

**STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY**

In the Matter of Remedial Action by:

AGREED ORDER

PORT OF BELLINGHAM

No.7342

TO: Port of Bellingham
P.O. Box 1677
Bellingham, WA 98225

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I. INTRODUCTION

The mutual objective of the State of Washington, Department of Ecology (Ecology) and the Port of Bellingham (the Port) under this Agreed Order (Order) is to provide for remedial action at a facility where there has been a release or threatened release of hazardous substances. This Order supersedes Agreed Order No. DE 03TCPBE-5670, which shall have no more force or effect. This Order requires the Port to perform a Remedial Investigation/Feasibility Study (RI/FS) and to produce a draft Cleanup Action Plan (DCAP) for the Harris Avenue Shipyard Site. Ecology believes the actions required by this Order are in the public interest.

II. JURISDICTION

This Agreed Order is issued pursuant to the Model Toxics Control Act (MTCA), RCW 70.105D.050(1).

III. PARTIES BOUND

This Agreed Order shall apply to and be binding upon the Parties to this Order, their successors and assigns. The undersigned representative of each party hereby certifies that he or she is fully authorized to enter into this Order and to execute and legally bind such party to comply with this Order. The Port agrees to undertake all actions required by the terms and conditions of this Order. No change in ownership or corporate status shall alter the Port's responsibility under this Order. The Port shall provide a copy of this Order to all agents, contractors, and subcontractors retained to perform work required by this Order, and shall ensure that all work undertaken by such agents, contractors, and subcontractors complies with this Order.

IV. DEFINITIONS

Unless otherwise specified herein, the definitions set forth in Chapter 70.105D RCW and Chapter 173-340 WAC shall control the meanings of the terms in this Order.

A. Site: The Site is referred to as the Harris Avenue Shipyard Site and is generally located at 201 Harris Avenue in Bellingham, Washington and includes associated uplands and sediments. The Site is defined by the extent of contamination caused by the release of hazardous substances at the Site. Based upon factors currently known to Ecology, the Site is more

particularly described in the Site Diagram (Exhibit A). The Site constitutes a Facility under RCW 70.105D.020(5).

B. Parties: Refers to Ecology and the Port.

C. Potentially Liable Persons (PLP): Refers to those parties named as potentially liable persons by Ecology, which includes the Port, the Washington State Department of Natural Resources (DNR), and Univar USA, Inc. (Univar).

D. Agreed Order or Order: Refers to this Order and each of the exhibits to this Order. All exhibits are integral and enforceable parts of this Order. The terms “Agreed Order” or “Order” shall include all exhibits to this Order.

V. FINDINGS OF FACT

Ecology makes the following findings of fact, without any express or implied admissions of such facts by the Port:

A. The Site is comprised of several Port-owned upland lease areas (the Port Uplands) and adjacent harbor area lands, which include submerged and inter-tidal aquatic lands as well as former aquatic lands that were subsequently filled (collectively, the Harbor Areas), and which are owned by both the Port and the State. From 1915 to 1966, Pacific American Corporation owned the Port Uplands and leased the Harbor Areas from DNR. In 1966 Pacific American Corporation transferred ownership of the Port Uplands to the Port and also assigned to the Port its interests in the Harbor Area leases. The Port continued to lease the state-owned portion of the Harbor Areas from DNR from 1966 until 1997. Since 1997, the Port has managed the state-owned portion of the Harbor Areas under a Port Management Agreement (PMA) signed with DNR. Neither the Port nor DNR conducted industrial operations at the Site.

B. In 1967 Pacific American Corporation merged with the company that is now known as Univar.

C. Both the Port Uplands and Harbor Areas have been used by various parties for shipbuilding and ship maintenance since approximately 1915 under various leases to and from Pacific American Corporation, and also from the Port, and DNR. Entities that conducted historic

shipyard operations at the Site include Pacific American Fisheries (a.k.a. Pacific American Corporation and now part of Univar); Northwestern Shipbuilding Company Post Point Marine, Inc. (a.k.a. Post Point Industries); Associated Venture Capital, Inc.; Fairhaven Shipyard, Inc. and its parent company Weldit Corporation (a.k.a., Fairhaven Industries); Maritime Contractors, Inc.; and Bellingham Bay Shipyard.

D. Such shipyard operations used or produced various hazardous substances, including but not limited to metals and organic compounds.

E. Other historical uses at the Site have included vessel moorage, bulk fuel and oil storage, shipbuilding and ship repair activities. During the 1930s and 1940s, a 100,000 gallon above ground storage tank (AST) was present on the Port Uplands near the main dock. The tank was labeled "Union Oil." This AST was used for bulk fuel storage and distribution.

F. The Site is currently operated as an active shipyard by Puglia Engineering, Inc. under lease with the Port and is primarily used for the construction and repair of vessels. All American Marine, Inc. currently leases a portion of the Site where it manufactures aluminum boats. Other existing features include a marine railway, a dry dock and pier areas.

G. In 1993 Ecology conducted sediment sampling at the Site. This sampling confirmed the presence of hazardous substances (arsenic, copper, lead, zinc, tributyl tin, polychlorinated biphenyls, and phenols) in sediments at the Site. Based on that sampling, Ecology added the Site to its list of Confirmed and Suspected Contaminated Sites. At that time, Ecology issued Early Notice Letters to the Port and to Maritime Contractors, Inc.

H. In 1995 Ecology conducted a Site Hazard Assessment and placed the Site on the Hazardous Site List. The Site was ranked number "2", where 1 represents the highest relative risk and 5 the lowest. In 1996, Ecology listed the Site on its Sediment Management Standards Contaminated Sediment Site List.

I. The Port previously performed work at the Site under Ecology's Voluntary Cleanup Program. This work included the following activities:

- a. During 1998 the Port implemented Phase 2 Sediment Sampling at the Site.

b. During 1998 the Port conducted Phase 2 Sampling of Soil and Groundwater at the Site.

c. Between 1998 and 2002, the Port in coordination with DNR conducted additional studies at the Site, including preparation of a draft investigation and feasibility study for site sediments.

J. In 2002, Ecology notified the Port and DNR that they are PLPs for the Site, including both the Port Uplands and Harbor Areas (including the sediments) of the Site.

K. In 2003, the Port and Ecology entered into Agreed Order No. DE 03TCPBE-5670 (2003 AO) in which the Port agreed to perform a remedial investigation and feasibility study for the sediments at the Site (the Sediment RI/FS) under formal oversight.

L. Additional sediment sampling, along with some limited upland sampling, was performed and a Draft Sediment RI/FS was prepared under the 2003 AO; however, the Ecology review process for the report was not completed and the document was not finalized.

M. In 2007, Ecology and the Port agreed to expand the scope of work performed at the Site to provide a site-wide RI/FS that addressed the full extent of contamination (both the upland and sediment portions) at the Site.

N. In 2009, Ecology notified Univar that it is a potentially liable party for the Site, including the Port Uplands and Harbor Areas (including the sediments) of the Site.

O. Collectively, sediment investigations performed to date at the Site have confirmed the presence of hazardous substances in site sediments exceeding applicable Sediment Management Standards (SMS) and MTCA cleanup levels including heavy metals (arsenic, cadmium, lead, mercury, and zinc), PCBs, phthalates, polycyclic aromatic hydrocarbons (PAH), and Semivolatile Organic Compounds (SVOC). The aforementioned soil investigations have confirmed the presence of metals (arsenic, cadmium, lead, mercury, zinc) and total petroleum hydrocarbons in the soil at the Site in concentrations exceeding applicable MTCA cleanup levels. Groundwater sampling confirmed the presence of total petroleum hydrocarbons and potentially

also dissolved arsenic in Site groundwater at concentrations exceeding applicable MTCA cleanup levels.

VI. ECOLOGY DETERMINATIONS

A. The Port is a current “owner or operator” as defined in RCW 70.105D.020(17) of a “facility” as defined in RCW 70.105D.020(5).

B. Based upon all factors known to Ecology, a “release” or “threatened release” of “hazardous substance(s)” as defined in RCW 70.105D.020(25) and RCW 70.105D.020(10), respectively, has occurred at the Site.

C. Based upon credible evidence, Ecology issued a PLP status letter to the Port dated April 1, 2002, pursuant to RCW 70.105D.040, -.020(21), and WAC 173-340-500. After providing for notice and opportunity for comment, reviewing any comments submitted, and concluding that credible evidence supported a finding of potential liability, Ecology issued a determination that the Port is a PLP for the Site under RCW 70.105D.040 and notified the Port of this determination by letter dated June 19, 2002.

D. Pursuant to RCW 70.105D.030(1) and -.050(1), Ecology may require PLPs to investigate or conduct other remedial actions with respect to any release or threatened release of hazardous substances, whenever it believes such action to be in the public interest. Based on the foregoing facts, Ecology believes that the remedial actions required by this Order are in the public interest.

VII. WORK TO BE PERFORMED

Based on the Findings of Fact and Ecology Determinations, it is hereby ordered that the Port take the following remedial actions at the Site and that these actions be conducted in accordance with Chapter 173-340 WAC unless otherwise specifically provided for herein:

A. The Port shall perform an RI/FS and prepare a DCAP for the Site in accordance with WAC 173-340-350 and Chapter 173-204 WAC, and pursuant to the Scope of Work and Schedule (Exhibit B), which details the actions to be taken and deliverables to be submitted pursuant to this Order.

B. Each deliverable required by this Order, once approved by Ecology, becomes an integral and enforceable part of this Order.

C. If, at any time after the first exchange of comments on drafts, Ecology determines that insufficient progress is being made in the preparation of any of the deliverables required by this Order, Ecology may complete and issue the final deliverable as follows: Ecology will provide written notice to the Port that it has fifteen (15) days to demonstrate sufficient progress in preparation of the required deliverable(s) and will include a description of the alleged deficiency; If, in Ecology's estimation the Port fails to demonstrate sufficient progress within fifteen (15) days, Ecology may then complete and issue the final deliverable. Ecology need only provide an opportunity to cure once per deliverable.

VIII. TERMS AND CONDITIONS OF ORDER

A. Public Notice

RCW 70.105D.030(2)(a) requires that, at a minimum, this Order be subject to concurrent public notice. Ecology shall be responsible for providing such public notice and reserves the right to modify or withdraw any provisions of this Order should public comment disclose facts or considerations which indicate to Ecology that this Order is inadequate or improper in any respect.

B. Remedial Action Costs

The Port shall pay to Ecology costs incurred by Ecology pursuant to this Order and consistent with WAC 173-340-550(2). These costs shall include work performed by Ecology or its contractors for, or on, the Site under Chapter 70.105D RCW, including remedial actions and Order preparation, negotiation, oversight, and administration. These costs shall include work performed both prior to and subsequent to the issuance of this Order. Ecology's costs shall include costs of direct activities and support costs of direct activities as defined in WAC 173-340-550(2). Ecology has accumulated \$8308.41 in remedial action costs related to this facility as of June 30, 2009. Payment for this amount shall be submitted by the Port within thirty (30) days of the effective date of this Order. For all costs incurred subsequent to June 30, 2009, the

Port shall pay the required amount within thirty (30) days of receiving from Ecology an itemized statement of costs that includes a summary of costs incurred, an identification of involved staff, and the amount of time spent by involved staff members on the project. A general statement of work performed will be provided upon request. Itemized statements shall be prepared quarterly. Pursuant to WAC 173-340-550(4), failure to pay Ecology's costs within ninety (90) days of receipt of the itemized statement of costs will result in interest charges at the rate of twelve percent (12%) per annum, compounded monthly.

C. Implementation of Remedial Action

If Ecology determines that the Port has failed without good cause to implement the remedial action, in whole or in part, Ecology may, after notice to the Port, perform any or all portions of the remedial action that remain incomplete. Except in emergency situations, Ecology shall endeavor, where practicable, to provide the Port this notice in writing, and a thirty (30) day opportunity to cure. If Ecology performs all or portions of the remedial action because of the Port's failure to comply with its obligations under this Order, the Port shall reimburse Ecology for the costs of doing such work in accordance with Section VIII.B (Remedial Action Costs), provided that the Port is not obligated under this Section to reimburse Ecology for costs incurred for work inconsistent with or beyond the scope of this Order.

Except where necessary to abate an emergency situation, the Port shall not perform any remedial actions at the Site outside those remedial actions required by this Order, unless Ecology concurs, in writing, with such additional remedial actions.

D. Designated Project Coordinators

The project coordinator for Ecology is:

Mary O'Herron
Washington Department of Ecology
Bellingham Field Office
1440 10th Street, Suite 102
Bellingham, WA 98225
Email: mohe461@ecy.wa.gov
Phone: (360)715-5224

The project coordinator for the Port is:

Mike Stoner
Port of Bellingham
PO Box 1677
Bellingham, WA 98225
E-mail: mikes@portofbellingham.com
Phone: (360) 676-2500

Each project coordinator shall be responsible for overseeing the implementation of this Order. Ecology's project coordinator will be Ecology's designated representative for the Site. To the maximum extent possible, communications between Ecology and the Port, and all documents, including reports, approvals, and other correspondence concerning the activities performed pursuant to the terms and conditions of this Order shall be directed through the project coordinators. The project coordinators may designate, in writing, working level staff contacts for all or portions of the implementation of the work to be performed required by this Order.

Any party may change its respective project coordinator. Written notification shall be given to the other party at least ten (10) calendar days prior to the change.

E. Performance

All geologic and hydrogeologic work performed pursuant to this Order shall be under the supervision and direction of a geologist licensed in the State of Washington or under the direct supervision of an engineer registered in the State of Washington, except as otherwise provided for by Chapters 18.220 and 18.43 RCW.

All engineering work performed pursuant to this Order shall be under the direct supervision of a professional engineer registered in the State of Washington, except as otherwise provided for by RCW 18.43.130.

All construction work performed pursuant to this Order shall be under the direct supervision of a professional engineer or a qualified technician under the direct supervision of a professional engineer. The professional engineer must be registered in the State of Washington, except as otherwise provided for by RCW 18.43.130.

Any documents submitted containing geologic, hydrologic or engineering work shall be under the seal of an appropriately licensed professional as required by Chapter 18.220 RCW or RCW 18.43.130.

The Port shall notify Ecology in writing of the identity of any engineer(s) and geologist(s), contractor(s) and subcontractor(s), and others to be used in carrying out the terms of this Order, in advance of their involvement at the Site.

F. Access

Ecology or any Ecology authorized representative shall have the full authority to enter and freely move about all property at the Site that the Port either owns, controls, or has access rights to at all reasonable times for the purposes of, *inter alia*: inspecting records, operation logs, and contracts related to the work being performed pursuant to this Order; reviewing the Port's progress in carrying out the terms of this Order; conducting such tests or collecting such samples as Ecology may deem necessary; using a camera, sound recording, or other documentary type equipment to record work done pursuant to this Order; and verifying the data submitted to Ecology by the Port. The Port shall make all reasonable efforts to secure access rights for those properties within the Site not owned or controlled by the Port where remedial activities or investigations will be performed pursuant to this Order. Ecology or any Ecology authorized representative shall give reasonable notice before entering any Site property owned or controlled by the Port unless an emergency prevents such notice. All persons who access the Site pursuant to this Section shall comply with any applicable Health and Safety Plan(s). Ecology employees and their representatives shall not be required to sign any liability release or waiver as a condition of Site property access. Ecology employees and their representatives shall, however, follow any appropriate safety precautions attendant to site conditions that the Project Coordinators work out in advance.

G. Sampling, Data Submittal, and Availability

With respect to the implementation of this Order, the Port shall make the results of all sampling, laboratory reports, and/or test results generated by it or on its behalf available to

Ecology. Pursuant to WAC 173-340-840(5), all sampling data shall be submitted to Ecology in both printed and electronic formats in accordance with Section VII (Work to be Performed), Ecology's Toxics Cleanup Program Policy 840 (Data Submittal Requirements), and/or any subsequent procedures specified by Ecology for data submittal.

If requested by Ecology, the Port shall allow Ecology and/or its authorized representative to take split or duplicate samples of any samples collected by the Port pursuant to implementation of this Order. The Port shall notify Ecology seven (7) days in advance of any sample collection or work activity at the Site. Ecology shall, upon request, allow the Port and/or its authorized representative to take split or duplicate samples of any samples collected by Ecology pursuant to the implementation of this Order, provided that doing so does not interfere with Ecology's sampling. Without limitation on Ecology's rights under Section VIII.F (Access), Ecology shall notify the Port prior to any sample collection activity unless an emergency prevents such notice.

In accordance with WAC 173-340-830(2)(a), all hazardous substance analyses shall be conducted by a laboratory accredited under Chapter 173-50 WAC for the specific analyses to be conducted, unless otherwise approved by Ecology.

H. Public Participation

A Public Participation Plan is required for this Site. Ecology shall review any existing Public Participation Plan to determine its continued appropriateness and whether it requires amendment, or if no plan exists, Ecology shall develop a Public Participation Plan alone or in conjunction with the Port.

Ecology shall maintain the responsibility for public participation at the Site. However, the Port shall cooperate with Ecology, and shall:

1. If agreed to by Ecology, develop appropriate mailing lists, prepare drafts of public notices and fact sheets at important stages of the remedial action, such as the submission of work plans, remedial investigation/feasibility study reports, cleanup action plans, and engineering

design reports. As appropriate, Ecology will edit, finalize, and distribute such fact sheets and prepare and distribute public notices of Ecology's presentations and meetings.

2. Notify Ecology's project coordinator prior to the preparation of all press releases and fact sheets, and before major meetings with the interested public and local governments. Likewise, Ecology shall notify the Port prior to the issuance of all press releases and fact sheets, and before major meetings with the interested public and local governments. For all press releases, fact sheets, meetings, and other outreach efforts by the Port that do not receive prior Ecology approval, the Port shall clearly indicate to its audience that the press release, fact sheet, meeting, or other outreach effort was not sponsored or endorsed by Ecology.

3. When requested by Ecology, participate in public presentations on the progress of the remedial action at the Site. Participation may be through attendance at public meetings to assist in answering questions or as a presenter.

4. When requested by Ecology, arrange and/or continue information repositories to be located at the following locations:

- a. Department of Ecology
Bellingham Field Office
1204 Railroad Avenue, Suite 200
Bellingham, WA 98225
- b. Bellingham Public Library
210 Central Avenue
Bellingham, WA 98227
- c. Department of Ecology
Northwest Regional Office
3190 160th Avenue SE
Bellevue, WA 98008-5452

At a minimum, copies of all public notices, fact sheets, and press releases; all quality assured monitoring data; remedial action plans and reports, supplemental remedial planning documents, and all other similar documents relating to performance of the remedial action required by this Order shall be promptly placed in these repositories.

I. Retention of Records

During the pendency of this Order, and for ten (10) years from the date of completion of work performed pursuant to this Order, the Port shall preserve all records, reports, documents, and underlying data in its possession relevant to the implementation of this Order and shall insert a similar record retention requirement into all contracts with project contractors and subcontractors. Upon request of Ecology, the Port shall make all records available to Ecology and allow access for review within a reasonable time.

J. Resolution of Disputes

1. In the event a dispute arises as to an approval, disapproval, proposed change, or other decision or action by Ecology's project coordinator, or an itemized billing statement under Section VIII.B (Remedial Action Costs), the Parties shall utilize the dispute resolution procedure set forth below.

a. Upon receipt of Ecology's project coordinator's written decision or the itemized billing statement, the Port has fourteen (14) days within which to notify Ecology's project coordinator in writing of its objection to the decision or itemized statement.

b. The Parties' project coordinators shall then confer in an effort to resolve the dispute. If the project coordinators cannot resolve the dispute within fourteen (14) days, Ecology's project coordinator shall issue a written decision.

c. The Port may then request regional management review of the decision. This request shall be submitted in writing to the Northwest Region Toxics Cleanup Section Manager within seven (7) days of receipt of Ecology's project coordinator's written decision.

d. The Section Manager shall conduct a review of the dispute and shall endeavor to issue a written decision regarding the dispute within thirty (30) days of the Port's request for review. The Section Manager's decision shall be Ecology's final decision on the disputed matter.

2. The Parties agree to only utilize the dispute resolution process in good faith and agree to expedite, to the extent possible, the dispute resolution process whenever it is used.

3. Implementation of these dispute resolution procedures shall not provide a basis for delay of any activities required in this Order, unless Ecology agrees in writing to a schedule extension.

4. In the event of a dispute over payment of Ecology oversight costs invoiced under Section VIII.B (Remedial Action Costs), the Port shall pay the undisputed portion but shall not be required to pay the disputed portion until the dispute is resolved under the dispute resolution process. Interest shall not be charged on the disputed portion until the greater of ninety (90) days after receipt of the original invoice or thirty (30) days after the dispute is resolved.

K. Extension of Schedule

1. An extension of schedule shall be granted only when a request for an extension is submitted in a timely fashion, generally at least thirty (30) days prior to expiration of the deadline for which the extension is requested, and good cause exists for granting the extension. All extensions shall be requested in writing. The request shall specify:

- a. The deadline that is sought to be extended;
- b. The length of the extension sought;
- c. The reason(s) for the extension; and
- d. Any related deadline or schedule that would be affected if the extension were granted.

2. The burden shall be on the Port to demonstrate to the satisfaction of Ecology that the request for such extension has been submitted in a timely fashion and that good cause exists for granting the extension. Good cause may include, but may not be limited to:

- a. Circumstances beyond the reasonable control and despite the due diligence of the Port including delays caused by unrelated third parties or Ecology, such as (but not limited to) delays by Ecology in reviewing, approving, or modifying documents submitted by the Port.

b. Acts of God, including fire, flood, blizzard, extreme temperatures, storm, or other unavoidable casualty; or

c. Endangerment as described in Section VIII.M (Endangerment).

However, neither increased costs of performance of the terms of this Order nor changed economic circumstances shall be considered circumstances beyond the reasonable control of the Port.

3. Ecology shall act upon any written request for extension in a timely fashion. Ecology shall give the Port written notification of any extensions granted pursuant to this Order. A requested extension shall not be effective until approved by Ecology. Unless the extension is a substantial change, it shall not be necessary to amend this Order pursuant to Section VIII.L (Amendment of Order) when a schedule extension is granted.

4. An extension shall only be granted for such period of time as Ecology determines is reasonable under the circumstances. Ecology may grant schedule extensions exceeding ninety (90) days only as a result of:

a. Delays in the issuance of a necessary permit which was applied for in a timely manner;

b. Other circumstances deemed exceptional or extraordinary by Ecology; or

c. Endangerment as described in Section VIII.M (Endangerment).

L. Amendment of Order

The project coordinators may verbally agree to minor changes to the work to be performed without formally amending this Order. Minor changes will be documented in writing by Ecology within seven (7) days of verbal agreement.

Except as provided in Section VIII.N (Reservation of Rights), substantial changes to the work to be performed shall require formal amendment of this Order. This Order may only be formally amended by the written consent of both Ecology and the Port. The Port shall submit a written request for amendment to Ecology for approval. Ecology shall indicate its approval or disapproval in writing and in a timely manner after the written request for amendment is

received. If the amendment to this Order represents a substantial change, Ecology will provide public notice and opportunity to comment. Reasons for the disapproval of a proposed amendment to this Order shall be stated in writing. If Ecology does not agree to a proposed amendment, the disagreement may be addressed through the dispute resolution procedures described in Section VIII.J (Resolution of Disputes).

M. Endangerment

In the event Ecology determines that any activity being performed at the Site is creating or has the potential to create a danger to human health or the environment on or surrounding the Site, Ecology may direct the Port to cease such activities for such period of time as it deems necessary to abate the danger. The Port shall immediately comply with such direction.

In the event the Port determines that any activity being performed at the Site is creating or has the potential to create a danger to human health or the environment, the Port may cease such activities. The Port shall notify Ecology's project coordinator as soon as possible, but no later than twenty-four (24) hours after making such determination or ceasing such activities. Upon Ecology's direction the Port shall provide Ecology with documentation of the basis for the determination or cessation of such activities. If Ecology disagrees with the Port's cessation of activities, it may direct the Port to resume such activities.

If Ecology concurs with or orders a work stoppage pursuant to Section VIII.M (Endangerment), the Port's obligations with respect to the ceased activities shall be suspended until Ecology determines the danger is abated, and the time for performance of such activities, as well as the time for any other work dependent upon such activities, shall be extended in accordance with Section VIII.K (Extension of Schedule) for such period of time as Ecology determines is reasonable under the circumstances.

Nothing in this Order shall limit the authority of Ecology, its employees, agents, or contractors to take or require appropriate action in the event of an emergency.

N. Reservation of Rights

This Order is not a settlement under Chapter 70.105D RCW. Ecology's signature on this Order in no way constitutes a covenant not to sue or a compromise of any of Ecology's rights or authority. Ecology will not, however, bring an action against the Port to recover remedial action costs paid to and received by Ecology under this Order. In addition, Ecology will not take additional enforcement actions against the Port regarding remedial actions required by this Order, provided the Port complies with this Order.

Ecology nevertheless reserves its rights under Chapter 70.105D RCW, including the right to require additional or different remedial actions at the Site should it deem such actions necessary to protect human health and the environment, and to issue orders requiring such remedial actions. Ecology also reserves all rights regarding the injury to, destruction of, or loss of natural resources resulting from the release or threatened release of hazardous substances at the Site.

The Port expressly reserves its rights with regard to any future agency action not covered by the scope of this Order. Nothing herein shall be deemed a waiver of the Port's right to pursue any other responsible party for the costs incurred by the Port under this Order.

O. Transfer of Interest in Property

During the effective period of this Order, no voluntary conveyance or relinquishment of title, easement, leasehold, or other interest in any portion of the Site shall be consummated by the Port without provision for continued implementation of all requirements of this Order and implementation of any remedial actions found to be necessary as a result of this Order.

Prior to the Port's transfer of any interest in all or any portion of the Site, and during the effective period of this Order, the Port shall provide a copy of this Order to any prospective purchaser, lessee, transferee, assignee, or other successor in said interest; and, at least thirty (30) days prior to any transfer, the Port shall notify Ecology of said transfer. Upon transfer of any interest, the Port shall restrict uses and activities to those consistent with this Order and notify all transferees of the restrictions on the use of the property.

P. Compliance with Applicable Laws

1. All actions carried out by the Port pursuant to this Order shall be done in accordance with all applicable federal, state, and local requirements, including requirements to obtain necessary permits, except as provided in RCW 70.105D.090. At this time, no federal, state or local requirements have been identified as being applicable to the actions required by this Order.

2. Pursuant to RCW 70.105D.090(1), the Port is exempt from the procedural requirements of Chapters 70.94, 70.95, 70.105, 77.55, 90.48, and 90.58 RCW and of any laws requiring or authorizing local government permits or approvals. However, the Port shall comply with the substantive requirements of such permits or approvals. At this time, no state or local permits or approvals have been identified as being applicable but procedurally exempt under this Section.

The Port has a continuing obligation to determine whether additional permits or approvals addressed in RCW 70.105D.090(1) would otherwise be required for the remedial action under this Order. In the event either Ecology or the Port determines that additional permits or approvals addressed in RCW 70.105D.090(1) would otherwise be required for the remedial action under this Order, it shall promptly notify the other party of its determination. Ecology shall determine whether Ecology or the Port shall be responsible to contact the appropriate state and/or local agencies. If Ecology so requires, the Port shall promptly consult with the appropriate state and/or local agencies and provide Ecology with written documentation from those agencies of the substantive requirements those agencies believe are applicable to the remedial action. Ecology shall make the final determination on the additional substantive requirements that must be met by the Port and on how the Port must meet those requirements. Ecology shall inform the Port in writing of these requirements. Once established by Ecology, the additional requirements shall be enforceable requirements of this Order. The Port shall not begin or continue the remedial action potentially subject to the additional requirements until Ecology makes its final determination.

3. Pursuant to RCW 70.105D.090(2), in the event Ecology determines that the exemption from complying with the procedural requirements of the laws referenced in RCW 70.105D.090(1) would result in the loss of approval from a federal agency that is necessary for the State to administer any federal law, the exemption shall not apply and the Port shall comply with both the procedural and substantive requirements of the laws referenced in RCW 70.105D.090(1), including any requirements to obtain permits.

Q. Indemnification

The Port agrees, to the extent permitted by law, to indemnify and save and hold the State of Washington, its employees, and agents harmless from any and all claims or causes of action for death or injuries to persons or for loss or damage to property to the extent arising from or on account of acts or omissions of the Port, its officers, employees, agents, or contractors in entering into and implementing this Order. However, the Port shall not indemnify the State of Washington nor save nor hold its employees and agents harmless from any claims or causes of action to the extent arising out of the negligent acts or omissions of the State of Washington, or the employees or agents of the State, in entering into or implementing this Order.

IX. SATISFACTION OF ORDER

The provisions of this Order shall be deemed satisfied upon the Port's receipt of written notification from Ecology that the Port has completed the remedial activity required by this Order, as amended by any modifications, and that the Port has complied with all other provisions of this Agreed Order.

X. ENFORCEMENT

Pursuant to RCW 70.105D.050, this Order may be enforced as follows:

A. The Attorney General may bring an action to enforce this Order in a state or federal court.

B. The Attorney General may seek, by filing an action, if necessary, to recover amounts spent by Ecology for investigative and remedial actions and orders related to the Site.

C. In the event the Port refuses, without sufficient cause, to comply with any term of this Order, the Port will be liable for:

1. Up to three (3) times the amount of any costs incurred by the State of Washington as a result of its refusal to comply; and
2. Civil penalties of up to twenty-five thousand dollars (\$25,000) per day for each day it refuses to comply.

D. This Order is not appealable to the Washington Pollution Control Hearings Board. This Order may be reviewed only as provided under RCW 70.105D.060.

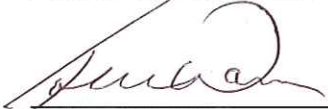
Effective date of this Order: 3-22-10

PORT OF BELLINGHAM



Fred J. Seeger
Interim Executive Director
Telephone: (360) 676-2500

**STATE OF WASHINGTON,
DEPARTMENT OF ECOLOGY**



Robert W. Warren
Section Manager
Toxics Cleanup Program
Northwest Regional Office
Telephone: (425) 649-7054

EXHIBIT A

HARRIS AVENUE SHIPYARD SITE

AGREED ORDER

SITE DIAGRAM

March 2010

Note:
• 2002 OrthoImage Provided by City of Bellingham.

Bellingham Bay

Harris Avenue Shipyard Site

Harris Avenue



FLOYD I SNIDER
strategy • science • engineering

Harris Avenue Shipyard Site
Bellingham, Washington

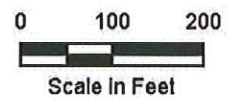


EXHIBIT B

**HARRIS AVENUE SHIPYARD SITE
REMEDIAL INVESTIGATION/FEASIBILITY STUDY
AND DRAFT CLEANUP ACTION PLAN
SCOPE OF WORK**

(March 2010)

PURPOSE

The purpose of this Remedial Investigation/Feasibility Study (RI/FS) and Draft Cleanup Action Plan (DCAP) Scope of Work (SOW) for the Harris Avenue Shipyard Site (the Site) is to implement the Agreed Order (AO) entered into by the Department of Ecology (Ecology) and the Port of Bellingham (Port), to which this SOW is an Exhibit.

The RI/FS is intended to provide sufficient data, analysis, and evaluations to enable Ecology to select a cleanup action for the Site. Once a cleanup action is selected, the Cleanup Action Plan (CAP) sets forth the preferred alternative.

This Scope of Work (SOW) is divided into six major tasks:

- 1) Progress Reports
- 2) RI/FS Work Plan
- 3) Other Project Plans
- 4) Remedial Investigation
- 5) Feasibility Study
- 6) Draft Cleanup Action Plan

TASK 1 PROGRESS REPORTS

The Port shall submit progress reports quarterly unless a longer reporting period is approved by Ecology in writing. Progress reports shall be submitted to Ecology until satisfaction of the AO. Progress Reports shall be submitted to the Ecology project coordinator by the 10th of every third month following the effective date of the AO. If this day is a weekend or holiday, deliverables shall be submitted to Ecology on the next business day. At a minimum, progress reports shall contain the following information regarding the preceding reporting period:

- A description of the actions which have been taken to comply with the AO and SOW during the previous reporting period.
- An estimate of the percentage of RI/FS work completed to date.
- Summaries of sampling and testing reports and other data reports received by the Port.

- Summaries of deviations from approved RI/FS Work Plan or other Project Plans.
- Summaries of contacts with representatives of the local community, public interest groups, press, and federal, state or tribal government.
- Summaries of problems or anticipated problems in meeting the schedule or objectives set forth in the SOW and RI/FS Work Plan or other Project Plans.
- Summaries of solutions developed and implemented or planned to address any actual or anticipated problems or delays.
- Changes in key personnel.
- A description of work planned for the next reporting period.

TASK 2 RI/FS WORK PLAN

In order to plan and manage the RI/FS and DCAP, the Port shall document project tasks and management strategies in a RI/FS Work Plan, which shall be developed and submitted to Ecology for review and approval in accordance with this SOW, including Tasks 4 and 5 and the schedule provided below. The RI/FS Work Plan shall not be implemented until approved by Ecology. Once approved by Ecology, the Port shall implement the RI/FS Work Plan according to the schedule contained in this SOW — and according to any subsequent amendments to the RI/FS Work Plan or schedule made under the Order.

The RI/FS Work Plan shall specify and describe all tasks to be accomplished to complete an RI/FS and DCAP that meets the requirements of WAC 173-340-350, in accordance with the AO and this SOW.

The RI/FS Work Plan shall clearly describe the overall project management strategy for implementing and reporting on RI/FS and DCAP activities. The responsibility and authority of all organizations and key personnel involved in conducting the RI/FS and DCAP shall be outlined.

Elements of the RI/FS Work Plan related to the RI/FS and DCAP include, but are not limited to:

- A project management strategy including a description of individual RI/FS subtasks.

- A review of existing and available data to support the development of RI/FS tasks which may include, as appropriate:
 - a) Physical features, including topography and bathymetry, structure locations, and utilities.
 - b) Soil, surface water and groundwater data, including contaminant concentrations and conventional parameters, depths and location of samples, which are necessary to determine the nature and extent of the contaminant(s), and comparison to applicable regulatory criteria
 - c) Hydrogeologic data.
 - d) Sediment chemical and biological data, including contaminant concentrations and conventional parameters, depths and locations of samples, which are necessary to determine the nature and extent of the contaminant(s), and comparison to applicable regulatory criteria;
 - e) Sediment dynamics data including current, waves, sedimentation rates, seismic, tsunami, and sea-level rise.
 - f) Natural resource data including plant and animal species, habitat types, and sensitive ecosystems.
 - g) Location and composition of current and historical contaminant sources including storm water and industrial discharges.
 - h) Current property ownership and zoning.
 - i) Current or planned land and in-water uses and their location, which may affect investigation and cleanup activities, including tribal, recreational and commercial fishing and shell fishing activities.
 - j) Historical, archeological, and cultural uses of the Site including recent and historical photographs.
 - k) A list of potential permits or approvals that may be required for sampling activities, or the substantive requirements of applicable permits or approvals that are procedurally exempt under RCW 70.105D.090.
- Data Gaps identified for completion of the RI/FS.
- A draft outline of the final RI/FS Report including the types of data evaluation, figures, and tables that shall be included.
- A draft outline of the DCAP including the types of figures, and tables that shall be included.
- A proposed schedule for completion of all subtasks not currently accounted for in the SOW schedule.

- Project personnel and responsibilities.

TASK 3 OTHER PROJECT PLANS

Pursuant to WAC 173-340-350(7)(c)(iv), the Port shall prepare and submit for Ecology review and approval a Sampling and Analysis Plan (SAP) which provides specific guidance for field and laboratory methodology. A Quality Assurance Project Plan (QAPP) and Health and Safety Plan (HASP) shall also be submitted as appendices to the SAP. The HASP is subject to comment by Ecology, but not subject to Ecology approval. Details of these plans are provided below.

Sampling and Analysis Plan - The Port shall prepare a SAP for RI/FS sampling and analysis activities in accordance with WAC 173-340-820, WAC 173-204-600, and the Sediment Sampling and Analysis Appendix, as updated. The purpose of the SAP is to provide an overview of the RI/FS sampling program that shall obtain information needed to meet the data needs described in Tasks 4 and 5 of the SOW.

The SAP shall describe the sampling objectives and the rationale for the sampling approach. A detailed description of sampling tasks shall then be provided, including specifications for sample identifiers; the type, number, and location of samples to be collected; the analyses to be performed; descriptions of sampling equipment and collection methods to be used; description of sample documentation; sample containers, collection, preservation and handling. The SAP shall describe sample custody and handling procedures, decontamination procedures, and the handling of investigative-derived wastes.

Quality Assurance Project Plan (Appendix to SAP). The Port shall prepare a QAPP for RI/FS sampling and analysis activities. The QAPP shall identify and describe laboratory methods and the QA/QC measures that shall be taken during the performance of all sampling and analysis tasks to ensure the fulfillment of data quality objectives. Data quality objectives shall reflect the criteria or threshold values used for remedial decisions. Laboratory methodology and QA/QC requirements shall be developed in accordance with Ecology guidance and the requirements of the Ecology Laboratory Accreditation Program and the Puget Sound Estuary Program (PSEP) and shall include:

- A brief project description, referencing the RI/FS Work Plan and/or SAP for details.
- Project management and QA responsibilities.
- Quality assurance objectives.

- Procedures for analysis of samples and reporting of results, including:
 - Detection or quantitation limits.
 - Analytical techniques and procedures.
 - Quality assurance and quality control procedures.
 - Data reporting procedures and validation procedures.

The Port shall use an Ecology-accredited laboratory for the specific analyses to be performed under this AO. If an unaccredited lab is proposed to be used, the results of recent performance audits and systems audits shall be provided to Ecology prior to use of the lab.

Health and Safety Plan (Appendix to SAP) - The Port shall prepare a HASP for RI/FS activities in accordance with WAC 173-340-810. The HASP must be consistent with the requirements of the Washington Industrial Safety and Health Act of 1973, Chapter 49.17 RCW and implementing regulations, including any updates or amendments. The HASP shall identify specific monitoring and management responsibilities and activities to ensure the protection of human health activities associated with completion of the RI/FS.

TASK 4 REMEDIAL INVESTIGATION (RI)

The Port shall conduct a remedial investigation that meets the requirements of WAC 173-340-350(7), according to the RI/FS Work Plan as approved by Ecology and the schedule contained below. Key components of the RI for this Site that may be captured in the RI/FS Work Plan include:

- Nature and extent of contamination.
- Contaminant fate and transport processes.
- Assessment of potential human health and ecological health concerns.
- Source control and recontamination evaluation.
- All the associated figures, tables, and photos.

TASK 5 FEASIBILITY STUDY (FS)

The Port shall use the information obtained in the RI to conduct a Feasibility Study that meets the requirements of WAC 173-340-350(8). The FS shall include:

- Determination of cleanup standards and legally applicable, relevant or appropriate laws.
- Identification and screening of cleanup technologies.
- Basis for assembly of cleanup action alternatives.
- Description of cleanup action alternatives.
- Preparation of feasibility-level cost estimates for each proposed cleanup action alternative.
- Comparative evaluation of proposed cleanup action alternatives.
- Recommendation of a preferred cleanup action alternative for the Site.
- All the associated figures, tables and photos.

TASK 6 DRAFT CLEANUP ACTION PLAN (DCAP)

The final RI/FS and public comments received will be used by Ecology to select a preliminary remedy for the Harris Avenue Shipyard Site. The Port shall develop the general outline of sections to be included in the draft Cleanup Action Plan (DCAP) in the RI/FS Work Plan, and then prepare a DCAP that addresses Ecology's proposed cleanup action for the Site. The DCAP shall meet the requirements of WAC 173-340-380(1), follow the RI/FS Work Plan outline as approved by Ecology, and be submitted to Ecology per the schedule below.

Key components of the DCAP for this Site that are to be captured in the RI/FS Work Plan are:

- Description of cleanup requirements and applicable laws.
- Summary description of remedial alternatives considered in the RI/FS.
- Basis for selection of proposed cleanup action.
- Description of proposed cleanup action, including compliance monitoring, contingency responses and institutional controls.

- Anticipated schedule for design and implementation.

DELIVERABLES

The Port shall prepare and submit all plans, reports, and studies listed below (items a through d) as required by the Order.

Specific deliverables described in this SOW include:

- a) RI/FS Work Plan and Other Project Plans – The Port shall submit for Ecology review and approval an RI/FS Work Plan, SAP, and QAPP in accordance with the schedule below. The HASP shall also be submitted but not approved by Ecology.
- b) RI/FS Data Report – After receipt of validated sampling and analysis data the Port shall submit for Ecology review and approval a RI/FS Data Report that presents the data collected under this Order. All data shall be submitted to Ecology in EIM format.
- c) RI/FS Report – The Port shall summarize and compile the results of Tasks 4 and 5 into one site-wide RI/FS Report. The RI/FS report shall follow the outline contained in the RI/FS Work Plan as approved by Ecology, including any amendments made to the RI/FS Work Plan under the Order.
- d) DCAP - The DCAP shall follow the outline contained in the RI/FS Work Plan as approved by Ecology, including any amendments made to the RI/FS Work Plan under the Order.

For all documents:

- All deliverables shall be submitted to Ecology in electronic (Word and Adobe formats) and hard-copy formats.
- A draft shall be submitted to Ecology for review and approval in accordance with this SOW, including the schedule outlined below, and the RI/FS Work Plan.

For all documents but the DCAP¹:

- Ecology will provide written comments on a draft document as necessary. All written comments will be provided directly from Ecology's Project Coordinator to the PLPs after Ecology's Project Coordinator has reviewed them for relevance and edited them appropriately, so that Ecology speaks with a unified voice when communicating with the PLPs.
- If Ecology comments on a draft document, the Port shall revise the draft by incorporating and/or otherwise addressing Ecology's comments. The Port shall resubmit an electronic redlined/strikeout revised draft to Ecology for review and approval.
- For the RI/FS Work Plan, RI/FS Data Report, SAP, and QAPP, once Ecology approves a draft it shall be considered the final version. For the RI/FS Report, once Ecology approves a draft, it shall be considered the final draft for public review purposes (the public review draft or draft final document).
- Following public review of the draft final RI/FS Report, the Port shall prepare and submit for final approval by Ecology a final draft, which addresses public comments as Ecology determines necessary (if changes to the document following public comment are determined to be substantial, the revised document shall be subject to additional public notice and comment).
- Upon Ecology approval, the final draft RI/FS Report submitted shall be the final document.
- Ecology, in its discretion, with assistance from the Port, and pursuant to the terms of the Order, may prepare a Responsiveness Summary to public comments.

¹ The DCAP will be reviewed and finalized subsequent to completion of all tasks under this Order and will then be subject to public notice and comment, and the final CAP that results will be incorporated as an exhibit to a future legal agreement, which will also have been issued by Ecology for public review and comment prior to being finalized and filed in court.

SCHEDULE

The schedule for all tasks described in this SOW is presented below. If, at any time during the RI/FS process, unanticipated conditions or changed circumstances are discovered which may result in a schedule delay, the Port shall bring such information to the attention of Ecology. Pursuant to Section VIII.K of the AO, Ecology shall determine whether a schedule extension is warranted.

Completion times are calendar days. Any deadline which falls on a holiday or weekend shall be extended to next business day.

Ecology shall endeavor to provide comments within 60 days of receipt of a formal deliverable for review.

RI/FS Actions

Draft RI/FS Work Plan, SAP, QAPP, and HASP

Final RI/FS Work Plan, SAP, QAPP, and HASP incorporating Ecology's comments

Draft RI/FS Data Report

Final RI /FS Data Report incorporating Ecology's comments

Draft RI/FS Report

Draft RI/FS Report for Public Review Incorporating Ecology's comments

Completion Time

60 days from effective date of the Order

60 days from receipt of Ecology's final comments on Draft RI/FS Work Plan, SAP, and QAPP and HASP

360 days from Ecology's approval of Final RI/FS Work Plan, SAP, and QAPP documents, or as set forth in the Final RI/FS Work Plan schedule

60 days after receipt of Ecology's final comments on the Draft RI/FS Data Report

180 days from Ecology approval of the Final RI/FS Data Report

120 days from receipt of Ecology's final comments on the Draft RI/FS Report

Final RI/FS Report incorporating Ecology's comments

90 days from the close of public comment period or from receipt of Ecology's comments in the event Ecology determines that changes are necessary due to public comment.

Draft Cleanup Action Plan

90 days from Ecology approval of the Final RI/FS Report.