

**PHILLIPS 66 BILLINGS REFINERY
CITIZENS ADVISORY COUNCIL
April 8, 2014**

MEETING MINUTES

- Present:** Council members: Ken Ard, Keith Beartusk, Paul Dextras, Lance Johnson, Shirley McDermott, Paul Miller, Mark Pagano, Melissa Patton, John Pulasky, Jim Ronquillo, Emily Shaffer, Andrew Sullivan, Dolores Terpstra, Michele Zahn
Phillips 66 management: Ray Rigdon, Colin Franks, Randall Richert, Mark Hilbert
Facilitator: Ann Clancy
- Absent:** Bob Carr, Ralph Hanser, Joshua Juarez, Bruce MacIntyre, Melanie Schwarz, Mike Yakawich, Stella Ziegler
- Guests:** Karen Paulk, Corporate Process Safety Manager
Tim Mallowney, Refinery Process Safety Director
Refinery Inspection Group: Kyle Wink, Inspector; Samantha Lacy, Area A Inspector, Nick Larson, Area B Inspector
Process Plant Technology Students: Robert Ross, Austin Wyss, Roxsant Reichert, Rancy Freeman

AGENDA

- Welcome/Introductions
- City Planning & Growth
- Water, Sewer & Wastewater Planning & Management
- RMC River Conservation Efforts
- Refinery Inspection & Public Safety
- Community, Refinery & Transportation Updates
- Next Meeting May 13, Refinery Tour

WELCOME/INTRODUCTIONS

The following guests were present at the meeting

- Karen Paulk, Corporate Process Safety Manager
- Tim Mallowney, Refinery Process Safety Director
- Refinery Inspection Group Kyle Wink, Inspector; Samantha Lacy, Area A Inspector, Nick Larson, Area B Inspector
- Process Plant Technology Students: Robert Ross, Austin Wyss, Roxsant Reichert, Rancy Freeman

Colin announced that the date for this year's Meet in the Park event in South Park will be on Thursday, September 4

CITY PLANNING & GROWTH

Candi Millar, Director of Planning and Community Services, focused her presentation on what the city does in terms of planning and growth to support Billings in being a great place to work, live and play.

Great Place to Work

The city does transportation planning and has created a 20-year long range plan that took four months to complete and includes the input of citizens and community advisory groups. The plan consists of a list of projects to address deficiencies in the city infrastructure including improving roads and intersections, adding new routes, and expanding bike/pedestrian trails. The city is required to have a 20-year plan in order to access federal funding of which the city receives a substantial amount. The federal funding contributes towards projects such as Airport Road, Bench Boulevard, and the Lockwood bypass. The plan identifies areas for commercial development through zoning of retail, service and industrial businesses. Commercial development also includes mixed-use zoning to provide housing options close to places of work. The Billings zoning code stems from 1973 so it does not adequately address current development patterns, according to Candi. With the 20-year plan, the city can include long-range planning of land use, get public input and do population growth projections. It can also focus on underutilized land that can be designated as urban renewal areas. There are three such areas in Billings: downtown, East Billings, and South Billings urban renewal districts. Property owners in these districts use the tax increment districts to create value for their businesses and improve public management of the areas. Candi noted that Big Sky Economic Development plays a key role in helping to promote business growth and identify locations for new or expanding businesses.

Great Place to Live

Candi pointed out that Billings has lots of core neighborhoods and easy access to parks. As part of the 20 year plan, subdivision developers are required to provide amenities such as parks and sidewalks in their projects. Through zoning, the city is able to identify residential areas, to not disturb mature neighborhoods, and to provide diverse housing options that match the density and transportation needs and restrictions of the areas. There are also 12 neighborhood plans that have been developed that support the 20-year plan.

Great Place to Play

Billings is fortunate to have a cultural district downtown and is working on accommodating parking in that area. The city is well supplied with parkland through the subdivision process. Candi said the Planning Dept. is most proud of the 35 miles of multi-purpose trails that have been built in and around Billings, a coordinated effort involving the Parks Department and Public Works Engineering Division.

City Growth Policies

Candi stated there are three main policies her department relies upon:

- Growth policy for the city/county, which includes values and goals and criteria by which to evaluate projects. The city is in the process of updating that document
- Annexation policy, a growth management tool to stem sprawl which is an expensive method of growth
- Infill development policy, which helps direct growth into the underutilized areas of the city using existing infrastructure, which is a much more economical way to grow.

- Complete Streets policy which the City Council adopted to look at the multi-use of streets in terms of bike, pedestrian, truck, and car traffic. The intent is to help accommodate all transportation users

Questions/Comments

The following questions/comments/suggestions were recorded:

- *Is there a long-term plan to improve Zimmerman?* The current focus is on the Billings bypass and improving Arrowhead & Bench to relieve some of the traffic need. Hopefully in the fall improvements can be made to Zimmerman. There is also a feasibility study of Hwy. 3 to Molt which had to be put on the shelf
- *What about the storm water issue on the Rims?* With weather and normal aging, there have been rock movement and separation due to frost. There is a corridor study to look at future land uses and at storm weather situations that would encompass access, storm water, bike trails on top of the Rims and improve parking access at the airport.
- *What about traffic back-ups at the railroad crossing?* Traffic signals are pre-empted by the railroad and the city is looking at that. The 27th Street route is a state highway and right now there is an ancient signal system that has 54 traffic signals tied together. To update the system is very expensive however.

WATER, SEWER & WASTEWATER PLANNING/MANAGEMENT

Public Works Director Dave Mumford gave a brief description of his department, the largest in the city, which provides design, construction, operation and maintenance of water, wastewater, storm water, streets and alleys, solid waste, traffic control, and environmental engineering.

Water, Wastewater & Sewer

In terms of water and wastewater, the city has one point of discharge and intake at the surface water facility that pulls water out of Yellowstone River at the rate of 20 million gallons/day in winter to 60-65 million/day in the summer. Recently the water treatment plant underwent a \$17 million upgrade installing sand filters. It costs \$5 million a year to process water for the city. There is a desire to build a second plant in the west end of the city to help reduce the problem of the cycle of "peaking" when water demand and flow drops and rises. A second treatment plant would help with nondegradation, i.e., no waste water into any body of water connected to the Yellowstone River.

The city has historic water rights for the Yellowstone River to accommodate up to 260,000 residents. Dave noted that well water in Billings comes from the irrigation ditches. The city is looking at whether to upgrade the existing plant to try to pull more water out of the center of the channel of the river. The current water plan pulls water first from the sides of the river. The single source is a source of vulnerability to the system and there is a need to find a better, long-range solution. There have been reservoirs built to avoid situations where for reasons such as pipeline breaks, the plant stops bringing in water and can run short. In emergency situations, the hospital corridor is kept on line as long as possible. Dave reported he is working with the City Council on a tiered system for water, especially in the summer. Right now, residents pay only one cent for 5 gallons of water delivered to their house. In the summer, some household water bills run up to \$500 per month.

The city's sewer system plant is behind MetraPark and handles 19 million gallons/day. There are 500 miles of pipe in the plant. In the city there are still places where there are wood pipes that have to be replaced. The plant is being upgraded to new EPA and state standards for

nitrogen and phosphorus emissions which also affect the Phillips 66 refinery. The city has been working with the state for the past 5 years on these new regulations which the plant is not able to reach yet (moving from 24 ml to 3 ml nitrogen level) It will require a \$65 million investment on new plant upgrades to reach the new nitrogen standard, which, according to Dave, Mother Nature herself does not Phillips 66 and ExxonMobil are in a similar position and the city has formed a coalition with the refineries to work on the new standards Phillips 66 has until June 15 to move completely over to the city water system and cease drawing water from the Yellowstone River.

Questions/Comments

The following questions/comments/suggestions were recorded:

- *When will Zimmerman Trail be re-opened?* A rock slide occurred in March during a routine maintenance project which blocked the road. Since then geologists have found large slabs of rock on the roadway, damage to the guardrail and asphalt, and a large fragment remaining that is estimated to weigh about 300 tons. Cracks in the rock on the top and sides of the slide make another break-off a strong possibility. Fortunately, there will be federal and state funding help on the removal of 7 areas of rock that either fell on the road or could fall on the road, beginning with 4 areas in mid-May. Construction quotes are at around \$1.5 million for work on these areas. The city hopes to reopen the road in June.
- *What projects are coming up?* The city has purchased 80 acres on Shiloh and King in order to create a lake and man-made wetlands as a form of storm water retention for the area which is badly needed.

ROCKY MOUNTAIN COLLEGE RIVER CONSERVATION EFFORTS

Kayhan Ostovar, Associate Professor of Environmental Science & Fish and Wildlife Conservation at Rocky Mountain College (RMC), presented on efforts by the college to involve students and faculty in river conservation. In the wake of the 2011 oil spill in Yellowstone River, environmental science professors joined with other RMC faculty to formulate an undergraduate research center that would create more meaningful opportunities for undergraduate students to participate in conservation and sustainable development field research. The Yellowstone River Research Center (YRRC) was founded as a multidisciplinary research institute composed of geologists, ecologists, wildlife biologists, geographers and social scientists from RMC. The center is focused on research interests tied to the Yellowstone River watershed and the YRRC's research programs aim to deepen understanding of the natural, physical and social processes that shape the region. Kayhan is director of YRCC for 2013-2014. There is a steering committee made up of experts from public and private sectors that helps guide the center and select student research projects to be funded.

Some YRCC projects include: glacier monitoring in the Beartooth Mountains, an annual Yellowstone River Clean-Up each September, osprey monitoring of their habitat along the Yellowstone River corridor as a biological indicator of ecosystem health, a Yellowstone River island mapping project; and a "bioblitz" in the Pryor Mountains, a collaborative project to catalog the total biodiversity of an area.

Kayhan stated that RMC would like to make a connection with Phillips 66 and the CAC in terms of three areas of focus: selecting a P66 representative to serve on the Yellowstone River Research Center steering committee, developing ways to involve the CAC and P66 in the

Yellowstone River clean up in the fall; and identifying research questions/programs of interest to P66 and the YRCC

REFINERY INSPECTION & PUBLIC SAFETY

John Holderith, Refinery Chief Inspector, gave a presentation on the technology and processes used to inspect refinery units for the purpose of ensuring public safety. John introduced some of his core inspection group Kyle Wink, Inspector, Samantha Lacy, Area A Inspector, and Nick Larson, Area B Inspector. They were present to demonstrate the different instruments used to inspect the refinery units. The refinery inspection team includes two employee inspectors and ten contract inspectors as well as a mechanical integrity/engineering leader.

John stated that the inspection program is based on the company’s core values of safety, honor and commitment. The Billings Refinery has received numerous safety awards including being selected in 2009 as the safest refinery in the U.S. and receiving a VPP Star Site award for exceeding OSHA requirements.

While the inspection team is able to inspect in smarter ways due to better technology, John stressed that the refinery is still very complicated. As a result, there are different ways of approaching inspection—from looking at 62 refinery damage mechanisms to standards from the National Association of Corrosion Engineers and corporate inspection bootcamps which consist of week-long training courses on specific process units. According to John, some of the major machines/technology used by the inspection team include:

Niton Positive Material Identification	<ul style="list-style-type: none"> • Identifies Different Metals Compositions • Tells the Difference from 304, 316, 321 Stainless Steel • 1 25CR, 5CR, 9CR • There are 3 of these instruments • Uses for all alloy steels in the refinery
Omni Scan Ultrasonic Instrument	<ul style="list-style-type: none"> • Like medical ultrasound • Performs inspections on welds • Can find areas of corrosion for evaluation
Infrared Cameras	<ul style="list-style-type: none"> • 1 camera finds heat or hot spots • 1 camera finds hydrocarbon leaks
Furnace Smart Pig Inspection	<ul style="list-style-type: none"> • Furnace tube inspection performed by Quest Integrity, Inc
Digital X-Ray System	<ul style="list-style-type: none"> • Same as an x-ray in a doctor’s office • Uses many more powerful x-rays to penetrate steel

COMMUNITY UPDATES

Jim Ronquillo reported that Sister Eunice Terry passed away on April 6. Sister Eunice, a community leader, officiated at almost all of the Neighborhood Eat and Meets over the past 15 years. She opened the events with an invocation. She was a longtime member of the historical Wayman Chapel AME Church located in the triangle area around the refinery and she was founding Mother of the All Nations Christian Fellowship Church.

Josh Juarez, unable to attend the meeting, provided Ann with information about the RiverStone Health emergency preparedness drill to be conducted April 17 between 1:00-3:00 p.m. CAC

members were invited to participate in the drill as volunteers dispensing medication. Participants will be given a gift and an opportunity to win a grand prize.

TRANSPORTATION UPDATE

Mark Hilbert reported on the transportation update:

Operations: Business is running well as the pipelines begin to fill up in April. There are river and land movement challenges as a result of the harsh winter and the corporate monitoring group in Houston is watching the snow pack and river levels in the region, seeking to be proactive about any situation that may arise.

Safety: Operations are going well in this area with no reported incidents.

Environmental: Operations are going well with no reported incidents.

People: Two people were hired to fill existing positions. The company will participate in the Jobs Jamboree to be held on April 19. A Tier 2 internal audit will be conducted in April to check for compliance in the areas of health, safety and environmental.

REFINERY UPDATE

Ray Rigdon reported on the refinery update.

Operations: The plant is running reasonably well, there have been some freeze ups with some units so a small turnaround is scheduled in May. There may be some intermittent flaring as a result.

Safety: The safety record continues to go well with only one incident in which an employee's eye injury was reported as an OSHA recordable event.

Environmental: The plant continues to run well without any environmental incidents.

People: The refinery hired 12 new operators and another 5 to 6 may be hired later in the year. Karen Paulk, Corporate Process Safety Manager, is here in Billings to conduct a Safety Boot Camp which the refinery leadership team also attended. In addition, the HR Director and Colin recently participated in a Job Council at the BSED Energy Conference the first of April.

Ray reported that senior executives will be in Billings on May 13 visiting the refinery and the refinery leadership team will not be able to attend the refinery tours.

NEXT MEETING: MAY 13

- Welcome/Introductions
- Refinery 101 Presentations & Refinery Tours
- Community Updates
- Refinery & Transportation Updates.
- Next Meeting June 10