



# CITY OF SUMAS

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# Memo

**To:** Honorable Mayor and Members of the Sumas City Council

**From:** Carson Cortez, City Planner, City of Sumas

**CC:** Sunny Aulakh, Public Works Director, City of Sumas

**Date:** January 23, 2026

**Re:** Oleo Energies, Freeland & Associates Conditional Use Permit Application

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## Background

On September 29, 2025, the City of Sumas received a Conditional Use Permit Application and SEPA Checklist from Freeland & Associates on behalf of Oleo Energies, Inc. The project was proposed to be located at 191 W Front St. The proposed use was for the transloading, storage, and dilution of Diesel Exhaust Fluid (DEF). The project included the installation of six 15,500-gallon vertical storage tanks and the use of a reverse osmosis process to clean the water used to dilute the DEF. The project proposed to create roughly 4 permanent full-time jobs with some additional temporary employment available during construction.

On November 24, 2025, the Sumas City Council held a public hearing regarding the Conditional Use Permit Application. During the meeting, Council members expressed concerns regarding spill containment and flood control measures that could become necessary in the event of a flood. The City Council voted to refer the proposal to the Public Works Committee for more detailed discussions and continued the public hearing to the December 8, 2025, Council meeting.

The Public Works Committee held a meeting on December 3, 2025. During the meeting, City Staff and Committee Members discussed Council's concerns with the applicants. Additional concerns were raised regarding potential contaminants in the City's sewer system resulting from the reverse osmosis process. The Committee required that the applicant submit documentation identifying potential contaminants and have the analyzed for potential risk of corrosion to the City's sewer system.

Following the Public Works Committee meeting, the City Council reopened the public hearing on December 8, 2025. The results of the Public Works Committee meeting were summarized. The City Council voted to continue the public hearing again to the January 12, 2026, meeting to provide additional time for the contaminant analysis results to come back. At the January 12, 2026 City Council meeting, City Staff requested that the public hearing be continued again to the January 26, 2026, Council meeting, citing the December 2025 flood event as having slowed down communication regarding the analysis results.

## **Analysis Results**

As of the writing of this memo on January 16, 2026, City Staff received the results of the contaminant analysis performed by ChemE Solutions. The summarized results show that there should be no significant harm to the Sumas sewer system due to this project. These results are included in the agenda materials attached to this memo.

City Staff, upon reviewing the results of the analysis, propose a condition to be included in the Conditions of Approval requiring the applicant to install a testing station to continuously monitor the discharge into the sewer system. This station would be located at the point of discharge and would allow the City to ensure that contaminant levels in the wastewater do not reach unhealthy levels.

## **Monetary Fee**

Section 20.66.020 of the Sumas Municipal Code provides criteria that Conditional Use Permits must meet in order to be considered complete. Section 20.44.035 of the Sumas Municipal Code provides additional criteria for development in the Industrial zoning district that Conditional Use Permit applications in that district must meet. Section 20.44.035 of the Sumas Municipal Code is written as follows:

“In addition to reviewing a proposed conditional use for consistency with the conditional use permit criteria set forth under Section 20.66.020, the city council shall consider the following criteria when reviewing applications for conditional use permits in the I district:

- (1) The extent to which the proposed use is consistent with the purpose established under Section 20.44.010;
- (2) The benefits to the public that will result from permanent improvements associated with the proposed use that increase the city's tax base;
- (3) The number, duration and quality of jobs that will result from establishment of the proposed use;
- (4) The extent to which potential impacts to the public and neighboring properties and resources, including to neighboring zoning districts, will be mitigated to within acceptable levels such that the use will not result in adverse impacts to private property, property values, quality of life, and community and environmental health; and

- (5) The extent to which the use will generate benefits or contribute revenue that will offset impacts to or use of public facilities.”

The primary source of concern for this project regarding these additional industrial criteria is criterion #5. City Staff find that the potential benefits and revenue generated from this proposal are minimal. The relatively small increase in jobs and the lack of tax revenue generated from permanent improvements on the site provide limited benefit to the City compared to the potential impact that the proposal could have to the surrounding infrastructure and environment.

City Staff feels that it would be prudent for the applicant to offset these impacts by agreeing to a monetary fee which would be necessary to maintain the local infrastructure needed to serve this project. In a recent Conditional Use Permit decision made by the Sumas City Council, a fee of \$100 per rail car was approved. City Staff recommend a similar fee structure for this project. This fee would allow the applicant to offset the lack of benefits and revenue provided by the applicant, while supplying funds to the City which would be put back into infrastructure and maintenance benefiting the area and Sumas as a whole.

Sunny Aulakh  
City Public Works Director  
City of Sumas  
433 Cherry St  
Sumas WA 98295

January 16, 2026

Sunny,

After reviewing on your behalf and having discussions with Oleo Energies and a few contacts I have in the environmental field I can offer the following comments.

- Oleo Energies has been operating a urea off loading facility inside Sumas city limits for a few years. The site that is in use has been operating for many years handling dry products. It is my understanding that the site a few years back started unloading tote bins directly off the rail cars into tote bins that were then shipped off site. In some cases full truck loads were also loaded.
- In talking to Oleo they assumed that the operating permit covered them for also offloading the liquid Urea chemical.
- Whenever there is a change in use for an industrial site, it is best practices for the governing body to receive/request a change in use permit request. These permit requests assess the change in use proposed, and then, the governing body grants the use under a now changed/updated permit. In reviewing the current situation, it appears this has not been done.
- I have looked at the current situation and discussed it with a environmental engineering firm and there does not appear to be any federal or state laws that are begin violated. The real issue is that they do not have an operating permit covering the specific handling/storage of bulk urea. This would be something the City would be requesting.
- I have also looked at the general plans for the company to move forward and become a processing plant. Based on the design of the system I do not see any significant impact on the sewer system. Nor do I believe the estimated water going to the sewer from the plant will cause harm to Abbotsford.
- For the new plant, best practices should be observed, and the design should be reviewed and approved by the City before construction is begun
- The decision from the city as to whether the company can continue to operate during the development phase up to the city. You may want to ask them to put in some type of temporary spill containment.



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If you have any questions, please feel free to contact me.

Best Regards

Geoff Stensland  
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