



## MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

### Board Clerk Use Only

**Meeting Date:** 11/7/2024

**Agenda Item #:** R.4

**Est. Start Time:** 10:40 AM

**Agenda Title:** Informational Briefing on Financial Responsibility Policy

**Requested Date:**  
11/7/2024

**Time Needed:**  
45 minutes

**Department/Division:**  
NonD: D1

**Requester Name & Email:**  
**Cristina Nieves**  
[cristina.nieves@multco.us](mailto:cristina.nieves@multco.us)

**Please list all presenters, with their titles, organization or department, in order of speaker, or note if their role is to answer questions:**

Multnomah County Commissioner Sharon Meieran  
Cristina Nieves, Policy Director for Commissioner Meieran  
Chris Voss, Director of Multnomah County Office of Emergency Management  
John Wasiutynzki, Director of Multnomah County Office of Sustainability

**Will your group join virtually or in-person? (check one)**

**Presenters will be in the Multnomah Building Boardroom**

**Presenters will be virtual/online. List emails of all virtual presenters:**

**Note: Virtual presenters must log in 15 mins prior to the start of the meeting to test video & mic**

**General Information:**

**1. What are you requesting from the Board?**

Time to brief the Board on a proposed Multnomah County Financial Responsibility policy to establish financial responsibility for owners and operators of Critical Energy Infrastructure Hub tanks in the event of a worst-case-scenario spill.

**2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer(s) this action affects and how it impacts the results.**

90% of the state’s fuel and 100% of its jet fuel is stored or flows through the Critical Energy Infrastructure (CEI) Hub, housing over 630 tanks containing oil, liquid fuels, and other hazardous and combustible materials. The CEI Hub is located in the Linnton neighborhood on the banks of the Willamette River on soil that, in the event of a moderate to major earthquake, will liquefy and slough into the river. A massive Cascadia Subduction Zone earthquake in the region is overdue and has a high chance of occurring within the next 50 years. It is not a question of “if”, but “when”. The CEI Hub was established over a hundred years ago, with tanks on average being built 50-70 years ago, long before seismic risks were known. Given its vulnerability and proximity to Portland’s densely populated urban core and the Willamette and Columbia Rivers, the CEI Hub poses a significant risk of cataclysmic damage to the surrounding community and environment when the earthquake happens.

The Multnomah County has expressed deep concern about the risks and commissioned an analysis of tank contents and an estimate of damages in the event of a worst-case-scenario spill that would be anticipated in connection with a CSZ earthquake. This analysis was crucial to state adoption of Senate Bill 1567 implementing Oregon’s Seismic Tank Stability Program, requiring tank owners to evaluate tank risks and submit mitigation plans to state DEQ. They will be required to implement their mitigation plans within 10 years of approval by the state.

Commissioner Meieran’s office, in collaboration with the Multnomah County Office of Sustainability and supported by the Office of Emergency Management, has developed a policy to expedite mitigation of risk and, when the CSZ or other major disaster happens, ensure that the County has sufficient financial resources on hand to address the scale and scope of the unprecedented and cataclysmic damage that will occur. The policy goals will be achieved through a County ordinance requiring parties responsible for hazardous materials stored at the CEI Hub provide proof that they will have sufficient financial resources on hand to cover damages from a worst-case spill or hazardous release.

Key provisions of the financial assurance policy and proposed ordinance are outlined below. Implementing risk mitigation plans will result in significantly lower costs associated with operating tanks in the CEI Hub. This, in turn, will incentivize owners and operators of the tanks to mitigate risk as soon as possible.

**Key Provisions of Financial Responsibility policy:**

**Applicability:** The ordinance applies to facilities storing over 2 million gallons of oil, liquid fuels, or hazardous materials.

**Financial Responsibility:** Owners/operators must demonstrate financial ability to cover costs and damages from a worst-case spill through establishing financial assurance mechanisms.

Financial assurance amounts are calculated based on storage capacity and whether a DEQ-approved risk mitigation plan is in place. This includes the costs of cleanup at the facility if it ceases operation, whichever is greater.

To demonstrate financial responsibility, the owner or operator of a facility must submit proof financial assurances to the County no later than 18 months after the adoption of the Chapter. The statement of proof must include:

The financial assurance mechanism(s) used to demonstrate financial responsibility;  
Proof that the mechanism(s) provide the minimum amount of coverage required;  
The facility's total maximum capacity to store, hold, and/or transfer oil or hazardous material.

In order to verify compliance, owners or operators must submit proof of financial assurance instruments that includes:

- The financial assurance mechanism(s) used to demonstrate financial responsibility;
- Proof that the mechanism(s) provide the minimum amount of coverage required;
- The facility's total maximum capacity to store, hold, and/or transfer oil or hazardous material;

Owners or operators must also submit an updated statement of proof every three years or as specified by the County. If at any point the owner or operator is unable to demonstrate sufficient financial responsibility, they must notify the County within 30 days.

**Allowable types of Financial Assurance:**

- Insurance
- Surety bonds
- Letters of credit
- Trust fund

**Enforcement:** The ordinance grants the County enforcement authority, including penalties for noncompliance.

**3. Explain the fiscal impact (current year and ongoing).**

No current fiscal impact. For the County's FY 2025-26 Budget anticipated impact would include the cost of an estimated \$170,400 - \$296,400 for 1-2 FTE in the Office

of Sustainability charged with developing the rules for program implementation and planning for implementation. The presentation will include fee recovery cost options.

**4. Explain any legal and/or policy issues involved.**

The policy builds off thorough and comprehensive work done by the County, City of Portland and the State legislature to mitigate risks associated with Critical Energy Infrastructure Hub.

**5. Explain any community and/or other government participation that has or will take place.**

Throughout the development of this policy, there has been extensive engagement with stakeholders including community organizations representing health, environmental, and neighborhood interests. Additionally, there has been regular engagement and collaboration between city, state, and federal representatives.

**Required Signature:**

<b>Elected Official/ Department Director:</b>	<b>/s/</b> 	<b>Date:</b>	10/30/2024
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*Note: Please insert name of your approver following the /s/. Send accompanying electronic approvals to the Board Clerk.*