

1.0 Introduction

This Draft Environmental Impact Report (EIR) has been prepared to address the proposed Phillips 66 Santa Maria Refinery Demolition and Remediation Project (Project). The applicant for the Project is Phillips 66 Company (Phillips 66 or the Applicant). The Santa Maria Refinery (SMR) is located in the southwestern corner of the County of San Luis Obispo (County), approximately one mile southwest of State Route 1, and approximately 3.5 miles west of the community of Nipomo, in the South County Coastal and South County Inland (far eastern edge of the larger Phillips 66 property only) planning areas.

The location of the SMR is shown in Figure 2-1.

1.1 Purpose of the EIR

The Project's activities are discretionary actions requiring approval by the County's Planning Commission (the members of which are appointed by the Board of Supervisors); therefore, the Project is subject to the requirements of the California Environmental Quality Act (CEQA) (Public Resources Code [PRC] Section 21000 et seq.) and the State CEQA Guidelines (California Code of Regulations [CCR] Section 15000 et seq.).

The EIR analyzes the Project's significant impacts on the environment, identifies necessary mitigation measures, and identifies alternatives to the Project that avoid or reduce these impacts. This EIR is intended to serve as an informational document for the County as Lead Agency, responsible agencies, and the general public in their consideration and evaluation of the environmental consequences associated with implementation of the Project.

Under the CEQA process, an EIR must serve as a full-disclosure document that enables the lead and responsible agencies to fully evaluate potential environmental impacts and the consequences of their decision on the Project. This EIR has been written to comply with the requirements of CEQA for the analysis of the Project, as well as the development and evaluation of alternatives to the Project. The County Planning Commission and Board of Supervisors, if the Planning Commission's decision is appealed, will consider the information in the EIR, including the public comments and staff responses to those comments, during the public hearing process. The final decision will be made by the Planning Commission (unless appealed to the Board of Supervisors), which may approve, conditionally approve, or deny the Project.

1.2 Summary of the Proposed Project

Phillips 66 proposes to demolish aboveground infrastructure at the SMR and remediate the site. The Project is located at 2555 Willow Road (State Route 1) in an unincorporated area of the County, near Arroyo Grande and Nipomo, and approximately five miles west of U.S. Highway 101. The SMR site is located within the coastal zone.

The Project site consists of refinery facilities that occupy approximately 218 acres within portions of two adjoining parcels: Assessor's Parcel Number (APN) 092-401-011 and APN 092-401-005.

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Phillips 66 also owns contiguous undeveloped properties that are not part of the Project (see Figure 2-1).

The SMR was built in 1955. The SMR includes petroleum storage and processing facilities, primarily for high-sulfur heavy crude oil. The crude oil was delivered primarily from offshore platforms along the California coast and oil fields in and near the Santa Maria Valley. The majority of crude oil was delivered to the SMR by pipeline. The remainder, which was approximately 2,000 barrels per day of petroleum-based products, was delivered by truck. Semi-refined liquid products from the SMR were transported by pipeline as feedstocks to the Rodeo Refinery in Contra Costa County, California, for upgrading into finished petroleum products. Other SMR products included petroleum coke (a byproduct of oil refining), which was shipped to off-site market destinations by rail and truck, and granular sulfur (recovered from the crude oil), which was shipped to off-site market destinations by truck.

Phillips 66 recently obtained approval to transform the Rodeo Refinery, located in the community of Rodeo, in Contra Costa County, into a repurposed facility that will process renewable feedstocks into renewable diesel fuel, renewable components for blending with other transportation fuels, and renewable fuel gas. Because the Rodeo Renewed Project will discontinue the processing of crude oil at the Rodeo Refinery, the SMR is no longer necessary to provide feedstock to the Rodeo Refinery. Consequently, Phillips 66 ceased operations of the SMR in January 2023.

The California Coastal Act (CCA) is the principal planning and regulatory program for the coastal zone of California. Section 23.01.031 of the County's Coastal Zone Land Use Ordinance (CZLUO) requires a Coastal Development Permit (CDP) for development projects in accordance with the CCA and the above-referenced section of the CZLUO. In addition, Section 23.02.034 of the CZLUO requires a CDP to enable public review of significant land use proposals and to ensure consistency with local ordinance and policy. The area of the site in the coastal zone is located within the California Coastal Commission (CCC) appeal jurisdiction, meaning that County decisions on the Project may be appealed to the CCC.

1.3 Agency Use of the Document for the Project

The County determined that an EIR for the 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 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. Section 2.8 provides a list of possible agencies that would need to issue permits for the Project. The County is the Lead Agency under CEQA, and the other agencies listed in Section 2.8 would serve as responsible agencies.

This Draft 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 Project, a number of measures have been developed to mitigate the identified impacts associated with the Project. The County may incorporate the mitigation measures identified in the Draft 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 for permitting of the Project.

The County will use this EIR as part of its decision-making process in evaluating the proposed Development Plan/CDP for the Project. The County will be responsible for certifying the EIR, if the Project is approved. The EIR would also be used as part of the processing of demolition, grading, and any encroachment permits that would be needed should the Project be approved.

The San Luis Obispo County Air Pollution Control District (SLOCAPCD) is the agency responsible for issuance of a Permit to Construct (PTC) and a Permit to Operate (PTO), both of which would be required for the Project. To fulfill its obligations as a responsible agency, SLOCAPCD will rely on information contained in this EIR as part of any PTC/PTO permitting process.

The California Department of Forestry and Fire Protection, under contract with San Luis Obispo County for Fire Services (CAL FIRE/County Fire) may use the EIR as part of their permitting process in coordination with the Building Division which issues the permit. CAL FIRE/County Fire will have to approve the fire protection systems prior to the fire protection permit being issued for the Project.

The Regional Water Quality Control Board (RWQCB) will use the EIR for decision-making regarding any updates to the SMR's National Pollutant Discharge Elimination System (NPDES) permit and for any stormwater construction general permit.

1.4 EIR Process and Notice of Preparation Scoping Process

This EIR was prepared in accordance with state 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 County has determined that the Project needs environmental review in the form of a Project Specific EIR pursuant to CEQA instead of a categorical or statutory exemption, or a Negative Declaration. Under CEQA:

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[t]he 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 County, as the Lead Agency, prepared a Notice of Preparation (NOP) for the Project and solicited comments through distribution of the NOP. A virtual public scoping meeting was held on May 13, 2023. Two additional public scoping meetings were held on May 17, 2023, one virtual and one in the community. The scoping meetings provided 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 included in Appendix B of the EIR.

The CEQA Guidelines require that a Lead Agency shall neither approve nor implement a project as proposed where the significant environmental impacts have not been reduced to an acceptable level without making a Statement of Overriding Considerations. 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 EIR cannot be fully mitigated, the Lead Agency must state, in writing, the reasons for its action. In these circumstances, Findings and a Statement of Overriding Considerations must be included in the record of Project approval and mentioned in the Notice of Determination.

1.5 EIR Contents

The ~~Draft~~ Final EIR is divided into two volumes. Volume I is the EIR Chapters 1 through 89, and Volume II is the EIR Technical Appendices. Volume II is available only in electronic format and is included online. The EIR (Volume I) contains the following major chapters:

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

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

1.0 Introduction – Provides a brief overview of the Project evaluated in the EIR, a discussion of agency use of the document, the use of EIR terminology, and a summary of the contents of the EIR.

2.0 Project Description – Provides the background of the Project, including a history of the area and a detailed description of the Project including construction and operation. This chapter also contains a discussion of the needs and objectives of the Project.

- 3.0 Cumulative Study Area** – Provides a summary of the methodology used to assess cumulative impacts and a description of the projects that have been included in the cumulative analysis.
- 4.0 Environmental Impacts Analysis** – Describes the baseline conditions found at the Project site and vicinity and assesses the potential environmental impacts that could occur if the 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. The introduction to this chapter discusses the selection of the baseline conditions. This chapter also discusses cumulative impacts.
- 5.0 Alternatives Analysis** – The first part of this chapter presents a description of various alternatives to the Project. This is followed by an alternative screening analysis that was used to identify alternatives that could reduce significant impacts associated with the Project, and to eliminate alternatives from further consideration. The third section provides the environmental analysis of the selected alternatives. A section is provided that summarizes the environmental advantages and disadvantages associated with the Project and the alternatives. The last section is a discussion of the environmentally superior alternative for the Project.
- 6.0 Other Required CEQA Sections** – Discusses the significant and irreversible environmental changes that could occur if the Project is implemented. This chapter also discusses the spatial, economic, and/or population growth impacts that may result from the Project, as well as energy conservation.
- 7.0 Mitigation Monitoring and Reporting Program** – Contains a listing of all identified mitigation measures that should be included in any permit issued for the Project, their implementation requirements, verification schedule, and parties responsible for their implementation and verification.
- 8.0 List of Preparers and Contacts**– Provides information on the preparers of the EIR and a list of agency and other persons contacted as part of the preparation of the EIR.
- 9.0 Draft EIR Comment and Responses**– Provides the comment letters on the Draft EIR and the responses to those comments.

The technical appendices for the Final EIR are included in Volume II. These technical appendices support the analysis in the Final EIR. The appendices are voluminous and are therefore provided in electronic format only. The technical appendices include the following:

- Appendix A – Project Description Information
- Appendix B – Scoping Report including Notice of Preparation and Comment Letters
- Appendix C – Air Quality and Greenhouse Gas Emissions Information
- Appendix D – Biological Resources Information
- Appendix E – Noise Impact Assessment

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For the Final EIR, comment letters and responses on the Draft EIR ~~are~~will be included in ~~Volume II~~Chapter 9. ~~The comment letters and responses could be voluminous and therefore will only be provided in electronic format.~~ The Final EIR will also include any edits to the Draft EIR based on the comments received. The response to comments volume provides information on how to use the response to comments volume, a response to comments executive summary, and all comment letters and associated responses.

1.6 Project Sponsors

Lead Agency

County of San Luis Obispo
976 Osos Street, Room 200
San Luis Obispo, CA 93408

Project Applicant

Phillips 66 Company
1380 San Pablo Ave.
Rodeo, CA 94572

Property Location:
2555 Willow Road
Arroyo Grande, CA 93420
APNs 092-401-005, 092-401-011

Environmental Consultants

MRS Environmental, Inc.
1306 Santa Barbara Street
Santa Barbara, CA 93101

SWCA, Dudek, and CCTC also contributed.
See Chapter 8.

1.7 Review of the Draft EIR

The~~s~~ Draft EIR was distributed electronically to responsible and trustee agencies, other affected agencies, surrounding cities, interested parties, and all parties requesting a copy of the Draft EIR in accordance with PRC Section 21092(b)(3). The Notice of Completion and Notice of Availability of the Draft EIR were distributed and posted as required by CEQA. During the 45-day public review period, the Draft EIR and all technical appendices ~~are~~were available for review at the following locations:

County of San Luis Obispo
Department of Planning and Building
976 Osos Street, Room 200
San Luis Obispo, CA 93408

San Luis Obispo Library
995 Palm Street
San Luis Obispo, CA 93401

Arroyo Grande Library
800 W. Branch
Arroyo Grande, CA 93420

Nipomo Library
918 West Tefft
Nipomo, CA 93444

Online at: County of San Luis Obispo
www.slocounty.gov/Phillips66

On behalf of the Lead Agency, comments on the Draft EIR ~~shall~~are ~~were~~ ~~be~~ addressed to:

Susan Strachan
Decommissioning Project Manager
County of San Luis Obispo
Department of Planning and Building
976 Osos Street, Room 300
San Luis Obispo, CA 93408
Email: p66refinery@co.slo.ca.us
Subject Line: SMR Demolition and Remediation Project EIR Comments

Written responses to all significant environmental issues raised ~~will~~are ~~be~~ prepared and included as part of ~~this~~ Final EIR in Chapter 9 and the administrative record for consideration by decision makers for the Project.

