

Summary of Settlement Agreement

Providing a Public Water System Expansion

North Pole, Alaska

February 2017

The State of Alaska and City of North Pole reached a settlement with Flint Hills Resources Alaska (FHRA) to secure sulfolane-free drinking water for residents affected by releases of sulfolane from the former Flint Hills North Pole Refinery. Under the settlement, FHRA and the State will fund a significant expansion of the piped public water system, which will be owned and operated by the City of North Pole. This Fact Sheet summarizes key provisions of the settlement.

The settlement will protect human health by:

- Funding design and construction of a piped drinking water system to the area impacted by the sulfolane plume and to the projected future plume expansion area – this will provide a permanent supply of sulfolane-free drinking water; and
- Continued monitoring to assure protection from contaminants of concern both on and off the former refinery property.

Key Provisions:

1. The current City of North Pole water system will be expanded to extend city water to 656 currently occupied properties. The expansion area includes properties currently impacted by the sulfolane plume, which are in part within the city limits and in part outside the city limits, as well as to the following additional subdivisions, as those subdivisions are currently configured and populated: Garden, Riddle Estates, Poodle, Pine Stream, Steelhead and Sorores (see map last page).
2. Construction is anticipated for 2018 and operation may begin in 2019.
3. The costs for design and construction of the piped water distribution system are included in the agreement. For currently occupied properties, construction of service line connections and home hookups are paid for. Vacant lots are not covered.
4. FHRA will work with property owners to transition from alternative water systems to the planned public water system. Contact FHRA for details at (907) 488-0723.
5. Properties currently receiving alternative water supplies from FHRA will continue to do so until the piped water extension is available for connection.
6. In the event the sulfolane plume migrates beyond the expanded service area, provisions are in place to supply water to any additional impacted properties if sulfolane in a private drinking water well exceeds a protective level, currently set at EPA's Regional Screening Level of 20 parts per billion.
7. Groundwater monitoring will continue, as summarized in the 2017 Revised Onsite Cleanup Plan & Offsite Potable Water Plan fact sheet.
4. FHRA will work with property owners to transition from alternative water systems to

Project Cost Summary:

1. The project costs are based on a preliminary design estimate by Stantec Consulting Services, Inc., and are not to exceed \$100

- million. Stantec estimated a cost range of \$78.8 to \$92.7 million for the project.
2. Property owners will be given a \$2000 credit to assist the transition to city water. This credit should pay the water bills for the average residential consumer for approximately three years (based on average water usage rates for the City of North Pole).
 3. The settlement includes a \$1 million Operations Fund to the City of North Pole to fund the initial operation and maintenance of the finished pipeline system and a payment of \$2.7 million to the City of North Pole for litigation expenses.

4. Interim allocation for funding the project is split with FHRA paying 80% and the State of Alaska paying 20%. This interim allocation is not an apportionment of responsibility and may change pending continued litigation against Williams, the former refinery owner. The State of Alaska portion of the interim funding is subject to legislative appropriation.

The settlement resolves claims between the City of North Pole, the State of Alaska and Flint Hills. However, the parties' claims against Williams remain with a trial set for May 2017.

For more information, please contact:

DEC/State of Alaska – Jim Fish: (907) 451-2117
City of North Pole – Bill Butler: (907) 488-8593
FHRA – Groundwater Office: (907) 488-0723

We Want Your Feedback

The Alaska Department of Environmental Conservation is accepting remarks on the
2017 Revised Onsite Cleanup Plan and the **Offsite Potable Water Plan**
until
5 p.m. on March 27, 2017

Please provide your remarks at the Open House on February 25th or
Send them to:

Jim Fish
Environmental Program Specialist and Project Manager
ADEC Contaminated Sites Program
610 University Dr., Fairbanks, AK 99709
james.fish@alaska.gov

