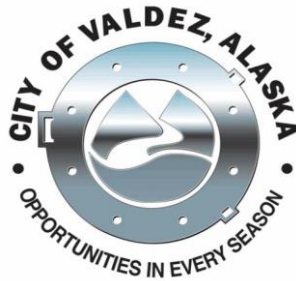


City of Valdez

212 Chenega Ave.
Valdez, AK 99686



Planning and Zoning Commission

**Meeting Minutes – Draft
Council Chambers**

Wednesday, February 28, 2018

Work Session - Commission Goals 6:00pm

1. Priorities and Goals Work Session

REGULAR AGENDA - 7:00 PM

I. CALL TO ORDER

II. ROLL CALL

Present 7 - Chair Jess Gondek
Chair Pro Tempore Harold Blehm
Commission Member Brandon Reese
Commission Member Don Haase
Commission Member Roger Kipar

Excused 2 - Commission Member Grant Uren
Vacancy

Also Present: Interim Director Paul Nylund
Senior Planner Rochelle Rollenhagen
Senior Administrative Assistant Sue Moeller

III. APPROVAL OF MINUTES

1. Approval of the Planning & Zoning Commission Regular Meeting Minutes of February 14, 2018.

The Motion to approve the Planning & Zoning Commission Regular Meeting Minutes of February 14, 2018 was moved by Commissioner Reese and seconded by Commissioner Haase. The minutes were approved as written by the following vote:

Yeas - Chair Jess Gondek
Chair Pro Tempore Harold Blehm
Commission Member Brandon Reese
Commission Member Don Haase
Commission Member Roger Kipar

Excused 2 - Commission Member Grant Uren
Vacancy

IV. PUBLIC BUSINESS FROM THE FLOOR

Ryan McCune and Nate Smith made a presentation about getting an easement in place for the purposes of accessing their property (see attached map - Alpetco Rd.). At the Commission's direction, Interim Director Paul Nylund agreed to meet with Ryan McCune to gather more information about their proposal, in anticipation of presenting it as a discussion item at a future meeting.

V. PUBLIC HEARINGS

1. Public Hearing on Conditional Use Permit Application #18-01 for an Additional 50,000 Barrel Regular Unleaded Gasoline Tank and Associated Facilities Located at the existing Petro Star Tank Farm facility, 402 W. Egan Drive, submitted by Valdez Petroleum Terminal, Petro Star Inc.

There was no public comment on CUP #18-01.

VI. NEW BUSINESS

1.To approve Conditional Use Permit application #18-01 for an additional 50,000 barrel regular unleaded gasoline tank and associated facilities located at the existing Petro Star Tank Farm facility, 402 W. Egan Drive, submitted by Valdez Petroleum Terminal, Petro Star Inc.

MOTION: Commission Member Haase moved, seconded by Commission Member Reese, to Approve CUP# 18-01 for Valdez Petroleum Terminal, Petro Star Inc. with the following conditions:

1. All necessary local, state and federal permits must be received prior to the issuance of the CUP;
2. The tank shall be located north of the planned siting to accommodate access to the rear of the tank. The Valdez Fire Department shall determine the distance.
3. Two fire hydrants shall be moved inside the gated facility to accommodate immediate fire suppression capability. The Valdez Fire Department shall determine the location.
4. Use Within Twelve Months Required. In conformance with Valdez Municipal Code Section 17.06.070 (B), any conditional use, variance or exception approved by the Planning and Zoning Commission shall be conditional upon the privilege granted being utilized within twelve months after the effective date of the approval. In the event construction work is involved, it must actually commence within the stated period and must be diligently pursued to completion; otherwise the approval is automatically voided. Any substantial change to the plans or building proposal shall require resubmission to the Planning and Zoning Commission.

In opening the discussion, Commissioner Kipar asked what the current storage capacity at the Tank Farm was; Lisa Lewis, Director of Compliance for Petro Star, answered 4500 barrels of gasoline. Chair Gondek asked if Staff had anything to report. Senior Planner Rochelle Rollenhagen referred the Commission to the meeting packet for information on the Findings and Conclusions of Staff, as well as supplemental questions from Staff and the responses made by Petro Star. Commissioner Haase asked about the conditions to the CUP, in particular the requirement to move the tank north of the planned site. He asked the representatives of Petro Star if they had any concerns with that condition. Angela Speight, Vice President and General Counsel for Petro Star, responded that this was the first that she was aware that there were conditions to the CUP. Ms. Speight asked how far north the tank would need to be moved. Ms. Rollenhagen responded that the Valdez Fire Department had reviewed the plans and determined that moving the tank would allow for better access to the back of the tank-the exact distance would be determined after a discussion with the State Fire Marshall's office in conjunction with the Valdez Fire Chief. Ms. Speight noted that the tank design has a foam chamber system that the Fire Department would be able to hook into on the more accessible side of the tank, and that is a top side foam system. Commissioner Blehm asked about the second condition – the moving of the fire hydrant. Ms. Lewis pointed out the CUP issued in 1999 did not include moving the fire hydrants as the recommendation had never been moved

forward by the Commission or the Fire Department. Ms. Lewis went on to reiterate that the tank had the subsurface foam system where the Fire Department can come in and hook up for all the non-floating roof tanks. All the floating roof tanks have the top side chambers in the event that there is a break in the seal of the floating roof or if there is a fire, that system will suppress it along the perimeter of the seal. Ms. Rollenhagen suggested that if the Commission were to move forward on this CUP, that the specific details of condition number three be at the discretion of the Valdez Fire Department after their formal review. Ms. Lewis asked if Staff were aware that the tank did have the subsurface foam system included as the fire suppression when they recommended the location of the hydrants. Ms. Rollenhagen replied that the Petro Star application and narrative had been read by the Fire Chief. Commissioner Reese added that it was not just the subsurface injections of the actual tank to consider but also peripheral things that are going to need to be cooled, thus the need for the hydrants.

Commissioner Kipar asked how Petro Star would handle the fumes should the seal fail. Ms. Speight responded that the floating roof of the tank did not allow for vapors to accumulate because it moves with the volume of the tank. Commissioner Kipar voiced his concern about having such a large amount of fuel stored in the middle of town given the ramifications should damage from a tsunami or earthquake happen at the Tank Farm. In response, Ms. Speight mentioned that Petro Star had a US Coast Guard approved manual, regular inspections, an EPA Federally approved response plan, as well as Petro Star's contingency plan. Commissioner Reese asked if the seal fails and then the fire is put out, you have a release of vapor- what are you going to do? The only way to contain that vapor is if it's on fire, so you'd have to just let it burn to have any 'containment' of vapor. So the idea that if a seal fails, the China cap will put the fire out, but then you've got a vapor problem. Commissioner Blehm recalled the CUP in 1999, at which time he was still working for the Fire Department. He recalled a lot of heartburn over that Tank Farm, and one of the reasons that the CUP was put in place was in the event that Petro Star ever came back for additional tanks the City would be able to review the request. Commissioner Blehm asked if Petro Star had considered placing this tank anywhere else. Why could it not be stored at the refinery on Dayville Road? Ms. Speight responded that the fuel was coming via ocean going barge- to store it at VPT makes the most sense to be able to then sell it directly from the truck rack. In fact, moving it to the Refinery would be putting more fuel on the road. Ms. Speight added that it was hoped that some of the sales would be to gas stations in Valdez, cutting the cost of gas to the consumer. Ms. Lewis said that she understood the concern with the mobile aspect of fuel movement, where the fire would travel. Petro Star would be a stationary source with an internal floating roof that has a seal. When referring to a breakage of the seal, Ms. Lewis said she was talking about a small failure on the seal that will not introduce all 50,000 barrels into the atmosphere. So when you're talking about a vapor release, this will happen after the fire is complete, and will not be the contents of the whole tank.

Commissioner Kipar pointed out that even with the highest standards of safety, a tanker just recently landed in the ditch. This fuel will travel through town.

Commission Haase pointed out that gas stations were already hauling their fuel through town to fill their tanks as it is. How is it different if it's coming from this tank as opposed to coming from Anchorage or Fairbanks? Commissioner Kipar said that it was having the fuel stored in town. Ms. Lewis pointed out that all the gasoline to supply the gas stations is currently being hauled in from Glennallen. She said that Valdez has gas stations with underground storage tanks full of premium and unleaded gasoline – environmentally and safety wise, Petro Star is a

better option than hauling fuel in from Glennallen. Commissioner Reese said that the location was making the difference, and he felt that that was where the reservations were coming from. Ms. Lewis said that the Fire Department participated in drills, so that if there is a response, they would know what is going to happen, how it's going to happen, and what needs to be done. Commissioner Reese said that that type of planning was standard with fuel storage facilities, some so much larger than Valdez. That being said, accidents still happen. Rich Corcoran, Valdez Petro Star Manager, appreciated the concern voiced by the Commission and attested to the safety protocol in place at Petro Star. This is what they do on a daily basis - it's a lot of product being moved and a lot of attention every day being paid to safety and protocol. He contends that often times the big issues affecting tanks are more commonly seen in the lower 48, such as lightening strikes and high heat issues. The safety record at Petro Star speaks for itself.

Commissioner Haase felt that this was a good idea for Valdez. He said he was concerned about the two conditions put on by the Fire Department and asked Staff how soon Petro Star could get answers to the questions about the two fire hydrants, their placement, and how far the tank needs to be moved to the north. Commissioner Haase asked if that information would be available at the next meeting. Ms. Rollenhagen declined to commit the Fire Department to a specific timeline without them being present, but thought that a formal review could possibly be done by the next meeting. Commissioner Haase added that this leaves Petro Star not knowing what the extra costs will be and this might end up killing the project. It would make Commissioner Haase feel better knowing what it was the Commission was asking of Petro Star in terms of the conditions for use.

The motion was made by Commissioner Haase, seconded by Commissioner Reese to postpone further discussion until the next regularly scheduled Planning and Zoning Meeting on March 14, 2018. The motion passed after the following discussion:

Commissioner Kipar said that he was uncomfortable voting on this proposal without more public comment and input. Commissioner Haase asked the applicant if they had any heartburn with postponing, or was this time crunch for them. Ms. Speight replied that they would like to get their permitting moved forward, but were unable to do that until the Commission approves the permit, so this will delay their ability to submit the permitting packets. That being the case, Commissioner Haase asked if Petro Star would prefer a vote tonight, with the open ended conditions in there, or would they rather wait, and have more firm answers before the Commission voted. Ms. Speight and Ms. Lewis said they would like the opportunity to work with the fire department, as this was the first that they had heard either of these recommendations.

Yeas - Chair Jess Gondek
Chair Pro Tempore Harold Blehm
Commission Member Brandon Reese
Commission Member Don Haase
Commission Member Roger Kipar

Excused 2 - Commission Member Grant Uren
Vacancy

VII. COMMISSION BUSINESS FROM THE FLOOR

Commissioner Kipar appreciated that the Commission was able to hear new plans put forth by community members. He hoped that the Commission would be able to accelerate the process to encourage new ideas.

Commissioner Reese noted that the Commission did not like to have to postpone anything – it's in an effort to do it right that this occurred. Hopefully a couple of weeks would not be too long for Petro Star and by the next meeting, the Commission should have the information needed to make a decision.

Commissioner Haase said that he did run into Commissioner Weaver over the weekend. Commissioner Weaver expressed his sorrow that he could not be here for his final meeting and to say goodbye to everyone in person, and wished all well. He said that he really enjoyed his time on the Commission.

VIII. ADJOURNMENT

With there being no further business, Chair Gondek adjourned the meeting at approximately 8:10pm.