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Dear Supervisor Ray and Mr. Wilson:

Thank you for the opportunity to comment on the Phillips SMR Rail Project REIR issued October 2014. I am deeply concerned about the proposed expansion and the potentially serious significant impacts of this action. I'm concerned that some issues cannot be fixed with mitigation, and that Phillips seems to have no plans to address those that might be lessened by mitigation. Another concern is oversight of any mitigation. SLO County may not have the funds and/or personnel to make sure the mitigations do in fact, occur. I also believe the following issues deserve particular attention: DIH-01

Discrepancies and Unanswered Questions

1. Year-Long Environmental Pollution and Congestion Accompanying SMR Construction - Not Addressed:

The proposed Rail Terminal construction will last approximately 10 months. This will add an estimated 916 additional truck/worker trips to and from the construction site. Truck traffic will include heavy duty dump trucks, concrete trucks, water trucks, flatbed semi-trucks and other construction-related equipment. DIH-02

The majority of these trips will be on Willow Road between the construction site and Highway 101, primarily during daylight hours. This will add significant air, noise, visual pollution and congestion to an area that has many thousands of existing residents. How will this year-long pollution and congestion be alleviated? DIH-02 cont

2. Discrepancy - Length of Trains versus Length of Tracks:

The inbound 80-car unit trains will consist of three locomotives, two buffer cars, and the 80 tank cars at 90 ft. each. This makes the total length of the train almost 8,000 feet, over a mile and a half long. Phillips 66 proposal states they will only be building 6,915 feet of new track. They do not give specific dimensions for the length of any spur. But they do state that each track will (supposedly) be long enough to hold an entire 8,000 foot train. DIH-03

The math does not even add up for one train. However, the REIR also states that the facility could hold a second train if needed. This discrepancy is not taken into account in the REIR. There must be a far greater understanding of exactly what Phillips is proposing ... track length and other dimensions that properly support statements in the REIR.

3. Noise Generated By Train Repairs - Not Addressed:

The REIR states (section 2.3.1) that existing track 765 will be repurposed as a "bad order" track. Bad order tracks are used to repair railcars that require repair before they can be moved again. Repairs of railcars can be very noisy and time consuming depending on the type of repair. There is no description of the type of repairs to be done on-site at Philips, when they will be done during the day (daytime or nighttime), the level of anticipated noise, nor whether and how that noise will be alleviated. DIH-04

Visual Impacts That Cannot Be Mitigated

1. A Misrepresentation Of What Will Be Visible:

Sections of the Rail Terminal Project would be seen from public roadways, walking paths and residences within the Trilogy community, looking west past Highway 1. This includes views from Via Concha Road, Louise Lane, etc. These views would include the unloading facility, railroad tracks and trains as they arrive and depart.

The "Known Viewing Area" (KVA) photos presented in the REIR were taken at the intersection of Via Concha and Highway 1. The elevation at that point is only about 197 feet above sea level. This is misleading by 50%! A more telling and accurate KVA would have been from the Trilogy homes adjacent to the second tee on the Monarch Dunes golf course. That elevation point is approximately 297 feet ... 100 feet (50%) higher! The view from that higher elevation, where the community actually resides, is far more encompassing of the Rail Terminal Project than specified in the REIR. DIH-05

2. Inserting A Rail Terminal That Blocks The "Scenic Vista":

According to the REIR -- the view looking west from Highway 1 is considered a scenic vista because of the panoramic composition of natural and agricultural land use patterns, sweeping views of the dunes and the coastline, and the Pacific Ocean beyond. The REIR indicates that the Rail Terminal and its associated trains would reduce views of the open space in the mid-ground -- which is an "important visual contributor" to the overall scenic vista. Therefore the REIR states, this would be a significant impact. DIH-05 cont

3. A Major Increase in Onsite Activity:

The REIR states (4.5.1.4) that *"between 1994 and 2011* (an 18 year period in which the Nipomo Mesa residential communities were built) *the only discernible activity is within the coke yard."* Therefore, building a rail terminal and unloading facility, plus the arrival and departure of 520 trains per year, each a 1.5 miles long, will result in a sea of change in the amount of activity to which local residents will be exposed. DIH-06

4. A Mitigation Solution That Will Not Work:

To alleviate the damage to the "scenic vista", the REIR suggests that an earthen berm be constructed around the eastern perimeter of the Rail Terminal. It theorizes that a berm 10 - 20 feet tall would block the views of the rail spur and trains. Given that homes in Trilogy are actually at an elevation some 100' higher than presented in the study, the earthen berm solution simply will not work. The visual destruction would remain unabated. DIH-07

Lighting Impacts That Cannot Be Mitigated

1. New Lighting Introduced For 50 - 60 Hours Per Week:

New outdoor lighting is proposed throughout the Rail Terminal Project. The unloading facility lights would introduce light into a new area. The perimeter of the crude oil unloading area would have floodlights on 30-foot tall poles every 300 feet. The unloading area lights would be used during the unloading operations, which could be five times per week for about 10 to 12 hours per unloading (i.e., 50 - 60 hours per week).

2. Residents Will Definitely See The New Lights: DIH-08

The closest area residents to the new rail facility would be approximately between one-half to one mile away from the newly lighted area, well within visual sight during evening hours. The earthen berms that the REIR theorizes might be a mitigation approach, is a counter-intuitive solution. The berms would be 10' - 20' high, yet the floodlights will be 30' high, 10' higher than the berms. Therefore, the impact of the lights will be visible from the elevated sites in the Trilogy community on Louise Lane, Eucalyptus Road, Tomas Court, etc.

3. Pointing the Lights Downward Is Not a Solution:

The REIR states that the new rail facility lights would be pointed downward. However, even though the lights would point downward, they would obviously be illuminating the offloading facility and tank cars beneath them. Those surfaces will be lit up brightly to help employees go about their complex work.

DIH-08 cont

The result is that residents would see bright light being reflected off the surface of everything being illuminated in the unloading facility, including the tracks, tank cars and the pumping station. Before them would essentially be a brightly lit movie set, with all the machinery and characters in motion. And local residents would unfortunately have a front row seat.

4. Incompatibility with Residential Zoning:

All of this light pollution is highly incompatible with San Luis Obispo County's having created and zoned the area next to the Phillips SMR as a residential community. To date, the community and refinery have lived harmoniously, with respect for the well-being of one another. The residents invested in their homes on the Mesa facing agricultural fields, dunes, the Pacific Ocean, and knowing that the relatively serene neighboring refinery would have its raw material was delivered only by existing pipeline.

DIH-09

If the rail terminal is approved, the entire nighttime environment of the local residential community would change due to the reflected bath of bright artificial lights. So no matter which direction Phillips promises to point their new lights, the Rail Project should not see the light of day.

Serious Environmental Threats - Five "Class 1" Damaging Impacts

The original DEIR recognized only two air quality impacts as "Class 1" *(i.e., impacts that cannot be mitigated to less than significant levels)*. However, in the REIR, the number of Class I impacts more than doubled to five impacts that are "significant and unavoidable", suggesting that the original analysis either purposely minimized these issues or was woefully inadequate in its observations.

In the new REIR, the following project impacts were classified as Class 1:

DIH-10

1. (AQ.2): Operational activities associated with the Rail Spur Project at the refinery would generate criteria pollutant emissions that exceed SLOCAPD thresholds.
2. (AQ.3): Operational activities of trains along the mainline rail route outside of SLO County associated with the Rail Spur Project would generate criteria pollutant emissions that exceed thresholds.
3. (AQ.4): Operational activities at the Refinery associated with the Rail Spur Project would generate toxic emissions that exceed SLOCAPCD thresholds.

4. (AQ.5): Operational activities of trains along the mainline rail route associated with the Rail Spur Project would generate toxic emissions that exceed thresholds.
5. (AQ.6): Operational activities associated with the Rail Spur Project would generate GHG (greenhouse gas) emissions that exceed SLOCAPCD thresholds.

DIH-10 cont

The Key Issues Surrounding the Class 1 Impacts of the Rail Spur Project:

• **Heightened Recognition of Specific Threats to Citizens' Health -** This REIR recognizes the serious nature of the health risks raised by this project. Increased risks in important health categories such as cancer, heart disease, respiratory disease (especially in the very young and very old) and premature death are recognized and in some cases the risks are quantified.

• **Heightened Recognition Of A Threat To Global Climate Change -** The impact of this project on California's and SLO County's programs to reduce the threat of global climate change is also quantified in this REIR and the increase in greenhouse gas emissions of this project are found to exceed thresholds.

• **Impractical And Unenforceable Mitigation Measures -** Although there are mitigation measures discussed in this EIR for all five Class I impacts, the EIR's discussion of the measures, for the most part, makes it very clear they are not truly feasible or adequately enforceable.

DIH-11

• **Not Taking Into Account All The Criteria For Determining Compliance With Air Pollution Standards -** An issue of great concern with the REIR is its singular reliance on emissions increase thresholds as the sole criteria for the determination of significance under the California Environmental Quality Act (CEQA). The County has identified a list of criteria that can be used as a basis for determining "significance" under CEQA. An emissions increase threshold is only one of them.

Given that Phillips Rail Spur project lies in the heart of a region where the state health standard for particulate matter is violated over 70 times per year and where the federal health standard has been violated in each of the last three years, we believe that any increase in the emissions of particulate matter at this project site violates additional CEQA significance criteria.

Air Quality and Greenhouse Gases

The Refining of Tar Sands has been linked to a Host of Major Health Problems

1. The Arrival of "Tar Sands" In SLO County:

DIH-12

The Nipomo refinery's superintendent has told local residents that with the Rail Terminal Project, there's a good possibility (we think probability) they will ship in "tar sands" crude oil from Alberta, Canada. Tar sands produce a "heavy" crude which contains substantially higher concentrations of sulfur, copper, nickel, nitrogen, lead and benzene than are found in conventional crude.

2. Health Issue #1 - Higher Levels of Sulfur Dioxide:

The main danger to local communities is that facilities that refine tar sands can and do emit significantly higher amounts of sulfur dioxide. Inhalation of sulfur dioxide is very toxic and can cause death. Exposure can lead to chest tightness, asthma, reduced lung function, respiratory weakness and cardiovascular issues. Sulfur dioxide is especially dangerous for people who have preexisting heart and lung conditions.

3. Health Issue #2 - Increased Quantities of Petroleum Coke:

DIH-12 cont

It is widely known that the refining of tar sands also yields a significantly higher amount of petroleum coke, known as "petcoke." Phillips 66 Santa Maria refinery already produces petroleum coke, stored on the refinery site as widespread, open hills of black carbon granules and fine dust. As currently stored, the fine particles from this refinery by-product can easily be blown into nearby residential areas by onshore winds, exposing residents to potential respiratory issues. Increased production and storage of petcoke could significantly impact PM10 levels on the Nipomo Mesa already exceeding the state health standard for particulate matter over 70 times per year and where the federal health standard has been violated in each of the last three years.

Biological Resources

Rail Project Poses a Myriad of Impacts on Wildlife, Land, Tourism and Residents

1. Impact on Wildlife:

Wildlife will be impacted by fuel management, vegetation removal, night lighting and storm runoff off of pollutants. Aquatic resources on the adjacent property could be impacted by hazardous material spills. (sec. 4.4-22) The REIR doesn't address how the loss of wildlife would affect people living on the Nipomo Mesa and tourism. Spill cleanups could result in significant environmental disturbance, further damaging wildlife habitat. DIH-13

2. Impact on The Monarch Butterfly Habitat:

Impacts from construction and operational activities on the Butterfly Habitat are unknown due to a lack of sufficient scientific information. A lack of information doesn't mean there won't be an impact. The Habitat is located in the Trilogy development. It's an area walkers, tourists and naturalists enjoy and are drawn to. It's been stated that the Monarchs often do not return when areas become polluted. Loss of the Habitat would cause a loss of tourists, and negatively affect local residents and SLO County overall. (4.4-43)

3. Impact on SLO County Tourism:

SLO County has a minimum of 76 streams and crossings along the UPRR mainline. To clean a hazardous oil spill would require the mobilization of emergency response units and equipment. This would harm our reputation as a vacation area. Oil contaminated areas would alienate people who now travel to here for camping, hiking and our area's natural beauty.

4. Overarching Impact on SLO County Residents:

DIH-13 cont

The Rail Terminal project will have a negative effect on our community. Damage to our unique plant species, animal species and waterways would harm our tourism economy. Residential growth (encouraged and approved by the SLO planning commission) would be negatively impacted. Homeowners are attracted to the area because of SLO County's willingness to put a protective emphasis on our natural environment, a significant attraction to people who want a quality of life with a protection of natural habitat and biological resources.

Geological Resources

REIR Lacks a Facility Inspection Plan to Counter Acts of Nature

The REIR* states that damage to structures from liquefaction** and ground accelerations from earthquakes "*could be severe*", are considered potentially significant, and could result in hazardous oil spills, risk of fire, and surface and groundwater contamination.

The REIR further states - *"As discovered* (from experience) *… existing building codes are often inadequate to completely protect engineered structures from hazards associated with large ground accelerations."* As is typical of large scale industrial facilities, there is no local permit oversight for the aging structures and equipment at the Santa Maria Refinery beyond initial construction permitting.

DIH-14

Given the severe potential consequences to nearby residences of a structural failure within the refinery operation should severe ground shaking or liquefaction occur, there should be a mechanism in place for periodic inspection and review of existing and newly constructed facilities to account for corrosion and stressing of components over time.

The potential for nearby residents to suffer harm from an incompatible and intensified industrial facility is inconsistent with the goals of the San Luis Obispo General Plan.

*Page 4.8-12, section 4.6.4, paragraphs 3 & 4
**Definition: saturated or partially saturated soil substantially loses strength and stiffness in response to an applied stress, usually earthquake shaking or other sudden change in stress condition, causing it to behave like a liquid

Hazards and Hazardous Materials

<u>Historical</u> Odds of Rail Accidents Versus What's <u>Actually</u> Occurring

Railroads and oil companies are shipping ever-larger amounts of crude by rail, attempting to calm citizens' fears about rail accidents by citing outdated, historical statistics. For example,

The Association of American Railroads proudly notes that in the past, 99.9% of rail shipments of hazardous materials, including oil, reached their destination without a spill.

Unfortunately, current data is far more sobering. In the last five years, the number of tankers of crude transported by train in the U.S. has grown from under 10,000 to about 400,000 -- that's a 40-fold increase. And over the next decade, rail oil shipments are forecast to increase from 1 million barrels a day to more than 4.5 million barrels every single day. Looking strictly at oil shipments by rail, spills are spiking. According to the Associated Press -- in 2009, before the tar sands oil boom, just one rail oil spill was reported. But now, with the recent flood of oil by rail, the landscape is far different. Through November 2013, crude oil releases were reported from 137 rail cars. DIH-15

Therefore, you can toss the industry's outdated "odds" out the window. All you need do is read the news to learn the real facts. Freight trains carrying crude oil, propane and other hazardous materials are going off their tracks at alarming rates. Why? Because more trains are carrying that material.

The reality of what's actually happening and what will continue to happen, flies in the face of the outdated, 99.9% odds and statistics handed out by railroads and oil companies. Simply put -- regardless of improvements in tank cars, far more crude oil shipped by rail equals far more trains derailing and far more disasters. It's all in the new numbers.

Phillips' "New" Rail Cars - They're Not as Safe as They Claim

Early this year (Feb. '14) in a flyer to residents, Phillips stated it is *"committed to the safety of everyone in the communities where we operate. (Our) crude railcar fleet is one of the newest and are all DOT-111 cars ... including 2,000 that meet or exceed the Association of American Railroads safety standards*. We are committed to our crude-by-rail strategy."*

However, they fail to mention that it's the DOT-111 tank cars that have been involved in most or all of the previous derailments, explosions, fires and oil spills. While those cars may be state-of-the-art, the state-of-the-art has proven beyond doubt that it's not good enough. DIH-16

- A May, 2013 Phillips press release reported on their new cars - *"During the first quarter (of 2013), the company took delivery of 400 railcars, which will transport crude to its refineries on the East and West Coasts."*

- Yet, two months later, U.S. Senator Charles Schumer warned - *"DOT-111 tank cars are tragically flawed, causing potential damage & catastrophic loss of hazardous materials during*

derailments." He called for the *"Feds to require a phase-out plan of DOT-111 cars carrying oil. The DOT-111 tank car has proven particularly prone to spills, tears and fires in the event of a derailment, and it's simply unacceptable."*

- A February '14 AP article quoted Ed Hamberger, the president and CEO of the Association of American Railroads, who said the industry has strongly urged the government to set new tank car standards. He said - "*We believe there needs to be a safer tank car.*"

So despite Phillips' desire for SLO County residents and officials to believe their new DOT-111 cars are a non-issue; they are and remain a state-of-the art safety risk. At the local level, Phillips may be committed to the safety of our communities. But it appears that at the corporate level they're far more committed to their "crude-by-rail strategy."

*As of October 22, 2014, the company had bought or ordered 3,200 railcars, and planned to boost its fleet to 3,700. http://www.reuters.com/article/2014/10/23/crude-freight-unloading-idUSL2N0SI03D20141023

Phillips' New DOT-111 Rail Cars - the REIR Bans Them from the Santa Maria Refinery

DIH-16 cont

In recent years, Phillips 66 rushed to take advantage of low cost crude and low cost transportation of that crude by purchasing thousands of their own rail tank cars. Each of these cars is the model DOT-111. This model has been involved in many derailments, during which the cars puncture or break open, spill crude oil, catch on fire and sometimes explode.

Yet this is the rail tank car Phillips continued to purchase. Their February, 2014, flyer to SLO citizens stated - *"Our fleet includes 2,000 newly acquired cars ... and all are DOT 111 cars."**

But on July 23, 2014, U.S. Federal regulators determined that oil companies and railroads were wrong in their huge escalation of crude-by-rail, using outmoded DOT-111 tank cars. The Department of Transportation decided it would now require shippers to use different cars.

- The serious deficiencies of the DOT-111 are well known and therefore taken into account in the REIR. It states (4.7-69; page 489) -- *"Only rail cars in Table 4.7.6 (on page 447), shall be allowed to unload crude oil at the Santa Maria Refinery."* And that table requires shippers to use a new model car that's yet to be produced -- the DOT-117.

Therefore, the tankers Phillips intends to use to ship its crude oil to SLO County, will be outdated DOT-111 tankers that have proven to be failure-prone.

*As of October 22, 2014, the company had bought or ordered 3,200 railcars, and planned to boost its fleet to 3,700. http://www.reuters.com/article/2014/10/23/crude-freight-unloading-idUSL2N0SI03D20141023

The Danger of Transporting Crude Oil Down The Cuesta Grade

Under the Phillips 66 proposal, five trains each with 80 fully-loaded oil tankers would arrive at the Santa Maria Refinery each week. This means that each year 20,800 crude oil loaded tank cars would be entering SLO County headed to the Nipomo Mesa.
A great many of these trains will come from the north and have to pass up, over and then down the Cuesta Grade ... a very mountainous area north of SLO with an extremely steep pass (7% grade).

If you've ever driven south down the grade on Highway 101, you know how hair-raising and potentially dangerous that area is. Regardless of the precautions one takes, it offers the perfect scenario for "runaway" cars, trucks and trains. And under the Phillips plan, their fully loaded tank cars would make their way, precariously down the Cuesta Grade. And on their return north, the same tankers would navigate the Cuesta Grade yet again.

We estimate that each train will weigh approximately 11,632 tons coming down Cuesta Grade. When an almost twelve-thousand ton object carrying volatile crude oil attempts to come down the Cuesta Grade numerous times a year, somewhere in our future is a disaster.

Indeed, the REIR states (4.11-25) "*In San Luis Obispo County, the Cuesta Grade represents an area where a runaway train could occur. A runaway train coming down the Cuesta Grade could result in spills of crude oil and associated fires.*" DIH-17

The Widespread Evacuation Required By a Major Rail Accident

If we've learned at one thing from the crude oil train accidents that have already occurred in the United States, it's that the immediate impact is not limited to the accident site alone. For example, let's take the Casselton, ND, accident where 18 tank cars exploded, toxic fumes were released, and 400,000 gallons of crude oil spilled. What happened immediately after the accident?

- All 2,300 Casselton residents were asked to evacuate their town. In fact, there was a 5-mile evacuation zone enacted. Shelters were then set up outside the evacuation zone, where local townspeople were forced to wait out the evacuation period.

Heaven forbid, but if such an accident occurred in SLO County, there would be one major difference between us and the Casselton disaster. Instead of having 2,300 residents, SLO County has 274,000 residents. It's highly likely that far more people would be included in a similar 5-mile evacuation zone.

Let's take the city of San Luis Obispo for example, with a population of 45,000, not to mention the additional 18,000 students on the campus at Cal Poly. The oil trains would come right past the campus into downtown SLO. If downtown SLO were ground zero, and we drew a 5-mile evacuation circle around downtown, how many men, women, children and students would be encircled? We don't know that answer and don't wish to find out. And we don't wish to find

out how long they'd be homeless. We need to learn from what other communities have experienced. We need to recognize that although these accidents may happen in a single spot, the damage impact has potential to mushroom out across huge swaths of communities. DIH-17 cont

Land Use

A Crude Oil Rail Yard and Terminal is a Vastly Intensified Use of the Refinery, Incompatible with Adjacent Residential Zoning

Over the last two decades, SLO County planners have encouraged residential growth and master planned communities as desirable land use on the western Nipomo Mesa, near the Santa Maria Refinery. More specifically, their intended strategies triggered the building of communities with above-average tax bases per home. In response to the planners' blessing, far more than 5,000 residents have already decided to live on the West Mesa, and the population continues to grow. Indeed, the County encourages expansion of existing communities and the construction of entirely new ones. The growth of these communities was obviously applauded by past SLO County planning commissioners. The communities were purposely licensed, to be built with the expectations of beautiful views, golf courses, a resort hotel, and a serene way of life. The area was to become and has become, a divine place to visit and play, and a prime place to live and retire. DIH-18

However, an oil-terminal rail yard will generate far greater intense activity than the historic, benign delivery of crude by pipeline. The greatly enhanced intensity and danger of what Phillips proposes, changes the entire game for Mesa residents and for the citizens of SLO County. In effect, it pulls the rug out from what was originally intended by the planners. The delivery of crude oil by rail conflicts dramatically with the existing delivery of crude via pipeline. There is no comparison it's an entirely new method of operating.

Therefore, approving the project is inconsistent with the historical decisions made by planning commissioners for the Nipomo Mesa. It would be incompatible with the long-term residential land use, planning and zoning decisions previously and consciously made for the area. The specific promise to residents of a safe, peaceful and pollution-free environment must be kept.

Noise and Vibration

Unacceptable Noise Levels from The New Rail Terminal

1. The Results of What Phillips 66 Proposes:

The REIR indicates that *"The noise model produced similar noise increases with the project as the November, 2013 DEIR"* ... and that *"The exceedances of the noise thresholds at noise-sensitive receptors are a potentially significant impact."* (see 4.9-25 of REIR). The REIR further indicates (4.9-24) that *"There are a number of uncertainties associated with estimating noise impacts. Meteorological conditions can strongly affect noise propagation and impacts, as most people have had experiences of hearing noisy activities a long distance from the source when the conditions are right. In addition, characterizing noise sources is challenging, as there are a number of potential activities, including hooking up rail cars, potential emergency annunciators* DIH-19

and the low frequency locomotive noises that can travel long distances. The models capture many of these issues, but there is not extensive data available on some issues, such as good octave band analyses of different locomotive arrangements, for example, that bring in a range of potential errors into the analysis."

Furthermore, Phillips's noise testing could be unreliable on its face. For example, let's look at the test it conducted to measure the noise level of moving railcars. (Noise Modeling Appendix D.1-4). This test lasted less than 30 minutes and consisted of moving full and empty rail cars around the spur. A total of 34 rail cars (not 80) and 2 locomotives (not 3) were used in this supposed exhaustive noise test. The conclusion drawn by Phillips was that the highest noise levels measured for the locomotive engines and rail cars at the spur *"is more than 10 dBA below the daytime ambient noise levels, which indicate that activity on the existing rail spur ... is inaudible."* The public should not assume that "all is well" based upon this very limited and unrealistic noise test.

2. How Noise Will Be Generated:

A close look at what we'd be hearing from the Phillips refinery all year long -

Noise will come from blaring train whistles, as 260 fully-loaded, 1.5-mile-long trains enter SLO County each year. DIH-19 cont

Noise will come from blaring train whistles, as another 260 empty, mile-long trains leave SLO County each year. Even more noise will come from the same 260 empty trains leaving the County, because empty cars have a tendency to shake, rattle and roll with even greater intensity than fully-loaded cars.

Rail track noise will be generated by the 520 trains coming and going each year, the seemingly, never-ending, "clickety-clack" sound produced by the wheels of trains moving over the rails.

Engine and vibration noise will be heard as 200-ton locomotives are forced to idle at crossings, in virtually every town in SLO County.

On the Nipomo Mesa, here's what residents would be hearing from the new Rail Terminal -

Engine and vibration noise will be heard as locomotives idle at the Nipomo refinery.

Onsite, ongoing mechanical, operational noise will be heard on the Mesa from the new crude oil offloading facility, new pumping systems, HVAC equipment, and air compressors.

Onsite, sharp clatter will be generated as locomotives disengage and then connect again with their tank cars - 520 trains and 41,600 tankers a year. Also onsite, noise will be heard from additional vehicles, as cars, trucks and other construction and transport vehicles work to service the new rail operations.

It is a given that trains would be moving about the spur at all hours of the night. However, the REIR leaves many details of their management plan to be developed in the future. Therefore, we have no way of knowing or assessing what mitigation measures Phillips would take. **The bottom line** - we cannot, nor should we accept on blind faith that Phillips has in fact properly monitored noise levels in the past. Likewise, we should not accept that Phillips would monitor noise levels properly in the future. DIH-19 cont

EMERGENCY RESPONSE SERVICES

Underfunded, Undertrained, Underequipped, Unprepared, Preempted

The REIR states:

a. Fire Protection Services:

(4.11.1.3) *The SMR is within a High Fire Hazard Zone. Cal Fire can request assistance from other departments. There are 5 Hazardous Materials Emergency Response teams between Paso Robles and Santa Barbara. The one in Santa Barbara is a Level 1 certified team (highest level). The others are non-certified.*

b. Emergency Response:

(4.11.2.2) *Many state agencies bear responsibilities* (for emergency response). *They are beginning to prepare for the heightened risks posed by oil by rail. Senate Bill 861 Oil Spill Prevention and Response provides funding for preparedness, spill response ... the law also imposes a tax on each barrel of crude to cover the cost of expanded spill response programs.* **(UPDATE: As of 10/8/14, Union Pacific, BNSF and the Association of American Railroads sued California over its proposed law SB 861 requiring them to come up with an oil spill prevention and response plan. They contend that federal laws are safe enough and that the laws prohibit California from imposing safety rules on trains carrying crude oil.)** DIH-20

c. Fire Protection and Emergency Response at SMR:

(4.11-23) *A single significant event at the rail unloading facility could overwhelm the first responder resources and additional emergency responders and equipment could be required. Without proper fire protection design, training, and resources the impacts of a release of crude oil or fire could have significant impacts on fire protection and emergency response services.*

d. Fire Protection and Emergency Response Along the UPRR Rail Routes:

(4.11-23) *The California Public Utilities Commission (CPUC) has identified a number of Local Safety Hazard Sites (LSHS) within California, including the Cuesta Grade. Over the past 5 years*

there have been 58 derailments at or near LSHS sites. The Cuesta Grade represents an area where a runaway train could occur.

OES (Office of Emergency Services) analysis revealed that numerous local emergency response offices lack adequate resources to respond to oil by rail accidents. Rural areas have little or no funding for firefighters and rely on volunteer firefighters. They lack the capacity to support a HAZMAT team and lack capacity to purchase or maintain necessary specialized vehicles and equipment, or to obtain training. Their response time could be hours.

Emergency responders lack adequate training in the specialized areas of oil rail safety and flammable liquid, lack critical information needed to help plan for and respond to oil by rail incidents, and how they would respond to potential worst-case scenarios.

DIH-20 cont

e. Residual Impact:

Oil spill impacts to fire protection and emergency response services along the UPRR mainline tracks would be significant and unavoidable (Class 1).

f. Preemption:

The County may be preempted by federal law from implementing (mitigation) *measures because they might improperly impact interstate commerce or the Interstate Commerce Commission Termination Act (ICCTA) which preempts state laws.*

DIH-21

g. Cumulative Analysis:

The Rail Spur Project combined with the proposed expansion of the Arroyo Grande Oil Field and the proposed Phillips 66 crude oil pipeline would increase the demand for specialized rescue services. The Nipomo Mesa has thousands of homes in the initial response area of the Mesa fire Station 22. Specialized rapid and adequately staffed response is crucial. It is necessary to provide additional prevention and operational staffing to aggressively plan and train for effective mitigation of incidents.

As discussed in impact PS.4, an analysis by OES clearly indicates that fire and emergency responders lack resources, training and information in order to adequately respond to a crude oil train incident.

DIH-22

CONCLUSIONS: The Rail Terminal Project brings a full spectrum of never-before-seen dangers to all of SLO County including the very real potential for toxic fires, smoke, explosions and oil spills. The REIR clearly states that local emergency services are currently underfunded, undertrained, underequipped and unprepared to deal with these dangers. Certainly, if the emergency services were built completely different and every single suggested mitigation

DIH-23

measure correctly implemented, then possibly those dangers could be eliminated. But reality tells us that there is no practical way to make that happen. Of course, then there's the federal preemption issue, which makes the implementation of all proper mitigation measures impossible.

Additionally, all of these measures are in response to disasters, not methods to prevent such occurrences. It's almost as if the REIR assumes that we must accept these calamities as a "new normal", and try to deal with them the best we can. Our opinion is that we simply need to say "no" to Phillips ... that we will not allow this kind of new normal to take hold in SLO County. DIH-23 cont

Lastly, there's the issue of who would pay for the huge spectrum of mitigation measures necessary to handle the catastrophes. SLO County Supervisor Caren Ray remarked on the Phillips proposal (10/10/14) -- *"We have emergency preparation we have to deal with including funding for decision making that we don't make here in the County. We have to make sure that our local tax payers don't get stuck with the bill for the rail."*

Jobs At The Phillips Facility - Is SLO County Willing To Accept "Jobs At Any Cost"?

I have no issue with the way Phillips currently operates, bringing in crude via pipeline. In fact, they've said that even if the rail terminal is approved, they'll continue bringing in crude by pipeline ... so pipeline delivery will remain part of their strategy. I also welcome the fact that their pipeline approach creates local jobs ... and we hope those jobs will be secure long into the future. Unfortunately, their rail plan comes with unacceptable risks to the citizens of SLO County. Most prominently, there's the risk of disastrous accidents, as happening and will continue to happen throughout the U.S. These rail incidents all involved jobs, jobs at refineries and jobs on the railroads. But the citizens have rights as well. They have the right to remain free from fear, free from bodily harm, free from having their property destroyed, and free from their environment being polluted.

Looking at the other side of the coin, if a major rail accident occurred in SLO County, hundreds or thousands of County jobs could be lost. Residential and commercial construction jobs could be lost. Agricultural jobs could be lost. Leisure and hospitality jobs could be lost. Proposed office parks and hotels might not be built. Those looking to invest in new restaurants, shops, and professional businesses would look elsewhere. DIH-24

SLO County has approximately 275,000 men, women, children, parents and grandparents living here ... with 36,000 now living in South County alone. An additional 31,000 college students live in the county. There are an estimated 81,000 non-farm workers employed at 7,700 non-farm businesses. That's what's at risk with the Rail Terminal Project. "Jobs at any cost" is simply unacceptable. I respect the 140 people who work at the Nipomo refinery. They have

families ... so do we. We hope Phillips, with their vast resources and many alternatives for crude oil, will see fit to keep those people employed. But a job at any cost, if it causes intolerable risk for the citizens of SLO County, is far too costly. DIH-24 cont

The Contributions of Nipomo Mesa Communities to Job Growth in SLO County

A meaningful discussion of jobs at the Nipomo refinery must also include a discussion of jobs in the communities directly adjacent to that facility. SLO County gave its blessing to build multiple residential communities in that area ... houses paying higher-than-average taxes to the County. They're communities like Cypress Ridge (375 homes), Black Lake (554), Trilogy (1,320 at build-out), and others under construction or planned. Those three communities alone represent 2,249 homes ... roughly 4,500 adults.

What does that have to do with jobs? Quite simply, those residents generate jobs - lots of them. Let's take just one community ... Trilogy.

• Let's start with long-term construction jobs. This means work for dozens of local, skilled businesses with head of household jobs. We estimate 40 small-to-mid-size companies are involved - carpenters, HVAC contractors, electricians, landscapers, painters, decorators, cabinet people, flooring professionals, and others. If each firm employs just five people, that's 200 jobs.

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• Then there are the existing homes. Residents employ services such as landscapers, plumbers, electricians, painters, flooring people, etc. Let's say Trilogy's 600 existing homes already account for 75 permanent service jobs.

• Of course, those residents also shop throughout Nipomo and Arroyo Grande, accounting for hundreds of retail jobs.

• Then there's Trilogy's Monarch Club. Best estimate is 40 permanent jobs in leisure, hospitality, maintenance and management.

• There's the Monarch Dunes Golf Course. Estimate another 25 year-round jobs.

• There's community landscaping, maintenance and repair, about another 20 permanent jobs.

• There's the planned Trilogy Business Park - a conservative estimate is the potential for 250 permanent jobs.

• There's a planned 500-room, resort-style hotel - perhaps another 250 permanent jobs.

• Trilogy plans a Village Center with retail shops and services - potentially another 100 permanent jobs.

That's about 1,000 jobs in total from Trilogy alone. Add in Cypress Ridge and Black Lake and we're talking about 2,000 or more jobs. And that doesn't include other planned developments in the area.

What does this have to do with the Phillips Rail Terminal project? It provides perspective about the 140 jobs Phillips implies will be lost if the project is denied. As a County, we need all the jobs that are created on the Mesa ... including both the Phillips jobs as well as those generated by the adjacent communities.

However, it also tells us that if a rail terminal were built there with all of its dangers, disruptions and pollution, countless jobs would be at risk. Why? The communities mentioned would all be far less desirable places to live and visit. Who would want to invest in a home or vacation next to a busy, polluting, dangerous oil rail terminal?

Very likely, fewer homes would be built. Construction jobs would be lost. Home values could suffer, along with declining taxes. Fewer services would be required. It's less likely that a resort hotel would be built. The Village Center retail shops would be less likely. Other shopping at downtown retail stores would be in jeopardy. DIH-25 cont

And what would happen to jobs if there were a major accident at or near the rail terminal? Not only would the communities' reputations be tarnished, but part of the communities might be physically destroyed or dangerously polluted. And we don't have to go into detail how that would affect jobs ... from leisure/hospitality jobs to tradesmen to retail and other service jobs.

So, any time you hear that the Phillips 66 Rail Terminal Project will have an impact on jobs, please broaden your thinking. Thousands of existing and future jobs are at stake ... throughout the Nipomo Mesa, and throughout SLO County.

Supervisor Ray and Mr. Wilson -- I truly appreciate your being advocates for the citizens of SLO County. Thank you for taking these extremely serious issues into consideration.

Sincerely,

Heidi DiSalvo