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June 14, 2011

The Honorable Christine Gregoire
Governor of Washington
P.O. Box 40002
Olympia, WA 98504-0002

**Re: Request for State Lead Agency Role in Environmental Review
Gateway Pacific Terminal, Cherry Point, WA**

Dear Governor Gregoire:

Due to the excellent working relationship between our offices, you are aware of the interests of the City of Bellingham in its efforts to become a sustainable City, grounded in solid growth management planning, excellent economic opportunities and good environmental practices. My administration has spent considerable time studying the specific probable adverse economic and environmental impacts and the potential benefits of the coal and commodities export facility, proposed for Cherry Point, on our City and the State. After meeting with the applicant's representatives (SSA Marine and BNSF), we determined the applicant is not providing complete information on project impacts and necessary mitigation. I am writing you to make two requests that I hope you will consider carefully.

First, I am requesting that you direct State agency directors to assert lead agency status for review of the proposal under the State Environmental Policy Act, RCW ch. 43.21C (SEPA). I am also requesting that you make the City of Bellingham a member and participant on your ongoing "iMAP" team reviewing the proposal under the leadership of your Office of Regulatory Assistance (ORA). Thank you for your consideration of the following.

1. The City and State Have Substantial Interests Affected by the Proposal.

Although we understand that environmental review is yet to be done, our team is concerned that the construction and operation of the proposed Gateway Pacific Terminal will bring more than moderate economic and environmental impacts to the citizens of Bellingham, the Salish Sea region, and the State. As you may be aware, the applicant's environmental information acknowledges a build-out export volume of approximately 50 million tons per year, and 9 additional coal trains *per day*, which translates into 18 trains round trip, each up to a mile and a half long.

We know from the applicant's own project description, from the comment letters of your State agencies through the ORA process, and from the operations of similar coal export

facilities in Canada and other parts of the U.S., this facility has the potential to adversely affect the following City, regional, and State interests in the following ways:

- Jobs and economic investments at ports, manufacturing facilities, and waterfront enterprises which depend on regular access and service deliveries across rail crossings;
- Levels of service on City and State roads, including substantial increased delays at rail crossings and associated access points to State highways, due to the 18 additional trains per day;
- Water quality and habitat in the Salish Sea through stormwater runoff, including degradation of habitat within the Cherry Point Aquatic Reserve;
- Air quality and attendant health impacts due to fugitive coal dust from trains and stockpiles, and increased diesel exhaust from the four engines expected for each coal train (72 engines running the entire length of the rail line per day) as well as from the exhausts of the over 200 cape-class ships per year expected to load at the Cherry Point Gateway Pacific Terminal; and
- The maintenance and operation of City streets and State highways, which becomes more expensive due to coal dust residue escaping from trains.

These impacts and interests are not unique to the City of Bellingham or Whatcom County. The impacts on the Aquatic Reserve, the waters of the Salish Sea, and clean air, affect the interests of all State citizens and Indian Tribes. Many of the impacts on air quality and rail-line delays will be experienced by other communities along the entire rail line within Washington State, from Spokane, through the Columbia River system and up through Puget Sound.

Of particular note are the City's interests in the planned redevelopments for the Georgia Pacific waterfront in downtown Bellingham, and the Fairhaven waterfront, in south Bellingham. We request you refer to the adopted plans for those future investments. The above list of impacts to the City and the region obviously is not exhaustive and will need to be further detailed during EIS scoping.

2. The Need for the State to Play the Lead Agency Role.

As I indicated above, the impacts of this proposal are far-reaching and are not unique to Whatcom County. During the iMAP discussions, the County is discussed as the anticipated lead for SEPA review. However, the County does not have substantive SEPA authority to regulate the impacts of the proposal beyond the County's boundaries. Early indications are that the County sought to narrow the impact analysis with the applicant to the immediate environs of the Cherry Point facility. Since receiving the Bellingham City Council's letter dated May 24, 2011, County Executive Pete Kremen has issued a

statement on the County's website indicating the scope of review might also include review of rail line impacts to the City of Bellingham, including its waterfront.

Although I am quite appreciative of Executive Kremen's apparent willingness to extend the reach of the scope of review to include impacts to the City, I am concerned that the SEPA environmental impact statement (EIS) will need to include more analysis of impacts beyond Whatcom County's borders and include other impacts that Whatcom County does not have the resources to review. I believe it is critical that the State step in to assert lead agency status on SEPA.

A. The Analysis Needs to Cover Other Jurisdictions Affected by the Rail Line.

Under the current direction, it does not appear SEPA review would include analysis and mitigation of impacts to Burlington, Mt. Vernon, Stanwood, Marysville, Everett, Mukilteo, Edmonds, Seattle, Tukwila, Kent, Auburn or cities to the south and east like Olympia, Vancouver, Pasco or Spokane. Assuming coal trains return east over Stevens Pass, impacts could also affect the cities of Snohomish, Monroe, Leavenworth, Wenatchee and further east. Presumably, any one of these cities or all could seek co-lead agency status for purposes of SEPA review, and perhaps they should. The City is not waiving the opportunity to do so in requesting the State step forward.

In addition, as you know, the Cherry Point Aquatic Reserve Area is the Usual and Accustomed Fishing Grounds of four Federally Recognized Indian Tribes — the Nooksack, the Lummi, the Swinomish, and the Tulalip Tribes. Although Whatcom County has a relationship with its local tribes, it seems that the State might be better positioned to facilitate SEPA review with Indian Tribes outside Whatcom County interested in this critically important resource.

B. The State's Interests Should Be Adequately Represented in this SEPA Analysis.

The interests of the State, administered by the Department of Transportation, Department of Ecology, Department of Natural Resources, the State Department of Fish and Wildlife and others, are beyond the scope of Whatcom County's authority and interests when it comes to imposing substantive mitigation. It appears the County does not have the resources, nor understandably, the expertise to conduct the comprehensive and cumulative impacts analysis necessary under SEPA along the entire rail line corridor within the State, including impacts related to greenhouse gas emissions, health impacts from particulate emissions, effects on road maintenance, or traffic delays.

C. Only the State Is Equipped to Conduct a Full Analysis of Site Alternatives.

Whatcom County also does not appear to have the resources to conduct a full analysis of alternative sites in the State, as my team believes will be required and should be conducted for this proposal's environmental impact Statement. When the State takes on a major new industrial port such as this one, I question whether it makes sense to site it here in Whatcom County, as opposed to a port such as Longview, where trains would not have to

go all the way up and down the Puget Sound corridor and ships do not have to disturb a sensitive herring fishery. Absent more complete information from the applicant on impacts and necessary mitigation at Cherry Point, this is an analysis the State will be much better equipped to analyze fully and objectively.

D. The Shoreline Management Act Impacts Require Objective Review.

From all indications, it appears that Whatcom County is inclined to process this development as a mere "revision" of a twenty year old permit utilizing 1992 shoreline permit standards. My team is concerned the SEPA review will not include the **best available science** required by the County's more modern Shoreline Management Master Program, adopted by the Department of Ecology in 2008. This could not only adversely affect our coastal waters, but the livelihoods of our fishermen utilizing Bellingham's piers and markets, as well as our local Tribes who utilize City markets.

I request that you direct your Department heads and encourage the Department of Natural Resources to assert lead agency status, to ensure this proposal gets full and transparent review of all significant impacts. The City is concerned about and encourages your consideration of public perceptions about State government and its efforts to protect its citizens during this siting process.

3. Time is of the Essence in Making This Decision.

I do not need to impress upon you the urgency of making this decision in the next few weeks. Already, the iMAP team process has spent seven months considering issues related to SEPA review and lead agency status for the JARPA application. I understand the U.S. Army Corps of Engineers (Corps) and Whatcom County have already exchanged draft documents for the Request for Proposals from EIS consultants.

The time to assert State lead agency status is now, before the Corps or the County issues any scoping notice on the EIS. If any member of my team or I can be of assistance in expediting your review of this important decision, please contact me at your earliest convenience.

4. Request for iMAP Membership.

Because the issue of EIS scoping is already under discussion within the Office of Regulatory Assistance by the iMAP team, I am writing to formally request City representation on the iMAP team. To date, the team includes some affected State agencies and municipalities, but not others. It also includes membership of representatives for Burlington Northern Santa Fe, a third party to the JARPA application who I understand has not submitted permits for review by the iMAP team. Given the direct impacts of the proposal on the City of Bellingham and our possible interest in co-lead agency status, it would seem appropriate for the City to become a full participant in the process. My team would welcome discussions with Faith Lumsden, ORA Director, about the logistics of that participation at her earliest convenience.

5. **Conclusion.**

I appreciate the good working relationship between the City and State agencies on a wide range of issues over the years. We are committed to working cooperatively with your administration during the review of cumulative impacts of the Gateway Pacific Terminal proposal.

The Gateway proposal involves transportation, air quality and water quality impacts stretching throughout the State, as an additional 18 trains per day round trip traverse our Statewide rail system, each train extending a mile and a half long. The resources and interests of Whatcom County are necessarily limited and do not appear to rise to the level needed for full Statewide SEPA review of these impacts or a full analysis of alternative sites that may have fewer impacts and greater benefits.

The State has both the authority and the experience to play a leadership role in the public process analyzing alternatives and the regional impacts of large industrial proposals like the Gateway Pacific Terminal. We urge you to bring that leadership to this table, demonstrating that government has the interests of its citizens foremost in mind in protecting the quality of our environment, our existing local economies, and our plans for future economic investments, even during difficult times. Your regional perspective is vital at this pivotal point in the process for review of the Cherry Point coal export facility.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dan Pike".

Dan Pike, Mayor
City of Bellingham

cc: The Honorable Peter Goldmark, Washington State Lands Commissioner
The Honorable Pete Kremen, Whatcom County Executive
Patrick Swan, Chief of Public Affairs, US Army Corps of Engineers, NW Region
Bellingham City Councilmembers