

Alternative # 2

(No Action Alternative)

Major Industrial Urban Growth Area / Port Industrial

Cherry Point

The Cherry Point Urban Growth Area (UGA) contains approximately 7,000 acres of industrial land. The land has long been planned and designated by Whatcom County for industrial development and is currently the site of three major industrial facilities including two oil refineries and an aluminum smelter. Together, these three existing industries own about 4,400 acres of the total Cherry Point industrial lands.

Because of the special characteristics of Cherry Point, this area has regional significance for the siting of large industrial or related facilities. Because of the large acreage demands of the types of industries likely to locate there, the remaining undeveloped acreage at Cherry Point will likely be absorbed during the 20 year planning period.

The Cherry Point shoreline also has great importance to the fisheries and ecology of Northern Puget Sound because it provides essential spawning habitat for what once was the largest herring stock in Washington State. This herring stock has supported important commercial fisheries in the past and provides forage for salmonids and other important marine species. In 2010, the DNR recognized the need to "protect the significant environmental resource of aquatic lands at Cherry Point" (CPAR Management Plan p. 1), completed the Cherry Point Environmental Aquatic Reserve Management Plan, and designated the Cherry Point Aquatic Reserve to ensure long-term environmental protection of the area. The reserve extends from the southern boundary of Birch Bay State Park to the northern border of the Lummi Indian Nation Reservation. The site excludes three existing aquatic land leases (BP, Intalco, Phillips 66 shipping piers) and one proposed aquatic land lease.

The overall purpose of the Cherry Point Aquatic Reserve (AR) is to ensure long-term environmental protection for local habitats and species (CPAR MP p. 1). Specific goals include protection and recovery (as applicable) of Cherry Point herring, Nooksack Chinook salmon, ground fish, marine mammals, seabird/duck and shorebird communities, Dungeness crab, and submerged native aquatic vegetation (CPAR MP p. 2). Another goal is to cooperate with other stakeholders "to minimize and reduce identified impacts of human activities on the species and habitats within the Reserve" (CPAR MP p. 2).

The Management Plan acknowledges that the existing industries, complying with laws and regulations, do not conflict with the Aquatic Reserve although their activities may pose risks for the Aquatic Reserve. Indeed, the industries' need for buffer space and their compliance with shoreline management requirements means that much of the Aquatic Reserve shoreline is in substantially natural riparian vegetation and bluff processes proceed without interference. Existing industries can serve the Aquatic Reserve's objectives so long as they are managed according to the Plan and so long as the lessees actively work to further goals for the Reserve (CPAR MP p. 2).

1 The County and industrial users have long recognized that the Cherry Point area
2 exhibits a unique set of characteristics that makes land there not only locally but
3 regionally important for the siting of major industrial developments especially
4 where deep water access for shipping is a critical locational factor. These
5 characteristics were articulated in the Overall Economic Development Plan (OEDP)
6 for Whatcom County adopted by the Whatcom County Council of Governments in
7 May, 1993, in the 1997 Property Counselors Report on supply and demand for
8 industrial land in Whatcom County and at Cherry Point, the 2002 Greater Whatcom
9 Comprehensive Economic Development Strategy, the 2003 Whatcom County
10 Industrial Land Study, and the 2015 Whatcom County Comprehensive Economic
11 Development Strategy.

12 The characteristics that make Cherry Point unique as a site for major industrial
13 development include the following:

14 Port Access – The marine waters off Cherry Point provide deep water access for
15 shipping. Deep water access for shipping was a major siting consideration for the
16 three major industries currently located at Cherry Point and for the
17 industrial/shipping facilities currently being proposed.

18 Rail Access – Cherry Point is served by a branch line of the Burlington Northern
19 mainline serving western Washington from Blaine to Portland. Rail service is
20 considered to be vital to statewide as well as local interests for the competitive
21 movement of freight. Rail service is particularly important in relation to water borne
22 commerce. The Cherry Point area has the rail access to support marine terminals
23 and industrial users in the area. The BP refinery at Cherry Point uses the railroad to
24 ship calcined coke to U.S. markets and to other port facilities for transshipment to
25 foreign markets. Both the BP and Phillips 66 refineries receive crude oil shipments
26 by rail.

27 Proximity to Canada, Alaska and Foreign Ports - Cherry Point occupies a unique
28 location for the siting of industry because of its close proximity to Canada and
29 because of its shorter travel distance than other regional port facilities for shipping
30 to Alaska and to other Pacific Rim locations. The Cherry Point industrial area
31 benefits from proximity to Canada, as trade between the U.S. and Canada grows in
32 response to the lifting of trade barriers under the Free Trade Agreement. Canadian
33 exports to the U.S. are expected to increase and Canadian firms exporting to the
34 U.S. are expected to seek locations in the U.S. as a way of improving access to U.S.
35 markets. Additionally, just as other port facilities in Washington are constrained by
36 lack of extensive upland areas to support major industrial development, Canadian
37 port facilities are likewise constrained. There are limited expansion sites available at
38 Roberts Banks and in the Vancouver Harbor, and development sites further up the
39 Fraser River are constrained by limitations on vessel draft. Marine terminals at
40 Cherry Point could serve a portion of the potential growth in Canadian marine
41 cargo.

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Presence of Necessary Utilities and Infrastructure

Cherry Point is a major industrial area in Whatcom County. The Phillips 66 Ferndale Refinery was constructed in 1954, the Alcoa Intalco Works Aluminum Smelter in 1966, and the BP Cherry Point Refinery in 1971. The infrastructure to support these industries and future industrial users at Cherry Point is in place and includes the following:

Electric Power: Electric Power is available from three providers in the Cherry Point area: Puget Sound Energy, Public Utility District #1 (PUD #1), and Bonneville Power Administration.

Puget Sound Energy owns two electrical generating facilities at Cherry Point. The electricity generated by these two facilities can be transmitted outside the region into the grid for supply to Puget's customers or some of it can be consumed by Cherry Point customers through interties with the PUD #1. Puget Sound Energy also acquires power from outside the region and transmits it via their transmission grid into Cherry Point. The BP Cherry Point Refinery purchases electrical supply on the market and pays Puget Sound Energy to transmit the power and operate distribution systems to provide that power to the refinery.

PUD #1 purchases electricity from the Bonneville Power Administration and takes ownership of that power at the Bonneville substation in Bellingham and then transmits it over its transmission line to Cherry Point to serve the Phillips 66 Ferndale Refinery.

PUD #1 and Puget Sound Energy have interties at Cherry Point allowing the transmission of power in and out of Cherry Point depending on the amount of power generated and consumed at Cherry Point.

The Bonneville Power Administration supplies power directly to the Alcoa Intalco Works aluminum production facility.

Water: Whatcom County Public Utility District #1 currently provides industrial process water to all major industrial facilities at Cherry Point and has contracts in place to provide process water to properties that are currently undeveloped. PUD #1 also operates a small system to provide potable water to one industry (Praxair). Birch Bay Water and Sewer District provides potable water to the BP Cherry Point Refinery. The other industries operate their own water treatment facilities to provide potable water for their facilities.

Sewer: Sewer service is not typically required for large industrial developments. Most of the existing industrial users provide their own on-site sewage treatment and waste water treatment. Sewer service for domestic wastewater is provided to the BP Refinery by the Birch Bay Water and Sewer District. If and when sewer service should become necessary for other industries, service could be provided on a contractual basis with the Birch Bay Water and Sewer District, which borders the Cherry Point industrial area on the north.

Natural Gas: Natural gas is currently available at Cherry Point.

All-weather Roads: Grandview and Slater roads, the major east-west connectors between Cherry Point and Interstate-5, provide all-weather road access to Cherry Point.

The industries currently located at Cherry Point are a substantial part of the economic base of Whatcom County and the region and the economic welfare of the county is strongly tied to the health of these industries and their ability to flourish and expand as opportunities present themselves. These industries need to be protected from the inappropriate encroachment of incompatible uses; particularly residential uses that could affect their ability to expand. The best means for protecting these industries from incompatible adjoining uses and to assure their continued regulatory conformity is to maintain the industrial land use designation of these lands and adjoining properties currently designated for industrial development. The Cherry Point industrial lands have been designated for industrial development and as a direct result of the industrial designation, incompatible and inappropriate residential development has been curtailed.

Goal 2CC: Maintain Cherry Point as an unincorporated urban growth area based on its unique location and characteristics and its significant contribution to the overall industrial land supply and Whatcom County's tax base.

Policy 2CC-1: Designate Cherry Point as a major industrial Urban Growth Area to accommodate major users that need to be located away from concentrated urban residential areas and that can manage their activities in such a way that they do not conflict with the goals of the Aquatic Reserve Management Plan.

Policy 2CC-2: Ensure that developments in the Cherry Point UGA maintain management plans to accomplish the goals of the Aquatic Reserve Management Plan.

Policy 2CC-3: Assure that Cherry Point's unique features of large parcelization, port access, and transportation availability are maintained and protected from incompatible development.

Policy: 2CC-4: Require the master planning of each large parcel in advance of any development or subdivision at Cherry Point.

Policy: 2CC-5: Require the designation and site plan for a major user (generally 40 acres or more) before the development of accessory or supporting uses to assure that accessory or supporting uses are compatible with and will not interfere with the major industrial user.

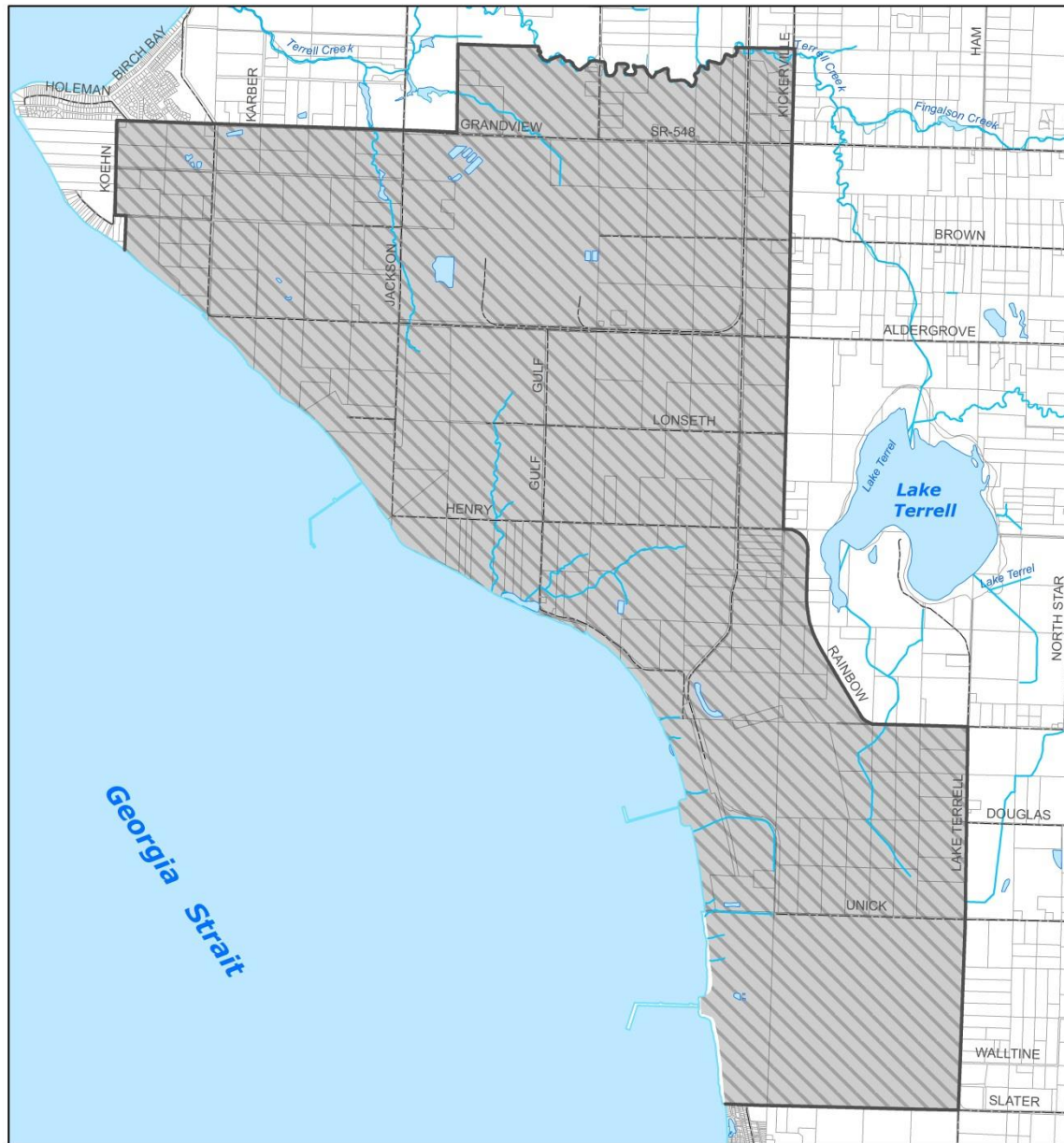
Policy: 2CC-6: Specify 160 acres as a minimum area for planning, prior to the commitment of a parcel for a major user (40 acres or more, singularly or as a cluster or group).

Policy: 2CC-7: Permit support activities, warehousing, shipping, machine repair and service, educational services, food service and

- 1 conveniences, to locate on a parcel only after the completion of
2 a master plan, and the identification and site plan approval for
3 the major user.
- 4 Policy 2CC-8: Exclude Cherry Point as part of any future incorporation of Birch
5 Bay.
- 6 • to protect interests of the property owner in terms of
7 taxation and urban regulations;
- 8 • to preclude urbanism near "smokestack" industries;
- 9 • to preserve county government tax base.
- 10 Policy 2CC-9: Continue to work with service providers that serve Cherry Point
11 to ensure the delivery of services and to allow it to develop to
12 its fullest potential.
- 13 Policy 2CC-10: It is the policy of Whatcom County to limit the number of piers
14 at Cherry Point by establishing a development moratorium.
15 Notwithstanding the above, this moratorium shall not affect, nor
16 otherwise apply to, any proposed pier that Whatcom County
17 approved under its Shoreline Management Program prior to
18 adoption of the moratorium.
- 19 Policy 2CC-11: RCW 36.70A.365 requires the implementation of Traffic Demand
20 Management (TDM) programs for the designating of a Major
21 Industrial Urban Growth Area. Any employer in the Cherry Point
22 Urban Growth Area that employs one hundred or more full-time
23 employees at a single worksite who begin their regular work day
24 between 6:00 am and 9:00 am on weekdays for at least twelve
25 continuous months during the year are required to meet the
26 TDM requirements of WCC 16.24.
- 27 Policy 2CC-12: Work with the Cherry Point industries to maximize public access
28 to the Cherry Point beaches without compromising industrial
29 security.
- 30 Policy 2CC-13: Cooperate with the DNR and existing industries to monitor
31 the effects of industrial activities on water quality and habitat
32 functions in and adjacent to the Cherry Point Aquatic
33 Reserve.

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Map UGA-10



- Cherry Point Urban Growth Area

 Major Port/Industrial UGA

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0 0.25 0.5 1 Miles

