

**Compliant with All Appropriate Inquiry
Final Rule: 40 CFR Part 312**

**PHASE I
ENVIRONMENTAL
SITE ASSESSMENT**

Subject Property:

**CHEVRON
MJMG GROUP, LLC
1018 Plum Street Southeast
Olympia, Washington 98501**

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ENVIRONMENTAL
SITE ASSESSMENT**

Clients: **MJMG GROUP, LLC**
1018 Plum Street Southeast
Olympia, Washington 98501

UNIBANK
19315 Highway 99
Lynnwood, Washington 98036

U. S. SMALL BUSINESS ADMINISTRATION
2401 Fourth Avenue, Suite 450
Seattle, Washington 98121

Point of Contact: Mr. Kevin Kalenda
UniBank / AVP & Credit Administration Manager

Property: **CHEVON**
1018 Plum Street Southeast

County: Thurston, Washington

Property ID: Parcel No.: 9900 159 3700

Commercial Activity: Convenience Store, Chevron Franchisee, and auto repair facility

Environmental Professional: Alan T. Blotch

Project Number: No. 215 - 8038

Report Date: December 18, 2015

EXECUTIVE SUMMARY

This Phase I Environmental Site Assessment is an environmentally-based risk assessment of an approximately 0.93-acre commercial parcel of land located at 1018 Plum Street Southeast – on the northeast corner of Plum Street Southeast and Union Avenue Southeast in Olympia, Washington.

The subject Property is occupied by a franchised Chevron station currently owned and operated by the MJMG Group, LLC. The main convenience store building is an approximately 3,200 square foot one-story building located adjoining the southeastern corner of the Property facing west. To the west of the main building are four 10,000-gallon double walled fiberglass and steel underground storage tanks connected to five double sided dispenser islands via double walled fiberglass piping. To the east of the tank pit is a 1,000-gallon waste oil tank. An approximately 240 square foot Kiosk is located between the pump islands. Along the northern Property boundary is approximately 1,295 building with a 974 square foot second floor occupied by *Trusted Choice Auto Care*. The three-bay shop area is located on the west side of the building with the remainder to the east an office and storage room. In the northwestern corner of the Property is a portable building occupied by *Island Espresso*. The balance of the Site is 22,272 square feet of asphalt paved driveways and parking areas. Five monitoring wells are located on Site.

The Property was originally developed in 1959 by Standard Oil of California as a gasoline service station (*Em's Chevron Service Gas*). In 1974, Standard Oil constructed a new service station building occupied by *Pat Conner Chevron*. By May of 1985, the business was operated as *Brazel's Chevron*. In 1986, the Site was reconfigured by moving the service station building location to the eastern portion of the Property. At that time, new four underground tanks and pump islands were installed. In 1994, a new gasoline tank was installed. In 1995, *Brazil's Chevron* replaced the pump islands. Chevron USA removed a waste oil tank in 2001. In 2009, the Site was operated by *Car Wash Enterprises*.

The Property is located in a mixed use commercial and residential area. To the north is Yashro Japanese Gardens; to the south is Union Avenue South followed by a Union 76; to the east is a vacant strip center; and to the west is the Washington Department of Commerce office building.

Upon completion of the Site investigation, historical research, document file review, and other tasks as stipulated in the Scope of Work, the following Recognized Environmental Conditions, potential environmental concerns, or recommended actions were identified:

- **Historical Petroleum Hydrocarbon Releases.** In 1993, the Site reported a Petroleum Release to the State of Washington Department of Ecology (“Ecology”). At that time, limited petroleum-impacted soils were removed, treatment systems were installed, and groundwater sampling instituted. Periodic groundwater continued through 2006. In March of that year Ecology issued a *Further Action Determination* that stated the Site Characterization was insufficient. Specifically, Ecology determined that: (i) contamination remained on Site after the previous cleanup activities; (ii) it had not been determined if contaminated groundwater had migrated off Site to the north / northeast; (iii) additional monitoring wells were required; (iv) the area around the waste oil tank had not been adequately characterized; (v) the vertical and horizontal extent of the soil contamination underneath the pump islands and product lines had not been fully characterized; and (vi) prior testing had not been completed according to the MTCA Table 830-1 *Required Testing for Petroleum Releases*, with regard to fuel additives and oxygenates. Following that opinion, Chevron apparently discontinued monitoring operations and/or the reporting of same; so in 2007, Ecology terminated the Site involvement in the Voluntary Cleanup Program. In 2008, a *Site Hazard Assessment* was completed and determined the Risk Level to be three (with one as the lowest and five as the highest). The Site remains classified as a Contaminated Site and an open Leaking Underground Storage Tank Site. Further Action is indicated. (For further information refer to pages 28 to 31).

■ **UST Systems Operator Training.** As required by the United States Environmental Protection Agency the State of Washington promulgated regulations for the training of underground storage tank (“UST”) systems operators (*see*, Washington Administrative Code § 173-360-720(1)); the effective date to complete the training requirements was December 31, 2012. The Regulations establish three classifications of UST Systems operators and each facility must have a designated Class A, B, and C operator. Proof of properly trained UST Systems operators should be provided.

■ **Petroleum Dispensing System Compliance Testing.** The Site operates four underground tanks that supply five fuel dispensers, in addition to a 1,000-gallon waste oil tank. A State of Washington Certified Tank Tester should confirm that all of the State required fuel system storage and dispensing systems, systems protections, and performance monitoring equipment inspection and testing are currently in compliance with State regulations, as the most recently available testing documents expired on October 18, 2015.

■ **Pollution Liability Insurance Coverage.** Under State of Washington statute, the Site owner is required to maintain private pollution liability coverage which provides coverage in the event that the Site is impacted by a petroleum release or spill. The borrower should confirm that pollution liability coverage will be in effect at the time the borrower assumes ownership of the Property. If possible, UniBank should be named as an Additional Insured on the Pollution Liability insurance policy.

ASTM PROTOCOL CONCLUSION

We have performed a *Phase I Environmental Site Assessment* in conformance with the scope and limitations of ASTM Practice 1527 (Revision 2013) for 1018 Plum Street in Olympia, Washington, the *property*. Any exceptions to, or deletions from, this practice are described in Possible Report Exceptions To All Appropriate Inquiry Rule Section¹ of this *report*.

This Assessment has revealed evidence of *recognized environmental conditions*² in connection with the *property* in the form of underground petroleum storage tanks and subsequent petroleum hydrocarbons releases.

This Assessment has revealed no evidence of an *historical recognized environmental condition* in connection with the *property*³.

This Assessment has revealed no evidence of a *controlled recognized environmental conditions*⁴ in connection with the *property*.

¹ Refer to page 5 of this Assessment.

² *Recognized Environmental Condition* - the presence or likely presence of any *hazardous substances* or *petroleum products* on a *property* under conditions that indicate an existing release, a past release, or a *material threat* of a release of any *hazardous substances* or *petroleum products* into structures on the *property* or into the ground, ground water, or surface water of the *property*. The term includes *hazardous substances* or *petroleum products* even under conditions in compliance with laws. The term is not intended to include *de minimis conditions* that generally do not present a threat to human health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies. Conditions determined to be *de minimis* are not *recognized environmental conditions*.

³ *Historical Recognized Environmental Condition* - a past release of any hazardous substance or petroleum product that has occurred in connection with the property and has been addressed to the satisfaction of the applicable regulatory agency or meeting the unrestricted residential use criteria established by a regulatory authority, without subjecting the property to any required controls such as property use restrictions, activity and use limitations, institutional controls, or engineering controls - at the time of the completion of the Environmental Site Assessment.

⁴ *Controlled Recognized Environmental Condition* - a past release of hazardous substances or petroleum products that has been addressed to the satisfaction of the applicable regulatory authority with hazardous substances or petroleum products allowed by remain in place subject to the implementation of required controls. A condition identified as a Controlled Recognized Environmental Condition does not imply that the Assessment has evaluated or confirmed the adequacy, implementation, or continued effectiveness of the required control that has been, or is intended to be implemented.

This Phase I Environmental
Site Assessment was performed in
Compliance with the
All Appropriate Inquiry (AAI)
Final Rule: 40 CFR Part 312⁵

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POTENTIAL REPORT EXCEPTIONS TO ALL APPROPRIATE INQUIRY RULE:

§ 40 CFR Part 312.25 Searches for recorded environmental cleanup liens. (a) All appropriate inquiry must include a search for the existence of environmental cleanup liens against the subject property that are filed or recorded under federal, tribal, state, or local law.

§ 40 CFR Part 312.28 Specialized knowledge or experience on the part of the defendant. (a) Persons to whom this part is applicable per § 312.1(b)⁶ must take into account, their specialized knowledge of the subject property, the area surrounding the subject property, the conditions of adjoining properties, and any other experience relevant to the inquiry, for the purpose of identifying conditions indicative of releases or threatened releases at the subject property, as defined in § 312.1(c).

§ 40 CFR Part 312.29 The relationship of the purchase price to the value of the property, if the property were not contaminated. (a) Persons to whom this part is applicable per § 312.1(b) must consider whether the purchase price of the subject property reasonably reflects to fair market value of the property, if the property were not contaminated.

⁵ A copy of excerpts from the *Standards and Practices for All Appropriate Inquiries; Final Rule* U.S. EPA, 40 CFR Part 312, 70 FR 66070, November 1, 2005, is included in the Appendix of this Report, in the Section entitled Supplemental Documents.

⁶ § 312.1(b). *Applicability.* The requirements of this part are applicable to: (1) Persons seeking to establish: (i) The innocent landowner defense pursuant to CERCLA sections 101(35) and 197(b)(3); (ii) The bona fide prospective purchaser liability protection pursuant to CERCLA sections 101(40) and 107(r); (iii) The contiguous property owner liability protection pursuant to CERCLA section 107(q); and (2) persons conducting site characterization and assessments with the use of a grant awarded under CERCLA section 104(k)(2)(B).

POTENTIAL ON-SITE HISTORICAL CONTAMINATION SOURCES

The Historical Usage Information research activities included a review of Standard Historical Sources, including but not limited to: (i) aerial photographs, (ii) fire insurance maps, (iii) property tax files, (iv) recorded land title records, (v) United States Geological Services topographical maps, (vi) local street directories, (vii) building department records, (viii) zoning or land use records, and (ix) other historical sources¹¹. The historical information contained in this Section may also include reviews of applicable Agency records, files, and database information.

Historical Site Operations Recognized Conditions:

As defined under the ASTM Phase I Standard Practice, a Historical Recognized Environmental Condition is an environmental condition which in the past would have been considered a Recognized Environmental Condition – but which may or may not be considered a Recognized Environmental Condition currently. The final determination will be influenced by the current impact of the Historical Recognized Environmental Condition (“HREC”) on the Property. For example, if a past release of any hazardous substances or petroleum products has occurred in connection with the property and has been remediated, with such remediation accepted by the responsible regulatory agency, this condition shall be considered an HREC.

Additionally, trade practice occasionally identifies Controlled Recognized Environmental Conditions, which can be defined as a Recognized Environmental Condition which involves the past release of hazardous substances or petroleum products that has been addressed to the satisfaction of the applicable regulatory agency, subject to restrictions or conditions of use or implementation of activity and use limitations on the Property.

Site Background:

The subject Property is located at 1018 Plum Street Southeast – on the northeast corner of Plum Street Southeast and Union Avenue Southeast in Olympia, Washington. Historically, the Site has also used an address of 826 Union Avenue Suite No.101.

The subject Property is a franchised Chevron station currently owner and operated by the MJMG Group, LLC. Petroleum is supplied from four 10,000-gallon double walled fiberglass and steel underground storage tanks connected to five double sided dispenser islands via double walled fiberglass piping. The four tanks are located to the north of the Kiosk, with a 1,000-gallon waste oil tank adjoining the main tank pit to the north.

The Facility UST ID Number is 2548 9377, previously operated as Chevron Station 95311, Brazels Plum Street Chevron, and Car Wash Enterprises.

¹¹ As defined in the *ASTM Standard Practice for Environmental Site Assessments E1527-13* (§ 8.3.4.9), “other historical sources” can include: miscellaneous maps, newspaper archives, internet sites, community organizations, local libraries, historical societies, current owners or occupants of neighboring properties, or records and files of the Property Owner or occupants.

The Site groundwater varies from four to eight feet below ground surface with a generally northeastern flow direction.

Site History:

The Property was originally developed in 1959 by Standard Oil of California as a gasoline service station (*Em's Chevron Service Gas*). In 1974, Standard Oil constructed a new service station building occupied by *Pat Conner Chevron*.

By May of 1985, the business was operated as *Brazel's Chevron*. In 1986, the Site was reconfigured by moving the service station building to the eastern portion of the Property. At that time, new underground tanks and pump islands were installed. In 1994, a new gasoline tank was installed. In 1995, *Brazil's Chevron* replaced the pump islands. Chevron USA removed a waste oil tank in 2001. In 2009, the Site was operated by *Car Wash Enterprises*.

1993:

In 1993, Pacific Environmental Group, Inc., performed the installation of a Phase II Vapor Recovery System. Soil samples collected during the trenching installation showed gasoline in excess of the Model Toxics Control Act ("MTCA") Cleanup Levels. At that time, a petroleum hydrocarbon Release was reported to the Department of Ecology.

1995:

In April and May a fourth underground gasoline storage tank ("UST") was installed south of the existing UST pit, and the fuel/vapor delivery system, piping, and pump islands were replaced. At the time of the excavation for the fourth UST approximately 400 cubic yards of petroleum-impacted soils were removed. Petroleum-impacted soils were encountered in numerous areas of the excavations.

Due to the high groundwater table, 294,000-gallons of water was pumped from the excavations and stored in Baker tanks. The analytical results of the water reported hydrocarbons above the MTCA Cleanup Levels.

Due to the placement of the groundwater monitoring wells, Ecology concluded that the groundwater had not been fully characterized.

1999:

In March, for soil borings were conducted and converted into permanent groundwater monitoring wells.

2000 - 2006:

During this period, periodic groundwater monitoring was conducted. In March of 2006, Ecology issued a *Further Action Determination under WAC 173-340-515(5)* and VCP Site Review Summary for the Property and concluded:

1. The Site had not been fully characterized;
2. Contamination remained on Site after the previously cleanup activities;
3. It had not been determined if contaminated groundwater had migrated off Site to the north / northeast;
4. Additional monitoring wells were required;
5. The area around the waste oil tank had not be adequately characterized;
6. The vertical and horizontal extent of the soil contamination underneath the pump islands and product lines had not been fully characterized; and
7. Prior testing had not been completed according to the MTCA Table 830-1 *Required Testing for Petroleum Releases*, with regard to fuel additives and oxygenates.

Apparently, after Chevron received this Ecology Review, they discontinued the groundwater monitoring activities at the Site.

2008:

In January, the Thurston County Public Health and Social Services Department – under contact with the Department of Ecology – completed a *Site Hazard Assessment* for the subject Property. The Site was rated as Risk Level of 3 (1 represents the lowest risk and 5 represents the highest risk). The Site is currently classified as a Confirmed Contaminated Site.

2013:

The Key Site Manager provided a report entitled *Second Semiannual 2013 Groundwater Monitoring and Sampling Report*, prepared by leidos engineering (formerly SAIC Energy, Environmental & Infrastructure, LLC), dated December 20, 2013. Only two pages of the Report were provided for review. The Report stated that two of the five monitoring wells were not sampled during the apparently November sampling event: MW-3 (west of the convenience store) and MW-4 (most down gradient well). As such, this sampling event appears to be insufficient.

2014 - 2015:

According to documents supplied by the Key Site Manager – but not produced by the Department of Ecology pursuant to a formal written Freedom of Information Act request – two round of ground sampling were performed in 2014, in May and November of that year.

The supplied information reported on two rounds of groundwater sampling in 2015, in February and May. In the February sampling four of the five wells were sampled. In the May sampling all five wells were sampled.

Voluntary Cleanup Program Activities:

The Site was entered into the Department of Ecology Voluntary Cleanup Program (“VCP”) by Chevron USA in August of 2001 and was assigned VCP Site No. SW0354). A

second VCP Application was received by Ecology in January of 2006 and assigned VCP Site No.SW0733.

Due to the lack of Site activity following the the Ecology 2006 Opinion Letter, the Department of Ecology terminated the Site from the VCP Program in July of 2007.

2015: Chevron USA “Comfort Letter”

The Key Site Manager additionally provided a communication from the Chevron Environmental Management Company dated November 19, 2015 (commonly referred to as a “Comfort Letter”). A copy of this letter is included in the Appendix Section III of this Assessment.

Underground Storage Tank Compliance Testing:

On October 17, 2014, Northwest Tank & Environmental Services, Inc., completed underground storage tank dispensing system Compliance Testing. All of the tested systems and components were reported as “pass.”

Activity and Use Limitations:

Activity and Use Limitations (“AUL”) include both legal and physical or engineering controls that may be required by an authoritative agency. Agencies, organizations, and jurisdictions may define or utilize these terms differently. An AUL is often recorded in land title records. AUL information may often be recorded in the restrictions of record on the title, rather than a within the chain of title. The historical research and review has not encountered an Activity or Use Limitation that is applicable to the subject Property.