



SACOG Board of Directors

June 12, 2014

Environmental Impact Report on Crude Oil Shipments in the SACOG Region

Issue: Should SACOG, on behalf of and in coordination with its member jurisdictions, provide comments on the Draft Environmental Impact Report for the Crude by Rail project proposed at the Benicia Refinery?

Recommendation: The Government Relations & Public Affairs Committee unanimously recommends that the Board direct staff to work with SACOG's members to prepare regional comments on the Draft Environmental Impact Report for the Crude by Rail project proposed at the Benicia Refinery, subject to approval by the Board Chair and Vice Chair, and the Chairs of the Government Relations & Public Affairs Committee and the Land Use & Natural Resources Committee.

Committee Action/Discussion: As previously discussed with the Board, California refineries are in the process of securing permits to build rail terminals to import Canadian tar sands and Bakken crude oils from the Dakotas. Several of these projects, including the Valero Refining Company project at the Benicia Refinery, intend to use existing Union Pacific tracks along the Capitol Corridor route in California. This route travels from Auburn through numerous communities in the Sacramento region. The Valero project would add approximately 100 rail cars per day of Bakken crude along this route.

As we have also discussed, in July 2013, 72 tanker cars loaded with 2 million gallons of flammable crude oil derailed in Lac-Mégantic, a small Canadian town, spilling 1.5 million gallons of crude. The resulting fire and explosions burned down dozens of buildings, killed 47 people, and caused over \$1 billion in damages. Similar accidents have occurred elsewhere, including in North Dakota, Alabama, and Virginia.

In light of these events, several of our members asked SACOG staff to facilitate a region-wide investigation and discussion of the issues surrounding crude oil rail transport in the Sacramento region. In support of that request, SACOG staff has undertaken numerous activities, including convening several meetings of staff from around the region, conducting and coordinating research on state and federal regulatory issues, facilitating and supporting meetings at Cap-to-Cap, and facilitating meetings with railroad officials. The following agencies have been represented in our meetings: the cities of Davis, Roseville, Sacramento, and West Sacramento; the Town of Loomis, the counties of Placer, Sacramento, and Yolo; Office of Emergency Service representatives from Sacramento County and Placer County; and fire officials from Roseville, Sacramento (City and Metro), and West Sacramento.

The U.S. Department of Transportation recently classified crude shipments by rail as an "imminent hazard." It is taking steps to mitigate some of the risk, including testing of Bakken crude oil to ensure that proper safety measures are used during transport by the shipper, regulations to improve tank car safety, and a voluntary agreement to slow crude trains in urban areas and install safety equipment to respond to accidents. How timely, or effective, these requirements will be in improving safety is not yet known.

Mitigating the impacts of transporting crude and other commodities by rail has been a challenge, as the railroads and other entities involved in the transport of crude claim they are subject to federal law but not to California law. They are asserting federal preemption and arguing that other agencies have no authority to mitigate their impacts. However, this is not the complete story. Every permitting agency - cities, counties, and air districts -- has the authority to deny land use and other permits if the applicant refuses to mitigate impacts. The City of Benicia has the land use authority over the Valero Project and is expected to issue a Draft Environmental Impact Report (DEIR) on June 13, 2014.

Staff from around the region came together in meetings during the last two weeks to discuss the imminent release of the Valero project DEIR. While member jurisdictions are preparing to respond to the DEIR, addressing issues of individual impact and concern, they have also requested that SACOG coordinate a response to the DEIR, if necessary and depending on the content of the document, to address common, regional issues. With the Committee's and Board's approval, comments to the DEIR would be focused on the following general areas of safety concern:

- Advance notification of shipments;
- Limitations on storage of shipments in urbanized areas;
- Support for training and outfitting emergency response crews;
- Utilization of best available freight cars;
- Priority funding for rail safety projects;
- Utilization of best available inspection equipment and protocols; and
- Implementation of positive train controls to prioritize areas with crude oil shipments.

Unfortunately, it is possible that responses to the DEIR may be due prior to the next scheduled Committee and Board meetings. Therefore, staff proposes to obtain the approval of the Board Chair and Vice Chair, and the Chairs of the Government Relations and Public Affairs Committee and the Land Use and Natural Resources Committee, prior to the submission of formal comments on the DEIR.

Approved by:

Mike McKeever
Chief Executive Officer

MM:le

Key Staff: Kirk Trost, Chief Operating Officer/General Counsel, (916) 340-6210