June 2019
NuStar Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) Development and Vessel Service Project

Notice of Preparation

Prepared for
Port of Stockton
2201 West Washington Street
Stockton, California 95203

Prepared by
Anchor QEA, LLC
130 Battery Street, Suite 400
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Project Number: 160377-01.07

To: **All Agencies, Interested Parties, and Individuals**

Subject: **Notice of Preparation of a Focused Environmental Impact Report**

Notice is being given that the Port of Stockton will be preparing a Focused Environmental Impact Report for the following project:

NuStar Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) Development and Vessel Service Project

We transmit this Notice of Preparation for review in accordance with the California Environmental Quality Act Guidelines, Article 7, Sections 15086 and 15087; and California Public Resources Code Section 21153. Please submit your comments, concerns, suggestions for mitigation measures and alternatives, and any other pertinent information that may enable us to prepare a comprehensive and meaningful Focused Environmental Impact Report for the project.

Please submit your comments to Jason Cashman, Port of Stockton Environmental and Regulatory Affairs Manager, by email to jcashman@stocktonport.com or by mail to the following address:

Jason Cashman
Environmental and Regulatory Affairs Manager
Port of Stockton
2201 West Washington Street
Stockton, California 95203

Comment letters must be postmarked by July 24, 2019. If you have any questions, please contact Mr. Cashman by email or postal mail (above) or by phone at 209-946-0246.

1 Project Overview

This Notice of Preparation (NOP) has been prepared to inform responsible and trustee agencies, public agencies, and the public that the Port of Stockton (Port), as the Lead Agency under the California Environmental Quality Act (CEQA), has independently determined that there are potential significant environmental impacts associated with the proposed NuStar Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) Development and Vessel Service Project (hereafter referred to as the proposed project) and preparation of a Focused Environmental Impact Report (EIR) is required. The project site is located at 2941 Navy Drive and Dock 10/11 at the Port in Stockton, California (Figure 1).

1.1 Project Summary

The proposed project involves upgrading Dock 10/11 to MOTEMS standards to support a new vessel service for renewable diesel imports. In 2006, California adopted the Global Warming Solutions Act (also known as Assembly Bill [AB] 32), which aims to reduce greenhouse gas (GHG) emissions in California to 1990 levels by 2020. The California Air Resources Board (ARB) has developed several transportation-related measures to achieve state GHG reduction goals, including a clean fuels standard known as the Low Carbon Fuel Standard (LCFS). California's LCFS was adopted in 2009 (amended in 2018) and is a performance-based standard requiring petroleum refiners and other fuel providers to reduce the carbon-intensity of transportation fuels used in California by at least 20% by 2030. Renewable diesel, ethanol, and biodiesel all serve as alternative pathways that reduce the levels of GHG emissions, depending on their source and production, with renewable diesel having a 50% to 85% lower carbon intensity than standard diesel fuels.[1] The proposed project would further facilitate California's goal of increasing supplies of this low carbon fuel.

The proposed project consists of connecting an existing liquid bulk terminal to an existing dock at the Port in order to receive imported renewable diesel by vessel. Much like biodiesel, renewable diesel is made from non-petroleum resources such as natural fats, vegetable oils, and greases. However, unlike biodiesel, renewable diesel is processed similar to petroleum diesel, which makes it chemically the same as petroleum diesel. It burns more completely and therefore cleaner than biodiesel, and because it has the same chemical structure as petroleum diesel, renewable diesel can be used in engines that are designed to run on conventional diesel fuel without any blending.

NuStar Terminals Operations Partnership L.P. (NuStar) currently operates a tank farm at 2941 Navy Drive within the Port. NuStar's general ownership has been operating this terminal since 1984. The types of bulk petroleum products handled at the NuStar terminal include ethanol, gasoline, naphtha, diesel, renewable diesel, biofuels, and lubricants. NuStar currently receives products at its facility via

[1] Promotum, 2015. *California's Low Carbon Fuel Standard: Evaluation of the Potential to Meet and Exceed the Standards.* February 2, 2015. Available at: http://www.ucsusa.org/sites/default/files/attach/2015/02/California-LCFS-Study.pdf.

rail and truck. Under the proposed project, NuStar would add vessel service to import renewable diesel. To accommodate the vessel service, NuStar is proposing to upgrade Dock 10/11 to meet state MOTEMS, and install approximately 3,400 feet of underground 12-inch piping from the dock to its existing terminal. Improvements at the terminal would include installation of approximately 3,050 feet of new terminal piping, new pumps, truck rack improvements, and tying into the existing rail unloading system. No in-water work would be required.

MOTEMS are building standards (California Building Code, Chapter 31F: Marine Oil Terminals) that apply to all marine oil terminals in California. MOTEMS establish minimum engineering, inspection, and maintenance criteria for marine oil terminals to protect public health, safety and the environment, and govern the upgrade and design of terminals to ensure better resistance to earthquakes and reduce the potential of oil spills.

1.2 Project Objectives

Pursuant to the CEQA Guidelines and 14 California Code of Regulations 15124, a "statement of the objectives sought by the proposed project" is to be provided as part of the project description in an EIR. The proposed project's goal is to upgrade an existing dock at the Port in order to receive renewable diesel by vessel, which will then be transferred to NuStar's existing terminal at the Port and distributed to support broader California LCFS goals for lower-emitting fuels.

To accomplish this goal, the following key project objectives must be accomplished:

- Upgrade the existing Dock 10/11 to meet MOTEMS consistent with state regulations in order to receive vessels
- Upgrade NuStar's existing facilities at the Port to enable receipt of renewable diesel arriving by vessel
- Increase availability of renewable diesel to assist California in meeting GHG abatement targets, decreasing reliance on imported fossil fuel

1.3 Environmental Setting

1.3.1 Regional Setting

The proposed project is located within the City of Stockton's (City's) urban core, which is characterized by a mix of heavy industrial uses with limited landscape features, older residential neighborhoods, neighborhood commercial shopping centers, and a variety of other commercial and industrial parcels. In the area surrounding the project site, the Port leases property for a variety of industrial uses, characterized by the presence of storage tanks, maritime terminals, cement and grain silos, railroad facilities, large storage buildings, and stockpiles of various commodities. The City's

2040 General Plan[2] designates the project site for industrial use, and the zoning classification of the project site and surrounding parcels is Port or Industrial, General.

1.3.2 Project Setting

The NuStar terminal is located between Navy Drive and Stork Road, south of Washington Street. Existing rail facilities are located between the storage tanks at the terminal and Stork Road. The land use between Dock 10/11 and the NuStar terminal is industrial (approximately 3,000 feet separates the facility from the dock). The existing Dock 10/11 at the Port is a ballasted, concrete marginal wharf, approximately 800 feet long by 100 feet wide, supported on square reinforced concrete piles, and includes a crane rail. The deck has approximately 8 inches of asphalt topping and 2 to 4 feet of base material. A 13-foot-deep buttressed concrete berthing face runs along the entire length of the channel side of the wharf. Existing mooring hardware consists of bollards and cleats.

1.4 California Environmental Quality Act Baseline

Section 15125 of the CEQA Guidelines requires that an EIR include a description of the physical environmental conditions in the vicinity of the proposed project as they exist at the time the NOP is published, or if no NOP is published, at the time the environmental analysis is commenced, from both a local and regional perspective. These environmental conditions are referred to as the environmental setting. Further, Section 15125(a) of the CEQA Guidelines states that "the environmental setting normally constitutes the baseline physical conditions by which a Lead Agency determines whether an impact is significant." The CEQA baseline is the set of conditions that prevailed at the time this NOP is circulated.

NuStar currently operates a tank farm at 2941 Navy Drive that consists of 33 tanks and has a capacity of 878,000 barrels. The facility is currently served by rail and truck. There are a total of eight truck loading bays in the north and south truck racks and the rail operation area has three tracks with a combined 16 unloading locations. Because the proposed project only involves changes to the diesel product mix and operations at the facility, the level of ultra-low-sulfur diesel (ULSD) and renewable diesel in 2018 was considered as the baseline. In 2018, the facility received and transferred 3.147 million barrels of ULSD and had 17,001 truck calls.

1.5 Project Elements and Operations

Proposed project construction would consist of dock improvements, installation of a pipeline between the dock and the terminal, and terminal improvements (Figures 2 through 4). No in-water work would occur as part of the proposed project. Construction is anticipated to occur over a period of 8 months, with work occurring concurrently at the three locations. Staging of materials and construction

[2] City (City of Stockton), 2018. *Envision Stockton 2040 General Plan*. December 4, 2018. Available at: http://www.stocktongov.com/files/Adopted_Plan.pdf.

equipment would be coordinated with the Port to minimize disruptions to existing operations at the Port and would generally be limited to areas within NuStar's terminal and at Dock 10/11.

Under proposed project operations, the terminal would receive renewable diesel primarily by vessel. Up to 12 marine vessels would bring up to 1,728,000 barrels of renewable diesel to the dock per year. The renewable diesel would be transferred from the vessels via pipeline to NuStar's terminal. Transfer operations would be carried out from an onshore transfer connection manifold. The transfer manifold would include manual manifold valves used to control cargo flow during transfer operations, as well as emergency motorized block valves that would serve both as MOTEMS emergency shutdown and shore isolation valves. The maximum amount of cargo per vessel would be 144,000 barrels, with a typical offload rate of 8,000 barrels per hour. The total pumping time per vessel would be 17.5 hours.

Product from vessels would be stored in tanks until it is ready for distribution to the Northern California market. Product would typically be stored in the tanks for an average of 1 month. When delivering to the local market, NuStar would pump renewable diesel from dedicated storage tanks through a pipeline connected to the existing on-site truck racks. Empty trucks would enter the terminal through the truck gates and be loaded with product at the truck racks. During product transfers, a minimum of one terminal operator would be present 24 hours a day, seven days a week, to oversee operations. Outside of product transfer periods, the site would be staffed for security and facility maintenance by up to two employees working 12-hour shifts, Monday through Friday. Employee offices would be in the existing support building.

As discussed above, the proposed project would result in a change in diesel product mix at the terminals, where a portion of the existing levels of ULSD would be replaced with renewable diesel, and total renewable diesel products would increase. This change in product mix would result in a net increase in vessel and truck calls, which could result in potentially significant environmental impacts. The proposed project throughput as compared to existing levels is presented in Table 1.

Table 1
Proposed Project Throughput Compared to Existing Levels

	Baseline: Existing ULSD	Proposed Project: ULSD and Renewable Diesel	Net Difference
Total Volume	3,147,000 barrels per year	3,931,000 barrels per year	784,000 barrels per year
Truck Calls	17,011	21,249	4,238
Vessel Calls	0	12	12

2 Proposed California Environmental Quality Act Analysis

2.1 Alternatives

According to Section 15126.6 of the CEQA Guidelines, an EIR need only examine in detail those alternatives that could feasibly meet most of the basic objectives of the proposed project. The purpose of the proposed project is to provide a facility to store and transfer renewable diesel. The following alternatives are currently being considered for further analysis in the EIR.

2.1.1 No Project Alternative

The No Project Alternative, which is required by CEQA, represents what would reasonably be expected to occur in the foreseeable future if the proposed project were not approved. Under this alternative, no new developments would be constructed at Dock 10/11; therefore, there would be no change to operations.

2.1.2 Reduced Project Alternative

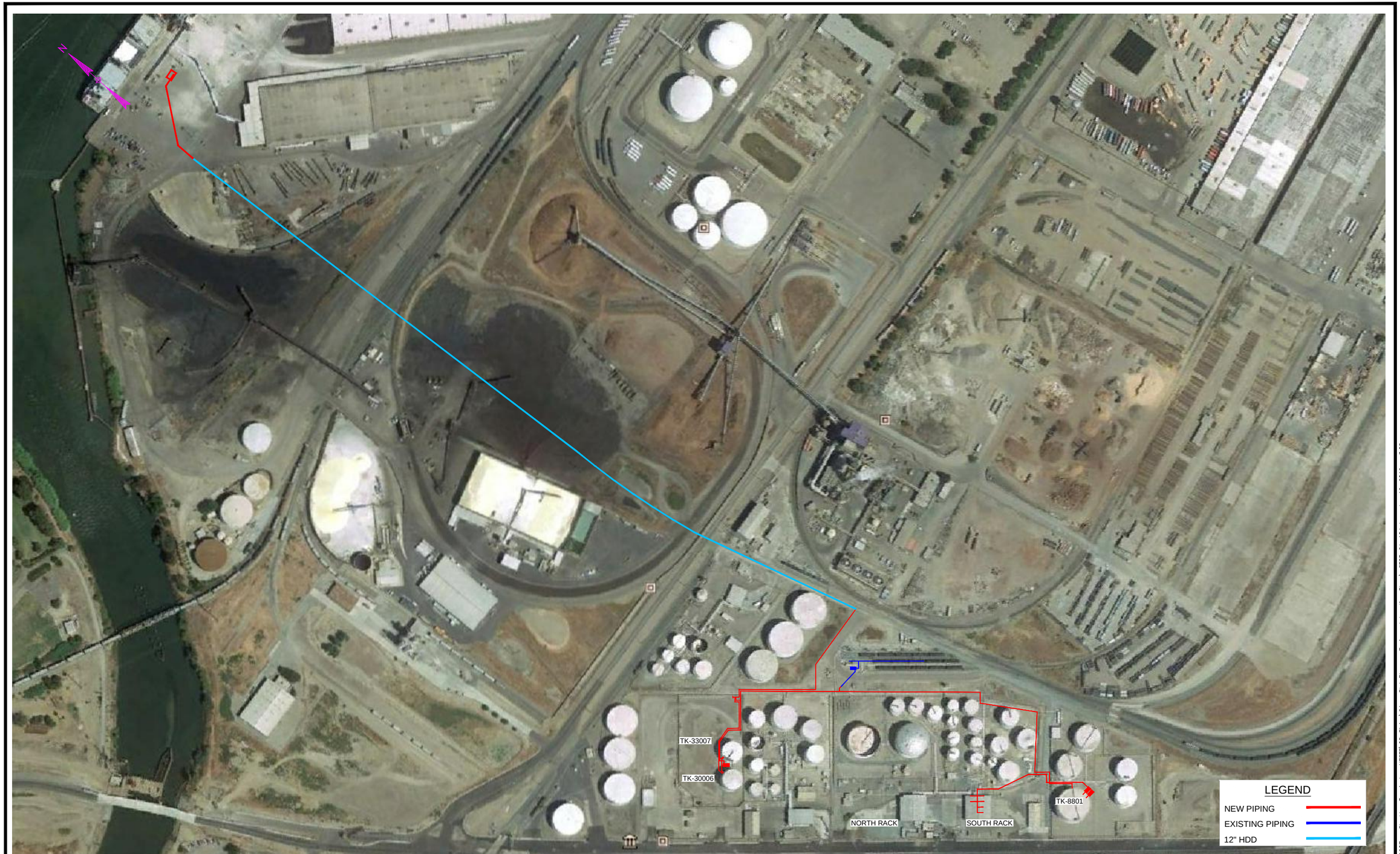
The Reduced Project Alternative includes full buildout of the project site, but with a reduced number of vessel calls and therefore reduced operations. Under this alternative, a maximum of 8 vessels would call at the terminal annually.

2.2 Anticipated Project Approvals and Permits

The approvals or permits that could be required for the proposed project are anticipated to include, but not be limited to, the following actions by the identified agencies:

- Stockton Building Department: approval of mechanical, electrical, demolition, and building permits
- Stockton Fire Department: approval of fire protection system
- Coverage under the San Joaquin County Multi-Species Habitat Conservation and Open Space Plan
- California State Lands Commission MOTEMS approval
- National Pollutant Discharge Elimination System Construction Stormwater General Permit: required for any project involving greater than 1 acre of grading

Figures



NOTES:
1) CONTRACTOR TO FIELD VERIFY ALL DIMENSIONS AND ELEVATIONS PRIOR TO FABRICATION AND INSTALLATION.

REFERENCE DRAWINGS:

NO.	REVISION	BY	DATE	APR
A	ISSUE FOR REVIEW	KLV	1/23/19	JV JR

NuStar Energy L.P.
19003 IH-10 WEST
San Antonio, Texas 78257
Tel: (210) 918-2000
1-800-866-9060

PROJECT LOCATION:	STOCKTON, CA	
DRAWN BY: KLV	DATE: 6/22/18	
CHECKED:	DATE:	
APPROVED:	DATE:	
SCALE: NTS		

STOCKTON TERMINAL #1
PLOT PLAN
RENEWABLE DIESEL DOCK 10

ORIGINAL PROJECT NO. WC_

DRAWING NO. STOT-21-104 REV. A

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Figure 1

NOTES:
1) CONTRACTOR TO FIELD VERIFY ALL DIMENSIONS AND ELEVATIONS PRIOR TO FABRICATION AND INSTALLATION.

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Figure 2

NOTES:
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Figure 3

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Figure 4