

Contra Costa County
HAZARDOUS MATERIALS COMMISSION

Draft Minutes
October 23, 2014

Members and Alternates Present: Don Bristol, Matt Buell, Frank Gordon, Fred Glueck, Steve Linsley, , Ralph Sattler, George Smith, Leslie Stewart, Don Tatzin, Audrey Albrecht (alternate) Jack Bean (alternate), Tim Bancroft (alternate)

Absent: Rick Alcaraz, Henry Clark, Lara DeLaney, Jim Payne,

Staff: Michael Kent, Randy Sawyer

Members of the Public: Tom Griffith, Martinez Environmental Group; Gordon Johnson, Teresa Makarewicz, Shell Refinery; Buddy Bowles, Bureau Veritas

1. Call to Order: Chair Smith called the meeting to order at 4:15 p.m.

Announcements and Introductions:

Michael Kent announced:

- The State Refinery Task Force will be holding a Refinery Safety Forum for the public on December 11th at the Richmond City Council Chambers.
- On November 13th the Industrial Association will be holding their annual Board of Supervisors Lunch.

2. Approval of the Minutes:

The minutes of the September 25, 2014 meeting were moved by Commissioner Gluck, seconded by Commissioner Gordon, and approved by a vote of 6-0-2 with Commissioners Gordon, Glueck, Linsley, Sattler, Smith, Stewart voting aye and Commissioners Bristol and Buell abstaining. Commissioner Tatzin was not present for the vote.

3. Public Comments: None

4. Hazardous Materials Programs Report:

Randy Sawyer reported the following:

- At the recent Urban Shield conference our hazmat team placed first in the response competition.
- The CalARP and Process Safety Management regulations are being reviewed at the state level and are being amended. The advisory committee and working group have met. The next advisory committee meeting is November 6th. He is on the workgroup and one of their main goals is to make sure that the requirements for CalARP are consistent with the requirements for PSM.
- Business Plan information and Underground Storage Tank program data is supposed to be submitted into the state data base by regulated businesses. Only 40 of the 2800

businesses they regulate have not put this data into the database. They will take enforcement actions against these businesses if they don't comply.

- They have filled two Hazardous Materials Specialist positions and still have three openings. They also have two open Engineer positions and are going through the interview process now.

5. Operations Committee Report:

There was no Operations Committee meeting this month.

6. Planning and Policy Development Committee Report:

There was no Planning and Policy Development meeting this month.

7. Old Business:

a) Update on the Crude by Rail Issue

Randy Sawyer said that he hadn't heard anything from the State concerning data or funding for emergency planning as a result of the provisions of AB 380 recently adopted by the State.

Commissioner Stewart informed the Commission that the OES interactive map that contains information pertaining to crude transport and emergency response has been updated.

8. New Business:

a) Report Back on activities of the North Shoreline Revitalization Action Teams

Michael Kent reviewed with the Commission that at their last meeting they instructed him to participate in two actions teams of the Revitalization effort – Quality of Life and Business Climate and Regulatory Environment.

The Quality of Life Action Team had not been formed as of the date of the Commission meeting. But Mr. Kent reported that Tracey Rattray, Director of the Community Wellness and Prevention Program in the Public Health Department had offered to help convene and co-chair this Action Team.

Mr. Kent reported that he attended the October 8th meeting of the East Bay Leadership Council's Land Use Task Force which is serving as the Business Climate and Regulatory Environment Action Team. There were 20 – 25 people in attendance. They reviewed a draft Goals and Strategies that had been prepared at previous meetings (attached).

Mr. Kent said he thought the item that most pertained to the mission statement and historic activity of the Commission was #5 – Adopt Performance Based Industrial Zoning Model. He said he suggested to the group that they look at the land use scoring system of the Industrial Safety Ordinance as a possible basis for a performance-based zoning.

Commissioner Stewart said she was interested in how the Action Team addresses item #3 b and c, and that Mr. Kent should let the Action Team know that these are issues the commission has worked on in the past, especially the concern about buffer zones.

Commissioner Gordon said there doesn't seem to be a consistent definition of buffer zones. Also, the East Bay Leadership Council Land Use committee put out a report about the need for quality housing that talked about putting housing near commercial sites. These two issues need to be rectified.

The commission also agreed that zoning issues are important and need to be watched closely.

Mr. Kent said he would bring these comments back to the Action Team at their next meeting on November 12th.

b) Presentation on the Shell Refinery Greenhouse Gas Reduction Project

Gordon Johnson and Teresa Makarewicz made the presentation for Shell. They explained that the greenhouse gas (GHG) requirements of AB 32 – the state's climate change law, were the big motivator for doing this project. They are one of the biggest emitters of Greenhouse Gasses in the Bay Area, and the flexicoker is a significant source of this GHG.

The project will take 6 years. The primary aspects of this project are to permanently shut down their flexicoker, reconfigure their process to refine an intermediate mix of crude oil, modify their light oil processing unit and modify their delayed coker. This will reduce carbon dioxide emissions 800,000 tons per year or 20-30%. The resulting process will also be more energy efficient and will present a lower health risk because they are taking a high energy complex process out of the mix.

The background of the project is that their current process was set up in the 1980's and was designed to process mainly Central Valley crude oil. That source of crude oil is drying up, so Shell is looking elsewhere for Crude oil. Crude oil worldwide tends to be a lighter mix. So they wanted to reconfigure their system to handle a lighter mix of crude oil.

The flexicoker made flexigas out of petroleum coke. It was used on-site in boilers and furnaces. It met 1/3 their on-site fuel needs. Now they will buy natural gas from PG&E to replace it, so their new on-site fuel mix will be 2/3 natural gas bought from PG&E and 1/3 fuel gas still generated on site. The extra natural gas will be mixed with the fuel gas as it comes in to the refinery. It won't be stored on-site.

The resulting crude oil mix they will process will be an intermediate blend (API 26 – 28), down from a heavy blend of API 18 -20, and the sulfur content will go down from 1.25% to 0.75%. The amount of crude oil they process won't change.

Some other considerations of the project are:

- They are installing 25 new heat exchangers and air coolers to make the project more energy efficient.
- They will use 1000 gallon per minute less water.
- They will generate 250,000 tons per year less petroleum coke.
- Their hydrogen and steam demand will be reduced.
- Their waste generation will go down 15%.
- The refinery will generate less noise.
- There will be no net change to truck deliveries.
- The refinery will lose about 10 – 15 operational jobs as a result of the project.
- Less crude oil will probably be coming into the refinery via pipeline once they switch to their new mix of crude oil.

Commissioner Smith asked how many different governmental agencies have some level of oversight or regulation of this project. The answer was about 20.

The draft EIR for the project will be completed in January or February.

They also said that the California Air Resources Board that implements the Cap and Trade program of carbon credits is looking at incentives for this type of project. The benefit to them is they will have to buy less credits under the Cap and Trade program.

9. Reports From Commissioners On Matters of Commission Interest:

None

10. Plan Next Agenda:

The Commission suggested several potential issues for consideration:

- ISO annual report review
- Review of items considered at the retreat
- Martinez Crude by Rail resolution
- Velero Crude by Rail project
- OSPER Crude by Rail emergency response

11. Adjournment: The meeting adjourned at 6:00 p.m.