



County of Santa Cruz

COUNTY ADMINISTRATIVE OFFICE

701 OCEAN STREET, SUITE 520, SANTA CRUZ, CA 95060-4073
(831) 454-2100 FAX: (831) 454-3420 TDD: (831) 454-2123

SUSAN A. MAURIELLO, J.D., COUNTY ADMINISTRATIVE OFFICER

Agenda: April 24, 2001

April 16, 2001

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA. 95060

REPORT AND RECOMMENDATIONS REGARDING ELIMINATION OR REDUCTION OF THE FUEL ADDITIVE MTBE IN SANTA CRUZ COUNTY

Dear Members of the Board:

On March 27, 2001 your Board considered a request by Supervisor Ellen Pirie for an evaluation and report on several issues related to the reduction of the fuel additive MTBE in our local gas supplies. Supervisor Pirie's correspondence, which is attached for your Board's information, discusses many of the public health and environmental concerns associated with the presence of the fuel additive MTBE and requests that the County consider actions to reduce or eliminate the additive in local fuel supplies prior to the Statewide ban which will take effect no later than December 31, 2002.

This report provides your Board with a response to the various directives in Supervisor Pirie's correspondence including:

- ▶ Letters from the Hazardous Materials Advisory Commission and the Water Advisory Commission supporting County efforts to reduce or eliminate the use of MTBE gasoline in Santa Cruz County (Attachment 1).
- ▶ A review by County Counsel of the County's legal authority relative to the storage and sale of MTBE-oxygenated gas.
- ▶ Information on the potential financial impact of an MTBE-oxygenated gas ban on Santa Cruz County residents and the feasibility of a voluntary program for drivers who wish to purchase MTBE-free gasoline in the County.

2

- ▶ Information on the feasibility and financial impact of utilizing MTBE-free gasoline for the County's fleet vehicles.
- ▶ Additional information relative to the need for a federal waiver which would allow the elimination of all oxygenates in gasoline that is supplied to the majority of areas within California. These are areas, such as the Central Coast, that have attained air quality standards and comply with the Federal Clean Air Act requirements.
- ▶ A brief discussion of other related issues such as aquifer and well-head protection programs, and the protection of recharge zones and production well areas that were raised in various correspondence received by your Board.

We have also included as Attachment 2 of this report copies of letters that have been received to date from various water districts and water companies responding to your Board's request for their opinions regarding a local ban on the storage and sale of MTBE-oxygenated gasoline. In general, the responses are in favor of the reduction or elimination of MTBE-oxygenated gasoline with concerns expressed regarding availability and cost. Ten responses have been received to date, including the San Lorenzo Water District, Scotts Valley Water District, Soquel Creek Water District, Central Water District, and the Pajaro Valley Water Management Agency.

Responses from the Hazardous Materials Advisor-v Commission and the Water Advisory Commission

The Hazardous Materials Advisory Commission and Water Advisory Commission met subsequent to your Board's directive to review the issues related to MTBE raised in Supervisor Pirie's correspondence. Their responses provide further background on the fuel additive MTBE and encourage the County to explore various actions such as aggressive cleanup of MTBE releases and protections for water supplies such as well head protection zones. Both Commissions support the reduction or elimination of MTBE-oxygenated gasoline in Santa Cruz County. The Hazardous Materials Advisory Commission expressed concern that potentially limited supplies and price may create a burden for gasoline suppliers and the public. The Water Advisory Commission indicated that "no action" could result in significant economic and environmental costs for contamination clean-up and related health impacts.

Legal Authority for Local Regulation of MTBE-oxygenated Gasoline

County Counsel has reviewed the law related to any local prohibition of the storage and sale of MTBE-oxygenated gasoline. They have also conferred with the El Dorado County Counsel, where MTBE-oxygenated gasoline has been banned from the Lake Tahoe Basin. County Counsel's preliminary opinion is that the County is preempted by State and federal

22

law in this area since it would interfere with the State's regulation of surface and underground water and the federal regulation of interstate commerce. El Dorado County was able to use its' general police powers to regulate the sale of MTBE-gasoline in the Lake Tahoe Basin due to the extreme contamination and specific designation of the Lake Tahoe Basin as an attainment area for water quality. It should also be noted that the Lake Tahoe Basin was able to receive its gasoline from a source in the State of Nevada which does not have MTBE in its gasoline and therefore did not anticipate any concerns regarding availability.

Although County Counsel is continuing to research the legal issues in this area, we are also concerned about the possibility of limited supplies of MTBE-free gasoline in the future which could result in a shortage of gasoline supplies if the County were to proceed to a total ban. As a result, we believe it is advisable for your Board to consider the development of a voluntary program within the County which would provide for consumer choice to purchase MTBE-free gasoline and would not potentially conflict with State and federal law. This would also prevent any potential economic disadvantage to gas station operators or hardship to consumers if supplies become limited. This voluntary program is discussed in greater detail below.

Financial Impact of an MTBE-oxygenated Gas Ban and the Feasibility of a Voluntary Program to Purchase MTBE-free Gasoline in the County

Although there has been some speculation regarding the future availability of MTBE-free gasoline, the fuel is currently available in Santa Cruz County at several local gas stations. For example, all Union 76 stations in the County carry only MTBE-free gasoline. In addition, several of the Chevron and Shell gas stations in Santa Cruz County carry MTBE-free gasoline and it is possible that other stations, including independents, also sell MTBE-free gasoline. Various refineries in Northern California, including Tosco in Benicia, Ultramar in Richmond, and Chevron, supply stations with the MTBE-free gasoline. Again, due to the oxygenate requirement, the gasoline supplies do contain ethanol and are labeled as such at the pump. Letters were recently received from the Chevron Company and Tosco Corporation discussing their products and confirming availability of the MTBE-free gasoline within Santa Cruz County. These letters are included as Attachment 3.

With regard to cost, the pricing structure for gasoline is very complex, with several factors impacting the cost per gallon. The California Energy Commission (CEC) monitors the average statewide cost of gasoline on a weekly basis, and breaks down the price into various components of cost. The CEC's most recent report indicated that as of April 16, 2001 gasoline in Northern California had risen approximately \$.04 per gallon from the previous week for a per gallon price of \$1.80 for regular grade. Based on a survey of gas stations on 41st Avenue in Santa Cruz County during this same period, gasoline prices ranged from a low of \$1.81 per gallon to a high of \$1.89 per gallon for regular grade, slightly higher than the statewide average.

4

The price per gallon for gas containing MTBE ranged from \$1.83 to \$1.87 while gasoline without MTBE sold for a range of \$1.81 to \$1.89 for regular grade. This limited survey indicates that MTBE-free gasoline can be purchased in Santa Cruz County for a competitive, or lower price, than gasoline containing the additive. In addition, it does not appear that the price of gasoline without the additive is out of line with statewide costs for regular motor fuel.

As long as the MTBE-free gasoline continues to be available from refineries at a reasonable cost we believe that the County should encourage the voluntary use of the MTBE-free gasoline by consumers. We would recommend that we conduct a survey of all the fuel facilities in Santa Cruz County to determine the availability of the MTBE-free gasoline and to encourage the stations to purchase the MTBE-free gasoline if they are not already doing so. The County could also develop a public awareness program to promote the use and availability of the MTBE-free gasoline by consumers. In addition, the County should take a lead role in this area by purchasing MTBE-free gasoline for its own County fleet vehicles and requesting the other jurisdictions within the County to adopt a similar policy as discussed below.

Feasibility and Financial Impact of Utilizing MTBE-free Gasoline for the County's Fleet Vehicles

General Services and the Department of Public Works have researched the possibility of the County purchasing MTBE-free fuel for the County fleet. Coast Oil, the County's current fuel supplier, has advised the County that they would be able to provide the MTBE-free fuel at a price of approximately \$.06 more per gallon than fuel with the additive. Based on an estimated annual fuel need of 410,000 gallons for the County's fleet, this would result in an increased cost of approximately \$25,000 or 5% based on the County's current fuel cost.

Because the price of gasoline normally varies based on supply and demand, as well as other market and production factors, fluctuation in the cost of the County's gasoline is expected. Although it may not be possible to secure a fixed price for the MTBE-free fuel, General Services believes that there may also be additional suppliers interested in providing the County with MTBE-free fuel and that it may be advisable for the County to solicit bids to secure the best price.

Based on the availability of the MTBE-free fuel for the County vehicles, the estimated costs, and the public and environmental health benefits to the County we would recommend that your Board indicate its intent that the County purchase MTBE-free fuel and authorize General Services and the Department of Public Works to jointly consider the most cost effective approach to purchasing the fuel and report back to your Board at budget hearings on this matter. We would also recommend that the County notify the other jurisdictions within the County of the County's intent to utilize MTBE-free gasoline for its County fleet and encourage the other jurisdictions to adopt the same policy.

22

This would place the County in a leadership role in this important public health matter. To our knowledge, no other County has taken action to eliminate the use of MTBE-free fuel for its County fleet. In this regard we would also recommend that the Chair of the Board send a letter to other counties within the State advising them of the County's actions to eliminate MTBE- oxygenated gasoline from use in the County fleet and encouraging them to take a similar action in advance of the Governor's December 2002 phase out date.

Request for Federal Waiver of Oxygenate Requirement

As previously discussed, the California Environmental Protection Agency (CalEPA) and the California Air Resources Board have requested that the federal government waive its current regulation for oxygenated gasoline. This waiver is considered by CalEPA to be one of the most essential steps in the successful phase-out of MTBE by December, 2002. The waiver request is based on the fact that equivalent air quality benefits can be achieved without the adverse impact that the MTBE oxygenate has on water supplies.

The waiver is also needed to ensure that an alternative source of MTBE-free gasoline is available. Since ethanol is the currently preferred alternative form of oxygenate, the availability of MTBE-free gasoline will be dependent upon ethanol supplies, which may be in short supply for various reasons, including its use in other energy related production. It should also be noted that ethanol has qualities that may contribute to water quality degradation. According to CalEPA, the federal waiver will address these issues by eliminating the need for either of these additives in gasoline. In addition, refineries are currently retooling their facilities in anticipation of the December 2002 phase out of MTBE in gasoline. We should encourage the federal government to act quickly on the State's request to eliminate all oxygenates to avoid delays in the production of additive free fuel that may result from last minute changes in regulations.

We would therefore recommend that the Chair of the Board write to our federal legislators in support of California's request for the federal waiver. The Governor's Executive Order of March 25, 1999 discussing the significant risks associated with MTBE in gasoline in California and the federal waiver request is included as Attachment 4 of this report.

Other Related Issues

With regard to other issues, such as the evaluation and cleanup of MTBE releases, aquifer and well-head protection programs, and the protection of recharge zones and production well areas, it is critical for the County to examine all approaches that will provide additional protection for the County's water systems. Given the extreme expense and the health risks associated with the contamination and clean-up of sites, these preventive measures are critical and cost effective. Environmental Health staff has indicated that the State is currently considering new requirements for storage of gasoline and the water districts are currently evaluating these issues as well.

We would recommend that the County review the State's actions in this area and examine the need for additional local regulations to address these issues. We would also recommend that the Planning Department work with the Water Advisory Commission and the Hazardous Materials Advisory Commission on this matter and return to your Board with a follow-up report and any recommendations for local actions by mid-summer.

SUMMARY AND RECOMMENDATIONS

The State of California is phasing out MTBE in the state's gasoline because of the threat it presents to California's groundwater, surface water, and drinking water systems. Your Board has requested that we consider various actions that the County can take at the local level to encourage an earlier elimination of the use of gasoline containing this additive. We believe that the recommendations contained in this report, including a public awareness campaign to encourage the use of MTBE-free gasoline by the public and the use of MTBE-free gasoline for the County's fleet vehicles, will position the County as a leader in this area and will provide the public with additional safeguards for water quality without risking the availability of gasoline supplies or additional costs.

It is therefore Recommended that your Board:

- 1) Accept and file this report on efforts to reduce or eliminate MTBE in gasoline in Santa Cruz County;
- 2) Accept and file letters from the Hazardous Materials Advisory Commission and the Water Advisory Commission supporting the Board's efforts to reduce or eliminate MTBE in gasoline in Santa Cruz County;
- 3) Direct the County Administrative Office, in conjunction with General Services, Public Works, and Environmental Health to develop a survey to local gasoline stations requesting information on the availability of MTBE-free gasoline and to develop a public awareness program;
- 4) Indicate your Board's intent that the County will use MTBE-free gasoline for the County's fleet, direct General Services and Public Works to review the options for securing the best rate for the gasoline and report back to your Board at budget hearings on this matter;
- 5) Request the Chair of the Board to send a letter to other jurisdictions within the County and other counties within the State advising them of the County's actions to eliminate MTBE- oxygenated gasoline from use in the County fleet and encouraging them to adopt a similar policy;

7

-
- 6) Request the Chair of the Board to write to our federal legislators in support of California's request for a federal waiver to eliminate the requirement for the addition of oxygenates in all gasoline supplies in California;
 - 7) Direct the Planning Department to work with the Hazardous Materials Advisory Commission and the Water Advisory Commission regarding issues related to evaluation and cleanup of MTBE releases, aquifer and well-head protection programs, and the protection of recharge zones and production well areas and provide a follow-up report to your Board on or before August 21, 2001.

Very truly yours,



Susan A. Mauriello
County Administrative Officer

- cc. County Counsel
Planning
General Services
Public Works
Environmental Health
Hazardous Materials Advisory Commission
Water Advisory Commission
Various Water Districts and Agencies
Each City

22

8



County of Santa Cruz

BOARD OF SUPERVISORS

701 OCEAN STREET, SUITE 500, SANTA CRUZ, CA 95060-4069

(831) 454-2200 FAX: (831) 454-3262 TDD: (831) 454-2123

JANET K. BEAUTZ
FIRST DISTRICT

ELLEN PIRIE
SECOND DISTRICT

MARDI WORMHOUDT
THIRD DISTRICT

TONY CAMPOS
FOURTH DISTRICT

JEFF ALMQUIST
FIFTH DISTRICT

AGENDA: 3/27/01

APPROVED AND FILED
BOARD OF SUPERVISORS

DATE: 3/27/01
COUNTY OF SANTA CRUZ

SUSANA MAURIELLO
EX-OFFICIO CLERK OF THE BOARD

BY: *[Signature]*
DEPUTY

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

RE: CONSIDERATION OF EFFORTS TO REDUCE OR ELIMINATE MTBE

Dear Members of the Board:

As you know, MTBE is a fuel additive which reduces air pollution but which has the potential to pollute groundwater. The additive moves quickly through groundwater after being spilled or leaked. A very small amount of MTBE in groundwater can contaminate the water source.

Labeled by the Environmental Protection Agency as a possible carcinogen, MTBE is suspected of causing cancer, respiratory irritation and other health problems.

More than 10,000 sites in the state have detectable levels of the additive. In Santa Cruz County, it has been detected at 56 sites. The detections were made even after property owners spent hundreds of thousands of dollars upgrading their underground tanks to meet new State standards requiring double containment by 1999.

Governor Gray Davis has ordered a ban on MTBE in California after December 31, 2002. I do not believe that Santa Cruz County can afford to wait for that ban to take effect. I suggest that we begin looking at ways we can reduce or eliminate the use of MTBE in this area.

Santa Cruz County has several conditions that make it particularly vulnerable to contamination. The county has areas of relatively shallow groundwater that a large number of people

22 30
82.5

BOARD OF SUPERVISORS
March 20, 2001
Page 2

rely on for drinking water. The county is adjacent to the Monterey Bay National Marine Sanctuary. The likelihood that MTBE will make its way into the bay is worrisome. The high volume of rainfall in the county may also contribute to the movement of spilled gasoline containing MTBE into the ground.

I, therefore, recommend that the Board of Supervisors take the following actions:

1. Refer this issue to the Hazardous Materials Advisory Commission with a request that the Commission make recommendations concerning the reduction or elimination of the storage and sale of gasoline containing MTBE in Santa Cruz County for consideration at the Board's meeting of April 24, 2001.
2. Direct the County Administrative Officer, working with appropriate staff, to prepare a report for Board consideration on April 24, 2001, which includes the following elements:
 - a. An opinion from County Counsel about the feasibility of enacting an ordinance which would prohibit the storage and sale of MTBE-oxygenated gas in Santa Cruz County. That report should, among other issues, provide an opinion about the extent to which the Board may act to protect local water supplies while still complying with applicable state and federal laws.
 - b. A report on the potential financial cost on Santa Cruz County residents of implementing a local ban on the storage and sale of MTBE-oxygenated gas. In this regard, staff should be asked to also consider the feasibility of establishing a voluntary program whereby drivers could purchase MTBE-free gas in Santa Cruz County.
 - c. A report on the feasibility, including the potential financial cost, of purchasing MTBE-free gasoline for County vehicles.
3. Direct the Board Chair to send a letter to all local water districts in Santa Cruz County asking them to provide the Board with their opinions about the need

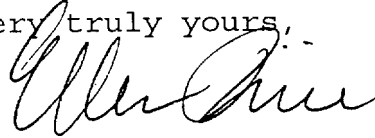
30
825

22

BOARD OF SUPERVISORS
March 20, 2001
Page 3

for, and feasibility of, enacting a local ban on the storage and sale of MTBE in Santa Cruz County.

Very truly yours,



ELLEN PIRIE, Supervisor
Second District

EP:ted

cc: County Administrative Officer
County Counsel
Public Works Department
General Services Department
Hazardous Materials Advisory Commission
Water Districts

1010K2

22
30
875

ATTACHMENT 1

Letters from the Hazardous Materials Advisory Commission
and
Water Advisory Commission



County of Santa Cruz

HEALTH SERVICES AGENCY

701 OCEAN STREET, ROOM 312, SANTA CRUZ, CA 950604073
(831) 4543022 FAX: (831) 4543128 TDD: (831) 4544123

ENVIRONMENTAL HEALTH

HAZARDOUS MATERIALS ADVISORY COMMISSION

April 5, 2001

Board of Supervisors
County of Santa Cruz
701 Ocean Street, Suite 500
Santa Cruz, CA 95060-4069

Re: Consideration of Efforts to Reduce or Eliminate MTBE

Dear Members of the Board:

As requested by Supervisor Ellen Pirie, the Santa Cruz County Hazardous Materials Advisory Commission (SCCHMAC) has reviewed information on MTBE in order to make recommendations to the Board of Supervisors regarding a possible ban or reduction in the use of MTBE in Santa Cruz County.

MTBE is a chemical added to gasoline to lessen the formation of certain exhaust gases from internal combustion engines. MTBE is not mandated to be in gasoline by state or federal law, however, the addition of chemicals to gasoline having certain oxygenating properties is required. The addition of MTBE is practiced by fuel refiners and fuel suppliers in order to meet this oxygenate requirement and to meet certain state and federal laws that mandate clean-burning gasoline. MTBE has been commonly added to gasoline since at least the 1980's. MTBE is classified as a hazardous substance and is designated as a suspected carcinogen. The California Department of Health Services has set a Maximum Contaminant Level for MTBE in drinking water of 5 ppb. The California Regional Water Quality Control Board, Central Coast Region, has also set a Water Quality Objective of 5 ppb. The state of California requires that MTBE as a gasoline additive be phased out by December 31, 2002.

MTBE in the subsurface environment is particularly troublesome. Gasoline containing **MTBE** is commonly stored in underground storage tanks. The fuel is present in the tanks and associated pipes and fuel delivery systems. Evidence suggests that even with modern, upgraded, and monitored fuel-tank systems MTBE is somehow able to escape into subsurface soils and ground water. How this occurs is unknown. Further, gasoline containing MTBE is transferred to vehicles during the fueling process with the subsequent risk of spillage. Once released, MTBE is very soluble in water and appears to migrate more rapidly than other fuel components in soil and ground water. MTBE also appears to

12

22

be more resistant to natural bio-degradation than other fuel components.

MTBE has been detected in some groundwater and some drinking water in Santa Cruz County and is considered by our commission to be a potential threat to additional drinking water supplies in the county. The most significant leaks of MTBE into the subsurface environment appear to mostly have occurred as a result of leaking underground storage tanks. These leaks may have occurred before recent laws required that underground storage tanks be upgraded with extra containment and monitoring systems. These new systems are less likely to allow significant releases of fuel. Although MTBE may escape from these newer systems over the next 20 months, the most significant threat to soil and ground water appears to be from previous releases. A ban on MTBE would not resolve these previous releases, but would reduce potential for future releases.

Alternatives to MTBE, such as ethanol, have been identified, and are already substituted in some fuels. Ethanol may be advantageous because studies suggest it is less toxic in air and water than MTBE. It also appears that ethanol can be contained in tank systems with less propensity to escape to the subsurface environment. Further, if released, ethanol breaks down relatively rapidly into less harmful substances.

After considerable research and discussion, the SCCHMAC suggests that the Board of Supervisors take action to encourage regulatory agencies to aggressively enforce evaluation and cleanup of MTBE releases. We also recommend that the Board of Supervisors consider aquifer and well-head protection programs for the county; including protection of recharge zones and production well areas. We also support the concept of MTBE-free gasoline in Santa Cruz County and support using ethanol or other less toxic alternatives in lieu of MTBE. However, the SCCHMAC would like to note that a county ban on MTBE-containing gasoline prior to December 31, 2002, may impose a significant burden on gasoline suppliers and vendors because MTBE-free gasoline may be limited in availability. The cost of gasoline may also increase within the county.-The SCCHMAC believes that MTBE-free gasoline will increase in use as suppliers prepare for the phase out deadline. It is known that MTBE-free gasoline is already becoming available in the county in some fuel brands and grades.

We hope the Board of Supervisors will find the information presented in this letter to be helpful. Please do not hesitate to notify the SCCHMAC if we can be of further assistance on this or any other hazardous materials issue.

Sincerely,

County of Santa Cruz
Hazardous Materials Advisory Commission



County of Santa Cruz

14

WATER ADVISORY COMMISSION

701 OCEAN STREET, 4TH FLOOR, SANTA CRUZ, CA 95060
(831) 454-2580 FAX: (831) 454-2131 TDD: (831) 454-2123

April 17, 2001

AGENDA DATE: April 24, 2001

Santa Cruz County
Board of Supervisors
701 Ocean Street
Santa Cruz, CA 95960

Dear Board Members,

Your Board has directed the Hazardous Materials Advisory Commission and the Water Advisory Commission (WAC) to provide recommendations regarding the reduction or elimination of the storage and sale of gasoline containing MTBE in Santa Cruz County. The WAC has, in fact, been discussing the problems surrounding MTBE for many months. At its March 7, 2001 meeting, new information was presented indicating that a local ban was a possibility. Because MTBE was not an agenda item for that meeting, no action could be taken. Therefore, it was placed on the April 4, 2000 meeting agenda. This letter is a result of that discussion and in response to your Board's request for recommendations. The WAC would like to recommend that your Board take the following actions:

- 1) Santa Cruz County should move forward with a local ban on storage and use of gasoline containing MTBE, similar to the ban enacted in El Dorado County, California; and
- 2) In considering the potential economic impacts associated with this ban, we would recommend also weighing the costs of *no* action. These "no action" costs would include the economic and environmental costs, largely borne by the public at large, for cleanup, remediation, health impacts, well abandonments, lost water supplies, etc.; and
- 3) The Board may also wish to consider establishing "Well head protection zones" to control activities which could endanger water supply wells; and
- 4) The Board should consider regulating the siting of future fuel storage and dispensing facilities in Santa Cruz County through the use of zoning ordinances.

We therefore RECOMMEND that your Board accept and file these recommendations.

Sincerely,

David Reetz
Chair, Santa Cruz County Water Advisory Commission

ATTACHMENT 2

Letters from Various Water Districts
and
Water Agencies



SAN LORENZO VALLEY WATER DISTRICT

13060 Highway 9 • Boulder Creek, CA 95006-9119
(831) 338-2153 • FAX (831) 338-7986

10

April 12, 2001

Santa Cruz County
Board of Supervisors
701 Ocean Street, Suite 800
Santa Cruz CA 95060

Subject: POTENTIAL BAN ON MTBE IN SANTA CRUZ COUNTY

Honorable Chair and Members of the Board:

You have requested our response and opinion relative to banning MTBE in gasoline within Santa Cruz County by correspondence dated March 28, 2001. Accordingly, we requested our staff to investigate the issue and we discussed it at our regular meeting of April 5, 2001 and a special meeting on April 12, 2001.

Santa Cruz County now has 60 sites with contamination by MTBE from leaking underground storage tanks (LUST). Potable drinking water wells in Scotts Valley have been contaminated and at least three (3) Soquel Creek Water District wells are threatened by contaminated ground water. It appears to our Board of Directors that it would be desirable to ban MTBE in gasoline within the County if it can be determined to be technically feasible at this time.

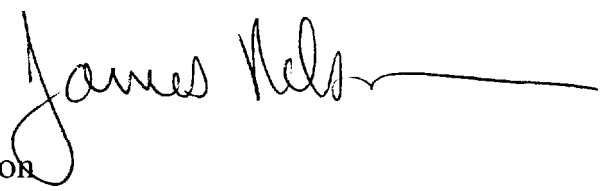
Santa Cruz County is in an attainment Air Basin for smog and carbon monoxide, therefore, oxygenated gasoline is not legally required to be provided here by State and Federal law or regulation.

Many major brand gas stations are already providing MTBE free gasoline in advance of the Governor's Executive Order banning MTBE in gasoline in California by December 2002. In El Dorado County, the ban on MTBE in gasoline within the Tahoe Basin was successful because the small independent dealers were able to purchase MTBE free gasoline from the TOSCO refinery in the San Francisco Bay Area, rather than depend on purchases on the spot market. Therefore, it would seem prudent for the County to investigate the availability of MTBE free gasoline prior to enacting a ban.

22

Of equal concern to this Board is the necessity for Water Districts, the County, State and Federal regulatory agencies to be more proactive and aggressive in monitoring for potential contaminants such as VOC'S from gasoline, solvents and the like in our water sources to provide a better early warning system in advance of a crisis. Many of our County groundwater basins are highly permeable and therefore very susceptible to potential contamination. In the Tahoe Basin all of the gasoline stations are now surrounded by an inexpensive network of monitoring wells that are scheduled for regular testing based on a frequency dependent on proximity to a public water supply source, soil or geology and travel time. It maybe prudent for the County in collaboration with other agencies to investigate the feasibility of a similar well head protection program for Santa Cruz County. We appreciate the opportunity to comment in advance of your careful deliberation of this issue.

Sincerely,



James Nelson
President, Board of Directors

AH/JN:kas

Attachments

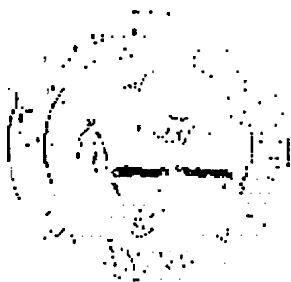
[Please click here to return to We previous page.](#)

Exec Order

18

Executive Order

EXECUTIVE DEPARTMENT STATE OF CALIFORNIA



EXECUTIVE ORDER D-5-99 by the Governor of the State of California

WHEREAS, the University of California prepared a comprehensive report on the "Health and Environmental Assessment of Methyl Tertiary-Butyl Ether (MTBE)" which has been peer reviewed by the Agency for Toxic Substances and Disease Registry and the United States Geological Survey and other nationally recognized experts;

WHEREAS, the University of California report was widely available for public review and written comment, including hearings in northern and southern California to receive public testimony;

WHEREAS, the findings and recommendations of the U.C. report, public testimony, and regulatory agencies are that, while MTBE has provided California with clean air benefits, because of leaking underground fuel storage tanks MTBE poses an environmental threat to groundwater and drinking water;

NOW, THEREFORE, I, GRAY DAVIS, Governor of the State of California, do hereby find that "on balance, there is significant risk to the environment from using MTBE in gasoline in California" and, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this order to become effective immediately:

1. The Secretary for Environmental Protection shall convene a task force consisting of the California Air Resources Board, State Water Resources Control Board, Office of Environmental Health Hazard Assessment, California Energy Commission and the Department of Health Services for the purpose of

22

implementing this Order.

19

2. On behalf of the State of California, the California Air Resources Board shall make a formal request to the Administrator of the U.S. Environmental Protection Agency for an immediate waiver for California cleaner burning gasoline from the federal Clean Air Act requirement for oxygen content in reformulated gasoline.

3. The California Environmental Protection Agency shall work with Senator Feinstein and the California Congressional Delegation to gain passage of Senate Bill 645. This legislation would grant authority to the Administrator of the U.S. Environmental Protection Agency to permanently waive the Clean Air Act requirements for oxygen content in reformulated gasoline to states such as California that have alternative gasoline programs that achieve equivalent air quality benefits.

4. The California Energy Commission (CEC), in consultation with the California Air Resources Board, shall develop a timetable by July 1, 1999 for the removal of MTBE from gasoline at the earliest possible date, but not later than December 31, 2002. The timetable will be reflective of the CEC studies and should ensure adequate supply and availability of gasoline for California consumers.

5. The California Air Resources Board shall evaluate the necessity for wintertime oxygenated gasoline in the Lake Tahoe air basin. The Air Resources Board and the California Energy Commission shall work with the petroleum industry to supply MTBE-free California-compliant gasoline year around to Lake Tahoe region at the earliest possible date.

6. By December 1999, the California Air Resources Board shall adopt California Phase 3 Reformulated Gasoline (CaRFG3) regulations that will provide additional flexibility in lowering or removing the oxygen content requirement and maintain current emissions and air quality benefits and allow compliance with the State Implementation Plan (SIP).

7. In order that consumers can make an informed choice on the type of gasoline they purchase, I am directing the California Air Resources Board to develop regulations that would require prominent identification at the pump of gasoline containing MTBE.

8. The State Water Resources Control Board (SWRCB), in consultation with the Department of Water Resources and the Department of Health Services (DHS), shall expeditiously prioritize groundwater recharge areas and aquifers that are most vulnerable to contamination by MTBE and prioritize resources towards protection and cleanup . The SWRCB, in consultation with DHS, shall develop a clear set of guidelines for the investigation and cleanup of MTBE in groundwater at these sites.

9. The State Water Resources Control Board shall seek legislation to extend the sunset date of the Underground Storage Tank Cleanup Fund to December 31, 2010. The proposed legislation would increase the reimbursable limits for MTBE groundwater cleanups from \$1 million to \$1.5 million.

22

20

10. The California Air Resources Board and the State Water Resources Control Board shall conduct an environmental fate and transport analysis of ethanol in air, surface water, and groundwater. The Office of Environmental Health Hazard Assessment shall prepare an analysis of the health risks of ethanol in gasoline, the products of incomplete combustion of ethanol in gasoline, and any resulting secondary transformation products. These reports are to be peer reviewed and presented to the Environmental Policy Council by December 31, 1999 for its consideration.

11. The California Energy Commission (CEC) shall evaluate by December 31, 1999 and report to the Governor and the Secretary for Environmental Protection the potential for development of a California waste-based or other biomass ethanol industry. CEC shall evaluate what steps, if any, would be appropriate to foster waste-based or other biomass ethanol development in California should ethanol be found to be an acceptable substitute for MTBE.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 25th day of March 1999.



Gray Davis

Governor of California

All-EST:

Bill Jones

Secretary of State

[Back to Top of Page](#)

[Please click here to return to the previous page.](#)

22

Executive Order D-5-99 issued by Governor Gray Davis on the 25th of March, 1999 declared that, "on balance, there is significant risk to the environment from using Methyl Tertiary-Butyl Ether (MTBE) in gasoline in California". This declaration was followed by the assignment of eleven tasks to various designated state agencies responsible for carrying out the decree of the executive order.

The following information is designed to track the progress of those agencies in their efforts to implement the Governor's Executive Order.

Eleven Tasks of the Executive Order:

1. The Secretary for Environmental Protection shall convene a task force consisting of the California Air Resources Board, State Water Resources Control Board, Office of Environmental Health Hazard Assessment, California Energy Commission and the Department of Health Services for the purpose of implementing this Order.
 - a. MTBE Taskforce Member List
2. On behalf of the State of California, the California Air Resources Board shall make a formal request to the Administrator of the U.S. Environmental Protection Agency for an immediate waiver for California cleaner burning gasoline from the federal Clean Air Act requirement for oxygen content in reformulated gasoline.
 - a. Governor's Letter to U.S. EPA Administrator Browner
 - b. Justification for waiver from oxygen requirement
3. The California Environmental Protection Agency shall work with Senator Feinstein and the California Congressional Delegation to gain passage of Senate Bill 645. This legislation would grant authority to the Administrator of the U.S. Environmental Protection Agency to permanently waive the Clean Air Act requirements for oxygen content in reformulated gasoline to states such as California that have alternative gasoline programs that achieve equivalent air quality benefits.
 - a. Secretary Hickox' Testimony
 - b. Thomas federal legislation search page Note: This link is directed to the Thomas federal legislation search page. Please scroll down to search entry box #3 and type in (s.645) to get to Senator Feinstein's bill concerning a waiver to the Clean Air Act requirements.
4. The California Energy Commission (CEC), in consultation with the California Air Resources Board, shall develop a timetable by July 1, 1999 for the removal of MTBE from gasoline at the earliest possible date, but not later than December 31, 2002. The timetable will be reflective of the CEC studies and should ensure adequate supply and availability of gasoline for California consumers.
 - a. California Energy Commission Workshop Notice
 - b. MTBE Phase Out Timeline (Acrobat .pdf)
5. The California Air Resources Board (ARB) shall evaluate the necessity for wintertime oxygenated gasoline in the Lake Tahoe air basin. The Air Resources Board and the California Energy Commission shall work with the petroleum industry to supply MTBE-free California-compliant gasoline year around to Lake Tahoe region at the earliest possible date.
 - a. ARB Board Meeting concerning Tahoe area oxygenated gasoline and labeling requirements
 - b. CEC list of service stations dispensing MTBE-free gas in Lake Tahoe
6. By December 1999, the California Air Resources Board shall adopt California Phase 3 Reformulated Gasoline (CaRFG3) regulations that will provide additional flexibility in lowering or removing the oxygen content requirement and maintain current emissions and air quality benefits and allow compliance with the State Implementation Plan (SIP).
 - a. ARB Public Workshops - Re-formulated Gasoline Phase 3
 - b. General Information on Cleaner Burning Gasoline
7. In order that consumers can make an informed choice on the type of gasoline they purchase, I am directing the California Air Resources Board to develop regulations that would require prominent identification at the pump of gasoline containing MTBE.

- a. ARB Board Meeting on Tahoe area oxygenated gasoline and labeling requirements.
8. The State Water Resources Control Board (SWRCB), in consultation with the Department of Water Resources and the Department of Health Services (DHS), shall expeditiously prioritize groundwater recharge areas and aquifers that are most vulnerable to contamination by MTBE and prioritize resources towards protection and cleanup. The SWRCB, in consultation with DHS, shall develop a clear set of guidelines for the investigation and cleanup of MTBE in groundwater at these sites.
- a. The SWRCB webpage concerning prioritizing groundwater recharge areas and aquifers has yet to be completed. It will replace this text as soon as it is completed.
9. The State Water Resources Control Board shall seek legislation to extend the sunset date of the Underground Storage Tank Cleanup Fund to December 31, 2010. The proposed legislation would increase the reimbursable limits for MTBE groundwater cleanups from \$1 million to \$1.5 million.
- a. Legislative Text of California Senate Bill 989 (Sher) Note: This link is directed to the Official California Legislative Information website. Please click on the latest amended version of Senate bill 989 (Sher) to find the text concerning extension of the Underground Storage Tank Cleanup Fund.
10. The California Air Resources Board and the State Water Resources Control Board shall conduct an environmental fate and transport analysis of ethanol in air, surface water, and groundwater. The Office of Environmental Health Hazard Assessment shall prepare an analysis of the health risks of ethanol in gasoline, the products of incomplete combustion of ethanol in gasoline, and any resulting secondary transformation products. These reports are to be peer reviewed and presented to the Environmental Policy Council by December 31, 1999 for its consideration.
- a. Resolution of the Environmental Policy Council on the Use of Ethanol in Gasoline, January 18, 2000
- b. ARB Analysis of the Air Quality Impacts of the Use of Ethanol in Gasoline
- c. SWRCB Assessment of the Use of Ethanol as a Fuel Oxysenate
- d. OEHHA's Draft Report on Potential Health Risks of Ethanol in Gasoline
11. The California Energy Commission (CEC) shall evaluate by December 31, 1999 and report to the Governor and the Secretary for Environmental Protection the potential for development of a California waste-based or other biomass ethanol industry. CEC shall evaluate what steps, if any, would be appropriate to foster biomass ethanol development in California should ethanol be found to be an acceptable substitute for MTBE.
- a. CEC Workplan for Biomass Ethanol Development

Cal/EPA | ARB | CIWMB | DPR | DTSC | OEHHA | SWRCB

California Environmental Protection Agency <http://www.calepa.ca.gov/> (916) 445-3846

Webmaster: webmaster@calepa.ca.gov

©1998, 2001 California Environmental Protection Agency. All rights reserved.

23

Lake Tahoe Area "MTBE-Free" Gasoline Refueling Facilities

Updated: May 23, 2000, Sorted by City

May 28, 1999, News Release by Governor Gray Davis

BRAND NAME	NAME OF FACILITY	TYPE OF FACILITY	ADDRESS	CITY/TOWN	COUNTY
CHEVRON	SIERRA BOAT COMPANY	MARINA	5146 NORTH LAKE BLVD	CARNELIAN	PLACER
UNBRANDED	ECHO LAKE CHALET & MARINA	MARINA	9900 ECHO LAKES ROAD	ECHO LAKE	EL DORADO
NA	STPUD FALLEN LEAF LAKE	LOCAL	FALLEN LEAF ROAD	FALLEN LEAF LAKE	EL DORADO
UNBRANDED	FALLEN LEAF LANDING & STORE	MARINA	400 FALLEN LEAF ROAD	FALLEN LEAF LAKE	EL DORADO
CHEVRON	OBEXER'S BOAT CO.	MARINA	5355 WEST LAKE BLVD	HOMEWOOD	PLACER
UNBRANDED	HOMEWOOD HIGH & DRY MARINA	MARINA	5190 WEST LAKE BLVD	HOMEWOOD	PLACER
BEACON	BEACON #1-601	RETAIL	8070 NORTH LAKE BLVD	KINGS BEACH	PLACER
NA	OLD BROCKWAY GOLF COURSE	PRIVATE	7900 NORTH LAKE BLVD	KINGS BEACH	PLACER
SHELL	SHELL OIL - KINGS BEACH	RETAIL	8369 NORTH LAKE BLVD	KINGS BEACH	PLACER
BEACON	MEYERS BEACON	RETAIL	3208 HIGHWAY 50	MEYERS	EL DORADO
CHEVRON	TAHOE PARADISE CHEVRON #95006	RETAIL	2986 HIGHWAY 50	MEYERS	EL DORADO
NA	CALTRANS - MEYERS STATION	STATE	2243 CORNELIAN	MEYERS	EL DORADO
NA	EL DORADO COUNTY DOT	LOCAL	1121 SHAKORI DRIVE	MEYERS	EL DORADO
SHELL	MEYERS SHELL	RETAIL	2950 HIGHWAY 50	MEYERS	EL DORADO
7-ELEVEN	7 ELEVEN #15047	RETAIL	2620 LAKE TAHOE BLVD	SOUTH LAKE TAHOE	EL DORADO
BEACON	BEACON ULTRAMAR #688	RETAIL	2304 LAKE TAHOE BLVD	SOUTH LAKE TAHOE	EL DORADO
CHEVRON	EMERALD BAY CHEVRON #90672	RETAIL	1069 EMERALD BAY ROAD	SOUTH LAKE TAHOE	EL DORADO
CHEVRON	B E R R Y HINCKLEY INC./CHEVRON	CARDLOCK	2070 JAMES AVE	SOUTH LAKE TAHOE	EL DORADO
CHEVRON	CAMP RICHARDSON MARINA	MARINA	1900 JAMESON BEACH ROAD	SOUTH LAKE TAHOE	EL DORADO
CHEVRON	AL'S CHEVRON WAY #9245	RETAIL	3651 LAKE TAHOE BLVD	SOUTH LAKE TAHOE	EL DORADO

22

24

CHEVRON	LAKESIDE MARINA	MARINA	4041 LAKESHORE BLVD	SOUTH LAKE TAHOE	EL DORADO
NA	CITY OF SLT - D STREET	LOCAL	1700 D STREET	SOUTH LAKE TAHOE	EL DORADO
NA	STPUD MEADOW CREST	LOCAL	1275 MEADOW CREST DRIVE	SOUTH LAKE TAHOE	EL DORADO
NA	CITY OF SLT - RUFUS ALLEN	LOCAL	1160 RUFUS ALLEN BLVD	SOUTH LAKE TAHOE	EL DORADO
NA	HEAVEI RESORT	PRIVATE	WILDWOOD/SADDLE	SOUTH LAKE TAHOE	EL DORADO
SHELL	SOUTH TAHOE SHELL	RETAIL	11020 EMERALD BAY ROAD	SOUTH LAKE TAHOE	EL DORADO
SHELL	MONTOYA'S STATELINE SHELL	RETAIL	3953 LAKE TAHOE BLVD	SOUTH LAKE TAHOE	EL DORADO
UNBRANDED	TERRIBLE HERBST	RETAIL	2762 LAKE TAHOE BLVD	SOUTH LAKE TAHOE	EL DORADO
UNBRANDED	OASIS AVIATION	AIRPORT	AIRPORT ROAD	SOUTH LAKE TAHOE	EL DORADO
UNBRANDED	FOX'S SERVICE STATION	RETAIL	3376 LAKE TAHOE BLVD	SOUTH LAKE TAHOE	EL DORADO
UNBRANDED	SKI RUN MARINA	MARINA	970 SKI RUN BLVD	SOUTH LAKE TAHOE	EL DORADO
UNBRANDED	TAHOE KEYS MARINA	MARINA	2435 VENICE DRIVE	SOUTH LAKE TAHOE	EL DORADO
UNION 76	UNION 76 (FORMERLY USA #7)	RETAIL	1140 EMERALD BAY ROAD	SOUTH LAKE TAHOE	EL DORADO
UNION 76	UNION 76 STATELINE #3553	RETAIL	4115 LAKE TAHOE BLVD	SOUTH LAKE TAHOE	EL DORADO
CHEVRON	TAHOE YACHT HARBOR	MARINA	700 NORTH LAKE BLVD	TAHOE CITY	PLACER
CHEVRON	CHEVRON #90071	RETAIL	310 RIVER ROAD	TAHOE CITY	PLACER
NA	TAHOE CITY PUD	LOCAL	221 FAIRWAY DRIVE	TAHOE CITY	PLACER
NA	US COAST GUARD - TAHOE	FEDERAL	2500 LAKE FOREST ROAD	TAHOE CITY	PLACER
SHELL	SHELL OIL -TAHOE CITY	RETAIL	300 RIVER ROAD	TAHOE CITY	PLACER
UNBRANDED	TAHOE RAFT & GAS	RETAIL	185 RIVER ROAD	TAHOE CITY	PLACER
UNBRANDED	SUNNYSIDE MARINA	MARINA	1850 WEST LAKE BLVD	TAHOE CITY	PLACER
UNION 76	ROD'S UNION 76	RETAIL	140 NORTH LAKE BLVD	TAHOE CITY	PLACER
CHEVRON	NORTH TAHOE MARINA II	MARINA	7360 NORTH LAKE BLVD	TAHOE VISTA	PLACER
NA	NORTH TAHOE PUD	LOCAL	875 NATIONAL AVE	TAHOE VISTA	PLACER
NA	EL DORADO COUNTY DOT	LOCAL	HIGHWAY 89	TAHOMA	EL DORADO
NA	D.L. BLISS STATE PARK	STATE	HIGHWAY 89	TAHOMA	EL DORADO
NA	SAND POINT STATE PARK	STATE	HIGHWAY 89	TAHOMA DORADO	EL DORADO
UNBRANDED	CUT-RITE POWER CENTER	RETAIL	7062 WEST LAKE BLVD	TAHOMA	PLACER

Last Updated on 5/23/00
By California Energy Commission Fuels Office

22

25

Fern Grove Club

April 7, 2001

Tony Campos
Chairman
Board of Supervisors
County of Santa Cruz
701 Ocean Street, Room 500
Santa Cruz, California 96060

Re: Elimination of MTBE in Santa Cruz County

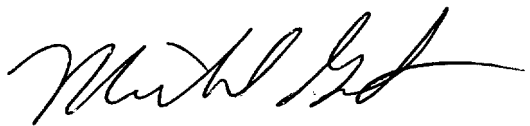
Dear Mr. Campos,

I agree with Supervisor Pirie's contention that MTBE is a serious threat to our ground water, and also wish to see it eliminated as quickly as possible. The only concern I have is the availability and price per gallon of gasoline for sale in Santa Cruz County, if we strictly ban the MTBE-oxygenated additive in gasoline by December, 2001.

Will the oil companies be willing and able to continue to provide needed quantities of affordable gasoline or will this give them an excuse to increase their price gouging? I want to know that the oil companies are willing partners in the implementation of the MTBE ban before the County proceeds further.

Thank you for the soliciting the opinion of County water clubs, and your concern about this dangerous substance. Any questions can be directed to me through the Club's P. O. box.

Sincerely,



Michael Giles
Secretary/Treasurer

22

26

MILKY WAY WATER SYSTEM

April 1, 2001

Tony Campos, Chairman
Board of Supervisors
County of Santa Cruz
701 Ocean Street
Suite 500
Santa Cruz, CA 95060-4069

Dear Supervisor Campos:

In response to your letter inviting my opinion about the need for, and feasibility of, enacting a local ban on the storage and sale of MTBE in Santa Cruz County, I support the recommendations of Supervisor Pirie. The information generated by the reports she recommends will provide useful information about feasibility – for instance, does a supply and system for delivery of non-MTBE auto fuel exist at this time?

In terms of need, I am strongly supportive of reducing or eliminating fuel with MTBE at the earliest possible date to protect our water supplies.

Respectfully,



Robert Bishop
Manager

22

27

GREENBELT WATER CO., INC.

P.O. Box 1958

Aptos, CA 95001

831-699-89976 – Voice ** 831-688-9208 - Fax

April 5, 2001

Mr. Tony Campos, Chairman
Board of Supervisors
701 Ocean Street
Santa Cruz, CA 95060-4069

Dear Mr. Campos:

Thank you for your letter of March 28, 2001 regarding the MTBE issue.

Along with the entire water supply community, we are extremely concerned with the possibility of MTBE affecting our water supply. However, I have concerns about using local ordinances to deal with the situation.

Our water comes from the **Purisma** Aquifer, which we are told is essentially an underground river flowing **from** the Sierra Nevada mountains. If that's the case, contamination could occur in the Central Valley, or in Silicon Valley, for example. This makes a strong argument for Statewide regulation.

In addition, the petroleum companies aren't likely to re-formulate gasoline for one county at a reasonable price. We already pay an outrageous price for gas – higher than most of the state most of the time. If we had a "Santa Cruz Formula" for gas, I hate to think of what the gas companies would charge us. It would surely add to an already inflated cost of fuel. And fuel costs seem to translate up into the overall cost of energy. Energy cost is the largest single expense for a water company like ours.

It seems to me that the best alternative is to put pressure on the State for statewide elimination of MTBE at the earliest possible time. I don't know what forms this pressure might take – probably something stronger than a resolution. Possibly the threat of a local ordinance would apply pressure to the State, but would that be effective?

In any event, we fear MTBE, but we fear the effects of a purely local ordinance even more. We urge you to apply all possible pressure to the State and Federal governments to eliminate MTBE on a statewide or national level.

Sincerely yours,


Michael A. F. Mills
General Manager

22

28

Mrs. Jeanne W. Lilly
899 Calabasas Road
Watsonville, CA 95076
April 2, 2001

Tony Campos, Chairman
Board of Supervisors

This is in response to your letter of March 28 asking for opinions on the proposed ban on MTBE in Santa Cruz County.

Our small mutual water company regularly receives reports from the California Water Resources Board. These reports list all the MTBE polluters in the County and levels of pollution detected. I note that the same polluters are listed year after year, with no evidence of abatement.

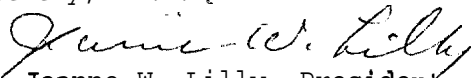
It's commendable that the County wishes to eliminate MTBE use altogether, so that it can't find its way into the groundwater. However, if the State can't control this source of pollution, I doubt that the County will have much more success.

Supervisor Pirie's letter proposes that the County try to institute a ban on MTBE before the State deadline of December 31, 2002. This is less than two years from now. Given the lengthy process: referral to the Hazardous Materials Advisory Commission, preparation of a report by the County Administrative Officer, an opinion by County Counsel, two reports on the financial cost, plus Board hearings and public notices, it is doubtful that a County ban, praiseworthy though it may be, could be in place much before the State ban.

We have to assume that Governor Davis chose the December, 2002 date based on informed advice. I don't believe that County should pre-empt this decision. Certainly, the hazard of MTBE should be widely publicized. The suggested voluntary program would be very constructive.

I feel that County efforts should be directed toward unique County problems: the inordinate delay in obtaining building permits, the exorbitant cost of permits, and the staggering backload of code violations resulting from these impositions.

Thank you for the opportunity to comment.
Sincerely,



Mrs. Jeanne W. Lilly, **President**, White-Calabasas Mutual Water Co., Inc.
Retired 21-year Associate Planner, County Planning Dept.

22

29

CENTRAL WATER DISTRICT
400 Cox Road – Post Office Box 1869
Aptos, California 95001-1869
(83 1) 688-2767

April 4, 2001

Tony Campos, Chairman
Board of Supervisors
701 Ocean Street, Suite 500
Santa Cruz, CA 95060-4069

MTBE Threat to Groundwater

Dear Chairman Campos:

With regard to your letter of March 28, 2001, addressing the issue of MTBE, the Central Water District recognizes the potential hazard facing water agencies. The ban on MTBE ordered by Governor Gray Davis **after** December 31, 2002, serves to confirm this threat and the need for action. Whether a local ban could be successfully implemented prior to that date is questionable. The ability of regional gasoline manufacturers to produce and supply the Santa Cruz area with MTBE-free gasoline in the near term may prove unlikely without conclusive evidence of an imminent threat to the local population.

I cannot respond to the degree of hazard faced by other water agencies. The Central Water District, however, is fortunate to have no commercial gasoline stations within its boundaries. The only known underground fuel storage tank is located at the California Highway Patrol Office on Soquel Drive, in close proximity to one of our production wells. Although the Water Quality Control Board has not designated this site a threat to the groundwater, the District is requesting information from the Santa Cruz County Environmental Health Department regarding testing frequency and results.

Should you have further questions regarding this matter, please do not hesitate to contact me at 688-2767.

Sincerely;)



Clarke Wales
District Manager

CW:es

22

30

2 Civic Center Drive, Scotts Valley, CA 95066
P.O. Box 680006, Scotts Valley, CA 95067-0006
(831) 438-2363 FAX (831) 438-8235



Fax

To: Tony Campos, Chairman, Board of Supervisors

From: Jon P. Sansing

Fax: 454-3262

Pages:

2

Phone

Date: April 13.2001

Ret Resolution No. **2-01** supporting the County of **Santa Cruz** in efforts to reduce or eliminate **MTBE** storage and sale of **gasoline** containing **MTBE**.

Jon P. Sansing

U

31

RESOLUTION NO. 2-01

**RESOLUTION IN SUPPORT OF EFFORTS TO
REDUCE OR ELIMINATE MTBE IN SANTA CRUZ COUNTY**

RESOLVED, by the **Board** of Directors of the Scotts Valley Water District, Santa **Cruz** County, California, that

WHEREAS, MTBE is a fuel additive which reduces air pollution, **but** which has the potential to pollute groundwater;

WHEREAS, MTBE has been labeled by the Environmental Protection Agency as a possible carcinogen and is suspected of causing cancer, respiratory irritation and other **health** problems;

WHEREAS, more than **10,000** sites in the State of California have **detectible** levels of MTBE and Santa **Cruz** County has detected at least 56 sites.

NOW, THEREFORE, IT IS FOUND, DETERMINED AND ORDERED THAT:

1. MTBE pollutes groundwater, is a possible carcinogen and is found at 56 sites within Santa **Cruz** county.

2. That this Board does hereby support the County of Santa **Cruz** in its efforts to reduce or eliminate MTBE and in its efforts to reduce or eliminate the storage and sale of gasoline containing MTBE in Santa **Cruz** County.

THIS RESOLUTION was passed and adopted on the **12th** day of April 2001, at a duly held regular meeting of the Board of Directors of the Scotts Valley Water District, by **the** following vote:

AYES: Directors – Kassis, Mayday, Hober and Kern

NOES: Directors – None

ABSENT: Directors – Watson

B Y : /s/ William Kassis
President of the Board of Directors
of the Scotts Valley Water District

ATTEST:

/s/ Deborah Hazen
District Secretary

22



Board of Directors
Daniel F. Kriege, *President*
Gary E. Hazelton, *Vice President*
James M. Bargetto
John W. Beebe
Bruce Daniels

32

Laura D. Brown, *General Manager*

April 4, 2001

Supervisor Tony Campos, Chair
Santa Cruz County Board of Supervisors
701 Ocean Street, Room 500
Santa Cruz, CA 95060-4069

Subject: Support for County's Consideration of a Local Ban on the Storage
& Sale of Gasoline Containing the Additive MTBE

Dear Supervisor Campos:

This letter is in response to the County Board of Supervisors' request for opinions from local water districts about the need for, and feasibility of, enacting a local ban on the storage and sale of gasoline containing the additive MTBE in Santa Cruz County. Soquel Creek Water District endorses the County's evaluation of such a ban. We have not researched the feasibility of this action, but from conversations with County Environmental Health Staff, it appears that a thoughtful and thorough investigation is already underway by the County. If a total ban is infeasible, then perhaps local government agencies within the County can encourage reduced use of this product.

As you know, three of Soquel Creek Water District's production wells and several private wells are in the vicinity of one of the worst MTBE spills within the Central Coast Regional Water Quality Control Board's jurisdiction. The District has been monitoring this situation closely, and we are fortunate that no MTBE has been detected in any of our water supply. The District is also acting proactively to assure that our wells are not contaminated with MTBE. In addition to regular testing, the District is in the process of hiring an independent consultant to review the clean up plans for the Quik Stop Market No.78 spill and recommend any additional actions that may be called for in order to protect District wells and the groundwater basin.

Needless to say, Soquel Creek Water District is very concerned about this matter. Groundwater is the sole source of water supply for the 45,000 people who are served by our District as well as the many others in the mid-County area who receive their water supply from private wells. Given the large number of wells located within urbanized areas of Santa Cruz County, there is a serious risk that other MTBE spills would also be close to water supply wells.

It is our understanding from discussions with County Environmental Health Staff that MTBE-free gasoline is available for our area. If this is indeed an option, we urge the County to explore it with the qualification that the report from the Hazardous Materials Commission should include information about any additives

22

Supervisor Tony Campos, Chair
Santa Cruz County Board of Supervisors
April 4, 2001
Page 2

in MTBE-free gasoline alternatives that have been identified as possible carcinogens or have other harmful effects or unintended negative consequences. We wouldn't want to repeat the history of a good deed gone wrong, which brought us the MTBE problem.

Thank you for recognizing the particular concerns this issue has for our County and exploring ways to address it sooner than any statewide ban would take place. If Soquel Creek Water District can be of assistance, please do not hesitate to contact us.

Sincerely,

SOQUEL CREEK WATER DISTRICT



Daniel F. Krieger, President
Board of Directors

DFK:LDB:jjy

cc: County Supervisor Ellen Pirie
County Hazardous Materials Commission
County Water Advisory Commission

PVWMA

831 722 3139

04/13 '01 16:43 NO.573 02/02

34



PAJARO VALLEY WATER MANAGEMENT AGENCY

36 BRENNAN STREET • WATSONVILLE, CA 95076

TEL: (831) 722-9292 • FAX: (831) 722-3139

email: info@pvwma.dst.ca.us • http://www.pvwma.dst.ca.us

April 13, 2001

Chairman Tony Campos and Members of the Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, California 95060

Re: MTBE Proposal

Dear Chairman. Campos and Members of the Board:

The Pajaro Valley Water Management Agency (PVWMA) Board of Directors has discussed your letter dated March 28 regarding Supervisor Pirie's MTBE proposal, as well as Supervisor Pirie's letter dated March 20 to your Board on this same issue. The PVWMA Board shares your Board's concern that continuing use of MTBE as a fuel additive constitutes a serious groundwater contamination threat in Santa Cruz County. Given this concern, the PVWMA Board unanimously supports Supervisor Pirie's proposal to investigate the feasibility of a local ban on the storage and sale of MTBE.

Please advise us if we can provide information or assistance as you proceed with your investigations.

Yours truly,

Charles McNiesh
General Manager



Santa Cruz County Sanitation District

701 OCEAN STREET, SUITE 410, SANTA CRUZ, CA 950604073
(831) 454-2160 FAX (831) 454-2089 TDD: (831) 464-2123

THOMAS L. BOLICH, DISTRICT ENGINEER

April 10, 2001

MR. TONY CAMPOS, CHAIRMAN
SANTA CRUZ COUNTY
BOARD OF SUPERVISORS
701 Ocean Street, Suite 500
Santa Cruz, CA 95060

SUBJECT: CONSIDERATION OF ELIMINATING MTBE

Dear Chairman Campos:

The Santa Cruz County Sanitation District (District) received your letter requesting input on the elimination of MTBE-oxygenated fuel in Santa Cruz County. The District is not a drinking water supplier and therefore cannot address the issue directly,

The District does have many vehicles and emergency power generators that run on gasoline. The fuels currently purchased by the District contain the MTBE additive. The District's primary concern, should a ban be placed on such fuels, is whether or not there is a sufficient supply of fuel that does not contain MTBE to keep our emergency power sources running during these rolling power outages. The failure of our emergency power generators could result in raw sewage spills.

Yours truly,

Charlie A Jones
For THOMAS L. BOLICH
District Engineer

SEJ/123

c: SCCSD Board of Directors

35

22

ATTACHMENT 3

Letters from Chevron Company and
Tosco Corporation
Regarding MTBE-free Gasoline Supplies

37



April 16, 2001

The Chevron Companies
4900 California Avenue, Room B-451
Bakersfield, CA 93339

Edward R. Spaulding
Manager
Government and Public Affairs
Phone 661633 4500
Fax 661 633 4478

Supervisor **Ellen Pirie**
Supervisor, District 2
Santa Cruz County
701 Ocean Street, Room 500
Santa CNZ, CA 95060

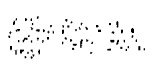
Re: Proposal to Ban MTBE in Santa Cruz County

Dear Supervisor Pirie:

In response to the invitation of your staff, Chevron appreciates the opportunity to **comment** on Santa **Cruz** County's consideration of the continued use of the additive **MTBE** in **gasoline** in advance of the state's phaseout date of December **31, 2002**. We understand **the** County's concerns about MTBE. We are in the process of eliminating **MTBE** from our gasoline, **and are** extensively modifying our California gasoline manufacturing facilities and distribution network to reduce the need for oxygenate additives such **as MTBE** and to accommodate the replacement of **MTBE** with ethanol.

Chevron supplies gasoline to **11** branded service stations in Santa **Cruz** County. Much of the Chevron gasoline already supplied to Santa **Cruz** County does not contain **MTBE**. Chevron's refinery in Richmond, California, which supplies most of Chevron's customers in Northern California, makes about two-thirds of its gasoline without adding **MTBE** or any oxygenate, **and** has been making MTBE-free gasoline since the summer of 1997.

However, until the modifications to the refinery and the distribution network are completed, we cannot guarantee MTBE-free gasoline **at** all times at **any given** retail outlet. Therefore, if Santa CNZ County adopted a ban on MTBE prior to the December **31, 2002** phaseout, it is unlikely that Chevron would be able to supply **all** grades of gasoline to its Santa Cruz County stations. Shortages of *some* grades of gasoline, perhaps extended, would be likely, with potentially significant **impacts** on our customers. Due to the potential impact on our customers, if a proposal to ban **MTBE** were to, come before your Board, Chevron would respectfully request that such a ban would not be approved.



22

38

April 16, 2001
Page 2

As an alternative to banning MTBE, the County should consider writing to the Administrator of the U.S. Environmental Protection Agency to register its support for the oxygen content waiver for California that has been requested by Governor Davis. Removal of the federal oxygen mandate would provide refiners and distributors more flexibility to sell gasoline that does not have **MTBE** added while still meeting **all** federal and state environmental requirements. A sample letter expressing the County's support for the waiver is attached for your consideration. More information is available on the California Environmental Protection Agency's web site, <http://www.calepa.ca.gov/programs/mtbe/govusepa.htm>.

Please feel free to contact me if you need additional information.

Sincerely,

Ed Spaulding / E.R.
E. R. Spaulding

22

39

April 16, 2001
Page 3

**Suggested Letter to Christine Whitman
To Move Forward with the California Waiver Petition**

The Honorable Christine **Whitman**, Administrator
U. S. Environmental Protection Agency
401 M. Street, SW
Washington, DC 20460

Dear Administrator Whitman:

I am writing you in support of the State of California's request for a waiver from the oxygen requirement under **the** federal reformulated gasoline Program. EPA should **move** forward immediately with a proposed rule to unconditionally grant the waiver request.

As you are aware, Governor Davis has banned the use of **MTBE** in gasoline in the state effective in December 2002. Additionally, California has applied for the waiver from the oxygen requirement which will:

- (1) ease and encourage early transition to MTBE-free fuel to help reduce the potential impact on groundwater,
- (2) assist the state in meeting the national ambient air quality standards, and
- (3) reduce the cost impacts of removing MTBE from gasoline.

In addition to the support of the Governor, virtually **all** members of the California Congressional delegation **also** support **the** waiver request.

[Personal statement about why **the** waiver/removal of **MTBE** from gasoline is important to the individual writing.]

I urge you to move forward to approve the California waiver request as expeditiously as possible.

Sincerely,

cc. The Honorable George W. Bush, President
The Honorable Richard Cheney, Vice President
The Honorable Gray Davis, Governor

22



T O S C O

Tosco Corporation
1500 N. Priest Drive
Tempe, Arizona 85281
Telephone: 602-728-3047
Facsimile: 602-728-5043

40

Duane B. Bordvick
Senior Vice President
Safety, Health and Environment

April 13, 2001

Supervisor Ellen Pirie
Board of Supervisors
Santa Cruz County
701 Ocean Street
Santa Cruz, CA 95060

Dear Supervisor Pirie:

Thank you for your inquiry regarding Tosco's non-MTBE gasoline in California. Tosco has been an industry leader in calling for the elimination of MTBE in gasoline. In my 1997 letter to the State of California I asked for changes in laws that would make it possible to remove MTBE from all gasoline in California sooner rather than later. The State of California acted very responsibly through the Governor's Executive Order and California Air Resources Board regulations banning MTBE use by the beginning of 2003. Unfortunately, our Federal Government did not act. Despite very strong support from federal, state, and local officials in California, Congress and the EPA did nothing. The federal mandate for the use of oxygenates (MTBE and ethanol) remains in force in California making it very difficult, if not impossible, to responsibly eliminate all MTBE from our gasoline. We are continuing the fight to get our federal government to act this year to eliminate this unnecessary mandate. I urge you to continue your strong support for a waiver from the federal oxygenate mandate.

You can find more about Tosco's position on this and other clean fuel positions by visiting our web site at www.tosco.com.

Anticipating that the federal government and our last administration would act responsibly, in December of 1999 we said upon receiving the waiver we would remove MTBE from our gasoline in California early in the year 2001. We made significant changes in our facilities and operations to allow us to fulfill our goal but, unfortunately, the important prerequisite of the federal government approval of a waiver of the oxygen requirement under the Clean Air Act did not happen. We and others in the state were disappointed and frankly shocked at this lack of action.

Nevertheless, despite the difficulty of removing MTBE from our gasoline while still meeting the federal oxygenate mandate, we have minimized our use of MTBE in California and today approximately 80 percent of the gasoline supplied

22

41

Supervisor Ellen Pirie
Board of Supervisors
Santa Cruz County
April 13, 2001
Page 2

to our Union 76 outlets in California is non-MTBE gasoline. Our gasoline is now blended with the oxygenate ethanol to comply with the federal mandate. Overall, our gasoline production in California is approximately 5 million gallons per day.

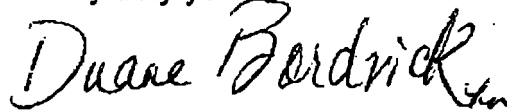
I am pleased to say that today all of our Union 76 gasoline in Santa Cruz County is made without MTBE. We started supplying these stations with non-MTBE gasoline in January. I've attached a list of these outlets for your convenience.

You asked about our ability to supply other sites in Santa Cruz County with non-MTBE gasoline. Unfortunately we are already producing all the non-MTBE gasoline we can and we can not supply additional outlets in California. The volume we are able to produce is actually limited by the federal requirement to add an oxygenate. Ethanol has some properties that make it more difficult to blend. Again, a federal waiver would help fix that problem.

We will continue to try to find ways to make more non-MTBE gasoline but frankly we may be at or close to our production limit without elimination of the federal oxygenate mandate. We are also mindful of balancing the need for clean air and clean water while maintaining an adequate supply of gasoline for all of California at a competitive price. We need federal action now.

I hope this helps in your consideration of this important issue.

Very truly yours,



Duane B. Bordvick

22

42

Santa_Cruz

SN	COT ADDRESS	INTERSECTION	CITY	STATE	ZIP	COUNTY	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01
250252	0012 1433 OCEAN ST	SOQUEL/OCEAN ST	SANTA CRUZ	CA	95060	SANTA CRUZ	27,508	27,996	27,035	25,918	31,808	22,865	27,584	35,489	28,300	31,602	44,280	39,561	45,263	39,877
252452	0012 4660 SOQUEL DR	SOQUEL/DRUMAIN	SOQUEL	CA	95071	SANTA CRUZ	44,022	52,536	35,628	53,553	44,848	55,106	53,204	62,043	65,445	62,247	44,735	81,968	44,795	53,722
253741	0012 678 E LAKE AVE	LAKE AVE/HUSBECK	WATSONVILLE	CA	95070	SANTA CRUZ	44,022	60,412	50,222	61,687	67,594	61,497	69,968	70,268	75,118	70,084	53,432	50,899	61,895	61,895
254678	0072 903 MISSION ST	MISSION ST/WALNUT AVE	SANTA CRUZ	CA	95060	SANTA CRUZ	54,198	61,866	74,767	79,386	80,290	78,634	80,469	78,913	72,410	86,681	80,069	69,202	71,121	71,232
254818	0012 1502 E SOQUEL AVE	SOQUEL AVE/PACHECO	SANTA CRUZ	CA	95060	SANTA CRUZ	108,822	119,274	115,561	102,508	114,565	105,407	105,636	124,061	128,496	131,772	159,942	139,688	129,655	116,831
254962	0042 2165 41ST AVE	41ST AVE/CROSS	CAPITOLA	CA	95078	SANTA CRUZ	62,209	53,256	61,707	61,509	61,794	63,080	61,423	60,043	66,377	104,388	87,470	86,266	84,061	79,378
254978	0012 1428 FREEDOM BLVD	FREEDOM/CHESTVIEW	WATSONVILLE	CA	95071	SANTA CRUZ	90,095	69,578	87,963	87,922	89,812	86,011	96,841	109,500	85,735	87,117	79,388	69,903	81,160	80,933
254978	0012 201 SEARIDGE	SEARID/STATE PARK DRIVE	APTOS	CA	95020	SANTA CRUZ	119,361	122,747	125,526	111,568	142,406	142,482	161,206	154,263	158,462	155,150	182,441	178,432	154,628	148,975
254983	0042 89 MT HERMON RD	MT HERMAN/SCOTT'S VALLEY	SCOTT'S VALLEY	CA	95060	SANTA CRUZ	252,964	224,588	282,054	264,040	283,394	274,727	283,875	309,701	339,478	336,279	324,151	349,392	333,940	289,034
255180	0012 1809 SOQUEL DR	SOQUEL/ARMY A	SANTA CRUZ	CA	95065	SANTA CRUZ	87,390	107,817	86,723	114,973	101,624	87,294	105,851	123,145	132,205	140,060	141,156	115,616	139,178	116,133
2811240	0042 2178 41ST ST	41ST AVE B CROSS	CAPITOLA	CA	95010	SANTA CRUZ	861,721	868,564	1,048,508	1,015,614	1,079,550	1,022,702	1,074,088	1,312,883	1,233,153	1,229,877	1,121,830	1,230,663	1,190,314	1,068,908
TOTAL							661,721	868,564	1,048,508	1,015,614	1,079,550	1,022,702	1,074,088	1,312,883	1,233,153	1,229,877	1,121,830	1,230,663	1,190,314	1,068,908

22

ATTACHMENT 4

Governor Gray Davis' Executive Order of March 25, 1999
Authorizing the Phase Out of MTBE in Gasoline in California

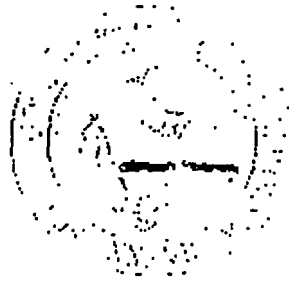
[Please click here to return to the previous page.](#)

44

Exec Order

Executive Order

EXECUTIVE DEPARTMENT STATE OF CALIFORNIA



EXECUTIVE ORDER D-5-99 by the Governor of the State of California

WHEREAS, the University of California prepared a comprehensive report on the "Health and Environmental Assessment of Methyl Tertiary-Butyl Ether (MTBE)" which has been peer reviewed by the Agency for Toxic Substances and Disease Registry and the United States Geological Survey and other nationally recognized experts;

WHEREAS, the University of California report was widely available for public review and written comment, including hearings in northern and southern California to receive public testimony;

WHEREAS, the findings and recommendations of the U.C. report, public testimony, and regulatory agencies are that, while MTBE has provided California with clean air benefits, because of leaking underground fuel storage tanks MTBE **poses** an environmental threat to groundwater and drinking water;

NOW, THEREFORE, I, GRAY DAVIS, Governor of the State of California, do hereby find that "on balance, there is significant risk to the environment from using MTBE in gasoline in California" and, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this order to become effective immediately:

1. The Secretary for Environmental Protection shall convene a task force consisting of the California Air Resources Board, State Water Resources Control Board, Office of Environmental Health Hazard Assessment, California Energy Commission and the Department of Health Services for the purpose of

22

45

implementing this Order.

2. On behalf of the State of California, the California Air Resources Board shall make a formal request to the Administrator of the U.S. Environmental Protection Agency for an immediate waiver for California cleaner burning gasoline from the federal Clean Air Act requirement for oxygen content in reformulated gasoline.

3. The California Environmental Protection Agency shall work with Senator Feinstein and the California Congressional Delegation to gain passage of Senate Bill 645. This legislation would grant authority to the Administrator of the U.S. Environmental Protection Agency to permanently waive the Clean Air Act requirements for oxygen content in reformulated gasoline to states such as California that have alternative gasoline programs that achieve equivalent air quality benefits.

4. The California Energy Commission (CEC), in consultation with the California Air Resources Board, shall develop a timetable by July 1, 1999 for the removal of MTBE from gasoline at the earliest possible date, but not later than December 31, 2002. The timetable will be reflective of the CEC studies and should ensure adequate supply and availability of gasoline for California consumers.

5. The California Air Resources Board shall evaluate the necessity for wintertime oxygenated gasoline in the Lake Tahoe air basin. The Air Resources Board and the California Energy Commission shall work with the petroleum industry to supply MTBE-free California-compliant gasoline year around to Lake Tahoe region at the earliest possible date.

6. By December 1999, the California Air Resources Board shall adopt California Phase 3 Reformulated Gasoline (CaRFG3) regulations that will provide additional flexibility in lowering or removing the oxygen content requirement and maintain current emissions and air quality benefits and allow compliance with the State Implementation Plan (SIP).

7. In order that consumers can make an informed choice on the type of gasoline they purchase, I am directing the California Air Resources Board to develop regulations that would require prominent identification at the pump of gasoline containing MTBE.

8. The State Water Resources Control Board (SWRCB), in consultation with the Department of Water Resources and the Department of Health Services (DHS), shall expeditiously prioritize groundwater recharge areas and aquifers that are most vulnerable to contamination by MTBE and prioritize resources towards protection and cleanup . The SWRCB, in consultation with DHS, shall develop a clear set of guidelines for the investigation and cleanup of MTBE in groundwater at these sites.

9. The State Water Resources Control Board shall seek legislation to extend the sunset date of the Underground Storage Tank Cleanup Fund to December 31, 2010. The proposed legislation would increase the reimbursable limits for MTBE groundwater cleanups from \$1 million to \$1.5 million.

22

46

10. The California Air Resources Board and the State Water Resources Control Board shall conduct an environmental fate and transport analysis of ethanol in air, surface water, and groundwater. The Office of Environmental Health Hazard Assessment shall prepare an analysis of the health risks of ethanol in gasoline, the products of incomplete combustion of ethanol in gasoline, and any resulting secondary transformation products. These reports are to be peer reviewed and presented to the Environmental Policy Council by December 31, 1999 for its consideration.

11. The California Energy Commission (CEC) shall evaluate by December 31, 1999 and report to the Governor and the Secretary for Environmental Protection the potential for development of a California waste-based or other biomass ethanol industry. CEC shall evaluate what steps, if any, would be appropriate to foster waste-based or other biomass ethanol development in California should ethanol be found to be an acceptable substitute for MTBE.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 25th day of March 1999.



Gray Davis

Governor of California

ATTEST:

Bill Jones

Secretary of State

[Back to Top of Page](#)

[Please click here to return to the previous page.](#)

22