

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION CONTAMINATED SITES PROGRAM

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File No.: 2100.38.102

February 5, 2007

Michael Saunders
Saunders Properties
11210 Simpson Road
Monmouth, OR 97361

Subject: Record of Decision (ROD) and groundwater monitoring requirements for Conditional Site Closure, Former Bank Building site 441 West 5th Avenue, Anchorage, Alaska, Lot 7, Block 43, Original Townsite of Anchorage (ADEC Database No. 2001210103201 and CS File No. 2100.38.102)

Dear Mr. Saunders:

The Department of Environmental Conservation, Contaminated Sites Program (ADEC) reviewed the subject file including the "Groundwater Monitoring Well Installation & Sampling" report dated January 17, 2007 by your consultant Shannon & Wilson. ADEC approved "No Further Remedial Action Status" (NFRAP), now referred to as "Conditional Site Closure" (CSC) for the former bank building site at 441 West 5th Avenue in a letter dated March 15, 2001. The contaminant source was a 2,000-gallon heating oil tank that was closed in place.

The 2001 conditional site closure document is considered a part of this Record of Decision and remains valid with the exception of modifications described below that supersede the information and requirements found in the existing CSC. The modifications include monitoring requirements for newly installed monitoring well MW2, new estimates of the volume of impacted soil and the extent of soil and groundwater contamination at the site, additional background information, and the requirement to record the attached Notice of Environmental Contamination (NEC) on the property deed.

Requirements for continued Conditional Site Closure status:

Based on the file review and additional information provided to ADEC in recent weeks, this letter modifies the existing conditional site closure as follows:

1. A groundwater monitoring plan must be implemented that is approved by ADEC. The plan will be submitted to ADEC by March 30, 2007. The plan will specify that MW2 installed on January 11, 2007 be monitored until a stable or declining trend in contaminants is established as determined by the Department. (This requirement replaces Condition #2 of ADEC's 2001 conditional closure letter).

2. Samples from the next monitoring event, i.e., next event after this decision document is issued, must be analyzed for diesel range organics (DRO), gasoline range organics (GRO) and volatiles (BTEX). The record shows that the groundwater has not been analyzed for these compounds, and the soil has not been characterized between a depth of approximately 10 feet bgs and the groundwater table at approximately 23 feet bgs. If GRO and BTEX are not detected additional sampling for these compounds will not be required.
3. Results of the monitoring must be reported within 60 days of sampling.
4. Monitoring well decommissioning must be done in accordance with ADEC guidance adopted by reference in 18 AAC 75.345 (j), Groundwater and surface water cleanup levels.¹ If an alternative method other than the methods described in the monitoring well guidance "*Recommended Practices for Monitoring Well Design, Installation, and Decommissioning*" is proposed, a work plan must be submitted for Department approval before work is done. In addition, ADEC requires that a brief report of monitoring well decommissioning be submitted within 30 days of decommissioning the wells at the site.
5. The consultant has revised the estimated volume of impacted soil at the site and the extent of soil and groundwater contamination is as shown on Figure A of the attached Notice of Environmental Contamination. The consultant has estimated the volume of contaminated soil with DRO concentrations greater than the site cleanup level of 250 mg/Kg as "less than 125 cubic yards, with a more probable volume in the range of 50-75 cubic yards."
6. The conditional closure is modified to include the additional information summarized in the background section below.
7. The attached Notice of Environmental Contamination (NEC) including Figure A must be recorded at the State Recorder's Office on the property deed for Lot 7, Block 43, Original Townsite of Anchorage in accordance with ADEC regulations 18 AAC 75.375 requiring institutional site controls. A copy of the recorded notice must be provided to ADEC by April 15, 2007. The institutional control on the site shall remain in effect until such time that the owner demonstrates that any contamination remaining meets the cleanup levels established in 18 AAC 75.341 Method 2, the migration to groundwater pathway in soil and 18 AAC 75.345 Table C groundwater cleanup levels. In addition, a statement will be included in the ADEC database for this site as a form of an institutional control describing the location, concentration and extent of remaining soil and groundwater contamination that exceeds site cleanup levels. (This requirement replaces Condition #4 of the 2001 conditional closure letter).

¹ 18 AAC 75.345, Groundwater and surface water cleanup levels: (j) Groundwater monitoring wells must be installed, developed, and decommissioned in accordance with the department's *Recommended Practices for Monitoring Well Design, Installation, and Decommissioning*, April 1992, adopted by reference, or another approved method that is protective of human health, safety, and welfare, and of the environment.

Background

Shannon & Wilson contacted ADEC in late December 2006 to request a determination that groundwater monitoring requirements of the 2001 conditional closure had been met. The March 2001 conditional closure required that the monitor well adjacent to the tank (i.e., B1MW) be monitored for a minimum of four quarterly events, or until a stable or declining trend in contaminants was established as determined by the Department, and required reporting of the results within 45 days of sampling. These requirements were found not to have been met because the well installed prior to issuance of the conditional closure did not intercept the true groundwater table. The well had been deepened in 2001 subsequent to the conditional closure, but neither the deepening of the well or the resulting sampling and analysis that showed the groundwater to exceed ADEC cleanup standards were reported to the Department until early January 2007. In addition, until it was deepened B1MW had water in it only during the first sampling event in May 2001.

The modifications to the existing conditional site closure were based on ADEC's review and on communications with Shannon & Wilson's Matt Hemry, including a January 26, 2007 teleconference between ADEC staff and Mr. Hemry regarding newly reported site information, the results of recent site work and ADEC requirements for Conditional Site Closure.

As noted above, the contaminant source at the site was a 2,000 gallon underground storage tank (UST) that was closed in place in 2001. Shannon & Wilson reported during their release investigation in 2001 that a maximum of 7,430 mg/kg diesel range organics (DRO) was encountered beneath the UST, exceeding the applicable 18 AAC 75.341 Method Two cleanup level of 250 mg/kg. No other petroleum contaminant exceeded applicable cleanup levels. Analytical results from a monitor well placed near the east end of the tank in 2001 had a concentration of 0.878 mg/L DRO. Shannon & Wilson later found that the well was dry and determined that the water table was artificially high at approximately 15 feet below the ground surface (bgs) due to a nearby broken water line that had been repaired. The well was deepened to intercept the actual water table at a depth of over 27 feet in May 2001. The single groundwater sample collected from the deepened well had a concentration of 3.04 mg/L DRO, exceeding the 18 AAC 75.345 Table C cleanup level of 1.5 mg/L. In January 2007, Shannon & Wilson determined that the deepened monitor well (B1MW) was compromised and unusable. In mid-January 2007, Shannon & Wilson installed a replacement monitor well east of the tank (MW-2). Analysis of a sample collected on January 12, 2007 had a result of 1.88 mg/L DRO.

Based on Shannon & Wilson's 2001 release investigation, ADEC issued a conditional closure letter dated March 15, 2001. ADEC has no record of receiving work plans to extend B1MW or to install MW-2. In addition, ADEC did not receive the report for the May 2001 groundwater monitor findings until January 18, 2007 (as presented in Shannon & Wilson's January 17, 2007 report). Additional draft reports and data reflecting 2001 work were provided to ADEC on January 30, 2007.

ADEC Decision

Based upon historical information in the file and the recent Shannon & Wilson January 17, 2007 report the March 15, 2007 conditional closure letter is modified as described in the "Requirements for continued Conditional Site Closure status" section above. Information

provided to date shows that the extent of the soil and groundwater has not been fully characterized at the site but estimates have been provided by S&W regarding the approximate extent of contamination. While the site is not fully characterized, the Department has determined that the remaining contamination does not pose an unacceptable risk to human health or to the environment under the conditions set forth in this Record of Decision.

Reporting Requirements

As noted above, there were two occasions when work was performed at the site (i.e., in 2001 to deepen B1MW and in 2007 to install MW-2) without submittal of a work plan for Department approval as required by ADEC regulations. In addition, we did not receive a report of the findings of B1MW with groundwater showing 3.04 mg/L DRO until 2007. Under 18 AAC 75 Article 3, a responsible person shall submit a sampling and analysis plan for approval prior to implementing a work plan at a contaminated site. In addition, under 18 AAC 75.300(a)(1)(B), a person in charge of a facility or operation is required to notify DEC within specific timeframes when it has knowledge of a release of oil to water and you were required to submit a report within 45 days of sampling under Condition #2 of the 2001 NFRAP letter. In addition, in our March 15, 2001 NFRAP letter, under Condition #4 it was required that a Notice of Environmental Contamination (NEC) be filed in the State Recorder's Office and a copy be provided to ADEC within 60 days of the filing. Our review with the State Recorder's Office indicates that no such recording was filed.

Cost Recovery

Alaska Statute 46.03.760, AS 46.03.822 and 46.08.070 establish cost recovery procedures for certain costs, including oversight activities, incurred by the State in responding to pollution incidents. As the responsible party you will be billed for expenditures associated with ADEC oversight, including staff time associated with general or technical assistance, fees, interest, work plan review, project oversight, general project management, legal services, travel, equipment and supplies; and any contracting costs. Pursuant to AS 46.08.075, the State may also file liens against all property owned by a person who is responsible or liable for State expenditures.

This decision and Conditional Site Closure determination are also subject to 18 AAC 78.380(d)(2) that allows the Department to require additional investigation and/or cleanup action if future information indicates that the cleanup is not protective of human health, safety or welfare, or the environment. In addition, if the conditions in this ROD are not met, the Department reserves the right to revoke the Conditional Closure status without notice and may impose additional requirements and/or undertake enforcement actions.

As information becomes available, including the monitoring reports required by this ROD, ADEC reserves the right to modify this ROD or impose additional requirements deemed appropriate. Further, if it is determined that the cleanup and applicable institutional controls imposed by the Conditional Site Closure, the NEC and this ROD are not protective of human health, safety, or welfare, or of the environment, the department will, as necessary to ensure protection of human health, safety, or welfare, or of the environment, require a responsible person to conduct additional actions that meet the requirements of the site cleanup rules.

Any person who disagrees with this decision may request an adjudicatory hearing in accordance with 18 AAC 15.195 - 18 AAC 15.341 or an informal review by the Division Director in

accordance with 18 AAC 15.185. Informal review requests must be delivered to the Division Director, 410 Willoughby Avenue, Suite 303, Juneau, Alaska 99801, within 15 days after receiving ADEC's decision. Adjudicatory hearing requests must be delivered to the Commissioner of the Department of Environmental Conservation, 410 Willoughby Avenue, Suite 303, Juneau, Alaska 99801, within 30 days after the date of issuance of this letter, or within 30 days after the department issues a final decision under 18 AAC 15.185. If a hearing is not requested within 30 days, the right to appeal is waived.

Please contact me at (907) 269-7527 or by email at eileen_olson@dec.state.ak.us if you have questions or comments regarding this decision.

Sincerely,

A handwritten signature in cursive script, reading "Eileen Olson", followed by a horizontal line.

Eileen Olson
Environmental Program Specialist

Attachments: NEC and Figure A

cc: Matt Hemry, Shannon & Wilson, Inc., Anchorage
Stuart Bond, Bond, Stephens & Johnson, Anchorage, Alaska

Notice of Environmental Contamination

Public notice, by recording NEC on property deed by responsible party, of contamination remaining above site cleanup levels, applicable institutional controls, and legal and common description of affected property location:

Pursuant to 18 AAC 75.375, Michael Saunders hereby provides public notice that certain areas of the property ("Subject Property") and adjacent right-of-way shown on attached Figure A, located at:

Lot 7, Block 43, Original Townsite of Anchorage subdivision, according to the official plat thereof, filed in the records of the Anchorage Recording District, Third Judicial District, State of Alaska, that has the address of 441 W. 5th Avenue

are contaminated by hazardous substances at concentrations that exceed regulatory cleanup levels set forth in 18 AAC 75, Article 3. The hazardous substances are petroleum hydrocarbon compounds present as diesel range organics (DRO) in site soil and groundwater at the subject Property and adjacent northern alley and western right-of-way owned by the Municipality of Anchorage.

Notice to current and future owners and/or operators of contamination present above site cleanup levels and location of supporting ADEC documentation:

Current and future owners and/or operators of the subject property are hereby notified that the property was subject to releases of hazardous substances regulated under ADEC regulations 18 AAC 75.325 – 75.390, the "Site Cleanup Rules" and that the releases were investigated and cleaned up to the extent practicable. The releases and site cleanup actions are documented in the Alaska Department of Environmental Conservation (ADEC) contaminated sites on-line database¹ under Reckey number 1987210912701 and File I.D. number 2100.38.102.

Contaminant source:

The source of contamination at the site is an underground 2000-gallon heating oil storage tank on Lot 7 that was closed in place in 2001. Removal of the tank was not practicable due to the presence of numerous utilities in the vicinity of the tank. The tank is approximately 5-1/2 feet in diameter and twelve feet long, and is buried approximately 3-1/2 feet bgs. The bottom of the tank is approximately 9 feet bgs.

Remaining groundwater contamination and area groundwater characteristics and use:

DRO remains in site groundwater at levels above the Table C cleanup levels found in 18 AAC 75.345. DRO was detected in groundwater at 1.8 to 3 mg/L in the two groundwater monitoring events completed to date, exceeding the Table C groundwater cleanup level for the site of 1.5 mg/L.

¹ ADEC's on-line Contaminated Sites database search page can be found at <http://www.dec.state.ak.us/spar/csp/search/default.asp> as of the date of this NEC.

A well search of a 300-foot radius from the subject property conducted in 2001 shows that there are no drinking water wells within the search area. Groundwater flow direction reportedly varies from northwest to northeast.

Remaining impacted soil:

DRO remains in site soil at levels exceeding the site cleanup level of 250 mg/Kg found in 18 AAC 75.341 for the Method Two groundwater migration pathway in up to 125 cubic yards of soil. The potentially impacted soil is located beneath and surrounding the tank from a depth of approximately 9 feet below the ground surface (bgs) and corresponding to the bottom of the tank to the groundwater table at approximately 23 feet bgs. Soil samples were collected in 2001 and document DRO at 7,430 mg/Kg present in soil below the east end of the tank. In boring B1, completed as monitoring well B1MW, DRO levels were 1,710 mg/Kg from 12.5 to 14.5 ft. bgs and 2,730 mg/Kg from 15 to 17 ft. bgs.

ADEC determination and site restrictions (institution controls):

This NEC incorporates by reference the terms of the Record of Decision dated February 5, 2007 and the conditional site closure document dated March 15, 2001 on file for the subject site. Requirements set forth in those documents are not specified in this NEC but must be complied with for this NEC to remain valid.

Although DRO contaminant concentrations exceed the applicable 18 AAC 75.345 and 18 AAC 75.341 soil cleanup levels at the site, the Department has determined that, subject to the imposition of appropriate institutional controls, the remaining contamination does not present a threat to human health, safety and the environment.

To ensure that future owners and/or operators are not exposed to contaminants at the site and that the site or impacted materials originating from the site do not pose a risk to the environment, the following requirements are applicable to the site:

1. A groundwater monitoring plan be implemented that is approved of by ADEC. The plan will be submitted to ADEC by March 30, 2007. The plan will specify that MW2 installed on January 11, 2007 be monitored until a stable or declining trend in contaminants is established as determined by the Department.
2. ADEC must be notified of and approve in advance any proposed excavation and/or transport of soil from or adjacent to areas identified as contaminated on Figure A. ADEC must also be notified and approval sought in advance if work is planned that results in dewatering, use of groundwater, or other disturbance of or contact with groundwater within or near the estimated groundwater plume and that may be impacted above the 18 AAC 75.345 Table C cleanup levels.
3. The transport, treatment and/or disposal of contaminated soil and/or groundwater from a site subject to 18 AAC 75 requires prior ADEC approval in accordance with 18 AAC 75.325(i).

4. If the on-site monitoring well is damaged or disturbed prior to completion of the required monitoring, the owner and/or operator will notify ADEC of the damage and provide a plan for repairing or replacing the well prior to conducting work.
5. This Notice of Environmental Groundwater Contamination" (NEC) must be recorded on the subject property deed as an institutional control measure in accordance with 18 AAC 75.375. A copy of the recorded NEC from the State's Recording Office within the Department of Natural Resources must be provided to ADEC by May 15, 2007. In addition, a statement will be included in the ADEC database for this site as a form of an institutional control measure that DRO remains in site groundwater and soil at levels above the 18 AAC 75.341 Method Two cleanup levels for soil and the 18 AAC 75.345 Table C groundwater cleanup levels in the areas shown on attached Figure A.

ADEC reviewed and approved the cleanup actions at this property as protective of human health, safety and welfare, and the environment. No further cleanup action is necessary at this site unless new information becomes available that indicates to ADEC that the site may pose an unacceptable risk to human health, safety, welfare or the environment, or unless the requirements of 1-5 above are not adhered to.

In the event that future information indicates that the site may pose an unacceptable risk to human health, safety, welfare or the environment, the owner and/or operator are required under 18 AAC 75.300 to notify ADEC and to evaluate the environmental status of the contamination in accordance with applicable laws and regulations. Further site characterization and cleanup may be necessary under 18 AAC 78.090- 78.280, or the successor regulation.

This notice remains in effect until a written determination from ADEC is recorded that states that soil and groundwater at the site has been shown to meet the most stringent soil cleanup levels in Method Two of 18 AAC 75.341 or its successor and groundwater meets 18 AAC 75.345 Table C cleanup levels, or its successor, and that off-site transportation of soil is not a concern.

Attachment: Figure A

DATED: _____

By: Michael Saunders
Owner and Responsible party

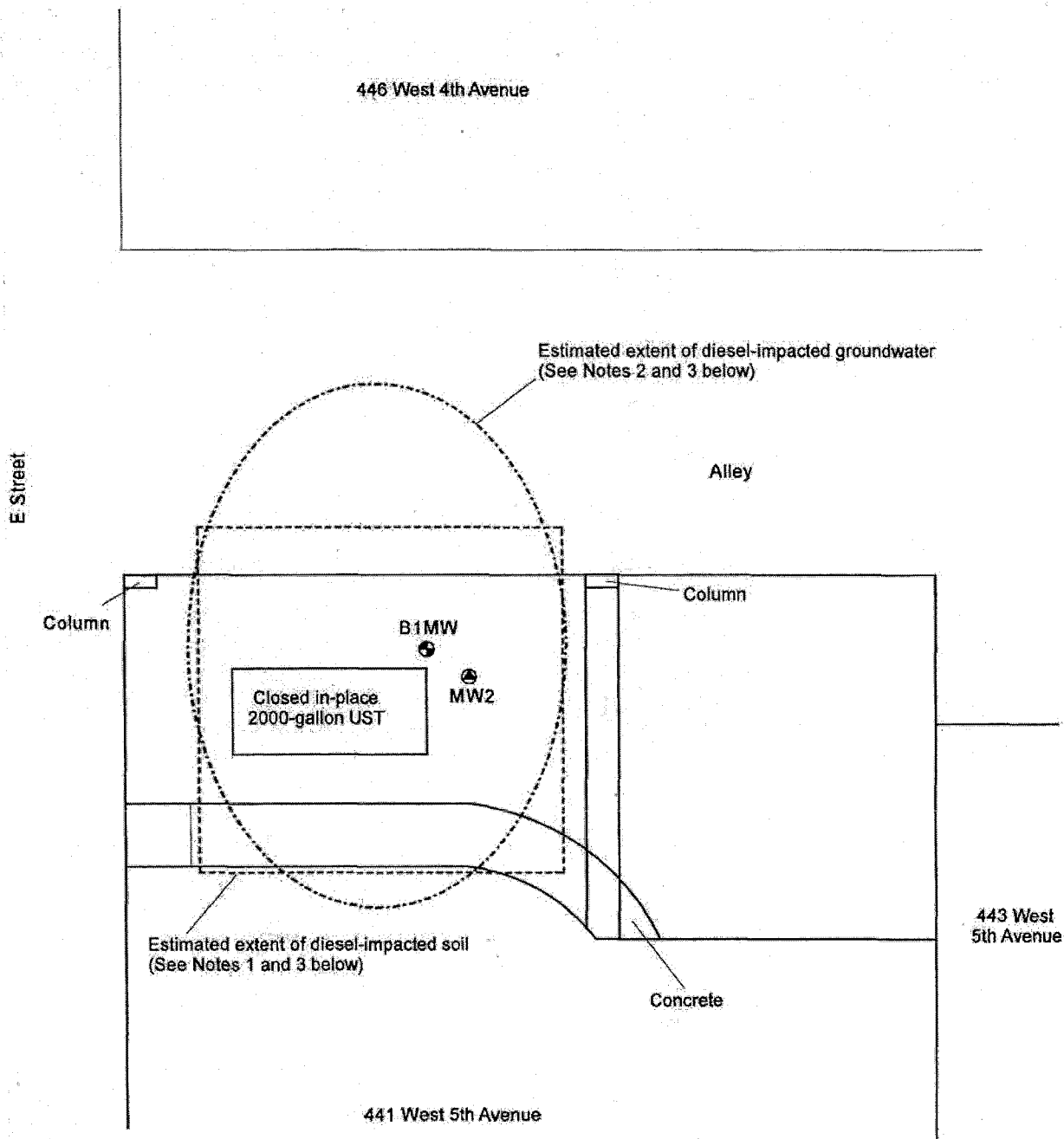
The following document was acknowledged before me at, Anchorage, Alaska, on the ____ day of _____, 2007 by Michael Saunders, in his capacity as responsible party as defined by 18 AAC 75.990.

February 5, 2007

Notary Public in and for the State of Alaska
My commission expires: _____

Please return original copy of this notice to the address below:

Michael Saunders
Saunders Properties
11210 Simpson Road
Monmouth, OR 97361



LEGEND & NOTES

B1MW Approximate location of Monitoring Well B1MW, installed by Shannon & Wilson in February 2001.

MW2 Approximate location of Monitoring Well MW2, installed by Shannon & Wilson in January 2007.

Note 1 Estimated extent of impacted soil is based on limited field screening and analytical data - two samples from beneath the tank, and two samples from Boring B1MW. It is assumed that the release location is near the tank's east end. The delineation shown on this figure is intended to show the maximum lateral extent of soil containing 250 mg/kg DRO, which is assumed to occur at the soil-groundwater interface.

Note 2 Estimated extent of impacted groundwater containing DRO concentrations greater than 1.5 mg/l. The delineation is based on a source-area concentration of 2 mg/l (January 2007 sample), and an assumed groundwater flow direction to the north. Note that the delineation is not definitive, as typically at least three spatially distinct sampling points are necessary to form conclusions regarding plume dimensions and gradient.

Note 3 The soil and groundwater plume delineations shown on this figure are based on limited data and are not definitive. Shannon & Wilson does not make any claim of accuracy. The depictions and/or other information derived from this figure is not sufficient to develop estimates of remediation effort or cost.



441 West 5th Avenue
Anchorage, Alaska

SITE PLAN

January 2007

32-1-16424-005



SHANNON & WILSON, INC.
Geotechnical & Environmental Consultants

Fig. A