



PORTLAND BUREAU OF EMERGENCY MANAGEMENT

Ted Wheeler, Mayor • Jonna Papaefthimiou, Interim Director

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Interim Senate Committee on Energy and the Environment
via email to Legislative Policy Staff Beth Reiley
Beth.Reiley@oregonlegislature.gov

Dear Chair Beyer, Vice-Chair Findley, and Members of the Interim Senate Committee on Energy and the Environment:

Thank you for scheduling a committee meeting this week on the topic of the Critical Energy Infrastructure Hub. I regret that the session had to be cancelled, although I understand the need to address other urgent matters of the Senate.

In lieu of your meeting, I am providing some testimony from the City of Portland. I would also be delighted for the opportunity to answer any questions about our efforts related to the CEI hub, and I hope to see this issue in front of you in the next legislative session.

CEI HUB Background

As committee members are aware, the Critical Energy Infrastructure Hub, located in the Linnton neighborhood of Portland, is the fuel hub for the state of Oregon. More than 90% of the state's liquid fuel, including gasoline, diesel, and jet fuel, pass through the tank farms there. This system is extremely fragile; almost all the tanks predate modern seismic regulations, as do the pipeline and the docks that serve them. The soils adjacent the river are also prone to earthquake-induced liquefaction; a seismic event would cause a catastrophic spill and loss of fuel.

The CEI hub vulnerability is a risk to the entire state, but also poses special risks to Portland residents. The City of Portland has taken the following steps to address risk in the CEI hub:

Emergency Response Planning: The City of Portland and Portland Fire and Rescue would have limited resources and ability to respond to a catastrophic incident within the CEI hub, especially because such an incident would likely coincide with other life-threatening emergencies caused by an earthquake. Acknowledging these challenges, the City is prepared to use existing resources and mutual aid/regional response to respond to a major fuel fire or other emergency in the CEI hub. We participate in spill exercises annually.



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Fossil Fuel Zoning: In December 2018 the City of Portland adopted the Fossil Fuel Terminal Zoning Amendments to prohibit new fossil fuel terminals in the CEI hub. The existing terminals are “limited uses” that can continue to operate. Expansion of storage tank capacity at existing terminals is prohibited with very limited exceptions. Portland’s fossil fuel zoning ordinance was appealed to Land Use Board of Appeal (LUBA) by the Western States Petroleum Association and others. LUBA remanded the case back to City Council for additional findings and policy interpretations. The City is working to determine what additional evidence is needed to address these issues before returning to City Council for re-consideration. The City does expect to re-adopt this ordinance with additional findings, in order to prevent CEI hub expansion.

Building Codes and Facility Permitting: The City has adopted provisions of the International Building Code (IBC) that apply to tanks, and currently regulates tanks under the building code, even though the State Building Codes Division has not adopted this section of the IBC and has chosen not to regulate them. We recognize the risks these tanks pose and want to ensure any new tanks are built to high safety standards. We hope that in the future the State Building Codes Division may adopt this section of the IBC so that Oregon has consistent, adequate standards for safety of storage tanks.

The City of Portland recently denied a Land Use Compatibility Statement to Zenith Oil, because this expansion would be inconsistent with the City’s land use goals, and pose too great a threat to Portland residents. In 2015 the City opposed a new Pembina propane oil terminal in Portland; this proposal was subsequently withdrawn. With these actions and others, the City has demonstrated a willingness to regulate and say no to development that does not accord with our values and plans for climate and community safety.

Research into further opportunities to reduce risk: In 2017-2018, the City of Portland contracted with Oregon Solutions to determine potential avenues for collaborative action that might increase resiliency of the Critical Energy Infrastructure (CEI) hub. After a series of interviews, Oregon Solutions found that industry was not yet ready to engage in collaborative policy-making with local officials.

From 2019-now, the City of Portland and Multnomah County have partnered to conduct an economic consequences of a catastrophic failure of the CEI hub. We hired independent economic consultants ECO Northwest to conduct the study, and are currently awaiting results. This study will assign a dollar value to potential losses and also tell us what costs would be borne by industry or by federal insurance programs, and costs would fall to the public here in Oregon. The City of Portland supports Multnomah County in their intention to legislate to make industry responsible for any costs that would otherwise fall to the public. We expect this study will also highlight opportunities to protect Oregonians from the cost and risk of a CEI hub failure through state and federal legislation.



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Bottom line: The City has made a robust effort to address the risks of the CEI hub using the tools available to us: we have sought to regulate the hub through land-use and building permits; to prepare our first responders to deal with emergencies; and to prevent the expansion of the hub in Portland. We have also invested resources to try and understand the risks better and to find new and collaborative solutions. But as a local jurisdiction, the City's powers are limited. The state, through the DEQ, ODOE, and the OSFM have regulatory powers which are not delegated to cities or counties. Many of these opportunities were highlighted in OSSPAC's 2019 report on the CEI hub, including the opportunity to regulate the tanks through the DEQ. We hope that you will advance these options in an upcoming legislative session.

Sincerely,

Jonna Papaefthimiou

Chief Resilience Officer & Interim Director