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6 **BEFORE THE STATE OF WASHINGTON ENERGY
FACILITY SITE EVALUATION COUNCIL**

7 In the Matter of: Application No. 2013-01

CASE NO. 15-001

8 TESORO SAVAGE, LLC

PREFILED TESTIMONY OF CITY
MANAGER ERIC HOLMES,
SUBMITTED BY THE CITY OF
VANCOUVER

9 VANCOUVER ENERGY DISTRIBUTION
10 TERMINAL

11
12 Q: Please state your name, place of employment and title, and address.

13 A: My name is Eric Holmes. I am the City Manager for the City of Vancouver, Washington
14 (“Vancouver”). My office address is City of Vancouver, 415 W. 6th Street, Vancouver,
15 WA 98660.

16 Q: Summarize your current and past job responsibilities as they relate to the subject matter
17 of your testimony.

18 A: I have worked at multiple levels of government, including 15 years of executive
19 experience in public administration. I began working for Vancouver in 2007 as
20 Economic Development Director, became Assistant City Manager in May 2010, and then
21 City Manager in November 2010. As City Manager, I have developed a unified
22 Management Leadership Team to support Vancouver’s organization and to execute the
23 city’s vision and strategic plan. As Vancouver’s Economic Development Director, I was
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1 responsible for strategic development and redevelopment throughout the city, as well as
2 oversight of business recruitment, retention and expansion programs. I was involved in
3 targeted investment areas citywide, including the City Center Vision plan district and
4 Downtown Vancouver Waterfront Redevelopment project.

5 Prior to my employment with Vancouver, I have served as:

- 6 • Planning Director for the City of Washougal
- 7 • City Manager of Battle Ground
- 8 • Chief Operating Officer for MacKay & Sposito, Inc. (a private consulting firm)
- 9 • Prior to my work in local government, I served in congressional offices in both
10 the Pacific Northwest and Washington D.C.

11 Q: Describe your educational degrees and professional certifications.

12 A: I have a Bachelor of Arts in Planning, Public Policy and Management from the
13 University of Oregon and a Master of Public Administration from Lewis & Clark
14 College. Over my career I have attended numerous professional development seminars
15 in planning, economic development and public administration.

16 Q: Identify any organizations of which you are a member related to the subject matter of
17 your testimony.

18 A: I am an executive board member of the Columbia River Economic Development Council,
19 and a member of the Association of Washington Cities Legislative Committee and the
20 Washington State University Vancouver Advisory Council. In addition, I am a member
21 of the International City/County Management Association, the professional association
22 for city managers, and a past member of the American Planning Association.

1 Q: Summarize Vancouver’s strategic vision for urban growth and land use.

2 A: For decades Vancouver has focused its urban development on establishing and enhancing
3 connections with the Columbia River waterfront, and Vancouver is now the largest and
4 most vibrant waterfront city on the Columbia River. The Vancouver Comprehensive
5 Plan 2011-2030¹ presents a vision for Vancouver’s future over the next 20 years—a
6 vision that contains policy direction relating to growth and development, environmentally
7 sensitive areas, historic places, public services, and other issues. Comprehensive Plan
8 policies are implemented through subarea plans, the Vancouver Municipal Code, and
9 other local standards. Likewise, the Vancouver 2016-2021 Strategic Plan:²

10 sets forth a vision for Vancouver as a vibrant, safe and prosperous city,
11 and includes support for waterfront development, arts and culture,
12 transportation infrastructure improvements, improved parks, public safety,
and for taking care of the assets we already have. It includes goals that ...
will guide policy-making priorities over the next several years.

13 Strategic Plan at 2. “Community aspirations include ... better and more parks and
14 recreation facilities, continued waterfront redevelopment and revitalization of downtown
15 and other key areas of the city.” *Id.* at 8.

16 Both the Comprehensive Plan and the Strategic Plan emphasize linkages, linking
17 land uses together to encourage complementary growth, and linking the urban heart of the
18 city with the Columbia River. The Comprehensive Plan places particular emphasis on
19 how uses relate to one another, emphasizing the need to use co-location to maximize
20 limited municipal resources. For example, the Comprehensive Plan encourages growth
21 that would:

23 ¹ Available at http://www.cityofvancouver.us/sites/default/files/fileattachments/community_and_economic_development/page/874/vancouvercomprehensiveplan2011-2030.pdf.

24 ² Available at <http://www.cityofvancouver.us/sites/default/files/2016StrategicPlan/index.html>.

- 1 • Facilitate development that minimizes adverse impacts to adjacent areas,
2 particularly neighborhoods. (Comprehensive Plan, Community Development
3 Policy at 9.)
- 4 • Locate complementary land uses near one another to maximize opportunities for
5 people to work or shop nearer to where they live. (*Id.* at 10.)
- 6 • Increase the ratio of jobs to residents in the City of Vancouver and the region.
7 (Comprehensive Plan, Economic Development Policy at 1.)

8 On the riverfront, complementary land uses should “[b]uild on [Vancouver’s] status as
9 the largest city on the Columbia River by strengthening connections to the river and the
10 waterfront.” Strategic Plan at 22 (Goal 7).

11 Q: Summarize the relevant facts regarding Tesoro’s proposal, and discuss how the proposal
12 impacts Vancouver’s strategic vision.

13 A: Tesoro has proposed to construct and operate a new crude oil terminal at the facilities of
14 the Port of Vancouver (“Port”) near downtown. Vancouver is the largest urban area
15 along the entire rail line between North Dakota and the Columbia River. Bakken crude
16 oil and diluted bitumen would be transported using High Hazard Flammable Trains
17 (“HHFTs”) that would be about 1.5 miles long. Four to five HHFTs per day would travel
18 inbound to the terminal along BNSF’s railroad tracks that run in close proximity and
19 parallel to the northern bank of the Columbia River, beginning in the east at the
20 Vancouver city limits and continuing through Vancouver for approximately 11.3 miles to
21 the terminal. After unloading these same four to five HHFTs per day would leave the
22 terminal and transit Vancouver. This train traffic would cause the number of HHFTs
23 transiting Vancouver to more than double, and the terminal would be the largest rail-to-
24 vessel crude oil terminal in the nation.

The impacts of Tesoro’s proposal is completely at odds with Vancouver’s vision
of fostering urban development that draws people to work, live and recreate along

1 Vancouver's waterfront. For example, the draft Environmental Impact Statement
2 ("DEIS) for the project acknowledged that four HHFTs per day "could reduce property
3 value within a mile of the rail corridor by not greater than 1.5%" but concludes this "is
4 considered to be a minor impact." (DEIS at ES-41.) Property values in this area are
5 significant, totaling around \$5.7 billion. The 1.5 percent reduction estimate is too low.
6 Nonetheless, for illustrative purposes, it yields an \$85.5 million reduction in property
7 values.

8 Moreover, the substantial investments currently occurring or planned in this area
9 within a mile of the rail corridor are not even included in this figure. For example,
10 Intervenor Columbia Waterfront LLC is investing \$1.5 billion to develop a 32-acre site
11 downtown adjacent to the Port, with a proposed 3,300 new residential units, over 1.25
12 million square feet of Class A office space, a luxury hotel, restaurants and retail shops.
13 The tracks that would be used to transport oil to Tesoro's terminal transit the northern
14 boundary of this project. If you include this project in the calculation of property value
15 impacts, property values would be reduced by an additional \$22.5 million. In
16 combination, these reductions in property values exceed \$100 million, which cannot be
17 considered a minor impact.

18 Community investments are occurring along the entire railway corridor through
19 Vancouver, not just in the downtown area. For example, the Lower Grand Employment
20 Area: Area Wide Action Plan,³ which was recently approved on March 1, 2016, was
21 developed in connection with a leveraged public/private partnership to support a \$1.1
22 million stormwater grant application to the state, which has received initial approval, for
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24 ³ Available at http://www.cityofvancouver.us/sites/default/files/fileattachments/community_and_economic_development/page/16342/lgea_final_report_no_appendices.pdf.

1 construction of road and stormwater infrastructure. This plan builds upon the Lower
2 Grand Employment Area Subarea Plan,⁴ which recognized the strategic importance of
3 redeveloping an older industrial area immediately north of State Highway 14 and the
4 railway corridor. The Riverview Gateway Subarea Plan⁵ addresses the far eastern side of
5 Vancouver, where the BNSF railway enters the city. There is a quarry in this area, which
6 has a single at-grade private railroad crossing. Semitrailers have been known to have
7 difficulty making the crossing, which raises concerns about the risk of an HHFT collision
8 with a semitrailer, with potentially disastrous results.

9 Q: Discuss how the Tesoro's proposal impacts the health and safety of Vancouver's citizens.

10 A: The public health and safety impacts of Tesoro's proposal upon Vancouver's population
11 are even more troubling. As the use of HHFTs has increased dramatically in recent
12 years,⁶ the incidence of serious accidents has likewise risen. As discussed in Robert
13 Chipkevich's prefiled testimony, there have been 24 HHFT derailments since October
14 2006. On average 71 percent of the tank cars on these HHFTs failed, i.e., released
15 product to the environment, and 83 percent of these derailments involved fires. These
16 accidents have occurred at a variety of speeds, with different types of tank cars, under
17 varying environmental conditions and in both urban and rural settings, which leads me to
18 conclude that, at this time, there simply is no consistently and reliably safe method for
19 rail transport of Bakken crude using HHFTs.

21 ⁴ Available at http://www.cityofvancouver.us/sites/default/files/fileattachments/community_and_economic_development/page/1415/lowergrandemploymentarea.pdf.

22 ⁵ Available at http://www.cityofvancouver.us/sites/default/files/fileattachments/community_and_economic_development/page/1415/riverviewgateway.pdf.

23 ⁶ A Department of Transportation Report issued earlier this year noted that annual HHFT traffic had increased
24 "from 9,500 carloads in 2008 to 407,761 carloads in 2013." U.S. DOT Report No. ST-2016-020 at 1 (Feb. 24, 2016), available at https://www.oig.dot.gov/sites/default/files/FRA%20Oversight%20of%20Hazmat%20by%20Rail_Final%20Report%5E2-24-16.pdf.



11 Lynchburg Photograph published February 24, 2015, at <http://thinkprogress.org/climate/2015/02/24/3626212/csx-fined-for-lynchburg-virginia-derailment/>.



23 Lac Megantic Photograph published August 19, 2014, at <http://www.theguardian.com/world/2014/aug/20/lac-megantic-oil-train-disaster-inquiry-finds-string-of-safety-failings>.

1 There are 27 at-grade rail crossings in Vancouver, and each one of these
2 represents a risk of an HHFT collision with a vehicle, which could cause a derailment.
3 As recently as December 2015, there was a collision between a freight train and a motor
4 vehicle at one of these crossings. Fortunately, this train was carrying grain, not a highly
5 flammable hazardous substance like Bakken crude. The extreme risk of a serious
6 incident including fire involving a derailed HHFT is compounded by Vancouver's
7 insufficient emergency response resources, as explained in Mike Lester's prefiled
8 testimony and Joe Molina's prefiled testimony.

9 Q: Explain the impacts of Tesoro's proposal on downtown Vancouver.

10 A: Redevelopment of downtown Vancouver has been planned for decades and is centered on
11 a vision of Vancouver as the largest and most vibrant waterfront city on the Columbia
12 River. *See, e.g.,* Vancouver City Center Vision & Subarea Plan (adopted on June 18,
13 2007);⁷ Esther Short Neighborhood Action Plan (approved on Oct. 9, 2006).⁸ This
14 redevelopment is well underway and has already resulted in over \$100 million of public
15 investments and jobs creation. These include: development of the city center hotel and
16 conference center at \$72.8 million; improvements to access to the waterfront
17 development site at \$44.6 million; improvements to Esther Short Park in the city center at
18 \$6 million; extension of the existing Waterfront Park at \$28 million;⁹ development of the
19 Waterfront Renaissance Trail at approximately \$10-15;¹⁰ and development of the
20 Vancouver Land Bridge at \$12.4 million. The Waterfront Renaissance Trail receives

21 ⁷ Available at http://www.cityofvancouver.us/sites/default/files/fileattachments/community_and_economic_development/page/1023/vccvfinalplan2010revision.pdf.

22 ⁸ Available at http://www.cityofvancouver.us/sites/default/files/fileattachments/city_manager039s_office/neighborhood/8232/esthershortupdatednapfinal06.pdf.

23 ⁹ *See* Vancouver, Waterfront Park, <http://www.cityofvancouver.us/parksrec/page/waterfront-park> (last visited May 10, 2016).

24 ¹⁰ *See* Vancouver, Waterfront Renaissance Trail (5 miles), <http://www.cityofvancouver.us/parksrec/page/waterfront-renaissance-trail-5-miles> (last visited May 10, 2016).

1 over 880,000 visitors per year. The existing Waterfront Park receives over 450,000
2 visitors per year, and this year visits are up by 14 percent over last year. Current
3 investments are anticipated to dramatically increase the number of annual visits to the
4 waterfront and attract high concentrations of visitors very near or adjacent to the rail line.

5 Reconnecting downtown Vancouver with the Columbia River has been and will
6 continue to be an important element of Vancouver's vision for redevelopment of the
7 downtown and waterfront areas. The Vancouver Waterfront Access Project is an
8 ongoing public works project involving investments of \$44.6 million in infrastructure
9 improvements to roads, utilities and the BNSF railway berm.¹¹ The direct connection of
10 downtown with a major redevelopment of a former waterfront industrial site is expected
11 to spur an estimated \$1.3 billion in new private investment. The express goals of the
12 Vancouver Waterfront Access Project are to remove barriers between the community and
13 the river and to improve the efficiency and safety of vital rail traffic in Vancouver.



22 Waterfront Development and Park

23 ¹¹ See Vancouver, Waterfront Access Project, [http://www.cityofvancouver.us/publicworks/page/waterfront-](http://www.cityofvancouver.us/publicworks/page/waterfront-access-project)
24 [access-project](http://www.cityofvancouver.us/publicworks/page/waterfront-access-project) (last visited May 12, 2016).



6 Renaissance Trail



Esther Short Park



15 Vancouver Land Bridge

16 All of these redevelopment projects are consistent with and advance Vancouver's
17 vision for the downtown area, whereas Tesoro's proposed project and its associated
18 impacts are in direct opposition to this vision. For example, existing industrial uses and
19 related commercial activity are designed to increase employment, housing and tourism in
20 Vancouver's downtown and connect these uses directly to the waterfront area. Tesoro's
21 proposed project would have the opposite effect, resulting in dramatic increases in the
22 transport of a highly volatile commodity along the rail line that separates the downtown
23 and the waterfront and contributing to diminished actual and perceived safety for
24 residents, employees and visitors in the area. The impacts associated with the project,

1 because HHFTs would be routed through the middle of the waterfront and downtown
2 redevelopment, would impose substantial human health and safety and environmental
3 risks upon the many people who reside, work and recreate there. Though Tesoro's
4 project site is removed from the downtown core by some degree, the nature of its
5 operations makes elimination of the risks associated with the transport of Bakken crude
6 by rail impossible with known current transport method and technologies. It does not
7 make good public policy sense to site this project where it would compromise the safety
8 of the central business district and miles of adjacent residential development in one of the
9 largest urban area along the entire rail line between North Dakota and the Columbia
10 River.

11 Q: Discuss the transportation impacts of Tesoro's proposal, particularly as it relates to
12 Vancouver's ability to provide necessary emergency services to its residents.

13 A: The rail traffic generated by the proposed project would interfere with, and at times
14 obstruct, vehicular traffic in the downtown area and along the entire rail corridor,
15 imposing substantial burdens on Vancouver's transportation and emergency response
16 systems. One of the most significant impacts from the rail line is interference and delays
17 in vehicular traffic, including emergency response vehicles, due to the numerous private
18 and public at-grade crossings into geographic areas with restricted access points due to
19 limiting topography. As mentioned above, on December 14, 2015, a BNSF freight train
20 collided with a vehicle near a public at-grade crossing. The freight train blocked the only
21 access for police, fire and emergency responders and the only roads for egress to 450
22 residents living south of the railroad tracks for three hours. With a medical emergency or
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1 fire, when delays measured in minutes can make a big difference in the outcome,
2 blocking access for hours is a real concern.

3 Many neighborhoods have limited access. For example, south of the railroad
4 tracks from the Lower Grand Employment Area is a large commercial, industrial
5 (Columbia Business Center) and residential (Columbia Shores) area, where thousands of
6 people reside, work, recreate and use hospitality services. This area is served by only two
7 crossings, one of which is a grade-separated crossing that is restricted in height and only
8 a single lane with single-direction access. In all, there are 27 at-grade rail crossings
9 within Vancouver along the route to the terminal. Thirteen of the 27 at-grade crossings
10 provide the only access for ingress or egress for the area they serve. These crossings are
11 the only access to homes for thousands of residents.

12 A minor delay for response to an emergency call is significant, as the standard for
13 a response time to priority 1 and 2 calls is 7 minutes and 59 seconds. Even in the absence
14 of a fire or explosion, an accident involving an HHFT could limit or prevent access for
15 many hours, particularly if the accident involves the failure of containment for the
16 Bakken crude oil and diluted bitumen mixture. Tesoro's proposal would cause traffic in
17 HHFTs to roughly double along the 11-mile route through Vancouver. Approving
18 Tesoro's proposal would result in an unacceptably high health and safety risk to
19 thousands of Vancouver residents and businesses. This risk is compounded because the
20 HHFTs would interfere with Vancouver's ability to provide emergency services not only
21 to the community generally, but also for accidents involving the HHFTs.

22 Finally, the cumulative impacts of increased train traffic must be considered.
23 Millennium Bulk Terminals – Longview LLC has proposed routing eight unit trains per
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1 day, each 1.3 miles long, carrying coal through Vancouver to Longview.¹² Adding these
2 eight trains per day to the eight to ten HHFTs per day proposed by Tesoro results in train
3 traffic through Vancouver increasing by many multiples over current levels, which would
4 pose completely disproportionate health and safety risks to Vancouver's population. In
5 fact, the Millennium draft EIS concludes that the rail lines through Vancouver would
6 exceed capacity in 2028.¹³

7 Q: Discuss the potential impacts of an accident resulting from Tesoro's operations on
8 Vancouver's ability to provide services to its citizens.

9 A: Vancouver's fire and police resources are already operating a maximum capacity, and an
10 accident involving Tesoro's operations would severely burden Vancouver's ability to
11 provide these services. An evacuation caused by an HHFT accident would pose the
12 greatest difficulties for Vancouver, because, as explained above, a disabled train that is
13 1.5 miles long would almost certainly block vehicular access to one or more
14 neighborhoods located between the railway and the river. Vancouver only has one vessel
15 capable of a river-side rescue, the fireboat. As explained in Joe Molina's prefiled
16 testimony, the fireboat could take an hour or more to deploy, and it may be needed for
17 other functions, such as firefighting and ensuring that other vessels stay out of the danger
18 zone. In addition, the fireboat is a small vessel and would only be able to carry a small
19 number of passengers per trip, so it would be ineffective for large-scale evacuation.

20 Any large-scale evacuation in the event of an accident, whether involving an
21 HHFT, the terminal facility or an oil tanker, would likely exceed the available fire and
22 police resources. Joe Molina testified regarding Vancouver's lack of essential fire

23 ¹² The Millennium draft EIS is available for comment. See [http://www.millenniumbulkeiswa.gov/sepa-draft-](http://www.millenniumbulkeiswa.gov/sepa-draft-eis.html)
24 [eis.html](http://www.millenniumbulkeiswa.gov/sepa-draft-eis.html).

¹³ *Id.* § 5.1.8 at 5.1-24.

1 response resources, and he also explained why reliance on mutual aid could not fill the
2 gap between the available and needed resources. Likewise, Mike Lester testified to the
3 Vancouver Police Department's lack of necessary resources to handle a large-scale
4 evacuation and to the probable inadequacy of mutual aid, particular with respect to
5 ongoing police service needs throughout the community. Moreover, Chuck Atkins, the
6 Clark County Sheriff, testified in his prefiled testimony that an evacuation of the Clark
7 County Jail Work Center facility would require virtually every on-duty county officer and
8 leave the county unable to respond to requests for mutual aid. The inescapable
9 conclusion is that Vancouver and Clark County probably could not field enough
10 firefighters and police officers to address the community's needs in the event of a serious
11 accident, particularly first responders to address an emergency during the critical early
12 stages described in Michael Hildebrand's prefiled testimony.

13 Q: Summarize your opinions regarding the land use and public health and safety impacts on
14 Vancouver resulting from Tesoro's proposed operation of an oil terminal facility.

15 A: Tesoro's proposal would have significant impacts on urban land uses in Vancouver. The
16 area along the rail lines contains residences, parks, industrial and commercial
17 development. Vancouver has expended substantial effort planning not only for the
18 downtown and the reconnection of the city with the Columbia River, but also for all uses
19 along the proposed rail line. The Comprehensive Plan is intended to direct land use
20 patterns and growth in a manner that makes Vancouver livable for future generations.
21 Approval of this project is likely to negate the planning Vancouver has done.

22 Locating the largest crude oil terminal in the country in the middle of the largest
23 urban area along the entire rail line from North Dakota does not make sense from the
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1 perspectives of both sound urban planning and protecting public health and safety.
2 Crude-oil-by-rail incidents have resulted in oil spills and fires causing loss of life and
3 destruction of property. There have been 24 such events since September 2006. These
4 circumstances do not assure a safe and healthful environment.

5 The DEIS recognized that the proposed land use may have undesirable and
6 unintended consequences. One specific concern is the possibility of a major spill, fire or
7 explosion in an urbanized area. Such an event would cause major changes in planned
8 land uses. In describing the land and shoreline impacts of the proposed facility regarding
9 the West Vancouver Area, the document states:

10 This study area includes an approximately 20-square-mile area
11 surrounding the proposed Facility site extending from approximately Fort
12 Vancouver on the east to Sauvie Island on the west and from Vancouver
13 Lake on the north to Hayden Island on the south. **This area could
experience long-term changes to the existing or anticipated pattern of
land use and development depending on how well the proposed
Facility blends in with other current and future land uses in the area.**

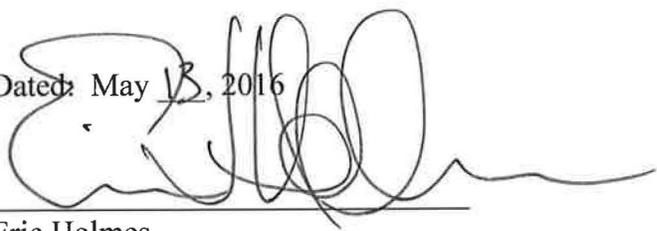
14 DEIS at 3.10-1 (emphasis added). The construction and operation of Tesoro's oil
15 terminal would adversely impact existing and anticipated patterns of land use. These
16 long-term changes would limit rather than support land use diversity.

17 Tesoro's request for approval of a single use should be balanced against all of
18 these impacts. Tesoro's operations would place an unjustifiable burden on Vancouver
19 and its citizens, and a major incident related to these operations would significantly and
20 unavoidably impact the overall standard of living within the city. Certainly, there are no
21 effective mitigation measures addressing a worst-case scenario involving a derailment,
22 spill and explosion in an urban area. I conclude that the proposal does not achieve a fair
23 balance and should not be approved.

1 STATE OF WASHINGTON)
2 COUNTY OF CLARK) ss.

3 I, Eric Holmes, do hereby solemnly affirm: (i) I am competent to testify in this
4 adjudication; (ii) I have personal knowledge of the facts and professional opinions stated in the
5 foregoing prefiled testimony and they are true, accurate and complete to the best of my
6 knowledge, information and belief; and (iii) I adopt the foregoing prefiled testimony as my own.

7
8 Dated: May 13, 2016

9
10 
11 Eric Holmes

12 I certify that I know or have satisfactory evidence that Eric Holmes is the person who
13 appeared before me, and said person acknowledged that he signed this instrument and
14 acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the
15 instrument.

16 Dated: May 13th, 2016



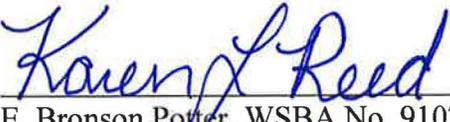

Notary Public

My appointment expires:

Jan 15, 2018

1 Dated: May 13, 2016

2 Respectfully Submitted,
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