



Meeting Date 4/18/2006

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Study Session

Prepared By: Dennis L. Scala, City Manager's Office Agenda Item No. N-1
 Reviewed By: City Manager [Signature] City Attorney [Signature] Finance [Signature] Other (Specify) _____

DATE: April 11, 2006

TO: City Council

FROM: Dennis L. Scala, Management Analyst
 City Manager's Office

SUBJECT: Letter of Comment on the Revised Environmental Impact Report (EIR) for the BHP Billiton LNG Deepwater Port Proposal.

RECOMMENDATION

That the Mayor and City Council execute a letter of comment on the Revised Draft Environmental Impact Report (EIR) on the BHP Billiton Cabrillo Port Liquefied Natural Gas (LNG) Deepwater Port Proposal.

DISCUSSION

On September 3, 2003, BHP Billiton LNG International Inc. submitted a Deepwater Port Act application to the U.S. Coast Guard (USCG) and the U.S. Maritime Administration (MARAD) and an application for a lease of State lands to the California State Lands Commission (CSLC) to own, construct, and operate Cabrillo Port LNG Deepwater Port.

A. Project Description

The project would consist of three main components: the floating storage and regasification unit (FSRU), which would be anchored and moored on the ocean floor for the life of the project, in federal waters, 13.83 miles off the Coast of Ventura County and Los Angeles County, in waters approximately 2,900 feet deep; new offshore and onshore natural gas pipelines; and pipelines within the City of Oxnard, unincorporated areas of Ventura County, and City of Santa Clarita in Los Angeles County, along with three expanded or modified existing onshore valve stations. The projected in-service life for the FSRU is a maximum of 40 years.

LNG from the Pacific basin would be delivered by LNG carriers, offloaded to the FSRU, and regasified on the FSRU. The natural gas would be delivered to shore via two parallel 24-inch diameter sub sea transmission pipelines laid on the ocean floor about 100 feet apart from one

another. The total length of the pipeline from the FSRU to the onshore main line valve, to be located at Ormond Beach in Oxnard, would be approximately 22.77 miles.

The FSRU would be permanently moored to a turret system (a tower-like revolving structure) that would allow it to rotate around a fixed point. The FSRU would be vessel-shaped, double-sided, double-bottomed, and 971 feet long, and 213 feet wide. LNG tankers would be berthed on the starboard (right) side of the FSRU. The FSRU would store the LNG in three spherical tanks. Onboard utilities and systems associated with FSRU operations would include electrical power generation and distribution, instrumentation and controls, and fire and safety systems.

The subsea pipelines would come on shore and extend beneath the beach for a distance of 0.65 mile and terminate at a new metering station on the existing Reliant Energy Ormond Beach Generating Station to tie into the SoCalGas natural gas pipeline system. Two new onshore pipelines: the Center Road Pipeline in Oxnard and Ventura County; and the Line 225 Loop Pipeline Santa Clarita in Los Angeles County; would be constructed to connect the offshore pipeline with the existing SoCalGas intrastate pipeline system to distribute the natural gas to customers throughout the Southern California region.

B. Environmental Impact Report/Environmental Impact Study

The Cabrillo Port LNG Deepwater Port Draft EIR/Environmental Impact Study (EIS) was published in October 2004 and circulated for public comment. Public hearings and meetings were held to receive comments on the environmental effects of the proposed project in compliance with Federal and State environmental laws. The City of Oxnard hosted two public hearing on November 30, 2004, and submitted format written comments concerning the draft EIR/EIS to the appropriate agencies on December 14, 2004. The applicant and the lead agencies reviewed the comments and, based on this review, the applicant revised key elements of the project.

The California Environmental Quality Act (CEQA) requires an EIR to be recirculated when significant new information is added after public notice has been given of the availability of the draft. The State lead agency, the California State Lands Commission has determined that project modifications and potential impacts constitutes significant new information. The USCG and the MARAD, however, have determined that there is not a need to recirculate the draft EIS under the National Environmental Protection Act (NEPA). The three agencies will continue to work closely together, and upon recirculation of the draft EIR by the CSLC, they will develop a single document as the final EIR/EIS.

C. Letter of Comment on the Revised Draft EIR

As a responsible agency with permitting authority over the pipeline associated with the Cabrillo Port LNG Project, the City Council of the City of Oxnard has an opportunity to express its comments concerning the potential impacts on the Oxnard community from the operation of the proposed floating storage and regasification unit (FSRU) and associated subsea and terrestrial pipelines proposed by BHP Billiton. The City of Oxnard has permit authority over the portion of

the pipeline that traverses the Coastal Zone. Other portions of the terrestrial pipeline within the City limits are subject to franchise regulations and encroachment permits for public rights-of-way.

The proposed deepwater port and large diameter high-pressure pipeline represent significant and unavoidable environmental impacts. Significant and unavoidable impacts during project operations would be potential public safety impacts from a high-energy marine collision or damage to a subsea pipeline. Other examples are impacts on marine biology, air quality, and water quality impacts from a significant spill or LNG release from the FSRU or offshore pipelines, aesthetic, noise and recreational impacts for boaters traveling near Cabrillo Port. Impacts during construction would be noise impacts, and marine biology and water quality impacts that could result from a significant spill or LNG release.

The attached letter that staff is recommending Council execute, addresses a full range of environmental concerns outlined in the revised EIR as well as reaffirms Council's opposition to the BHP Billiton and Crystal Energy LNG proposals unless and until the proponents can demonstrate to the satisfaction of the City Council that the adverse effects upon the environment, safety, and health, and economy of the City of Oxnard have been mitigated.

D. Previous Council Actions

1. On March 29, 2004, the City Council signed a Letter of Comment responding to the Notice of Intent/Notice of Preparation for the proposed LNG Project.
2. On July 13, 2004, the City Council adopted Resolution No: 12,686 opposing both the BHP Billiton LNG proposal as well as Crystal Energy's LNG project which would utilize Platform Grace, unless and until the proponents can demonstrate to the satisfaction of the City Council that the adverse effects upon the environment, safety, and health, and economy of the City of Oxnard have been mitigated.
3. On December 14, 2004, the Mayor and City Council signed a letter of comment on the draft EIR/EIS on the BHP Billiton Cabrillo Port LNG Deepwater Port proposal.

FINANCIAL IMPACT

None

(DLS, dls)

Attachment #1 - Draft EIR/EIS Letter of Comment
#2 - March 29, 2004, NOI/NOP Letter of Comment
#3 - Resolution No. 12,686
#4 - December 14, 2004, Letter of Comment on First Draft EIR/EIS on BHP Billiton LNG Proposal

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Memo to City Council
April 13, 2006
Page 4

Note: The "Liquefied Natural Gas Proposals" document has been provided to the City Council. Copies are available for review at the Circulation Desk in the Library after 6:00 p.m. on the Friday prior to the Council meeting and at the City Clerk's Office after 8:00 a.m. on Monday.

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CITY COUNCIL OFFICE

305 West Third Street • Oxnard, CA 93030 • (805) 385-7428 • Fax (805) 385-7595

March 29, 2004

U. S. Department of Homeland Security
U. S. Coast Guard

U. S. Department of Transportation
Maritime Administration

California State Lands Commission

Docket Management Facility
U. S. Department of Transportation
Room PL-401
400 Seventh Street SW
Washington, D. C. 20590-0001

Gentlemen:

Subject: Notice of Intent/Notice of Preparation for the Cabrillo Port Liquefied Natural Gas Deepwater Port Draft Environmental Impact Report/Environmental Impact Statement
Docket No. USCG 2004-16877
California State Clearinghouse No. 2004021107

As a responsible agency with permitting authority over the pipeline associated with the proposed Cabrillo Port LNG Project, the City Council of the City of Oxnard is deeply concerned with the potential impacts on the Oxnard community from the operation of the proposed floating storage and regasification unit (FSRU) and the associated subsea and terrestrial pipeline. The City of Oxnard has permit authority over the portion of the pipeline that traverses the Coastal Zone. Other portions of the terrestrial pipeline within the City limits are subject to franchise regulations and encroachment permits for public rights of way.

The proposed deepwater port and large diameter high pressure pipeline present significant potential adverse impacts to the City in environmental, safety and risk, and economic terms. The City Council appreciates the opportunity to present these concerns to the lead agencies.

- A. Water Quality
1. Please describe how runoff on the FSRU will be treated and discharged.
 2. Describe how water used in the gasification process will be secured, treated and discharged.
- B. Air Quality
1. Quantify the amount of air emissions, and potential violations of air quality standards or impacts to the ambient air quality from the construction activities associated with the pipeline construction as well as from operations of the FSRU and from LNG transport and oceangoing tugboats, vessels both in transit and during offloading activities along with cumulative impacts with emissions generated from on-shore sources. Identify feasible mitigation for all air quality impacts.
- C. Biology
1. Identify potential disturbance to marine life and sensitive offshore habitats associated with installation and anchoring of the FSRU and subsea pipeline.
 2. Identify any potential disturbance to coastal habitat associated with the staging for the horizontal directional drilling and any open trenching.
 3. Identify the potential for impact on marine life from a LNG or natural gas leak or discharge.
 4. Identify alternatives to routing pipeline through areas of sensitive habitat.
 5. Identify impacts associated with siting the FSRU adjacent to the Channel Islands Marine Sanctuary.
 6. Identify any exclusion areas which may affect commercial and recreational fishing operations.
 7. Identify regulations associated with the discharge of LNG vessel bunker fluids.
 8. Identify any potential impacts on Marine Biology including whale migration due to increased tanker transportation in Santa Barbara Channel
- D. Noise
1. Identify noise impacts and mitigation associated with construction of the gas pipeline adjacent to schools, parks and residential areas.
- E. Traffic
1. Quantify the amount of trips associated with pipeline construction and the impacts associated with closing of traffic lanes on major arterial streets such as Rice Avenue, Gonzales Road, Rose Avenue, and Pleasant Valley Road.
 2. Identify impacts to businesses and land uses adjacent to the pipeline construction route including limitations on property access.
- F. Dust Control
1. Identify dust control measures to be employed during construction of the territorial pipeline.

G. Maritime Impacts

1. Identify route of tankers from various worldwide LNG source locations to the deepwater port.
2. Identify potential impact to maritime traffic using both inner-Santa Barbara Channel and outer-Santa Barbara Channel transit routes.
3. Identify potential impacts on FSRU and moored LNG vessel during strongest possible storm scenarios including analysis based on ocean swells arriving from different directions.
4. Identify potential impact on FSRU from ocean wave such as a tsunami.

H. Geotechnical

1. Identify potential impacts on FSRU mooring, subsea pipeline, and terrestrial pipeline from the direct impacts of a seismic event such as pipeline rupture and from indirect impacts such as a subsea landslide.
2. Identify mitigation measures/technology to be used to automatically shut off terrestrial pipeline in event of rupture and the maximum amount of gas release before residual gas is exhausted.
3. Contrast the relative difference between larger existing pipelines within city limits (i.e. 30"/500 PSI) and proposed pipeline (36"/1100 PSI) in terms of potential hazards from rupture or other failure.
4. Identify other locations where such high pressure pipelines are used in the Southern California natural gas network.

I. Economic

1. Identify potential direct and indirect economic impacts attributable solely to Oxnard.
2. Identify the potential for any supplemental franchise revenues.
3. Quantify the potential loss of City franchise revenues should either of the powerplants in the City of Oxnard agree to receive natural gas supplies directly from the LNG importer independent of the Southern California Gas Company franchise.
4. Identify the demographic composition of the area affected by the proposed action to determine whether minority populations, low-income populations, or Indian tribes are present in the area and whether there may be disproportionately high and adverse human health and environmental effects on these populations or tribes.
5. Given the potential disruption and threat to City roadways, residential areas, schools, parks, businesses, medical center and other public facilities as well as to persons using these facilities, identify potential methods of environmental justice mitigation, including both one-time mitigation measures and ongoing mitigation programs.
6. Identify whether the presence of an off-shore LNG terminal or the presence of a high pressure gas line adjacent to a residential area would require real estate sales disclosures and would adversely affect the real estate values.

J. Risk of Upset/Hazard Analysis

1. Subject to further consultation with City representatives, identify the potential risks associated with the following scenarios:
 - a. Catastrophic failure of FSRU independent of any vessel.
 - b. Catastrophic failure of FSRU including involvement of LNG vessel during docking or offloading activity.
 - c. Leak of LNG and crude oil from collision of two associated tanker vessels.
 - d. Loss of LNG and crude from collision with OCS oil and gas platforms, tankers, and/or crew/supply boats.
 - e. Potential impacts due to military activities in the Point Mugu Sea Range.
 - f. Potential impacts during installation of the FSRU due to contact with known and unknown military dump sites.
 - g. Potential impacts from potential terrorist activities.
 - (1) Shoulder fired or aircraft missile into tanker or FSRU.
 - (2) Large aircraft flown into tanker or FSRU.
 - (3) Vessel ramming into tanker or FSRU, including hijacked LNG vessel.
 - (4) Explosive placed on tanker or FSRU.
 - h. Leak of LNG during offloading activities.
 - i. Leak of natural gas during gasification process.
 - j. The impact of atmospheric conditions such as fog, low clouds, or an inversion layer on the dissipation of LNG or natural gas.
 - k. Impact, duration, and the hazard footprint of an ignited leak of natural gas from high pressure terrestrial pipeline. Also describe the SCADA system to be used for the pipeline system.

K. Purpose and Need and Project Alternatives

Several LNG projects have been proposed in California. The Document shall analyze the need for these projects and determine, based on the supply and demand of natural gas, how many would be needed in California. For example, the study should analyze whether the four offshore LNG facilities proposed for Southern California would be needed in addition to the several under consideration in Baja California. The EIS/EIR should evaluate the following alternatives:

1. Among the six California LNG proposals as of the date of the NOI/NOP, identify the proposal(s) preferable from an environmental and hazard risk standpoint.
2. Identify other potential points of entry into the California natural gas distribution network and identify potential offshore LNG terminal sites associated with each.
3. Identify pipeline route alternatives which:
 - a. Offer a more direct route to a gas network point of entry, and/or
 - b. Avoid populated areas.
4. Identify all reasonable alternatives to the proposed action and provide reasoning for those alternatives eliminated from detailed analysis.

L. Cumulative analysis

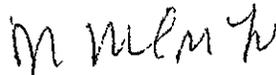
1. Consider the effects of other LNG proposals in terms of the proposed project footprint and other LNG proposals along the West Coast.
2. Consider the effects of the proposed action with existing and future OCS activities, import tankering and other vessel traffic, military operations, and commercial and recreational fishing.

M. Project Description

1. Identify the estimated life of the FSRU and the associated decommissioning activities and potential impacts.

Clearly the construction of a liquefied natural gas deepwater port and the associated high-pressure terrestrial pipeline running through sensitive habitat, residential and business areas, adjacent to schools and hospitals, and along miles of City streets has the potential for severe negative environmental consequences as well as significant risks to the safety of residents and businesses within the City of Oxnard. These impacts must be reduced to a level of less than significant before any consideration of this proposal by any federal or state agency, or by the City of Oxnard.

Very truly yours,



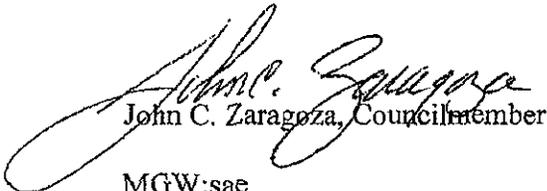
Dr. Manuel M. Lopez, Mayor



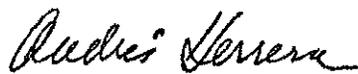
Dean Maulhardt, Mayor Pro Tem



Bedford Pinkard, Councilman



John C. Zaragoza, Councilmember



Andres Herrera, Councilmember

MGW:sae

cc: Dianne Feinstein, U. S. Senator
Barbara Boxer, U. S. Senator
Lois Capps, Member of Congress, 23rd District
Sheila Kuehl, California State Senator, 23rd District
Fran Pavley, California Assembly Member, 41st District
Hanna-Beth Jackson, California Assembly Member, 35th District
Members of the Ventura County Board of Supervisors
Edmund F. Sotelo, City Manager
Tom Berg, Ventura County RMA

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. 12,686

RESOLUTION OF THE OXNARD CITY COUNCIL OPPOSING
TWO LIQUEFIED NATURAL GAS DEEPWATER PORTS
PROPOSED OFF THE COAST OF OXNARD, CALIFORNIA

WHEREAS, two companies, BHP Billiton and Crystal Energy, have proposed offshore liquefied natural gas (LNG) terminals close to the coast of the City of Oxnard; and

WHEREAS, these proposals envision offshore facilities that would include underwater pipelines that would come ashore underground in the City of Oxnard; and

WHEREAS, BHP Billiton proposes to establish a floating terminal 14 miles off Oxnard's southern coast and Crystal Energy seeks to convert Platform Grace, an existing offshore oil platform 12.6 miles due west of Oxnard, to an LNG terminal; and

WHEREAS, in each case, the liquid would be converted back to gas at the facility, then shipped through pipelines to a Southern California Gas Company facility near Camarillo; and

WHEREAS, as a governmental agency with permitting authority over the pipeline associated with the proposed LNG projects, the City Council of the City of Oxnard is deeply concerned with the potential impacts on the Oxnard community from the operation of the proposed offshore facilities and the associated subsea and terrestrial pipelines; and

WHEREAS, portions of the terrestrial pipeline owned by Southern California Gas Company are subject to franchise regulations and encroachment permits for use of the public rights of way; and

WHEREAS, the construction of the LNG deepwater ports and the associated high-pressure terrestrial pipeline running through sensitive habitat, residential and business areas, adjacent to schools and hospitals, and along miles of City streets has the potential for severe negative environmental consequences, significant risks to the safety of residents and businesses within the City of Oxnard, and significant economic impacts to the City of Oxnard and its residents; and

WHEREAS, the residents of the City of Oxnard and the City Council are committed to protecting the environment and preserving City of Oxnard's natural resources; and

WHEREAS, the City Council of the City of Oxnard is a responsible custodian of the area's natural resources for present and future generations; and

WHEREAS, the City Council has determined that the public welfare of the City will now be served and advanced by opposing the two proposed LNG Deepwater Ports proposed by BHP Billiton and Crystal Energy off the coast of Oxnard, California; and

NOW, THEREFORE, the City Council of the City of Oxnard resolves:

1. The City Council of the City of Oxnard opposes both the BHP Billiton and Crystal Energy projects, unless and until the proponents can demonstrate to the satisfaction of the City Council that the adverse effects upon the environment, safety and health, and economy of the City of Oxnard have been mitigated.

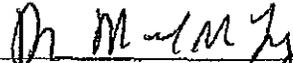
2. The City Council of the City of Oxnard hereby directs staff to prepare a letter stating such opposition to the United States Coast Guard, the California State Lands Commission, and the Maritime Administration, including as an attachment a copy of the March 29, 2004, letter executed by City Council and previously forwarded to such agencies.

PASSED AND ADOPTED this 13th day of July, 2004, by the following vote:

AYES: Councilmembers Zaragoza, Herrera, Lopez, Maulhardt and Pinkard.

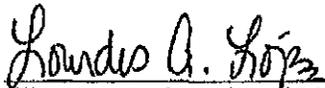
NOES: None.

ABSENT: None.

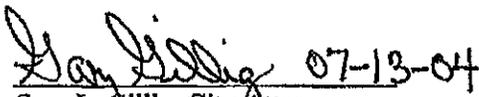


Dr. Manuel M. Lopez, Mayor

ATTEST:


for Jill Beaty, Acting City Clerk

APPROVED AS TO FORM:


Gary L. Gillig, City Attorney 07-13-04