



Grays Harbor Rail Terminal (GHT) Proposed Facility at Port of Grays Harbor

Frequently Asked Questions

1. Why is Grays Harbor Rail Terminal proposing a new bulk liquid facility in the Pacific Northwest?

During the past decade, technologies have developed that open – or in some cases, reopen – oil fields that could not have been reached before. Crude oil production has increased dramatically in North America, and the increased volumes are expected to continue for at least 25-30 years.

Those volumes have created a challenge, though: Existing facilities for transporting oil to destination refineries are at capacity. Even if all planned pipelines are completed, production volumes will still exceed delivery capacity. Rail is an economical and environmentally-friendly transport option, and there is already a strong rail network in the Pacific Northwest.

GHT's parent company, U.S. Development Group (USD), is the premier developer of rail facilities for handling crude oil and bio-fuels across North America, with 12 similar facilities constructed in the last ten years.

2. Why is the rail unloading facility proposed for Grays Harbor?

Liquid bulk and other commodities have been shipped through the Port of Grays Harbor for over a century because it is a deep harbor with close access to the shipping channel and excellent rail connections to the mainline. Grays Harbor Rail Terminal has chosen it for the very same reasons.

Terminal 3, where the facility will be built, is already zoned for heavy industrial use.

3. What are the next steps for the process?

Now that the project has been approved by the Port Commission, Grays Harbor Rail Terminal will negotiate and enter into a long-term lease agreement with the Port of Grays Harbor, and begin the permitting process with the appropriate agencies.

4. How much cargo will the facility handle?

Grays Harbor Rail Terminal is proposing a facility that would handle up to 50,000 barrels per day with one, 120-car unit train delivery about every two days. Ship calls will range from 45-60 per year, depending on vessel size.

5. How long will the facility take to construct?

GHT believes the facility could be operational within two years.

6. Will Grays Harbor Rail Terminal hire local contractors and tradesmen to build the facility?

Yes. GHT's parent company USD has developed 12 similar facilities across North America, and depends on local construction companies to build them. The proposed facility is expected to provide a significant boost to the local economy initially through both the creation of construction jobs and the materials purchased during construction.

The project represents an \$80 million capital investment into the Grays Harbor community.

7. Will there be permanent, full-time local employment opportunities?

In addition to jobs created by construction, operating the facility will create 30-40 permanent, family-wage jobs to operate the facility. GHT will hire locally for those positions.

8. Will longshore labor work at the facility?

Yes. Members of ILWU Local No. 24 will handle work on the dock, including cargo-loading and other duties related to vessel arrival and departure.

9. What products will be loaded?

Multiple grades of crude oil would be handled at this facility.

10. What spill prevention and response measures will Grays Harbor Rail Terminal have in place on terminal equipment?

Spill prevention efforts begin long before cargo arrives in Grays Harbor:

- When they depart the loading facility en route to Grays Harbor, rail cars are sealed at the top hatch and on the bottom of the tank where the belly valves are located. Upon arrival at GHT, seals will be checked to confirm that they are intact and no tampering has occurred.
- Air brakes are fully tested prior to departure to ensure necessary performance.
- Our offloading equipment also has multiple containment and redundant safety mechanisms, such as:
 - **“Dry break” disconnect valves:** When the unloading process begins, hoses are connected to the belly valve located on the bottom of the tank. Those hoses are equipped with “dry break” disconnect mechanisms, which prevent any liquid from escaping when the hose is removed from the tank car valve.
 - **Emergency shut-off valves:** All equipment used in the offloading process has emergency shut-off valves built into the design. The system is comprised of automatic and manual shutdown triggers that quickly close valves if necessary.
 - **Drip pans:** Drip pans are located under each offloading rack, funneling even very small amounts of liquid immediately to a specially-designed enclosure.

11. What spill prevention and response features are included in the facility design?

In addition to the redundancies built into equipment design, the terminal itself will include several secondary containment features – features designed to prevent leaks from happening, and when leaks do happen, from becoming spills. For example:

- A containment basin will be constructed around the unloading rack, so that in the unlikely event liquid is spilled during the unloading process, it remains in a small and controlled area.
- Elevated containment walls/berms will be constructed around the storage tanks. These walls or berms will be designed to contain 110% of the entire volume of the largest tank within the containment area.
- USD’s site-specific spill prevention, control, and countermeasure (SPCC) plans are designed to prevent

oil discharges from occurring at the site and prepare facility personnel to respond in a safe, effective manner to quickly mitigate any impacts in the unlikely event of a discharge.

- Emergency response equipment will be prepositioned on site. All staff members will be trained to use it and GHT will conduct annual workshops with local emergency response agencies to assess response readiness and effectiveness, and will conduct tabletop exercises semi-annually as well.
- GHT’s parent company, USD, contracts with nationally-recognized emergency response companies to provide trained professional emergency response personnel as well as any additional equipment and resources required.

12. What spill prevention and response measures will Grays Harbor Rail Terminal have in place for marine operations?

GHT will work with all regulatory agencies to develop a site-specific safety plan that meets regulatory requirements, and spill response equipment will be pre-positioned at the facility.

GHT will also work closely with representatives from the port and other terminal operators in the harbor to cooperate on strengthening the existing harbor prevention and response plans.

13. What is U.S. Development’s track record in constructing and operating similar facilities?

USD, GHT’s parent company, designs and operates its facilities to meet or exceed applicable regulations and operating rules. We have an excellent track record and no recordable spills have occurred at our facilities.

We develop a formal Safety Management System for each rail terminal – a system that is specific to each operation and addresses a site’s particular environmental and safety concerns. This plan dictates how environmental and safety matters are to be managed throughout the operation, defines everyone’s responsibilities, and describes the processes and procedures that will protect the safety of all employees, contractors, the community, and environment around the terminal facilities.

Our strong safety record has been recognized by others. In January 2013, USD was awarded the National Safety Council’s “Million Work Hours” award for reaching the milestone of one million hours worked without an incident. And BNSF has awarded USD with its “Stewardship Award” in 2011 and 2012 for our safety record of no hazardous spills or releases at any of our facilities.

I4. What provisions would be made for emergency services and fire suppression?

The site-specific Safety Management System described above will dictate how environmental and safety matters are to be managed throughout the operation, define everyone's responsibilities, and describe the processes and procedures that will protect the safety of USD's employees, contractors, the community, and the environment around the terminal facility. USD will comply with all laws and regulations relating to emergency preparedness including applicable fire codes, and coordinate closely with local fire departments to ensure effective response - including participating in regular tabletop and on-site emergency workshops and exercises.

I5. Who is U.S. Development?

U.S. Development entered the rail logistics business in 1998 and has since developed 12 facilities across the United States including Texas, Louisiana, New Jersey, Maryland, North Dakota, Colorado, and California. These facilities specialize in distribution of bio-fuels and crude oil by rail unit trains, bulk loading/offloading, tank storage, and pipeline transfers to marine vessels.

We are a small company with only 40 full-time employees, but the facilities we've developed employ over 400 operators to run our facilities. The work we do generates jobs and economic growth for the communities where we develop and operate terminals.

I6. What is the USD Foundation?

The USD mission and culture includes a company-wide commitment to making a positive impact in the communities where USD has major operations, and where USD employees live and work. One of the ways we accomplish this mission is by investing in community nonprofit organizations such as the United Way and Boys and Girls Clubs as well as other groups through the USD Foundation. When USD joins a community, we believe in being a good neighbor and supporting the many organizations important to those who live and work there. Though the Grays Harbor Rail Terminal has not yet become a reality, USD has already contributed to a local group, and we hope to continue to do so for years to come.