From: rachelle toti <rachelletoti@gmail.com>
To: mwilson@co.slo.ca.us, p66-railspur-comments@co.slo.ca.us
Date: 11/24/2014 01:16 PM
Subject: Revised EIR Comments - Rail Spur

Dear Mr. Wilson,

In my January 25, 2014 comments I pointed out several major issues with this project, naively expecting one or two to actually be addressed. Unfortunately, the revised EIR simply confirms the air quality impacts will be Class I impacts and the other issues such as safety, biological and water resources are still in jeopardy. For this reason I must urge the Planning Commission to disapprove this project request. TOR-01

I live on the Nipomo Mesa near Callender Road and Highway 1, maybe a quarter mile away from the train tracks. If there were any derailment or explosion, our little neighborhood of 30 homes would certainly be destroyed or severely damaged. Further, I can see the refinery from my backyard, I smell the Sulfur smell from the coke piles on occasion and keep my windows closed for that very reason. Adding more Intensity of Use at the refinery would likely create a nuisance for our neighborhoods.

Years ago, the Planning Commission decided to build homes on the Mesa, fairly close to the refinery in the case of Trilogy. At that time I doubt it was considering expanding the refinery with a rail spur and changing the mode of oil transportation from pipeline to trains. Now that the decision has been made to increase housing in the area, it is incompatible to increase the use and allow the building of a mini- train depot in the area. The land use, planning and zoning decisions have been made. The County opted for the steady taxes from thousands of homes rather than turning the Mesa into and industrial area. You can't have both. I have lived near the Mobil refinery in Torrance California and I can confirm that the homes closest to the refinery are much less valuable than those a mile away. Plus they have the added burden of worry over emissions, accidents, fires,and explosions occurring at the refinery. The schools actually have drills for such an accident, where heavy fabric/towels are placed across the doorways , windows are shut to keep vapors out and students shelter in place. TOR-02

All of my concerns about biological, air and water pollution from a spill remain the same. This EIR has not addressed these concerns in any meaningful way. I suggested Ultra Low Emitting Locomotives and diesel PM filters, none is mentioned. I suggested building berms around our dune lakes and Oso Flaco Lake, none mentioned. The Tier 4 engines mentioned are required by the EPA starting in Jan 2015 and will take years to change to, in the meantime, the older more polluting ones will be used. TOR-03

Safety of all people in SLO County is being put at risk with this project . Emergency response services are not provided. The County lacks the resources, personnel and training to deal with a rail car derailment with Hazardous Materials like crude oil. If you can't put out the fire, don't invite more trains into SLO in the first place. Think of the loss of jobs that could occur TOR-04

if an explosion occurred in the city of San Luis Obispo, or Pismo Beach or Grover Beach. Sure you could get low cost loans to rebuild, but how long would that take. This County has experience in that area with the explosion in Avila Beach years ago. Just envision that times ten. I am pretty sure people are not flocking to the sites of the latest spills, explosions or derailments for their vacations. TOR-04 cont

You should consider the Cumulative Impacts of the various oil production/exploration projects before the Commission and likely to be proposed in the future. Price Canyon, Huasna Valley and Porter Ranch are all on the drawing board so to speak. Each of these areas is beautiful right now, with the exception of a few oil rigs. Are you really prepared to transform this area into Bakersfield ? for what? Taxes on oil produced? Production which can be turned off at the drop of a hat when it becomes too expensive. The cost of fracking is about $75 per barrel, once the cost of a barrel drops below that, it is no longer profitable. Crude fell below $75 per barrel last week and may stay there for the foreseeable future. See http://www.forbes.com/sites/greatspeculations/2014/11/21/falling-crude-oil-prices-could-begin-to-hurt-caterpillar/ TOR-05

. Additionally, transporting by rail is one of the most expensive ways to move oil. The bottom line is this project puts much at risk for what may be a short-lived profit for a huge corporation. TOR-06

Lastly, air quality is a major factor to consider with this project. AQ.2, .3, .4,.5, .6 The County is already in federal non-attainment for PM 2.5 and 10. It is being sued for failing to address the pollution coming from its land (the La Grande tract). How long do you think it will be before a complaint/lawsuit is filed against the refinery (as has happened in the past)? The people who have retired here come from all over the country and have the expectation that they will have clean air and water. TOR-07
This project endangers both all (throughout the county)
and your residents have shown they will not quietly accept it.

For all of the above reasons this project should not move forward.

Sincerely,

Rachelle Toti

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Falling Crude Oil Prices Could Begin To Hurt Caterpillar

Trefis Team , Contributor

Comment Now

Caterpillar's revenue has already been suffering from a decline in its Resource Industries segment due to weak demand for machinery and equipment in the global mining sector since the fourth quarter of 2012. Now, to add to its woes, crude oil prices have declined to a level where Caterpillar's (CAT's) Energy & Transportation segment may begin to feel the pinch. This is a cause for concern for the company, since Energy & Transportation was the only segment that it could rely on for growth in the short term, as the company's Construction Industries segment also took a dive in the third quarter due to poor sales in Brazil. CAT's Energy & Transportation segment will also feel the heat in the coming year from lower sales of locomotives in the U.S.

See our complete analysis of CAT here

Crude prices drop to possibly unsustainable levels

During its recent quarterly earnings meet, CAT touched upon the impact of the declining crude price on the overall oil & gas industry. According to CAT and its customers, crude oil price within the range of $80-$90 was sustainable for production. However, low 70s *would bring a chill across the market* and will likely impact CAT's business. On Wednesday, November 19, 2014, crude oil prices moved to reach that level when light sweet crude futures on the New York Mercantile Exchange closed below $75 per barrel for a December delivery.

Things aren't looking particularly good for crude oil prices in the near future considering that a recent report by the U.S. Energy Information Administration revealed results completely contradictory to market expectations. According to the EIA, for the week ended November 14, U.S. crude supplies increased by 2.6 million barrels, compared to market expectations of a decline of 660,000 barrels. Apart from growth in production in the U.S., global crude oil supply is also receiving a boost due to

the unwillingness of the Organization of the Petroleum Exporting Countries to lower their output, fearing that it will negatively impact their market share. On the demand side, China, the largest oil importer in the world, is likely to import less in the near term given that its GDP growth is expected to decline from 7.7% in 2013 to 7.3% in 2014 and 7.1% in 2015.

With a significant demand supply mismatch, we do not expect to see an increase in crude oil prices any time soon. This certainly sparks a concern for CAT, whose sales to the oil & gas industry account for more than 25% of its Energy & Transportation revenue and also a considerable portion of its Construction Industries revenue. If crude oil prices continue to remain at the present unsustainable levels, many of CAT's oil & gas industry customers may have to shut shop, which will have a negative impact on CAT's revenue.

Caterpillar could suffer due to delayed response to locomotive emissions requirements

U.S. railroads have been looking for new locomotives or retrofit kits for existing locomotives that would help them remain compliant with the latest emissions standards, which will come into effect from January 2015. This would have been a great growth opportunity for CAT's Energy & Transportation segment, which also manufactures locomotives, if it would have been able to offer the railroad industry with the required locomotives.

CAT had announced that it will not have emissions-compliant locomotives ready for production anytime before 2017. It anticipates its demonstration models to be available only by next year. By the time CAT will be able to deliver production ready units, General Electric will already have captured a large chunk of the market. GE has already begun testing its locomotives for compliance with the latest emission standards and should be able to provide emissions-compliant locomotives by next year. This loss of market share could be a significant blow for CAT, 70% of whose locomotive revenues are generated through sales to the U.S. railroad industry.

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Responses to Rachelle Toti Comments

TOR-01	The RDEIR addresses the potential impacts and recommends mitigation measures for the proposed Project consistent with the requirements of CEQA. Section 4.3 (Air Quality and Greenhouse Gases) addresses GHG emissions, criteria air emissions and health risks. The EIR concludes that emissions of criteria, GHG and toxic pollutants would exceed the SLOCAPCD thresholds and would be a significant impact. A public hearing on the proposed Project will be scheduled for the San Luis Obispo County.
TOR-02	The South County Coastal Area Plan (SCCAP) does not prohibit expansion of industrial uses at the SMR, although it describes the benefit provided by the existing buffer as "an area where wind-carried pollutants can be deposited on-site thereby not affecting neighboring properties". The Rail Spur Project's consistency with this policy of the South County Coastal Area Plan is discussed in Appendix G of the RDEIR, which states that the Project may be potentially inconsistent with this policy as proposed alterations "would require an extension of industrial development into vacant areas that are recognized by the policy as providing a desirable buffer from adjacent uses". The potential inconsistency is further discussed in detail in Section 4.8 of the RDEIR, Land Use and Recreation, and is based on the air quality analysis identified in EIR Section 4.3 Air Quality and Greenhouse Gases. Applicable zoning and land use standards associated with the Project Site, and the Rail Spur Project's potential consistency with applicable standards and policies, are addressed in Appendix G of the RDEIR. As discussed in those sections, the proposed use is generally consistent with the Industrial zoning designation and existing operations at SMR. Other potential inconsistencies with applicable policies are discussed in detail in Section 4.8 of the RDEIR (Land Use and Recreation). While the RDEIR discusses potential inconsistencies with applicable planning documents, the decision of whether a proposed project is consistent with a particular plan or policy must ultimately be made by the local decision-making body. The comment has been included in the FEIR for the decision-makers' consideration as part of the County's deliberations on the proposed project. The remainder of the comment does not identify a specific environmental analysis or CEQA issue relative to the EIR and compliance with CEQA. The comments about how accidents, odors, and air emissions have been included in the FEIR for the decision-makers' consideration as part of the County's deliberations on the proposed project.
TOR-03	The RDEIR addresses the impact of oil spills on biological and water resources and found these impacts to be significant and unavoidable (Class I). The RDEIR includes a mitigation measures to use Tier 4 locomotives, which are

	ultra low emitting locomotives that have diesel PM filters. According to an article in Bloomberg in 9/2014, GE has taken orders for over 1,000 new Tier 4 locomotives that it will be producing in 2015. So the Tier 4 locomotives are feasible mitigation, are available and starting to enter the market this year (http://www.bloomberg.com/news/2014-09-29/well-timed-bet-has-ge-ahead-of-caterpillar-in-locomotives.html). Cummins has more than 100 Tier 4 rail vehicles on order extending from 1,200 hp (895 kW) up to 5,400 hp (4,027 kW) of installed power, featuring the latest generation of Cummins 15-liter to 95-liter engines with integrated Selective Catalytic Reduction (SCR) exhaust after-treatment. The installations include both single- and innovative multi-engine designs with a power-on-demand capability to significantly reduce fuel consumption and carbon emissions. (http://www.railwayage.com/index.php/mechanical/locomotives/cummins-says-its-on-top-of-tier-4.html?channel=) All new locomotives or remanufactured/rebuilt locomotives starting in 2015 are required to be Tier 4. Clearly, use of Tier 4 locomotives is a feasible mitigation measures so long as they County is not preempted by Federal law from implementing mitigation measures on the UPRR mainline. Section 4.13, Water Resources, found that a spill at the SMR would not impact the dune lakes or Oso Flaco Lake. In addition, mitigation measures BIO-7 (see Section 4.4, Biological Resources) requires that the worst case spill from the new facilities be contained within the rail facility boundaries.
TOR-04	Phillips 66 has proposed a state-of-the-art fire protection system for the rail spur unloading rack. This fire protection system would be reviewed and approved by Cal Fire prior to commencing operations at the new unloading facility. The RDEIR contains numerous mitigation measures in Section 4.11, Public Services and Utilities, to ensure that the SMR Fire Brigade and the Cal Fire resources are sufficient before the project proceeds. These mitigation measures would be funded by Phillips 66 for the SMR requirements, and Phillips 66 and others for improvements along the mainline track, most likely as part of a "fair share" type arrangement. The mitigation measures at the SMR include 1) an updated Fire Protection Plan for the Rail Spur Project that meets all the applicable requirements of API, NFPA, UFC, and Cal Fire/County Fire; 2) an updated Emergency Response Plan to include the rail unloading facilities and operations; 3) an updated Spill Prevention Control and Countermeasure Plan to include the rail unloading facilities and operations; 4) requirements that the SMR fire brigade meets all the requirements outlined in Occupational Safety and Health Administration 29 CFR 1910.156, and NFPA 600 & 1081; 5) updated fire brigade staffing/training requirements and Cal Fire/County Fire funding requirements; 6) funding of a qualified Cal Fire inspector to conduct the annual fire inspections at the SMR; 7) funding of training for Cal Fire

	personnel, including field training, as per the Security and Emergency Response Training Center Railroad Incident Coordination and Safety (RICS) meeting Department of Homeland security, NIIMS, OSHA 29CFR 1910.120 compliance. The RDEIR contains a considerable amount of mitigation that may be within the jurisdiction of San Luis Obispo to require prior to project operations that address the potential for accidents, oil spills and emergency response. These include: **Class I Impact HM.2** *The potential for a crude oil unit train derailment would increase the risk to the public in the vicinity of the UPRR right-of-way.* 1. *HM-2a Only rail cars designed to FRA, July 23, 2014 Proposed Rulemaking Option 1: PHMSA and FRA Designed Tank Car as listed in Table 4.7.8, shall be allowed to unload crude oil at the Santa Maria Refinery.* 2. *HM-2b For crude oil shipments via rail to the SMR a rail transportation route analysis shall be conducted annually. The rail transportation route analysis shall be prepared following the requirements in 49 CFR 172.820. The route with the lowest level of safety and security risk shall be used to transport the crude oil to the Santa Maria Refinery.* 3. *HM-2c The Applicant's contract with UPRR, shall include a provision to require that Positive Train Control (PTC) be in place for all mainline rail routes in California that could be used for transporting crude oil to the SMR.* 4. *HM-2d The refinery shall not accept or unload at the rail unloading facility any crude oil or petroleum product with an API Gravity of 30° or greater.* **Class I Impact PS.4** *Operations of the crude oil train on the mainline UPRR tracks would increase demand for fire protection and emergency response services along the rail routes.* 1. *PS-4a As part of the Applicant's contract with UPRR, it shall require that quarterly hazardous commodity flow information documents are provided to all first response agencies along the mainline rail routes within California that could be used by trains carrying crude oil to the Santa Maria Refinery for the life of the project. Only first response agencies that are able to receive security sensitive information as identified pursuant to Section 15.5 of Part 15 of Title 49 of the Code of Federal Regulations, shall be provided this information. This contract provision shall be in place and verified by the County Department of*

	Planning and Building prior to delivery of crude by rail to the Santa Maria Refinery. 2. *PS-4b Only rail cars designed to FRA, July 23, 2014 Proposed Rulemaking Option 1: PHMSA and FRA Designed Tank Car shall be allowed to unload crude oil at the Santa Maria Refinery. PS-4c As part of the Applicant's contract with UPRR, it shall require annual funding for first response agencies along the mainline rail routes within California that could be used by the trains carrying crude oil to the Santa Maria Refinery to attend certified offsite training for emergency responders to railcar emergencies, such as the 40 hour course offered by Security and Emergency Response Training Center Railroad Incident Coordination and Safety (RICS) meeting Department of Homeland security, NIIMS, OSHA 29CFR 1910.120 compliance. The contract shall require funding of a minimum of 20 annual slots per year for the life of the project. This contract provision shall be in place and verified by the Cal Fire/County Fire prior to delivery of crude by rail to the Santa Maria Refinery.* 3. *PS-4d As part of the Applicant's contract with UPRR, it shall require annual emergency responses scenario/field based training including Emergency Operations Center Training activations with local emergency response agencies along the mainline rail routes within California that could be used by the crude oil trains traveling to the Santa Maria Refinery for the life of the project. A total of four training sessions shall be conducted per year at various locations along the rail routes. This contract provision shall be in place and verified by the Cal Fire/County Fire prior to delivery of crude by rail to the Santa Maria Refinery.* 4. *PS-4e As part of the Applicant's contract with UPRR, it shall require that all first response agencies along the mainline rail routes within California that could be used by trains carrying crude oil traveling to the Santa Maria Refinery be provided with a contact number that can provide realtime information in the event of an oil train derailment or accident. The information that would need to be provided would include, but not be limited to crude oil shipping papers that detail the type of crude oil, and information that can assist in the safe containment and removal of any crude oil spill. This contract provision shall be in place and verified by the Cal Fire/County Fire prior to delivery of crude by rail to the Santa Maria Refinery.* **Class II Impact PS.3** *The Rail Spur Project would increase demand for fire protection and emergency response services at the SMR.* 1. *PS-3A Prior to issuance of construction permits, the Applicant shall submit to Cal Fire/County Fire for review and approval a final Fire*

	Protection Plan for the Rail Spur Project that meets all the applicable requirements of API, NFPA, UFC, and Cal Fire/County Fire. 2. *PS-3b Prior to notice to proceed for the rail unloading facility, the Applicant shall update the SMR Emergency Response Plan to include the rail unloading facilities and operations.* 3. *PS-3c Prior to notice to proceed for the rail unloading facility, the Applicant shall update the existing SMR Spill Prevention Control and countermeasure Plan to include the rail unloading facilities and operations.* 4. *PS-3d Prior to notice to proceed for the rail unloading facilities, the Applicant shall assure that the existing SMR fire brigade meets all the requirements outlined in Occupational Safety and Health Administration 29 CFR 1910.156, and NFPA 600 & 1081.* 5. *PS-3e Prior to issuance of grading permits, the Applicant shall have an executed operational Memorandum of Understanding (MOU) with Cal Fire/County Fire that includes fire brigade staffing/training requirements and Cal Fire/County Fire funding requirements. This MOU shall be reviewed and updated annually by Cal Fire and the Applicant.* 6. *PS-3f Prior to issuance of grading permits, the Applicant shall have an agreement to reimburse Cal Fire/County Fire for time spent by a qualified fire inspector to conduct the annual fire inspections at the SMR including all structures, and support facilities consistent with Cal Fire/County Fire's authority and jurisdiction. The Applicant shall reimburse all costs associated with travel time, inspections, inspection training, and documentation completion. The reimbursement rate shall be according to the most recent fee schedule adopted by the San Luis County Board of Supervisors.* 7. *PS-3g Prior to issuance of grading permits, the Applicant shall have an agreement to reimburse Cal Fire/County Fire for offsite training for emergency responders to railcar emergencies, such as the 40 hour course offered by Security and Emergency Response Training Center Railroad Incident Coordination and Safety (RICS) meeting Department of Homeland security, NIIMS, OSHA 29CFR 1910.120 compliance. Initial training shall be two members of the Interagency Hazardous materials Response Team, two members of the interagency Urban Search and Rescue Team, and two members annually from Cal Fire/County Fire or fire districts in San Luis Obispo that have automatic aid agreements with Cal Fire/County Fire for a total of six slots per year for the life of the project.* 8. *PS-3h Prior to issuance of grading permits, the Applicant shall have an agreement to reimburse Cal Fire/County Fire for Fire Chief Officer attendance such as the 40 hour course offered by Security and*

	Emergency Response Training Center; Leadership & Management of Surface Transportation Incidents. Funding shall be for two Fire Chief Officers annually for the life of the project. 9. *PS-3i Prior to issuance of grading permits, the Applicant shall have an agreement with Cal Fire/County Fire to conduct annual emergency response scenario/field based training including Emergency Operations Center Training activations with the Applicant, Cal Fire/County Fire, UPRR, and other San Luis Obispo County First response agencies that have mutual aid agreements with Cal Fire/County Fire. These annual emergency response drills shall occur for the life of the project.* Even with the implementation of the above mitigation to reduce the potential for a rail accident and increase local emergency response capabilities, the potential risk associated with the proposed project is considered Significant and Unavoidable (Class I).
TOR-05	The EIR addresses cumulative impacts in each issue area. The Price Canyon expansion is included in the cumulative project list (see Table 3.1 in Chapter 3.0, Cumulative Projects Description). The Huasna Oil Project has been denied by the SLOC Supervisors and was therefore not included. The Porter Ranch Project is for drilling and testing of one exploratory oil/gas well on one existing pad. The project would be completed within 3 months of initial drilling, where at such time the well would be closed. No further oil related activities would be allowed on the site without subsequent discretionary permit approval. This project was not a known project at the time the NOP was issued, and based upon its current status, would likely be complete prior to any construction activities at the SMR for the Rail Spur Project. Therefore, it has not been included in the cumulative project list.
TOR-06	This comment does not identify a specific environmental analysis or CEQA issue relative to the EIR and compliance with CEQA. The comments about the costs of moving oil via rail and the associated risks have been included in the FEIR for the decision-makers' consideration as part of the County's deliberations on the proposed project.
TOR-07	The RDEIR addresses the potential impacts and recommends mitigation measures for the proposed Project consistent with the requirements of CEQA. Section 4.3 (Air Quality and Greenhouse Gases) addresses GHG emissions, criteria air emissions and health risks. The EIR concludes that emissions of criteria, GHG and toxic pollutants would exceed the SLOCAPCD thresholds and would be a significant impact. A public hearing on the proposed Project will be scheduled for the San Luis Obispo County.