THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Environmental Conservation
DIVISION OF SPILL PREVENTION & RESPONSE
Contaminated Sites Program
410 Willoughby Ave Suite 303
PO Box 111800
Juneau, Alaska 99811-1800
Main: 907-465-5210
Fax: 907-465-5218

File No: 1508.38.005

July 10, 2014

Via Electronic and Regular Mail
Mr. James Studley
Alaska Investment Property
Post Office Box 949
Haines, Alaska 99827

RE: Institutional Control Agreement
Haines Tank Farm Contaminated Site
Hazard ID 898
Lot 1 Highland Resources Subdivision

Dear Mr. Studley,

The Alaska Department of Environmental Conservation, Contaminated Sites Program (DEC) has reviewed the environmental records for the referenced site. This letter briefly explains the site history, cleanup activity and specific conditions required to effectively manage any remaining contamination. No additional remedial action is required as long as compliance with these conditions is maintained.

Site Name and Location
Haines Tank Farm
121 Beach Road
Haines, Alaska 99827
Lot 1 Highland Resources Subdivision

Address of Contact Party
Mr. James Studley
Alaska Investment Property
P.O. Box 949
Haines, AK 99827

DEC Site Identifiers
Hazard ID: 898
File: 1508.38.005
DEC Reckey: 1990110110201

Regulatory Authority for Determination
Title 18 Alaska Administrative Code 75

Site Description and Background
The former tank farm property consists of an 8.5 acre parcel above the Beach Road and the 1.3 acre waterfront parcel below the road. The upper portion of the property contains an inactive gravel pit. The middle portion of the property housed an earthen dike tank farm where six large gasoline and diesel tanks stored fuel. The storage tank pipeline delivery system transferred diesel and gasoline to and from the wharf and to the truck rack transfer station

Klukwan Incorporated (Klukwan) purchased the property from Highland Resources in 1992 and continued the bulk fuels supply operation until 1995. Klukwan removed the tanks and truck loading rack in 1996 and remodeled the Portage Cove dock in 1997 to provide visitor facilities for the tourist industry. After these renovations, Portage Cove Development Company, a subsidiary of Klukwan, began tourist related operations under the business name of Chilkat Cruises. The former bulk plant warehouse has served as an office and storage building.

Releases of diesel fuel and gasoline from leaking tanks, fuel lines, and overfills had occurred periodically over a 60 year history of past operations as a bulk fuel distribution facility. Environmental impacts from the spills were mainly to soil with some impacts to surface and groundwater. A drainage ditch below Beach Road has been periodically impacted by spills migrating through the storm water drainage system. To follow in this letter is a brief summary of the environmental investigation and cleanup of contamination on the property that resulted from the historical spills.

By letter to Klukwan dated January 21, 2009, DEC determined that contamination remaining at the Haines Tank Farm site located in Haines at 142 Beach Road did not pose an unacceptable risk to human health or the environment as long a list of institutional control conditions were maintained on the property and DEC was informed of any change in land use or ownership. By letter dated May 12, 2014, Klukwan informed DEC that Portage Cove Development Corporation sold the property on October 30, 2013 to Roger K. Beasley of Austin, Texas. As a result, DEC sent by letter dated May 21, 2014, to Mr. Beasley, notification of responsibility for environmental contamination to maintain previously agreed upon conditions on the property necessary to protect human health, safety, and the environment.

By electronic message dated June 26, 2014, you provided DEC with notice that the Owner of Record on the deed for the referenced property is now Alaska Investment Property LLC, P.O. Box 949 in Haines, Alaska. You asked that I forward to you an Institutional Agreement page for signature. The purpose of this letter is to provide you with an Institutional Control (IC) agreement page from the Department with the same conditions as previously stated in the 2009 Determination Letter, with an updated chronology of events added as management of this IC agreement transitions to the IC Unit in the Juneau office.

Contaminants of Concern
The following petroleum contaminants of concern are those above cleanup levels that were identified during the course of the site investigations summarized in the Characterization and Cleanup Activities section of this decision letter.

- Gasoline Range Hydrocarbons (GRO)
- Diesel Range Hydrocarbons (DRO)

Cleanup Levels
In accordance with 18 AAC 75.350 regulation that was in effect in 2009, DEC determined that groundwater underlying the site does not contribute to and is not currently used or reasonably expected to become a drinking water source. Using this determination, alternative soil cleanup levels under Method Three 18 AAC 75.340(e) modify 18 AAC 75.341 Tables B1 and B2 by an order of magnitude set forth in 18 AAC 75.345(b)(2) with priority to the most conservative value associated with exposure pathways for inhalation, ingestion and migration to groundwater.

When this determination is made for a site, DEC allows soil contamination to remain at a site by placing restrictions on the installation of water wells until the areas of residual contamination are shown to meet migration to groundwater cleanup levels. DEC approved a site specific determination for the Haines Tank Farm cleanup remedy and alternative soil cleanup levels were in effect at the time. The following shows the migration to groundwater (most conservative) and the site specific alternative soil cleanup levels for the contaminants of concern (COCs) at this site.

Contaminants	(milligrams per kilogram) Tables B1 and B2	– Site specific soil cleanup levels
Gasoline range hydrocarbons	260	1,400
Diesel range hydrocarbons	230	2,300

Groundwater cleanup values for the cleanup remedy approved in 2002 allowed a concentration ten times the 18 AAC 75.345, Table C levels as set forth in 18 AAC 75.345(b) (2) based upon an DEC determination that groundwater is not a current or reasonably potential future source of drinking water by meeting all sections of 18 AAC 75.350. When these determinations are made for a site, DEC allows groundwater contamination to remain at a site by placing restrictions on the installation of water wells until the areas of residual soil contamination throughout the site are shown to meet migration to groundwater cleanup levels.

Site Investigation and Corrective Action
Release investigation and corrective action activities conducted under the regulatory authority of the Contaminated Sites Program began in 1999. These activities are described below.

All historic petroleum release source areas were removed from the site during the three year site cleanup removal action beginning in 1999 and continuing through 2002. All excavated contaminated soil was transported for remediation off-site. Figures 1 and 2 as attachments to this letter display where the removal actions took place and where contaminated soil remains at the site.

In 2002, DEC approved the 2001 Corrective Action Final Report and determined the site cleanup had achieved a long term monitoring phase. The two remaining issues were ground water contamination and the bioremediation cell on Sawmill Road at Jones Point.

In December 2006, an estimated 150 gallons of heating oil spilled from a heating oil tank located on the west side of the Chilkat Cruise office building. Frozen ground with snow conditions prevented the oil from seeping into the surface soil. Oily snow was gathered up and shipped to a local facility where the oil was separated and disposed. In August 2007, DEC inspected the site and observed that the cleanup was effective in controlling impacts to surface soil.

In light of the 2006 heating oil spill at the office building, MW-2 located near the surface water collection drainage ditch was sampled in 2008. The analytical result was none of the petroleum analytes tested were detected. The data indicated that groundwater contamination was reduced below cleanup levels and that residual petroleum in soil on the property was stable and not migrating. Since the monitoring phase of the cleanup process on the Haines Tank Farm site was complete DEC authorized Klukwan to decommission the well.

In January, 2009, DEC established the Jones Point Biocell as a contaminated site separate from the former Haines Tank Farm contaminated site and issued a Cleanup Complete Determination with Institutional Controls (IC) to Klukwan for the property on Beach Road. Klukwan signed the IC agreement page in the letter and submitted the original to DEC with the understanding that cleanup responsibility for the active biocell contaminated site remained with Klukwan and was not related to the Beach Road property.

DEC Decision

The DEC Cleanup Complete Determination with Institutional Controls letter dated January 20, 2009 determined there is no unacceptable risk to human health or the environment at the referenced site, as long as the following conditions are maintained:

- Any future change in land use may impact the exposure assumptions cited in the DEC Cleanup Complete with Institutional Controls Decision Document dated January 20, 2009. If land use and/or ownership changes, current ICs may not be protective and DEC may require additional remediation and/or ICs. Therefore Alaska Investment Property shall report to DEC every five years to document land use, or report as soon as Alaska Investment Property becomes aware of any change in land ownership and/or use, if earlier. **The report can be sent to the local DEC office or electronically to DEC.ICUnit@alaska.gov.**

- Installation of groundwater wells will require approval from DEC in accordance with 18 AAC 75.350(2).

- Any proposal to transport soil or groundwater off site requires DEC approval in accordance with 18 AAC 75.325 (i). A "site" [as defined by 18 AAC 75.990 (115)] means an area that is contaminated, including areas contaminated by the migration of hazardous substances from a source area, regardless of property ownership. (See attached site figure.)

- Movement or use of contaminated material in a manner that results in a violation of 18 AAC 70 water quality standards is prohibited.

The details of the above conditions and site status are entered on the DEC Contaminated Sites Database. When the site meets the requirements for a Cleanup Complete Determination, then the Institutional Controls will be terminated.

The IC Determination is in accordance with 18 AAC 75.380(d) and does not preclude DEC from requiring additional assessment and/or cleanup action if future information indicates that this site may pose an unacceptable risk to human health or the environment.

Appeal
Any person who disagrees with this decision may request an adjudicatory hearing in accordance with 18 AAC 15.195 - .340 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, PO Box 111800, Juneau, Alaska 99801-1800, within 15 days after receiving the department's decision reviewable under this section. Adjudicatory hearing requests must be delivered to the Commissioner of the Department of Environmental Conservation, 410 Willoughby Avenue, Suite 303, PO Box 111800, Juneau, Alaska 99801-1800, 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 sign and return *Attachment A* to DEC <u>within 30 days of receipt of this letter</u>. If you have questions about this closure decision agreement, please contact DEC Juneau Office project managers Bruce Wanstall at (907) 465-5210, or Evonne Reese (IC UNIT) at (907) 465-5229 by telephone or bruce.wanstall@alaska.gov and evonne.reese@alaska.gov by email.

Sincerely,

Bruce Wanstall

Bruce Wanstall
Remedial Project Manager
State & Private Contaminated Sites Program

Attachment A: ICs Agreement and Signature Page*
Attachment B: Site Figures 1 and 2

cc: Sally Schlichting, DEC Unit Manager, State & Private Program, via email
DEC SPAR Cost Recovery, via email at dec.spar.cr@alaska.gov

July 9, 2014

Attachment A: Cleanup Complete-ICs Agreement and Signature Page*

Alaska Investment Property agrees to the terms of this Cleanup Complete with ICs determination as stated in the Institutional Controls Agreement page dated July 10, 2014 for Lot 1 Highland Subdivision Haines Tank Farm, Hazard ID: #898. Failure to comply with the terms of this agreement may result in DEC reopening this site and requiring further remedial action in accordance with 18 AAC 18 AAC 75.380(d).

Signature

Alaska Investment Property

Responsible Party Representative

James Studley

Printed Name

Responsible Party Representative

Note to Responsible Person (RP):

After making a copy for your records, please return a signed copy of this form to the ADEC project manager, Bruce Wanstall at the address on this correspondence within 30 days of receipt of this letter.

***Attention ADEC Administration Staff:** Please do not file this form until the DEC project manager has updated the contaminated sites database.