CITY OF HOQUIAM AND WASHINGTON DEPARTMENT OF ECOLOGY
RESPONSIBLE OFFICIALS' AMENDMENTS TO THE
ENVIRONMENTAL CHECKLIST AND THRESHOLD DETERMINATION FOR
WESTWAY TERMINAL TANK FARM EXPANSION PROJECT

The City of Hoquiam and the Washington Department of Ecology have agreed to act as Co-lead Agencies for the environmental review of the Westway Terminal Tank Farm Expansion Project proposal. The City of Hoquiam is the nominal lead for the SEPA review process.

Description of Proposal: Westway Terminal Company LLC proposes to expand its existing bulk liquid storage terminal to allow for the receipt of crude oil unit trains, storage of crude oil from these trains, and outbound shipment of crude oil by vessel and/or barge. The project would be located on leased property owned by the Port of Grays Harbor. The site is located adjacent to the Chehalis River in the City of Hoquiam at Section 18, Township 17 North, Range 9 West W.M., tax parcel number 056402300000 and in the City of Aberdeen in Section 7, Township 17 North, Range 9 West W.M., tax parcel number 029902000200.

File Reference: SEPA 12-05
SMA 12-07
CUP 12-01

Proponent: Westway Terminal Company LLC
Ken Shoemake, HSEQ Regional Manager
3128 Port Industrial Rd.
Hoquiam, WA 98550

Co-Lead Agencies: City of Hoquiam and Washington Department of Ecology

The Co-lead Agencies for this proposal have determined that it will not have probable significant impact on the environment. An environmental impact statement (EIS) is not required under RCW 43.21C.030 (2)(c). This decision was made after review of a completed environmental checklist and other information on file with the City of Hoquiam. This information is available to the public on request.

This Mitigated Determination of Non-Significance (MDNS) is issued under WAC 197-11-350(1). The Co-lead Agencies will not act on this proposal for 15 days from the date below. Comments or a written statement must be filed with the City of Hoquiam by April 19, 2013.

Responsible Official: Brian Shay, City Administrator, City of Hoquiam

Signature: _____

Responsible Official: Sally Toteff, Southwest Regional Director, Washington Department of Ecology

Signature: _____

Publication Date: April 4, 2013

To: All Permit and Review Authorities

ENVIRONMENTAL RECORD
The environmental review consisted of analysis based on the following documents included in the environmental record.

DOCUMENTS/REFERENCES:

- Environmental Checklist with attachments, received February 20, 2013
- Shoreline Substantial Development Permit Application, received December 03, 2012
- Conditional Land Use Permit Application, received December 03, 2012

Unless otherwise noted, the above documents are available for review at the City of Hoquiam, 609 8th Street, between the hours of 8 am to 5 pm Monday through Friday.

I. PROPOSAL DESCRIPTION

Westway proposes to expand its existing bulk liquid storage terminal to allow for the receipt of crude oil unit trains, storage of crude oil from these trains, and shipment of crude oil by vessel and/or barge from the Port of Grays Harbor Terminal #1. Four (4) internal floating roof storage tanks would be constructed on the site to the south of Westway's existing bulk storage tanks to provide storage for crude oil. The new tanks would each have a capacity of 200,000 barrels (8,400,000 gallons) for a project total storage capacity of 800,000 barrels (33,600,000 gallons). Each tank would be 150 feet in diameter and 64 feet in height. Each tank would sit on a concrete slab supported by pilings driven approximately 150 feet into the ground. The tanks would be surrounded by a concrete containment wall; the containment area would have the capacity to contain the total volume of a single tank plus an allowance for precipitation.

The existing rail facility on the site would be expanded from two (2) short spurs with a total of 18 loading/unloading spots to four (4) longer spurs with a total of 76 loading/unloading spots. As is currently the case, the rail spurs would be serviced from the east side of the terminal. The reconstructed rail area would be built on a sloped concrete slab such that spills of liquids would be contained and directed to a central sump for collection. The rail containment area would have the capacity to contain the total volume of a single rail car plus an allowance for precipitation. Construction of the expanded rail facility would involve demolition of an existing wood frame warehouse.

The project proponent estimates that the terminal would receive 9,600,000 barrels of oil per year, equivalent to two unit trains (120 railcars), one loaded and one empty, every three days.

The company estimates 60 ships or barges a year (120 entry and departure transits) for shipment of the crude oil.

A new pipeline would connect the new tanks, via an existing pipeline bridge, to the Port's Terminal #1. Work performed on the terminal dock would be limited to the addition of loading arms and parts of a Marine Vapor Combustion System. No in-water work is proposed.

Future expansion of the tank farm into the remainder of the property is possible, but not included as part of this proposal.

II. PERMITS/APPROVALS REQUIRED

A. PERMITS/APPROVALS REQUIRED PRIOR TO CONSTRUCTION

- City of Hoquiam – Critical Areas Review
- City of Hoquiam – Shoreline Substantial Development Permit
- City of Hoquiam – Conditional Land Use Permit
- City of Hoquiam – Stormwater Drainage Control Plan
- City of Hoquiam - Erosion Control Plan
- City of Hoquiam – Grade and Fill Permit
- City of Hoquiam – Building Permit
- City of Hoquiam – Demolition Permit
- City of Hoquiam – Fire Department Permit
- City of Aberdeen – Utility Services Agreement
- Washington State Department of Ecology – NPDES General Construction Permit
- Washington State Department of Ecology – RCRA Notice of Registration Update
- Washington State Olympic Region Clean Air Agency – Approval Order

B. PERMITS/APPROVALS REQUIRED PRIOR TO OPERATIONS

- Environmental Protection Agency – Facility Response Plan
- Environmental Protection Agency - Spill Prevention Control and Countermeasure Plan
- Washington State Department of Ecology - NPDES Individual Discharge Permit
- Washington State Department of Ecology - Spill Prevention Plan
- Washington State Department of Ecology – Spill Contingency Plan
- Washington State Department of Ecology – Facility Operations Manual
- Washington State Department of Ecology – Oil Handling Facility Training and Certification Report
- Washington State Department of Ecology – Oil Handling Facility Safe and Effective Threshold Report
- U.S. Coast Guard – Letter of Intent
- U.S. Coast Guard - Oil Spill Response Plan
- U.S. Coast Guard – Facility Security Plan and Facility Security Assessment
- U.S. Coast Guard – Facility Response Plan
- U.S. Coast Guard - Operations Manual update

III. PUBLIC COMMENT

(To be completed)

IV. REQUIRED MITIGATION MEASURES

The applicant's environmental checklist is incorporated by reference. The following discussion addresses mitigation measures that shall be implemented as part of the project. **These mitigation**

measures shall be deemed conditions of approval of the land use and/or permits issued under Hoquiam Municipal Code (HMC) 10.07 and 11.04. Such conditions are considered binding and may not be altered by subsequent decisions unless a threshold determination is re-issued.

As allowed in SEPA regulations (WAC 197-11-060) the Co-lead Agencies recognize this is one of two similar crude oil terminal proposals in the Grays Harbor area that have been submitted for review. The agencies have considered the aggregate impacts of the existing Westway operations and proposed operations and the cumulative impacts of the Westway proposal and the Imperium crude oil proposal during this evaluation. The proposals are not being considered a single course of action under WAC 197-11-060. They are not interdependent and each proposal can be implemented on its own. The potential vessel and rail traffic impacts from the Imperium proposal are being considered because of the potential for indirect or cumulative impacts resulting from the two proposals using the same transportation pathways and constructed in a similar timeframe (WAC 197-11-792).

1. EARTH

The applicant must obtain a NPDES Construction Stormwater General Permit. The permit requires erosion and sediment control measures to prevent stormwater from washing soil, nutrients, chemicals, and other harmful pollutants into local water bodies. The applicant must implement a Stormwater Pollution Prevention Plan (SWPPP). The SWPPP includes best management practices and structures to control and treat stormwater discharges.

- The applicant shall obtain coverage under the NPDES Construction Stormwater General Permit before site preparation begins.
- The applicant shall prepare and follow a Stormwater Pollution Prevention Plan to prevent and control the introduction of silt, sand, and other contaminants into stormwater runoff.
- Best Management Practices (BMPs) shall be implemented to control potential erosion during site construction activities.

2. AIR

The applicant shall obtain air permit approval from the Olympic Region Clean Air Agency (ORCAA) and be responsible for complying with all applicable air quality standards and permit requirements for the construction and operation of this facility.

- Emissions from ship loading operations shall be routed to a vapor combustion unit approved by ORCAA.
- Crude oil air emissions shall be controlled using Best Available Control Technology as required by ORCAA as part of the facility Air Permit.
- Tank emissions shall be reduced using internal floating roofs.
- Rail car emissions shall be controlled using vacuum relief devices on each railcar.
- Greenhouses gases (GHG) for the proposal include: rail traffic from the Washington/Idaho border to the facility, vessel transits from the facility to the three nautical mile limit, vehicular traffic from new employees, and construction and operation activities. The total amount of GHG was estimated at 14,979 metric tons CO_2e annually.
- ***Additional mitigation measure:*** In order to reduce greenhouse gases and diesel particulate matter from the locomotives, idling shall be minimized to the maximum

extent practicable. Shutting down locomotive engines as soon as practicable when not in use and delaying restart until necessary for car switching or departure from the facility shall be considered reasonable measures to reduce these pollutants.

3. WATER

Construction Runoff Control

The applicant must obtain a NPDES Construction Stormwater General Permit before site preparation begins. The permit requires erosion and sediment control measures to prevent stormwater from washing soil, nutrients, chemicals, and other harmful pollutants into local water bodies.

- Appropriate BMPs shall be implemented to control potential erosion during site construction activities.

Industrial Stormwater Control

The applicant must obtain a new NPDES Individual Discharge Permit. The permit requires erosion and sediment control measures to prevent stormwater from washing soil, nutrients, chemicals, and other harmful pollutants into local water bodies. The applicant must implement a Stormwater Pollution Prevention Plan (SWPPP). The SWPPP shall include best management practices and structures to control and treat stormwater discharges.

- No waste materials shall be discharged to surface or ground waters. Stormwater shall be discharged to the existing Port of Grays Harbor stormwater system.
- Precipitation falling inside the tank storage area shall be collected and tested before being released into the stormwater system.

Spill Prevention, Preparedness and Response Plans

The applicant shall prepare and maintain U.S. Coast Guard-approved Facility Security Plan and Facility Response Plan; Environmental Protection Agency-approved Facility Response Plan and Spill Prevention Control and Countermeasure Plan; and Department of Ecology- approved Oil Spill Prevention Plan and Oil Spill Contingency Plan. Spill response, preparedness and response requirements are described in more detail under Item 7.

4 & 5. PLANTS AND ANIMALS

Grays Harbor and the area along the vessel and rail route include many environmentally sensitive areas including streams, rivers, wetlands, fishing areas, shellfish beds, and migratory bird habitats. Spill prevention, preparedness, and response requirements to protect environmentally sensitive areas are described in Item 7 in more detail.

- HMC 10.05.65 requires that 18 inches total caliper of new trees be planted per acre of construction. Because the soils on the project site have been determined not to be adequate for long-term survival of trees, the applicant shall plant the required trees on other Port property and along public ways inside the City as per the plan submitted with the SEPA checklist.
- The Geographic Response Plan for Grays Harbor includes response strategies tailored to the Grays Harbor area and are tailored to minimize impacts of spills on sensitive resources. The Geographic Response Plan identifies sensitive natural, cultural or significant economic resources and provides strategies to respond to a spill which could affect them. The Geographic Response Plan shall be implemented as part of the facility's

Spill Contingency Plan.
www.ecy.wa.gov/programs/spills/preparedness/GRP/GraysHarbor/GraysHarbor.html.

6. ENERGY AND NATURAL RESOURCES

- All pumps and process technology equipment shall use energy efficient motors as appropriate to conserve energy.

7. ENVIRONMENTAL HEALTH

Health Hazards

- The applicant shall ensure that all employees and contractors working on the site during construction and operations receive all applicable training regarding the safe handling, use, and storage of crude oil.
- The applicant shall comply with all applicable federal, state, and local safety requirements pertaining to the proposed site functions and operations.

Noise

- Pile driving shall be limited to daylight hours to reduce potential noise impacts on off-site areas.
- The applicant shall adhere to all applicable federal, state and local noise standards.

Spill Prevention, Preparedness and Response

The public has expressed concerns of potential spills of oil from this proposal. Washington State has strong oil spill prevention, preparedness, and response regulations that apply to this proposal. Prevention requirements include plans for facility design and operations; requirements to pre-boom transfers of oil over the water; and inspections of the facility, vessels, and operations. Federal and Washington State preparedness and response regulatory requirements include development of a facility contingency plan with spill response contractors and equipment identified and contracted for in advance and actions for responding to spills including a worst-case discharge at the facility. Rail and vessel operators and owners must have contingency plans in place that address spills from vessels or from rail cars. The Grays Harbor's Geographic Response Plan identifies economic and environmentally sensitive areas and response strategies.

The applicant shall prepare and maintain U.S. Coast Guard -approved Facility Security Plan and Facility Response Plan; Environmental Protection Agency-approved Facility Response Plan and Spill Prevention Control and Countermeasure Plan; and Department of Ecology- approved Oil Spill Prevention Plan and Oil Spill Contingency Plan.

Facility Design and Emergency Response Plan

- The applicant shall comply with International Fire Code and Washington Facility Design Standards.
- All tank and rail car unloading areas shall be equipped with fire-fighting foam.
- Crude oil storage tanks shall be constructed to American Petroleum Institute (API) 650 and 653 standards and National Fire Protection Association (NFPA) No. 30 standards.
- The bulk liquid storage tanks and all associated piping shall be constructed to all applicable engineering standards to reduce the potential for spills of crude oil from the facility.

- The tank and rail spur facilities shall be equipped with concrete containment areas adequate to contain a potential spill plus an allowance for precipitation. The terminal dock shall be equipped with a curbing system as required by the USCG.
- Tanks shall include high and high-high level alarms.
- An Emergency Action Plan and Hazardous Materials Management Plan shall be filed with the local fire department, including chemical storage data and locations.
- The Westway site is located on soils derived from dredged materials that have a high liquefaction susceptibility factor. The site is rated as a seismic class D-E site. The Westway proposal is not expected to increase the liquefaction potential. The new storage tanks will sit on a concrete slab which will be supported by a series of piles driven approximately 150 feet into the ground.
- The Port of Grays Harbor is in a tsunami hazard area and is covered by the Grays Harbor County evacuation planning and risk management plan.

Oil Spill Prevention at the Facility:

- Prevention and response actions for spills to water shall be identified in the Spill Prevention Control and Countermeasure Plan required by 40 CFR 112 Oil Pollution Prevention, and the Spill Prevention Plan and Contingency Plan required by WAC 173-180 Facility Oil Handling Standards and WAC 173-182 Oil Spill Contingency Plan.
- Oil storage tanks shall be located within concrete containment areas capable of holding the total volume of the largest tank on-site plus precipitation. All of the rail area shall be built on concrete and shall be constructed to contain an entire rail car plus precipitation.
- Dock shall be constantly attended by a terminal operator during all loading operations that shall be able to stop a transfer immediately.
- During all oil loading operations, a spill response team, skimming equipment and boom shall be stationed 1,000 feet downstream at a boat ramp.
- Pre-booming of all oil transfers over water is required if safe and effective. Because the Chehalis River typically has a strong current and debris present, if pre-booming cannot be safely conducted, alternative measures are required.
- The Grays Harbor planning standard in WAC 173-182-405 specifies time and equipment requirements, including boom that is capable of encountering oil at advancing speeds of at least two knots in waves and appropriate for the operating environment. This standard shall be required in the facility's Spill Contingency Plan.

Oil Spill Prevention for the Rail Route:

- Puget Sound and Pacific (PSAP) Railroad has a contract with a spill response contractor to respond to any derailment or spill along the route from Centralia to Grays Harbor. A spill response plan has been submitted to the Federal Railroad Agency.
- ***Additional mitigation measure:*** In order to mitigate the risk of a spill impacting waters of the state, the applicant must ensure spill response equipment caches are positioned near identified sensitive areas such as the Chehalis River and near wetlands. A map identifying the locations and equipment of the caches shall be provided to Ecology for approval.

Oil Spill Prevention for the Vessel Route to Reduce Risk of a Spill:

- All crude oil tankers and oil barges shall be covered by the oil spill contingency plan held by Washington State Maritime Cooperative and approved by Ecology.
- US Coast Guard and Ecology shall be given advance notice of departure of all outbound crude oil vessels.
- Pilots shall schedule the departure of loaded vessels to coincide with the high tide to prevent the potential for grounding.
- All tankers shall have a pilot on board from the three nautical mile limit offshore to the dock at Terminal #1.
- The Port of Grays Harbor and the Pilots shall coordinate all commercial traffic in Grays Harbor and shall not allow any other vessel traffic in the ship channel from the terminal to the three nautical miles limit offshore when vessels loaded with crude oil depart the terminal.
- Two tugs shall accompany all loaded outbound crude vessels from the terminal to three nautical miles offshore and provide assistance if needed. A third tug shall also be available.
- A location at buoys 13 and 14 in the harbor has been identified as a suitable safe mooring area in the case of a vessel emergency. Tugs shall assist in maneuvering the vessels to the mooring area if needed.
- In the case of a vessel casualty offshore (like a loss of propulsion or sinking), response tugs at Neah Bay and Columbia River could provide assistance, however, response times will depend on tug availability and weather conditions.

Oil Spill Response

- Minor spills shall be cleaned up immediately using adsorbents, pads, or other appropriate materials.
- All materials used in cleanup shall be disposed of properly.
- The Ecology and U.S. Coast Guard approved spill response plans and contingency plans will be implemented in the case of any spill or discharge.

8. LAND AND SHORELINE USE

The applicant's proposal is consistent with the City of Hoquiam's local Shoreline Master Program. A Shoreline Substantial Development Permit will be obtained for the proposal.

- The applicant shall maintain the facility in good repair and the site shall be kept free of weeds, trash, and unsightly piles of equipment.
- The new storage tanks shall be painted white and periodically be pressure washed to remove staining.
- The applicant shall coordinate the project illumination plan with the Port of Grays Harbor to ensure that site lighting does not conflict with other land uses in the area.

9. HOUSING

The proposal will have no significant impacts on housing and no mitigation measures are required with regard to housing.

10. AESTHETICS

- The applicant shall maintain the facility in good repair and the site shall be kept free of weeds, trash, and unsightly piles of equipment.
- The new storage tanks shall be painted white and periodically be pressure washed to remove staining.

11. LIGHT AND GLARE

- New lighting shall be limited to that needed for safety and security. The applicant shall coordinate the project illumination plan with the Port of Grays Harbor to ensure that site lighting does not conflict with other land uses in the area.

12. RECREATION

- Recreational uses in the area, including recreational fishing and birding, will not be affected by the normal operations proposed for this facility.
- Spill response, preparedness and response requirements are described in more detail under item 7. The Geographic Response Plan for Grays Harbor includes response strategies tailored to the Grays Harbor area to minimize impacts of spills on sensitive resources. The Geographic Response Plan identifies sensitive natural, cultural and significant economic resources and provides strategies to respond to a spill which could affect them.

13. HISTORIC AND CULTURAL PRESERVATION

- If any potentially historical objects or other resources are found during construction, work in the vicinity of the find shall be immediately halted and the Washington Office of Archaeology and Historic Preservation shall be notified. Consultation with experts in that agency shall occur before construction proceeds.
- The applicant shall adhere to all the spill prevention, and cleanup measures specified in Item 7 to prevent and control potential spill impacts on Tribal fisheries.

14. TRANSPORTATION

The Westway proposal could result in two additional unit trains every three days (one loaded and one empty) and 60 tankers or tank barges a year (120 entry and departure transits). The Imperium proposal could result in two additional unit trains every day (one loaded and one empty) and up to 200 tankers or tank barges a year (400 entry and departure transits).

	Current level (2012)	Maximum in Westway Proposal	Maximum in Imperium Proposal	Total Maximum from both proposals	Total Number including current level and cumulative
Number of Vessel Transits per year (loaded and unloaded vessels)	168	120	400	520	688
Number of Train Transits per year (loaded and unloaded trains)	730	243	730	973	1703

The current baseline for rail traffic is approximately seven loaded trains per week. The Puget Sound and Pacific (PSAP) Railroad and Port of Grays Harbor have drafted a Freight Rail Plan 2013 that identifies infrastructure enhancements for an increase of three to seven loaded trains per week. There would be approximately nine additional loaded trains (18 loaded and unloaded trains) a week combined according to the Westway and Imperium proposals.

Vehicle Traffic

- The applicant shall provide adequate parking for additional employees as determined by the City of Hoquiam Building Official.

Rail Traffic

Two additional unit trains shall transit through the Aberdeen/Hoquiam area (one inbound, one outbound) every three days but are not expected to significantly impact existing traffic patterns at the entrances to the Olympic Gateway Shopping area and Port Industrial Road.

- ***Additional mitigation measure:*** To degree possible, trains shall transit the cities of Aberdeen and Hoquiam during non-rush hours, preferably in the evening, to avoid traffic congestion and impact to local businesses.
- ***Additional mitigation measure:*** A Rail Transportation Impact Analysis (RTIA) shall be completed prior to the applicant receiving the project Certificate of Occupancy for operation as issued by the City. The RTIA will determine the potential for impacts directly caused by changes and increases in rail traffic on local vehicular traffic and other rail commodities. The analysis shall identify any improvements or mitigation needed. Washington State Department of Transportation and the Washington Utilities and Transportation Commission will review the RTIA and provide comments to the Co-Leads.
- ***Additional mitigation measure:*** The applicant shall provide evidence to the City of Hoquiam that mitigation measures identified in the RTIA are implemented or are obligated to be implemented by the appropriate entities responsible for rail movements in the Aberdeen and Hoquiam area prior to the applicant receiving the project Certificate of Occupancy for operation as issued by the City.

Vessel Traffic

- All tankers shall have a pilot on board from the three nautical mile limit offshore to the dock at Terminal #1.
- All outbound vessels shall have tug escort from the terminal to the three nautical mile limit.
- ***Additional mitigation measure:*** Tankers and oil barges, loaded and empty, shall transit outside of 50 nautical miles along the Washington Coast as recommended by the West Coast Offshore Vessel Traffic Risk Management Project.
- ***Additional mitigation measure:*** Tankers and oil barges, loaded and empty, shall follow the Area to Be Avoided on the Olympic Coast and remain 25 nautical miles off the coast of the Olympic Coast National Marine Sanctuary.
- ***Additional mitigation measure:*** A Vessel Traffic Impact Analysis (VTIA) shall be completed prior to the applicant receiving the project Certificate of Occupancy for operation as issued by the City. The VTIA will determine the potential for impacts that

may result from changes or increases in vessel traffic in Grays Harbor. The analysis will identify any changes in existing operating policies and procedures that may be needed.

- ***Additional mitigation measure:*** The applicant shall provide evidence to the City of Hoquiam that mitigation measures identified in the VTIA are implemented or are obligated to be implemented by the appropriate entities having responsibility for such policies and procedures. Mitigation measures implemented shall be completed to the satisfaction of the Harbor Safety Committee and/or the US Coast Guard prior to receiving the project Certificate of Occupancy for operations as issued by the City.

15. PUBLIC SERVICES

- The applicant shall comply with all applicable fire prevention and suppression requirements and shall conduct all appropriate communication and collaboration with public service officials.
- The applicant shall develop and implement required spill response plans in conformance with all applicable laws and regulations.

16. UTILITIES

The proposal will have no significant impacts on utilities and no mitigation measures are required with regard to utilities.