1.0 Introduction

The Chevron Land and Development Company (the Applicant), on behalf of the land owner, the Union Oil Company of California (Union Oil), is proposing a remediation and development project on the 332-acre former San Luis Obispo Tank Farm property (Project Site), located south of the City of San Luis Obispo (City), in San Luis Obispo County (County), California. The location of the property is shown in Figure 1-1.

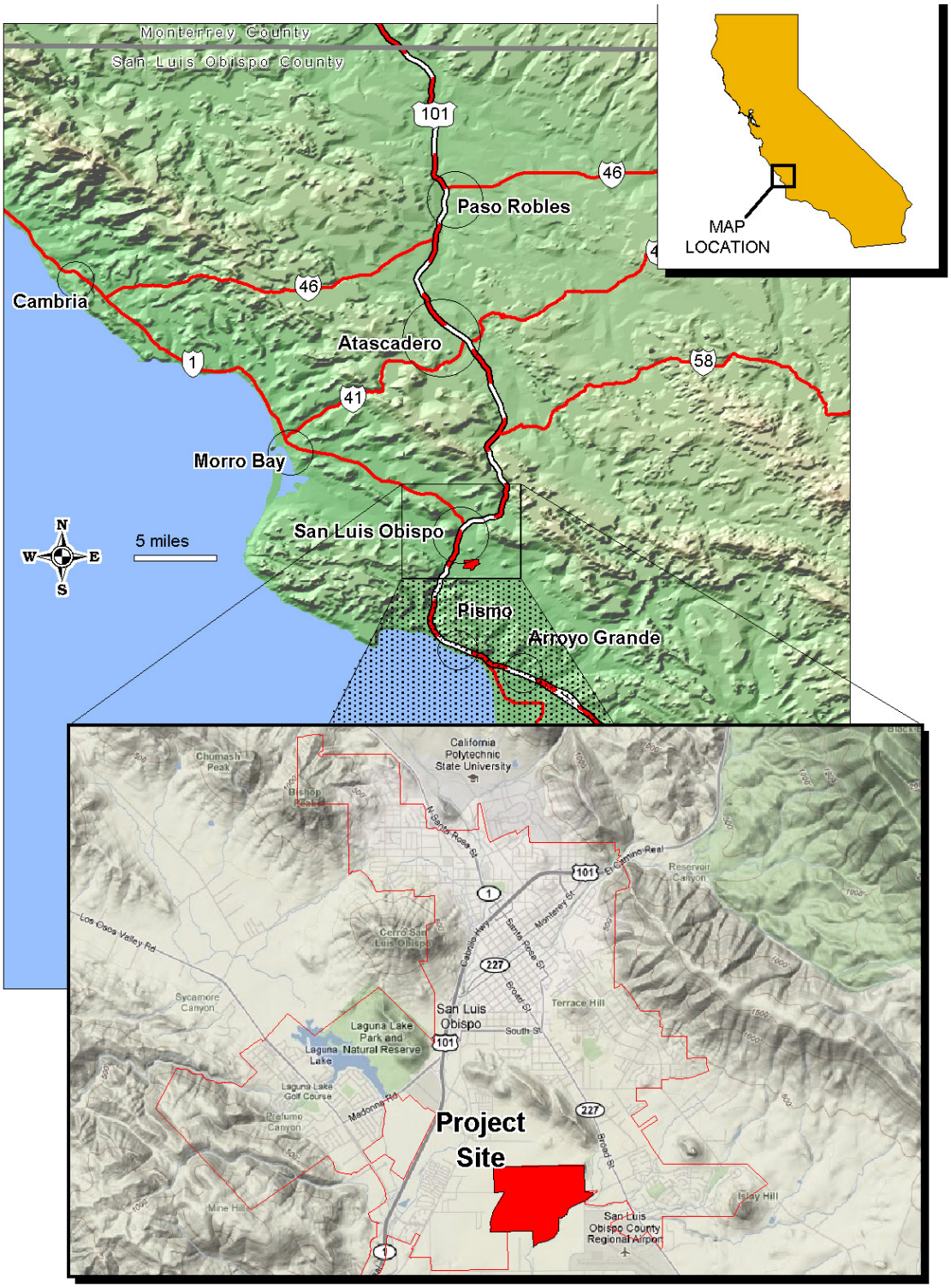
The Project Site was originally owned and operated by Union Oil, which reorganized during the 1980s to become the Unocal Corporation (Unocal). The San Luis Obispo Tank Farm was constructed on the Project Site in 1910 to serve as the accumulation point for the petroleum pipeline from the San Joaquin Valley. The Tank Farm was slowly withdrawn from operation during the later decades of the twentieth century, and by the late 1990s it was formally decommissioned.

Chevron purchased Unocal, including the Project Site, in August 2005. The Project Site currently exists as primarily vacant land that borders commercial and industrial development to both the east and west. The San Luis Obispo County Regional Airport (SLOCRA) is located to the southeast, and agricultural and scattered commercial development exists to the south of the Project Site.

Chevron proposes to remediate the Project Site to address site contamination issues and manage identified human health and ecological risks, and develop portions of the Project Site based on the City's Airport Area Specific Plan (AASP). The Project Site is located within the County, but is surrounded by the City and is considered under the City's sphere of influence, as described in the aforementioned AASP. The Applicant is proposing a Development Agreement for consideration by the City Council in association with a potential annexation of the Project Site by the City.

Given the potential uncertainty of the Development Agreement and annexation processes, Chevron has filed a land division map application with both the County and City. As such, Chevron is proposing two separate development options, one consistent with County regulations and one consistent with City regulations. The objective of this dual approach is to provide an alternative development option in the event the review and approval process for annexation and development with the City is unsuccessful. Future development would either be under County or City jurisdiction, following approval of amendments, since the proposed Project would require modifications to both the County General Plan and the City's AASP.

Figure 1-1 Location of the Project Site



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 Environmental Impact Report (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.

Chevron is proposing to phase Project-related work to include remediation, restoration, and pre-development grading of the Project Site while under County jurisdiction, and development and construction once the Project Site is annexed to the City if a Development Agreement can be reached and the Project is approved by the City.

This Final EIR evaluates the remediation component of the Project, which would occur under County jurisdiction, as well as both the City and County Development Plans with suitable alternatives. Information for the remediation and Development Plans is based on the Remedial Action Plan (RAP) (AVOCET 2007), the Project Execution Plan (Chevron 2007), and Chevron's responses to the EIR preparer's information requests.

The remediation proposal was developed as a result of an extensive collaborative process with resources agencies that have provided input to Chevron's proposed remediation design in light of the proposed future uses at the Project Site. Chevron entered into two cooperative programs that included regulatory agency participation and third-party expert review. The first of these collaborative processes was the Remediation Technology Panel (RTP), established through a cooperative agreement between Chevron and the Regional Water Quality Control Board (RWQCB). The second, the Surface Evaluation, Remediation, and Restoration Team (SERRT), was established in 2002. The SERRT formed two subgroups, the Human Health Risk Working Group (HHRWG) and the Ecological Risk Working Group (ERWG). Both groups included Chevron, 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 included representatives from the City of San Luis Obispo, the San Luis Obispo County Planning Department, California Department of Fish and Wildlife, U. S. Fish and Wildlife Service (USFWS), and the U. S. Army Corps of Engineers (USACE). These groups provide input and review as part of the development of the RAP.

As part of the remediation component of the Project, Chevron has also included a number of Project design features to address anticipated issues. These design features are included as part of Chapter 2.0, Project Description and have been evaluated for efficacy as part of the environmental review in each of the pertinent issue areas.

The goals of the EIR are to provide the public and decision makers with detailed information about the remediation and current and future development at the Project Site, in order to determine what types of environmental impacts could result from the remediation process and

these activities, review alternatives, and suggest mitigation measures for any potential impacts that could be incorporated into the permitting process for the resulting Project.

1.1 Proposed Project Objectives

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

The overall goal for the Project is to remediate areas of contamination, amend applicable City or County planning documents, annex the site into City jurisdiction, and to develop approximately 800,000 square feet of building space. This would be achieved through the following objectives:

1. Improve the ecological function of the various habitats on the Project Site.
2. Ensure that human health risks are within acceptable levels for the proposed land uses.
3. Reduce ecological risks to acceptable levels while minimizing environmental impacts of remediation activities.
4. Meet the objectives of the RWQCB and the SERRT.
5. Develop an economically viable commercial project with infrastructure and development phased over 25 years.
6. Provide a majority of the property as restricted open space that includes bikes trails and other forms of public use on portions of the property, while protecting sensitive ecological resources.
7. Meet major goals of the City's General Plan and AASP (City Development Plan).
8. Meet major goals of the County's General Plan (County Development Plan).
9. Ensure consistency with Airport Land Use Plan.
10. Enhance the development potential and attractiveness of the Project Site.
11. To generate new job opportunities for the community and contribute to the fiscal well-being of the City.
12. Minimize environmental impacts of grading activities by completing preliminary rough grading concurrent with remediation activities.

The City's and County's goals for the Project are to address the environmental degradation of the Project Site, and to enhance the natural habitat as an ecological preserve. In addition, the plan should help bring vitality to the area with a new business park and light industrial uses with a more contemporary and diversified economy including the potential for more head of household jobs. The Project should also help support airport operations and build upon the existing compact development patterns.

1.2 Agency Use of the Document

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

This EIR is consistent with Section 15120-15132 of the CEQA Guidelines which sets forth requirements for contents of EIRs. Based upon the environmental impact analysis of the proposed Project, a number of measures have been developed to mitigate the identified impacts associated with the proposed Project and Project alternatives. The City or County may incorporate the mitigation measures identified in the EIR, where applicable, as conditions of approval in project entitlements which may be granted for the Project. The environmental impact analysis will be used by the public and decision makers to help understand the scope of the Project and the associated environmental effects.

The remainder of this section provides a summary of how the key agencies will use this document. A detailed discussion of permits needed for the proposed Project is included at the end of Section 2.0, Project Description.

1.2.1 Local and Regional

The County will use this EIR as part of its decision-making process in evaluating the proposed Conditional Use Permit for the remediation component of the Project, and the potential General Plan Amendment, Tentative Tract Map, and Conditional Use Permits that would be required for the development component of the Project if it was to occur within the County. Similarly, the City will use the EIR as part of its decision-making process in evaluating the AASP and General Plan Amendments, Tentative Tract Map approval, and annexation that would be required for the development portion of the Project if it were to occur within the City.

The San Luis Obispo County Environmental Health Division is a California Environmental Protection Agency Certified Unified Program Agency (CUPA) for the entire County. The CUPA oversees all programs associated with hazardous materials. Inclusive in these programs is the reporting of unauthorized releases of hazardous materials, within the Proposition 65 requirements. The County Environmental Health Department is a responsible agency that may use the EIR to obtain additional information on the proposed Project for changes in the Hazardous Waste Generator and Business Plan, as well as well construction and deconstruction permits that may be needed for the proposed Project.

The SLOAPCD is the agency responsible for issuance of a Permit to Construct (PTC) and a Permit to Operate (PTO), both of which may be required for the Project. To fulfill its obligations

as a responsible agency, the SLOAPCD will rely on information contained in this EIR as part of any PTC/PTO permitting process.

The Local Agency Formation Commission (LAFCO) could use this document as part of their annexation approval process. The San Luis Obispo Airport Land Use Commission could use this document as part of their review of the AASP and Airport Compatibility Open Space Plan (ACOS) amendments, as well as their consistency review of the Project with the Airport Land Use Plan (ALUP).

1.2.2 State

The RWQCB will use the EIR for decision-making regarding the approval of the RAP that will be used to execute the cleanup of the Project Site.

The RWQCB is also the agency responsible for providing a Section 401 Water Quality Certification for the Project. The RWQCB will use the EIR in its review of the Project in relation to the Water Quality Certification.

1.2.3 Federal

The U.S. Army Corps of Engineers (USACE) is the agency responsible for issuing a dredge and fill permit for Federal Wetlands and Waters of the United States. Some of the construction activities may require a permit from the USACE. The USACE may use the EIR in its review of the Project, to determine what if any permits are required for the Project.

The U.S. Fish and Wildlife Service (USFWS) is the agency responsible for assuring compliance with the Endangered Species Act (ESA). Some of the construction activities could impact species listed under the ESA. This may require consultation with the USFWS. The USFWS may use the EIR in its review of the Project, to determine what if consultation is required for the Project.

1.3 Previous Studies and Reports

A large number of studies and reports have been developed by the Applicant in order to help develop their proposed remediation plan and subsequent development concept. The relevant studies are listed below with a brief description of their respective purpose and scope. These reports were used by the Applicant to develop and support their applications to the City and County, and have been peer-reviewed as part of this EIR.

Biological Surveys. Phase I (2003), II (2003), III (2004), Red Legged Frog (2008 and 2012) and Burrowing Owl (2008). Biological surveys were conducted in phases in support of an ecological risk assessment (ERA) for the Project Site. The surveys focus on aquatic invertebrates, benthic invertebrates, and special status plant and animal species. Phase I surveys for special status vertebrate species included California tiger salamander (CTS), California red-legged frog (*Rana aurora draytonii* [CRLF]), and black rail (*Laterallus jamaicensis*). The Phase II surveys describe the results of dry season surveys for the federal-listed vernal pool fairy shrimp (*Brachinecta lynchi* [VPFS]) and initial surveys for Morro shoulderband snail (*Helminthoglypta walkeriana*

[MSS]). The Phase III report presents results of follow-up surveys for MSS and winter bird surveys. The additional survey report described focused surveys conducted for the federal-listed threatened CRLF and the burrowing owl (*Athene cunicularia*), a California Species of Special Concern.

Botanical Resources Surveys. December, 2008. This report describes comprehensive botanical surveys conducted at the Project Site.

Landscape Restoration Plan. January, 2009. This plan contains a description of the Project Site's biological characteristics and a detailed analysis of site hydrology. Four primary objectives were identified for this Plan: (1) identification of wetlands subject to federal jurisdiction; (2) completion of a hydrogeomorphic assessment; (3) preparation of a botanical inventory and report; and (4) development of restoration alternatives. The Plan also considers mitigation for impacts to upland habitats, rare plants, and the federally-listed VPFS.

Human Health Risk Assessment (HHRA). March 2013. This study and report evaluated potential human health risks at the Project Site using current U.S. Environmental Protection Agency (USEPA) and California Environmental Protection Agency (Cal/EPA) methodologies. Risks determined in the HHRA are driven by the presence of arsenic, total petroleum hydrocarbons (TPH) and benzo(a)pyrene in soil. This risk assessment was prepared in accordance with, and follows the procedures and methodologies described in guidance documents from the Cal/EPA and USEPA. The characterization of petroleum hydrocarbons at the Project Site and the evaluation of potential human health risks were addressed through a collaborative process among SERRT members. The HHRA followed a single-text approach for addressing technical issues, in which a single text is revised from initial versions (versions 1.x) through final accepted versions (2.0 and higher). Participants in the collaborative process reviewed and commented on the different versions. The SERRT then ratified a final version of this document in May 2004. Based upon work done as part of the EIR process, the HHRA was updated and a final version of the document was issued in March 2013 that has been approved by the California Office of Environmental Health Hazard Assessment (OEHHA) and the San Luis Obispo County Department of Environmental Health.

Predictive Ecological Risk Assessment (pERA). 2004. This study quantified the risks to the ecological environment of selected, existing site contamination. The primary objective was to provide a screening-level evaluation of potential ecological risks associated with the Project Site using the existing site data and site characterization reports. The quantitative and qualitative analyses in this ERA reflect the consensus decisions of the ERWG.

Risk Management Study. December, 2005. The primary objective of this report was to provide recommendations from the SERRT to agencies and Chevron for management of ecological risk throughout the Project Site. Secondarily, the report provides a summary of the various efforts by members of the ERWG to reduce the uncertainty identified in the pERA. This document was ratified by the SERRT on December 12, 2005.

Feasibility Study (FS). March, 2007. The purpose of this study is to evaluate various remedial alternatives that address the contamination issues at the Project Site, and to select a preferred remedy. Remedial action objectives (RAOs) were developed in the Feasibility Study with the

intent to protect human health and the environment in ways that are consistent with, and based upon, the results of the human and ecological risk assessments. In order to accomplish this, the site was divided into five Operable Units (OUs), some with subordinate Areas of Concern (AOCs), based on physical and chemical considerations as well as location and anticipated future use. RAOs and General Response Actions (GRAs) designed to achieve the RAOs were identified, remedial alternatives were proposed for each OU, and then preferred alternatives were selected. The findings of the SERRT and RTP processes, together with numerous site characterization and guidance documents, constitute the framework of the Feasibility Study process; that is, identifying impacts of concern and evaluating potential remedial alternatives.

Project Execution Plan. December, 2007. This plan describes how the Applicant's overall remediation and development objectives were conceived and developed and the methods that will be used to achieve them. The document also describes the character and extent of petroleum contamination, the proposed remediation actions, and the long-term monitoring and inspection protocols that would be used at the Project Site. The document also describes various measures the Applicant proposed to use to avoid or minimize environmental impacts during Project implementation. Measures specific to protection of biological resources (e.g. populations of rare plants) are also provided.

Remedial Action Plan (RAP). December, 2007. The intent of the RAP is to provide detailed information on how the preferred remedial alternative from the Feasibility Study would be implemented. The RAP contains multiple references to human health, ecological risk, and occupational health that are reviewed and evaluated in the plan. The RAP presents the basis for the portion of Section 2.0, Project Description related to the remediation of the Project Site. Chevron worked with the various agencies to develop this plan under the various collaborative processes described above, resulting in this consensus document. Nevertheless, approvals and permits must be granted by the agencies independent of the cooperative process.

1.4 EIR Process and Scope

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

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

The City and County have determined that the Project needs environmental review in the form of an EIR pursuant to CEQA instead of a categorical or statutory exemption, or a Negative Declaration. Under CEQA, "The purpose of an environmental impact report is to identify the

significant effects on the environment of a project, to identify alternatives to the proposed project, and to indicate the manner in which those significant effects can be mitigated or avoided" (PRC Section 21002.1[a]). An EIR is the most comprehensive form of environmental documentation identified in CEQA and provides the information needed to assess the environmental consequences of a proposed project. EIRs are intended to provide an objective, factually supported, full-disclosure analysis of the environmental consequences associated with a proposed project that has the potential to result in significant, adverse environmental impacts.

In compliance with State CEQA Guidelines, the City, as the Lead Agency, with assistance from the County prepared a Notice of Preparation (NOP) for the proposed Project and solicited comments through distribution of the NOP. A public scoping meeting was held in the community on July 29, 2009 to provide an opportunity for the public to comment on the scope of the EIR. The NOP and comments received in response to the NOP were used to direct the scope of the analysis and the technical studies in this EIR. A copy of the NOP and the comments received are in Appendix I of the EIR.

Additional public comments will be received as part of the Draft EIR issuance and 45-day public comment period. During this period, meetings will be held to discuss the Draft EIR and take comments on the document. Based upon the comments received, changes will be made for the Final EIR. Areas where the Final EIR has been changed will be marked on the side of the page with a vertical line. All comments received on the Draft EIR and their corresponding responses will be provided in the Final EIR.

This Draft EIR identifies the environmental impacts of the proposed Project on the existing environment, indicates how any significant impacts can be mitigated or avoided, and identifies and evaluates alternatives to the proposed Project. This document is intended to provide the City, County, responsible agencies, and the public with information necessary to understand and evaluate the environmental effect of the proposed Project as part of the decision-making process.

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

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 is shown by solid vertical lines on the left margin of the page.

1.5 EIR Contents

The FEIR is in three volumes. The first volume is the FEIR. The second volume is the response to comments, and the third is the FEIR appendices. Volumes II and III are only available in electronic format (see CD attached to the inside front cover if you are reviewing a hard copy of the FEIR Volume I.

Volume I of the FEIR is organized as follows:

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

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

1.0 Introduction – Provides an overview of the proposed Project evaluated in the EIR and a summary of the objectives for the Project. The chapter also discusses agency use of the document, and provides a summary of the contents of the EIR.

2.0 Proposed Project Description – Provides the background of the Project, including a history of the area and a detailed description of the proposed Project including remediation, restoration, and development proposals within the City and the County. The chapter also contains a table describing the potential permit actions, and governmental agencies and their jurisdiction for those entitlements needed for the Project to proceed.

3.0 Cumulative Projects Description – Provides a description of the projects that have been included in the cumulative analysis. The cumulative analysis contained in this document covers the cumulative impacts of reasonably foreseeable projects located in the vicinity of the proposed Project.

4.0 Analysis of Environmental Issues – Describes the existing conditions found at the Project Site and vicinity, and assesses the potential environmental impacts that could occur if the proposed Project is implemented. These potential impacts are compared to various "Thresholds of Significance" (or significance criteria) to determine the severity of the impacts. Mitigation measures intended to reduce significant impacts are identified where feasible. This chapter also discusses cumulative impacts.

5.0 Alternatives Analysis – The first part of this chapter presents a description of various alternatives to the proposed Project. This is followed by an alternative screening analysis that was used to identify alternatives that could reduce significant impacts associated with the proposed Project, and to eliminate alternatives from further consideration. The third section provides the environmental analysis of the selected alternatives. The next section summarizes the environmental advantages and disadvantages associated with the proposed Project and the alternatives. This is followed by a discussion of the environmentally superior alternative.

6.0 Other CEQA Mandated Sections – Discusses the significant irreversible environmental changes that could occur if the proposed Project is implemented. The

chapter also discusses the spatial, economic, and/or population growth impacts that may result from the proposed Project, as well as energy conservation.

The Final EIR also contains a number of appendices that support the EIR and the analysis in the EIR. These appendices include the following:

Appendix A – Project Description Information

A.1-Remedial Action Plan (Applicant Prepared)
A.2-Wastewater Treatment and Disposal Feasibility Assessment (Applicant Prepared)
A.3-Other Figures and Drawings (Applicant Prepared)

Appendix B – Air Quality and Greenhouse Gases

B.1-Air and Greenhouse Gas Emission Calculations and Methodology
B.2-Naturally Occurring Asbestos Report (Applicant Prepared)

Appendix C – Biological Resources

C.1-Phase I Biological Resources Studies (Applicant Prepared)
C.2-Phase II Biological Resources Studies (Applicant Prepared)
C.3-Phase III Biological Resources Studies (Applicant Prepared)
C.4-Comprehensive Fairy Shrimp Wet and Dry Season Survey Reports (Applicant Prepared)
C.5-Protocol-Level California Red-Legged Frog Survey Report (Applicant Prepared)
C.6-Burrowing Owl Survey Report (Applicant Prepared)
C.7-Description and Analysis of the Botanical Resources at the Chevron Tank Farm Facility (Applicant Prepared)
C.8-An Analysis of the Geographic Extent of Waters of the US (Applicant Prepared)
C.9-Operational Guidebook to Assessment of the Riverine Waters/Wetland Functions (Applicant Prepared)
C.10-Santa Fe Road Realignment Biological Assessment
C.11-Biological Resource Survey Letter-Report for the Off-Site Flower Mound Impact Area (Applicant Prepared)
C.12- 75% Basis of Design Report- Landscape Restoration (Applicant Prepared)
C.13- 90-Day VPFS 2012 Report (Applicant Prepared)
C.14- California Red-Legged Frog 2012 Survey Report (Applicant Prepared)
C.15- Wetland Disturbance Calculations Memo (Applicant Prepared)

Appendix D – Traffic Analysis Report

Appendix E – Preliminary Policy Consistency Analysis

Appendix F – Hydrology Study (Applicant Prepared)

Appendix G – Water Supply Assessment Reports

G.1-City of San Luis Obispo Water Supply Assessment
G.2-County Development Project Water Supply Assessment
G.3-Former Chevron San Luis Obispo Tank Farm Proposed Development-Use of Groundwater as a Source of Potable Water

Appendix H – Risk Assessment Documents

H.1-Tank Farm Human Health Risk Assessment (Applicant Prepared)

H.2-Letter from Agency on Adequacy of Human Health Risk Assessment
H.2-Predictive Ecological Risk Assessment (Applicant Prepared)
H.3-Report on Shallow Soil Assessment Activities for Arsenic, Northeast of Reservoir 2, Former San Luis Obispo Tank Farm (Applicant Prepared)
H.4-Arsenic Assessment (Applicant Prepared)

Appendix I – Notice of Preparation (NOP) and NOP Comment Letters

Appendix J – List of Mitigation Measures

Appendix K – Draft Mitigation Monitoring Plan

Appendix L – List of EIR Preparers

Appendix M – Persons and Agencies Contacted

Appendix N – List of Abbreviations and Acronyms

The appendices are voluminous, and are therefore provided in electronic format on the CD attached to the inside front cover of the EIR notebook.