



To: General Purposes Committee

Date: April 26, 2009

From: John Irving, P.Eng. MPA
Director, Engineering

File: 10-6600-06-01/2009-Vol
01

Re: Vancouver Airport Fuel Delivery Project Proposal Update

Staff Recommendation

That

1. The need for improved jet fuel supply systems to Vancouver International Airport to meet existing and future demand be recognized, and
2. a preference be endorsed for
 - a) improved jet fuel supply system options that result in either no or minimal net gain of jet fuel line length on Lulu Island, and
 - b) the further consideration and review of alternatives to the current VAFFC proposal.

John Irving, P.Eng. MPA
Director, Engineering
(604-276-4140)

FOR ORIGINATING DEPARTMENT USE ONLY							
ROUTED TO:	CONCURRENCE		CONCURRENCE OF GENERAL MANAGER				
Real Estate Services.....	Y	<input checked="" type="checkbox"/>	N	<input type="checkbox"/>			
Environmental Programs	Y	<input checked="" type="checkbox"/>	N	<input type="checkbox"/>			
Fire Rescue	Y	<input checked="" type="checkbox"/>	N	<input type="checkbox"/>			
Policy Planning	Y	<input checked="" type="checkbox"/>	N	<input type="checkbox"/>			
Public Works.....	Y	<input checked="" type="checkbox"/>	N	<input type="checkbox"/>			
Law.....	Y	<input checked="" type="checkbox"/>	N	<input type="checkbox"/>			
REVIEWED BY TAG	YES		NO		REVIEWED BY CAO	YES	NO
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						<i>acting</i>	
						<i>CAO</i>	

Staff Report

Origin

At the Public Works and Transportation Committee meeting of February 18, 2009, representatives of the Vancouver Airport Fuel Facilities Corporation (VAFFC) presented information on their proposal for a new jet fuel line, storage system and marine terminal on Lulu Island, collectively titled the Vancouver Airport Fuel Delivery Project. The staff memo to Mayor and Councillors from Terry Crowe dated January 30, 2009 is provided for additional background information (Attachment 1).

This staff report provides further updates, focuses on current developments, and seeks Council direction on specific issues related to the proposed project.

Findings Of Fact

To address issues arising from the jet fuel line proposal and ensure City interests are identified and recognized, staff have established an interdepartmental team with representation from the Engineering, Environmental Programs, Real Estate Services, and Fire-Rescue departments. Subsequent to February 18, 2009 PWTC meeting, the members of this staff team have had ongoing communications with citizens, the BC Environmental Assessment Office (BCEAO), VAFFC, and Kinder Morgan Canada (operator of the existing jet fuel line).

Environmental Assessment (EA) Process

The BCEAO has initiated the EA process for the Vancouver Airport Fuel Delivery Project. The BCEAO have recognised City staff as representatives on the EA working group. The first group meeting was held on April 8, 2009 to establish familiarization with the proposed project and the EA process. The pre-application consultation phase of the EA process will run through the remainder of 2009, with the assessment and decision phase occurring in 2010.

The federal government is participating in the workgroup and will make a decision later in the year on harmonizing any process under the Canadian Environmental Assessment Act with the current provincial EA process. Port Metro Vancouver and the Vancouver Airport Authority will also be making decisions on harmonizing their processes with the EA process.

The BCEAO will be moving the EA process forward in the coming months by conducting individual meetings with working group members, including City staff, to discuss specific stakeholder issues.

Existing Jet Fuel Line

Kinder Morgan is the operator of the existing jet fuel line that traverses Lulu Island along the Bridgeport Road alignment. Kinder Morgan have provided staff with information on the status and operation of the existing jet fuel line and have stated that it is in good condition, can be maintained indefinitely and that there are currently no plans to decommission the line. Decommissioning of the line would require regulatory approval by the British Columbia Oil and Gas Commission.

VAFFC have provided background information indicating that the existing line cannot meet future supply demands and that once an alternate supply system is established, operation of the existing line may become economically unfeasible.

Vancouver Airport Fuel Delivery Project – Project Description

Options Evaluation

The VAFFC have published a project description document (publicly available on their website) that contains much of the material presented to the Committee on February 18, 2009. The document provides general information on the evaluation of 14 different options for increasing fuel supply to Vancouver International Airport (YVR). Evaluation ranking points for each option are presented under four categories: economic, environmental, socio-economic, and regulatory. Option 4 calls for a jetty and marine terminal on Sturgeon Bank immediately south of the existing Iona jetty with a new fuel line on Sea Island connecting to the existing tanks. In 3 out of the 4 evaluation categories (all except regulatory), Option 4 scores better than the proposed South Arm option (Option 5).

VAFFC have provided additional information and clarification on the options evaluation that supports the selection of the proposed South Arm option, however the options evaluation has not directly considered all of the externalized costs and impacts that would be borne by stakeholders such as the City and the Richmond community at large.

Route Definition

VAFFC have identified possible routes for the jet fuel line including sections on Williams Road and No. 5 Road. VAFFC have emphasized that they would seek to place the line on existing dedicated transportation and utility corridors and that the line would not cross any private lands. Should any alignment be approved that is within City rights of way or road dedications, staff would seek to secure an access agreement and/or compensation to protect City interests impacted the installation and long term operation and maintenance of the jet fuel supply infrastructure.

Analysis

YVR is one of the most significant economic drivers in the region and the City. The continued viability and growth of YVR provides significant benefit to the City and there is a long history of partnership between the Vancouver Airport Authority and the City. It is recommended that the City continue to support this relationship and recognise the need for future expansion of fuel supply systems to YVR in the context of broader community needs.

It is currently unclear that the VAFFC proposed Option 5 is the best option for improving fuel supply to YVR when all stakeholder interests are considered. Issues related to the safety, environmental and social impacts of the line still need to be clarified and addressed, however it is clear that the placement of any new line on Lulu Island will occupy existing dedicated road and

restrict future City uses of those dedications. If the existing line were removed then there would technically be minimal net impact in this regard, however it is also clear that there is no current plan for decommissioning the existing jet fuel line and that should Option 5 proceed, there would be two jet fuel lines on Lulu Island for an indefinite period.

If the existing line is to remain, then it would be beneficial to the City to support fuel supply improvement options that create no additional jet fuel line length in dedications on Lulu Island. Other identified options can meet VAFFC's supply needs without introducing new jet fuel line length to Lulu Island. In any scenario, staff will explore opportunities for revenue generation and cost offsetting.

Financial Impact

There is no financial impact at this time.

Conclusion

The BCEAO has initiated the EA process for the Vancouver Airport Fuel Delivery Project and have recognised City staff as representatives on the EA working group. YVR is one of the most significant economic drivers in the region and the City and it is recommended that the City recognise the need for future expansion of fuel supply systems to YVR.

If the existing jet fuel line is to remain, then it would be beneficial to the City to support fuel supply improvement options that create no additional jet fuel line length in dedications on Lulu Island. Other identified options can meet VAFFC's supply needs without a net increase of jet fuel line length on Lulu Island.

Staff will communicate with YVR on the recommendations and provide a copy of this report for their information.



John Irving, P.Eng. MPA
Director, Engineering
(604-276-4140)

Att. 1



City of Richmond
 Planning and Development Department

Memorandum
Confidential

To: Mayor and Councillors
From: Terry Crowe
 Manager, Policy Planning
Date: January 30, 2008
File:
Re: **Update: Vancouver Airport Fuel Facilities Corporation (VAFFC) Proposed Jet Fuel Line to the Vancouver Airport**

Purpose

The purpose of this update is to provide Council with an overview of the Vancouver Airport Fuel Facilities Corporation's (VAFFC) proposed jet fuel line project to the Vancouver Airport including background on the proponents, a project overview, the anticipated review process and the City's standing regarding anticipated approvals.

Background (See Attachments 1 and 2)

Just over a year ago, Richmond staff were approached by representatives from the VAFFC regarding their proposed Vancouver Airport Fuel Project. The VAFFC is the aviation fuel operator at YVR and other Canadian Airports and is owned and operated by a partnership of commercial airlines.

Proposed Project Components

- (1.) Sea Island Jet Fuel Storage Tank Facility,
- (2.) Proposed Jet Fuel Off Loading Facility in South Richmond (VAFFC Owned),
- (3.) Proposed South Richmond Jet Fuel Storage Tank Facility,
- (4.) An Underground Jet Fuel Transmission Line (From the Port Metro Van Storage Site to YVR).

Who Regulates The Jet Fuel Project?

The proposed jet fuel pipeline and the storage tanks are regulated under the BC Pipeline Act with approval being required from the British Columbia Oil and Gas Commission. The BC Oil and Gas Commission has the authority to impose conditions upon the VAFFC. In considering the application, the Commission must weigh issues such as: (1) the objection of an interested party, (2) any public interest that the Commission believes may be affected, and (3) the needs and general good of the residents of British Columbia as a whole.

The City's Regulatory Authority

If the City's requests are reasonable, they will likely be met; however, the Province can override the City's authority if it wishes. To avoid this, City staff recommend that Richmond adopt a co-operative, partnership and community consultation approach and ask the VAFFC to do the same.

Proposed Project Implications For Richmond

As proposed, the project does not involve OCP, area plan or rezoning amendments (e.g., the tanks are proposed to go on federal land). An OCP Environmentally Sensitive Area (ESA) Development Permit will be required for the dock facility and the pipeline itself. The City will negotiate with the VAFFC for a Municipal Access Agreement to provide the City with assurances regarding the pipeline alignment, depths, method of installation, permit/fees including occupancy, restorations, etc. Other City requirements include the City requiring the VAFFC to prepare traffic management plans, seek

engineering design approvals and reach agreements with the City regarding the use of land, etc. The City may collect normal fees and negotiate payments.

The City's Preliminary Main Interests

From what is known of the proposal, at this point in the process, the City's interests include:

1. On Matters Of Substance
 - (A) Only one jet fuel line is preferred in Richmond. Richmond requests that the review process clarify:
 - Why two jet fuel lines (the existing line & a new line) would result from the proposal, if approved,
 - Why the existing line cannot be upgraded, instead of building the proposed line,
 - Why the existing line cannot be decommissioned, if the proposed line is approved,
 - The pros and cons of having only one line and having two lines,
 - The rationale behind the options analysis including the option of upgrading the existing jet fuel line.
 - (B) Public safety – both during installation and over the long term operation of the facilities;
 - (C) Protecting the City's Interests (e.g., by ensuring that the VAFFC adheres to City policies, bylaws, approvals, standards, requirements, agreements and fees, etc. as these are fundamental mechanisms through which the City strives to convey and protect the community's interests);
 - (D) Maximizing Benefits To The City: Wherever the pipeline goes, also advancing the City interests through mutual cooperation including elements such as promoting City trails, improving City dykes, and urban and farm drainage, and exploring cost sharing opportunities;
 - (E) Not Opening Any New Public Roads in the ALR. The City does not wish to create new vehicle access which would cause undesired new residential development within agricultural areas;
 - (F) Roads: Locating the pipeline in existing open road allowances appears acceptable if there is minimal disruption (e.g., on Williams Road) and there are City benefits (e.g., drainage is improved);
 - (G) Tank Farm Design: The City's ability to address and influence the location, scale, design, visibility and landscaping of the proposed fuel tank farm; and
 - (H) Managing Conflicts: That all parties will minimize and address potential conflicts and disruptions.
2. On Matters Of Process
 - (A) The review process will involve and emphasize co-operation, partnerships and negotiated solutions, to achieve Win - Win results;
 - (B) The City has the opportunity to identify and assess concerns, and to explore and negotiate Win – Win solutions directly with the VAFFC;
 - (C) The City will have its City interests considered by the VAFFC, the review committee and the BC Environmental Assessment Office;
 - (D) The City will have the opportunity to review and provide input on the jet fuel system (e.g. route alignment options, tank farm location and design);
 - (E) The VAFFC will lead the project, including leading a thorough public consultation process (e.g., to achieve education, understanding, acceptance), for and in the Richmond community;
 - (F) The VAFFC will regularly update Council of progress;
 - (G) The VAFFC will address City Council's and the public concerns;
 - (H) If the BCEAO review occurs, the City will:
 - have a representative (TBD) on the provincial review committee,
 - have meaningful input into the Terms Of Reference for the assessment to ensure that the scope of the assessment adequately addresses Richmond's concerns; and
 - (I) The parties develop and agree upon a communications strategy and implementation plan for informing both Richmond City Council and Richmond Citizens.

Possible Jet Fuel Pipeline Route Selections

At this point, the VAFFC has not identified a specific route for the jet fuel pipeline between the south Richmond fuel storage facility near Williams Road and the Sea Island tank storage facility. City staff want to discuss all route options with the VAFFC. The second diagram in **Attachment 1** shows one potential pipeline corridor identified by the VAFFC through preliminary discussions with City staff, but the technical analyses on this route and others (e.g. Shell Road, No. 5 Road, No. 6 Road) are still ongoing. It is anticipated that the City and other stakeholders will continue to have input on the pipeline route selection, particularly where there are possible mutual benefits in one route over another.

Possible Provincial Environmental Review Processes

The VAFFC has voluntarily made an application to the BC Environmental Assessment Office (BCEAO) to have it review the proposed project, under the BC Environmental Assessment Act. It appears that this will occur. The BCEAO has asked the City to first provide comments by the end of January 2009, regarding the idea of having the jet fuel system reviewed under the BCEAO. In order to meet this time, City staff advised the BCEAO that it is acceptable to review the project under BCEAO process, as long as the City interests are protected (**Attachment 3**).

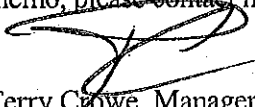
Staff Involvement

The City's review of the project will be lead by the City's Real Estate Division (Robert Kates) and Engineering (John Irving) as there is an opportunity to create a "Win-Win" approach to achieve the City's interests and the project involves many engineering details. OCP and zoning amendments are not anticipated. Lead City staff will co-ordinate the various reviews and approvals among City departments and other external agencies as necessary. The nature of this project means that the following City divisions will be involved: Real Estate Services, Engineering, Environmental Programs, Law, Parks, Planning and Development. Policy planning will be involved to as necessary (e.g., to comment on the route selection and the tank farm design).

Next Steps

Once the BCEAO has made its decision to review the proposed project under the BCEAO process or not, City staff will ask the VAFFC to meet with Council (e.g., at General Purposes Committee or the Public Works and Transportation Committee) to brief Council on the project, proposed process and implications.

After this memo, Robert Kates (4212) and John Irving (4140) should be contacted to answer any of your questions. They will continue to monitor and report progress, as necessary. For clarification regarding this memo, please contact me at 604-276-4139.


Terry Crowe, Manager, Policy Planning
TTC:dcb
Att. 2

pc: TAG Members
Doug Long, City Solicitor
David Brownlee, Planner 2
Lesley Douglas, Asst. Mgr. Env. Programs
Suzanne Bycraft, Manager, Fleet & Env. Pgms
Robert Kates, Manager, Real Estate Services

Brian J. Jackson, MCIP, Director of Development
Victor Wei, P.Eng., Director, Transportation
John Irving, P.Eng MPA, Director, Engineering
Margot Daykin, Sustainability Manager, CPMG
Diana Waltmann, Manager, Media Relations

Figure 7. Rendering of Proposed Terminal

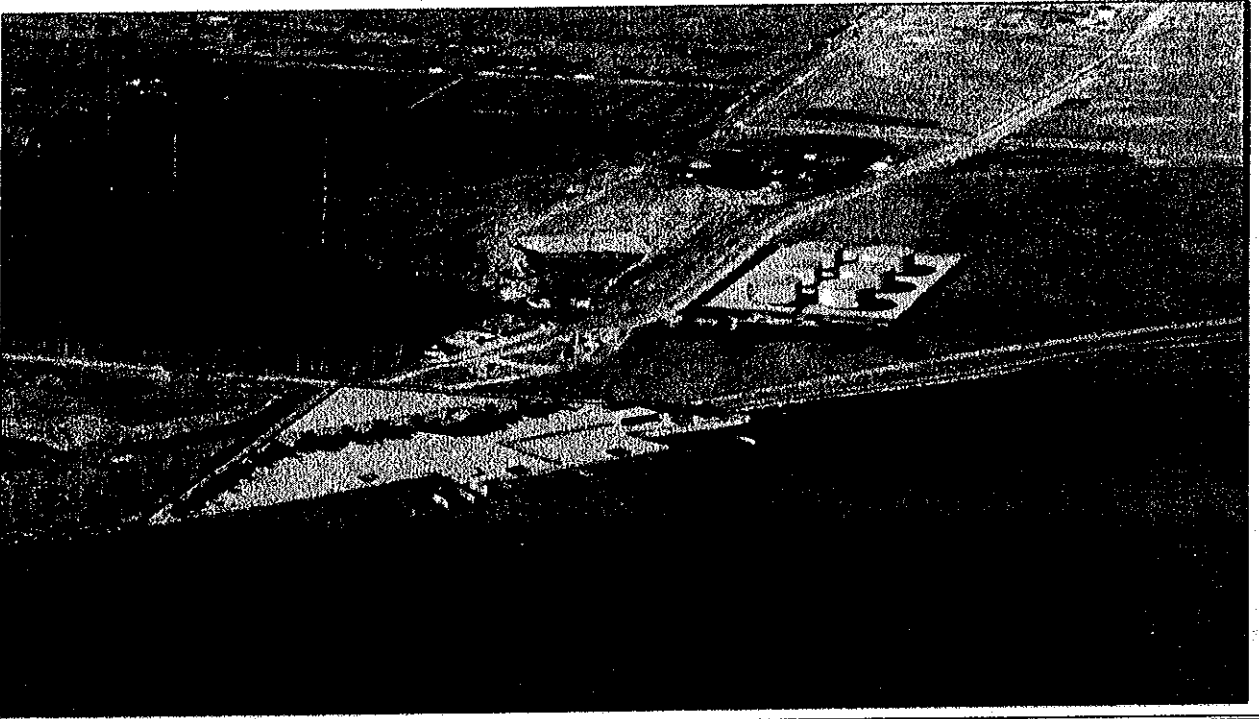
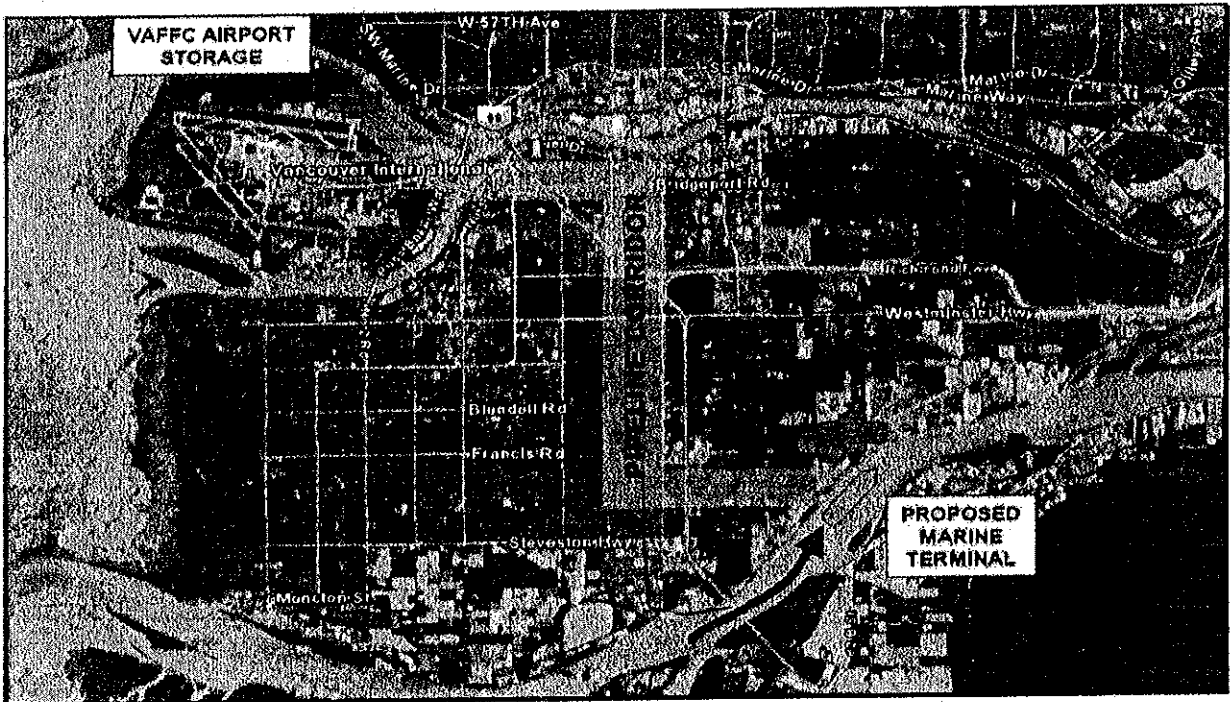


Figure 8. Alignment of Pipeline to YVR



Detailed Summary Or Richmond Staff Comments Regarding The Proposed VAFFC Jet Fuel System

1. What is Jet Fuel?

Jet fuel is basically an unleaded paraffin (kerosene) oil-based fuel used for aviation. There are classes of it (e.g., Jet A-1, otherwise known as AVTUR), which is produced to an internationally standardized set of specifications. Jet fuel is clear to straw coloured and is not highly combustible as it has a high thermal stability.

2. The Need For Jet Fuel

The Vancouver Airport (YVR) currently receives about 70-80% of its aircraft jet fuel via the 41 km long pipeline from Burnaby which is owned and operated by Trans Mountain and was installed approximately 40 years ago. The capacity of the existing pipeline has been exceeded and the remaining 20-30% of the present day fuel requirements are delivered by some 20 – 30 tanker trucks each day. VAFFC projections for future jet fuel demand indicate that fuel supply conditions at YVR will be critical by 2010 and, if not addressed, will result in potential flight cancellations, increased delays or the possible redirection of flights (e.g., to Seattle).

In anticipation of the fuel shortages, since 2001 VAFFC has evaluated 14 separate options for meeting YVR's future jet fuel needs. VAFFC assessments were made in terms of safety, technical, regulatory, economic, environmental and socio-economic criteria. With these criteria VAFFC has narrowed its preference to a proposal to develop a new fuel delivery system involving an expanded fuel storage facility on Sea Island, a new marine off loading terminal at 15040 Williams Road adjacent to the south arm of the Fraser River, new fuel storage tank facility (currently proposed for the Port Metro Vancouver lands formerly known as Fraser Port) and a new VAFFC owned and operated underground jet fuel pipeline across Richmond leading to YVR (route to be determined). Having narrowed the alternatives down, VAFFC has been working on preliminary engineering feasibility studies for each of these project components.

3. Project Components

(A) Sea Island Jet Fuel Storage Tank Facility

The VAFFC is currently in the process of expanding the jet fuel storage capacity on Sea Island by adding four new storage tanks with a combined capacity of 36 million litres in a new facility on the south side of Ferguson Rd. This will serve to improve daily inventory on Sea Island from 1.5 to 5 days in the event of a supply disruption.

(B) Proposed Jet Fuel Off Loading Facility in South Richmond (VAFFC Owned)

- Marine barges and transport vessel docking facility.
- Fuel unloaded and conveyed by pipeline to nearby storage tanks on federal Port Metro Vancouver (PMV) land.

The VAFFC acquired 15040 Williams Road in 2007. The property, which is located at the corner of Williams Road and Triangle Rd. in Richmond was bought by the VAFFC with the future intention of barging aviation fuel up the south arm of the Fraser River. The site, formerly owned by Bernie Lotzkar and operated as a scrap metal site, is one of the few fee simple sites in Richmond capable of accommodating deep sea vessels. Under VAFFC's proposal, this site would serve as the marine terminal for off loading jet fuel transported in by cargo ship from refineries in the United States, Asia and other regions of the world. This location was chosen because it lies at one of the widest and deepest sections of the Fraser River. The site is already zoned Industrial District (I1).

(C) Proposed South Richmond Jet Fuel Storage Tank Facility

- Tanks: To be VAFFC owned and operated.
- Land: Federally owned by Port Metro Vancouver (PMV).

Fuel would be off loaded from barges docked at the 15040 Williams Road terminal and transferred by pipeline to a nearby proposed tank storage facility at Port Metro Vancouver. The 3 hectare storage facility is initially proposed to hold approximately 450,000 barrels with expansion potential to about 540,000 barrels. Negotiations are ongoing between VAFFC and Port Metro Vancouver regarding a possible site within Port Metro Vancouver land. These discussions appear promising. An artist's rendering of the tank storage facility is shown in **Attachment 1**. Should this option fail, VAFFC may seek an alternative nearby site for the storage tank facility for which, if on private land, a rezoning may be required. City staff will carefully monitor.

(D) An Underground Jet Fuel Transmission Line (From the Port Metro Van Storage Site to YVR)

An underground pipeline is proposed for transferring the fuel from the tank storage facility in southern Richmond to the Sea Island Fuel Storage Facility approximately 15 km away. A definitive route for the pipeline has not yet been determined as different options are being assessed. Any route will have pros and cons which will need to be carefully evaluated. The City and public will have input into the route selection.

4. **Who Regulates The Jet Fuel Project?**

Both the jet fuel pipeline and the storage tanks are regulated under the BC Pipeline Act with approval being required from the British Columbia Oil and Gas Commission. The City's external legal council has advised that if the pipeline is also used to transport fuel for others (third parties) the operator would be considered a "common carrier" and would also be subject to the BC Utilities Commission (BCUC) which has the authority to regulate rates and other aspects of the line's operation. If the VAFFC is only using the pipeline for its own fuel, it would not be subject to regulation by the BCUC but would be subject to the BC Oil and Gas Commission under the Pipeline Act.

The BC Oil and Gas Commission has the authority to impose conditions upon the VAFFC. In considering the application, the Commission must weigh issues such as:

- the objection of an interested party,
- any public interest that the Commission believes may be affected, and
- the needs and general good of the residents of British Columbia as a whole.

The Pipeline Act provides the pipeline company with powers of expropriation under provisions outlined under the Railway Act in order to facilitate the construction and operation of the pipeline. Approval by the Commission would give the VAFFC the right to use City highways subject to specific utility separation criteria. Legal council advises "we expect that the Commission would recognize the City as an "interested party" under s.11 for the purpose of its consideration of the application to construct the pipeline, such that the City would have an opportunity to make any submissions it needs to make on location and alignment issues and so forth."

5. **The City's Regulatory Authority**

The City's external legal council has indicated that there appears to be no provisions in the legislation which would make the VAFFC's above ground facilities, either at the Fraser River or along the jet fuel pipeline alignment, immune to the City's regulatory jurisdiction (e.g., zoning and land use regulations), except where these are located on federal lands. In this latter case, any City's authority will be at the discretion of the federal authority (i.e., Port Metro Vancouver).

An important caveat to the City's regulatory authority is that, should the Province disagree with the City's regulations, it can override the City's authority using provisions under the BC Local Government Act (e.g., section 874), or the BC Significant Projects Streamlining Act. The importance of the airport operations to the provincial economy lends a level of credence to this possibility.

The bottom line can be summarized as follows:

- (A) **Pipeline Construction:** The City would not have the ability to stop the pipeline but appears able to influence its alignment via (1) co-operative discussions and (2) its participation through the various regulatory approval processes (BC Environmental Review, BC Oil and Gas Commission review).
- (B) **On Private or City Lands:** For above ground structures (storage tanks, pump stations, etc.) the City may be able to influence the construction via land use regulations – but this would be subject to the Province's overriding powers.
- (C) **On Federal Lands:** For above ground structures (storage tanks, pump stations etc.) constructed on federal lands the City's influence will be at the discretion of the applicable federal authority.

Feature	City's Influence
Pipeline	<ul style="list-style-type: none"> • Can't stop pipeline • May influence alignment
Above Ground Structures on Private Land	<ul style="list-style-type: none"> • May be able to stop using land use controls (e.g., zoning, etc.) • Ability is subject to provincial override.
Above Ground Structures on Federal Land	<ul style="list-style-type: none"> • No direct authority • Influence is at the discretion of the federal agencies.

In view of these considerations, City staff recommend that the City follow a co-operative, partnership and community consultation approach and ask the VAFFC to do the same. This approach will best enable the City to obtain VAFFC co-operation, protect the City's interests by having the VAFFC meet all City approvals, agreements, standards and fees, and avoid the Province overruling a City request or decision. As long as the

City's requests are legitimate and reasonable, staff consider that the VAFFC will meet them and the City likely will not be overruled by the Commission as the Commission will want the City's issues to be addressed.

As the project is proposed, no OCP, area plan or rezoning amendments are required (e.g., the tanks are proposed to go on federal land). An OCP Environmentally Sensitive Area (ESA) Development Permit will be required for the dock facility and the pipeline itself. The City will negotiate with the VAFFC for a Municipal Access Agreement to provide the City with assurances regarding the pipeline alignment, depths, method of installation, permit/fees including occupancy, restorations, etc. Other City requirements include the City requiring the VAFFC to prepare traffic management plans, seek engineering design approvals and reach agreements with the City regarding the use of land, etc. The City may collect normal fees and negotiate payments.

6. The City's Preliminary Main Interests

From what is known of the proposal, at this point in the process, the City's interests include:

(A) On Matters Of Substance

- (i.) Only one jet fuel line is preferred in Richmond. Richmond requests that the review process clarify:
 - Why two jet fuel lines (the existing line & a new line) would result from the proposal, if approved,
 - Why the existing line cannot be upgraded, instead of building the proposed line,
 - Why the existing line cannot be decommissioned, if the proposed line is approved,
 - The pros and cons of having only one line and having two lines,
 - The rationale behind the options analysis including the option of upgrading the existing jet fuel line.
- (ii.) Public safety – both during installation and over the long term operation of the facilities;
- (iii.) Protecting the City's Interests (e.g., by ensuring that the VAFFC adheres to City policies, bylaws, approvals, standards, requirements, agreements and fees, etc. as these are fundamental mechanisms through which the City strives to convey and protect the community's interests);
- (iv.) Maximizing Benefits To The City: Wherever the pipeline goes, also advancing the City interests through mutual cooperation including elements such as promoting City trails, improving City dykes, and urban and farm drainage, and exploring cost sharing opportunities;
- (v.) Not Opening Any New Public Roads in the ALR. The City does not wish to create new vehicle access which would cause undesired new residential development within agricultural areas;
- (vi.) Roads: Locating the pipeline in existing open road allowances appears acceptable if there is minimal disruption (e.g., on Williams Road) and there are City benefits (e.g., drainage is improved);
- (vii.) Tank Farm Design: The City's ability to address and influence the location, scale, design, visibility and landscaping of the proposed fuel tank farm; and
- (viii.) Managing Conflicts: That all parties will minimize and address potential conflicts and disruptions.

(B) On Matters Of Process

- (i.) The review process will involve and emphasize co-operation, partnerships and negotiated solutions, to achieve Win - Win results;
- (ii.) The City has the opportunity to identify and assess concerns, and to explore and negotiate Win – Win solutions directly with the VAFFC;
- (iii.) The City will have its City interests considered by the VAFFC, the review committee and the BC Environmental Assessment Office;
- (iv.) The City will have the opportunity to review and provide input on the jet fuel system (e.g. route alignment options, tank farm location and design);
- (v.) The VAFFC will lead the project, including leading a thorough public consultation process (e.g., to achieve education, understanding, acceptance), for and in the Richmond community;
- (vi.) The VAFFC will regularly update Council of progress;
- (vii.) The VAFFC will address City Council's and the public concerns;
- (viii.) If the BCEAO review occurs, the City will:
 - have a representative (TBD) on the provincial review committee,
 - have meaningful input into the Terms Of Reference for the assessment to ensure that the scope of the assessment adequately addresses Richmond's concerns; and
- (ix.) The parties develop and agree upon a communications strategy and implementation plan for informing both Richmond City Council and Richmond Citizens.

It appears that to achieve the City interests a co-operative, partnership and community consultation approach is best and will be sought with the VAFFC. City staff anticipate that the VAFFC will continue to co-operate with the City, various stakeholders and the general public.

7. Possible Jet Fuel Pipeline Route Selections

At this point, the VAFFC has not identified a specific route for the jet fuel pipeline between the south Richmond fuel storage facility near Williams Road and the Sea Island tank storage facility. City staff want to discuss all route options with the VAFFC. The second diagram in **Attachment 1** shows one potential pipeline corridor identified by the VAFFC through preliminary discussions with City staff, but the technical analyses on this route and others (e.g. Shell Road, No. 5 Road, No. 6 Road) are still ongoing. It is anticipated that the City and other stakeholders will continue to have input on the pipeline route selection, particularly where there are possible mutual benefits in one route over another.

8. Possible Provincial Environmental Review Processes

The VAFFC has voluntarily made an application to the BC Environmental Assessment Office (BCEAO) to have it review the proposed project, under the BC Environmental Assessment Act. The application is voluntary, as the project currently does not meet any of the usual regulatory thresholds under the Act, but may do so later upon being built.

- If the project is accepted for review under the Environmental Assessment Act, the City can make submissions through this process.
- If the project is not accepted for review under the Environmental Assessment Act, the City can make submissions through the normal review process managed by the British Columbia Oil and Gas Commission.

The benefits of having the proposed project reviewed by the BCEAO are that the review would: (1) have a multi stakeholder committee on which Richmond will have representation, and (2) involve a comprehensive, streamlined and co-ordinated review process among the multi stakeholders (e.g., City, YVR, Port Metro Vancouver) which is anticipated to achieve efficiencies and save time. The alternate process appears to involve lengthy individual stakeholder reviews which could be unwieldy.

9. VAFFC Activities

The VAFFC has hired a range of consultants: FSM Management Group Inc, for project management; National Public Relations", for communications; and Hatch for environmental reviews. The VAFFC has discussed the proposal with YVR representatives, will be meeting with the Port Authority to get some form of understanding of the tanks and has met several times with City staff to get a common understanding of the project and process.

Prepared by Richmond City Staff