



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

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August 23, 2017

Electronic Copy

Mr. Dennis Faulk
U.S. Environmental Protection Agency
Hanford Project Office
825 Jadwin Ave., Ste 210
Richland, WA 99352

Re: Annual Report for the Rayonier Mill Site Deferral Agreement

Dear Mr. Faulk:

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 January 13, 2016 through the end of 2016. Even though not a part of the deferral agreement, I have also included information on other Port Angeles Harbor sites for context. Our goal is to provide the annual report in January each year.

Rayonier Study Area (Interim Action Agreed Order)

Upland Portion of Study Area

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

Ecology approved the public review draft of Volume II on December 4, 2014. Like Volume I, the report is posted on the web, copies placed in the repositories, and those on our mailing list were notified. We are not taking public comment on Volume II at this time. We will take public comment on all three volumes when ready for public review.

Alternatives Evaluation for Study Area

Rayonier submitted the agency review draft of Volume III on February 20, 2015. Ecology and the LEKT reviewed this report, and a draft set of comments was provided to Rayonier.

There are a number of issues and concerns that we have been discussing such as the groundwater pathway, sediment cleanup levels, and cleanup alternatives for the Study Area. Ecology finalized two memos (1. Total TEQ and 2. Compliance for Bioaccumulative Chemicals using Sediment Data in Port Angeles Harbor) in November 2016 addressing the most significant outstanding sediment issues. Ecology is now revising the comments on the agency review draft of Volume III incorporating the agency directions provided in the memos. We are scheduled to meet with Rayonier in early February to discuss the revised comments. When final comments are sent, Rayonier will have 75 calendar days to revise the report into a public review draft. Once approved, Ecology will hold a 60 day public comment period on Volumes I, II, and III.

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). WPAHG continues to work cooperatively with Ecology to complete a remedial investigation/feasibility study (RI/FS). The RI/FS report was due in May 2014, but Ecology and WPAHG mutually agreed that an extension would be beneficial to address several outstanding sediment issues before this report is submitted. Ecology finalized two memos, Total TEQ and Compliance for Bioaccumulative Chemicals using Sediment Data in Port Angeles Harbor, in November 2016 addressing the most significant outstanding issues. The WPAHG will submit a revised White Paper summarizing their approach to the RI/FS this spring. The Agreed Order timeline will restart when Ecology approves the White Paper 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 undertook a process to establish North Olympic Peninsula regional background concentrations for selected bioaccumulative chemicals of concern. Samples were not to be collected in Port Angeles Harbor as recent studies have shown the entire harbor to be affected by dioxin/furan contamination from point sources. The SMS rule allows for use of an alternative geographical approach under these conditions.

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. 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.

Two primary concerns were identified. The first were the data results indicated that chemical concentrations in Dungeness Bay were more indicative of the natural background concentrations previously identified for the North Olympic Peninsula. Regional Background values were recalculated without data from Dungeness Bay and a revised report was prepared. Subsequently, a second concern arose in that recent literature linked the concentration of carcinogenic polycyclic aromatic hydrocarbons (cPAHs) to urbanization and industrialization. This concern arose during the development of regional background values for Port Gardner and Bellingham Bay.

Taking the lessons learned during those studies, Ecology reinvestigated the use of cPAH data from within Port Angeles Harbor and identified a number of stations that were outside the influence of point source cPAH contamination. A Port Angeles Harbor specific regional background value for cPAH was calculated and this value is being used for regulatory purposes but only within Port Angeles Harbor. Ecology prepared a final report in February 2016 for distribution and held public stakeholder meetings on April 27, 2016 in both Port Townsend and Port Angeles.

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.

Rayonier NRDA process

The trustee council negotiated a funding and participation agreement with Rayonier. Rayonier signed the agreement and three addendums which include partial reimbursement of past interim costs, funding for four phases of work, and a timeline for completing the entire assessment. First phase tasks included evaluating data, gathering habitat data, determining injury levels, injury modeling and service loss analysis, and ranking the restoration project. The second and third phases of work included running models, calculating service loss values, determining habitat impairment, assigning values for restoration projects, and preparing the damage assessment and restoration plan.

These three phases of work are now complete and the trustees are working on phase four tasks, including completing the Damage and Restoration Plan/Environmental Assessment, negotiating a consent decree, submitting documents to Court and obtaining the necessary approvals. The trustee council and legal and technical subcommittees met monthly to pursue this work.

The Trustees and Rayonier made substantial progress negotiating a consent decree and appendix describing an Ennis Creek restoration project. Additional restoration work related to the Rayonier dock and jetty are still under discussion.

Western Port Angeles Harbor NRDA process

The WPAHG approached Ecology regarding 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 in 90 days without a funding agreement, presenting it to WPAHG on April 30, 2014. The trustee council sent the Western Port Angeles Harbor PLPs another invitation to discuss NRDA and a draft tolling agreement in late 2015. The WPAHG's PLPs accepted this invitation and signed the tolling agreement in March 2016. We held a kickoff meeting in June 8, 2016, and have met approximately monthly since to identify suitable restoration projects.

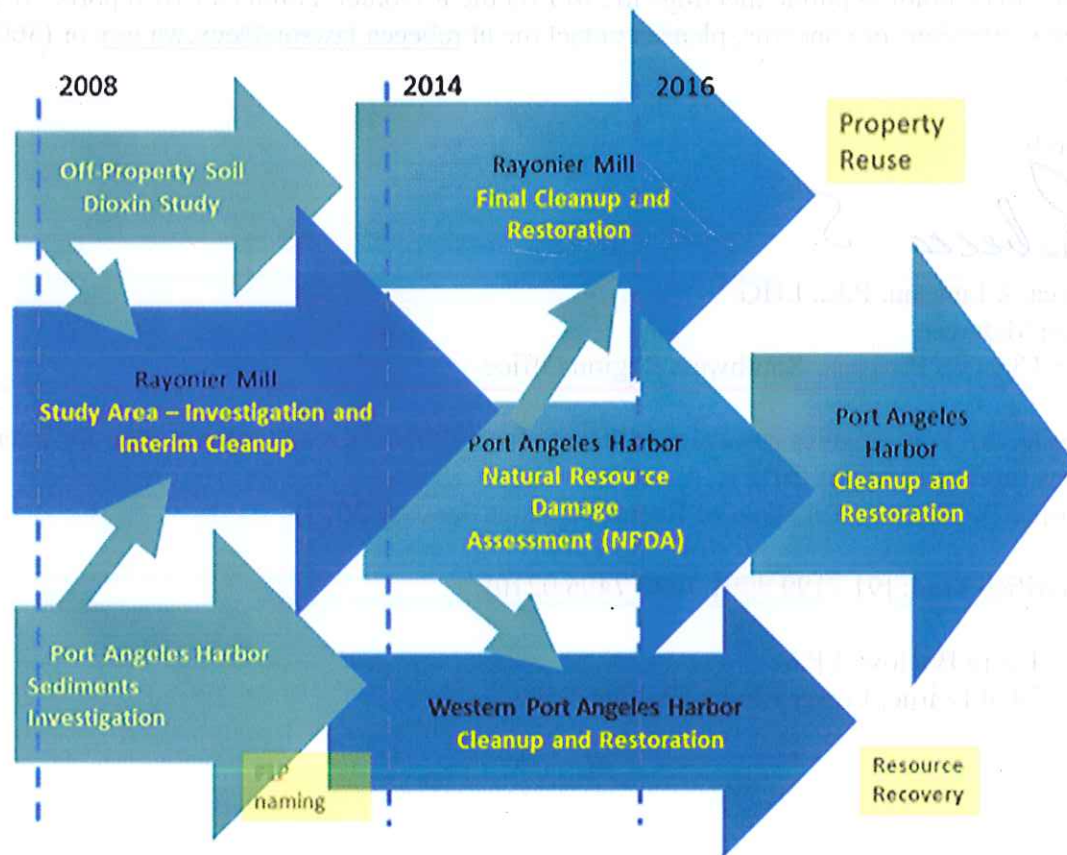
Stakeholder/Public Involvement

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 Port Angeles NRDA website to house the administrative record for the NRDA process efficiently.

In late April, 2016, we held public meetings in both Port Townsend and Port Angeles to share and discuss the results of the North Olympic Peninsula Regional Background Study.

Project Administration

As we identified in our 2015 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.

Rayonier and Ecology continue to work through various issues with the development of cleanup alternatives and coordination with the development of restoration plans. This has shifted the overall schedule as shown in Enclosure A - Port Angeles Rayonier Mill Timeline – 2010 Agreed Order to Plan for Interim Actions (updated January 2016).

With the shift in the timeline for the Alternatives Evaluation report, we believe it will take until spring 2018 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.

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We anticipate holding public meetings in 2017 on the Rayonier Volumes I-III reports. If you have any questions or concerns, please contact me at rebecca.lawson@ecy.wa.gov or (360) 407-6241.

Sincerely,



Rebecca S. Lawson, P.E., LHG
Section Manager
Toxics Cleanup Program, Southwest Region Office

Enclosure A: Port Angeles Rayonier Mill Timeline – 2010 Agreed Order to Plan for Interim Actions (updated January 2017)

Enclosure B: Revised Schedule of Events (updated January 2017)

By Certified Mail: [91 7199 9991 7037 7496 0210]

cc: Laura Buelow, EPA
Matt Beirne, Lower Elwha Klallam Tribe

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

last update: 12/31/2016



Deliverable	Agreed Order Schedule (Days = Calendar Days)	2010	2011	2012	2013	2014	2015	2016	2017	2018
		Signed Agreed Order - March 2010	-							
Upland data summary Volume I	Supplemental Upland Data Collection Work Plan - Agency review draft									
	Ecology review									
	Supplemental Upland Data Collection Work Plan - Draft final									
	Supplemental Upland Data Collection - Work plan implementation									
	Draft Supplemental Upland Data Collection Technical Memo, Report table of contents									
	Ecology review									
	Upland Data Summary Report - Agency review draft, Data submitted to Environmental Info. Management System									
	Ecology review									
	Upland Data Summary Report - Public review draft									
	Draft available for public review									
Upland Data Summary Report - Final draft										
Marine data summary Volume II	Marine Data Summary Report - Table of Contents									
	Port Angeles Harbor Sediment Characterization Study									
	Marine Data Summary Report - Agency review draft, data submitted to Ecology's Info. Management System									
	Ecology review, interim submittal									
	Marine Data Summary Report - Public review draft									
	Draft available for public review									
	Marine Data Summary Report - Final draft									
Interim Action Alternatives Evaluation Volume III	Draft Preliminary Cleanup Standards									
	Preliminary Development of Interim Action Alternatives Section - Agency review draft									
	Ecology review									
	Interim Action Alternatives Evaluation Report - Agency review draft									
	Ecology review, guidance and policy development									
	Interim Action Alternatives Evaluation Report - Public review draft									
	Public comment period									
	Interim Action Alternatives Evaluation Report - Final draft									
Interim Action Plan (Volume IV) - Agency review draft										

Definitions

Upland Data Summary

A report describing the amounts and types of contamination in the former mil site, nearby coastal bluffs, and the path of ennis creek.

Marine Data Summary

A report describing the amounts and types of contamination in the marine waters and sediments off the shore of the Rayonier Mill property.

Interim Action Alternatives Evaluation

A report that lists a set of cleanup options and weighs them.

Interim Action Plan

A list of cleanup activities planned for the site.

Enclosure B

Revised Schedule of Events¹

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	Completed November 2014 (approved December 2014)
Completion of the Public Review Draft Interim Action Report Volume III -Alternatives Evaluation Report for the Study	Submitted February 2015. Anticipate completing in 2017.
Public comment period for Volumes I, II, and III	Fall 2017
Completion of the Final Interim Action Report Volumes I, II, and III	December 2017
Rayonier submits Draft Interim Action Report Volume IV – Interim Action Plan for the Study Area	April 2018
Ecology completes Final Interim Action Plan for the Study Area	August 2018
Implementation of Interim Action	Per Schedule in Next Agreed Order/Consent Decree
Consent Decree for Off Property	2018-2019
Consent Decree for Central Harbor	2018-2019
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.

¹ This document represents Ecology’s best current estimate of the schedule, but is subject to change.