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**ULTRAMAR, INC.
WILMINGTON REFINERY
CARB PHASE 3 PROPOSED PROJECT**

FINAL ENVIRONMENTAL IMPACT REPORT

ATTACHMENT I

**Statement of Findings, Statement of Overriding Considerations,
and Mitigation Monitoring Program**

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DABWORD:1936ATTACHTOC

I. INTRODUCTION

Ultramar, Inc. (Ultramar) is proposing modifications to its existing Refinery in southern California to comply with California Governor's Executive Order D-5-99 to phase out Methyl Tertiary Butyl Ether (MTBE) and California Air Resources Board (CARB) Phase 3 Reformulated Gasoline requirements.

The proposed refinery modifications were determined to be a "project" as defined by the California Environmental Quality Act (CEQA) (California Public Resources Code §21000 et seq.). The South Coast Air Quality Management District (SCAQMD) is the lead agency because it has primary approval authority over the project and, therefore, has prepared a Final Environmental Impact Report (EIR) pursuant to CEQA Guidelines §15089 and §15132.

CEQA requires the preparation of an EIR for proposed projects that have the potential to generate significant adverse environmental impacts. An analysis of potential adverse impacts that could result from the proposed modifications was conducted and presented in the Final EIR and supporting documents. All the CEQA documents related to the Ultramar Wilmington Refinery CARB Phase 3 Proposed Project can be obtained by contacting the SCAQMD at (909) 396-2039.

Pursuant to CEQA Guidelines §15102, the SCAQMD distributed a Notice of Preparation and Initial Study (NOP/IS) to responsible public agencies and interested parties for a 30-day public review and comment period on June 23, 2000. The SCAQMD subsequently prepared a Draft Environmental Impact Report (EIR) based on the initial evaluation in the NOP/IS and comments received during the NOP/IS public review period. The Draft EIR was distributed for a 45-day public review and comment period beginning on June 6, 2001, and ending on July 20, 2001. The Draft EIR contained responses to all comments received on the NOP/IS, a detailed project description, the environmental setting for each potential impact area, analysis of potentially significant adverse environmental impacts (including cumulative impacts, project alternatives, identification of feasible mitigation measures, and other relevant topics as required by CEQA). The discussion of environmental impacts included a detailed analysis of each of the following potential impact areas: air quality, geology and soils, hazards and hazardous materials, hydrology/water quality, land use/planning, noise, solid/hazardous waste, and transportation/traffic. After the close of the public comment period, a Final EIR was prepared for certification by the SCAQMD's decisionmaking body.

The SCAQMD received a total of six comment letters on the Draft EIR. One letter of those six letters was received after the close of the public comment period. The Final EIR incorporates the comment letters and responses into Volume IV of the Final EIR. The Final EIR also incorporates modifications based on changes to the project description and comments received on the Draft EIR. No changes were made to the Final EIR that would be considered as providing

significant new information related to the environmental analysis or mitigation measures that would require recirculation pursuant to CEQA Guidelines §15088.5.

The Final EIR contains the following: (1) Volume I – Final EIR (revised Draft EIR); (2) Volume II – Health Risk Assessment; (3) Volume III – Worst Case Consequence Analysis; and (4) Volume IV – Responses to Comments on the Draft EIR.

The Final EIR concluded that there would be no significant adverse impacts on aesthetics, agriculture resources, biological resources, cultural resources, energy, geology/soils, hydrology/water quality, land use/planning, mineral resources, noise, population/housing, public services, recreation, solid/hazardous waste, and transportation/traffic. The Final EIR concluded that the proposed project may result in significant adverse air quality impacts during project construction and air quality and hazard impacts during project operations. The project impacts on air quality and hazards are expected to remain significant following mitigation. No potentially significant impacts were identified that could be mitigated to less than significant.

The significant adverse air quality and hazard impacts that may result from the proposed project are acceptable, however, when compared to the project benefits. The discussion of adverse impacts and project benefits is set forth below in the Statement of Findings and the Statement of Overriding Considerations. CEQA requires the lead agency to balance the economic, legal, social, technological, or other benefits of a proposed project against its unavoidable environmental impacts when determining whether to approve the project. Under CEQA Guidelines §15093(a), “if the specific economic, legal, social, technological, or other benefits of a project outweigh the unavoidable adverse environmental effects may be considered ‘acceptable.’” Thus, after adopting the Statement of Findings, as discussed above, the agency must adopt a “Statement of Overriding Considerations” to approve a project with significant adverse environmental effects.

The following sections of this document include the Statement of Findings, Statement of Overriding Considerations and, pursuant to CEQA Guidelines §15097, a Mitigation Monitoring Plan.

II. SUMMARY OF THE PROPOSED PROJECT

California Governor Davis signed Executive Order D-5-99 (Executive Order) on March 25, 1999, which directs that MTBE be phased out of California’s gasoline no later than December 31, 2002. The Executive Order also directs CARB to adopt gasoline regulations (i.e., CARB Phase 3) to facilitate the removal of MTBE and preserve and enhance the existing motor vehicle emission reduction benefits of the current program (i.e., CARB Phase 2).

In order to comply with CARB RFG Phase 3 requirements, Ultramar is proposing modifications to its existing Wilmington Refinery. The primary objective of these modifications is to change the oxygenate used in the manufacture of gasoline from MTBE to ethanol. Process unit modifications are required to the Fluid Catalytic Cracking Unit, Light Ends Recovery

Unit/Naphtha Hydrotreater Unit, Olefin Treater, Fuel Gas Mercaptan Extraction Unit, and to certain storage tanks. The proposed project will not increase the crude throughput capacity of the Refinery and is expected to result in a decrease in the production of gasoline produced by the Refinery.

Under existing requirements, MTBE would be phased out and ethanol would be added to the gasoline to meet oxygenate content criteria. Ethanol would not be blended at the Refinery, as is currently done with MTBE, but at gasoline distribution facilities. The distribution facilities are not owned or operated by Ultramar but are owned/operated by third parties.

III. STATEMENT OF FINDINGS

CEQA prohibits a public agency from approving or carrying out a project for which a CEQA document has been completed which identifies one or more significant adverse environmental effects of the project unless the public agency makes one or more written finding for each of those significant effects, accompanied by a brief explanation of the rationale for each finding (CEQA Guidelines §15091). The Draft and Final EIRs, all technical attachments and the administrative record for the proposed project are available at the SCAQMD headquarters located at 21864 E. Copley Drive, Diamond Bar, CA 91765 or by calling the Public Information Office at (909) 396-2039. The following sets forth findings for significant adverse impacts identified in the EIR that cannot be reduced to insignificance and the rationale for each finding. The findings are supported by substantial evidence in the record as explained in each finding. This Statement of Findings will be included in the record of project approval and will also be noted in the Notice of Determination.

A. POTENTIALLY SIGNIFICANT IMPACTS WHICH CANNOT BE MITIGATED TO A LEVEL OF INSIGNIFICANCE

The Final EIR did not identify any significant adverse environmental impact that can be reduced to a level of insignificance. There are three potentially significant adverse environmental impacts that cannot be reduced to a level of insignificance: (1) air quality emissions associated with construction activities; (2) air quality emissions associated with project operation; and (3) hazards associated with project operation.

1. Construction emissions of volatile organic compounds (VOC) and nitrogen oxides (NO_x) would exceed SCAQMD significance thresholds during maximum construction activity periods.

Finding: The SCAQMD makes the following findings with respect to this impact: (1) mitigation measures were incorporated into the project that would reduce the significant air quality impacts, but not to insignificance; (2) such mitigation measures are within the jurisdiction of the SCAQMD; and (3) no other feasible mitigation measures are available to lessen the significant impact to air quality during construction.

Explanation: The construction emissions of VOCs and NO_x are expected to exceed the SCAQMD significance thresholds during peak construction activities. Twelve mitigation measures to minimize these impacts were imposed on the proposed project and are set forth in the attached Mitigation Monitoring Plan.

Though these measures did not reduce construction emissions below the SCAQMD significance thresholds, no other feasible mitigation measures were determined to be available. Further, the emission reduction calculations were based on very conservative data and assumptions and likely overestimate actual emissions. In addition, the construction emissions will not have a long-term adverse air quality impact because these emissions will cease following the completion of the estimated one-year construction phase (actually the peak construction phase).

2. Operation emissions of VOCs (primarily from fugitive emission sources, e.g., pumps, valves, and flanges) and NO_x (from trucks and railcars) would exceed SCAQMD significance thresholds.

Finding: The SCAQMD finds that no feasible mitigation measures or project alternatives have been identified to lessen or minimize the potentially significant adverse operational air quality impacts associated with the proposed project.

Explanation: Operation emissions of VOCs and NO_x are expected to exceed the SCAQMD significance thresholds. The proposed project requires the installation of equipment (e.g., valves, flanges, and pumps) which is a large source of fugitive VOC emissions from the proposed project. VOC emissions from fugitive components are controlled through the use of best available control technology (BACT). BACT, by definition, is control equipment with the lowest achievable emission rate. The use of BACT controls emissions to the greatest extent feasible for the modified emission sources. In addition, the fugitive components will be required to be included in an inspection and maintenance program to ensure that the equipment is properly maintained. Therefore, additional VOC emission reductions (through mitigation measures) from fugitive components associated with the proposed project equipment are not feasible.

The NO_x emissions from the proposed project are from indirect emission sources, including trucks and railcars, used to transport ethanol. The emissions from railcars and trucks are expected to be significant. Since railcars are large contributors to significant air quality impacts, the SCAQMD evaluated whether or not it had jurisdictional authority to regulate these emissions through mitigation measures pursuant to CEQA. The Clean Air Act and U.S. Environmental Protection Agency (U.S. EPA) regulations leave the SCAQMD no authority to directly regulate railcar emissions. The U.S. EPA controls emissions from railcars. Likewise, the U.S. EPA and CARB have the primary authority to regulate emissions from heavy-duty engines and trucks. It was determined that in-use measures (e.g., limiting hours of operation) would not be expected to be effective in reducing emissions in the Basin since they would only apply to one company. Other

companies would be able to transport the materials into the Basin without any such restrictions. Therefore, no real emission benefits would be expected.

Based on the above there are no other feasible mitigation measures to minimize or eliminate the significant emissions from mobile sources related to the proposed project.

3. Operation impacts associated with modifications to the Naphtha Hydrotreater, Light Ends Recovery Unit No. 2, and the new propane/propylene storage tanks could result in significant hazard impacts.

Finding: The SCAQMD makes the following findings with respect to this impact: (1) mitigation measures were incorporated into the project that would reduce the significant hazard impacts, but not to insignificance; (2) such mitigation measures are within the jurisdiction of the SCAQMD, and the City of Los Angeles Fire Department; and (3) no other feasible mitigation measures or project alternatives have been identified to minimize the potentially significant adverse hazard impacts associated with the proposed project.

Explanation: The proposed project could result in significant adverse impacts related to the “worst-case” hazards associated with modifications to the Naphtha Hydrotreater, the Light Ends Recovery Unit No. 2, and the proposed new propane/propylene storage tanks. A rupture of the line leaving the debutanizer in the Naphtha Hydrotreater could allow the 30 parts per million (ppm) threshold concentration level for hydrogen sulfide to extend an additional 165 feet, resulting in potentially significant impacts. A rupture in the sour gas line leaving the debutanizer in the Light Ends Recovery Unit also could allow the 30 ppm threshold concentration level for hydrogen sulfide to extend an additional 300 feet, resulting in potentially significant impacts. Finally, the new propane/propylene storage tanks could result in a boiling liquid expanding vapor explosion (BLEVE) which could extend an additional 355 feet, resulting in potentially significant adverse hazard impacts.

There are a number of rules and regulations that Ultramar has or must comply with that serve to minimize the potential impacts associated with hazards at the facility. No other feasible mitigation measures were identified for the proposed project that could reduce significant adverse hazard impacts to insignificance.

C. IMPACTS ASSOCIATED WITH PROJECT ALTERNATIVES

1. Project alternatives are not available to reduce the potentially significant impacts.

Finding: The SCAQMD finds that the identified project alternatives would not achieve the goals of the project with fewer or less severe environmental impacts.

Explanation: Potential adverse environmental impacts from three project alternatives were analyzed and it was determined that no feasible project alternatives were identified that would achieve the goals of the project with fewer or less severe environmental impacts than the proposed project. In general, the project alternatives analyzed alternate transportation modes for ethanol, alternate pipeline routes, and alternatives to the storage of propane/propylene. It was concluded from the analysis that all project alternatives would generate significant adverse environmental impacts in the same environmental areas as the proposed project, i.e., air quality and hazards. For all environmental impacts evaluated, no feasible project alternatives were identified that would reduce air quality or hazard impacts to a level of insignificance.

D. STATEMENT OF FINDINGS CONCLUSION

Changes or alterations have been incorporated into the project to mitigate or minimize the potentially significant adverse environmental effects associated with certain project impacts, i.e., air quality impacts during construction and operation, and hazards associated with proposed project operations. No additional feasible mitigation measures or project alternatives, other than those already included in the Final EIR, have been identified that can further mitigate the potentially significant project impacts on air quality and hazards and meet the proposed project objectives.

All feasible mitigation measures identified in the Final EIR have been adopted as set forth in the mitigation monitoring program. The SCAQMD further finds that the Final EIR considered those alternatives or process modifications that meet the requirements of Public Resources Code §21178(g). The analysis indicated that the alternatives would not reduce to insignificant levels the significant impacts identified for the proposed project.

The proposed project is intended to improve air quality in California and more specifically within the South Coast Air Basin. The need for cleaner burning fuels was identified in the 1990 federal Clean Air Act Amendments and the California Clean Air Act. Both the U.S. EPA and CARB have developed and mandated use of reformulated fuels with detailed specifications in severe non-attainment areas, such as the Basin, to reduce mobile source emissions. Based on these requirements, the SCAQMD finds that the proposed project achieves the best balance between minimizing potential adverse environmental impacts and achieving the project objectives. The SCAQMD further finds that all of the findings presented here are supported by substantial evidence in the record.

The record of approval for this project may be found in the SCAQMD's Clerk of the Board's Office located at SCAQMD Headquarters in Diamond Bar, California.

IV. STATEMENT OF OVERRIDING CONSIDERATIONS

If significant impacts of a proposed project remain after incorporation of feasible mitigation measures, or no feasible measures to mitigate the adverse impacts are identified, the lead agency

ATTACHMENT 1: STATEMENT OF FINDINGS, STATEMENT OF OVERRIDING CONSIDERATIONS, AND MITIGATION MONITORING PLAN

must make a determination that the benefits of the project outweigh the unavoidable, significant, adverse environmental effects, if it is to approve the project. CEQA requires the decision-making agency to balance, as applicable, the economic, legal, social, technological, or other benefits of a proposed project against its unavoidable environmental impacts when determining whether to approved the project (CEQA Guidelines §15093(a)). If the specific economic, legal, social, technological, or other benefits of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered acceptable (CEQA Guidelines §15093(a)). Accordingly, a Statement of Overriding Considerations regarding potentially significant adverse environmental impacts resulting from the proposed project, as set forth below, has been prepared for the SCAQMD's decision makers' consideration. Pursuant to CEQA Guidelines §15093(c), the Statement of Overriding Considerations will be included in the record of the project approval and will also be noted in the Notice of Determination.

Having reduced the potential effects of the proposed project through all feasible mitigation measures as described above, and balancing the benefits of the proposed project against its potential unavoidable adverse impacts on air quality and hazards, the SCAQMD finds that the following legal requirements and benefits of the project outweigh the potentially significant unavoidable adverse impacts for the following reasons:

1. California Governor's Executive Order D-5-99 directs that MTBE be phased out of California's gasoline no later than December 31, 2002. The Executive Order also directs CARB to adopt gasoline regulations to facilitate the removal of MTBE without reducing the emission benefits of the existing program. The proposed project fulfills the requirements of the Executive Order by allowing MTBE to be phased out of Ultramar's gasoline products while meeting the specifications of the CARB Phase 3 requirements. The nature of the proposed project, as well as Public Resources Codes §21178, limits the range of feasible alternatives to meet the basic project objective of complying with state reformulated fuel requirements.
2. The CARB estimates that large mobile source emission reductions from the use of the Phase 3 reformulated fuels will produce regional air quality benefits. CARB estimates that the use of Phase 3 reformulated gasoline will result in emission decreases of about 19 tons per day of NOx in 2005 and about a seven percent reduction in potency-weighted toxic emissions over the current fuel. These projected mobile source emission reductions will produce human health benefits.

The long-term effect of existing SCAQMD rules and Air Quality Management Plan (AQMP) control measures is the reduction of emissions district-wide, contributing to attaining and maintaining state and federal ambient air quality standards (AAQS). The AQMP, which is updated every three years, identifies air pollutant levels relative to federal and state AAQS, establishes baseline and future emissions, and develops control measures to ensure attainment of the AAQS.

Both construction and operation emissions associated with the proposed project will be accounted for in the AQMP.

3. Removal of MTBE from the gasoline stream will prevent potential future contamination of soil or groundwater with MTBE, thereby removing potential human health risks and other environmental impacts associated with MTBE contamination of soil or water.
4. The analyses of the significant adverse impacts were based on conservative assumptions regarding the construction and operation of the proposed project. The actual project impacts (e.g., construction and operation emission estimates) are expected to be less than estimated in the EIR.

In balancing the benefits of the overall project with the project's unavoidable and significant adverse environmental impacts, the SCAQMD finds that the project benefits outweigh the unavoidable adverse impacts, such that these impacts are acceptable. The SCAQMD further finds that substantial evidence presented in the Final EIR supports the need to adopt the Final EIR despite the project's adverse impacts.

V. MITIGATION MONITORING PLAN

Introduction

CEQA requires an agency to prepare a plan for reporting and monitoring compliance with and implementation of measures to mitigate significant environmental impacts. Mitigation monitoring requirements are included in CEQA Guidelines §15097 and Public Resources Code §21081.6, which specifically state:

When making findings as required by subdivision (a) of Public Resources Code §21081 or when adopting a negative declaration pursuant to Paragraph (2) of subdivision (c) of Public Resources Code §21080, the public agency shall adopt a reporting or monitoring program for the changes to the project which it has adopted or made a condition of project approval in order to mitigate or avoid significant effects on the environment (Public Resources Code §21081.6). The reporting or monitoring program shall be designed to ensure compliance during project implementation. For those changes which have been required or incorporated into the project at the request of an agency having jurisdiction by law over natural resources affected by the project, that agency shall, if so requested by the lead or responsible agency, prepare and submit a proposed reporting or monitoring program.

The provisions of CEQA Guidelines §15097 and Public Resources Code §21081.6 are triggered when the lead agency certifies a CEQA document in which mitigation measures, changes, or alterations have been required or incorporated into the project to avoid or lessen the significance

of adverse impacts identified in the CEQA document. Public Resources Code §21081.6 leaves the task of designing a reporting or monitoring plan to individual public agencies.

To fulfill the requirements of CEQA Guidelines §15097 and Public Resources Code §21081.6, the SCAQMD must develop a plan to monitor project compliance with those mitigation measures adopted as conditions of approval for Ultramar's CARB Phase 3 Proposed Project. The following subsections identify the specific mitigation measures identified in the EIR and the public agency responsible for monitoring implementation of each mitigation measure.

General Mitigation Monitoring and Reporting

The mitigation monitoring and reporting described in this plan is primarily the responsibility of the SCAQMD as the CEQA lead agency. The mitigation measures discussed herein are primarily the responsibility of Ultramar to implement. To certify compliance, documentation that mitigation measures have been implemented will be maintained by Ultramar to ensure potential significant environmental impacts are mitigated to the greatest extent feasible.

The environmental resources that were identified in the Final EIR as having significant or potentially significant adverse impacts are identified below. The Final EIR concluded that no significant adverse impacts on aesthetics, agriculture resources, biological resources, cultural resources, energy, geology/soils, hydrology/water quality, land use/planning, mineral resources, noise, population/housing, public services, recreation, solid/hazardous waste, and transportation/circulation. The Final EIR concluded that the significant adverse impacts to air quality and hazards would be expected.

A. DETERMINATION OF ENVIRONMENTAL IMPACTS

AIR QUALITY IMPACTS

Air Quality Construction Phase Impacts

Construction-related emissions of VOCs and NO_x would exceed the SCAQMD significance threshold for daily emissions. Emission sources include worker vehicles, heavy construction equipment, grading activities, and emissions from coating activities. The mitigation measures listed below are intended to minimize the emissions associated with these sources. No feasible mitigation measures have been identified to reduce emissions from on-road trips. Additionally, no feasible mitigation measures have been identified to reduce emissions to insignificance. CEQA Guidelines §15364 defines feasible as “. . .capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, legal, social, and technological factors.”

Air Quality Construction Phase Mitigation Measures

Based on emission estimates from the construction phase, the significance thresholds for construction air quality impacts provided in Chapter 4 of the Final EIR will be exceeded. Therefore, the following mitigation measures to reduce construction-related emissions shall be implemented.

- A-1 Develop a Construction Emission Management Plan for the proposed project. The Plan shall include measures to minimize air emissions from vehicles including, but not limited to: scheduling truck deliveries to avoid peak hour traffic conditions, consolidating truck deliveries, and prohibiting truck idling in excess of 10 minutes.
- A-2 Prohibit trucks from idling longer than 10 minutes at the Ultramar site.
- A-3 Use electricity or alternate fuels for on-site mobile equipment instead of diesel equipment to the extent feasible.
- A-4 Maintain construction equipment tuned up with two to four degree retard diesel engine timing.
- A-5 Use electric welders to avoid emissions from gas or diesel welders in portions of the Refinery where electricity is available.
- A-6 Use on-site electricity rather than temporary power generators in portions of the Refinery where electricity is available.
- A-7 Prior to use in construction, the project applicant will evaluate the feasibility of retrofitting the large off-road construction equipment that will be operating for significant periods. Retrofit technologies such as alternative fuels (including PuriNox, if and when available), selective catalytic reduction, oxidation catalysts, air enhancement technologies, etc., will be evaluated. These technologies will be required if they are commercially available and can feasibly be retrofitted onto construction equipment.
- A-8 Use CARB certified construction equipment for all construction equipment that requires CARB certification.
- A-9 Suspend use of all construction equipment during first stage smog alerts.
- A-10 The engine size of construction equipment shall be the minimum practical size.
- A-11 Develop a fugitive dust emission control plan. Measures to be included in the plan include, but are not limited to the following: (1) water active construction

sites three times per day, except during periods of rainfall. Watering construction sites two times per day is required by SCAQMD Rule 403 and provides about a 50 percent emission reduction. Watering construction sites three times per day will reduce PM10 emissions by an additional 18 percent (total control of 68 percent); (2) enclose, cover, water twice daily, or apply approved soil binders according to manufacturer's specifications to exposed piles (i.e., gravel, dirt and sand) with a five percent or greater silt content. Implementation of this mitigation measure would reduce PM10 emissions 30 to 74 percent (SCAQMD, 1993); (3) suspend all excavating and grading operations when wind speeds (as instantaneous gusts) exceed 25 mph. The emission reductions associated with this mitigation measure cannot be quantified (SCAQMD, 1993); (4) apply water three times daily, except during periods of rainfall, to all unpaved road surfaces. This mitigation measure would reduce PM10 emissions by a minimum of 45 percent (SCAQMD, 1993); and (5) limit traffic speeds on unpaved roads to 15 mph or less. The emission benefits of this mitigation measure are estimated to be 40 to 70 percent (SCAQMD, 1993). With the exception of watering the site three times, these control efficiencies were reflected in the project emission calculations so no further emission reduction credit has been taken into account herein.

- A-12 Ultramar shall investigate the feasibility of using coatings during the construction period with a VOC content below 3.5 lbs/gallon.

Mitigation Monitoring (MM) and Reporting

Implementing Party: The SCAQMD finds that the air quality mitigation measures during construction will be implemented by Ultramar.

Monitoring Agency: The SCAQMD through its discretionary authority to issue and enforce permits for this project will ensure compliance with these mitigation measures. Monitoring will be accomplished as follows:

- MMA-1 Ultramar shall develop and submit a construction emission management plan to the SCAQMD for approval. The Construction Traffic Emissions Management Plan shall include the following: description of construction traffic control methods such as flag persons, contractor entry/exit gates, etc.; construction schedule including hours of operation; description of truck routing; and description of deliveries, including hours of delivery.

The plan shall be submitted to the SCAQMD prior to beginning construction activities. Upon approval, Ultramar shall certify that all personnel subject to the requirements set forth in the construction traffic emission management

plan comply with the requirements of the plan. The SCAQMD may conduct routine inspections of the site to verify compliance.

- MMA-2 Ultramar shall instruct individuals that accept delivery of materials of the requirement to limit truck idling to no longer than 10 minutes. The Ultramar employees will evaluate the expected delivery time and if the delivery is expected to take longer than 10 minutes, the truck's operator will be asked to shut off the engine.
- MMA-3 Ultramar shall evaluate the use of electricity and alternate fuels for on-site mobile construction equipment prior to the commencement of construction activities. The type of equipment that will use electricity or alternate fuels will be included in the Construction Emission Management Plan.
- MMA-4 Ultramar shall maintain or cause to be maintained maintenance records for the construction equipment. All construction vehicles must be maintained in compliance with the manufacturer's recommended maintenance schedule.
- MMA-5 The use of gas or diesel welders shall be prohibited in areas of the Refinery that have access to electricity. Construction areas within the Refinery where electricity is not available will be identified on a site plan as part of the Construction Emission Management Plan. The use of gas or diesel welders within these identified areas will be allowed. The use of gas or diesel welders outside of these identified areas shall be prohibited. Ultramar shall include in all construction contracts the requirement that diesel welders are prohibited in certain portions of the Refinery as identified on the site plan. Ultramar shall maintain records on where the diesel welders are actually used.
- MMA-6 The use of temporary power generators shall be prohibited in areas of the Refinery that have access to electricity. Construction areas within the Refinery where electricity is not available will be identified on a site plan as part of the Construction Emission Management Plan. The use of temporary power generators within these identified areas will be allowed. The use of temporary power generators outside of these identified areas shall be prohibited. Ultramar shall include in all construction contracts the requirement that the use of temporary power generators is prohibited in certain portions of the Refinery as identified on the site plan. Ultramar shall maintain records on where the generators are actually used.
- MMA-7 Ultramar shall supply the SCAQMD with a report prior to commencement of construction activities that documents Ultramar's evaluation of the availability of retrofit technologies for large construction equipment. A copy of this report shall be maintained on-site along with other recordkeeping required by this Mitigation Monitoring Plan.

ATTACHMENT 1: STATEMENT OF FINDINGS, STATEMENT OF OVERRIDING CONSIDERATIONS, AND MITIGATION MONITORING PLAN

- MMA-8 Ultramar shall review the construction equipment with its contractor. A report shall be developed that lists the off-road heavy-duty construction equipment that is expected to be use, identifies the equipment that requires CARB certification and demonstrates that the certified equipment will be used.
- MMA-9 Ultramar shall maintain a log that contains the days when first stage smog alerts occur and the time that construction activities were suspended.
- MMA-10 Ultramar shall review the construction equipment that is expected to be used with its contractor. Appropriate equipment shall be selected that minimizes the engine size of the equipment. Ultramar shall maintain a list of the heavy-duty construction equipment that is used on-site and the applicable engine size.
- MMA-11 Ultramar shall develop and submit to the SCAQMD for approval a fugitive dust emission control plan prior to beginning construction activities. The plan must include a log that tracks the site watering activities and identifies the time and day when winds exceed 25 mph. The log must include the day, time, and location of the active construction sites and unpaved roads that were covered or watered. Watering of active construction sites will be completed three times a day. However, construction sites will not be watered during periods of rainfall. Signs that post a maximum speed limit of 15 mph shall be placed between the truck entrance to the Refinery and the equipment staging areas.
- MMA-12 Ultramar shall review the use of coating materials required to protect the new storage tanks. The use of coatings with a VOC content will be evaluated and, coatings with a VOC content of less than 3.5 lbs/gallon will be used, if the coatings are available and equally effective.

Air Quality Operational Phase Impacts

Operation emissions of VOCs and NO_x from indirect (mobile) sources, are expected to exceed the SCAQMD significance thresholds and be significant.

Air Quality Operational Phase Mitigation Measures

No feasible mitigation measures were identified that would minimize or eliminate VOC emissions from fugitive components (e.g., valves, flanges, and pumps). VOC emissions from fugitive components are controlled through the use of BACT. BACT by definition, is control equipment with the lowest achievable emission rate. The use of BACT controls emissions to the greatest extent feasible. In addition, the fugitive components

will be required to be included in an inspection and maintenance program to ensure that the equipment is properly maintained. The use of BACT and the inspection and maintenance program will be enforced through SCAQMD permit conditions.

The NO_x emissions from the proposed project are from indirect emission sources, including trucks and railcars, primarily used to transport ethanol. The Clean Air Act and U.S. Environmental Protection Agency (U.S. EPA) regulations leave the SCAQMD no authority to directly regulate railcar emissions. The U.S. EPA controls emissions from railcars. Likewise, the U.S. EPA and CARB have the primary authority to regulate emissions from heavy-duty engines and trucks. It was determined that in-use measures (e.g., limiting hours of operation) would not be expected to be effective in reducing emissions in the Basin since they would only apply to one company. Other companies would be able to transport the materials into the Basin without any such restrictions. Therefore, no real emission benefits would be expected. No monitoring activities are required for air quality impacts related to the operational phase of the proposed project.

Mitigation Monitoring and Reporting

No feasible mitigation measures were identified to minimize or eliminate the significant emissions from mobile sources related to the proposed project. Therefore, no monitoring activities are required for air quality impacts related to the operational phase of the proposed project.

HAZARD IMPACTS

Hazard Impacts

The proposed project could result in significant impacts related to the “worst-case” hazards associated with modifications to the Naphtha Hydrotreater, the Light Ends Recovery Unit No. 2, and the proposed new propane/propylene storage bullets. A rupture of the line leaving the debutanizer in the Naphtha Hydrotreater could allow the 30 ppm concentration level for hydrogen sulfide to extend an additional 165 feet, resulting in potentially significant impacts. A rupture in the sour gas line leaving the debutanizer in the Light Ends Recovery Unit also could allow the 30 ppm concentration level for hydrogen sulfide to extend an additional 300 feet, resulting in potentially significant impacts. Finally, the new propane/propylene storage tanks could result in a boiling liquid expanding vapor explosion (BLEVE) which could extend an additional 355 feet, resulting in potentially significant impacts.

Hazard Impacts Mitigation Measures

There are a number of rules and regulations that Ultramar has been or must comply with that serve to minimize the potential impacts associated with hazards at the facility. Under federal OSHA, regulations have been promulgated that require the preparation and

ATTACHMENT 1: STATEMENT OF FINDINGS, STATEMENT OF OVERRIDING CONSIDERATIONS, AND MITIGATION MONITORING PLAN

implementation of a Process Safety Management (PSM) Program (29 CFR Part 1910, Section 119, and Title 8 of the California Code of Regulations, Section 5189). Risk Management Plans (RMPs) are covered under the California Health and Safety Code Section 25534 and 40 CFR Part 68, and Title 1 §112(r)(7), by the Clean Air Act.

A PSM that meets the requirements of the regulations and is appropriately implemented is intended to prevent or minimize the consequences of a release involving a toxic, reactive, flammable, or explosive chemical. A PSM review is required as part of the proposed project. Ultramar is responsible for preparing the PSM review and OSHA has inspection authority under the PSM requirements.

An RMP is required for certain chemicals at the Refinery. The RMP consists of four main parts: hazard assessment that includes an off-site consequence analysis, five-year accident history, prevention program, and emergency response program. The Refinery's existing RMP will need to be reviewed and revised to include the proposed project modifications, including the modifications to the Naphtha Hydrotreater, the Light Ends Recovery Unit No. 2, and the proposed new propane/propylene storage bullets. The revised RMP will be submitted to the Los Angeles City Fire Department for review and approval.

Mitigation Monitoring and Reporting

No additional feasible mitigation measures have been identified, over and above the extensive safety regulations that currently apply to the Refinery. Therefore, no further monitoring measures is required.

VI. CONCLUSION

Ultramar will be required to submit quarterly reports to the SCAQMD during the construction phase that identifies the construction progress, includes all required logs, inspection reports, and monitoring reports, identifies any problems, and provides solutions to problems, as necessary. The SCAQMD and Ultramar will evaluate the effectiveness of this monitoring program during both the construction period and operation. If either the monitoring program or the mitigation measures as set forth above are deemed inadequate, the SCAQMD or another responsible agency, may require Ultramar to employ additional or modified monitoring measures and/or measures to effectively mitigate identified significant adverse impacts to the levels identified in the EIR.