

February 27, 2025

House Committee on Emergency Management, General Government, and Veterans

HB 3150, 215 2, 2151, and 2949

Chair Tran, Vice Chairs Grayber and Lewis and Honorable Committee members, I'm Michael Dembrow, former Oregon Senator for District 23. I'm here to provide a little background for you on the set of seismic resiliency bills that are before you today. They are follow-ups to a bill that I chief-sponsored along with Vice-Chair Grayber in 2022, SB 1567.

SB 1567 was intended as the first step in a long-overdue set of actions needed to prepare this state for the inevitable natural catastrophe that we knew was coming our way in the form of a huge subduction zone earthquake on the West Coast. The average recurrence of subduction zone earthquakes of this magnitude in this part of the Pacific is every 234 years. The most recent was on January 26, 1700, which meant that we were and are living on borrowed time, sitting on a ticking time bomb.

Nowhere is that more true than in those areas adjacent to large fuel storage facilities, and particularly so for the 6-mile area adjacent to the Willamette River in Northwest Portland known as the Critical Energy Infrastructure Hub. That's where 90% of Oregon's fuel comes into the state and is stored prior to distribution. This includes all the jet fuel that goes to the Portland International Airport. Many are quite old and would never be able to pass current building codes. They need to be retrofitted or replaced.

Because unfortunately, the soil on which these tanks are located is composed of extremely unstable river fill, subject to liquefaction in the event of a major earthquake. There are hundreds of millions of gallons of flammable materials at the CEI Hub. Any spill or explosion at the CEI Hub would be a serious threat to workers, firefighters and other first responders, frontline communities, fish, and other natural resources. It has been characterized as a disaster on the order of Fukushima and Deepwater Horizon combined, but within the borders of a major city and the relatively narrow confines of the Willamette River.

In addition, we knew that if we were to lose all or most of the fuel stored in those facilities, it would be impossible for the state to recover quickly from the effects of the quake. For the foreseeable future at least, we need that fuel. We cannot

afford to lose it. That's true not only for the Portland region but for the entire state.

Over the years, we have come to know more and more what the catastrophic effects of an earthquake of this magnitude will be on the Hub. We've received dozens of reports showing that the economic costs incurred by explosions, fires, and loss of fuel at the hub will be in the billions of dollars—not to mention the enormous, horrible human costs.

These reports have all pointed to the same conclusion—the need for government oversight to make sure that these fuel tanks are in a position to withstand the worst effects of the shaking and liquefaction, to protect life and the environment. We need adequate, coordinated oversight that can address risk at the Hub in its totality, and ultimately include facilities at risk of failure all over the state.

SB 267 therefore directed DEQ to create a program to regulate the tanks, requiring vulnerability assessments of each of the large tanks in the Hub, along with an extremely large facility in Eugene, to be performed by the summer of 2024. The program was limited to those facilities storing 2 million or more gallons of liquid fuel. I will add that this applies to renewable fuel as well as fossil fuel—both would pose significant risks in the event of a major earthquake. It also required each of the facilities to submit hazard reduction plans for DEQ approval that same summer. They were then required to begin to comply with those plans.

Along with this process to create safer conditions in the face of a catastrophic event, the bill also directed the Oregon Department of Energy to develop a statewide Energy Security Plan to plan for disruptions of the state's energy supply. If the decision is made to place a new tank in a different part of the state, the Department is required to consider impacts on local communities and to make sure that the new facilities are appropriate to the need and don't become stranded assets as our use of fossil fuels reduces over time.

I'm pleased to say that SB 1567 passed the Senate on a 23-2 vote and the House on a vote of 50-7 and appropriated the dollars needed to set up the new Fuel Tank Seismic Stability program at DEQ. The overwhelming nature of this support, especially during a short session, was a testament to the seriousness with which the Legislature was taking this threat to the Portland area and to the state as a whole.

As a result of SB 1567 DEQ was charged with coming before the Legislature following last summer's assessments and reduction plans, and those of you on this committee in December were able to hear about the progress so far and the

work yet to be done. You learned that the program is getting off the ground slowly but surely. At the same meeting, ODOE presented its report on energy security.

Chair Tran, committee members, as I said at the beginning, when we crafted SB 1567, we knew that it was the first step in a multi-year, multi-session set of actions. Now that the first stage has been completed and the reports submitted, it's time to continue the work. And that's what these four bills before you today do.

Let me address them briefly one by one, in the order they're listed on your agenda.

HB 3450 directs ODOE with help from DEQ and DLCD to convene a group of stakeholders—including industry stakeholders, technical experts, researchers, affected community members, state and local government agencies and other interested parties—to take the next step in charting a future for the Hub as a whole. DEQ's Fuel Tank Seismic Safety program addresses the operators one by one, as individual parties with their own operations. But of course no facility is an island when they are so closely located to one another. A transition plan needs to be made that will look at the Hub as a whole. What are the projections for future fuel needs? Where and when is it appropriate to consolidate operations? Should—as DEQ recommended to this committee—the current 2-million-gallon threshold for regulation be reduced and bring more tanks under oversight? When or if is it appropriate and necessary for risk-bonding to be used to make sure that resources will be there to address any necessary clean-ups? These are all items that need to be considered. The process directed by SB 3450 will then result in a report to the Legislature in September 2026 in advance of any legislative action deemed necessary for the 2027 session.

HB 2152 follows up on ODOE's work with the Statewide Energy Security Assessment. Based on the insights from that statewide assessment, it calls for the creation of a Statewide Geographic Diversity of Fueling Stations for Disaster Reserves Priority Action Plan. I'll let my co-presenter, Yumei Wang, speak to you more about that, given her expertise with this issue and with both seismic and other emergency management.

The third bill, HB 2151, makes a necessary modification to the Seismic Risk Mitigation Fund created in SB 1562. That fund was created in Treasury in order to receive any federal funds or other funds made available to us in order to help improve infrastructure safety at the Hub. What we've come to understand, though, is that there is an equally important need to help prepare for the earthquake disaster in other ways—namely to help prepare the nearby

communities with investments in improved warning systems, evacuation planning and infrastructure, firefighting capacity for nearby Forest Park, among others. This modification will allow the state and local governments to request and use potential investments for that purpose.

Finally the fourth bill, SB 2949, directs DEQ to contract with an independent third party to study and assess the potential for requiring owners or operators of bulk oils or liquid fuels terminals to obtain insurance, a surety bond or other evidence of financial assurance for costs associated with a catastrophic release of oil or liquid fuels as a result of an earthquake. This is a requirement that exists in other jurisdictions. The goal would be to connect any bonding requirement to progress made in improving the tank infrastructure as required by SB 1562: the safer the facility becomes, the lower the risk and therefore the lower the needed guarantee that dollars will be available to help with cleanup. This is an idea that Multnomah County has been exploring for the well-being of its residents, if need be on its own, but I think most of us would agree that a statewide approach would be preferable. The results of this third-party study would then become available for the Hub transition-planning process produced by HB 3450 and be reported to the Legislature.

Chair Tran, as I wrap this up, I hope that you and the other committee members can see how these bills are positively interrelated and important ongoing work. More than any other, this committee understands that resilience and emergency preparation is never a one and done. It needs to be ongoing, steadily and carefully planned step by step. That's what this work is all about, and that's what these bills do.

Now let me turn it over to Dr. Yumei Wang, to whom all of us concerned about seismic resiliency owe so much, to share her wisdom and her expertise with you.