



September 13, 2016

Planning and Sustainability Commission
PSC Fossil Fuel Zoning Testimony
1900 SW 4th Ave., Ste. 7100
Portland, OR 97201
Sent via email to: psc@portlandoregon.gov

RE: PSC Fossil Fuel Zoning Testimony

Dear Commissioners,

Please accept these comments from Arc Terminals on the proposed Fossil Fuel Terminal Zoning Amendments under your consideration. Arc Terminals leases and operates a terminal, located at 5501 NW Front Avenue in Portland, that serves as a critical link between supply and demand for petroleum and petroleum products, including asphalt, aviation gas, and distillates. Businesses and individuals throughout Oregon and the region benefit from, and depend upon, the services provided by the existing terminals in Portland, including Arc's facility.

This facility has a long history of operating in the City of Portland since 1947. Arc was disappointed when the City Council decided to regulate fossil fuels under Resolution No. 37168 because of the uncertainty and unintended consequences the resolution places on the terminal investments and operating plans.

We have participated in several stakeholder meetings with the Bureau of Planning and Sustainability staff, including a site visit to our terminal during the development of the draft currently before the Commission. We also provided comments on the staff discussion draft released on June 30th. We were shocked and disappointed at the dramatic policy changes between that staff discussion draft and the current draft before the Commission. Specifically, the latest draft makes Arc's facility and other terminals a non-conforming use, an alternative which the staff discussion draft expressly rejected to avoid creating a "disincentive for seismic, efficiency, and clean fuel investments on existing facilities, consistent with policy direction in Resolution 37168 and the Comprehensive Plan" (Page 23).

Yesterday staff released a memorandum summarizing potential "major changes" to the current draft before the Commission. Of particular note, the Bureau of Development Services has concluded that "expansions of existing terminals may not be possible through a non-conforming situation review." This is further evidence that the current draft unavoidably conflicts with the policies set forth in Resolution No. 37168.



Arc offers the following comments to identify both the intended and unintended consequences of the proposed zoning amendments:

- Prevents and discourages replacing infrastructure and equipment that has reached end of life;
- Prevents and discourages upgrades necessary to meet national and regional market demand, Arc customer needs or complies with federal and state law;
- Prevents and discourages safety and efficiency upgrades;
- Restricts infrastructure that serves the rest of Oregon and the region;
- Creates a highly discretionary and uncertain process for altering terminal facilities and/or expanding on-site to meet demand, comply with federal and state law, and improve safety, efficiency, seismic resilience and operations;
- Introduces ambiguities and uncertainties to Arc and our customers business plans;
- Fails to adequately engage Oregon and Metro residents and business outside Portland who will be impacted by the bottleneck in energy distribution created by the proposal.
- The proposal fails to provide for the economic assessment called for by the resolution, including the potential impacts to blue-collar jobs; and
- The timeline for implementing the proposed amendments is too aggressive and does not allow for thoughtful discussion to address the many concerns.

Thank you for the opportunity to comment on the Fossil Fuel Terminal Zoning Amendments Draft. We sincerely hope the Commission seriously reconsiders these proposed amendments to the zoning code that single out a narrow but important business sector.

Thank you for considering these comments from Arc Terminals. If you have any questions, please contact me at (503) 273-4705.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'N. Eggers', is written over a light blue horizontal line.

Nathan Eggers
Terminal Manager
eggers@arcterminals.com