



Legislation Text

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Report to Mayor and City Council

Monday, November 06, 2017

Discussion

SUBJECT:

**PHILLIPS 66 REFINERY - DEPARTMENT OF TOXICS SUBSTANCES CONTROL -
PERMIT RENEWAL OF THE PROCESS WATER STORAGE POND CLOSURE PERMIT
(CITY COUNCIL)**

I. SUMMARY

The State Department of Toxic Substances Control (DTSC) has provided the City with a notice of permit application to renew the closure permit for the Phillips 66 process water storage pond. The refinery had a very large process water storage pond, which contained oil and water mixed together. Phillips 66 obtained a permit to close the storage pond in 1999. The closure permit application is not available on the State's environmental website and Phillips 66 is not required to send the permit application to the City in time for meaningful review and comment. The facility inspection by DTSC in 2015 found seven violations in sampling and quality assurance. DTSC in 1999 exempted the closure of the storage pond from any environmental review.

II. RECOMMENDATION

DISCUSS and PROVIDE direction to the City on the proposed letter to DTSC outlining the City's concerns.

III. ALTERNATIVES

None.

IV. BACKGROUND

The History of Oil and Its Impacts on Carson

The City is at the hub of oil refining, production and shipping in Southern California. The location of two major refineries serving the western United States, Tesoro and Phillips 66, impact the environment, public health and municipal services in Carson, including health effects on the community, soil pollution and air quality.

Carson has a long history in dealing with the impacts of the petroleum industry. The first refinery in Carson was constructed 100 years ago by Union Oil - which is now the existing Phillips 66 refinery. When oil was discovered by Shell in Signal Hill in 1921 it heralded a rush for Black Gold. Oil speculators turned their sites to Carson, where oil was discovered in 1923 in the Dominguez Field. Oil was discovered in the Wilmington Field in 1938.

During the 1930s- 1940s, these three fields produced one-half of the nation's oil. Shell constructed a major refinery and chemical plant in Carson in 1928. Richfield constructed a refinery in Carson in 1938, which is now the Tesoro Refinery. Largely unregulated in the early part of the 20th Century, it was not uncommon for petroleum and petroleum products to be stored in earthen bottomed ponds and tanks. As one example, Shell is conducting a massive clean-up of the Carousel Tract, since homes were constructed atop a former tank farm where oil leaked from tanks to contaminate the soil.

Carson has also struggled with poor air quality, with the oil industry a major contributing source. Air quality issues go back to the very first refineries and oil storage facilities in the 1920s. Smog became a major issue in the region in 1943, when in July of that year, the smog was so thick in downtown Los Angeles that you could only see about three blocks. The Board of Supervisors appointed a Smoke and Fumes Commission, which identified the refineries and other oil uses as major contributors to the unhealthy air quality. The oil industry opposed the report, but the Board working with the League of Cities sponsored special legislation that allowed the formation of air quality districts. The South Coast Air Quality Management District grew out of these early efforts to control air pollution.

Carson's residents have historically expressed concerns with the environmental effects of the oil refiners and chemical industry. They have also expressed concern with contaminated soils from toxic runoff. Residents are concerned about local air quality impacts, including the tanker trucks used to transport petroleum and petro-chemicals through the community. The City recently adopted a comprehensive oil code amendment to mitigate the environmental impacts of oil pumping in the community; but the community and the City Council continue to request an improved regulatory regime to address the oil refineries and petro-chemical industry.

Background on the Phillips 66 Process Water Storage Pond

The City received a notice from DTSC on the application by Phillips 66 to renew their post-closure permit on the refinery's former process water storage pond. Phillips 66 once had a very large process water storage pond, which impounded oil and water mixed together. DTSC records showed that the storage pond was up to 15 in deep and 100 feet by 200 feet in size.

In the 1990s USEPA moved away from permitting such process water storage ponds, due in part to the potential of ground water and soil contamination, as well as air pollution concerns. USEPA regulations now require process water to be stored in covered tanks for oil/water separation. Phillips 66 obtained a permit from DTSC in 1999 to remove the pond, remediate the soil and to back fill the pond with clean clay soil. After this work was completed, Phillips 66 installed an asphalt cap on top of the former pond.

The public notice was required since DTSC received an application to renew the post-closure permit from Phillips 66. If the application is deemed complete, DTSC will prepare a draft permit for public review and comment. If the permit is renewed by DTSC, it would allow post-closure activities for another ten years. The City supports the closure of the large process water storage pond, but the lack of transparency and the sharing of information with the City causes concern.

Analysis:

The City is most concerned that the application is not available on ENVIROSTOR, the State's data base on environmental clean-up projects. Also, Phillips 66 is not required to send a copy of the application to the City in time for any meaningful review and comment. The City is the primary land use authority for the refineries and information on deed restrictions, post-closure maintenance and monitoring activities are critical to understanding the land use and municipal service impacts from the refinery and post closure activities. At this point in time the City does not have the basic information to ensure that the post-closure activities are consistent with the requirements and regulations of the DTSC, Regional Water Board and our City requirements.

The last compliance inspection for the process water pond was on October 8, 2015. The City believes at a minimum that the process water pond should be inspected prior to the renewal of the post-closure permit. This is especially important given that DTSC's 2015 inspection found seven violations, mostly in areas of sampling procedure and quality assurance. The City has been unable to find documentation that these violations have either been corrected or that Phillips 66 has changed its procedures to ensure the violations will not occur in the future.

The City is also unaware of any CEQA process that DTSC is implementing for the project. When the original post-closure permit was issued by DTSC over 10 years ago, DTSC relied upon a CEQA exemption, but did not specify in the permit which exemption was applicable. Under review of the current application for permit renewal, the City may well be a responsible agency under CEQA, so the City requests that DTSC inform the City if it intends to rely on a CEQA exemption and, if so, which one.

V. FISCAL IMPACT

There is no funding available from the petroleum industry to assist the City in funding these permit reviews. The City continues to rely on City General Funds to review refinery and petro-chemical industries with State and Federal agencies.

VI. EXHIBITS

- 1) DTSC Public Notice. (pg. 5)
- 2) Draft City Letter to DTSC. (pgs. 6-7)

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