumps).

The Summit Pump Station, located midway between the Santa Maria Pump Station and the Refinery, is in close proximity to residences. However, as there are no pumps at this location, an increase in throughput would not generate additional noise levels at nearby residences.

The Santa Margarita Pump Station, located along the pipeline from the Refinery to the Bay Area, is also located in a rural area in close proximity to residences. Natural gas engines operate the pumps and make substantially more noise than electricity driven pumps. Noise monitoring at the Santa Margarita Pump Station indicated that noise levels during the nighttime would be audible to nearby residences, but would not produce a significant impact. However, noise levels at the Santa Margarita Pump Station property line currently exceed the County Noise Element limit of 50 dBA. Increasing operations of these pumps, which might or might not occur under the Proposed Project, would be considered a significant impact. However, with the implementation of mitigation measures including the minor modification shown in the Conditions of Approval, impacts would be reduced to less than significant (Class II).

Land Use and Policy Consistency Analysis

Land Use and Policy Consistency Analysis	
Impact LU.1	Noise from throughput increase operations would be incompatible with the adjacent land uses.
Mitigation	Implementation of mitigation measure N-1.
Findings	Impacts are considered *less than significant with mitigation (Class II).*

Supportive Evidence: Potential future operations would be in close proximity to land uses zoned as recreational, agricultural, residential land, and open space. Various operations and alarms at the Refinery generate noise in the community. The level of noise impacts on the community would not increase due to an increase in crude oil throughput at the Refinery. Alarm frequency would remain the same. Although use of equipment, such as the crude heaters, would increase, noise levels would not increase at receptors near the Refinery.

The pump stations along the pipeline routes from the Santa Maria Pump Station to the Refinery and from the Refinery north to the Bay Area could increase their pumping frequency or operate in a manner that would increase noise levels (e.g., operating multiple pumps).

The Summit Pump Station, located midway between the Santa Maria Pump Station and the Refinery, is in close proximity to residences. However, the pumps at this location have been shut down and the facility produces minimal noise. An increase in throughput at this location would not generate additional noise levels at nearby residences.

The Santa Margarita Pump Station, located along the pipeline from the Refinery to the Bay Area, is also located in a rural area in close proximity to residences. Natural gas engines operate the pumps and create noise in the vicinity. Noise monitoring at the Santa Margarita Pump Station indicated that noise levels during the nighttime would be audible to nearby residences, but would not produce a significant impact. However, noise levels at the Santa Margarita Pump Station property line currently exceed the County Noise Element limit of 50 dBA. Increasing operations of these pumps, which might or might not occur under the Proposed Project, would be considered a significant impact. However, with the implementation of mitigation measures including the minor modification shown in the Conditions of Approval, impacts would be reduced to less than significant (Class II).

Impact LU.2	Emissions and odors from operations could be incompatible with adjacent land uses.
Mitigation	Implementation of mitigation measure AQ-2.
Findings	Impacts are considered *less than significant with mitigation (Class II).*

Supportive Evidence: Throughput increase operations at the SMF could cause emissions and odor events as various components in the operations equipment could leak and cyclical operations (coking, crude tanks, etc) at the Refinery would increase with the increased throughput, thereby causing odors. The storage of sulfur at the Refinery could also be a source of odors to nearby residences and more sulfur would be processed with the Proposed Project. The combustion of Refinery gases that contain sulfur produces SO2 which could travel downwind after combustion and produces odors and more gases would be combusted under the Proposed Project. Sulfur levels of Refinery fuel gases vary, but generally are limited by the SLOCAPCD permit to less than 250 to 300 ppm.

Released materials that cause odors can travel a substantial distance since the odor thresholds for materials can be as low as parts per billion. Odor impacts associated with accidental releases or from normal operations at the Refinery could impact surrounding areas. Increased processing of crude oil, leading to increased movements of sulfur and increased emissions,

Land Use and Policy Consistency Analysis
could lead to increased frequency and/or duration of odor events. The impacts to adjacent land uses due to emissions and odors would be considered significant. However, with the implementation of mitigation measures including the minor modification shown in the Conditions of Approval, impacts would be reduced to less than significant (Class II).

Water Resources	
Impact WR.3	The Proposed Project may have significant impacts on water quality.
Mitigation	WR-3.1 Ensure that any additional increased process water is treated by the wastewater treatment system in conformance with the NPDES Permit. WR-3.2 Existing spill management precautions shall be amended as needed to mitigate an increased spill size due to the increased amount of crude oil processing as reviewed and approved by San Luis Obispo County Planning and Building and San Luis Obispo County Water Resources Division.
Findings	Impacts are considered *less than significant with mitigation (Class II).*
Supportive Evidence: Impacts to water quality would be significant if spill volume increased along the pipeline route due to the Proposed Project. The Refinery operates under the Environmental Protection Agency National Pollutant Discharge Elimination System (NPDES) Permit No. CA0000051 to minimize potential pollutants to the groundwater and outfall areas. In addition, the facility maintains two separate collection systems: one system processes wastewater and contact stormwater and the second system collects non-contact stormwater. The process water sewer system collects process wastewater and precipitation runoff from the oil storage tank dikes and the operating units. This wastewater flows by gravity to a waste treatment plant that also remediates the groundwater. The wastewater plant includes three oil-water separators, two surge tanks, dissolved air flotation, a trickling filter, an Orbal aeration system, and a secondary clarifier. The treated wastewater is discharged to the Pacific Ocean. The increased crude oil refined at the site would be managed under the same spill prevention guidelines currently in place at the Refinery. In addition, any increased process water shall be treated in the existing treatment system. Impacts could be significant; however, with the implementation of mitigation measures including the minor modification shown in the Conditions of Approval, impacts would be reduced to less than significant (Class II).	

VI. FINDINGS FOR IMPACTS IDENTIFIED AS SIGNIFICANT AND UNAVOIDABLE (CLASS I)

No significant and unavoidable impacts (Class I) were identified for the Proposed Project.

VII. CEQA GENERAL FINDINGS

A. The Planning Commission finds that changes or alterations have been incorporated into the project to eliminate or substantially lessen all significant impacts where

feasible. These changes or alterations include mitigation measures and project modifications outlined herein and set forth in more detail in the Phillips Santa Maria Refinery Throughput Increase Project Final EIR.

B. The Planning Commission finds that the project, as approved, includes an appropriate Mitigation Monitoring Program. This mitigation monitoring program ensures that measures that avoid or lessen the significant project impacts, as required by CEQA and the State CEQA Guidelines, will be implemented as described.

C. Per CEQA Guidelines 15126.4(a)(1)(B), the proposed project includes performance-based conditions relating to environmental impacts and includes requirements to prepare more detailed plans that will further define the mitigation based on the more detailed plans to be submitted as a part of the project's implementation and operations. For instance, each of the following mitigation measures contains performance-based standards and, therefore, avoids the potential for these measures to be considered deferred mitigation under CEQA:

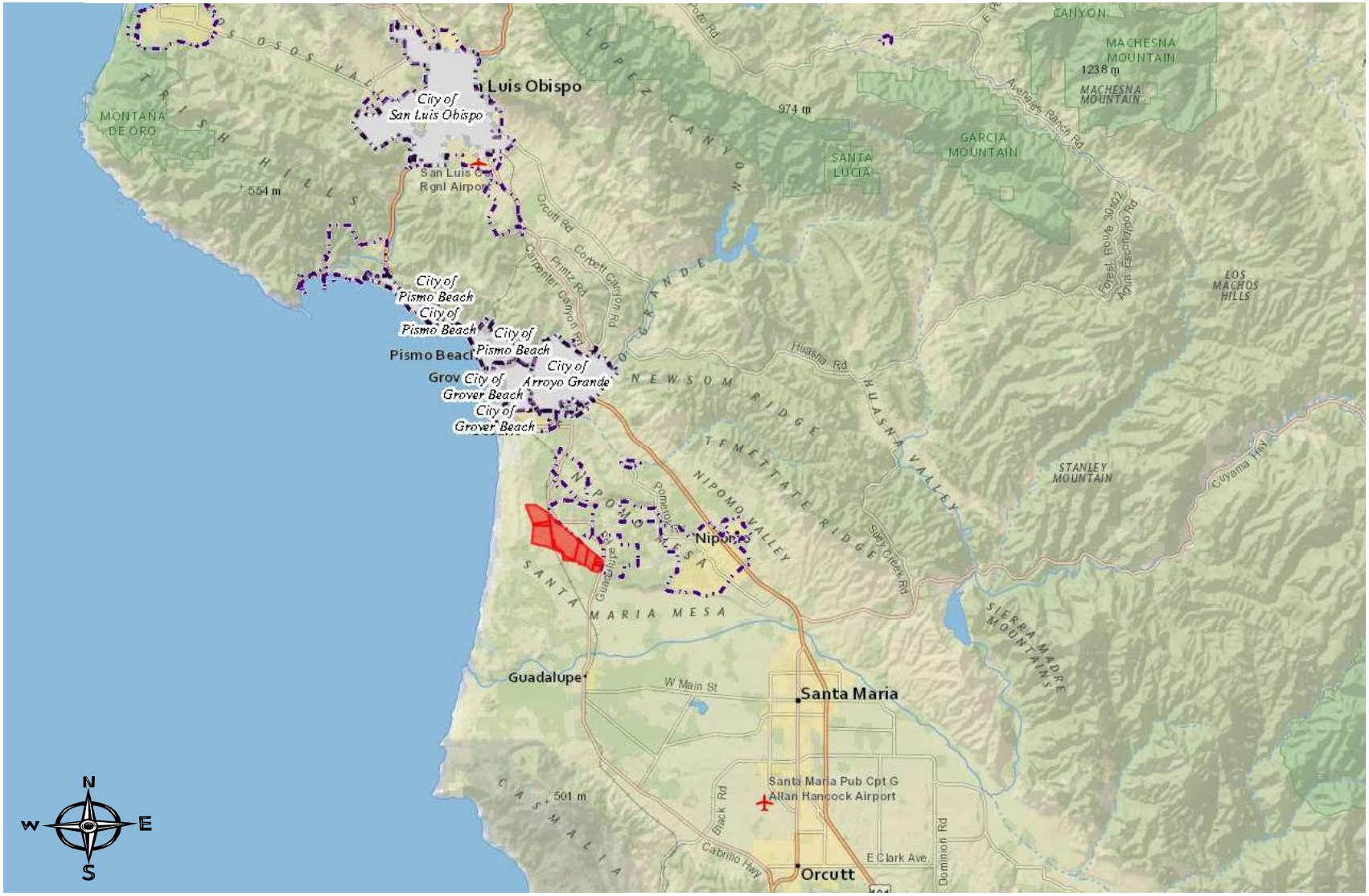
   i. AQ-1.1-1.3: Implement Best Available Control Technologies (BACT) or other measures to reduce emissions below thresholds
   ii. AQ-2: Prepare an Odor Control Plan
   iii. AQ-3: Develop and implement GHG Emissions Program
   iv. PSHM-3: Conform with Coke and Sulfur Storage and Handling Plan
   v. N-1: Provide for a Noise Monitoring Study
   vi. WR-3.1: Conform with NPDES Permit
   vii. WR-3.2: Amend Spill Management Precautions
   viii. TR-1: Pay South County Area 2 Road Impact Fees

VIII. MITIGATION MONITORING AND REPORTING PROGRAM

As the Co-Lead Agencies under the California Environmental Quality Act (CEQA), the San Luis Obispo County Air Pollution Control district (SLOCAPCD), and the County of San Luis Obispo (County) are required to adopt a program for reporting or monitoring regarding the implementation of mitigation measures for the Proposed Project, if it is approved, to ensure that the adopted mitigation measures are implemented as defined in the Final Environmental Impact Report (FEIR). This Lead Agency responsibility originates in Public Resources Code Section 21081.6(a) (Findings) and the CEQA Guidelines Sections 15091(d) (Findings) and 15097 (Mitigation Monitoring or Reporting).

The Planning Commission hereby finds and accepts that the Mitigation Monitoring Program for the Phillips Santa Maria Refinery Throughput Increase Project Final EIR meets the requirements of Section 21081.6 of the Public Resources Code by providing for the implementation and monitoring of mitigation measures intended to mitigate potential environmental effects.

SAN LUIS OBISPO COUNTY DEPARTMENT OF PLANNING AND BUILDING



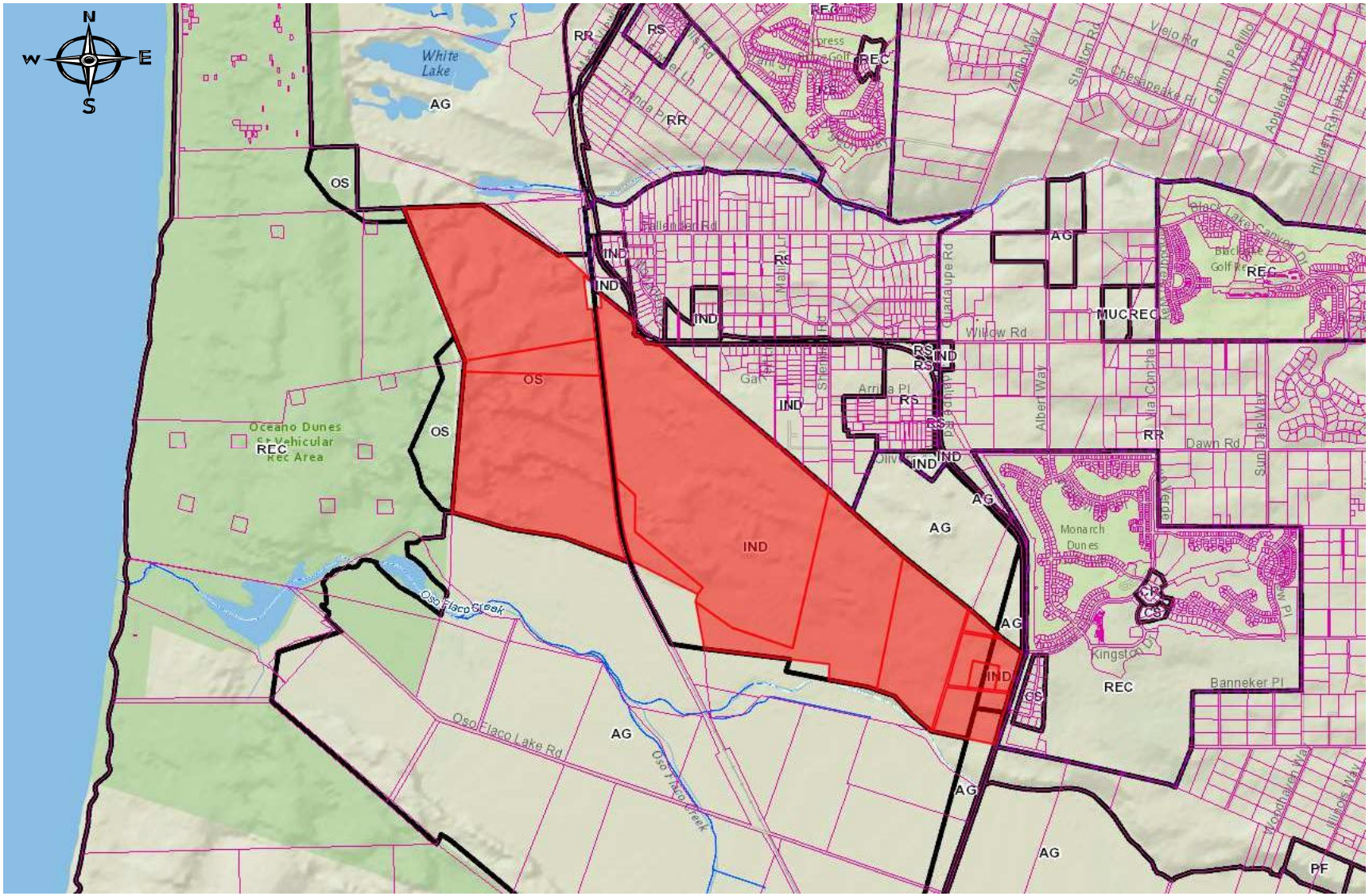
PROJECT

Phillips 66 – Development Plan
DRC2008-00146

EXHIBIT

Vicinity Map

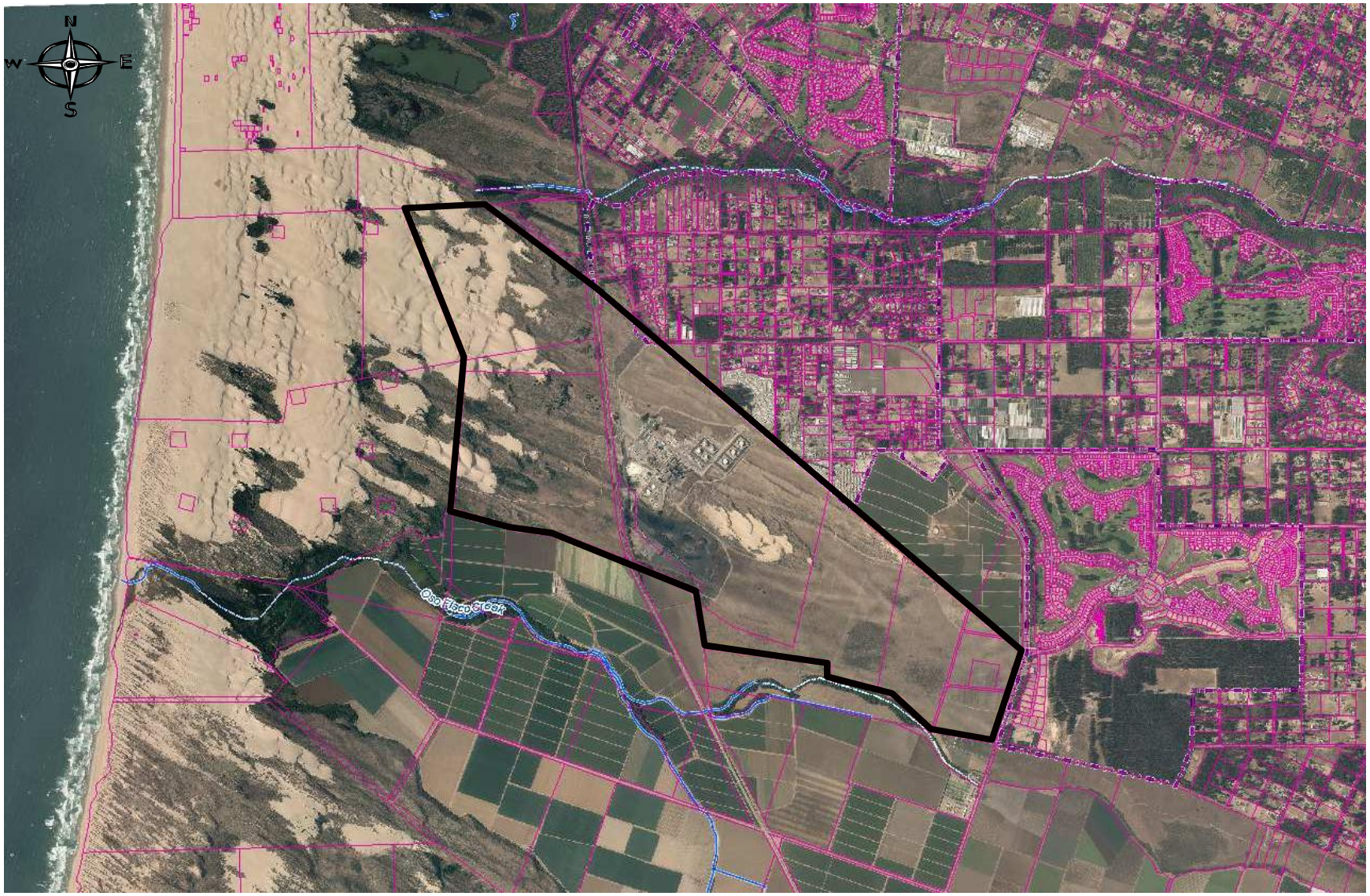
SAN LUIS OBISPO COUNTY DEPARTMENT OF PLANNING AND BUILDING



PROJECT
Phillips 66 – Development Plan
DRC2008-00146

EXHIBIT
Land Use Category Map

SAN LUIS OBISPO COUNTY DEPARTMENT OF PLANNING AND BUILDING



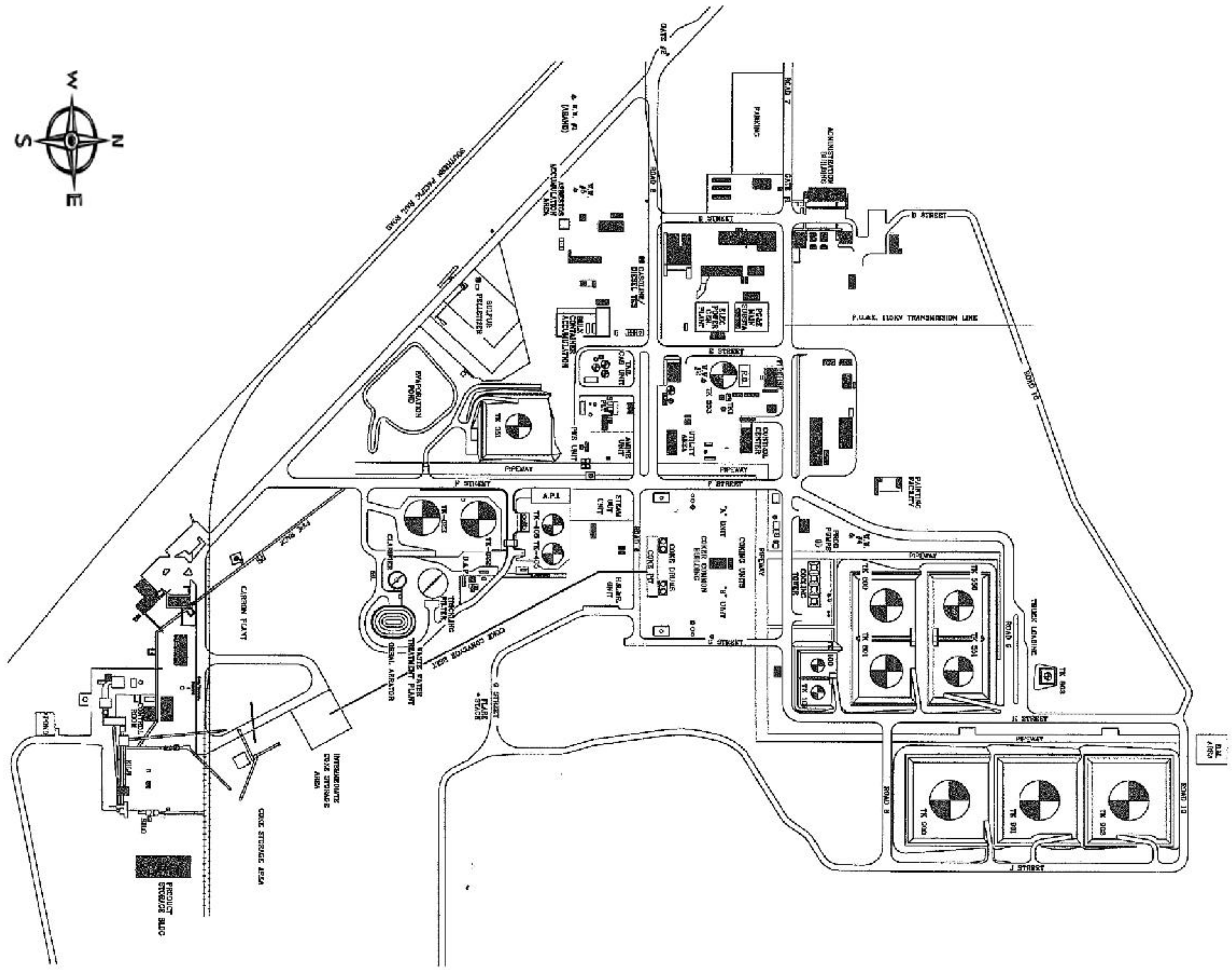
PROJECT

Phillips 66 – Development Plan
DRC2008-00146

EXHIBIT

Aerial Photograph

SAN LUIS OBISPO COUNTY DEPARTMENT OF PLANNING AND BUILDING



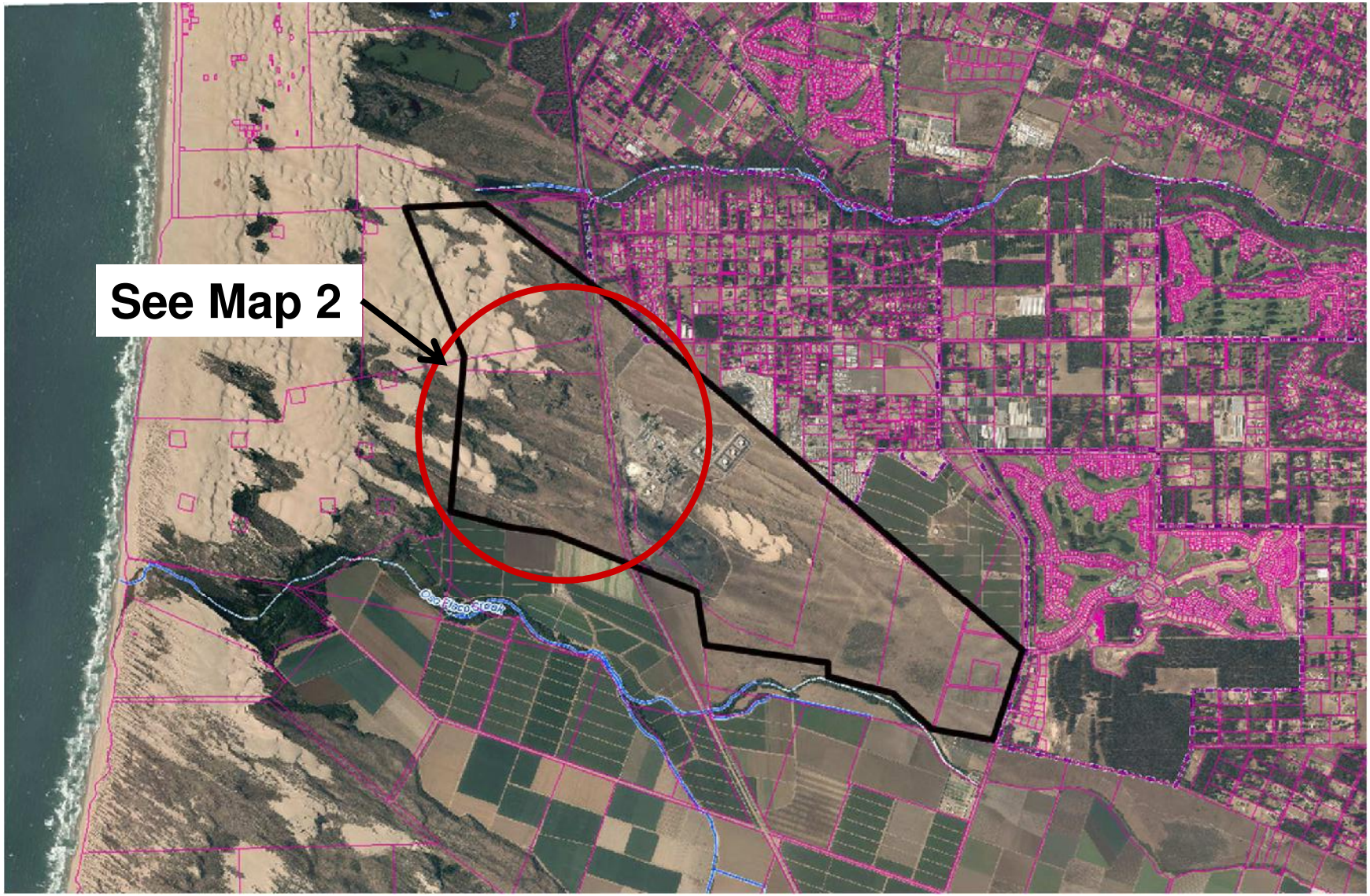
PROJECT

Phillips 66 – Development Plan
DRC2008-00146

EXHIBIT

Site Plan

SAN LUIS OBISPO COUNTY DEPARTMENT OF PLANNING AND BUILDING



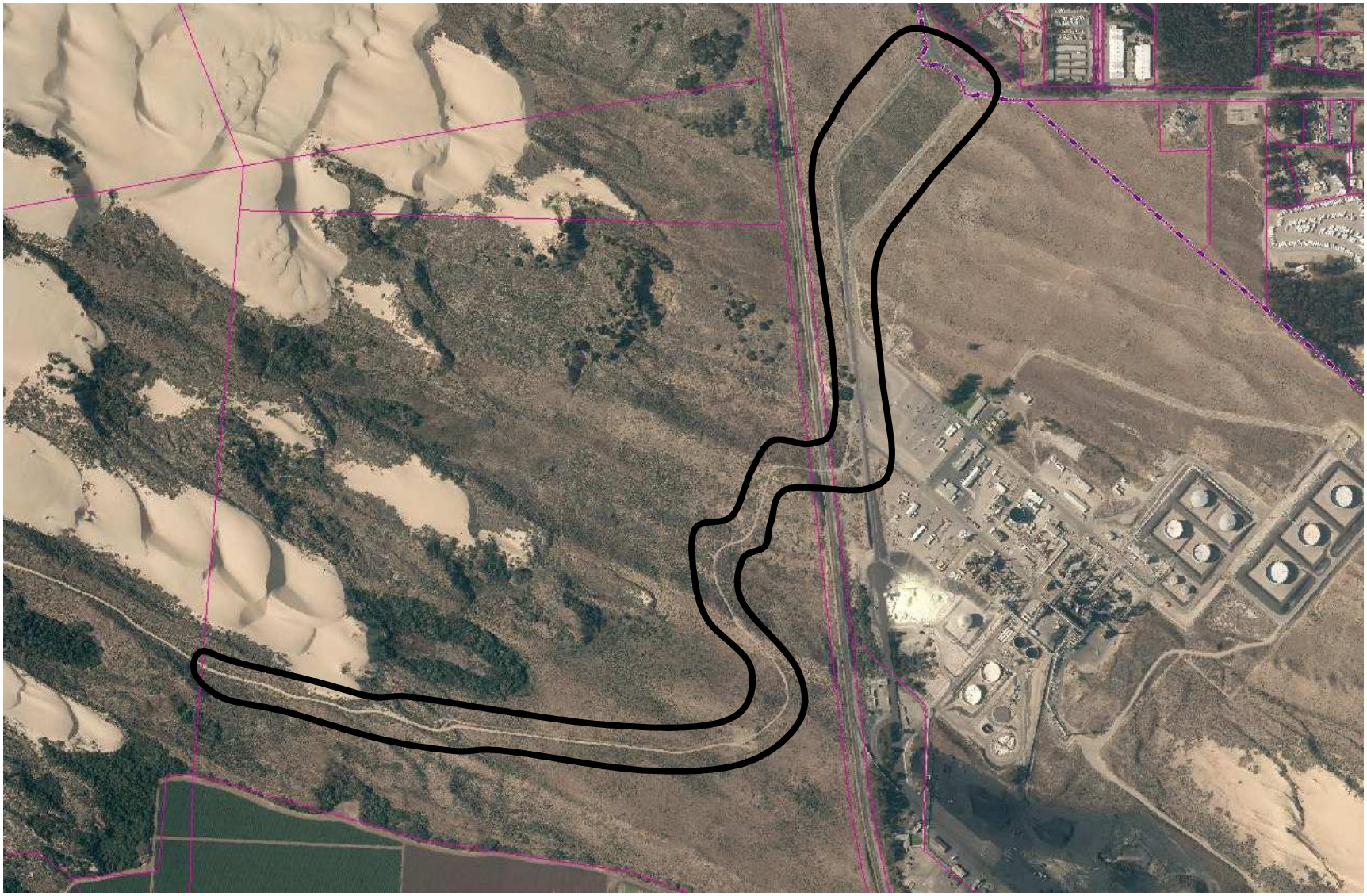
PROJECT

Phillips 66 – Development Plan
DRC2008-00146

EXHIBIT

Coastal Access Location Map 1

SAN LUIS OBISPO COUNTY DEPARTMENT OF PLANNING AND BUILDING



PROJECT

Phillips 66 – Development Plan
DRC2008-00146

EXHIBIT

Coastal Access Location Map 2