Oil
Extra

From: Fred Eissler, Conservation Chairman
Los Padres Chapter, Sierra Club
2812 Panorama Place, Santa Barbara
and: Mrs. Kathleen Jackson
Sierra Club Coordinator, Nipomo Dunes Preservation
1039 Chestnut St., Paso Robles

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The coke conveyor and ship loading wharf, proposed for construction on San Luis Obispo's south coast by Collier Carbon and Chemical Corporation, a subsidiary of Union Oil Company of California, will in all probability result in considerable additional expenditure of local taxpayer funds for a Port San Luis Harbor Development, it was learned in a letter from Lachlan M. (Lock) Richards, Chief, Small Craft Harbors, to the Sierra Club.

Writing on July 8, Richards cites the probable effects upon Federal participation in this Harbor development project, as a result of Collier Carbon and Chemical Corporation's proposal to build their own conveyor and pier, rather than use the projected Port San Luis Harbor deep draft facilities, which have long counted on participation of the Union Oil Company subsidiary. Pertinent sections of Richards' recent letter are:

"The federal share of any navigation project is dependent upon the ratio of the commercial benefits to the recreational benefits. The Federal government will pay the total cost of that share for the benefits allocated to the commercial benefits and only 50 percent of the cost allocated to recreational benefits. This would mean that in a project where the benefits are 50 percent

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commercial and 50 percent recreational, the Federal share of the initial construction cost would be 75 percent of that cost. In the case of Port San Luis, should Collier Carbon construct a facility so that it would not tranship by way of Port San Luis, an amount of cargo having a value of 38 percent of the total benefits, this would have the effect of increasing the recreational benefits in proportion to the total; the net effect would be to increase the local contribution for initial construction." Richards' letter continues:

"The diversion of this tonnage would reduce also the benefit cost ratio from about 4:00 to 1:00 to approximately 2.4 to 1:00. Inasmuch as the $1,650,000 application is no longer in effect (having been good for one year only, and subsequently reduced to $500,000) and the $500,000 loan has been made, any new application for a construction loan would have to be based on the merits of the project for which the loan is contemplated."

While it is difficult to determine at this time what percentage of the total value of the Port San Luis Harbor would be attributable to the potential business accruing from Collier Carbon and Chemical Corporation, Sierra Club sources stated, it may be considered as significant in tems of loading an estimated 300,000 tons of coke a year, as compared with a probable cost of the Small Craft portion of the Harbor development.

In effect, Richards' letter demonstrates that construction of the proposed Collier coke conveyor across the Nipomo sand

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dunes, with the attendant loss of commercial business to Port San Luis Harbor, would result in a 50 percent decrease in Federal participation, in Harbor development, with the resultant necessity for at least several millions of local taxpayers monies being required by the Harbor.

Based upon present estimates, total cost of the Harbor, seven and a half million dollars, it would appear probable that the loss of Collier Carbon as a prime customer of the Port will result in doubling the county taxpayers' share as a result of decreased Federal participation, Sierra Club sources pointed out.

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Fred Eissler

and

Kathleen Jackson