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November 19, 2014

Mr. Murry Wilson
San Luis Obispo County
Department of Planning and Building
976 Osos Street, Room 200
San Luis Obispo, CA 93408

RE: Phillips 66 Company Rail Spur Extension and Crude Unloading Project
Revised Draft Environmental Impact Report and Vertical Coastal Access Project Assessment

Dear Mr. Wilson:

The Board of the Santa Maria Valley Railroad has reviewed the revised Draft Environmental Impact Report and Vertical Access Project Assessment for the Phillips 66 Company Rail Spur Extension and Crude Unloading Project Assessment (Draft EIR). The Board fully supports the Phillips 66 Company Rail Spur Extension Project:

1. Providing the means for additional feed stock to be directed to the refinery will allow the facility to operate closer to their permitted capacity, increasing the efficiency of the refinery's overall operation, and allowing the operator to stabilize their workforce.

2. The volume of petroleum feed stock in the United States and Canada is on the rise. Refiners are scrambling to handle this increase. It is more efficient and environmentally sound to direct feed stock to existing refineries with available capacity first, and then, when all options are diminished, consider expanding existing or building new refining facilities. SMVRC-01

3. Unit train, single commodity shipment is the safest, most efficient means for across the land transport. The rail spur expansion project will support and facilitate unit train shipments of crude feed stock into the refinery. SMVRC-02

4. Union Pacific's coast line currently operates at between 20-30% of its historical peak level of operations experienced in the 1970's and 1980's. Ample capacity for increased freight traffic exists on this line. The volume of rail transport can easily increase without adverse impact to existing freight or passenger business. SMVRC-03

5. An increase in base-line traffic on the coast line attributed to unit petroleum trains will allow Union Pacific to stabilize their operations and maintenance forces on the coast. In

addition, it will allow the carrier to enhance manifest freight service, thereby directing additional trains along the coast route that may currently be moving up and down the San Joaquin Valley. SMVRC-03

The Board would like to point out that the Draft EIR includes much analysis on the entire Union Pacific Railroad's line haul rather than focusing on the actual project and railroad operations locally as it pertains to the project. Consideration of the Draft EIR should be placed on the project itself rather than the nationwide railroad system. To address the public's concern for the state of the railroad industry and industry's safety record and policies and procedures, railroads are heavily regulated at Federal and State levels, and the industry is self-regulated. Both the government regulators and the railroad industry are continuing to improve in what is the safest bulk transportation infrastructure in the nation.

All railroads are regulated by the Federal Railroad Administration. The FRA has stringent rules for all operating aspects of the nation's railroads. Additionally the California Public Utilities Commission regulates railroads in California. Both the FRA and CPUC regularly inspect all railroads in California.

SMVRC-04

The Association of American Railroads sets policies for railroads nationwide. The Union Pacific Railroad's company policies and procedures meet and exceed Federal and State guidelines. Together everyone in the railroad industry takes safety seriously continuously take steps to increase rail safety.

Crude oil and other hazardous products have been hauled through this area safely for many years. Historically local railroads have hauled crude oil in high volumes safely and without incidents. Union Pacific Railroad has been hauling unit trains of crude oil through the Central Coast for many years without incidences. The Santa Maria Valley Railroad hauled large amounts of crude oil volumes exceeding this project, from 1911 through the 1950's safely without incidents. This was in a period of rail cars and equipment and policies and procedures were up to today's standards.

**Specific comments to the Draft EIR**

Pages ES-5, 1-4, 2-2 "American Railroad Association", the correct name is the Association of American Railroads. SMVRC-05

Pages 4.9-26 and 4.9-32 Mitigation Measures
N-2a 3) *No horns, annunciators or other signaling devices are allowed unless it is an emergency.*
According to the Draft EIR plans, there appears to be several crossings within the plant. Typically for the safety of plant employees and contractors, trains may be required to blow their horns across crossings, both public and private. It is recommended that warning devices for crossings private or otherwise, be developed to CPUC standards and a possible solution to alert to the safety of plant personnel when trains are in motion without an audible warning device. SMVRC-06

Page 4.11-28 Mitigation Measures

PS-4c and PS-4d

Just to comment, the Santa Maria Valley Railroad every other year hosts TRANSCAER, (**Trans**portation **C**ommunity **A**wareness and **E**mergency **R**esponse) a voluntary national outreach effort that focuses on assisting communities to prepare for and to respond to a possible hazardous materials transportation incident. Invitations were extended to first responders in both Santa Barbara and San Luis Obispo Counties. No agency from San Luis Obispo County had attended these free training programs. SMVRC-07

Page 4.12-34 4.12 Transportation and Circulation

SCRRA Lines

*The stretch of track from Moorpark to Van Nuys is operating near its practical capacity. This is due to a single track segment between CP Raymer just north of Van Nuys Station and CP Bernson just south of Chatsworth.*

It is noted that according LOSSAN, an additional track is needed along this stretch to assure adequate capacity in the future. Southern Pacific Railroad was under financial stress for a number of years and sold the northern and southern portions of the Coast Line off to various agencies. We feel it is the responsibility of these agencies to invest and provide the adequate capacities needed to serve freight railroads. SMVRC-08

This has had a direct impact on the Santa Maria Valley Railroad. Freight traffic on the SMVRR has quadrupled since the takeover of new management four years ago. Now with longer trains service has eroded. Typically the rail cars destined for Guadalupe is staged at the former General Motors yard in Van Nuys (Gemco) from a daily local train originating in West Colton. Twice a week a hauler services the Guadalupe yard, consisting of cars for the Santa Maria Valley Railroad, Phillips 66 Refinery, Imery's World Minerals, and other customers from Lompoc to San Luis Obispo. There have been instances the past year with trains out of Gemco that are over 7,000 feet long being held up by Metrolink dispatchers. This causes delays up to 24 hours or more, causing delays to all of our customers.

Page 4.12-37 1.12.5 Cumulative Analysis

Rail Traffic

Proposed Coast Daylight Service

In regards to the proposed Amtrak Coast Daylight service in which the current Amtrak Pacific Surfliner which terminates and originates in San Luis Obispo mid-day be extended to the Bay Area, improvements will be required to keep the Coast Line fluid. The additional passenger train will be a scheduled train whereas additional freight trains could be slotted as to minimize the impact of passenger trains and existing freight trains. Also passenger trains are typically shorter and run at faster speeds than freight trains. Scheduled passenger trains which are typically shorter and run at faster speeds than freight trains is a dispatching challenge to keep the main line fluid and to not delay trains. In regards to letter from Mr. Peter Rodgers of SLOCOG, the Phillips 66 project should have no bearing on the proposed Coast Daylight Service. SMVRC-09

Under Federal law railroads are common carriers which are required to transport freight products for their customers. Freight customers cannot be required to pay for a passenger slot for freight service.

Page 9-1 9.0 Vertical Coastal Access Assessment
In regards to the Vertical Coastal Access, crossing the Union Pacific Railroad main line needs to be a grade separated crossing. At grade crossings are dangerous, and all railroads discourage new at grade crossings.

SMVRC-10

As the local short line railroad serving the Santa Maria Valley and the Central Coast as the handling carrier of Union Pacific Railroad, thank you for the opportunity to comment on the revised Draft Environmental Impact Report and Vertical Access Project Assessment for the Phillips 66 Company Rail Spur Extension and Crude Unloading Project Assessment.

Sincerely,

Rob Himoto
President, Santa Maria Valley Railroad

cc: Al Sheff, GM, Santa Maria Valley Railroad
Greg Wallen, Manager of Road Operations, Union Pacific Railroad
Lori Trout, Short Line Marketing Manager, Union Pacific Railroad
Liisa Stark, Manager Public Affairs, Union Pacific Railroad

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| SMVRC-01 | The comment does not identify a specific environmental analysis or CEQA issue relative to the EIR and compliance with CEQA. The commenter's statements about benefits of the project to the SMR are included in the FEIR for the decision-makers' consideration as part of the County's deliberations on the proposed project. |
| SMVRC-02 | The comment does not identify a specific environmental analysis or CEQA issue relative to the EIR and compliance with CEQA. The commenter's statements about the safety of unit trains are included in the FEIR for the decision-makers' consideration as part of the County's deliberations on the proposed project. |
| SMVRC-03 | This comment does not identify a specific environmental analysis or CEQA issue relative to the EIR and compliance with CEQA. The comment about the lower operating level of rail traffic on the Coast Line and that the proposed project would help to improve operations and maintenance along the Coast Line are included in the FEIR for the decision-makers' consideration as part of the County's deliberations on the proposed project. |
| SMVRC-04 | The RDEIR address the impact of the project at both the SMR and along the mainline rail routes as required by CEQA. The other comments about the safety of the rail lines and the fact that crude oil and other hazardous products are moved via the Coast Line on a regular basis have been included in the FEIR for the decision-makers' consideration as part of the County's deliberations on the proposed project.<br><br>Section 4.7, Hazards and Hazardous Materials, discusses the various agencies that regulate the mainline tracks in California and acknowledges that the Coast line is currently use to haul other hazardous material as well as crude oil. |
| SMVRC-05 | The text in the Executive Summary, Introduction, and Project Description has been changed to Association of American Railroads (AAR). |
| SMVRC-06 | Mitigation has been added to mitigation measure N-2a to indicate that, if horns and annunciators are needed for worker safety, then non-audible systems shall be developed. |
| SMVRC-07 | This comment does not identify a specific environmental analysis or CEQA issue relative to the EIR and compliance with CEQA. The states that the Santa Maria Valley Railroad hosts a Transportation Community Awareness and Emergency Response program every other year. This program is a voluntary outreach effort that focuses on assisting communities to prepare for and respond to possible hazardous material transportation incidents. Invitations have been extended to SLO County first responders, but nobody from these agencies has attended these free training programs. This comment has been included in the FEIR for the decision-makers' consideration as part of the County's |

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| | deliberations on the proposed project. |
| SMVRC-08 | The RDEIR provides a discussion of the current traffic state of the mainline rail routes that the proposed project would use. The tracks discussed in the comment are owned and operated by Metrolink, which is responsible for dispatching trains. The RDEIR addressed the impact of the proposed project unit train on passenger rail service and found that it to be less than significant. |
| SMVRC-09 | The RDEIR addressed the impact of the proposed project on the Coast Daylight Service as part of the cumulative impact analysis (see Chapter 4.12, Transportation and Circulation). The RDEIR found that the addition of one crude oil unit train would not have a significant impact on the ability of the Coast Line to handle the Coast Daylight Service. |
| SMVRC-10 | Chapter 9.0, Vertical Coastal Access Assessment, states UPRR has stated that they would oppose any application to the CPUC that would change the existing at-grade crossing from private to public (see NOP letter from Randolph, Creger & Chalfant LLP in Appendix H). The CPUC Policies and Procedures require that public railroad crossings use a separated grade, unless it can be shown why a separation of grades is not practicable (CPUC Policies and Procedures, Rule 3.7). In discussion with CPUC staff, they have stated that any railroad crossings that changes from private to public use must have a separation of grade (Personnel Communication with CPUC staff 2013). |