



GUEMES CHANNEL HOLDINGS, LLC

Via E-mail vutr461@ecy.wa.gov

December 21, 2023

Washington Department of Ecology
Vu Tran, Water Quality Program Engineer
PO Box 330316
Shoreline, WA 98133-9716

Re: NPDES Individual Waste Discharge Permit WA0501491
Guemes Channel Holdings, LLC; 3100 Oakes Avenue, Anacortes, WA
Request for Modification of Permit Schedule

Dear Vu,

As you are aware, Guemes Channel Holdings, LLC acquired the site formerly known as Lovric's Sea-Craft in February 2023. The site is located on the north end of Fidalgo Island along the Guemes Channel within the City of Anacortes and covers approximately 9 acres, approximately 8 acres of uplands and an acre of submerged lands. The property is developed with an active shipyard repair facility.

Ecology issued NPDES Individual Waste Discharge Permit WA0501491 for the site on December 13, 2013, which became effective January 1, 2014 ("Permit"). A request to transfer the Permit from Lovric's Sea-Craft Inc. to Guemes Channel Holdings, LLC was granted on March 30, 2023.

Following the transfer of the Permit, we learned that Lovric's had failed to comply with Section 8 of the Permit related to the design, permitting and construction of a stormwater management structure at the marine railway #1 and #2 discharge locations. We further noted that S8.1 of the compliance schedule anticipated that Lovric's would successfully install a tide gate at the railways that would eliminate stormwater run-on thus allowing Lovric's to perform a Stormwater Characterization Study. The Stormwater Characterization Study is a necessary precursor to completion of the design and permitting of a stormwater management system.

While Lovric's successfully installed a self-engineered tide gate at the large railway, the gate was not successful in eliminating the intrusion of tidal salt water to the railway area. Lovric's did not install a tide gate at the small railway, presumably because of the failure of the tide gate design for the large railway.

Guemes has engaged a team of professionals with experience in shoreline projects to assist us in developing a plan for a modernized shipyard facility that incorporates best practices for protection of the aquatic environment. Key elements to the long-term modernization plan for the facility include the following –



GUEMES CHANNEL HOLDINGS, LLC

1. Removal of non-operational junk equipment and vehicles, derelict vessels, solid waste debris piles, and containers of excess liquid waste products.
2. Dredging of inner harbor area to deepen basin and remove contaminated sediment.
3. Replacement of deteriorated creosote pier structures with modernized piers.
4. Replacement of deteriorated bulkheads, including redesign of bulkheads surrounding the railways to create a stormwater containment structure utilizing drop in gates.
5. Installation of new and upgraded utility infrastructure, including upgraded power, installation of storm water treatment system, and installation of sanitary sewer system.
6. Replacement of deteriorated warehouse with modern fabrication and office building.
7. Paving the majority of the site, which is currently primarily gravel and dirt.

Separately, Guemes has entered into active negotiations with Ecology's Toxics Cleanup Program regarding an Agreed Order for remediation of the site. It is expected the Agreed Order will be executed between Ecology and Guemes in the first quarter of 2024.

The future development plan to both modernize and remediate the site will include a stormwater containment structure around the marine railways, a storm water treatment system for the site, and a cap over the majority of the site. In order to coordinate development and remediation activities with NPDES permit activities, we kindly request Ecology modify the compliance schedule in Section 8 and 10 of the Permit as follows –

- Guemes will submit preliminary plans for the stormwater containment structure surrounding the marine railways and a site plan for the stormwater treatment system no later than June 30, 2024.
- Due to the number of regulatory agencies, tribes, and other constituent groups that will be involved in the review of the permit submittal package, Guemes will provide written quarterly updates starting in Q3 2024 regarding the permitting process for the stormwater containment structure and stormwater treatment system, which shall include any modifications to the plans and specifications for the structure.
- Within 24 months of receiving the necessary permits, Guemes shall commence construction of the stormwater containment structure and treatment system.
- Once construction is initiated, Guemes will provide quarterly written updates on the progress of construction.

With regard to other submittals required under Section 5 (solid waste plan); Section 6 (permit renewal); and Section 9 (spill plan update), Guemes will comply with the required submittals by the due date of June 30, 2024.

We thank you for your patience as we have develop a path forward for the site that ensures a modernized ship repair and construction facility that has the infrastructure to protect the aquatic



GUEMES CHANNEL HOLDINGS, LLC

environment. We hope you find our proposed modification to the permit requirements acceptable. If you wish to discuss any elements of this request or the site activities, please let me know.

Regards,

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Kelly Allison, Chief Financial Officer
Guemes Channel Holdings, LLC