



Electronic Copy

STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY
Southwest Region Office

PO Box 47775 • Olympia, Washington 98504-7775 • 360-407-6300

March 16, 2023

Brandon Smith
West Bay Development Group, LLC
P.O. Box 1376
Sumner, WA 98390
brandon@themilestoncompanies.com

Re: Preliminary Determination of Liability for Release of Hazardous Substances at the following Contaminated Site:

- **Site Name:** Hardel Mutual Plywood
- **Site Address:** 1210 W Bay Dr NW, Olympia, Thurston County, WA 98502
- **Cleanup Site ID:** 3704
- **Facility/Site ID:** 75128579
- **County Assessor's Parcel Number(s):** 72600200100 and 91013100000

Dear Brandon Smith:

Based on credible evidence, the Department of Ecology (Ecology) is proposing to find West Bay Development Group, LLC liable under the Model Toxics Control Act (MTCA), Chapter 70A.305 RCW, for the release of hazardous substances at the Hardel Mutual Plywood facility (Site). Any person whom Ecology finds, based on credible evidence, to be liable is known under MTCA as a "potentially liable person" or "PLP."

This letter identifies the basis for Ecology's proposed finding and your opportunity to respond to that finding. This letter also describes the scope of your potential liability and next steps in the cleanup process at the Site.

Proposed Finding of Liability

Ecology is proposing to find West Bay Development Group, LLC liable under RCW 70A.305.040 for the release of hazardous substances at the Site. This proposed finding is based on the following evidence:

1. West Bay Development Group, LLC is the current owner of the site.
2. According to our information, past operations at the site resulted in the contamination of soil, sediment, groundwater, and/or air at levels that exceed the Model Toxics Control Act (MTCA) cleanup standards or other screening levels for total petroleum hydrocarbons (gasoline, diesel, and heavy oil ranges), volatile organic compounds (VOCs), semi-volatile organic compounds (SVOCs), carcinogenic polycyclic aromatic hydrocarbons (cPAHs), metals, and dioxins/furans. The following reports supports the conclusion that hazardous substances have been released at the site:
 - a. Pioneer Technologies Corporation, RI Data Gaps Investigation Work Plan, Hardel Mutual Plywood Corporation, 1210 West Bay Drive NW, Olympia, Washington, March 2021.
 - b. Pioneer Technologies Corporation, Remedial Investigation Data Gap Report, Hardel Mutual Plywood Corporation, 1210 West Bay Drive NW, Olympia, Washington, August 2021.
 - c. Pioneer Technologies Corporation, Memo: Addressing Ecology's RI Data Gaps, Hardel Mutual Plywood Corporation Site, 1210 West Bay Drive NW, Olympia, Washington, October 25, 2022.
3. Several studies since 2012 show dioxin/furan and cPAH sediment contamination near and emanating outward in a decreasing concentration gradient from the Site. For example, Figures 5.1 and 5.2 from Anchor (2016) show interpolated surface sediment dioxin/furan and cPAH concentrations, respectively.¹ Figure 5.1 shows an area of higher dioxin/furan concentration near the Site, decreasing with distance from the Site (Figure 1, below). This observed concentration (59.8 nanograms per kilogram, ng/kg or parts per trillion, ppt) is the highest concentration of dioxins/furans in the West Bay of Budd Inlet.²

¹ Anchor QEA, LLC (Anchor), Final Investigation Report Port of Olympia Budd Inlet Sediment Site, Port of Olympia, August 2016.

² Anchor, Draft Investigation Report, Port of Olympia Budd Inlet Sediment Site, December 2013.

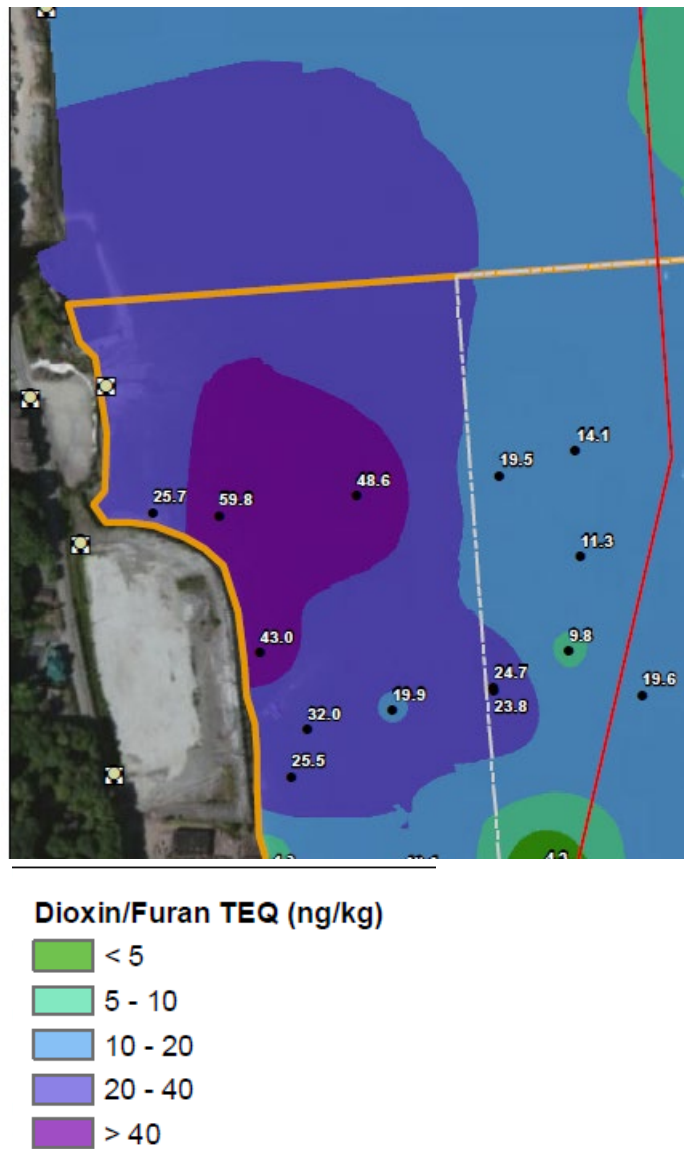
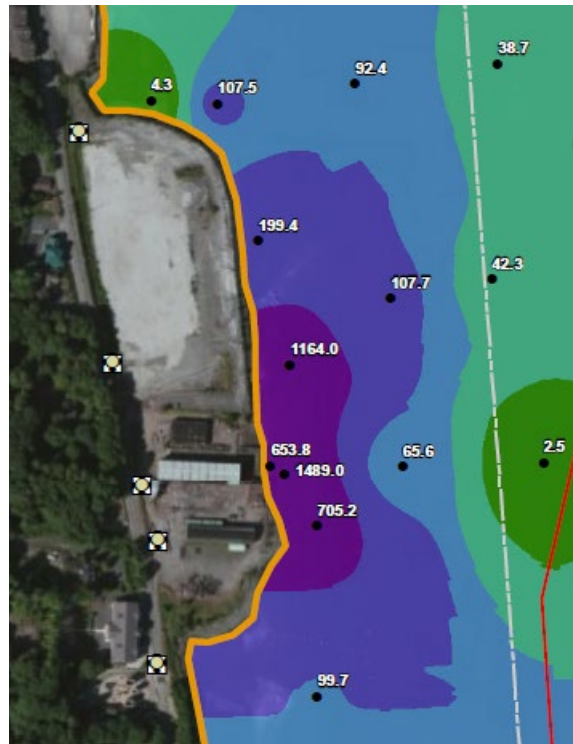


Figure 1 – Portion of Figure 5.1 from Anchor (2016).

Figure 5.2 shows an area of higher cPAH concentrations near the Site and the Reliable Steel site immediately to the south with decreasing concentrations with distance from the sites (see Figure 2, below). These concentration gradients indicate a likely historic or ongoing release from the Hardel Site.



Total cPAH TEQ ($\mu\text{g}/\text{kg}$)

- < 10
- 10 - 50
- 50 - 100
- 100 - 500
- > 500

Figure 2 – Portion of Figure 5.2 from Anchor (2016).

Opportunity to Respond to Proposed Finding of Liability

In response to Ecology's proposed finding of liability, you may either:

1. Accept your status as a PLP without admitting liability and expedite the process through a voluntary waiver of your right to comment. This may be accomplished by signing and returning the enclosed form or by sending a letter containing similar information to Ecology; or
2. Challenge your status as a PLP by submitting written comments to Ecology within thirty (30) calendar days of the date you receive this letter; or
3. Choose not to comment on your status as a PLP.

Please submit your waiver or written comments to the following address:

Steve Teel
SWRO Toxics Cleanup Program
Department of Ecology
PO Box 47775
Olympia, WA 98504-7775

After reviewing any comments submitted, or after 30 days if no response has been received, Ecology will make a final determination regarding your status as a PLP and provide you with written notice of that determination.

Identification of Other Potentially Liable Persons

Ecology has previously notified the following additional persons that they are potentially liable for the release of hazardous substances at the Site:

1. Hardel Mutual Plywood, Inc.

If you are aware of any other persons who may be liable for the release of hazardous substances at the Site, Ecology encourages you to provide us with their identities and the reason you believe they are liable. Ecology also suggests you contact these other persons to discuss how you can jointly work together to clean up the Site most efficiently.

Responsibility and Scope of Potential Liability

Ecology may either conduct or require PLPs to conduct remedial actions to investigate and clean up the release of hazardous substances at a site. PLPs are encouraged to initiate discussions and negotiations with Ecology and the Office of the Attorney General that may lead to an agreement on the remedial action to be conducted.

Each liable person is strictly liable, jointly and severally, for all remedial action costs and for all natural resource damages resulting from the release of hazardous substances at a site. If Ecology incurs remedial action costs in connection with the investigation or cleanup of real property and those costs are not reimbursed, then Ecology has the authority under RCW 70A.305.060 to file a lien against that real property to recover those costs.

Next Steps in Cleanup Process

In response to the release of hazardous substances at the Site, Ecology intends to conduct the following actions under MTCA:

1. Initiate discussions which may result in an Agreed Order. An Agreed Order is a legally binding contract for the cleanup of the site. WAC 173-340-530(5) states that Agreed Order discussions shall not exceed 60 days unless an extension is in the public interest.
2. Ecology may withdraw from Agreed Order discussions and pursue other enforcement strategies if it determines that:
 - a. Reasonable progress is not being made.
 - b. The Agreed Order is inappropriate based on new information or changed circumstances.

For a description of the process for cleaning up a contaminated site under MTCA, please refer to the enclosed fact sheet.

Ecology's policy is to work cooperatively with PLPs to accomplish the prompt and effective cleanup of contaminated sites. Please note that your cooperation in planning or conducting remedial actions at the Site is not an admission of guilt or liability.

Contact Information

If you have any questions regarding this letter or if you would like additional information regarding the cleanup of contaminated sites, please contact me at 360-890-0059 or steve.teel@ecy.wa.gov. Thank you for your cooperation.

Sincerely,



Steve Teel, LHG
Cleanup Project Manager
Toxics Cleanup Program
Southwest Region Office

Enclosures (2): A - PLP Waiver Form Template
 B - Focus: Model Toxics Control Act Cleanup Regulation: Process for
 Cleanup of Hazardous Waste Sites (#94-129)

By certified mail: 9489 0090 0027 6066 5603 31

cc: Kim Seely, Coastline Law Group PLLC, kseely@coastlinelaw.com
 Troy Bussey Jr., Pioneer Technologies Corporation, bussyt@uspioneer.com
 Rebecca S. Lawson, Ecology, rebecca.lawson@ecy.wa.gov
 Jerome Lambiotte, Ecology, jerome.lambiotte@ecy.wa.gov
 Ivy Anderson, Office of the Attorney General, ivy.anderson@atg.wa.gov
 Ecology Site File

Early Potentially Liable Person Notice Letter
Thirty-Day Comment Period Waiver Form

West Bay Development Group, LLC
P.O. Box 1376
Sumner, WA 98390

Pursuant to WAC 173-340-500 and WAC 173-340-520(1)(b)(i), I _____, a duly authorized representative of West Bay Development Group, LLC, do hereby waive the right to the thirty- (30) day notice and comment period described in WAC 173-340-500(3) and accept status of West Bay Development Group, LLC as a Potentially Liable Person at the following site:

- **Site Name:** Hardel Mutual Plywood
- **Site Address:** 1210 W Bay Dr NW, Olympia, Thurston County, WA 98502
- **Cleanup Site ID:** 3704
- **Facility/Site ID:** 75128579
- **County Assessor's Parcel Number(s):** 72600200100 and 91013100000

This waiver is solely for the purpose of cooperating with Ecology to conduct the additional investigation and remedial action necessary at the site. By waiving this right, West Bay Development Group, LLC makes no admission of liability.

Signature

Date



Focus

Model Toxics Control Act Cleanup Regulation: Process for Cleanup of Hazardous Waste Sites

In March of 1989, an innovative, citizen-mandated toxic waste cleanup law went into effect in Washington, changing the way hazardous waste sites in this state are cleaned up. Passed by voters as Initiative 97, this law is known as the Model Toxics Control Act, chapter 70.105D RCW. This fact sheet provides a brief overview of the process for the cleanup of contaminated sites under the rules Ecology adopted to implement that Act (chapter 173-340 WAC).

How the Law Works

The cleanup of hazardous waste sites is complex and expensive. In an effort to avoid the confusion and delays associated with the federal Superfund program, the Model Toxics Control Act is designed to be as streamlined as possible. It sets strict cleanup standards to ensure that the quality of cleanup and protection of human health and the environment are not compromised. At the same time, the rules that guide cleanup under the Act have built-in flexibility to allow cleanups to be addressed on a site-specific basis.

The Model Toxics Control Act funds hazardous waste cleanup through a tax on the wholesale value of hazardous substances. The tax is imposed on the first in-state possessor of hazardous substances at the rate of 0.7 percent, or \$7 per \$1,000. Since its passage in 1988, the Act has guided the cleanup of thousands of hazardous waste sites that dot the Washington landscape. The Washington State Department of Ecology's Toxic Cleanup Program ensures that these sites are investigated and cleaned up.

What Constitutes a Hazardous Waste Site?

Any owner or operator who has information that a hazardous substance has been released to the environment at the owner or operator's facility and may be a threat to human health or the environment must report this information to the Department of Ecology (Ecology). If an "initial investigation" by Ecology confirms further action (such as testing or cleanup) may be necessary, the facility is entered onto either Ecology's "Integrated Site Information System" database or "Leaking Underground Storage Tank" database. These are computerized databases used to track progress on all confirmed or suspected contaminated sites in Washington State. All confirmed sites that have not been already voluntarily cleaned up are ranked and placed on the state "Hazardous Sites List." Owners, operators, and other persons known to be potentially liable for the cleanup of the site will receive an "Early Notice Letter" from Ecology notifying them that their site is suspected of needing cleanup, and that it is Ecology's policy to work cooperatively with them to accomplish prompt and effective cleanup.

Who is Responsible for Cleanup?

Any past or present relationship with a contaminated site may result in liability. Under the Model Toxics Control Act a potentially liable person can be:

- A current or past facility owner or operator.
- Anyone who arranged for disposal or treatment of hazardous substances at the site.
- Anyone who transported hazardous substances for disposal or treatment at a contaminated site, unless the facility could legally receive the hazardous materials at the time of transport.
- Anyone who sells a hazardous substance with written instructions for its use, and abiding by the instructions results in contamination.

In situations where there is more than one potentially liable person, each person is jointly and severally liable for cleanup at the site. That means each person can be held liable for the entire cost of cleanup. In cases where there is more than one potentially liable person at a site, Ecology encourages these persons to get together to negotiate how the cost of cleanup will be shared among all potentially liable persons.

Ecology must notify anyone it knows may be a “potentially liable person” and allow an opportunity for comment before making any further determination on that person’s liability. The comment period may be waived at the potentially liable person’s request or if Ecology has to conduct emergency cleanup at the site.

Achieving Cleanups through Cooperation

Although Ecology has the legal authority to order a liable party to clean up, the department prefers to achieve cleanups cooperatively. Ecology believes that a non-adversarial relationship with potentially liable persons improves the prospect for prompt and efficient cleanup. The rules implementing the Model Toxics Control Act, which were developed by Ecology in consultation with the Science Advisory Board (created by the Act), and representatives from citizen, environmental and business groups, and government agencies, are designed to:

- Encourage independent cleanups initiated by potentially liable persons, thus providing for quicker cleanups with less legal complexity.
- Encourage an open process for the public, local government and liable parties to discuss cleanup options and community concerns.
- Facilitate cooperative cleanup agreements rather than Ecology-initiated orders. *Ecology can, and does, however use enforcement tools in emergencies or with recalcitrant potentially liable persons.*

What is the Potentially Liable Person’s Role in Cleanup?

The Model Toxics Control Act requires potentially liable persons to assume responsibility for cleaning up contaminated sites. For this reason, Ecology does not usually conduct the actual cleanup when a potentially liable person can be identified. Rather, Ecology oversees the cleanup of sites to ensure that investigations, public involvement and actual cleanup and monitoring are done appropriately. Ecology’s costs of this oversight are required to be paid by the liable party.

When contamination is confirmed at the site, the owner or operator may decide to proceed with cleanup without Ecology assistance or approval. Such “independent cleanups” are

allowed under the Model Toxics Control Act under most circumstances, but must be reported to Ecology, and are done at the owner's or operator's own risk. Ecology may require additional cleanup work at these sites to bring them into compliance with the state cleanup standards. Most cleanups in Washington are done independently.

Other than local governments, potentially liable persons conducting independent cleanups do not have access to financial assistance from Ecology. Those who plan to seek contributions from other persons to help pay for cleanup costs need to be sure their cleanup is "the substantial equivalent of a department-conducted or department-supervised remedial action." Ecology has provided guidance on how to meet this requirement in WAC 173-340-545. Persons interested in pursuing a private contribution action on an independent cleanup should carefully review this guidance prior to conducting site work.

Working with Ecology to Achieve Cleanup

Ecology and potentially liable persons often work cooperatively to reach cleanup solutions. Options for working with Ecology include formal agreements such as consent decrees and agreed orders, and seeking technical assistance through the Voluntary Cleanup Program. These mechanisms allow Ecology to take an active role in cleanup, providing help to potentially liable persons and minimizing costs by ensuring the job meets state standards the first time. This also minimizes the possibility that additional cleanup will be required in the future – providing significant assurances to investors and lenders.

Here is a summary of the most common mechanisms used by Ecology:

- **Voluntary Cleanup Program:** Many property owners choose to cleanup their sites independent of Ecology oversight. This allows many smaller or less complex sites to be cleaned up quickly without having to go through a formal process. A disadvantage to property owners is that Ecology does not approve the cleanup. This can present a problem to property owners who need state approval of the cleanup to satisfy a buyer or lender.

One option to the property owner wanting to conduct an independent cleanup yet still receive some feedback from Ecology is to request a technical consultation through Ecology's Voluntary Cleanup Program. Under this voluntary program, the property owner submits a cleanup report with a fee to cover Ecology's review costs. Based on the review, Ecology either issues a letter stating that the site needs "No Further Action" or identifies what additional work is needed. Since Ecology is not directly involved in the site cleanup work, the level of certainty in Ecology's response is less than in a consent decree or agreed order. However, many persons have found a "No Further Action" letter to be sufficient for their needs, making the Voluntary Cleanup Program a popular option.
- **Consent Decrees:** A consent decree is a formal legal agreement filed in court. The work requirements in the decree and the terms under which it must be done are negotiated and agreed to by the potentially liable person, Ecology and the state Attorney General's office. Before consent decrees can become final, they must undergo a public review and comment period that typically includes a public hearing. Consent decrees protect the potentially liable person from being sued for "contribution" by other persons that incur cleanup expenses at the site while facilitating any contribution claims against the other persons when they are responsible for part of the cleanup costs. Sites cleaned up under a consent decree are also exempt from having to obtain certain state and local permits that could delay the cleanup.

-
- **De Minimus Consent Decree:** Landowners whose contribution to site contamination is “insignificant in amount and toxicity” may be eligible for a de minimus consent decree. In these decrees, landowner typically settle their liability by paying for some of the cleanup instead of actually conducting the cleanup work. Ecology usually accepts a de minimus settlement proposal only if the landowner is affiliated with a larger site cleanup that Ecology is currently working on.
 - **Prospective Purchaser Consent Decree:** A consent decree may also be available for a “prospective purchaser” of contaminated property. In this situation, a person who is not already liable for cleanup and wishes to purchase a cleanup site for redevelopment or reuse may apply to negotiate a prospective purchaser consent decree. The applicant must show, among other things, that they will contribute substantial new resources towards the cleanup. Cleanups that also have a substantial public benefit will receive a higher priority for prospective purchaser agreements. If the application is accepted, the requirements for cleanup are negotiated and specified in a consent decree so that the purchaser can better estimate the cost of cleanup before buying the land.
 - **Agreed Orders:** Unlike a consent decree, an agreed order is not filed in court and is not a settlement. Rather, it is a legally binding administrative order issued by Ecology and agreed to by the potentially liable person. Agreed orders are available for remedial investigations, feasibility studies, and final cleanups. An agreed order describes the site activities that must occur for Ecology to agree not to take enforcement action for that phase of work. As with consent decrees, agreed orders are subject to public review and offer the advantage of facilitating contribution claims against other persons and exempting cleanup work from obtaining certain state and local permits.

Ecology-Initiated Cleanup Orders

Administrative orders requiring cleanup activities without an agreement with a potentially liable person are known as **enforcement orders**. These orders are usually issued to a potentially liable person when Ecology believes a cleanup solution cannot be achieved expeditiously through negotiation or if an emergency exists. If the responsible party fails to comply with an enforcement order, Ecology can clean up the site and later recover costs from the responsible person(s) at up to three times the amount spent. The state Attorney General’s Office may also seek a fine of up to \$25,000 a day for violating an order. Enforcement orders are subject to public notification.

Financial Assistance

Each year, Ecology provides millions of dollars in grants to local governments to help pay for the cost of site cleanup. In general, such grants are available only for sites where the cleanup work is being done under an order or decree. Ecology can also provide grants to local governments to help defray the cost of replacing a public water supply well contaminated by a hazardous waste site. Grants are also available for local citizen groups and neighborhoods affected by contaminated sites to facilitate public review of the cleanup. See Chapter 173-322 WAC for additional information on grants to local governments and Chapter 173-321 WAC for additional information on public participation grants.

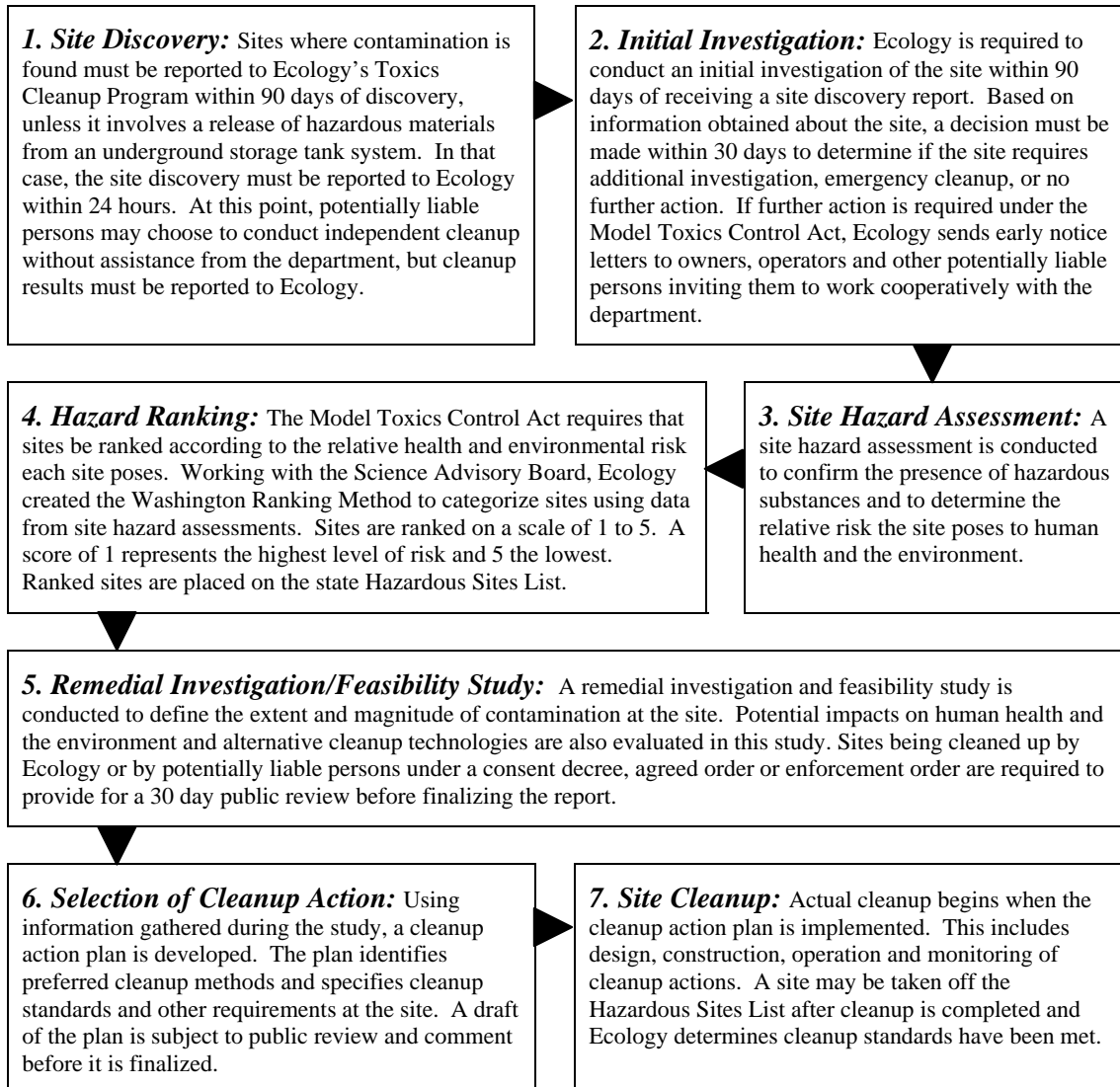
Public Involvement

Public notices are required on all agreed orders, consent decrees, and enforcement orders. Public notification is also required for all Ecology-conducted remedial actions.

Ecology's Site Register is a widely used means of providing information about cleanup efforts to the public and is one way of assisting community involvement. The Site Register is published every two weeks to inform citizens of public meetings and comment periods, discussions or negotiations of legal agreements, and other cleanup activities. The Site Register can be accessed on the Internet at: www.ecy.wa.gov/programs/tcp/pub_inv/pub_inv2.html.

How Sites are Cleaned Up

The rules describing the cleanup process at a hazardous waste site are in chapter 173-340 WAC. The following is a general description of the steps taken during the cleanup of an average hazardous waste site. Consult the rules for the specific requirements for each step in the cleanup process.



For More Information / Special Accommodation Needs

If you would like more information about the state Model Toxics Control Act, please call us toll-free at **1-800-826-7716**, or contact your regional Washington State Department of Ecology office listed below. Information about site cleanup, including a listing of ranked hazardous waste sites, is also accessible through our Internet address:

<http://www.ecy.wa.gov/programs/tcp/cleanup.html>

- **Northwest Regional Office** **425/649-7000**
(Island, King, Kitsap, San Juan, Skagit, Snohomish, Whatcom Counties)
- **Southwest Regional Office** **360/407-6300**
(Southwestern Washington, Olympic Peninsula, Pierce, Thurston and Mason Counties)
- **Central Regional Office** **509/575-2490**
(Benton, Chelan, Douglas, Kittitas, Klickitat, Okanogan, Yakima Counties)
- **Eastern Regional Office** **509/329-3400**
(Adams, Asotin, Columbia, Ferry, Franklin, Garfield, Grant, Lincoln, Pend Oreille, Spokane, Stevens, Walla Walla, Whitman Counties)

If you need this publication in an alternative format, please contact the Toxics Cleanup Program at (360) 407-7170. Persons with a hearing loss can call 711 for the Washington Relay Service. Persons with a speech disability can call 877-833-6341.

Disclaimer Notice: This fact sheet is intended to help the user understand the Model Toxics Control Act Cleanup Regulation, chapter 173-340 WAC. It does not establish or modify regulatory requirements.