



STATE OF WASHINGTON  
DEPARTMENT OF ECOLOGY

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

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November 19, 2014

Mr. Thomas Eaton  
Environmental Protection Agency  
Washington Operations Office  
300 Desmond Drive  
Lacey, WA 98503

Re: Annual Report for the Rayonier Mill Site Deferral Agreement

Dear Mr. Eaton:

In accordance with Section III of the deferral agreement between the Washington State Department of Ecology (Ecology), the U.S. Environmental Protection Agency, and the Lower Elwha Klallam Tribe (LEKT), I am providing you the annual status report for the Rayonier Mill Site cleanup in Port Angeles, Washington. This report provides a summary of Ecology activities since our last annual report dated July 17, 2013. Even though not a part of the deferral agreement, I have also included information on other Port Angeles Harbor sites for context.

**Rayonier Study Area (Interim Action Agreed Order)**

*Upland Portion of Study Area*

As discussed in the 2013 annual report, Rayonier submitted a public review draft of Volume I on May 1, 2012. Ecology and the LEKT reviewed the public review draft. Ecology approved the public review draft of Volume I on January 3, 2013. The report was posted on the web and copies placed in the repositories. We notified those on our mailing list that the report is available for review. We are not taking public comment on Volume I at this time. We will take public comment when all three volumes are ready for public review.

*Marine Portion of Study Area*

Rayonier submitted the agency review draft of Volume II on March 18, 2013. Ecology and LEKT reviewed the report, and had a large number of comments and issues. Ecology and Rayonier worked through the issues, and Rayonier submitted a public review draft of Volume II on September 23, 2013. Ecology and the LEKT reviewed the public review draft. While most all of our comments on the agency review draft were addressed, there are still a few revisions necessary before Ecology can determine the report to be ready for public review. These comments were provided to Rayonier May

7, 2014. Rayonier submitted a revised public review draft on July 23, 2014. The revisions address the comments provided in May, and Ecology will approve the report for public review soon.

#### *Alternatives Evaluation for Study Area*

Rayonier submitted the preliminary cleanup standards section of the Interim Action Report Volume III on July 12, 2013. Ecology and the LEKT reviewed this report, and provided comments to Rayonier on January 28, 2014. Revisions based on comments will be incorporated directly into the Volume III report.

Rayonier was to submit the draft development of interim action alternatives section of the Interim Action Report Volume III – Alternatives Evaluation within 120 calendar days of submittal of both public review drafts of Volume I and Volume II. Rayonier submitted the public review draft of Volume II on September 23, so the draft development of alternatives section was due January 23, 2014.

Rayonier, Ecology, and the Port Angeles Harbor Natural Resource Trustees have been evaluating an injury assessment and the extent of restoration required based on impacts from the Rayonier facility. Rayonier has agreed to include cleanup alternatives that anticipate restoration for natural resource damages. As of late December 2013, the extent of restoration needed was unknown. Rayonier requested an extension for the submittal of the draft development of alternatives section to allow further progress on the injury assessment so Rayonier could develop cleanup alternatives that include restoration. Ecology granted the extension to no later than June 30, 2014.

Rayonier submitted the draft development of alternatives section on June 30 as scheduled. Ecology provided comments on October 20. Overall the development of alternatives seems reasonable. We anticipate Rayonier submitting the agency review draft of Volume III by February 9, 2015.

#### **Rayonier Mill Off-Property Soil Dioxin Study**

Lower prioritization placed finalization of this report and responsiveness summary on hold while initiating work on the Western Port Angeles Harbor Site.

#### **Western Port Angeles Harbor**

Ecology named six potentially liable persons (PLPs) for the western harbor contamination in 2012 and another in 2013. Five of the PLPs, including Nippon Paper Industries USA Co. Ltd., Merrill & Ring, Georgia-Pacific LLC, Port of Port Angeles, and City of Port Angeles have formed the Western Port Angeles Harbor Group (WPAHG) to investigate the western harbor contamination. The group worked cooperatively with Ecology, meeting approximately every two weeks throughout late 2012 and early 2013, to develop an agreed order and work plan for a remedial investigation/feasibility study (RI/FS) which was finalized May 28, 2013. WPAHG conducted the fieldwork between June 24 and July 18, 2013.

The full results of fieldwork and validated data were available by late November 2013. WPAHG is now completing the RI/FS and met monthly with Ecology to discuss progress during early 2014. The RI/FS report was due in May 2014, but Ecology and WPAHG have mutually agreed that an extension

would be beneficial to address several outstanding issues before this report is submitted. The Agreed Order timeline will restart when we reach agreement on the outstanding issues and the RI/FS will be due 90 days later.

### **North Olympic Peninsula Regional Background**

Ecology is responsible for establishing regional background sediment concentrations for the state as a result of the 2013 Sediment Management Standards (SMS, 183-204 WAC) rule revisions. We are undertaking a process to establish North Olympic Peninsula regional background concentrations for selected bioaccumulative chemicals of concern. Under a sampling and analysis plan developed by Ecology, samples were collected in Dungeness Bay, Sequim Bay, Discovery Bay, and Port Townsend Bay during May 2013. Samples were not collected in Port Angeles Harbor as recent studies have shown the entire harbor to be affected by contamination from point sources. The SMS rules allow for use of an alternative geographical approach under these conditions. After evaluation of the results, the initial draft report was received in October 2013. Initial internal reviews of the draft report and comments received from stakeholders on general regional background issues raised several questions on how regional background values may affect future projects and permits. Ecology paused work on the NOP Regional Background report while these issues were considered. A revised report, received in July, is now under internal review. Ecology is reviewing the report in light of lessons learned in other regional background studies; and we are taking into consideration urban contributions of cPAHs. Ecology is planning to hold public stakeholder meetings prior to finalizing the report.

### **Combined Sewer Overflow (CSO) Project**

The CSO Project involved installation of new underground piping and structures on the Rayonier property including connections to Rayonier's remaining 5 million gallon tank. Since potentially contaminated soil would be encountered during the CSO construction project, an interim action was necessary to address the contamination in order to reduce the potential threat to human health and the environment. Ecology negotiated an amendment to the Interim Action Agreed Order for the Study Area. The amendment required Rayonier to implement a Materials Management Plan, which detailed how contaminated material would be managed.

The CSO Project was completed by February 2014. Over 26,000 cubic yards of soil have been stockpiled in the central portion of the Rayonier property, and approximately 110 tons of visibly contaminated soil was disposed of off-property.

The stockpiled soil will be addressed as part of the final remedy for the Study Area. As the stockpiles will remain in place for a few years, Rayonier developed a longer-term management plan for the stockpiles. Preliminary sampling results show low level contamination. As part of the longer term management plan, Rayonier pushed the stockpiles of soil together with flatter slopes. The stockpiles were hydro-seeded to reduce erosion and runoff.

### **Natural Resource Damage Assessment (NRDA)**

The Port Angeles Harbor NRDA Trustee Council, established in 2012 by Memorandum of Agreement (MOA), includes representatives of Ecology, US Fish and Wildlife, National Oceanic and Atmospheric Administration (NOAA), LEKT, Jamestown S'Klallam Tribe, and Port Gamble S'Klallam Tribe. Ecology serves as the lead administrative trustee. A preassessment screen for the Port Angeles Harbor was completed in August 2013.

The trustee council also negotiated a funding and participation agreement with Rayonier. Rayonier signed the agreement which includes a partial reimbursement of past interim costs, funding for the first phase of work, and a timeline for completing the entire assessment. Tasks included in the first phase include evaluating data, gathering habitat data, determining injury levels, injury modeling and service loss analysis, and ranking the restoration project. First phase tasks are complete and the trustees are preparing a budget estimate for the second and third phases of work, including running models, calculating service loss values, determining habitat impairment, assigning values for restoration projects, and preparing the damage assessment and restoration plan. The trustee council and technical subcommittee meet monthly to pursue this work.

The Western Port Angeles Harbor Group (WPAHG), including Nippon, Georgia-Pacific, Merrill & Ring, Port of Port Angeles, and City of Port Angeles approached Ecology regard a MTCA-only NRDA settlement in early 2013, stating the statute of limitation for a CERCLA NRDA has passed and a desire to incorporate restoration with cleanup in a timely fashion. Ecology, along with trustee council, encouraged WPAHG to consider the benefits of working with the full trustee council. The trustees formally invited WPAHG to participate in a cooperative assessment by letter in August 2013 and during a meeting in September 2013. In an effort to show timeliness, the trustee council prepared a proposed estimate of natural resource damages in Port Angeles Harbor for WPAHG in 90 days without a funding agreement, presenting it to WPAHG on April 30, 2014. The trustee council is waiting for a response from WPAHG.

### **Stakeholder/Public Involvement**

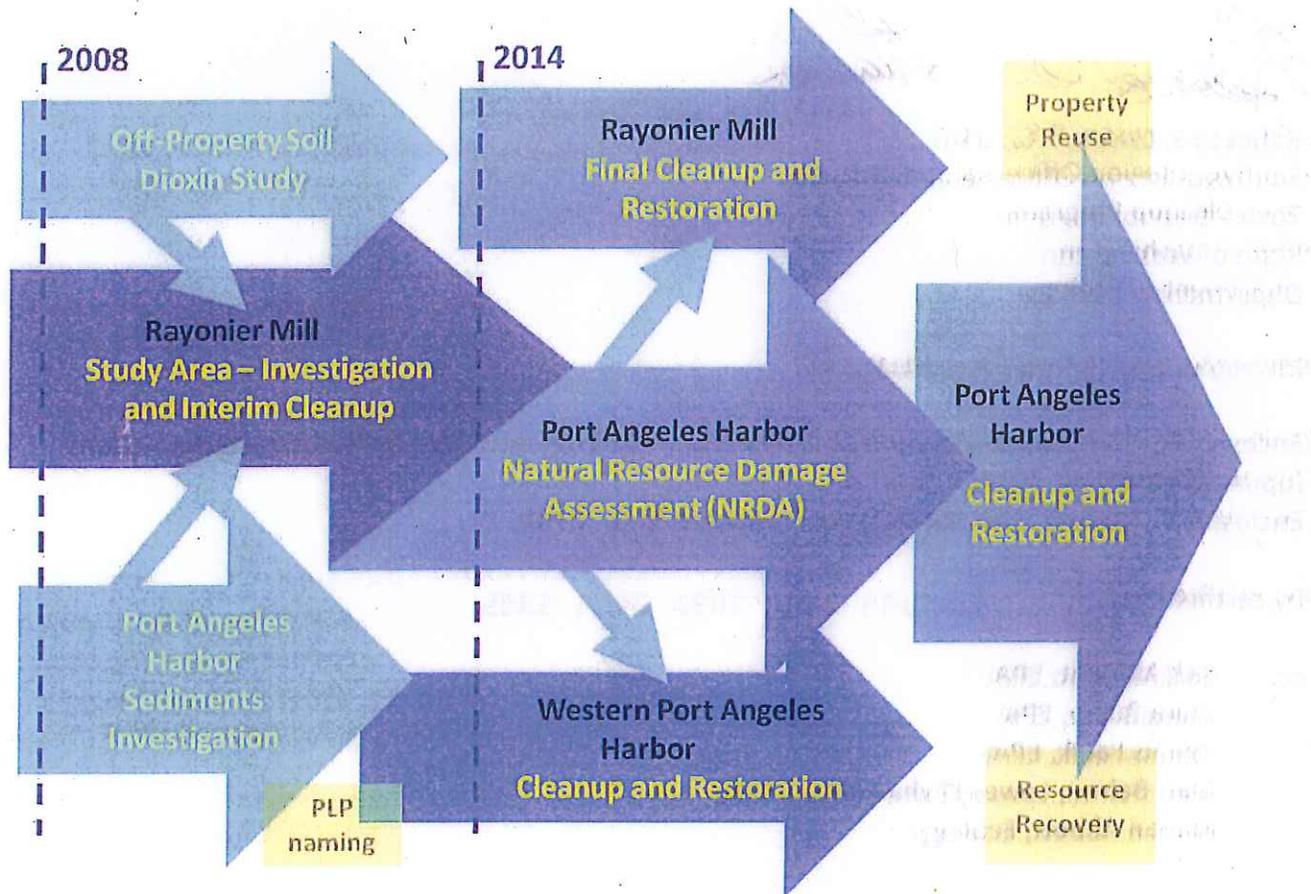
In addition to the outreach and stakeholder involvement for the studies and activities described above, Ecology continued providing updates on the Rayonier Mill and western harbor cleanup to the Lower Elwha Klallam, Port Gamble S'Klallam, and Jamestown S'Klallam tribes; the City of Port Angeles; and the Port of Port Angeles. We updated the Rayonier Mill website, posted reports, and published several blogs about CSO project, the cleanup schedule, and other cleanup activities at the Rayonier Mill site. We also worked with Rayonier and the City of Port Angeles on updated signage for the Olympic Discovery Trail sections that cross the former mill property.

We re-did the Port Angeles Harbor Sediments website to host webpages for reports for sites throughout the harbor. This included launching the Port Angeles NRDA website at [http://www.ecy.wa.gov/programs/tcp/sites\\_brochure/PortAngelesNRDA/index.html](http://www.ecy.wa.gov/programs/tcp/sites_brochure/PortAngelesNRDA/index.html).

We continue to work with the Olympic Environmental Council (OEC) through their Public Participation Grant. In fall 2013, OEC developed a new brochure with information and site histories for a walking tour of cleanup sites around the harbor.

### **Project Administration**

As we identified in our 2013 annual report, while the deferral agreement pertains to the Rayonier Mill Site, Ecology has identified several other potential sources of contamination to Port Angeles Harbor. Our work will lead to a Rayonier Mill Site definition and the definition of other "site(s)" within Port Angeles Harbor. Ecology is committed to cleaning up all of the sites in the harbor. We also have an interest in settling NRD liability for the entire harbor. Our goal is to dovetail cleanup and restoration, if possible. We continue to follow the Rayonier Mill/Port Angeles Harbor timeline to illustrate our strategy to integrate the various complex elements to get to complete cleanup and restoration of Port Angeles Harbor.



### Proposed Schedule Adjustments

Rayonier continues to provide on time all submittals as scheduled in the agreed order or based on granted extensions.

Ecology granted a five month extension to Rayonier for completion of the draft development of alternatives section. This extension shifts the overall schedule as shown in Enclosure A - Port Angeles Rayonier Mill Timeline – 2010 Agreed Order to Plan for Interim Actions (updated September 2014).

With the shift in the timeline for the Alternatives Evaluation report, we believe it will take until February 2016 to complete the agreed order tasks. As such, Ecology is proposing that the project milestones in the deferral agreement's schedule of events be revised as shown in Enclosure B.

We anticipate holding public meetings in 2015 on the Rayonier Volumes I-III reports, and on Western Harbor RI/FS. I suggest we meet in person next year prior to the public meetings to give you and your team a full review of Rayonier cleanup and restoration activities. If you have any questions or concerns, please contact me at [rebecca.lawson@ecy.wa.gov](mailto:rebecca.lawson@ecy.wa.gov) or (360) 407-6241.

Sincerely,



Rebecca S. Lawson, P.E., LHG  
Southwest Region Office Section Manager  
Toxics Cleanup Program  
State of Washington  
Department of Ecology

RSL/MA/ksc:2014 EPA Annual Report 11122014

Enclosure A: Port Angeles Rayonier Mill Timeline – 2010 Agreed Order to Plan for Interim Actions (updated September 2014)

Enclosure B: Revised Schedule of Events (updated May 2014)

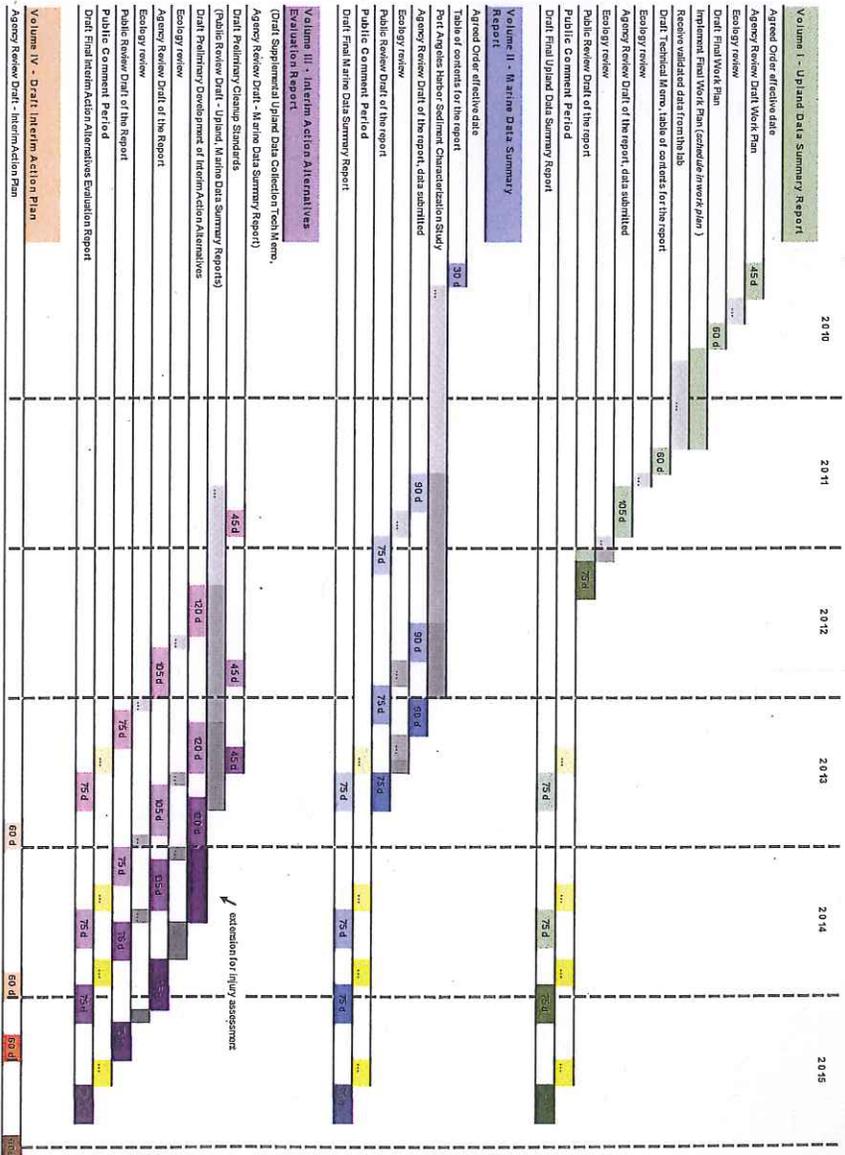
By certified mail: ( 91 7199 9991 7031 7908 5006 )

cc: Rick Albright, EPA  
Laura Buelo, EPA  
Dennis Faulk, EPA  
Matt Beirne, Lower Elwha Klallam Tribe  
Marian Abbett, Ecology

# Port Angeles Rayonier Mill Timeline - 2010 Agreed Order to Plan for Interim Actions

Key  
 Volume I - Upland Data Summary Report  
 Volume II - Marine Data Summary Report  
 Volume III - Interim Action Alternatives Evaluation Report  
 Volume IV - Draft Interim Action Plan

Schedule (Days = Calendar Days)	Deliverable	Vol.	Task
Within 30 days of effective date of Order	Table of Contents—Marine Data Summary Report	II	3a
Within 45 days of effective date of Order	Agency Review Draft Work Plan - Supplemental Upland Data Collection	I	1a
Within 60 days of receiving Ecology's comments on the Agency Review Draft Work Plan—Supplemental Upland Data Collection	Draft Final Work Plan—Supplemental Upland Data Collection	I	1b
As detailed in the Final Work Plan—Supplemental Upland Data Collection	Implement Final Work Plan—Supplemental Upland Data Collection	I	1c
Within 90 days of receiving Ecology's Port Angeles Harbor Sediment Characterization Study	Agency Review Draft—Marine Data Summary Report	II	3b
When the Agency Review Draft—Marine Data Summary Report is submitted	Marine data to Ecology's Environmental Information Management System	II	3c
Within 60 days of receiving validated data from the lab	Draft Supplemental Upland Data Collection Technical Memo	I	1d
When the Draft Supplemental Upland Data Collection Technical Memo is submitted	Table of Contents for the Upland Data Summary Report	I	2a
Within 75 days of receiving Ecology's comments on the Agency Review Draft—Marine Data Summary Report	Public Review Draft—Marine Data Summary Report	II	3d
Within 45 days of submittal of the Draft Supplemental Upland Data Collection Technical Memo and Agency Review Draft—Marine Data Summary Report	Draft Preliminary Cleanup Standards Section	III	4a
Within 105 days of receiving Ecology's comments on the Draft Supplemental Upland Data Collection Technical Memo	Agency Review Draft—Upland Data Summary Report	I	2b
When the Agency Review Draft—Upland Data Summary Report is submitted	Upland data to Ecology Environmental Information Management System	I	2c
Within 75 days of receiving Ecology's comments on the Agency Review Draft—Upland Data Summary Report	Public Review Draft—Upland Data Summary Report	I	2d
Within 120 days of submittal of both the Public Review Draft—Upland and Marine Data Summary Reports	Draft Preliminary Development of Interim Action Alternatives Section	III	4b
Within 105 days of receiving Ecology's comments on the Draft Preliminary Cleanup Standards and Development of Alternatives Sections	Agency Review Draft Interim Action Alternatives Evaluation Report	II	4c
Within 75 days of receiving Ecology's comments on the Agency Review Draft—Interim Action Alternatives	Public Review Draft Interim Action Alternatives Evaluation Report	III	4d
Public Comment Period			
Within 75 days of receiving Ecology reviewers for the Public Review Draft of Upland Data Summary Report	Draft Final Upland Data Summary Report	I	2e
Within 75 days of receiving Ecology reviewers for the Public Review Draft of Marine Data Summary Report	Draft Final Marine Data Summary Report	II	3e
Within 75 days of receiving Ecology reviewers for the Public Review Draft of Interim Action Alternatives Evaluation Report	Draft Final Interim Action Alternatives Evaluation Report	III	4e
Within 60 days of Ecology approval of Volumes I, II, and III	Agency Review Draft Interim Action Plan	IV	5



Timeline begins March 2010, after the public comment period for the Agreed Order, and ends middle of 2015. Volume IV is the final task under this Agreed Order.

Legend:  
 [Green bar] = review period (Ecology or lab)  
 [Blue bar] = public comment period

Darker colors show a shift from the previous, 2011, version of the timeline. The overall shift in schedule is due to a major delay in finalizing the Port Angeles Harbor Sediments Investigation Report. The January 2014 shift is an extension of the due date of Rayonier's draft Interim Action Alternatives Section. This is to allow Rayonier to better study cleanup options that include restoration.



Enclosure B

Revised Schedule of Events<sup>1</sup>

Task	Proposed Completion Date
New Agreed Order for Interim Action Study Area	Signed March 2010
Supplemental Upland Data Collection Work Plan	Completed August 2010
Collection of additional soil and groundwater data for the Uplands Interim Action Area	Completed Fall 2010 and Winter 2011
Public Comment Period for Rayonier Mill Off-Property Soil Dioxin Study Report	Completed August 2011 (45-day comment period)
Completion of the Public Review Draft Interim Action Report Volume I – Upland Data Summary Report for the Study	Completed May 2012 (approved January 2013)
Public comment Period for Port Angeles Harbor Sediment Investigation	Completed February to May 2012 (90-day comment period)
Completion of the Public Review Draft Interim Action Report Volume II - Marine Data Summary Report for the Study	Submitted September 2013
Completion of the Public Review Draft Interim Action Report Volume III -Alternatives Evaluation Report for the Study	June 2015
Public comment period for Volumes I, II, and III	July 2015
Completion of the Final Interim Action Report Volumes I, II, and III	December 2015
Rayonier submits Draft Interim Action Report Volume IV – Interim Action Plan for the Study Area	February 2016
Ecology completes Final Interim Action Plan for the Study Area	June 2016
Implementation of Interim Action	Per Schedule in Next Agreed Order/Consent Decree
Consent Decree for Off Property	2016-2017
Consent Decree for Central Harbor	2016-2017
Implementation of Final Cleanup Action Plan	Per Schedule in Decree/Final Cleanup Action Plan

Blue – Task related to Interim Action Study Area.

White – Task is a related Ecology-lead project.

Pink – Task related to the entire Rayonier Site.

<sup>1</sup> This document represents Ecology's best current estimate of the schedule, but is subject to change.