

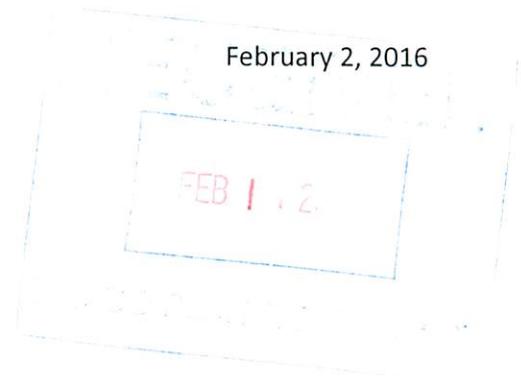
City of Gilroy Mayor's Office

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Perry Woodward, Mayor
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The Honorable Ken Topping
Chairperson, County of San Luis Obispo Planning Commission
976 Osos Street, Room 300
San Luis Obispo, CA 93408

Dear Chairperson Topping:



On behalf of the Gilroy City Council, we write to express our opposition to the proposed Phillips 66 Company Rail Spur Extension and Crude Oil Unloading Facility Project (Santa Maria Rail Spur Project).

The Santa Maria Rail Spur Project is located in San Luis Obispo County and would provide an extension of an existing rail spur for the delivery of crude oil to Phillips 66's Santa Maria Refinery facility for processing. As outlined in the Draft Environmental Impact Report (DEIR), the Santa Maria Rail Spur Project would involve unloading up to five unit trains per week, with a 250 annual maximum number of trains. Each unit train would include up to 80 rail cars, with each carrying between 26,076 and 28,105 gallons for a total barrels of crude oil per train ranging between 49,670 and 53,532 barrels. Operation of the trains to and from the refinery would be performed by Union Pacific Railroad (UPRR) on its tracks, and on trains operated by UPRR employees. The DEIR indicates that trains would arrive at the Santa Maria Refinery from the north or south and it is unknown which route UPRR would use to deliver the trains.

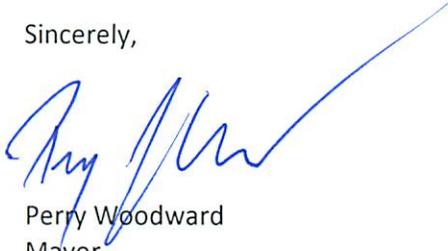
The City of Gilroy has a direct interest in the Santa Maria Rail Spur Project as trains arriving at the refinery from the north would travel directly through our City.

The environmental hazards and community risks associated with oil transportation, particularly in densely populated urban areas, are significant. Shipping hazardous materials is inherently dangerous due to the risk of possible spill, explosion, and/or fire and subsequent environmental contamination. Federal agencies have documented a significant increase in the number of rail accidents involving oil rail cars in the United States in recent years. According to the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA), more oil was spilled in train accidents in the United States in 2013 than in the previous 38 years combined.

Air quality in our City would be adversely affected by pollutant emissions from the mainline rail operations. In fact, the DEIR states, "mainline emissions would exceed most other air district thresholds." This situation is exacerbated by the lower speed at which trains move through highly populated areas, which includes a significant portion of the route through our City. Lower speeds must be used in such areas and more emissions occur due to the slower speed.

The safety and health of our City's residents would be threatened if the Santa Maria Rail Spur Project is built and becomes operational. Additionally, the environmental risks and hazards are significant. It is for these reasons, our Council strongly oppose this project and requests that it be denied. The Council recently adopted a resolution opposing the Santa Maria Rail Spur Project, which is enclosed.

Sincerely,



Perry Woodward
Mayor
City of Gilroy

Sincerely,



Ed J. Tewes
Interim City Administrator
City of Gilroy

Enclosure

cc: County of San Luis Obispo Board of Supervisors
County of Santa Clara Board of Supervisors
State Elected Officials
Federal Elected Representatives

RESOLUTION NO. 2016-10**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GILROY OPPOSING THE TRANSPORTATION OF CRUDE OIL BY RAIL, SPECIFICALLY THE PHILLIPS 66 RAIL SPUR EXTENSION PROJECT AND CRUDE OIL UNLOADING FACILITY IN SAN LUIS OBISPO COUNTY, AND AUTHORIZING THE MAYOR AND CITY ADMINISTRATOR TO SEND A LETTER OF OPPOSITION**

WHEREAS, 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; and

WHEREAS, existing rail terminals are securing permits to import Canadian tar sands and Bakken crude oils to the existing Santa Maria Refinery in central California; and

WHEREAS, the proposed Rail Spur Project (the "Project") is designed to accommodate trains carrying approximately 80 train cars of crude oil to the refinery at any one time; and

WHEREAS, the Project is currently before San Luis Obispo County for approval, and trains delivering crude oil for the Project would use Union Pacific Railroad ("UPRR") rail tracks through City of Gilroy (the "City") and Santa Clara County (the "County"); and

WHEREAS, for the first time, United States Energy Information Administration ("EIA") is providing monthly data on rail movements of crude oil, which have significantly increased over the past five years; and

WHEREAS, the new data on crude-by-rail movements are integrated with EIA's existing monthly petroleum supply statistics, which already include movements by pipeline, tanker, and barge; and

WHEREAS, the new monthly time series of crude oil rail movements includes shipments to and from Canada and dramatically reduces the absolute level of unaccounted for volumes in EIA's monthly balances for each region; and

WHEREAS, crude oil, like that coming from the Bakken shale reservoir, is known to be volatile, highly flammable, and contain elevated concentrations of benzene, a potent carcinogen; and

WHEREAS, tar sands crude or bitumen is known to be an extremely viscous form of petroleum that will not flow unless heated or diluted with other lighter hydrocarbons that include toxic substances, and is known to be extremely difficult to clean up when spills occur, especially in aquatic ecosystems; and

WHEREAS, almost 500,000 carloads of crude oil were transported by rail in 2014, up from

9,500 in 2008; and

WHEREAS, crude oil now accounts for 1.6% of total carloads for U.S. railroads, according to the Association of American Railroads; and

WHEREAS, this statistic is accompanied by a similar rise in spectacular accidents, 143 incidents in 2014 alone affecting 21 states and 57,600 gallons of oil spilled; and

WHEREAS, more crude oil was spilled in U.S. rail accidents in 2014 than in the preceding four decades; and

WHEREAS, rail incidents involving crude oil jumped nearly sixteen fold between 2010 and 2014, and the rise in crashes accompanies the burgeoning rail traffic from North Dakota's Bakken shale to points all over North America; and

WHEREAS, oil train accidents spread from 8 states in 2010 to 21 states in 2014, according to the consulting firm Clear View Energy Partners' analysis of data from the U.S. Pipeline and Hazardous Materials Safety Administration; and

WHEREAS, rail incidents are still happening in 2015, including the fiery derailments recently in Mount Carbon, West Virginia, and Galena, Illinois; and

WHEREAS, both of these incidents involved the newer CPC 1232 cars initially proposed as a safer alternative to the DOT-111 cars involved in other accidents, such as the deadly derailment and crash in Lac-Mégantic, Quebec in July 2013, that killed 47 people, and caused over \$1 billion in damages; and

WHEREAS, in July 2010, Enbridge Energy Partners LL, reported a 30-inch tar sands oil pipeline burst that caused more than 1 million gallons of tar sands to flow into Michigan's Kalamazoo River and, in June 2015, the U.S. Department of Justice has lodged a proposed Consent Decree on behalf of federal, state, and tribal natural resource trustees to resolve natural resource damage claims arising from this incident; and

WHEREAS, in 2015, there was a 20-car oil train derailment in rural eastern Montana spilling 35,000 gallons of crude oil; a 109-car crude train derailment in North Dakota causing six cars to catch fire and an estimated 60,000 gallons of oil to spill; a 21-car train derailment (of a 103 tank car) resulting in at least 5 cars rupturing and causing fires and wreckage to burn for several days and threatening a tributary to the Mississippi River and the Upper Mississippi National Wildlife and Fish Refuge, which is one of the most complex ecosystems in North America; and a 27-car crude oil train car derailment in West Virginia with 19 train cars catching fire and spilling oil into the Kanawha River; and

WHEREAS, the operation unit and manifest trains to and from the refinery would be performed UPRR on UPRR property, with trains entering California at five different locations (one at the north end of the state from Oregon, two at the northeast from Nevada, one at the southeast from Nevada, and one from the south from Arizona); and

WHEREAS, depending upon the route taken by the train, the trains would arrive at the refinery from the north or south; and

WHEREAS, according to the Revised Draft Environmental Impact Report ("DEIR") from San Luis Obispo County for the Project, it is unknown what route UPRR would use to deliver the trains to the refinery; and

WHEREAS, if the northern route is used to deliver the crude oil to the refinery, the trains would travel through portions of unincorporated County areas and cities, including Milpitas, San Jose, Morgan Hill, and Gilroy, as shown on Exhibit A, attached hereto and incorporated herein, which are maps of the major UPRR routes and property in the County; and

WHEREAS, if the northern route is used to deliver the crude oil to the Project, the oil trains would travel adjacent to areas of the County that are densely populated, as shown on Exhibit B, attached hereto and incorporated herein; and

WHEREAS, if the northern route is used, the trains carrying crude oil would use portions of the same UPRR track in south County that is also used by Caltrains on a daily basis to transport visitors and residents to points in the County and points north in San Mateo and San Francisco Counties; and

WHEREAS, trains delivering crude oil traveling through the Bay Area will follow routes adjacent to densely populated areas and the San Francisco Bay Estuary and its tributaries, posing a serious threat to this ecosystem which is considered a biodiversity hotspot, sustaining significant aquatic and estuarine species and habitat, and is a treasured icon for millions of Bay Area residents; and

WHEREAS, trains delivering crude oil traveling through the Bay Area will follow routes adjacent to the Sacramento River and the Sacramento-San Joaquin Delta, posing a serious threat to the water supply for most of California; and

WHEREAS, hauling crude oil into California involves traversing some of the most challenging mountain passes in the nation, areas laced with earthquake faults and numerous unsafe old steel and timber bridges over major waterways, greatly increasing the probability of serious accidents; and

WHEREAS, the Revised DEIR concludes that the potential for a crude oil unit train to derail would increase the risk to the public in the vicinity of the UPRR right of way and the operation of crude oil trains on the UPRR tracks would increase the demand for fire protection and emergency response services along the rail routes, and that the increased risk of accident and the increase demand on fire protection and emergency response services is a significant and unavoidable impact of the Project; and

WHEREAS, the Revised DEIR also concludes that operational activities of trains along the UPRR mainline route outside of San Luis Obispo County would generate criteria pollution emissions that exceed thresholds, and that these impacts are significant and unavoidable; and

WHEREAS, the National Transportation Safety Board, as a result of recent catastrophic crude oil accidents, made recommendations to federal agencies to improve rail safety regulations for the transport of crude oil, including requirements for comprehensive worst-case scenario emergency response plans and requirements for testing and documenting the physical and chemical characteristics of hazardous materials being offered for shipment by rail; and

WHEREAS, analysis from the United States Department of Transportation of the risks associated with crude oil shipments in the United States projected that trains carrying oil would derail an average of ten times a year over the next two decades, causing more than \$4 billion in damages, and also projects that if just one of these projected derailments occurred in a high-population area in the United States, it could kill more than 200 people and cause approximately \$6 billion in damages; and

WHEREAS, the County's population of nearly 1.8 million is one of the largest in the State, following Los Angeles, San Diego, and Orange Counties and the largest of the nine Bay Area counties, constituting about one fourth of the Bay Area's total population and a train derailment within the County would cause great harm to the County's residents, environment, and economy; and

WHEREAS, the activities allowed under this Resolution do not constitute a project under the provisions of California Environmental Quality Act of 1970; and

WHEREAS, the City Council determines that adoption of this Resolution is in the public interest.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GILROY DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

Section 1.

Recitals. The City Council does hereby find, determine and resolve that all of the foregoing recitals are true and correct.

Section 2.

Approval and Authorization. The City Council does further resolve, order and/or direct as follows:

1. That the City Council hereby formally opposes the Phillips 66 Rail Extension and Crude Oil Unloading Facility Project (the "Project") and opposes using existing Union Pacific Rail Road lines to transport crude oil for the Project through the City of Gilroy and other densely populated cities in Santa Clara County and adjacent habitat and agricultural areas; and
2. That the Mayor and City Administrator are hereby authorized to send the letter, attached hereto as Exhibit C, to the County Board of Supervisors of San Luis Obispo joining other agencies by expressing opposition of the Project.

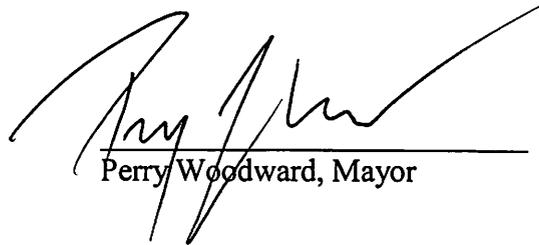
Section 3.

This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED this 1st day of February, 2016, by the following roll call vote:

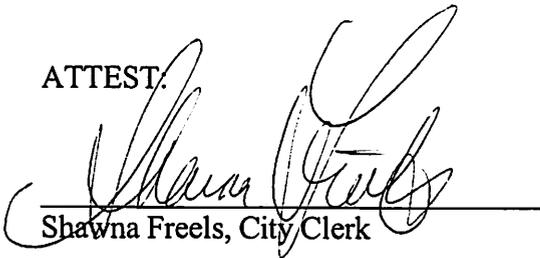
AYES:	COUNCILMEMBERS:	AULMAN, BRACCO, HARNEY, LEROE-MUÑOZ, TUCKER, VELASCO and WOODWARD
NOES:	COUNCILMEMBERS:	NONE
ABSENT:	COUNCILMEMBERS:	NONE

APPROVED:



Perry Woodward, Mayor

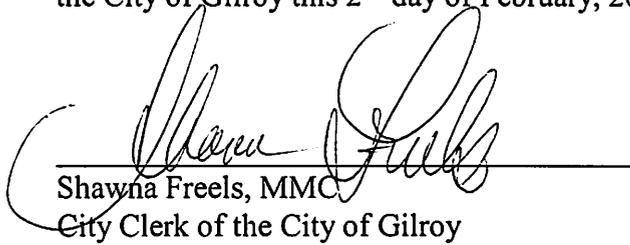
ATTEST.



Shawna Freels, City Clerk

I, SHAWNA FREELS, City Clerk of the City of Gilroy, do hereby certify that the attached Resolution No. 2016-10 is an original resolution, or true and correct copy of a city Resolution, duly adopted by the Council of the City of Gilroy at a regular meeting of said Council held on the 1st day of February, 2016 at which meeting a quorum was present.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of the City of Gilroy this 2nd day of February, 2016.


Shawna Freels, MMC
City Clerk of the City of Gilroy

(Seal)