

Exhibit A 1: Statement of Overriding Considerations (Preemption)

The following Statement of Overriding Considerations is made in connection with the conditional approval of the Crude by Rail Project (Project) proposed by the Valero Benicia Refinery (Refinery).

The City of Benicia (City) finds that, pursuant to State CEQA Guidelines section 15093, the City has balanced the benefits of the proposed Project against any unavoidable environmental impacts in determining whether to approve the proposed Project. If the benefits of the proposed Project outweigh the unavoidable adverse environmental impacts, those impacts may be considered acceptable.

The City declares that the Final Environmental Impact Report (FEIR) prepared for the Project has identified and discussed potentially significant effects that may occur as a result of the proposed Project. With implementation of existing regulations and the mitigation measures discussed in the FEIR, the environmental effects of the Project can be mitigated to less than significant levels, except for the following significant unavoidable impacts on the environment, for which mitigation is preempted by federal law, and for which there is no need for overriding considerations. Nevertheless, should any overriding considerations be required, they would be for the following significant and unavoidable effects:

- Air Quality: potential conflict with implementation of applicable air quality plans; potential contribution to existing or projected air quality violations; potential cumulatively considerable net increase in criteria pollutant and ozone precursor emissions.
- Biological Resources: potential substantial adverse effect on candidate, sensitive, or special-status wildlife species or migratory birds.
- Greenhouse Gas Emissions: generation of direct and indirect GHG emissions; conflict with intent of Executive Order S-3-05.
- Hazards and Hazardous Materials: potential significant hazard to the public or environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment; train derailments and unloading accidents; potential exposure of people or structures to significant risk from wildland fires.

The City finds that reasonable and good faith efforts have been made to eliminate or substantially mitigate potential impacts from the foregoing

significant and unavoidable impacts. To the extent any mitigation measures could not be incorporated, such mitigation measures are infeasible because of specific economic, legal, social, technological and other considerations.

The City further finds that except for the proposed Project, all other alternatives set forth in the EIR are infeasible, would not meet the basic Project objectives, are preempted by federal law, and/or would, with the exception of the No Project Alternative, have environmental impacts comparable to or greater than the proposed Project.

The City finds that the Project will have the following benefits:

Benefit-1: The Project will generate additional tax revenue for the City. A report prepared by Andrew Chang & Company, LLC and dated May 2014, concluded as follows:

- The Project will generate almost \$200,000 in additional sales tax.
- The Project will increase the value of the Refinery property by approximately \$55 million, which will increase property tax revenue by \$175,000 per year.
- Project construction will create over 1,000 jobs generate up to \$2 million in one-time sales tax revenue for the City based on sales of construction materials.

Benefit-2: The Project will create 20 permanent jobs at the Refinery, and indirectly create an additional 30-40 jobs in the region.

Benefit-3: The Project will reduce greenhouse gas (GHG) emissions by a total of 225,000 tons per year based on replacing ship trips with locomotive trips for delivery of 70,000 barrels per day of oil to the Refinery.

Benefit-4: The Project will generate as much as \$1,600,000 in annual funding for the California's Office of Spill Prevention and Response for inland spill preparedness.

Benefit-5: The Project will reduce the likelihood of an oil spill as compared the risk of maritime spills under current conditions.

Benefit-6: The Project will ensure the continuing economic viability of the Valero Refinery, thus protecting more than 500 jobs and tax revenues comprising approximately 20% of the City's general fund operating budget.

The City finds and declares that, having reduced the significant adverse environmental effects of the proposed Project to the extent feasible by adopting mitigation measures, having considered the entire administrative record of the proposed Project, and having weighed the benefits of the proposed Project against its unavoidable adverse impacts after mitigation, the City has determined that the above Project benefits do not outweigh the Project's potential unavoidable significant adverse impacts from rail operations, and the impacts remain unacceptable.

The federal Interstate Commerce Commission Termination Act, however, preempts Public Resources Code Section 21081 to the extent that it prohibits an agency from approving a project that will result in significant unavoidable impacts from rail operations absent a finding that the Project's benefits outweigh the Project's significant effects on the environment. Thus, the City is not required to find that the benefits of the Project outweigh the negative impacts and may adopt the Statement of Overriding Considerations despite being unable to find the Project benefits outweigh the impacts.