Executive Summary

This Final Environmental Impact Report (FEIR) assesses the environmental impacts associated with the Chevron Tank Farm Project (Project) proposed by Chevron (Applicant) (SCH #2009031001). The Project Site is located at 276 Tank Farm Road, which is immediately south of the City of San Luis Obispo, in San Luis Obispo County, California. The Project Site is within a decommissioned oil facility originally owned by Union Oil, which reorganized as Unocal in the 1980s and was purchased by Chevron in 2005. See Figure ES-1 for the general location of the project.

The City and County have entered into a Memorandum of Understanding (MOU) concerning each jurisdiction's role in this process. Pursuant to that MOU, the City and County have agreed to act as co-Lead Agencies for purposes of preparing this EIR. For purposes of ultimately certifying a Final EIR, the City will act as Lead Agency and the County will act as Responsible Agency. In the event that, in acting on any portion of the Project and considering whether to certify the Final EIR, the City declines to certify the Final EIR for any reason, the County will act as Lead Agency for purposes of acting on any portion of the Project and for certifying the Final EIR.

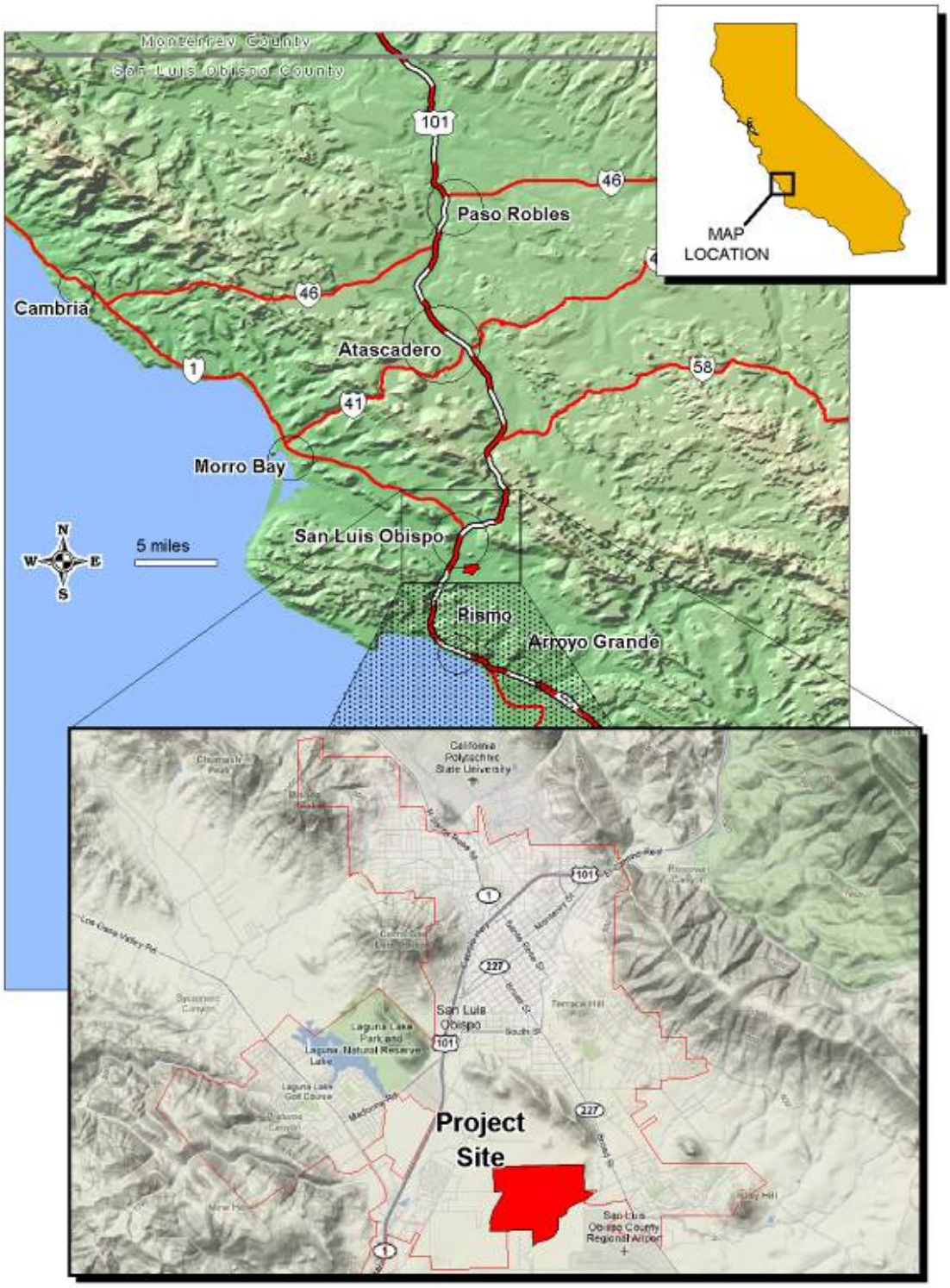
This FEIR is an informational document that is being used by the general public and governmental agencies to review and evaluate the Project. The reader should not rely exclusively on the Executive Summary as the sole basis for judgment of the Project and its alternatives. Specifically, the EIR should be consulted for information about the environmental effects associated with the Project and potential mitigation measures to address or minimize those effects.

The remainder of the Executive Summary consists of the following sections:

- An introduction, which discusses the Notice of Preparation (NOP) process that was used for the EIR and the public comment period for the Draft Environmental Impact Report (DEIR);
- A brief description of the Project;
- A discussion of governmental agency oversight and involvement in the development of the remediation project.
- A summary of key impacts and mitigation measures associated with the Project;
- A brief description of the alternatives evaluated throughout this EIR;
- A summary of the Environmentally Superior Alternative; and
- A discussion of areas of known controversy and uncertainty.

A set of Impact Summary Tables is provided after the Executive Summary. These tables summarize the impacts and mitigation measures for the Project. The impacts and mitigation measures are discussed in further detail in Section 4.0. The alternatives to the Project are discussed in Section 5.0.

Figure ES-1 Proposed Project Location



A. Introduction

The purpose of the Executive Summary and Impact Summary Tables is to provide the reader with a brief overview of the Project, the anticipated environmental effects, and the potential mitigation measures that could reduce the severity of the impacts associated with the Project. The reader should not, however, rely exclusively on the Executive Summary as the sole basis for judgment of the Project and its alternatives.

This FEIR was prepared in accordance with State and San Luis Obispo City (City) and County (County) administrative guidelines established to comply with CEQA. In compliance with CEQA Guidelines, the City and County worked together to prepare an Initial Study for the Project and solicited comments through distribution of an NOP (issued in February 27, 2009). The scoping documents and comments received in response to the NOP were used to help direct the scope of the analysis and the technical studies in this EIR. Copies of the Initial Study, NOP, and the comments received in response to the NOP can be found in Appendix I.

The Draft EIR was released on June 20, 2013 for a 45-day public comment period. During the public comment period a number of public workshops were held on the Draft EIR to provide the public with an opportunity to ask questions about the Draft EIR. Volume II of the FEIR contains a copy of all of the comment letters received on the Draft EIR and the responses to those comments. Volume II is provided in electronic format on the CD attached to the inside front cover of the FEIR. Revision marks are used throughout this FEIR to show where changes have been made to the DEIR. Areas where the text has been revised are shown by solid vertical lines on the left margin of the page.

In addition to the City and County, a number of other governmental agencies require a CEQA analysis of the Project in order to act on the Project. These agencies include the San Luis Obispo County Air Pollution Control District (SLOAPCD), CALFire, California Department of Fish and Wildlife (CDFW), Regional Water Quality Control Board (RWQCB), Local Agency Formation Commission (LAFCO), and the Airport Land Use Commission.

B. Proposed Project Description

The Project entails a complex permitting landscape for a couple of reasons. First, although the Project Site is within the County, it is also located within the City's Urban Reserve Line (URL) and Urban Services Line (USL) and has been identified by the City for annexation. Second, the Project is broken into two larger phases: remediation and development.

The County is responsible for the remediation phase, while the development phase would be regulated by either the County or City, depending on whether or not the Project Site is annexed into the City. In addition, the Project Site is located within an area that is subject to the Airport Land Use Plan (ALUP) so will need approval from the Airport Land Use Commission.

The remediation and restoration component includes several activities proposed to occur over a three-year period: demolition of existing buildings and selected reservoir remnants, excavation of top soil and sub-surface material, site re-contouring, capping, and increasing the quantity of wetland and rare plant habitats. Re-contouring would be done mostly using on-site materials. The remediation portion of the Project is based on an extensive collaborative process with resource agencies that have concurred with the Applicant's proposed remediation approach, while taking into consideration the proposed future uses at the Project Site.

The second component of the Project would be development of portions of the Project Site. If the Project is annexed into the City, there would need to be amendments to the City Airport Area Specific Plan (AASP), the General Plan, the Airport Compatibility Open Space Plan (ACOS), a tentative Tract Map, as well as other City permits. If the development is in the County, then a General Plan amendment and conditional use permit would be required.

The Applicant's goal is to develop approximately 17 percent of the Project Site with approximately 800,000 square feet (floor area) of business park and service commercial uses. Development would be implemented in five phases over a period of approximately 25 years; each phase would create approximately 160,000 square feet of leasable floor area. The proposal includes designation of approximately 15 acres for recreational use (may include up to two acres of public land) to be developed by a subsequent Project Site/individual lot owner. The development would be essentially the same for both the City and County options. The only major difference would be that the County option would require the construction of a wastewater treatment facility on-site and use of on-site groundwater to serve the development.

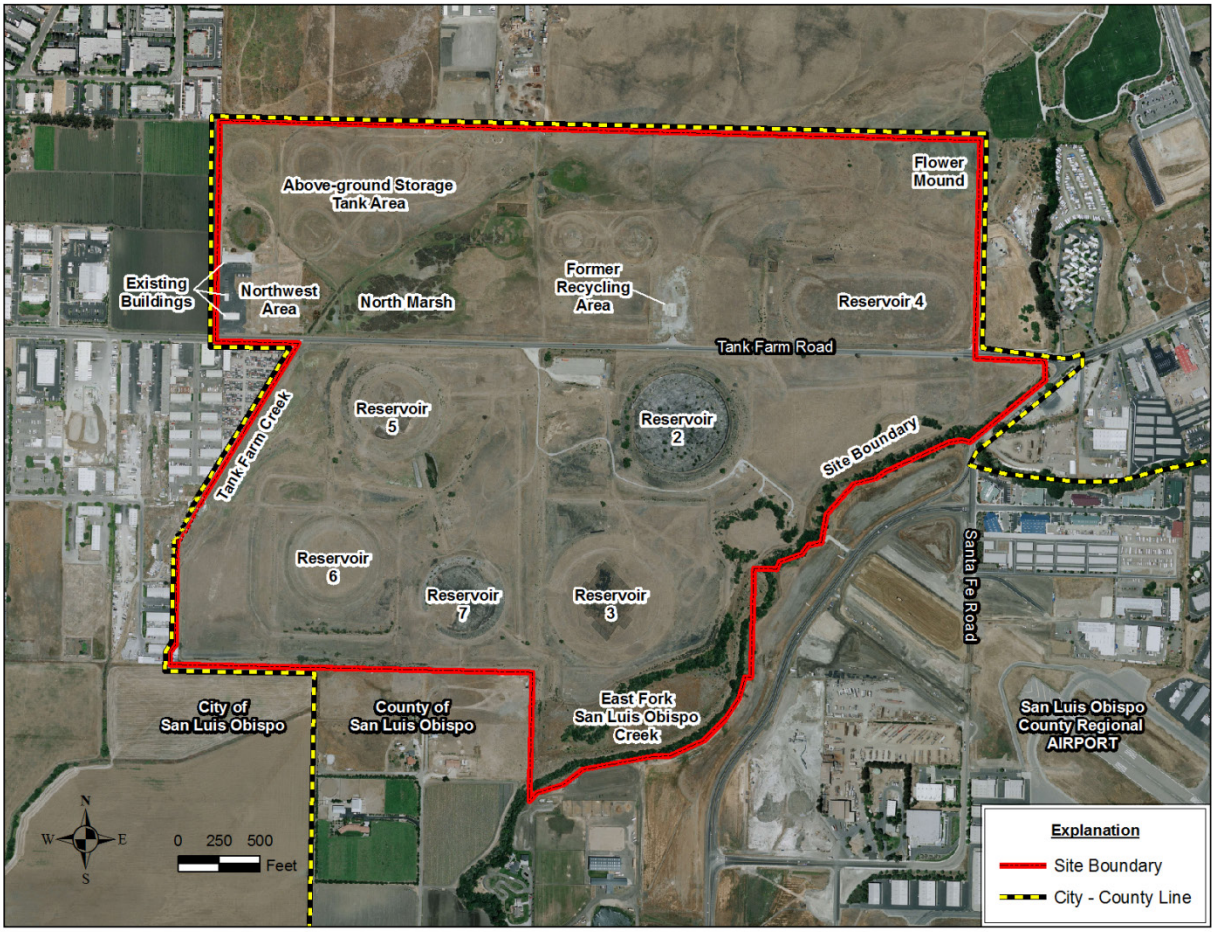
The Project Site is included in the City's Airport Area Specific Plan (AASP) that anticipates future annexation of this and other properties in the area given its proximity to existing City boundaries, existing industrial uses, and the San Luis Obispo County Regional Airport (SLOCRA). In addition, the City's AASP encourages the environmentally sensitive portions of the Project Site – comprised of approximately 250 acres – be kept in open space. The Applicant is proposing a Development Agreement (DA) for consideration by the City Council in association with a potential annexation of the Project Site. The purpose of the DA is to ensure that development impact fees and project entitlements will remain stable throughout the phases of development. The City will use the mitigations identified in this EIR as input in the development of the DA. The mitigation measures included in the EIR will help the City identify the infrastructure improvement that may be needed for the development project.

Given the uncertain nature of the DA and annexation processes, the Applicant has also filed a land division map application with the County. The objective of the dual approach by the Applicant is to provide an alternative development option in the event that the City review and approval process for annexation and development is unsuccessful. Approved development would either be under County or City jurisdiction, and such approvals would follow approval of required amendments to the County General Plan and/or the City's AASP.

The Project Site is divided into north and south sections by Tank Farm Road (see Figure ES-2). It is bordered by light commercial and industrial development to the east and west, the SLOCRA to the southeast, agricultural and pastoral lands with scattered residences to the south, and a mobile home park to the northeast.

The existing buildings in the northwest part of the Project Site are used as the Applicant's local headquarters for a variety of environmental and remediation operations. The buildings are proposed for demolition as part of the Project.

Figure ES-2 Project Site



Remediation Project

The remediation portion of the Project addresses soil and groundwater contamination identified as potential human health or ecological risks as agreed upon by the resources agencies participating in the Surface Evaluation, Remediation, and Restoration Team (SERRT) process and reviewing the proposed remedial actions for the Project Site. The Project includes restoration of wetland and rare plant habitats affected by the contamination and those that could be potentially affected by implementing the remedial actions. The petroleum-related material affecting the Project Site includes oil found in the vicinity of the former reservoirs in the subsurface at an average depth of 25 to 40 feet below ground surface (bgs), but as deep as 60 feet. At the surface, crude oil expressions range from solid asphalt-like coke to a low-density (light) non-aqueous phase liquid (LNAPL).

General remedial actions proposed by the Applicant as part of the remediation phase of the Project include excavation and off-site transport, capping, long-term monitoring, and institutional controls.

The restoration phase as proposed by the Applicant would restore areas affected by the remediation, improve habitat value and function, improve hydrologic function and conform to Federal Aviation Administration (FAA) guidance. Impacts to waters/wetlands due to remediation efforts are expected on 42.93 acres; impacts to waters/wetlands due to development efforts are expected on 3.71 acres. The Project would include the restoration of these wetlands onsite.

City Development Plan

The City Development Plan proposes development of the Project Site with approximately 803,000 square feet of commercial and industrial floor area with associated parking, landscaping, open space, recreational playing fields, bicycle and pedestrian trails. The City Development Plan could also include land for the City to construct public facilities such as a transit maintenance yard and storage facility or a fire station and training facility.

The development would be phased over a 25-year period. The proposed land uses under the City Development Plan include 27.85 acres of Business Park development (BP-SP), 26.01 acres of Service-Commercial development (C-S-SP), 15.05 acres of Public Facilities (PF-SP) intended for recreational ball fields, 13.62 acres of public right-of-way (e.g., streets), and the approximately 250-acre balance as Open Space (C/OS-SP). See Figure ES-3.

The Applicant-proposed City Development Plan trades approximately nine acres of developable area in the northwest portion of the Project Site and on the west edge of the area south of Tank Farm Road for 16 acres in the northeast portion of the Project Site.

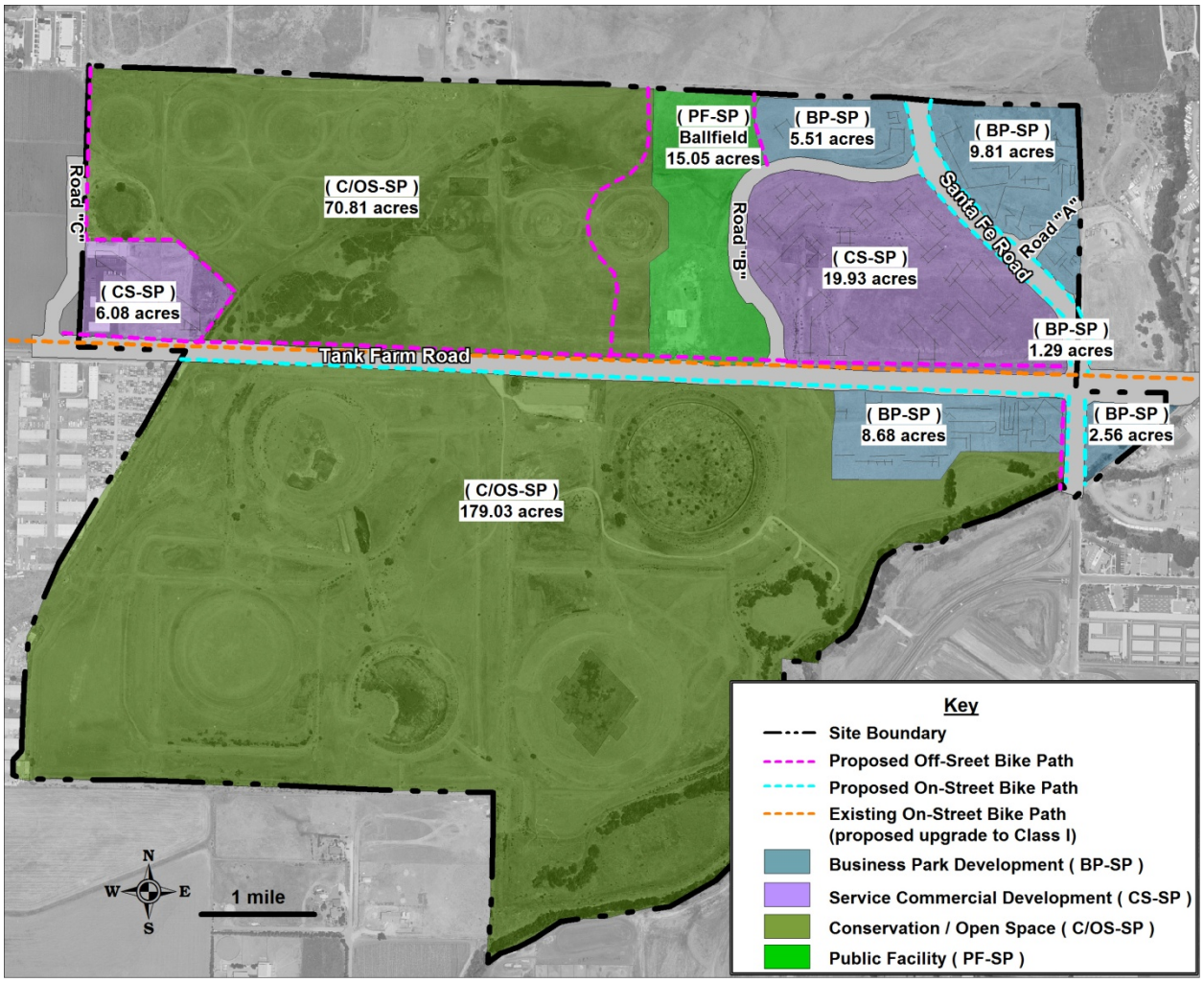
The City would provide water, sewer, and public services such as police and fire. The City recently installed a sewer trunk line in Tank Farm Road along the property's frontage (July 2009). The Applicant would extend the potable and recycled water mains and utilities to the developable areas.

Improvements and modifications would be made to existing roadways in the Project area. Tank Farm Road would be widened to four lanes from Acacia Creek in the east to the western boundary of the property. Santa Fe Road, south of Tank Farm Road, would be re-aligned and tied into Tank Farm Road. New roads would also be constructed north of Tank Farm Road.

The City Development Plan would also require amendments to the Airport Area Specific Plan (AASP) and the Airport Compatibility Open Space Plan (ACOS). Some of the major changes to the AASP would include modification of some of the zoning on the Project Site, modification of the boundaries of the Cluster Development Zone, elimination of the Unocal Collector Road, elimination of the Class I multi-use trail to the south, and installation of a signalized intersection at Tank Farm Road and Santa Fe Road (the AASP calls for the use of a roundabout at this intersection).

Amendments to the ACOS would include modification of the boundaries of the reserve spaces and the location of the reserve areas.

Figure ES-3 City Development Plan



County Development Plan

The County Development Plan is similar to the City Development Plan with the primary difference being that the County Development Plan proposes more rapid (Phase 1) development in the eastern end of the Project Site (south of Tank Farm Road), where approximately 1 acre of land designated as Industrial (I), would be used to construct an on-site wastewater treatment facility.

The Applicant's goal under the County Development Plan would be to develop a portion of the Project Site with an approximate 803,000 square feet (floor area) for commercial and industrial services with associated parking, landscaping, open space, bicycle and pedestrian trails, and Project Site amenities (the same amount as the City Plan).

The development would be phased over 25 years. The proposed land uses under the County Development Plan include 26.56 acres of Commercial Service (CS), 27.29 acres of Industrial,

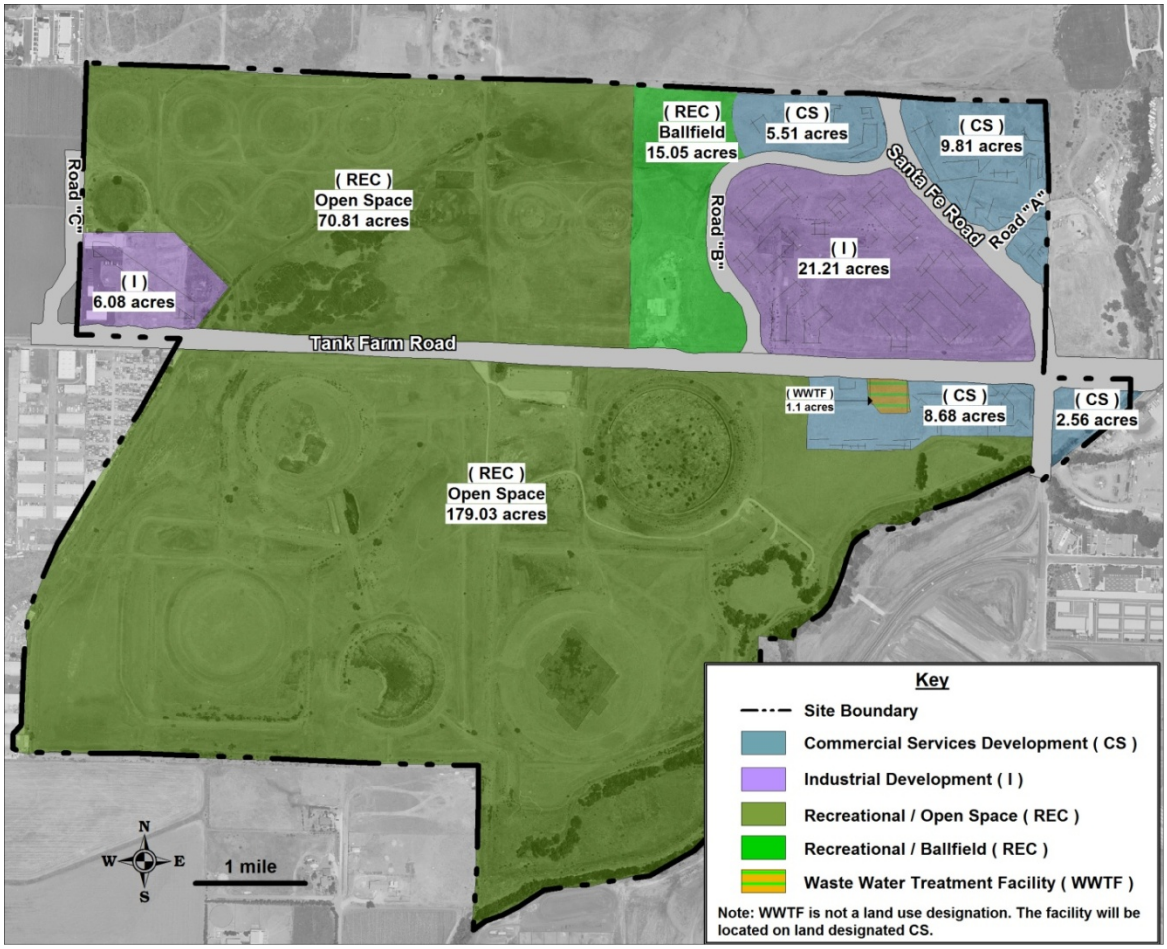
and Recreation (REC) consisting of 249.84 acres of open space and 15.05 acres as active sports fields, and 13.63 acres of public right-of-way (e.g., streets). See Figure ES-4.

The Applicant-proposed County Development Plan proposes transferring the development potential of the Industrial zoned land identified in the County General Plan (north of the Northwest Operations Area) to the northeastern portion of the Project Site.

The County would provide public services such as police and fire. Water for the development would be provided by on-site groundwater wells. A wastewater treatment plant would be built on the site to handle the sewer needs of the Project.

Improvements and modifications would be made to existing roadways in the Project area. Tank Farm Road would be widened to four lanes from Acacia Creek in the east to the western boundary of the property. Santa Fe Road, south of Tank Farm Road, would be re-aligned and tied into Tank Farm Road. New roads would also be constructed north of Tank Farm Road.

Figure ES-4 County Development Plan



The Applicant proposes amending the Land Use Element of the County General Plan, including the San Luis Obispo Area Plan, to designate approximately 27 acres to Commercial Services, approximately 26 acres to Industrial, 265 acres for Open Space, and to allow for the remaining 14 acres to be used for streets.

C. Agency Oversight and Involvement

A large number of governmental agencies have been involved in oversite and development of the remediation project at the Tank Farm site. The Applicant's characterization of the contamination has included, in addition to their identification and delineation, an evaluation of their importance relative to human and ecological health and the need for their remediation. In order to validate the characterization process, the Applicant entered into two cooperative programs resulting in regulatory agency participation and third-party expert review: the Remediation Technology Panel (RTP) and the SERRT.

The first of these collaborative processes, the RTP, was established through a cooperative agreement between the Applicant and the Central Coast Regional Water Quality Control Board (RWQCB). The RTP consisted of three experts drawn from academia with expertise in the characterization and remediation of petroleum-affected sites, whose purview focused on soil- and groundwater-related issues. They identified data gaps within the existing site characterization, guided and reviewed subsequent characterization activities, and published a report summarizing their consensus understanding of subsurface issues at the Project Site (RTP 2006).

A key finding of that report was that petroleum in the subsurface was effectively immobile and that the migration of dissolved-phase constituents was controlled by natural biodegradation processes. This finding, which was supported by a specific evaluation of natural attenuation processes, formed the basis of evaluating MNA as an appropriate remedial technology for impacted groundwater.

The second of the cooperative efforts, the SERRT, was established in 2002 at the suggestion of staff at the RWQCB. This action was suggested in recognition of findings of studies which detailed the extent of sensitive resources on the Project Site, and the subsequent desire to consider a risk-based remediation program for the property. As part of the SERRT process the Applicant, regulatory agencies, and local municipalities have reviewed data, evaluated assessments, identified data gaps, established the risk associated with a given contamination source, and determined the extent of the remediation required for the Project Site.

The SERRT formed two subgroups, the Human Health Risk Working Group (HHRWG) and the Ecological Risk Working Group (ERWG). Both groups included the Applicant, its representatives and consultants, and the RWQCB. In addition, the HHRWG included representatives from the California Office of Environmental Health Hazard Assessment, the San Luis Obispo County Environmental Health Division, and the San Luis Obispo County Air Pollution Control District (SLOAPCD). The ERWG in addition included representatives from the City, the County Planning Department, California Department of Fish and Wildlife (CDFW), U.S. Fish and Wildlife Service (USFWS), and the U.S. Army Corps of Engineers (USACE).

In addition to preparing reports documenting the human health risk assessment (HHRA) and predictive ecological risk assessment (pERA), the SERRT prepared a consensus summary document listing its recommendations for risk management at the Project Site, the Risk

Management Summary (BBL 2005). In order to focus risk assessment efforts, certain areas of the Project Site, mainly those affected by liquid or plastic hydrocarbon surface expressions, were excluded from the risk assessments on the understanding that remediation of those areas was a "must", and the Applicant would undertake remediation there without the need for further detailed characterization or assessment.

The culmination of the Applicant's characterization efforts was the Risk Management Summary, which identified the contamination at the Project Site requires remediation. The SERRT ratified the Risk Management Summary on December 12, 2005. The Risk Management Summary also provided recommendations on treatment strategies based on levels and types of contamination, the potential ecological risks, and the potential impacts of clean-up. Contamination requiring remediation included surface liquid hydrocarbons impacting seasonal wetlands in Reservoirs 5 and 7, plastic surface hydrocarbons found across the Project Site (mostly in low-lying areas), groundwater affected by LNAPL and benzene, arsenic in soil, asphalt affecting wetlands, and the potential for vapor intrusion to affect buildings.

Based upon the Risk Management Summary, a Feasibility Study (FS) was conducted that considered remedial activities that supported development consistent with the land use plans available at that time. The FS evaluated various remedial alternatives that addressed site contamination issues and selected a preferred remedy. The study was ratified by the SERRT on March 15, 2007.

D. Proposed Project Impacts and Mitigation Measures

In the Impact Summary Tables and throughout this EIR, impacts of the Project and alternatives have been classified using the categories Class I, II, III, and IV as described below.

- Class I – Significant impacts that cannot be mitigated to less than significant levels,
- Class II – Significant impacts that can be mitigated to less than significant levels,
- Class III – Less than significant impacts without mitigation, and
- Class IV – Beneficial impacts.

The term "significance" is used in these tables and throughout this EIR to characterize the magnitude of the projected impact. For the purposes of this EIR, a significant impact is a substantial, or potentially substantial, change to resources in the local Project area or the area adjacent to the Project in comparison to the thresholds of significance established for the resource or issue area. These thresholds of significance are discussed by issue area in Section 4.0.

The impacts along with the identified mitigation measures for each impact are shown in the Impact Summary Tables, immediately following this Executive Summary. Each issue area section of the Impact Summary Tables describes and classifies each impact, lists recommended mitigation, and states the level of impact with mitigation.

The remainder of this section presents a brief summary of the key impacts and mitigation measures for each issue area. The reader should refer to the Impact Summary Tables and Section 4.0 of the EIR for a more detailed discussion of the impacts and associated mitigation measures.

Air Quality

There are no significant and unavoidable (Class I) air quality impacts from the remediation component of the Project.

Construction and operational activities associated with the remediation component of the Project could result in air toxic, fugitive dust, diesel PM and ROG + NOx emissions, which were found to be less than significant with mitigation (Class II). Some of the mitigation measures identified for these impacts include use of CARB Tier 3 certified diesel construction equipment and securing off-site reductions in ROG + NOx emissions if thresholds are exceeded.

Significant and unavoidable (Class I) impacts from fugitive dust and diesel PM emissions could occur during the development components of the Project. This is primarily due to vehicle emissions associated with the development. Mitigation measures addressing alternative transportation modes such as transit, and bicycle would serve to reduce these emissions, but they would still remain significant and unavoidable.

Construction and operational activities associated with the development component of the Project could result in Greenhouse Gas (GHG) and ROG + NOx emissions, which were found to be less than significant with mitigation (Class II). Some of the mitigation measures identified for these impacts include implementing a Transportation Demand Management program for employees and securing off-site reductions in GHG and ROG + NOx emissions if thresholds are exceeded.

Biological Resources

There are no significant and unavoidable (Class I) impacts to biological resources from the remediation or development component of the Project.

Impacts to Vernal Pool Fairy Shrimp (VPFS) could occur during remediation activities. Specimens of the federally threatened VPFS could be destroyed during soil remediation with natural and artificial wetlands. Impacts to VPFS were found to be less than significant with mitigation (Class II). Mitigation measures covering repopulation and collection of cysts following U.S. Fish and Wildlife Service (USFWS) protocols would reduce this impact to less than significant levels.

Construction and operational activities associated with the remediation component of the Project could result in impacts to habitat for listed and special status species, loss of biological functions of wetlands, native grasslands and habitat for rare plants and animals, adversely affected federal wetlands, habitat alteration, temporary migration impediments, and the reduction in size and diversity of plant and animal populations. These impacts were found to be less than significant with mitigation (Class II). Some of the mitigation measures identified for these impacts include implementing a Final Restoration Plan, conducting updated surveys of sensitive species habitats, employing an independent biological monitor, delineating sensitive species habitat with specific labeling, and minimizing project-related nighttime traffic.

Construction and operational activities associated with the development component of the Project could result in loss of biological functions of wetlands, native grasslands and habitat for rare plants and animals, temporary migration impediments, and the reduction in size and diversity of plant and animal populations. These impacts were found to be less than significant with mitigation (Class II). Some of the mitigation measures identified for these impacts include implementing a Final Restoration Plan, monitoring the function of the restored native grassland

habitat, excluding hikers, pets and cyclists from sensitive habitats, shielding light spillage into adjacent preserved open space areas, and preparing a WWTF spill/discharge plan (County scenario) with measures to prevent untreated discharge or accidental releases.

During both phases of the Project, the Applicant would be required to obtain all applicable federal and state permits and agreements, including a USFWS Incidental Take Statement and Section 404 Permit from the U.S. Army Corps of Engineers (USACOE) and a streambed alteration permit from California Department of Fish and Wildlife.

Transportation and Circulation

There are no significant and unavoidable (Class I) impacts to transportation and circulation from the remediation component of the Project.

Significant and unavoidable (Class I) impacts from cumulative traffic conditions could occur during the Development Project. Five intersections and two freeway segments would be impacted. Even with requirements for improvements designed to address congestion issues, these impacts cannot be fully mitigated.

Construction and operational activities associated with the remediation component of the Project could result in roadway impacts due to the potential obstruction of heavy vehicles creating an unsafe situation. These impacts were found to be less than significant with mitigation (Class II). A mitigation measure designed to address these impacts includes the implementation of a Construction Traffic Management Plan that identifies haul routes, a traffic control plan, and a scheduling plan.

Construction and operational activities associated with the development component of the Project could result in one intersection operating at unacceptable levels, increased transit ridership, bicycle and pedestrian network impacts, and site access issues. These impacts were found to be less than significant with mitigation (Class II). Some of the mitigation measures identified for these impacts include implementing previously scheduled improvements, installing a multi-lane roundabout at the new intersection at Tank Farm Road and northern leg of Santa Fe Road, installing a bus stop at the east and west end of the Project along Tank Farm Road, installing a continuous Class I multi-use path along the north side of Tank Farm Road, and implementing a Construction Traffic Management Plan.

Water Resources

There are no significant and unavoidable (Class I) impacts to water resources from the remediation or development component of the Project.

Implementation of the County Development Plan could result in the migration of hydrocarbons from the shallow ground water to the deep groundwater wells, which was found to be less than significant with mitigation (Class II). The mitigation measure for this impact includes the implementation of a sentinel monitoring program that would include wells positioned and constructed to specifically monitor inflowing water in the vicinity of the groundwater wells that would provide information on any approaching petroleum-related constituents of concern. If petroleum-related constituents of concern are detected, then a groundwater treatment system would need to be installed that uses carbon canisters, or similar technology, to remove any hydrocarbons.

Impacts to water resources during the remediation component of the Project that are less than significant with mitigation (Class II) include surface water quality degradation, stormwater mobilization of contaminant constituents, and increased storm runoff flowing onto erodible soils. Mitigation measures for these impacts include directing and controlling pollutant runoff, implementing Surface Water Quality Management Practices, treating contaminated soil, and preparing a Storm Water Pollution Prevention Plan (SWPPP).

Wastewater

There are no significant and unavoidable (Class I) impacts to wastewater from the remediation component of the Project, or from the City Development Plan component of the Project

An impact to wastewater during the County's Development Plan that is significant and unavoidable (Class I) includes discharges from the WWTF increasing surface water flow rates and affecting downstream properties. The mitigation measure for this impact includes implementing a Wastewater Discharge Plan for the WWTF. Even with the implementation of this measure, the impact would still be significant.

There are no less than significant with mitigation (Class II) impacts to wastewater from the remediation component of the Project.

An impact to wastewater during the County's Development Plan that is less than significant with mitigation (Class II) includes the WWTF discharges increasing pollutants into the existing drainages. The mitigation measure for this impact includes approval of a tertiary treatment system and implementing a quarterly monitoring program that provides for sampling and testing for all required constituent compounds.

Geological and Soil Resources

There are no significant and unavoidable (Class I) impacts to geological and soil resources associated with the remediation or development components of the Project.

An impact to geological and soil resources during the remediation component of the Project that is less than significant with mitigation (Class II) includes erosion-induced siltation of nearby waterways as a result of ground disturbing activities. Mitigation measures for this impact include preparation of a SWPPP, an Erosion Control Plan, and a Wet Weather Plan.

Impacts to geological resources during the development component of the Project that are less than significant with mitigation (Class II) include erosion-induced siltation of nearby waterways, loss of property, and risk to human life due to seismically-induced ground shaking, hydroconsolidation, excessive settlement and expansive soils. Mitigation measures for these impacts include compliance with all applicable codes and regulations, conduct of a detailed geotechnical evaluation, assurance of proper compaction of unconsolidated soils, and implementation of structural measures to assure adequate equipment support as well as design requirements for pad development/construction.

Noise and Vibration

There are no significant and unavoidable (Class I) impacts to noise and vibration associated with the remediation or development components of the Project.

Impacts to noise and vibration during the remediation component of the Project that are less than significant with mitigation (Class II) include increased noise and vibration levels due to

construction machinery and operational activities, such as rock blasting. Mitigation measures for these impacts include implementing crushing plant setbacks from residential receptors, limiting construction hours, and developing and implementing a Blasting Plan.

Impacts to noise and vibration during the development component of the Project that are less than significant with mitigation (Class II) include increased noise levels due to construction machinery and operational activities and exposure to the development by airport activities. Mitigation measures for these impacts include implementing crushing plant setbacks from residential receptors, limiting construction hours, and incorporating noise attenuation design features in facilities within the Airport Land Use Plan (ALUP) noise contours.

Cultural Resources and Archaeology

There are no significant and unavoidable (Class I) impacts to cultural resources associated with the remediation or development components of the Project.

Impacts to cultural resources during the remediation and development components of the Project that are less than significant with mitigation (Class II) include historical resources impacts, and unanticipated disturbance to human remains and paleontological resources due to remediation activities. Mitigation measures for these impacts include developing a monitoring plan and halting area activities for expert assessment when resources are discovered.

Aesthetics and Visual Resources

There are no significant and unavoidable (Class I) impacts to aesthetics and visual resources associated with the remediation or development components of the Project.

Less than significant with mitigation (Class II) impacts to aesthetics and visual resources could occur during the development component of the Project due to degradation of the site's existing visual character and introduction of new sources of light and glare. Mitigation measures identified for these impacts include conducting an ALUP consistency review for new construction as well as consistency reviews for the AASP and Community Design Guidelines. Other measures include implementing a lighting plan and lighting operation schedule, minimizing glare, and prohibiting laser light demonstrations. With these measures the impacts would be less than significant.

An impact to aesthetics and visual resources during the remediation component of the Project that is less than significant with mitigation (Class II) includes degradation to the visual character or quality of the Project Site and surrounding viewshed. The mitigation measure for this impact includes ensuring that graded areas not built on within two years of Project initiation are temporarily landscaped or otherwise maintained to cover exposed soils and maintain growth of weeds.

The development component of the Project was found to have less than significant (Class II) impacts related to conflicts with the City's AASP and the County's ALUP. Mitigation measures for these impacts include implementing the mitigation measures previously discussed for visual character as well as for the County, prohibiting uses that regularly produce visually significant quantities of smoke.

Hazards and Hazardous Materials

A significant and unavoidable (Class I) impact to hazards and hazardous materials could occur during the remediation component of the Project due to wetland restoration that could result in

an increased risk of aircraft bird strikes. As a result, the impact would remain significant and unavoidable. The Applicant has proposed replacing wetland areas impacted by the remediation component of the Project at a 1.7 to 1 ratio. The biological resources section of the EIR has a mitigation measure that would require offsetting the remediation component of the Project impacts to wetlands at a ratio of 1 to 1 for disturbed wetlands and 2 to 1 for wetland that are permanently lost due to the development. These wetland areas would all be located within the airport runway safety zones.

Even at a 1 to 1 replacement ratio, the restoration activities would improve the value and functions of the wetlands, which could make them more attractive to birds. In addition, with the re-establishment of normal water flow throughout the site, other additional degraded wetlands could recover and provide additional habitat functions. The natural recovery of degraded wetlands, combined with mitigation measures, particularly restoration of on-site, existing wetlands, would result in a potential increase in the quantity and quality of wetland habitat and therefore possibly increase bird populations. Therefore, the impact associated with bird strike risk has remained significant and unavoidable (Class I).

An impact to hazards and hazardous materials during the remediation component of the Project that is less than significant with mitigation (Class II) includes increased asbestos exposure risk. The mitigation measure for this impact includes implementing measures from the air quality issue area.

As part of the remediation component of the Project, the Applicant proposes to make some modification to Reservoir 2 to improve airport safety by addressing concerns raised by the Airport Land Use Commission (ALUC). The main runway alignment intersects the reservoir, which is now a significant feature within the Runway Protection Zone (RPZ). The ALUC identified this feature as a safety concern if an aircraft had to make an emergency landing within the RPZ. These modifications were found to be a beneficial impact (Class IV).

There are no significant and unavoidable (Class I) impacts to hazards and hazardous materials associated with the development components of the Project.

Impacts to hazards and hazardous materials during the development component of the Project that are less than significant with mitigation (Class II) include potential health risks from exposure to residual contamination and the potential risks associated with the future use of acutely hazardous materials (AHMs). The mitigation measures for these impacts include securing deed restrictions specifying trenching limits and limits of on-site storage of AHMs.

For the County Development Plan, risks associated with the WWTF chemical usage, and with the WWTF polishing ponds and aircraft bird strikes are less than significant with mitigation (Class II). The mitigation measures for these impacts include limits of on-site storage of chlorine and sulfur dioxide, and prohibition of the use of polishing ponds for the WWTF.

Population and Housing

There are no significant and unavoidable (Class I) impacts or less than significant with mitigation (Class II) impacts to population and housing associated with the remediation or development components of the Project. However, an impact to population and housing that is less than significant (Class III) includes the project inducing substantial growth in the area by proposing new businesses in the area. No mitigation measures are required for this impact.

Public Services and Utilities

There are no significant and unavoidable (Class I) impacts to public services and utilities associated with the remediation or development components of the Project.

For the City Development Plan, impacts to demand for fire protection services were found to be less than significant with mitigation (Class II) since the response times for the City Fire Department are longer than the standards adopted in the City Fire Department Master Plan. Mitigation measures include the Applicant deeding property at the Project Site to the City that could be used for a future City fire station, and a requirement that the City deem that adequate fire suppression services and facilities, consistent with adopted travel time standards, are available, or will be made available concurrent with development at the Project Site. If, at time of development it is determined that the development site is outside of adequate response time zones, the Developer/Applicant could finance improvements that would alleviate the deficiencies.

Under the County Development Plan fire protection services were found to be less than significant (Class III) since the CALFIRE response times to the Project Site are adequate, and the Applicant is required to pay the County's fire service mitigation fee.

Recreation

There are no significant and unavoidable (Class I) impacts or less than significant with mitigation (Class II) impacts to recreation associated with the remediation or development components of the Project. However, an impact to recreation that is less than significant (Class III) includes the potential effect remediation activities could have on existing recreational facilities and users. No mitigation measures are required for this impact.

The development component of the Project would include the addition of ballfields and bicycle paths, which would be a beneficial impact (Class IV).

Agricultural Resources

There are no significant and unavoidable (Class I) impacts to agricultural resources associated with the remediation or development components of the Project.

The Project could result in less than significant with mitigation (Class II) impacts to productivity of adjacent farmlands due to construction activities during both the remediation and development portions of the Project. Dust generated by the demolition of the existing buildings and structures in the Northwest Operations Area, pipeline decommissioning activities, remediation activities, and development construction activities could produce a significant short-term impact and temporarily affect the productivity of row crops. Implementation of the fugitive dust mitigation measures identified in air quality would reduce these impacts to less than significant.

E. Description of Project Alternatives

Alternatives to the Project have been developed per CEQA Guidelines Section 15126.6. This document has used an alternative screening analysis to select the alternatives evaluated in detail in the EIR. The screening analysis provides the detailed explanation of why some of the alternatives were rejected for further analysis and ensures that only potentially environmentally preferred alternatives are evaluated and compared in the EIR. Please see Chapter 5 of the EIR for a detailed discussion of the screened alternatives. The following are the alternatives that were selected as part of the screening analysis for more detailed review.

No Project Alternative

With the No Project Alternative, development of the Project Site would not occur, and the Project Site would remain as open space. However, it is likely that the RWQCB and/or CDFW would still require some level of remediation of the site, even with no development, to assure protection of human health and ecological receptors.

For the purposes of the EIR, it has been assumed that the remediation and restoration of the Project Site under the No Project Alternative would be similar to the proposed Project. The major change would be that the remediation portion of the Project would not include the construction of the rough pads for the proposed development. Instead, the areas that are proposed for development would be returned to their natural grade and revegetated. None of the proposed infrastructure improvements associated with roads would occur as part of the No Project Alternative. Only the storm water management improvements needed to support the remediation and restoration effort would be constructed on-site. The reader is referred to Section 2.3 of the EIR for a detailed description of the remediation and restoration activities that would occur under the No Project Alternative.

Replace Remedial Caps with Excavation

This alternative is similar to the proposed Project, except areas designated for remedial capping would be excavated and then backfilled. In addition, soil with elevated arsenic concentrations will be removed and transported off-site for disposal. This alternative would result in the removal from the site of a larger amount of the constituents that were identified in the Human Health Risk Assessment (HHRA) and Predictive Ecological Risk Assessment (pERA), as being a potential threat to human health and site ecology (mainly crude oil, lead, arsenic, PCBs, and benzene), than the proposed Project.

This alternative assumes that most of the excavated material would be trucked to the Santa Maria Landfill for use in the closure of landfill cells as part of the Landfill's Non-Hazardous Hydrocarbon Impacted Soil (NHIS) program. It is possible that some of the excavated material, particularly arsenic-impacted soils, would not meet the acceptance criteria for that program and would need to be transported to another disposal facility, such as Buttonwillow in Kern County or Kettleman Hills in Fresno County, if it did not meet the NHIS criteria for the Santa Maria Landfill.

Reduced Development

The reduced development alternative would have approximately 562,000 square feet of commercial and industrial floor area with associated parking, landscaping, open space, recreational playing fields, bicycle and pedestrian trails. This represents a 30 percent reduction in building floor space over the proposed Project. Under this alternative, no development would occur on the western portion of the site just north of Tank Farm Road. Known as the Northwest Operations Area, this portion of the Project Site contains the highest level of contamination. The Northwest Operations Area would be recontoured to a natural grade and then revegetated. All other remediation restoration activities associated with the proposed Project would remain the same under this alternative. This alternative would apply to both the City and County Development Plans.

F. Environmentally Superior Alternative

This section summarizes the advantages and disadvantages of each of the alternatives as compared to the Project. A more detailed comparison of the Project and the alternatives can be found in Section 5.4 of the EIR. This comparative analysis was used to select the environmentally superior alternative as required by CEQA, which states that "*if the environmentally superior alternative is the No Project Alternative, the EIR shall also identify an environmentally superior alternative among the other alternatives*" (CEQA Guidelines Section 15126.6(e)(2)).

Remediation Alternatives

No Project Alternative

There is very little difference in the environmental impacts of remediation under the No Project Alternative and the proposed Project. Remediation under the No Project Alternative would not eliminate or change the significance (i.e., impact classification) of any of the environmental impacts of the proposed remediation component of the Project. Remediation under the No Project Alternative would reduce the severity of all of the air emission impacts. Impacts in the other issue areas would remain essentially the same as for the proposed remediation component of the Project.

Given that remediation under the No Project Alternative would reduce the severity of a number of air quality impacts, it was found to be the environmentally superior alternative. However, if the Project Site was remediated under the No Project Alternative, it would have to remain as open space and no development could occur. As such, remediation under the No Project Alternative would not meet any of the development objectives of the Project. CEQA requires that if the environmentally superior alternative is the No Project Alternative, then the next most environmentally preferred alternative must also be identified.

Replace Remedial Caps with Excavation

This alternative would not eliminate or reduce the severity of any of the environmental impacts associated with the proposed remediation component of the Project. The severity of a number of impacts identified for the proposed remediation component of the Project would increase with this alternative (air quality, biological resources, cultural resources, geology, transportation, noise, etc.).

This alternative would result in the removal of more of the hydrocarbon impacted material from the site than the proposed Project. However, the level of human health and ecological risk would remain essentially the same as for the proposed Project. The main reason for this is that with the proposed Project the former reservoirs would be capped with clean soil/gravel, and vapor barriers would be installed. These remedial methods would provide essentially the same levels of protection and risk reduction as excavation based upon the type of contamination present at the Project Site (mainly lead, arsenic, PCBs, and benzene).

The remedial cap replacement with excavation alternative would provide no reduction in the severity of any of the impacts identified for the proposed remediation component of the Project. Therefore, the proposed remediation component of the Project was found, in comparison to the No Project Alternative, to be the next environmentally superior alternative.

Development Alternatives

No Project Alternative

The portion of the No Project Alternative covering development would eliminate all of the development impacts of the proposed Project, since no development would occur. Although it would also eliminate the beneficial impacts to recreation since the ball fields and bike paths would not be built, the development portion of the No Project Alternative remains the clear environmentally superior alternative.

The No Project Alternative would not meet any of the development objectives of the Project. CEQA requires that if the environmentally superior alternative is the No Project Alternative, then the next most environmentally preferred alternative must also be identified.

Reduced Development Alternative

The reduced development alternative would reduce the impact classification associated with diesel particulate emissions from significant and unavoidable (Class I) to less than significant with mitigation (Class II). Fugitive dust emissions would remain Class I, but would be reduced in severity. Traffic impacts to five intersections and two freeway segments under the cumulative conditions would be reduced in severity, but would remain a Class I impact for this alternative. It should be noted that the traffic impact of the Project under the existing conditions (i.e., the baseline) would be less than significant (Class II) for this alternative .

For the County development option, this alternative would also reduce the severity of one significant and unavoidable (Class I) impacts (discharges from the wastewater treatment plant increasing surface water flows during storm events). However, this impact would remain significant and unavoidable (Class I) for the reduced development alternative.

The reduced development alternative would meet all but one of the objectives of the proposed Project. The Applicant has stated that any reduction in building square footage would not meet objective #5 that states, “develop an economically viable commercial project with infrastructure and development phased over 25 years”. The Applicant’s position has been that all of the building square footage would be needed to allow for the development of the public infrastructure that would be required for the proposed Project, and that any reduction in the building square footage would make the Project uneconomical. The EIR does not address the issue of economic feasibility.

With the reduced development alternative the proposed building square footage would be less than what was envisioned in the City’s Airport Area Specific Plan (AASP) and would be well below the allowable building and population densities allowed under the Airport Area Specific Plan.

From an environmental standpoint, the reduced development alternative would eliminate one significant and unavoidable (Class I) Project impact (the portion of AQ.7 covering diesel particulate emissions) and reduce the severity of the remaining significant and unavoidable portion of AQ.7 covering fugitive dust emissions. The alternative would also reduce the severity of the significant and unavoidable (Class I) cumulative traffic impact (T.5-Traffic Impacts to Five Intersections and Two Freeway Segments under the Cumulative Conditions). However, the traffic and fugitive dust impacts would remain significant and unavoidable (Class I) for this alternative.

Given that the reduced development alternative would eliminate the Class I impact associated with diesel particulate emissions (first part of AQ.7) and would reduce the severity of two other Class I impacts (the second part of AQ.7 covering fugitive dust emissions and T.5 covering cumulative traffic impacts), it was found, in comparison to the No Project Alternative, to be the next environmentally superior alternative.

G. Known Areas of Controversy and Uncertainty

According to Section 15123 of the CEQA Guidelines, the EIR shall identify "areas of controversy known to the Lead Agency including issues raised by agencies and the public."

There are two key issues of controversy that have been raised with regard to the Project.

Level of Cleanup of Contamination at the Project Site

A number of stakeholders have raised the issue that the Applicant should do more to remediate the Project Site by removing more of the existing contamination. Stakeholders have wanted to see increased excavations that would remove more of the contamination.

In determining the level of remediation that would need to occur at the Project Site, a Surface Evaluation, Remediation, and Restoration Team (SERRT) was formed. The SERRT formed two subgroups, the Human Health Risk Working Group (HHRWG) and the Ecological Risk Working Group (ERWG). Both groups included the Applicant, its representatives and consultants, and the RWQCB. In addition, the HHRWG included representatives from the California Office of Environmental Health Hazard Assessment, the San Luis Obispo County Environmental Health Division, and the San Luis Obispo County Air Pollution Control District (SLOAPCD). The ERWG in addition included representatives from the City, the County Planning Department, the California Department of Fish and Wildlife, the USFWS, and the USACOE.

As part of the SERRT process a Human Health Risk Assessment (HHRA) and a Predictive Ecological Risk Assessment (pERA) were developed for the Project Site. The HHRA evaluated potential human health risks at the Project Site using current U.S. EPA and CalEPA methodologies. Risks determined in the HHRA are driven primarily by the presence of arsenic and total petroleum hydrocarbons (TPH) in soil. The HHRA evaluated the potential cancer risk and noncancer hazard to future site users identified in the City and County Development Plans from chemicals known to be present in soil, soil gas, surface water and groundwater at the Project Site. As discussed in the Hazards and Hazardous Materials Section of the EIR (Section 4.11) these risks were found to be less than significant with the implementation of the proposed remediation. In addition, the California Office of Environmental Health Hazard Assessment (OEHHA) and the County of San Luis Obispo Environmental Health Services have both submitted letters explicitly stating that the revised HHRA is adequate. These letters are included in Appendix H.2 of the EIR.

The pERA was used to look at impacts of the contamination on terrestrial plants and wildlife. In general terms, terrestrial/wetland plants and terrestrial/sediment invertebrates are the most sensitive receptors evaluated in the pERA, especially in terms of risk due to petroleum exposure. The main potential risks to wildlife identified in the pERA are from exposure to lead and to a lesser extent arsenic. With the implementation of the remediation component of the Project, which would involve mainly excavations and remedial caps, the impacts to biological resources

were found to be less than significant. Discussion on the pERA can be found in Section 4.2 (Biological Resources) and Section 4.11 (Hazards and Hazardous Materials).

The culmination of the Applicant's characterization and risk assessment efforts was the Risk Management Summary, which identified contamination at the Project Site requiring remediation as agreed by the SERRT. The Risk Management Summary provided recommendations on treatment strategies based on levels and types of contamination, the potential ecological risks, and the potential impacts of clean-up.

The result of the SERRT process was the development of the Remedial Action Plan (RAP). The Remedial Action Plan (RAP) provides regulatory agencies, the municipalities with jurisdiction over the site, and the public with detailed information on how the Applicant will implement the remedial actions agreed to by the SERRT.

The remediation component of the Project was developed using a human health and ecological risk based approach, and would include a combination of excavations, remedial caps, institutional controls and long-term monitoring developed as part of the SERRT process.

The remediation approach was developed to reduce the levels of risk without the significant ecological impacts associated with a large excavation project. The goal of the remediation that would occur in sensitive habitat areas would be to minimize environmental impacts to the extent feasible, while assuring that after remediation, the Project Site is protective of human health and the ecology.

As part of the EIR, a number of remediation alternatives were developed that would involve increased levels of excavation at the Project Site. See Chapter 5 (Alternatives Analysis) for a discussion of these excavation alternatives.

Long-Term Use of the Open Space

Some stakeholders have raised the issue of allowing increased public access and recreational development on the large amount of open space that would be created by the development of the Project Site. The proposed development would include up to 15 acres for recreational fields and a number of bike paths. Opening up more of the open space to public access raises a number of issues including:

The open space areas contain sensitive biological resources including, wetlands and vernal pool fairy shrimp (VPFS), which is a federally listed species. These sensitive biological resources could be impacted if the open space were open to public access. Protecting these sensitive biological areas is a key goal of the resource agencies. The locations of these sensitive biological areas are provided in Section 4.2 (Biological Resources).

The open space is within the runway protection zone of the SLOCRA, and areas of the site are used for airport equipment. Public access to these open space areas could conflict with airport operations and represent a hazard to the public and airport operations.

All of the open space would be part of the Reserve Space that is required by the Airport Land Use Plan (ALUP) to allow for increased development within the Cluster Development Zone (CDZ) of the City's Airport Area Specific Plan (AASP). In addition, some of the open space would have to be set aside as Reserve Areas, per the ALUP. The ALUP limits the types of

development and activities that can occur with Reserve Areas and Reserve Space. Information on the Reserve Areas and Reserve Spaces is provided in Chapter 2 of the EIR.

At the time of preparation of the EIR, it was unclear what the Applicant was proposing to do with the portion of the Project Site that would not be developed. The EIR has a mitigation measure that would require the Applicant to place the undeveloped land in a conservation easement that would be managed by a municipality or non-governmental organization.

The Relationship of the Proposed Project to the Prado Road Extension

The extension of Prado Road is a major transportation goal of the City. Completion of this road is critical to the development of the Margarita Area, and is part of the Margarita Area Specific Plan (MASP). Prado Road would provide the primary access to the Margarita Area from other parts of the City and would connect the southeastern and southwestern parts of the City (MASP, 2004). The City Circulation Element designates Prado Road as a "highway/regional route."

The Project is part of the Airport Area Specific Plan (AASP) and does not include any parts of the Prado Road extension, which is designed to support the Margarita Area. All road improvements associated with the Project would occur in the vicinity of the Project Site and would serve to improve the Tank Farm Road corridor. The EIR did look at an alternative that would have included completing the Prado Road extension; however this alternative was subsequently removed from further consideration (see Chapter 5 [Alternatives Analysis]).