



October 23, 2006

The Honorable Dalton S. Edge
Members of the City Council
306 Cedar Rd, 6th Floor
Chesapeake, VA 23322

Re: Operational Fire Code Permit Fee for Ethanol Tanks

Dear Mayor Edge and Members of the City Council:

The Independent Liquid Terminals Association (ILTA) is submitting these comments to express our concern regarding the recently proposed increase in the fire code permit fee for alcohol-based fuel storage. ILTA represents 76 companies and partnerships that operate about 500 bulk liquid storage terminals located throughout the United States and in 41 other countries. Many of these facilities are "for-hire" facilities that do not own the products they store. Four terminals with a total storage capacity of 4.3 million barrels in Chesapeake are ILTA members.

At this time, a 3.5 cents per gallon capacity fee on alcohol-based fuel storage should not be imposed on bulk liquid terminals located within Chesapeake. Pending the completion of testing on a national level, it is not possible to know what will be required to respond effectively and adequately to an ethanol fire. For this reason, it is also not possible to determine the costs that will need to be incurred to properly protect against an ethanol fire at a fuel storage facility.

Terminal companies are well aware that handling ethanol necessitates changes in the fire-fighting tactics and extinguishing agents now used for gasoline and other refined petroleum products. Through a newly created task force, the industry is actively taking steps to answer the questions and concerns related to increased fire protection and training for ethanol storage and handling. ILTA, Industrial Fire World, Williams Fire and Hazard Response Control, Inc., the International Association of Fire Chiefs, and ANSUL (a leading fire fighting foam manufacturer) are planning a series of test fires to determine what extinguishing method is the most effective on ethanol fires. The fire tests will include spill fires, tank fires, tanker truck spills/fires, loading rack fires, and spill cleanup procedures.

The completion of these tests in the coming months will enable the fire response industry to identify the most effective products and techniques for combating ethanol fires and to develop training materials for fire departments across the country. Please be assured that terminal operators in the Chesapeake area are committed to ensuring that responders will have adequate resources in the event of a fire at their storage facility.

In our view, it would be counter-productive for the City of Chesapeake to prejudge and essentially intervene in the joint research effort now being conducted by terminal operators, city fire departments and industry experts. Chesapeake should not act prematurely by assessing an ethanol-related fee prior to a final decision of the task force on the correct methodology for combating an ethanol fire. ILTA is not aware of any other city or county—anywhere in the country—that has assessed a similar fee. Moreover, the structure of the proposed fee is highly problematic. Using similar reasoning, should waterfront complexes now be subject to additional fees because fire departments decide that they need new boats to combat fires from the water? Should downtown high-rise buildings be assessed additional fees because larger trucks and higher pressure would be required to reach the upper floors? There is no good reason for singling out ethanol for a special fee.

ILTA, its ethanol task force partners, and the Chesapeake area terminals would appreciate the opportunity to engage in detailed discussions with the Chesapeake Fire Marshal on how industry and the municipality can work together to achieve a balanced, effective response that makes sense. Much more can be accomplished through a cooperative effort rather than the assessment of the proposed fee.

ILTA requests that these comments be included in the official record of the City Council meeting on this issue scheduled for October 24.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "R. Peter Weaver", is written over a light blue horizontal line.

R. Peter Weaver
Director, Regulatory Compliance and Safety