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DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

October 18, 2011

Clerk of the Presiding Court
Multnomah County Circuit Court
1021 SW Fourth Ave.
Portland, OR 97204

Re: *State of Oregon ex rel Pedersen v. Portland Harbor Holdings II, LLC*

Dear Clerk:

Please assist us in having the enclosed Consent Judgment approved by the Court. A complaint is enclosed for purposes of jurisdiction and case number. The parties have executed the consent judgment to resolve the underlying matter.

Upon approval by the Court, please return to me in the enclosed self-addressed and stamped envelope a conformed front page of the Consent Judgment and a copy of the judge's signature page (page 22). Confirmation cards for the parties are also enclosed.

If you or the Court has any question, please contact me at 971-673-1898. Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Kurt Burkholder".

Kurt Burkholder
Assistant Attorney General
Natural Resources Section

Encls.
Cc w/ encls: Service List

JUSTICE-#3045028-v1

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IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

STATE OF OREGON, ex rel. DICK
PEDERSEN, DIRECTOR DEPARTMENT
OF ENVIRONMENTAL QUALITY,

Plaintiff,

v.

PORTLAND HARBOR HOLDINGS II, LLC,

Defendant.

Case No.

CONSENT JUDGMENT
General Judgment

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1 1. Purpose

2 This Consent Judgment (“Consent Judgment”) is filed simultaneously with and for the
3 purpose of resolving the underlying complaint by the State of Oregon. Plaintiff State of Oregon
4 *ex rel.* the Director of the Oregon Department of Environmental Quality (“DEQ”) and Defendant
5 Portland Harbor Holdings II, LLC (“PHH” or “Defendant”) desire to resolve this action without
6 litigation and have agreed to entry of the Consent Judgment without admission or adjudication of
7 any issue of fact or law. The mutual objectives of DEQ and PHH (individually a “Party” and
8 collectively “the Parties”) are to protect public health, safety, and welfare and the environment,
9 facilitate restoration and reuse of property, and provide PHH protection from potential liabilities
10 in accordance with applicable law.

11 2. Stipulations

12 A. PHH stipulates:

- 13 (1) To entry of this Consent Judgment;
- 14 (2) To perform and comply with all provisions of this Consent Judgment; and
- 15 (3) In any proceeding brought by DEQ to enforce this Consent Judgment, not
16 to litigate this Court’s jurisdiction over this matter or the validity of the Consent Judgment.

17 B. DEQ and PHH stipulate:

- 18 (1) Portland Harbor Holdings II, LLC is a Delaware limited liability company.
- 19 (2) The property proposed for purchase by PHH from Alder Creek Lumber
20 Company (“Alder Creek”), which is currently owned and operated by Alder Creek, is an
21 approximately 64-acre site located at 14456 NW Gillihan Road, Multnomah County, Oregon, in
22 Section 27, Township 2 North, Range 1 West, of the Willamette Meridian (the “Property”). The
23 Property is illustrated generally in the Site Vicinity Map and the Site Plan, Attachments A and B
24 to this Consent Judgment, respectively. The legal description of the Property is set forth in
25 Attachment C to this Consent Judgment. All attachments are incorporated into this Consent
26 Judgment by this reference.

1 (3) Lumber operations at the Property ran from the early 1960s until October
2 1, 2008, when the owners closed the sawmill and associated machinery due to economic
3 conditions. When the sawmill was operating, logs were unloaded from wood storage areas on
4 the west portion of the Property and either stored on the portion of the Property inside the levee,
5 or taken to the sawmill for initial processing. The wood was then moved to the planer building
6 where it was cut into lumber and treated with antifungal chemicals. From here, the lumber was
7 taken to the bander shed where it was banded with metal straps for shipment and sale. Current
8 site activities are limited to processing and removal of wood chips for sale in landscaping and
9 other applications.

10 (4) Investigations at the Property have included an environmental screening
11 assessment conducted by MFA in 2010, a Phase I Environmental Site Assessment conducted by
12 URS in 2010, and a Phase II Environmental Site Assessment completed by URS in 2011. Site
13 sampling documented in these reports indicates there are localized areas of contamination, and
14 that the majority of soil proposed for removal is relatively uncontaminated.

15 (5) Contaminants found in soil above risk-screening criteria include petroleum
16 hydrocarbons, metals, polychlorinated biphenyls (“PCBs”), and semivolatile organic compounds
17 (“SVOCs”). Contaminants found in groundwater above risk- screening criteria include
18 petroleum hydrocarbons, metals, and SVOCs. These contaminants are “hazardous substances”
19 within the meaning of ORS 465.200(16). The presence of hazardous substances at the Property
20 constitutes a “release” of hazardous substances within the meaning of ORS 465.200(22), and
21 makes the Property a “facility” within the meaning of ORS 465.200(13).

22 (6) PHH proposes to perform a Restoration Action which is described in
23 detail in Attachment D. Generally, the 64-acre site is bisected by a Corps of Engineers dike
24 protecting Sauvie Island. PHH will conduct a habitat restoration project on the outboard side of
25 this levee, and will place fill material generated by the excavation necessary to recontour the site
26 on the inboard side of the levee. Specifically, PHH will be: (a) removing or ensuring the

1 removal of approximately 100,000 cubic yards of non-contaminated wood debris (chips,
2 sawdust, and similar as described further below) for sale as soil amendment, composting,
3 biomass, or other purpose; (b) removing the existing sawmill infrastructure from the Property;
4 (c) relocating approximately 600,000 cubic yards of earthen material from outside the dike and
5 placing it on the interior side of the dike; and (d) creating a combination of riparian, channel,
6 tidal marsh, and mud flat habitats where the excavated material was removed (the "Restoration
7 Project"). To ensure permanent protection of the Property as a wildlife habitat, a conservation
8 easement or deed restriction will be assigned to a non-profit entity or government organization.
9 Both the channel network and fill relocation portions of the property have been analyzed in the
10 Phase I and II Environmental Assessments described in Paragraph 2.B.(4). PHH will manage
11 any excavated soils contaminated by hazardous substances as specified in the Restoration Work
12 Plan and in accordance with applicable law and permits. PHH will manage all fill and woody
13 material in accordance with OAR Chapter 340 Division 93. Disposal, recycling, or reuse of
14 other materials removed from the Property will be determined based on criteria identified in the
15 Restoration Work Plan.

16 (7) Pursuant to ORS 465.255(1)(b), PHH could become liable to DEQ and
17 other persons for releases of hazardous substances at or from the Property by becoming the
18 owner or operator of the Property with actual or constructive knowledge of the releases. This
19 Consent Judgment is entered for the purpose of protecting PHH from potential liability for pre-
20 acquisition releases of hazardous substances at or from the Property, in return for PHH
21 undertaking certain obligations, as described in this Consent Judgment. This Consent Judgment
22 is entered into pursuant to ORS 465.325 and ORS 465.327.

23 (8) On September 3, 2010, PHH applied to DEQ for a prospective purchaser
24 agreement under ORS 465.327 and agreed to reimburse DEQ's costs of technical review and
25 agreement preparation.

26

1 (9) On September 1, 2011, DEQ published notice of this proposed Consent
2 Judgment for the Property, and provided opportunity for public comment, in accordance with
3 ORS 465.320 and 465.325(4)(d). The public comment period ended October 5, 2011, during
4 which DEQ received numerous written and oral comments. These comments were considered
5 by DEQ, as documented in the agency's file.

6 (10) Consistent with ORS 465.327(1):

7 (i) PHH is a "person" within the meaning of ORS 465.200(21);

8 (ii) PHH is not currently liable under ORS 465.255 for the existing
9 releases of hazardous substances at the Property;

10 (iii) Removal or remedial action is necessary at the Property to protect
11 human health or the environment;

12 (iv) PHH's ownership and operation of the Property will not cause,
13 contribute to, or exacerbate existing contamination, increase health risks, or interfere with
14 remedial measures at the Property; and

15 (v) A substantial public benefit will result from the Restoration Project.

16 (11) In determining to enter into this Consent Judgment, DEQ considered
17 reasonably anticipated future land uses at the Property and surrounding properties and consulted
18 with Multnomah County.

19 (12) The restoration activities proposed for the Property will provide a
20 substantial public benefit to the local community and the State of Oregon by improving water
21 quality, providing natural habitat for fish and other wildlife species, and by directly and
22 indirectly supporting local family wage jobs through technical studies and construction efforts.
23 Based on the administrative record, the Director of DEQ determines that: (a) the release from
24 liability set forth in Subsection 5.A satisfies the criteria set forth in ORS 465.327(1); (b) the
25 covenant not to sue set forth in Subsection 5.C satisfies the criteria set forth in ORS
26 465.325(7)(a) and (d); and (c) this Consent Judgment and PHH's commitments under this

1 Consent Judgment will expedite removal or remedial action, minimize litigation, be consistent
2 with rules adopted under ORS 465.400, and be in the public interest.

3 3. Work to be Performed

4 A. Restoration

5 PHH will perform restoration in accordance with the Restoration Work Plan.

6 B. Soils Management

7 PHH will manage any excavated soils contaminated by hazardous substances as
8 specified in the Restoration Work Plan and in accordance with applicable law and permits. PHH
9 will manage all fill and woody material in accordance with OAR Chapter 340 Division 93.
10 Disposal, recycling, or reuse of other materials removed from the Property will be determined
11 based on criteria identified in the Restoration Work Plan.

12 C. Modification of Work Plans

13 PHH and DEQ may modify the work plans as appropriate by agreement, without
14 the approval of this Court. If DEQ determines that modification to the work specified in a work
15 plan is necessary to protect human health or the environment, DEQ may require that such
16 modification be incorporated in the work plan. Subject to dispute resolution under Subsection
17 4.L. of this Consent Judgment, PHH will modify the work plan as required by DEQ and
18 implement any work required by the modifications.

19 D. Periodic Review

20 At least once every five years, or until DEQ determines that periodic reviews are
21 no longer needed, DEQ will review the restoration work to ensure that the Property remains
22 protective of public health, safety, and welfare and the environment. Periodic reviews will
23 include evaluation of monitoring data, progress reports, inspection and maintenance reports, land
24 and water uses, and any other relevant information.

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1 E. Additional Measures

2 PHH may elect at any time during the term of this Consent Judgment to undertake
3 measures, beyond those required under this Consent Judgment, necessary to address the release
4 or threatened release of hazardous substances at the Property. Such additional measures are
5 subject to prior approval by DEQ. DEQ's approval will be granted if DEQ determines that the
6 additional measures will not threaten human health or the environment.

7 4. General Provisions

8 A. Project Managers

9 (1) To the extent possible, all reports, notices, and other communications
10 required under or relating to this Consent Judgment must be directed to:

11 DEQ Project Manager:

12 Bob Schwarz
13 Department of Environmental Quality
14 Eastern Region
15 400 E. Scenic Drive, Suite 307
16 The Dalles, Oregon 97058
17 Phone: 541-298-7255, x230
18 E-mail: schwarz.bob@deq.state.or.us

PHH Project Manager

12 Julie Mentzer
13 Wildlands PNW
14 520 SW 6th Avenue, Suite 914
15 Portland, Oregon 97204
16 Phone: 503-241-4895
17 E-mail: jmentzer@wildlandsinc.com

16 (2) The Project Managers or their respective designees must be available and
17 have the authority to make day-to-day decisions necessary to comply with the obligations under
18 this Consent Judgment.

19 B. Supervising Contractor

20 (1) All aspects of work to be performed by PHH pursuant to this Consent
21 Judgment must be performed under the direction and supervision of a qualified employee or
22 contractor having experience in hazardous substance remediation and knowledge of applicable
23 state and federal laws, regulations, and guidance.

24 (2) Before initiation of work under this Consent Judgment, PHH will notify
25 DEQ in writing of the name, title, and qualifications of any proposed supervising contractor.
26 DEQ may for good cause disapprove the proposed contractor. In the event of such disapproval,

1 DEQ, within 14 days of receipt of the initial notice from PHH, will notify PHH in writing of the
2 reasons for its disapproval. PHH, within 14 days of receiving DEQ's notice of disapproval, will
3 notify DEQ of the name, title, and qualifications of an alternate supervising contractor, subject to
4 DEQ's right to disapprove under the terms and schedule specified above. Any affected work
5 schedule is extended, in the event that a delay is caused due to DEQ disapproval of a contractor
6 or contractors, in an amount of time corresponding to the delay but not exceeding 60 days from
7 the date of DEQ's initial or subsequent disapproval.

8 (3) If, during the course of work under this Consent Judgment, PHH proposes
9 to change its supervising contractor, PHH will notify DEQ in accordance with the provisions of
10 the preceding paragraph. DEQ may disapprove such contractor, under the terms and schedule
11 specified in the preceding paragraph.

12 C. DEQ Approvals

13 (1) Where DEQ review and approval is required for any plan or activity under
14 this Consent Judgment, PHH may not proceed to implement the plan or activity until DEQ
15 approval is received. DEQ will make every reasonable effort to conduct plan and activity review
16 promptly so that any proposed development activities are not unduly delayed. Any DEQ delay
17 in granting or denying approval correspondingly extends the time for completion by PHH. Prior
18 approval is not required in emergencies; provided, PHH will notify DEQ immediately after the
19 emergency and evaluate the impact of its actions.

20 (2) After review of any plan, report, or other item required to be submitted for
21 DEQ approval under this Consent Judgment, DEQ will: (a) approve the submission in whole or
22 in part; or (b) disapprove the submission in whole or in part, and notify PHH of its deficiencies
23 and/or request modifications to cure the deficiencies.

24 (3) DEQ approvals, rejections, or identification of deficiencies must be given
25 as soon as practicable in writing, and state DEQ's reasons with reasonable specificity.

26

1 (4) In the event of DEQ disapproval or request for modification of a
2 submission, PHH will, within 30 days of receipt of the DEQ notice or such longer time as may
3 be specified in the notice, either correct the deficiencies and resubmit the revised report or other
4 item for approval, or institute dispute resolution under Subsection 4.L. of this Consent Judgment.

5 (5) In the event of two deficient submittals of the same deliverable that are
6 deficient for the same reasons due to PHH's failure to cure the original deficiency, DEQ may
7 modify the submission to correct the deficiency.

8 (6) In the event of approval or modification of the submission by DEQ, PHH
9 will implement the actions required by the plan, report, or other item, as so approved or
10 modified.

11 D. Access to Property

12 (1) PHH will allow DEQ to enter all portions of the Property owned by or
13 under the control of PHH at all reasonable times for the purpose of overseeing PHH's
14 performance under this Consent Judgment, including but not limited to inspecting records
15 relating to work under this Consent Judgment, observing PHH's progress in implementing this
16 Consent Judgment, conducting such tests and taking such samples as DEQ deems necessary,
17 verifying data submitted to DEQ by PHH, conducting periodic review, and using camera, sound
18 recording, or other recording equipment. DEQ will make available to PHH, upon PHH's
19 request, any photographs or recorded or videotaped material taken.

20 (2) PHH will also use all reasonable good faith efforts to obtain access to
21 property not owned or controlled by PHH, as necessary to perform the work required in this
22 Consent Judgment, including access by DEQ for purposes described in Paragraph 4.D.(1) . DEQ
23 may use its statutory authority to obtain access to property on behalf of PHH if DEQ determines
24 that access is necessary and that PHH has exhausted all reasonable good faith efforts to obtain
25 access.

26

1 E. Records

2 (1) In addition to those reports and documents specifically required under this
3 Consent Judgment, PHH will provide to DEQ, within 10 days of DEQ's written request, copies
4 of QA/QC memoranda and audits, raw data, final plans, task memoranda, field notes (not made
5 by or at the direction of PHH's attorney), and laboratory analytical reports relating to any
6 removal or remedial action conducted by PHH at the Property.

7 (2) PHH will preserve all records and documents in possession or control of
8 PHH or its employees, agents, or contractors that relate to any removal or remedial action
9 pursuant to this Consent Judgment for at least five years after any transfer by PHH under
10 Subsection 8.B. Upon DEQ's request, PHH will provide, or make available for DEQ's copying,
11 copies of such records and documents to DEQ. For a period of 10 years after certification of
12 completion under Section 9, PHH will provide DEQ 60 days' notice before destruction or other
13 disposal of such records or documents. PHH has no further obligation to DEQ to preserve
14 documents or records after the ten-year period.

15 (3) Subject to Paragraph 4.E.(4), PHH may assert a claim of confidentiality
16 regarding any documents or records submitted to or copied by DEQ pursuant to this Consent
17 Judgment. DEQ will treat documents and records for which a claim of confidentiality has been
18 made in accordance with ORS 192.410 through 192.505. If PHH does not make a claim of
19 confidentiality at the time the documents or records are first submitted to or copied by DEQ, the
20 documents or records may be made available to the public without notice to PHH.

21 (4) PHH may not assert attorney-client or attorney work product privilege
22 with respect to any records required to be submitted under Paragraph 4.E.(1). DEQ reserves its
23 rights under law to obtain documents DEQ asserts are improperly withheld by PHH.

24 F. Notice and Samples

25 (1) PHH will make every reasonable effort to notify DEQ of any excavation,
26 drilling, sampling, or other field work to be conducted under this Consent Judgment at least five

1 working days before such activity, but in no event less than 24 hours before such activity. Upon
2 DEQ's verbal request, PHH will make every reasonable effort to provide a split or duplicate
3 sample to DEQ or allow DEQ and/or its authorized representative to take a split or duplicate of
4 any sample taken by PHH while performing work under this Consent Judgment. DEQ will
5 provide PHH with copies of all analytical data from such samples as soon as practicable.

6 (2) In the event DEQ conducts any sampling or analysis in connection with
7 this Consent Judgment, DEQ will, except in an emergency, make every reasonable effort to
8 notify PHH of any excavation, drilling, sampling, or other field work at least 72 hours before
9 such activity. DEQ will use all reasonable good faith efforts not to adversely affect the
10 Restoration Action. Upon PHH's verbal request, DEQ will make every reasonable effort to
11 provide a split or duplicate sample to PHH or allow PHH to take a split or duplicate of any
12 sample taken by DEQ, and will provide PHH with copies of all analytical data for such samples.
13 PHH will provide DEQ with copies of all analytical data from such samples as soon as
14 practicable.

15 G. Quality Assurance

16 (1) PHH will conduct all sampling, sample transport, and sample analysis in
17 accordance with the Quality Assurance/ Quality Control ("QA/QC") provisions approved by
18 DEQ as part of the work plan. All plans prepared and work conducted as part of this Consent
19 Judgment must be consistent with DEQ's *Environmental Cleanup Program Quality Assurance*
20 *Policy No. 760.00*, dated April 3, 2001. PHH will make every reasonable effort to ensure that
21 each laboratory used by PHH for analysis performs such analyses in accordance with such
22 provisions.

23 (2) In the event DEQ conducts sampling or analysis in connection with this
24 Consent Judgment, DEQ will conduct sampling, sample transport, and sample analysis in
25 accordance with the QA/QC provisions of the approved work plan. Upon written request, DEQ
26

1 will provide PHH with copies of DEQ's records regarding such sampling, transport, and
2 analysis.

3 H. Progress Reports

4 For the duration of this Consent Judgment, or until DEQ issues a certification of
5 completion, PHH will submit progress reports to DEQ describing its activities at the Property
6 under this Consent Judgment. DEQ does not expect the progress report to exceed two pages in
7 length. Progress reports must be submitted quarterly; provided, during periods of significant
8 activity, DEQ may require monthly reports. At a minimum, one copy of these reports will be
9 submitted to the DEQ Project Manager. Submittal by email is acceptable. The progress report
10 must address, at a minimum:

- 11 (1) Activities undertaken by PHH at the Property during the previous
12 reporting period;
- 13 (2) Activities scheduled to be taken by PHH during the next reporting period;
- 14 (3) A summary of sampling and test results and any other data generated by
15 PHH during the previous reporting period; and
- 16 (4) A description of any problems experienced by PHH during the previous
17 reporting period, and the actions taken to resolve them.

18 I. Other Applicable Laws

- 19 (1) All work under this Consent Judgment must be performed in accordance
20 with applicable federal, state, and local laws.
- 21 (2) All work under this Consent Judgment must be performed in accordance
22 with any applicable federal, state, and local laws related to archeological objects and sites and
23 their protection. If archeological objects or human remains are discovered during any activity at
24 the Property, PHH will, at a minimum: (a) stop work immediately in the vicinity of the find; (b)
25 provide any notifications required by ORS 97.745 and ORS 358.920; (c) notify the DEQ Project
26 Manager within 24 hours of the discovery; and (d) use best efforts to ensure that PHH and its

1 employees, contractors, counsel, and consultants keep the discovery confidential, including but
2 not limited to refraining from contacting the media or any third party or otherwise sharing
3 information regarding the discovery with any member of the public. Any project delay caused
4 by the discovery of archeological object or human remains is a Force Majeure under Subsection
5 4.K.

6 J. Reimbursement of DEQ Costs

7 (1) DEQ will submit to PHH a monthly invoice of costs actually and
8 reasonably incurred by DEQ under ORS 465.200 et seq. on or after September 3, 2010 in
9 connection with any activities related to development of this Consent Judgment, oversight of
10 PHH's implementation of this Consent Judgment, and periodic review. Each invoice will
11 include a summary of costs billed to date.

12 (2) DEQ oversight costs payable by PHH include direct and indirect costs.
13 Direct costs include site-specific expenses, DEQ contractor costs, and DEQ legal costs. DEQ's
14 direct cost summary will include a Land Quality Division ("LQD") direct labor summary
15 showing the persons charging time, the number of hours, and the nature of work performed.
16 Indirect costs include those general management and support costs of DEQ and of the LQD
17 allocable to DEQ oversight under this Consent Judgment and not charged as direct, site-specific
18 costs. Indirect charges are based on actual costs and applied as a percentage of direct personal
19 services costs. DEQ will maintain work logs, payroll records, receipts, and other documents to
20 document work performed and expenses incurred under this Consent Judgment and, upon
21 request, will provide copies of such records to PHH.

22 (3) Within 30 days of receipt of DEQ's invoice, PHH will pay the amount of
23 costs billed by check payable to the "State of Oregon, Hazardous Substance Remedial Action
24 Fund," or invoke dispute resolution under Subsection 4.L. After 30 days, any unpaid amounts
25 that are not the subject of pending dispute resolution, or that have been determined owing after
26

1 dispute resolution, become a liquidated debt collectible under ORS 293.250 or other applicable
2 law.

3 (4) PHH will pay simple interest of 9% per annum on the unpaid balance of
4 any DEQ oversight costs, which interest will begin to accrue at the end of the 30-day payment
5 period, unless dispute resolution has been invoked. Interest on any amount disputed under
6 Subsection 4.L. will begin to accrue 30 days from final resolution of any such dispute.

7 K. Force Majeure

8 (1) If any event occurs that is beyond PHH's reasonable control and that
9 causes or might cause a delay or deviation in performance of the requirements of this Consent
10 Judgment despite PHH's reasonable efforts ("Force Majeure"), PHH will promptly, upon
11 learning of the event, notify DEQ's Project Manager verbally of the cause of the delay or
12 deviation, its anticipated duration, the measures that have been or will be taken to prevent or
13 minimize the delay or deviation, and the timetable by which PHH proposes to carry out such
14 measures. PHH will confirm this information in writing within five working days of the verbal
15 notification or as soon as practicable thereafter.

16 (2) If PHH demonstrates to DEQ's satisfaction that the delay or deviation has
17 been or will be caused by Force Majeure, DEQ will extend times for performance of related
18 activities under this Consent Judgment as appropriate. Circumstances or events constituting
19 Force Majeure might include but not be limited to acts of God, unforeseen strikes or work
20 stoppages, fire, explosion, riot, sabotage, war, and delays in receiving a governmental approval
21 or permit. Increased cost of performance or changed business or economic circumstances may
22 not be considered Force Majeure.

23 L. Dispute Resolution

24 (1) If PHH disagrees with DEQ regarding any matter during implementation
25 of this Consent Judgment, PHH will promptly notify DEQ in writing of its objection. DEQ and
26 PHH then will make a good-faith effort to resolve the disagreement within 14 days of PHH's

1 written objection. At the end of the 14-day period, DEQ will provide PHH with a written
2 statement of its position from DEQ's Northwest Region Cleanup Manager. If PHH still
3 disagrees with DEQ's position, then PHH, within 14 days of receipt of DEQ's position from the
4 Cleanup Manager, will provide PHH's position and rationale in writing to the Northwest Region
5 Administrator. The Region Administrator may discuss the disputed matter with PHH and, in any
6 event, will provide PHH with DEQ's final position in writing as soon as practicable after receipt
7 of PHH's written position.

8 (2) If PHH refuses or fails to follow DEQ's final position pursuant to
9 Paragraph 4.L.(1), and DEQ seeks to enforce its final position, the Parties, subject to Subsection
10 2.A. and Section 7, are entitled to such rights, remedies, and defenses as are provided by
11 applicable law.

12 (3) During the pendency of any dispute resolution under this subsection, the
13 time for completion of work or obligations affected by such dispute is extended for a period of
14 time not to exceed the actual time taken to resolve the dispute. Elements of work or obligations
15 not affected by the dispute must be completed in accordance with the applicable schedule.

16 M. Indemnification

17 (1) PHH will indemnify and hold harmless the State of Oregon and its
18 commissions, agencies, officers, employees, contractors, and agents from and against any and all
19 claims arising from acts or omissions related to this Consent Judgment of PHH or its officers,
20 employees, contractors, agents, receivers, trustees, or assigns. DEQ may not be considered a
21 party to any contract made by PHH or its agents in carrying out activities under this Consent
22 Judgment.

23 (2) To the extent permitted by Article XI, Section 7, of the Oregon
24 Constitution and by the Oregon Tort Claims Act, the State of Oregon will indemnify and hold
25 harmless PHH and its officers, employees, contractors, and agents from and against any and all
26 claims arising from acts or omissions related to this Consent Judgment of the State of Oregon or

1 its commissions, agencies, officers, employees, contractors, or agents (except for acts approving
2 or omissions constituting approval of any activity of PHH under this Consent Judgment). PHH
3 may not be considered a party to any contract made by DEQ or its agents in carrying out
4 activities under this Consent Judgment.

5 N. Parties Bound

6 This Consent Judgment is binding on the Parties and their respective successors,
7 agents, and assigns. The undersigned representative of each Party certifies that he or she is fully
8 authorized to execute and bind such party to this Consent Judgment.

9 O. Modification

10 DEQ and PHH may modify this Consent Judgment by mutual written agreement,
11 subject to approval by this Court.

12 P. Service

13 PHH will accept service of process by mail, to Mark Heintz, Wildlands, 3855
14 Atherton Road, Rocklin CA 95675, and to Tom Lindley, Perkins Coie LLP, 1120 N.W. Couch
15 Street, Tenth Floor, Portland, OR 97209-4128, with respect to any matter relating to this
16 Consent Judgment. PHH waives any other service requirements set forth in the Oregon Rules of
17 Civil Procedure or local rules of this Court. PHH need not file an answer to the complaint in this
18 action unless or until the Court expressly declines to approve this Consent Judgment.

19 Q. Recording

20 Within 14 days of entry of this Consent Judgment by the Court, PHH will submit
21 a copy or original of this Consent Judgment (whichever is required by the county) to be recorded
22 in the real property records of Multnomah County, Oregon. PHH will provide DEQ with written
23 evidence of such recording within seven days of recording.

24 R. Effect of Consent Judgment

25 (1) In addition to assessment of administrative civil penalties under
26 ORS 465.900 by DEQ, either Party may seek enforcement of this Consent Judgment by this

1 Court. If DEQ seeks enforcement of this Consent Judgment by this Court, DEQ may seek
2 monetary sanctions, such as civil penalties, only if DEQ has not assessed and collected
3 administrative civil penalties under ORS 465.900 regarding the same violation.

4 (2) Subject to Section 2, PHH does not admit any liability, violation of law,
5 factual or legal findings, conclusions, or determinations asserted in this Consent Judgment.

6 (3) Nothing in this Consent Judgment is intended to create any cause of action
7 in favor of any person not a party to this Consent Judgment.

8 (4) If for any reason the Court declines to approve this Consent Judgment in
9 the form presented, this settlement is voidable at the sole discretion of any Party and the terms of
10 the settlement may not be used in evidence in any litigation among or against the Parties.

11 (5) Subject to Subsection 8.A., nothing in this Consent Judgment prevents
12 DEQ, the State of Oregon, or PHH from exercising any rights each might have against any
13 person not a party to this Consent Judgment.

14 (6) DEQ and PHH intend for this Consent Judgment to be construed as a
15 judicially-approved settlement, by which PHH has resolved its liability to the State of Oregon,
16 within the meaning of Section 113(f)(2) of the Comprehensive Environmental Response,
17 Compensation and Liability Act (CERCLA), 42 U.S.C. § 9613(f)(2), regarding the release or
18 threatened release of hazardous substances addressed in this Consent Judgment, and for PHH not
19 to be liable for claims for contribution regarding the release or threatened release of hazardous
20 substances to the extent provided by Section 113(f)(2) of CERCLA, 42 U.S.C. §§ 9613(f)(2).

21 (7) Unless specified otherwise, the use of the term “days” in this Consent
22 Judgment means calendar days.

23 (8) This Consent Judgment is void and of no effect if PHH does not complete
24 purchase of the Property by March 31, 2012.

25

26

1 5. Releases from Liability and Covenant Not to Sue

2 A. Pursuant to ORS 465.327, subject to the satisfactory performance by PHH of its
3 obligations under this Consent Judgment, PHH is not liable to the State of Oregon under
4 ORS 465.200 to 465.545 and 465.900 for a release of hazardous substances at and from the
5 Property existing as of the date of PHH's acquisition of ownership or operation of the Property
6 ("Existing Hazardous Substance Releases"). PHH bears the burden of proving by a
7 preponderance of the evidence that a hazardous substance release existed as of the date of PHH's
8 acquisition of ownership or operation of the Property.

9 B. The release from liability under Subsection 5.A. does not affect liability of PHH
10 for claims arising from:

11 (1) A release of hazardous substances at or from the Property on or after the
12 date of PHH's acquisition of ownership or operation of the Property;

13 (2) Contribution to or exacerbation of, on or after the date of PHH's
14 acquisition of ownership or operation of the Property, a release of hazardous substance at or from
15 the Property;

16 (3) Interference or failure to cooperate, on or after the date of PHH's
17 acquisition of ownership or operation of the Property, with DEQ or other persons conducting
18 remedial measures under DEQ's oversight at the Property;

19 (4) Failure to exercise due care or take reasonable precautions, on or after the
20 date of PHH's acquisition of ownership or operation of the Property, with respect to any
21 hazardous substance at the Property;

22 (5) Disposal or management of hazardous substances or solid waste removed
23 from the Property by or on behalf of PHH;

24 (6) Criminal liability;

25 (7) Violation of federal, state, or local law on or after the date of PHH's
26 acquisition of ownership or operation of the Property;

1 (8) Any matters as to which the State of Oregon is owed indemnification
2 under Paragraph 4.M.(1);

3 (9) Claims based on any failure by PHH to meet any requirements of this
4 Consent Judgment; and

5 (10) Claims based on any lease issued or proprietary interest asserted by the
6 State of Oregon concerning the Property.

7 C. Pursuant to ORS 465.325, subject to satisfactory performance by PHH of its
8 obligations under this Consent Judgment, the State of Oregon covenants not to sue or take any
9 other judicial or administrative action against PHH under ORS 465.200 to 465.545 and 465.900
10 regarding Existing Hazardous Substance Releases at the Property, except that the State of
11 Oregon reserves all rights against PHH with respect to claims and liabilities enumerated in
12 Subsection 5.B.

13 D. Subject to satisfactory performance by PHH of its obligations under this Consent
14 Judgment, DEQ releases PHH from liability to DEQ under any federal or state statute,
15 regulation, or common law, including but not limited to the Comprehensive Environmental
16 Response, Compensation and Liability Act (CERCLA), 42 U.S.C. § 9601 *et seq.*, regarding
17 Existing Hazardous Substance Releases at the Property, except that DEQ reserves all rights
18 against PHH with respect to claims and liabilities enumerated in Subsection 5.B.

19 6. Contribution Actions

20 A. This Consent Judgment is a judicially-approved settlement within the meaning of
21 ORS 465.325(6)(b), pursuant to which PHH has resolved its liability to the State of Oregon
22 regarding Existing Hazardous Substances Releases as set forth in Section 5. PHH is not liable
23 for claims for contribution regarding Existing Hazardous Substance Releases as described in
24 Subsection 5.A.

25 B. Subject to Section 7, PHH may seek contribution in accordance with ORS
26 465.325(6)(c)(B).

1 7. Defendant Waivers

2 A. PHH waives any claim or cause of action it might have against the State of
3 Oregon arising from contamination at the Property existing as of the date of PHH's acquisition
4 of ownership or operation of the Property; provided, PHH reserves all rights concerning the
5 obligations of DEQ under this Consent Judgment.

6 B. PHH waives any rights it might have under ORS 465.260(7) and 465.325(2) to
7 seek reimbursement from the Hazardous Substance Remedial Action Fund or the Orphan Site
8 Account for costs incurred under this Consent Judgment or related to the Property.

9 8. Benefits and Burdens Run with the Land

10 A. Pursuant to ORS 465.327(5), the benefits and burdens of this Consent Judgment
11 run with the land; however, the releases from liability and covenant not to sue set forth in Section
12 5 limit or otherwise affect the liability only of persons who: (1) are not potentially liable under
13 ORS 465.255 for a release of hazardous substances at the Property as of the date of that person's
14 acquisition of ownership or operation of the Property; and (2) expressly assume in writing, and
15 are bound by, the terms of this Consent Judgment applicable to the Property as of the date of
16 their acquisition of ownership or operation.

17 B. Upon transfer of ownership of the Property, or any portion of the Property, from
18 PHH to another person or entity, PHH and the new owner will provide written notice to the DEQ
19 Project Manager within 10 days after the transfer. No change in ownership of the Property or the
20 corporate or partnership status of PHH in any way alters PHH's obligations under this Consent
21 Judgment, unless otherwise approved in writing by DEQ.

22 9. Certification of Completion

23 Upon PHH's completion of work under this Consent Judgment, PHH will submit a final
24 closeout report to DEQ signed both by an Oregon-registered professional engineer and PHH's
25 Project Manager certifying that the work has been completed in accordance with this Consent
26 Judgment. The report must summarize the work performed and include all necessary supporting

1 documentation. DEQ will preliminarily determine whether work has been performed for the
2 Property in accordance with this Consent Judgment. Upon a preliminary determination that the
3 work has been satisfactorily performed, DEQ will provide public notice and opportunity to
4 comment on a proposed certification decision in accordance with ORS 465.320 and
5 465.325(10)(b). After consideration of public comment, and within 90 days after receiving
6 PHH's closeout report, the Director of DEQ will issue a final certification decision. The
7 certification decision will subsequently be submitted by DEQ to this Court. A certification of
8 completion of the removal action does not affect PHH's remaining obligations under this
9 Consent Judgment or for implementation of measures necessary to long-term protection of
10 human health or the environment.

11 10. Continuing Jurisdiction

12 The Court retains jurisdiction over the Parties and the subject matter of this Consent
13 Judgment.

14

15 IT IS SO ORDERED this ____ day of October, 2011

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19

Circuit Court Judge
Multnomah County

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26

1 STATE OF OREGON
2 DEPARTMENT OF ENVIRONMENTAL QUALITY

3 By: Nina DeConcini Date: 10/18/11
4 Nina DeConcini
5 Administrator
6 Northwest Region

7 JOHN KROGER
8 ATTORNEY GENERAL
9 STATE OF OREGON

10 By: Kurt Burkholder Date: 10-18-11
11 Kurt Burkholder, OSB No. 804658
12 Assistant Attorney General
13 Oregon Department of Justice
14 1515 SW Fifth Avenue, Suite 410
15 Portland, OR 97201

16 PORTLAND HARBOR HOLDINGS II, LLC
17 By; Heron Pacific, LLC, Manager

18 By: _____ Date: _____
19 Mark B. Heintz, Manager

1 STATE OF OREGON
2 DEPARTMENT OF ENVIRONMENTAL QUALITY

3
4 By: _____ Date: _____
5 Nina DeConcini
6 Administrator
7 Northwest Region

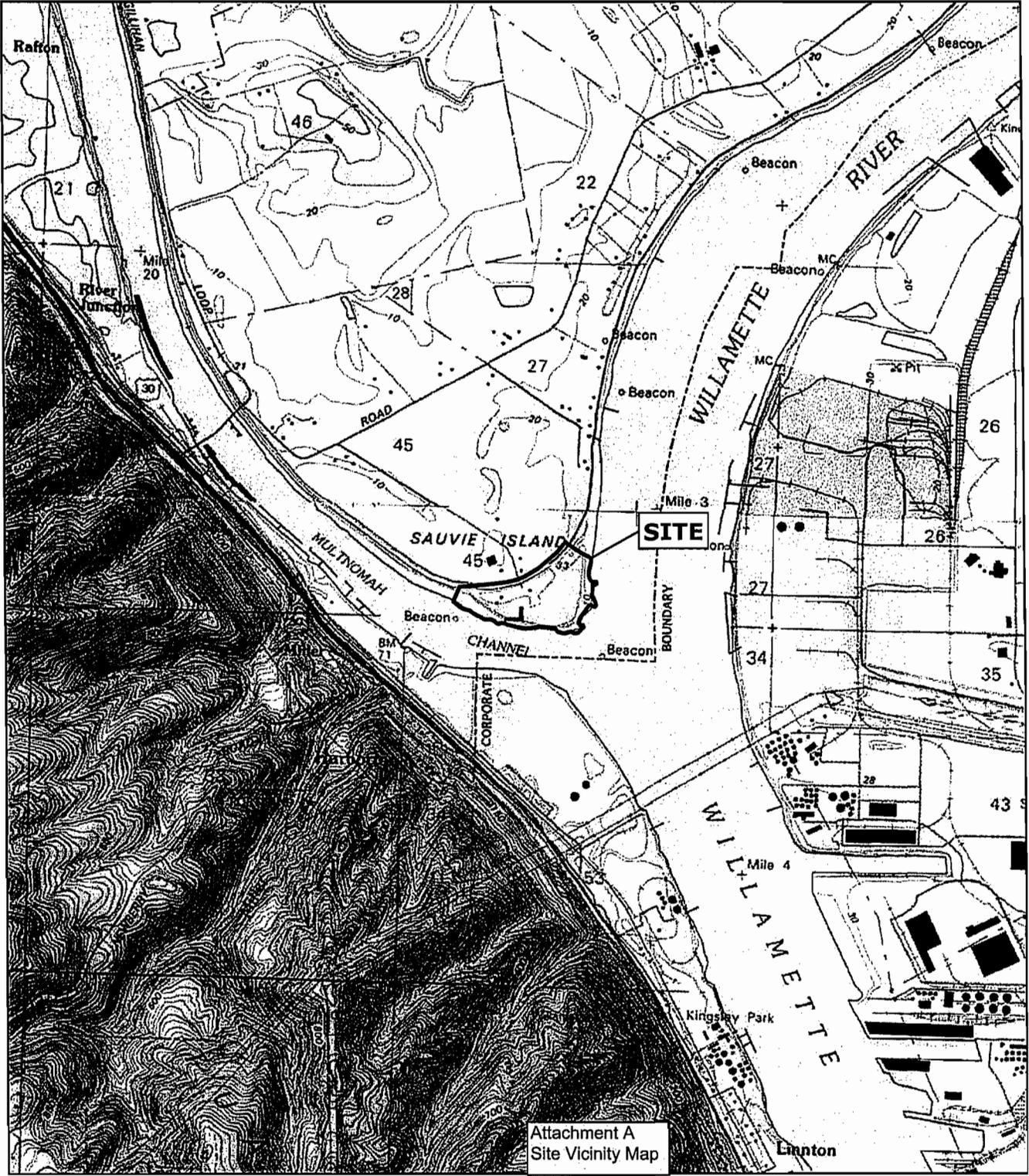
8 JOHN KROGER
9 ATTORNEY GENERAL
10 STATE OF OREGON

11 By: _____ Date: _____
12 Kurt Burkholder, OSB No. 804658
13 Assistant Attorney General
14 Oregon Department of Justice
15 1515 SW Fifth Avenue, Suite 410
16 Portland, OR 97201

17 PORTLAND HARBOR HOLDINGS II, LLC
18 By: Heron Pacific, LLC, Manager

19 By:  _____ Date: 10/14/2011
20 Mark B. Heintz, Manager

21
22
23
24
25
26



Source: Sauvie Island, Oregon 7.5 Minute USGS Topographic Map, 1990.
 Linnton, Oregon 7.5 Minute USGS Topographic Map, 1990.

Attachment A
 Site Vicinity Map

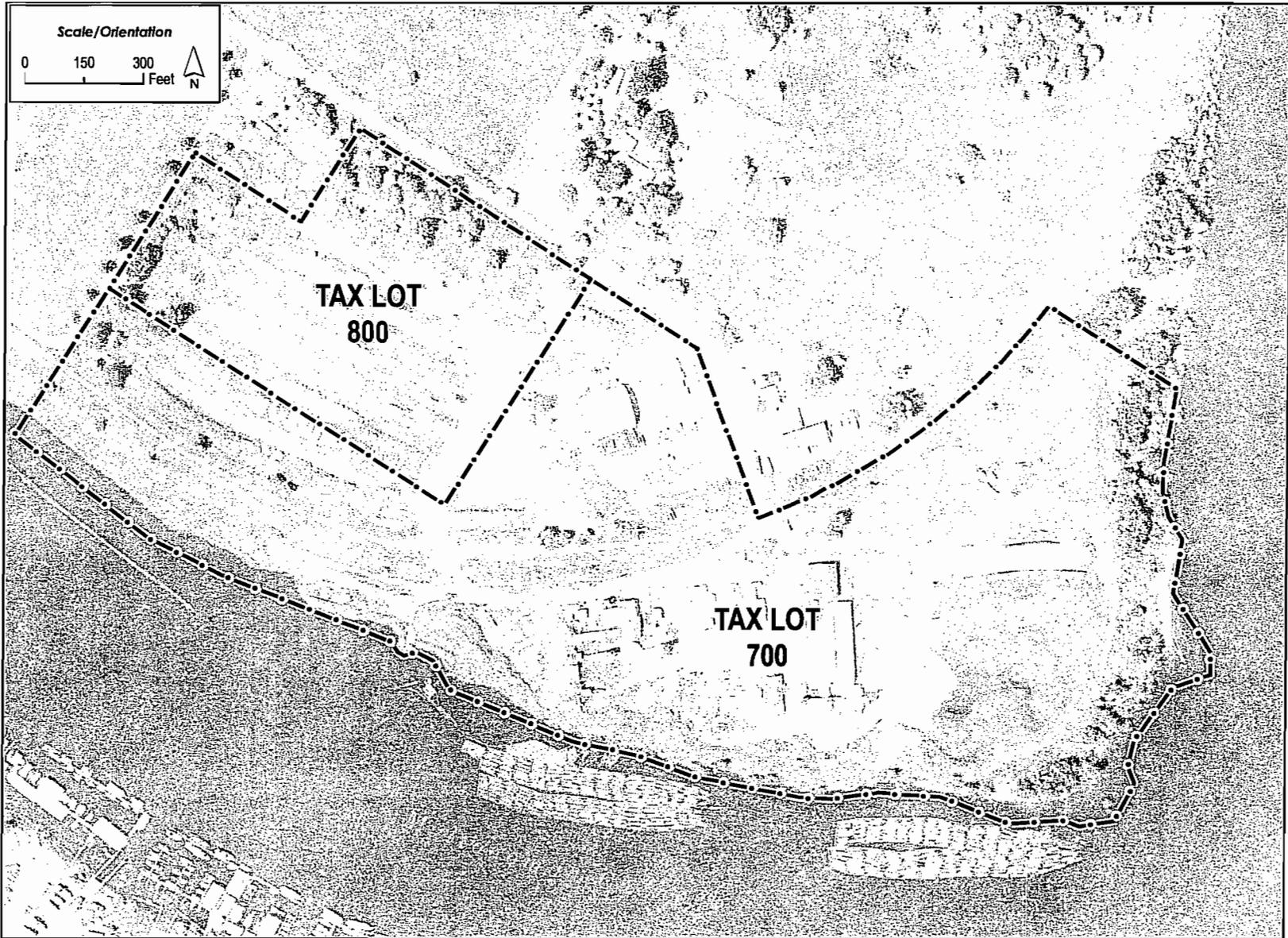


MAY 2011
 25697251

VICINITY MAP
 PORTLAND HARBOR HOLDINGS II, LLC
 ALDER CREEK MILL RESTORATION PLAN
 SAUVIE ISLAND, OREGON

FIGURE 1

O:\25697251\Wildlands Alder Creek Ph. I\5000_Technical\Alder Creek Mill\GIS\MXD\FIG 1 Vicinity Map.mxd



WILDLANDS

Alder Creek Salmon Restoration Project



ATTACHMENT C: PURCHASE PROPERTY LEGAL DESCRIPTION

Consisting of Adjusted Tax Lot 700 (Adjusted Book 524 Page 330) and Adjusted Tax Lot 800 (Adjusted Book 1968 Page 1822), described more particularly as follows:

Adjusted Book 524 Page 330:

A tract of land located in the James Menzie Donation Land Claim Number 45 also being located in Sections 27 and 28, Township 2 North, Range 1 West, Willamette Meridian, Multnomah County, Oregon, and being more particularly described as follows:

Beginning at a 4 inch brass disk at the most Northerly Corner of the James Menzie Donation Land Claim Number 45, thence South 57°04'51" East 1961.55 feet to a point on the centerline of Gillihan Loop Road; thence along said centerline South 60°16'26" West 2254.26 feet to a 1/2 inch iron pipe; thence continuing along said centerline South 60°42'26" West 149.38 feet to a point; thence leaving said centerline South 59°01'00" East 23.03 feet to a point on the southeast right-of-way of Gillihan Loop Road (20.00 feet from centerline) from which a 1 inch iron pipe bears South 59°01'00" East 0.76 feet; thence along the westerly northeast line of the tract per Book 524 Page 330 (recorded 09/01/1966) South 59°01'00" East 2630.64 feet to a point; thence along the northwest line of the tract per Book 2759 Page 2103 (recorded 09/29/1993) North 30°59'00" East 507.27 feet to a point; thence along the northeast line of said tract per Book 2759 Page 2103 South 59°01'00" East 915.32 feet to a point on the centerline of the Levee Easement per Book 490 Page 435 (Recorded 04/05/1939), Book 497 Page 251 (Recorded 05/19/1939), Book 518 Page 250 (Recorded 10/18/1939), Book 523 Page 91 (Recorded 11/22/1939), Book 535 Page 51 (Recorded 02/16/1940) and Book 2086 Page 291 (Recorded 10/18/1961), hereinafter called "Levee Easement", also being the True Point of Beginning; thence along said "Levee Easement" along a non-tangent curve to the right (Radial North 53°55'48" West) with a Radius of 1637.02 feet, a Delta of 36°46'12", a Length of 1050.57 feet, and a Chord of South 54°27'18" West 1032.63 feet to a point; thence leaving said "Levee Easement" North 19°14'19" West 593.80 feet to a point; thence along a line offset 60.00 feet southwesterly from said westerly northeast line of the tract per Book 524 Page 330 North 59°01'00" West 141.19 feet to a point; thence along the southeast line of the tract per Book 1968 Page 1822 (recorded 12/30/1986) South 30°59'00" West 675.87 feet to a point; thence along the southwest line of said tract per 1968 Page 1822 North 59°01'00" West 1008.31 feet to a 5/8 inch iron rod with a yellow plastic cap inscribed "W&H PACIFIC"; thence along the southeast line of the tract per Document Number 2006-199633 South 30°59'00" West 439.35 feet, more or less, to a point on the mean low water line of the Multnomah Channel; thence southeasterly along the mean low water line of the Multnomah Channel and northerly along the mean low water line of the Willamette River and to a point on the northeast line of said tract per Book 2759 Page 2103; thence along said northeast line North 59°01'00" West 385 feet, more or less, to the True Point of Beginning, containing 50.40 acres, more or less.

Adjusted Book 1968 Page 1822:

A tract of land located in the James Menzie Donation Land Claim Number 45 also being located in Sections 27 and 28, Township 2 North, Range 1 West, Willamette Meridian, Multnomah County, Oregon, and being more particularly described as follows:

Beginning at a 4 inch brass disk at the most Northerly Corner of the James Menzie Donation and Claim Number 45, thence South 57°04'51" East 1961.55 feet to a point on the centerline of Gillihan Loop Road; thence along said centerline South 60°16'26" West 2254.26 feet to a 1/2 inch iron pipe; thence continuing along said centerline South 60°42'26" West 149.38 feet to a point; thence leaving said centerline South 59°01'00" East 23.03 feet to a point on the southeast right-of-way of Gillihan Loop Road (20.00 feet from centerline) from which a 1 inch iron pipe bears South 59°01'00" East 0.76 feet; thence along said southeast right-of-way South 60°42'26" West 69.09 feet to a point; thence along a line offset 60.00 feet southwesterly from the westerly northeast line of the tract per Book 524 Page 330 (recorded 09/01/1966) South 59°01'00" East 1563.07 feet to a 5/8 inch iron rod with a yellow plastic cap inscribed "W&H PACIFIC"; thence along the northwest line of the tract per Book 1968 Page 1822 (recorded 12/30/1986) South 30°59'00" West 240.22 feet to the True Point of Beginning; thence leaving said northwest line South 59°01'00" East 363.00 feet to a point; thence North 30°59'00" East 240.22 feet to a point; thence along said line offset 60.00 feet southwesterly from said westerly northeast line of the tract per Book 524 Page 330 (recorded 09/01/1966) South 59°01'00" East 645.31 feet to a point; thence along the southeast line of said tract per Book 1968 Page 1822 (recorded 12/30/1986) South 30°59'00" West 675.87 feet to a point; thence along the southwest line of said tract per Book 1968 Page 1822 (recorded 12/30/1986) North 59°01'00" West 1008.31 feet to a 5/8 inch iron rod with a yellow plastic cap inscribed "W&H PACIFIC"; thence along said northwest line of Book 1968 Page 1822 (recorded 12/30/1986) North 30°59'00" East 435.65 feet to the True Point of Beginning, containing 13.64 acres, more or less.



Restoration Work Plan for the Alder Creek Mill Site

14456 NW Gillihan Loop Road
Sauvie Island
Portland, Oregon 97231

October 2011

Prepared for:
Portland Harbor Holdings II, LLC
3855 Atherton Road
Rocklin, CA 95765

Prepared by:
URS
111 S.W. Columbia Street, Suite 1500
Portland, OR 97201-5850

URS Job No. 25697251

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- Appendix B Oregon DEQ Memorandum

1.0 INTRODUCTION & OVERVIEW

On behalf of Portland Harbor Holdings II LLC (PHH), URS Corporation (URS) has prepared this Restoration Work Plan (work plan) for the Alder Creek Mill (site) located at 14456 NW Gillihan Loop Road, Multnomah County, Portland, Oregon. The site location is shown on Figure 1 and site features are shown on Figure 2. The site lies at the south tip of Sauvie Island at the confluence of the Multnomah Channel and the Willamette River. As described in Section 1.1, PHH intends to purchase the site for the purpose of restoring aquatic and riparian habitat at the site (the project). The entire project will occur on tax lots 700 and 800 as shown on Figure 2 and Appendix A.

On September 3, 2010, PHH submitted a Prospective Purchaser Agreement (PPA) application to the Oregon Department of Environmental Quality (DEQ) notifying DEQ of PHH's intent to purchase the site. A PPA is a legally binding agreement between DEQ and a prospective purchaser of real property that facilitates the acquisition, cleanup, and redevelopment of contaminated property in a manner that provides substantial public benefit. A PPA limits the purchaser's liability to DEQ for environmental cleanup of the property and in return for this liability release, the PPA provides the DEQ with a substantial public benefit. A PPA must be negotiated with DEQ before the purchaser acquires an interest in the property.

Since a PPA typically involves a property with known or suspected contamination, it is necessary to develop information regarding the nature and extent of contamination so that the purchaser and DEQ can reach agreement on the remedial measures necessary to address the contamination. In September 2010 PHH retained URS to complete a Phase I Environmental Site Assessment (ESA) at the site (URS, 2011a). The findings of the Phase I ESA lead to the completion of a Phase II ESA in October 2010.

Following submittal of the draft Phase I and draft Phase II ESA reports to DEQ in September and December 2010, respectively, DEQ provided a memorandum to PHH and URS (DEQ, 2011a) communicating the requirements for 1) further investigation of the nature and extent of site contamination and 2) the development of this work plan. A copy of this memorandum is provided in Appendix B.

In response to the requirements for further investigation, URS conducted additional environmental investigation of the site in February 2011. The findings of the additional investigation were incorporated in the Phase II ESA report, and the final report (URS, 2011b) was submitted to DEQ in May, 2011. URS also finalized the Phase I ESA report in February 2011 (URS, 2011a).

Finally, this work plan has been prepared as required by DEQ, to support finalization of the PPA. The purpose of this work plan is to describe all aspects of the project as they relate to the management of potential or known contaminated media during restoration of the site. A draft of this work plan was submitted to DEQ on July 25, 2011. Following review of the work plan DEQ provided review comments to URS and PHH on July 29, 2011 (DEQ, 2011b) and August 25, 2011 (DEQ, 2011c). This current draft of the work plan has been revised to address certain review comments provided by DEQ.

1.1 Project Background and Objectives

PHH is proposing a restoration project within the Portland Harbor Superfund Study Area which will assist the Portland Harbor Trustees (Trustees) and Potentially Responsible Parties (PRPs) in

achieving cleanup goals within the Harbor. The project will create natural resource credits which will be made available for PRPs to use as a mechanism for environmental damage compensation. Having these natural resource credits available for purchase can remove some of the uncertainties caused by environmental liability within the Harbor. This, in turn, can provide the economic incentives to support reinvestment in Harbor infrastructure and local family wage jobs, while providing a network of in-stream habitat to improve water quality and provide high-quality habitat for the benefit of salmonids as well as multiple other wildlife species.

The project activities include dismantling the approximately 35-acre active sawmill complex, removing a private levee protecting the complex, and then restoring the site to a mosaic of riparian, channel, tidal marsh, and mud flat habitats. The sawmill complex is located outside the U.S. Army Corps of Engineers (USACE) levee, also referred to as the Sauvie Island Drainage District dike. Specific elements of the project construction are described in Section 3.0.

1.2 Site History

The following site history was developed by URS based on the review of historic aerial photographs and maps, and information provided by the site owner.

From about 1929 to 1939 the site was undeveloped. Much of the site was densely vegetated, although portions of the site were cleared for the purpose of placing fill, including dredge material, or constructing roads. On a 1933 aerial photograph the southern portion of the site was inundated by seasonal high flows in the Willamette River/Multnomah Channel.

The Sauvie Island Drainage District dike, absent on 1939 or earlier aerial photographs, first appears on a 1940 aerial photograph. The dike appears to have been constructed using soil excavated from adjacent areas on the outside perimeter of the dike. From 1940 through 1957 the site remained relatively unchanged.

According to Mr. Jerry Nudelman, current chairman of the board for Alder Creek Lumber Company (Alder Creek), the site was purchased in 1957 by the Koennecke family. Mr. Nudelman did not have a specific date for when the mill construction and operations began, but believed that operations began in the early 1960s. Mill structures first appear in a 1963 aerial photograph. Since that time, the site changed ownership between the Koennecke family and Alder Creek several times; however, current ownership resides with Alder Creek. After the 1996 floods, a private levee was constructed along the water's edge to protect the site from future flood events.

The site operated as a sawmill from the early 1960s until October 1, 2008 when operations ceased due to economic conditions. Although the majority of the site is not currently used, Alder Creek continues to use the eastern portion of the property to store wood by-products for processing and sale as landscape material.

During the site's operational period, Douglas fir logs were unloaded from former wood storage areas on the western portion of the property and loaded into the sawmill for initial processing. The wood was subsequently transferred to the planer building to be cut into lumber and treated with Britewood antifungal products. The lumber's final destination was the bander shed, where the completed lumber product was banded with metal straps for shipment and sale. The only remaining operations at the site require heavy equipment to move wood chips in the wood by-products storage area for processing and sale as landscape material.

Additional discussion of the site's development and operation is presented in the Phase I ESA (URS, 2011a) and the Phase II ESA (URS, 2011b).

1.3 Previous Environmental Investigations

The following subsections describe previous investigations conducted at the site.

1.3.1 DEQ Strategy Recommendation

In December 1999, the DEQ conducted a Site Assessment Strategy Recommendation for the site to evaluate the potential for a link between site activities and contamination in Portland Harbor sediments adjacent to the site (DEQ, 1999). This Strategy Recommendation summarized the Portland Harbor sediment evaluation; presented the site's operational, investigation, and regulatory histories; and described potentially complete pathways. When the Strategy Recommendation was written in 1999, DEQ determined the facility was in compliance with its NPDES 1200-Z permit for stormwater discharge and Air Contaminant Discharge Permit (ACDC) for air emissions. While the facility had no underground storage tanks (USTs), it did have one 10,000-gallon diesel aboveground storage tank (AST) and one 1,000-gallon gasoline AST.

The Strategy Recommendation reported that oily bilge water was previously applied to the site gravel access road as a means of dust control, and dredged materials were previously applied to the site. On at least two occasions (in 1979 and 1982) Crosby & Overton, Inc. applied bilge water to the ¾-mile access road from Gillihan Road to the site. Although neither the bilge water nor the road soil was tested, bilge water testing at other properties indicated that the bilge water applied at the site may have contained oil contaminated with polychlorinated biphenyls (PCBs).

The Oregon Department of State Lands (DSL) granted the facility a dredging permit in 1971 and renewed it in 1978. In 1971, sediment dredged from the Multnomah Channel was placed on the bank of the site. The following year, Willamette River sediment dredged from the Georgia-Pacific Linnton Fiber Terminal was deposited in the center of the site, about 500 feet from the Multnomah Channel shoreline. These river sediments were not tested prior to placement, but may have been contaminated by activities on upland sites adjacent to the dredge source site.

In addition to the bilge water and dredging activities, DEQ reported that in February 1975 DEQ personnel observed oil floating in the Multnomah Channel and leachate from wood waste. In June 1991, a complainant reported to DEQ that they observed vegetation around a seasonal pond along the site access road had died over a short period of time and they were concerned that wells in the vicinity may be impacted. The Strategy Recommendation did not provide follow up information on either the DEQ field observation or the complaint.

DEQ recommended that a Preliminary Assessment be developed to evaluate potential upland site contaminant sources, migration pathways, and past waste management practices. DEQ further concluded that the site was a medium priority for follow-up and that there was insufficient information to warrant adding the site to the DEQ's Confirmed Release List or Inventory.

1.3.2 Environmental Screening Assessment

In June 2010, Maul Foster & Alongi, Inc. (MFA) conducted an Environmental Screening Assessment to identify environmental conditions that may need to be addressed prior to sale of the property (MFA, 2010). MFA interviewed representatives of Alder Creek, conducted an agency database search, and collected environmental samples for laboratory analysis. These environmental samples included two soil samples from the location of the burned shed, five sediment samples from stormwater discharge points, and one wood sample potentially contaminated with hydraulic oil. The report concluded that the 1993 fire did not appear to have contaminated soil under the former shed, sediment near stormwater outfalls was not

contaminated with PCBs above applicable risk-based concentrations, and the wood by-products on the site may be subject to State of Oregon regulations for the accumulation of solid waste.

1.3.3 Phase I Environmental Site Assessment

In September 2010, URS completed a Phase I ESA of the site (URS, 2011a). URS conducted a site reconnaissance survey of the site, interviewed site personnel, reviewed hydrogeologic and topographic maps, reviewed historical aerial photographs, and conducted database searches of appropriate regulatory agencies. During the site reconnaissance, URS personnel noted what appeared to be surficial petroleum staining on concrete and soil in several locations, including near the sawmill, a shed to the west of the sawmill, the planer building, and the bander shed. URS also noted that the use of fungicides/biocides, petroleum hydrocarbons, and other potentially hazardous substances may have contaminated soil, groundwater, and surface water associated with the site. The large quantities of wood waste on the site may have leached metals, tannins and lignins, fatty acids, and wood resins from terpenes into the underlying soil and groundwater. Based on the findings of the Phase I ESA, URS recommended soil and groundwater investigation in areas where soil staining was observed, where stormwater drainage occurs, and near the wood waste piles and septic tanks.

1.3.4 Phase II Environmental Site Assessment

In October 2010 URS conducted a Phase II ESA at the site. The Phase II ESA included the following environmental investigation activities:

- Excavation of test pits to explore the nature and extent of petroleum staining in soils around mill equipment, and collection of soil samples from the test pits for laboratory analysis.
- Collection of sediment samples along stormwater flow pathways for laboratory analysis.
- Collection of soil and groundwater samples from soil borings for laboratory analysis.

Soil and groundwater samples were analyzed for one or more of the following constituents: metals, gas-, diesel-, and residual-range petroleum hydrocarbons, volatile organic compounds (VOCs), semi-volatile organic compounds (SVOCs), polychlorinated biphenyls (PCBs), tannins, and lignins.

In response to DEQ comments on the draft Phase II ESA report (DEQ, 2011a; Appendix B), URS completed the following additional investigation activities at the site in February 2011:

- Collection of two composite surface soil samples from around the mill structures for laboratory analysis.
- Collection of soil and groundwater samples from additional soil borings for laboratory analysis.

Soil and groundwater samples were analyzed for one or more of the following constituents: metals, gas-, diesel-, and residual-range petroleum hydrocarbons, VOCs, SVOCs, and organochlorine pesticides. The results of the Phase II ESA area summarized in Section 2.0.

2.0 KNOWN AREAS OF CONTAMINATION

This section presents the conclusions of the Phase II ESA report relative to contaminated media identified during the Phase II ESA. The Phase II ESA was completed in three phases. Phase 1 included excavation of test pits and surface soil and subsurface soil sample collection. Phase 2 included drilling of soil borings and collection of subsurface soil and groundwater samples. Phase 3 included additional surface soil sample collection, drilling of soil borings, and additional subsurface soil and groundwater sample collection. For a complete description of the nature and extent of contamination at the site, please refer to the Phase II ESA report.

2.1 Potential Source Areas and Nature and Extent of Contamination

The Phase II ESA identified areas of contaminated soil that are directly associated with on-site (mill-related) activities and leaking equipment. Soils contaminated by on-site activities contain visual evidence of petroleum hydrocarbon contamination and petroleum hydrocarbons were detected in soil at elevated concentrations. In general, these areas of contaminated soil appear to be shallow and of limited horizontal extent. Petroleum hydrocarbons, SVOCs, and to a lesser extent, metals, are the primary contaminants of concern associated with these source areas. These areas are described in more detail in Section 2.3 below. At test pit TP-8, URS observed metal-fragment-containing fill that may be an additional source of petroleum, SVOCs, and metals. This material is described in more detail in Section 2.3 below.

Soil and groundwater samples were collected at numerous site locations that are not associated with any obvious mill-related contamination. The septic tank, wood waste areas, and Phase 3 soil borings contained concentrations of arsenic, barium, cadmium, chromium, copper, iron, lead, manganese, nickel and zinc in soil above one or more risk-based screening criteria, but below or near background concentrations in most cases. The greatest number of metals with concentrations exceeding background were from soil boring SB-08 at a depth of 14 to 16 below ground surface (bgs). Additionally, the only soil boring samples with SVOC concentrations exceeding screening criteria are the dredge/fill material samples SB-08 at 14 to 16 feet bgs and SB-11 at 8 to 10 feet bgs. Similarly, the greatest number of SVOC concentrations in groundwater exceeding screening criteria are also from boring SB-08. The only detections of organochlorine pesticides on site were from fill soil in sample SB-08 at 14 to 16 feet bgs. Since visual evidence of contamination was not observed at soil borings SB-08 and SB-11, the detections of metals, SVOCs, and organochlorine pesticides in the fill soil samples SB-08-14-16 and SB-11-8-10 are not likely the result of mill-related activities, but rather may reflect contamination that was present in the fill prior to the fill being placed on site.

With the exception of mill-related sources of contamination and potential fill-related contamination at SB-08 and SB-11, all of which appear to be isolated, there do not appear to be other sources of contamination on site. Dredge, fill, and native soils, where not impacted by the sources above, do not appear to be a source of contamination due to very low or non-detected contaminant concentrations.

2.2 Contaminant Migration Pathways

Potential pathways for contaminant migration from the site include the stormwater pathway and the groundwater to surface water pathway.

2.2.1 Stormwater Pathway

Metals, PCBs, and SVOCs were detected in stormwater pathway solids at concentrations exceeding regulatory screening criteria. However, the weight of evidence, including 1) metals concentrations near or below background concentrations, 2) the distribution of contaminants within the stormwater ditches, and 3) the existing condition of the ditches (which promotes settling of solids and infiltration of stormwater) suggests that the stormwater pathway is likely insignificant for the site. Although contaminated surface soils on site are a potential source of stormwater contaminants, this source will be removed during future site restoration.

2.2.2 Groundwater to Surface Water Pathway

Because of the future restoration goals of the site, groundwater concentrations were compared to screening levels developed for surface water. Such a direct comparison assumes that no dilution occurs from groundwater to surface water and does not account for precipitation or tidal flows into surface waters. While the effect of such dilution is unknown, it is expected to be quite significant and could potentially reduce concentrations to below levels of concern in surface water. In addition, since concentrations of metals in soil are near or below the background soil concentrations, and the groundwater pH and Eh are conducive to formation of soluble forms of arsenic, iron, and manganese (and potentially other metals as well), the presence of metals in groundwater likely reflects leaching of naturally-occurring metals from soil to groundwater.

Petroleum hydrocarbons and SVOCs were detected in groundwater but not at concentrations that would have the potential to discharge to surface waters at levels of concern. The highest concentrations of SVOCs are at boring SB-08 and appear to be an isolated occurrence owing to leaching of SVOCs from soil to groundwater at SB-08. Groundwater in the septic tank borings included detections of diesel and oil when it was not detected in the septic tank soil boring soil samples. The source of the diesel and oil is not known. As described in Section 4.2.1, a soil management plan will be prepared prior to excavation of the restoration site. If additional sources of diesel and oil contamination are encountered during excavation, the soil management plan will describe procedures for segregation and securing of contaminated media, including sample collection for laboratory analysis if necessary, and notification of DEQ.

Although contaminated surface soils on site are a potential source of groundwater contaminants, this source will be removed during future site restoration.

2.2.3 Risk to Human and Ecologic Receptors

At present, this industrial upland site is unlikely to be posing an unacceptable risk to human health or ecological receptors. There are currently no people working at the vacant site to be occupationally exposed to site contaminants and the groundwater at the site has never been consumed as tap water. The site provides poor habitat for ecological receptors and much of the soil contamination is subsurface where terrestrial receptors are not exposed. The analytical results indicate that ecological receptors exposed to the most contaminated surface soils may experience adverse effects. These adverse effects would be most likely experienced by receptors with very limited mobility (e.g., plants or soil invertebrates). Widespread adverse ecological impacts appear unlikely based on the limited extent of significant contamination.

Following site restoration, future human health or ecological risk to on-site receptors is unlikely because existing sources of contamination will be removed. Subsurface soils and groundwater may be exposed following restoration. However, the analytical data for native soil samples that

are representative of soils that will be exposed in the future indicate that these soils are unlikely to pose risk to human health and ecological receptors above background levels.

2.3 Contaminated Soil Volume

As described in Section 2.1, URS observed areas of contaminated site soils that are directly associated with mill-related activities and leaking equipment. This section provides a more detailed description of the extent and tonnage of these soils. The approximate location of the visibly contaminated soil is shown on Figure 3.

2.3.1 Buried Trash/Debris

The trash/debris is located north of the mill on the western portion of the site at TP-08. The debris consists largely of discarded brick and metal. Metal found within the test pit included massive (estimated weights of 5 to 30 pounds or more) chunks of metal as well as discarded welding rod. The metal chunks were generally flat with a rounded or lobed perimeter, rounded top surface and flat bottom surface, suggesting that were formerly molten and spilled onto a flat surface, prior to placement at the site. Plastic liners, including one with very well sorted black sand (sampled as TP-08-2) were also found in the test pit. The trash did not extend beyond 3 feet bgs, although it did cover an area of approximately 35 feet by 40 feet. The tonnage of this material was estimated using the following assumptions:

- Surface area: 40 feet by 40 feet.
- Depth: 5 feet.
- Density: 2 tons/yard³ (gravelly soil with brick).
- **Approximate total tonnage: 592.**

2.3.2 Oil Contamination

TP-05 was located in the bander shed, north of the planar building, and adjacent to the south side of a concrete containment structure and hydraulic oil tank. The structure was heavily stained with oil. Soil in the test pit had a heavy oil sheen and strong odor on the south side of the containment structure. The visible contamination extended to a depth of about 4 feet bgs. Below this point, no odor was noted and a confirmation sample was collected at a depth of 5 feet bgs. TP-R was located north of TP-05 to verify that the sheen did not continue further north. Although a small amount of oil was noted in the southern end of TP-R near the concrete containment structure, it was not laterally continuous to the north. The oil-impacted soil around TP-05 covers an area of approximately 10 feet by 10 feet. The tonnage of visibly contaminated soil at TP-05 was estimated using the following assumptions:

- Surface area: 15 feet by 15 feet.
- Depth: 6 feet.
- Density: 2.5 tons/yard³ (abundant basalt cobbles and boulders present in the soil at this location).
- **Approximate total tonnage: 124.**

TP-06 was excavated west of the mill buildings, adjacent to a machinery pad. This excavation was almost completely in mulch, which contained a slight oily odor. No sheen was noted, and

the odor did not extend beyond the edge of the concrete pad. The tonnage of visibly contaminated soil at TP-06 was estimated using the following assumptions:

- Surface area: 5 feet by 5 feet.
- Depth: 5 feet.
- Density: 1 ton/yard³ (mostly wood mulch).
- **Approximate total tonnage: 5.**

TP-07 was excavated on the north side of the mill building and adjacent to a concrete containment structure. The test pit revealed a heavy sheen in water and soil below a drain pipe. Fill rock from the pipe trench was acting as a conduit for the oil, which was draining to the north into the excavation. This contamination extended to 4 feet bgs and covered an area of approximately 4 feet by 4 feet. Some small metal debris was noted in the upper 1 foot of the test pit excavation. The tonnage of visibly contaminated soil at TP-07 was estimated using the following assumptions:

- Surface area: 5 feet by 5 feet.
- Depth: 5 feet.
- Density: 1.5 ton/yard³ (gravelly soil).
- **Approximate total tonnage: 7.**

TP-09 was excavated near the northwest corner of the mill, adjacent to a metal floor with considerable oily buildup. Oil-stained soil was also observed in subsurface soils. Although no sheen was noted on the soil, both the east and west sides of the excavation contained visible staining and odors. The extent of these two impacted areas was minimal; much of the oil appeared to remain on the surface. The impacted area may be 3 feet by 3 feet in area on either side of the building, and up to 3 feet deep. The tonnage of visibly contaminated soil at TP-09 was estimated using the following assumptions:

- Surface area: 5 feet by 5 feet.
- Depth: 3 feet.
- Density: 1.5 ton/yard³ (gravelly soil).
- **Approximate total tonnage: 4.**

TP-10 was excavated in the southwest corner of the site adjacent to a mill foundation, which also had visible oil staining. TP-10 exposed wood mulch around the mill foundation. Some surface and shallow material had obviously been removed prior to the October 2010 site investigation, though more contamination was discovered from beneath the concrete foundation. The most heavily impacted material began at 3 feet bgs and continued to about 5 feet bgs. Excavations on the north and south side of the foundation did not reveal any other areas of oil contamination. As was observed near TP-10, much of the shallower impacted mulch and sand appeared to have been removed. The URS geologist observed strong hydrocarbon odors associated with soil cores from the adjacent soil boring SB-04. The tonnage of visibly contaminated soil at TP-10 was estimated using the following assumptions:

- Surface area: 15 feet by 15 feet.

- Depth: 5 feet.
- Density: 1.5 ton/yard³ (sandy soil).
- **Approximate total tonnage: 63.**

Surface staining was noted at several other locations on site, in particular under and adjacent to mill machinery. These areas of staining were explored with test pits, though none contained a sheen or odor. In all cases, these stains were restricted to the top 6 inches of soil and no further investigation was conducted. For planning purposes, the tonnage of additional soil with surface staining is estimated to be **45 tons**.

In summary, the total estimated tonnage of visibly contaminated soil is about **840 tons**. The total project excavation tonnage, including visibly-contaminated soils, is estimated to be about 800,000 tons (subject to revision as the restoration plans are finalized). Thus, the visibly contaminated soil represents only about 0.1 percent of the total excavation tonnage.

3.0 CONSTRUCTION APPROACH

This section describes the overall construction approach, including general procedures for identifying, handling, and disposing of potentially contaminated or hazardous building materials during demolition of existing upland and over-water structures. Management of excavated soil, including contaminated soil, is described in Section 4.0.

3.1 General Construction Overview

Restoration of the site to create aquatic and riparian habitat will include the following major elements:

- Remove the existing sawmill infrastructure – buildings, roads, pads, and equipment;
- Remove a portion of the private levee protecting the sawmill complex;
- Excavate soil to create shallow subtidal channels;
- Excavate soil to create tidally influenced marsh and mud flats;
- Establish riparian habitat adjacent to the created channels and marsh;
- Remove overwater structures and piles from Multnomah Channel;
- Install large woody debris to provide in-water habitat structure and complexity; and
- Provide permanent protection of the site through placement of a conservation easement or deed restriction granted to a Trustee-approved non-profit entity or government organization.

Figures 4 and 5 provide conceptual drawings in plan view and cross section showing the site features after restoration. The specific methods for implementing each of these major elements have not been determined at this time. Prior to implementation of the project, PHH will develop project plans and specifications that will describe the design, construction requirements, and methods, procedures, equipment, and materials to be employed during project construction. Additional project planning documents will be prepared, as necessary, to obtain the necessary permits and regulatory approvals described in Section 3.2. Project plans and specifications and other required project planning documents will be made available to DEQ for review and approval, as necessary, and incorporated into the PPA.

3.2 Permitting Requirements and Regulatory Approvals

PHH has developed a preliminary list of permits and other regulatory approvals that will be required for the project. These permits and approvals are summarized on Table 1. PHH has engaged or will engage the appropriate regulatory agencies to obtain necessary permits and regulatory approvals prior to project construction.

3.3 Hazardous Building Materials Assessment

Prior to demolition and removal of existing upland and overwater structures, a hazardous building materials assessment (HBMA) will be completed. Based on site knowledge and age of the facility, the structures may contain asbestos-containing materials (ACM), PCB light ballasts, mercury light tubes, and lead-based paints. PHH will retain a qualified contractor to conduct the HBMA in accordance with the U.S. Environmental Protection Agency (EPA) and DEQ regulations for asbestos, and the State of Oregon Occupational Health and Safety Administration

(OR-OSHA) lead and asbestos standards for construction or demolition work. The proposed scope of work for the HBMA will include the following two tasks:

3.3.1 Task 1: Asbestos Sampling and Assessment

Experienced Asbestos Hazard Emergency Response Act (AHERA) certified asbestos building inspectors will assess existing structures for ACM. The inspectors will use the following approach for asbestos survey and analysis.

Asbestos Survey and Sampling Methodology

All accessible areas of the facility will be inspected to identify suspect ACM. Suspect ACM will be grouped into homogeneous sampling areas (HSA) and categorized according to AHERA 40 CFR 763, as thermal systems insulation (TSI), surfacing material, or miscellaneous material. The contractor will develop a sampling plan, which generally will include the collection and analysis of samples as follows:

Thermal System Insulation

In a randomly distributive manner samples of each HSA will be collected. At least one bulk sample will be collected from each homogenous area of patched TSI if the patch is less than six square feet.

Surfacing Material

In a randomly distributive manner, the inspectors will collect samples from each homogenous area that is 1,000 square feet or less, a minimum of five samples from each homogenous area that is greater than 1,000 square feet but less than or equal to 5,000 square feet and a minimum of seven samples from each homogenous area that is greater than 5,000 square feet.

Miscellaneous Material

In a randomly distributive manner as deemed sufficient by the inspectors, at least one sample will be collected of each suspect miscellaneous material not presumed to contain asbestos.

Non-Suspect Materials

According to 40 CFR 763-86(4), sampling of non-suspect materials is not required where the accredited inspector has deemed the materials to be fiberglass, foam glass, rubber, or other non-ACM.

Sample Documentation

Sample locations will be chosen in a randomly distributive manner by the inspectors. Samples will be collected in a non-abrasive manner by carefully removing small portions of the suspect material with a sharp knife or other hand tool suitable to the material being sampled. Each sample will be placed in a re-sealable sample container immediately after collection for transportation to the laboratory. The sampling instrument will be subsequently wiped with a clean moist cloth to decontaminate the tool and prevent the potential release of asbestos fibers or contamination of subsequent samples. Data pertinent to each sample (e.g., date, sample number, material description and material condition) will be recorded on a field data sheet.

Laboratory Analysis

Asbestos bulk samples, copies of the field data sheets, and chain-of-custody submittal sheets will be delivered to a certified laboratory such as NVL Laboratories in Seattle, Washington. NVL Asbestos Laboratories participates in the National Voluntary Laboratory Accreditation Program

(NVLAP) for quality control procedures, NVLAP Lab ID# 102063. As specified in 40 CFR Chapter I (1-1-87 edition) Part 763, Subpart F, Appendix A, each sample will be analyzed using PLM/dispersion staining techniques, in accordance with EPA Method 600/M4-82-020. Detection limits for this type of analysis are approximately one percent (by volume). Materials containing more than one-percent asbestos are considered to be ACM.

While in the field, the inspectors will observe representative fluorescent light fixtures to assess if the ballasts contain PCBs. The inspectors will also quantify the number of fluorescent lamps that are present on site that are considered to contain mercury.

Using a building systems approach to assess asbestos HSAs, the inspectors will quantify the asbestos-containing materials while in the field. When the laboratory reports the laboratory analysis results, quantity estimates will be developed for asbestos abatement since the quantities are directly tied to unique building systems and bulk samples.

3.3.2 Task 2: Report Preparation

At the completion of the data collection period, the contractor will prepare a report that will include sections for survey and analysis methodologies, findings, and recommendations for abatement and removal. The report will include summary tables presenting sampling data and analytical results, and drawings identifying sample locations and areas of regulated ACM. Sample logs will include sample number, location, material sampled, analytical results and condition assessment. Report appendices will include copies of the laboratory reports, training certificates, chain of custody forms, and sample location drawings. The project plans and specifications will incorporate the findings of the HBMA and include specifications for demolition, management, and disposal of hazardous building materials, as well as procedures for protection of construction workers for exposure to hazardous building materials in accordance with OR-OSHA requirements. The HBMA report and project plans and specifications will be made available to DEQ for review.

3.4 Removal of Wood Waste

Wood waste derived from milling activities covers much of the site, including most of the eastern portion of the site. The current property owner is in the process of removing the wood waste from the site, and all wood waste will be removed prior to excavation activities associated with site restoration.

3.5 Removal of In-Water and Over-Water Structures

The methods for removal of in-water and over-water structures have not been determined at this time. The results of the HBMA as well as the requirements of applicable federal, state, and local permits and regulatory approvals will be considered in the development of the plans and specifications and other planning documents for this activity if it occurs. Plans, specifications, and other planning documents pertaining to the removal of in-water and over-water structures will be provided to DEQ for review.

3.6 Removal of Upland Structures

All upland structures will be removed, including all buildings, concrete pads, utility infrastructure, equipment, and roads. The on-site water well will be abandoned by a drilling company licensed by the Oregon Water Resources Department. Prior to building demolition Portland General Electric will de-energize the existing electrical infrastructure and remove overhead power lines and pole-mounted transformers from the site.

The specific methods for removal of upland structures have not been determined at this time. The results of the HBMA as well as the requirements of applicable federal, state, and local permits and regulatory approvals will be considered in the selection of removal methods. As described above, the HBMA will support the development of project plans and specifications for demolition, management, and disposal of hazardous building materials. Additional plans and specifications will address the demolition of non-hazardous building materials. Finally, other project planning documents will be prepared, as necessary, to obtain necessary permits and regulatory approvals.

The plans and specifications and/or other project planning documents will describe the proposed management, transport, disposal, recycling, or reuse of all demolition debris and other wastes generated during removal of upland, in-water, and over-water structures. To the extent that identified hazardous building materials or hazardous wastes are identified that require off-site disposal, the plans and specifications and other project documents, as appropriate, will identify the proposed disposal facility. Plans, specifications and other planning documents pertaining to the removal of upland structures will be provided to DEQ for review.

4.0 SOIL EXCAVATION AND DISPOSAL

Restoration of the site to create a network of shallow sub-tidal channels, tidally-influenced marsh and mud flats, and riparian habitat is expected to generate about 800,000 tons of excavated soil. All of this soil will require off-site disposal. Of the total tonnage, about 840 tons is expected to consist of soil with visual evidence of contamination, as described in Section 2.3.2. Of this volume, about 592 tons consists of gravelly fill soil with brick and metal fragments and minor trash and other debris. The remainder, approximately 248 tons, consists of soil with visual evidence of petroleum hydrocarbon contamination and analytical data documenting the presence of petroleum hydrocarbons. Soils with visual evidence of contamination were identified during the Phase II ESA only in the immediately vicinity of mill infrastructure. The remaining soil (about 799,160 tons) consists of fill, including dredge material and native soil material. At Phase II ESA soil boring locations placed away from existing mill infrastructure, visual evidence of contamination was not observed although some low level chemicals were detected in the soil.

4.1 Assessment of Soil Disposal Options

Since the project will require off-site disposal of a very large volume of soil, it is crucial to the financial viability of the project that multiple management options are identified that minimize the cost for handling, transportation, and disposal of the soil. To that end, the Phase II ESA included an assessment of site soils to identify disposal options for this material that minimize cost to the extent practicable and are in accord with DEQ requirements.

4.1.1 DEQ Clean Fill Screening Criteria

As described in Section 11 of the Phase II ESA report, soil analytical data were assessed in a two-step process to identify disposal options. The analytical results were first compared to DEQ's Clean Fill Screening Table (DEQ, 2010). Concentrations of barium, copper, lead, manganese, mercury, zinc, DDD, DDE and individual SVOCs exceeded the clean fill criteria. Tables 14, 15, 18, and 19 in the Phase II ESA report communicate the results of this screening comparison. In general the exceedances were localized, and in some cases associated with shallow soil samples that may have been impacted by mill-related activities. In general, based on this comparison it appears that a large mass of both the native soils and dredge material will likely meet the clean fill criteria.

4.1.2 DEQ Solid Waste Authorization Letter

For the second step of this assessment, URS investigated whether soil disposal will be possible under a Solid Waste Letter Authorization (SWLA). This letter allows DEQ to authorize placement of a specific waste type and quantity if DEQ finds that the disposal site is not likely to create a public nuisance, health hazard, air or water pollution, or other environmental problem. URS compared the soil analytical results to screening criteria protective of occupational exposure (DEQ Risk Based Concentrations [RBCs]), leaching to groundwater (DEQ RBCs), and ecological receptors exposed to upland soils (DEQ SLVs and EPA Eco-SSLs). Since the DEQ RBCs provide very few leaching to groundwater criteria for metals, URS also compared soil data to EPA's Regional Screening Levels protective of groundwater. Tables 16, 17, 20, and 21 in the Phase II ESA report communicate the results of this screening comparison.

Based on this comparison, since the barium, iron, and manganese concentrations appear to be above some screening criteria but lower than background concentrations, these inorganic chemicals are unlikely to cause risk significantly above background risk. Two of the three

mercury sample concentrations that exceeded the screening criteria in native soil were only slightly elevated above background concentrations, and no sources of mercury were identified in association with mill operations. Copper, lead, zinc, DDD, and DDE concentrations are below occupational levels and are protective of ground water. As with the comparison to the clean fill criteria, the SVOC exceedances of the EPA groundwater criteria are from shallow soil samples that are likely impacted by on-site activities as well as some dredge/fill soils that may have been contaminated prior to placement on site.

4.2 Proposed Soil Disposal Locations

The assessment of disposal options described above indicates that generally low-level contamination is present in site soils that are not otherwise affected by obvious mill-related activities or contamination. Based on this assessment PHH will seek a SWAL from DEQ for placement of excavated soils at off-site locations. PHH has identified the following preferred disposal option.

4.2.1 Preferred Option – Upland Disposal at Adjacent Property

This option for excavated soil placement is located on a portion of the Alder Creek mill property that lies immediately north of the Sauvie Island Drainage District dike. This property currently includes additional facilities associated with Alder Creek's mill operation. As this property is the preferred option for disposal of excavated soils, PHH is under contract to purchase the property together with the property soil of the dike. The property and proposed disposal location is shown on Figure 6.

Following placement of excavated soil at the disposal site PHH will seed the site and install shrub and tree plantings to provide additional benefits, including buffer for the aquatic habitats that PHH will restore south of the dike. Similar to the restoration component south of the dike, once placement of excavated material is completed, PHH will obtain a deed restriction or conservation easement, subject to approval by Portland Harbor Trustees, to permanently protect the site as undevelopable land.

Existing Site Conditions

The existing environmental conditions of the disposal site are described in the Phase I and Phase II ESAs completed by URS on this property (URS, 2011c and URS, 2011d). The eastern part of the property is developed with a large truck barn, several sheds and small ancillary buildings, a large gravel-paved yard, a hoist, and a truck weigh station. Small water tanks are distributed throughout this section of the property. The western portion of the subject property is used as a large log yard. No logs are currently stored there. For a complete description of the existing conditions, refer to the Phase I ESA report (URS, 2011c). No current recognized environmental concerns (RECs) were identified, but one historic REC and several potential environmental concerns were observed:

- DEQ records indicate the Georgia Pacific property, located at 12222 NW Marina Way in Portland, was a source for fill deposited on the site. The fill was generated during dredging of sediments in the Willamette River off shore of the property. Since the sediments have the potential to be contaminated, placement of fill on site was identified as a historic REC. The actual placement location was a data gap identified in the Phase I ESA.
- Other environmental concerns identified during the Phase I ESA included staining on

gravel and concrete in and around the Truck Barn, a former pole mounted transformer, possible leakage of substances from dumpsters, and scrap metal piles.

Based on the findings of the Phase I ESA, URS conducted a Phase II ESA in July 2011. The Phase II ESA included collection of 10 surface soil and seven subsurface soil samples and analysis of the samples for metals, gas (Gx), diesel (Dx), and residual-range (Rx) petroleum hydrocarbons, SVOCs, and PCBs. The sample locations are shown on Figure 7. Subsurface soils were collected from test pits excavated using a backhoe. The test pit soil profiles were examined for evidence of fill, in particular fill consisting of dredged material. The Phase II ESA together with the Phase I ESA resulted in the following overall conclusions regarding environmental conditions at the disposal site:

- Observations of the site conditions and soils with visual evidence of contamination indicate that areas of contamination have a limited horizontal extent, are limited to surface soils, and are associated with discrete activities (such as stockpiling of creosote-treated wood poles) or very minor leaks or spills from equipment.
- The extent of dredge material on site appears to be very limited. URS observed likely dredge material in only one of seven test pits excavated at the site.
- Surface and subsurface soil sample analytical results further confirm that contamination associated with the historic REC and environmental concerns is also localized and generally confined to surface soil.
 - The lead concentration in surface soil exceeded the DEQ RBC protective of soil leaching to groundwater at two locations, but at the location with the highest lead concentration, the DEQ RBC was not exceeded in a collocated subsurface soil sample.
 - At the surface soil sample location with the greatest number of metals (six) exceeding the background concentrations, only one metal exceeded the background concentration in a collocated subsurface soil sample. Other metals exceeded background concentrations only in surface soils at localized areas that are associated with discrete sources of metals such as metal siding, metal scarp piles, and dumpsters.
 - A single PCB was detected in one of three samples at a concentration below the DEQ RBC.
 - Gx was detected in four of 10 samples at low concentrations below the DEQ RBC.
 - Dx was detected in seven of 10 samples at low concentrations below the DEQ RBC.
 - Rx was detected at low to elevated concentrations in all 10 samples but at concentrations below the DEQ RBC. The highest concentrations were associated with isolated drips of oil from heavy equipment.
 - SVOCs were consistently detected in surface soil across the site but at low concentrations. Only naphthalene exceeded the DEQ RBC at one surface soil sample location. There were fewer detections of SVOCs in subsurface soils and no exceedances of the DEQ RBCs.

Disposal Option Components

This option will include the following sequential components:

- PHH will complete a HBMA of the mill facilities following the procedures described in Section 3.3.
- PHH will incorporate demolition of mill facilities into the plans and specifications and other project planning documents required to obtain necessary permits and regulatory approvals, as described in Section 3.0.
- All upland structures will be removed, including all buildings, concrete pads, utility infrastructure, above-ground storage tanks, and equipment, consistent with the approach described in Section 3.6.
- The approximately 840 tons of visibly contaminated soil described in Section 2.3 will be excavated and placed in a discrete area on the disposal site. PHH believes that placement of this soil at the disposal site is an appropriate option to minimize the cost for transport and disposal of the material at a RCRA Subtitle D facility. Elements considered in this determination of appropriateness include the following:
 - The Phase II ESA for the restoration site (URS, 2011b) identified limited impacts to groundwater associated with petroleum contamination. Concentrations of petroleum hydrocarbons in groundwater exceeded the DEQ RBC for occupational worker tapwater consumption at only three locations. Thus, the existing petroleum contamination in soil appears to have had only limited impact to groundwater quality.
 - Concentrations of several metals in groundwater exceeded conservative screening criteria. However, as demonstrated in the Phase II ESA report, metals in groundwater are the result of leaching of natural-occurring metals in soil to groundwater.
 - Concentrations of several SVOCs exceeded surface water screening criteria. The majority of these SVOC exceedances were limited to a single Phase II ESA boring location. Since comparison of groundwater concentration to surface water screening criteria does not account for dilution of groundwater as it discharges to a large surface water body like Multnomah Channel or the Willamette River, such a comparison is extremely conservative and overstates risk to surface water receptors.
 - Once placed at the disposal site located inside the dike and buried under additional soils, the visibly contaminated soils will be less likely to come in direct contact with shallow groundwater or precipitation.
 - The disposal site will be seeded and planted with shrubs and trees. During plant palette selection, particular attention will be paid to native species with phytoremediation qualities, such as cottonwoods and ash, which through the uptake of soil moisture, further reduce the potential for leaching of contaminants to groundwater. The exact plant palette will ultimately require approval by the agencies overseeing restoration.
 - A deed restriction or conservation easement will ensure that the site is protected as open space in perpetuity after soil placement and planting.

- Following placement of the visibly contaminated soils, other fill soils, including the distinctive sandy dredge material will be excavated and placed at the disposal site, including over the entire footprint of the visibly contaminated soil placed previously.
- Native soils excavated from the restoration site to meet the final excavation grades and elevations will be placed at the disposal site, including over the entire footprint of the previously placed soil.
- To minimize the potential for erosion of the placed soils until the vegetation is established, the plans and specifications will include a grading plan stamped by an engineer specifying final slope requirements.
- It is expected that an NPDES 1200-C construction stormwater permit will be required for this project. The permit-required project-specific erosion and sediment control plan (ESCP) will include requirements for installation of temporary erosion and sediment control best management practices (BMPs), such as straw, mulch, or compost, to minimize erosion until vegetation becomes established as a permanent erosion control measure.
- Finally, the deed restriction or conservation easement will prevent any development on site.

Management of Excavated Soil

Prior to excavation, PHH will develop a soil management plan for review and approval by DEQ. At a minimum, the plan will describe the procedures for the following activities:

- Soil excavation.
- Identification and segregation of soil units. The soil units that will be excavated (visibly contaminated soil, dredge material/fill, and native soil) have distinctive physical characteristics that will allow site personnel and equipment operators to identify and discretely excavate these units separately.
 - The visibly contaminated soil will be identified and excavated based on observation of oil staining or odor or presence of debris such as brick or metal fragments. Large metal fragments and other trash or debris that can be effectively removed from the soil using an excavator bucket will be set aside for off-site disposal with other demolition debris.
 - The dredge material is distinctive based on its sand texture, lack of bedding or soil structure, and loose consistency. Other fill on site contains rock ranging in size from gravels to boulders.
 - Native soils are generally silty or clayey, cohesive, contain laminations, and are stratified with sandier native soil units.
- Placement of soil at the disposal site.
- Role and responsibilities of site personnel responsible for the oversight of the excavation.
- The chain of command, including communications with DEQ, if unexpected or previously unidentified site conditions are encountered (e.g., buried structures or debris, areas of contamination not identified during previous environmental investigations, etc.).

- Contingencies and procedures for responding to unexpected or previously unidentified site conditions (e.g., segregation and securing of contaminated soil or buried features, sample collection for laboratory analysis, screening with a photoionization detector, etc.).
- Procedures for erosion and sediment control. The plan will incorporate by reference the requirements of the ESCP.

Protectiveness

The intent of this disposal option is to minimize the cost associated with handling of excavated soil and to do so in a manner that is protective of future human and sensitive ecological receptors by eliminating the pathways for exposure to contaminated media. Key elements of the proposed approach that are protective include the following:

- Based on the results of the Phase II ESA, the depth to groundwater is expect to vary seasonally from about 5 to 17 feet bgs. Since the excavated soils will be placed above the existing grade at the disposal site, this placement will result in greater separation between the contaminated soil and the water table. This is an improvement over the existing conditions where the contaminated soils lie closer to or below the water table.
- The more highly/visibly contaminated soil will be placed first, followed by the lesser contaminated fill, and finally, native soil. This approach will prevent human and ecological receptor direct contact with the more highly and lesser contaminated soil via covering with native soil. This is a significant improvement over the current conditions at the mill site where the visibly contaminated soil is exposed at the ground surface.
- The excavated soils will be placed at a location that will be: generally farther from Multnomah Channel and the Willamette River; inside the dike and protected from flooding; protected from exposure to precipitation, leaching, and stormwater runoff by temporary and permanent erosion and sediment control BMPs; and placed under a deed restriction or conservation easement prohibiting future development and forbidding use of groundwater. This is an improvement over the existing conditions where the contaminated soils are: proximal to Multnomah Channel and the Willamette River; outside the dike and subject to flooding; exposed to precipitation, leaching, and stormwater runoff due to minimal vegetation cover; and unrestricted in terms of human access and groundwater use.

4.2.2 Other Options

PHH is currently assessing other options for disposal of the excavated soils. These options include placement of excavated soils as reclamation fill at the Ross Island Sand and Gravel Company lagoon or at the Scappoose Sand and Gravel pond, and other options as they present themselves. Regardless of the additional options considered, PHH recognizes that consideration of additional options will require comparison of site soil analytical data to appropriate regulatory screening criteria, assessment of the disposal site setting (e.g., current and future land use, depth to groundwater, surface water features, slope, etc.), development of specific procedures for soil excavation, segregation, and handling, and coordination with and approval by DEQ.

4.3 Disposal Options Summary

In summary, PHH has identified one preferred disposal option for management of excavated soils during site restoration, and may consider additional options. The preferred option represents the least cost while also reducing human and ecological receptor exposure to contaminated soils.

5.0 POST-CONSTRUCTION MONITORING

Implementation of the project will result in the removal of soil contaminated by mill-related activities, dredge material that was likely contaminated before being placed on site, and soils with metals at concentrations that are generally representative of naturally-occurring concentrations. Excavation and off-site disposal of the soil will also eliminate sources of contamination with the potential to leach to groundwater. Restoration of the site to aquatic and riparian habitats and introduction of surface water flows to the site will result in increased interaction between surface water and groundwater.

The objectives of the post-construction monitoring are to assess whether the project achieves the expected outcome of contaminant reduction, to establish a new baseline relative to sediment chemistry in the restored aquatic habitats, and to document pore water chemistry after the pore water has had the opportunity to adjust to the new site conditions (i.e., removal of contaminated soil, increased interaction with surface water, etc.). To meet this objective, DEQ had requested that PHH conduct post-construction monitoring of the restoration site (DEQ, 2011a). Specifically, DEQ requested one round of sediment sampling and one round of pore water sampling.

5.1 Sediment Sampling

Since Willamette River sediment may be a potential source of contamination to the restored habitats, the one round of sediment sampling will occur after excavation of the habitats is complete but prior to the establishment of a surface water connection to the Willamette River or Multnomah Channel. This approach results in the collection of analytical data representative of the new baseline conditions immediately after soil removal, and prior to any potential contribution of contaminants from the river. With this approach the objectives of the post-construction monitoring stated above can be achieved.

Upon completion of habitat excavation, soil samples will be collected that are representative of the substrate (i.e., the future sediment) of each habitat type (i.e., shallow subtidal channels, tidally influenced marsh and mud flats, and adjacent riparian habitat). Four soil samples will be collected from each of the three habitat types for a total of 12 samples. Soil samples will be analyzed by the following methods:

- Gasoline-, diesel-, and oil-range organics by NWTPH-Gx and NWTPH-Dx.
- PCBs by EPA Method 8082A.
- SVOCs by EPA Method 8270D.
- Organochlorine pesticides by EPA Method 8081B.
- Total metals by EPA Methods 6020 (arsenic, barium, cadmium, chromium, copper, lead, mercury, nickel, selenium, silver, and zinc).
- Total Organic Carbon (TOC) by ASTM D4129-82M.
- Grain size by ASTM D422.

Prior to sample collection and subject to DEQ approval, PHH will prepare a Sampling and Analysis Plan (SAP), which will describe sample collection and handling procedures, quality assurance/quality control (QA/QA) procedures, and reporting requirements.

5.2 Pore Water Sampling

Pore water, also referred to as transition zone water, represents a zone beneath the bottom of a surface water body where conditions change from a groundwater-dominated to surface-water-dominated system within the substrate. This region includes the interface between groundwater and surface water, and a broader zone where groundwater and surface water mix. Groundwater and surface water each comprise a portion of the water occupying pore space in the transition zone sediments. The transition zone also is the location where chemical and biological transformation processes occur that affect the properties of chemicals that may be present in pore water and sediment.

Immediately following excavation and prior to introduction of surface water flows to the site, the pore water chemistry is expected to be generally representative of existing groundwater conditions. However, over time the pore water chemistry is expected to change in response to removal of soil and introduction of surface water flows to the site. Eventually the pore water chemistry will reflect the effects of mixing between groundwater and surface water that occurs within site sediments, as well as biological and geochemical processes occurring within the sediment matrix and pore water.

The objective of the pore water sampling, therefore, is to obtain analytical data representative of the combined effects of site restoration, including soil removal, introduction of surface water flows, establishment of vegetation, and establishment of transition zone biological and chemical processes. To meet this objective, the pore water sample will be collected within about 3 to 5 years following completion of restoration. The specific year will be selected based on factors such as the percent coverage of vegetation, observation of site hydrology (e.g., location, frequency, duration, and extent of inundation and/or soil saturation), natural adjustment of the substrate elevation (i.e., small-scale scouring or sediment deposition), and so on.

Pore water samples will be collected that are representative of each habitat type. Two samples will be collected from each of the three habitat types for a total of six samples. To the extent practicable, pore water samples will be co-located with the sediment samples. Pore water samples will be analyzed by the following methods:

- Gasoline-, diesel-, and oil-range organics by NWTPH-Gx and NWTPH-Dx.
- PCBs by EPA Method 8082A.
- SVOCs by EPA Method 8270D.
- Organochlorine pesticides by EPA Method 8081B.
- Total metals by EPA Methods 6020 (arsenic, barium, cadmium, chromium, copper, lead, mercury, selenium, silver, and zinc).
- TOC by ASTM D4129-82M.

Pore water sample collection and handling procedures, QA/QA procedures, and reporting requirements will be described in the SAP referenced above.

6.0 PRELIMINARY PROJECT SCHEDULE

The following proposed schedule is preliminary and based in part on the receipt of necessary permits and regulatory approvals and the finalization of the restoration design and plans and specification. The timing, duration, and sequence of events may change. Wildlands will notify DEQ in the event of significant changes in the project schedule.

- Summer to Fall 2011: Apply for permits and obtain regulatory agency approvals.
- Fall 2011: Finalize PPA, acquire/close on the property acquisition.
- Fall 2011: Conduct hazardous building materials assessment.
- Fall 2011: Finalize the restoration design and plans and specification.
- Spring 2012: Obtain regulatory permits.
- Spring 2012: Procure restoration contractors.
- Summer 2012: Demolish existing structures. Excavate site to final grades. Collect sediment samples for laboratory analysis from the final excavation footprint. Install temporary erosion control BMPs at restoration site and disposal site. Install marsh vegetation plantings and woody species.
- Fall 2012: Install native woody bare root plants.
- Fall 2012: Excavate connections to establish surface water connections with the Willamette River and Multnomah Channel.
- Winter 2012: Submit Post-Construction report, including sediment analytical data, to DEQ.
- Winter 2012: Record conservation easement or deed restriction over the site.
- 2013 to 2016: Monitor site to ensure that the success criteria are being met (success criteria will be developed in the future in consultation with the Portland Harbor Trustees and will be made available to DEQ); conduct maintenance as needed.
- Summer 2015: Conduct pore water sampling (if appropriate based on site conditions as described in Section 5.2).
- Fall 2015: Submit pore water sampling report to DEQ.
- 2016: Begin long-term maintenance and monitoring of the site.

7.0 DOCUMENTATION OF WORK PLAN IMPLEMENTATION

At the request of DEQ (DEQ, 2011b), during site construction PHH will submit monthly progress reports to DEQ. The reports will describe the following:

- Significant activities during the reporting period.
- Problems encountered and contingencies implemented.
- Changed site conditions or significant new discoveries, such as previously unidentified areas of contamination.
- A spreadsheet communicating the quantity and disposal location of demolition debris, excavated soil and other waste streams generated during construction.
- Sample location maps and analytical data if significant new discoveries trigger the need for sampling.
- Other information as relevant and appropriate.

As requested by DEQ (DEQ, 2011a), PHH will prepare a post-construction report documenting completion of the work described in this work plan. As communicated on the preliminary project schedule (Section 6.0), the majority of the work described in this work plan will occur during the first construction season. After the first construction season PHH will prepare a post-construction report documenting the work completed after the first season. The report will include the following elements:

- A summary description of the work completed.
- Documentation of disposal of demolition debris (e.g., landfill disposal receipts, recycling facility receipts, etc.), including total quantity and final disposition by waste category (e.g., non-hazardous, hazardous, etc.), and daily records or other records as appropriate to document total truck or barge loads and quantity.
- Analytical results for testing required to facilitate management and disposal of demolition debris, including documentation of sample location and media.
- Documentation of disposition of excavated soils, including the total quantity of soil disposed under the options described in Section 4.0, and daily records or other records as appropriate to document total truck or barge loads and quantity.
- Analytical results for testing required to facilitate management and disposal of excavated soil under Disposal Options 2 and 3, including documentation of sample location and approximate soil volume represented by each sample.
- A copy of the HBMA report.
- Documentation of abandonment of the on-site well.
- Documentation of on-site transformer removal by others.
- Analytical results for the sediment sampling described in Section 5.1.
- As-built drawings showing site conditions after construction.
- As-built drawings, including final grading plan and cross sections, of soil placed under Disposal Option 1.

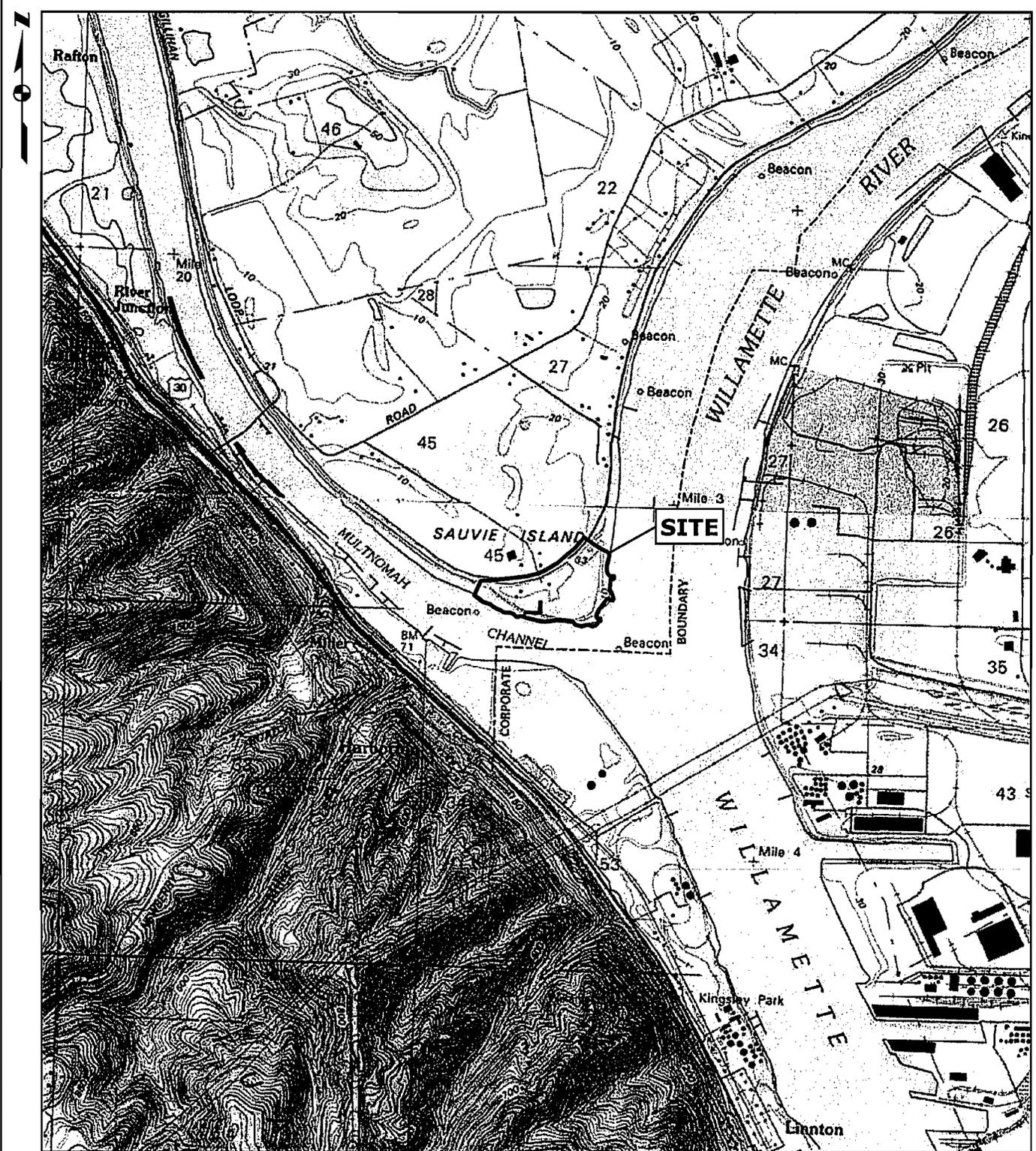
- A copy of the conservation easement or deed restriction for the restoration site and the Disposal Option 1 site, if this site is used for placement of excavated soils.
- Photo log.

Additional site work will occur during subsequent years. In general, this work will consist of the installation of restoration site features, including planting the restoration site (and the Disposal Option 1 site, if used), placing woody debris and habitat features, establishing the final connection to the river, and monitoring and maintenance activities, as needed. Pore water sampling will likely occur in the third year following completion of construction. Subsequent reports submitted to DEQ will include a pore water sampling results report and a final report after year five documenting activities completed during construction years two through five.

8.0 REFERENCES

- DEQ. 1999. *DEQ Site Assessment Program – Strategy Recommendation, Alder Creek Lumber Company*. December.
- DEQ. 2003. *Ross Island Fill Evaluation*. Draft Fact Sheet. Last update: 4/15/03. J. Sutter.
- DEQ. 2010. *Soil/Sediment Clean Fill Screening Table for Terrestrial/Upland Uses*. Oregon Department of Environmental Quality, Solid Waste Program. December.
- DEQ. 2011a. Memorandum from Bob Schwarz, DEQ, to Julie Mentzer, Wildlands, and David Weatherby: *Alder Creek Lumber Company, ECSI #2446; Requirements to be Included in the PPA, Activities Required prior to PPA*. January 27, 2011.
- DEQ. 2011b. Memorandum from Bob Schwarz and Matt McClincy, DEQ Cleanup Program, to Julie Mentzer, Wildlands, and David Weatherby: *Alder Creek Lumber Company, ECSI #2446; Review of Restoration Work Plan*. July 29, 2011.
- DEQ. 2011c. Memorandum from Bob Schwarz and Matt McClincy, DEQ Cleanup Program, to Julie Mentzer and Paul Sherman, Wildlands, and David Weatherby: *Alder Creek Lumber Company, ECSI #2446; revisions to Restoration Work Plan*. August 25, 2011.
- MFA. 2010. *Environmental Screening Assessment for Property at 14456 NW Gillihan Road, Portland, Oregon*. Prepared for Kobin and Kobin. June.
- Oregon DEQ. 2011. *Alder Creek Lumber Company Site, ECSI #2446; Requirements to be Included in the PPA, Activities Required prior to PPA*. Memorandum to Julie Mentzer, Wildlands, and David Weatherby, URS. January 27.
- URS. 2011a. *Phase I Environmental Site Assessment, Alder Creek Lumber Mill, 14456 Northwest Gillihan Road, Portland, Oregon*. Prepared for Portland Harbor Holdings II, LLC. February.
- URS. 2011b. *Phase II Environmental Site Assessment for Alder Creek Mill Site, 14456 NW Gillihan Road, Portland, Oregon*. Prepared for Portland Harbor Holdings II, LLC. April.
- URS. 2011c. *Phase I Environmental Site Assessment, Alder Creek Lumber Mill North, 14456 Northwest Gillihan Road, Portland, Oregon*. Prepared for Portland Harbor Holdings II, LLC. October.
- URS. 2011d. *Technical Memorandum: Results of Phase II Environmental Site Assessment, Alder Creek Mill North Site, 14456 NW Gillihan Road, Portland, Oregon*. Prepared for Portland Harbor Holdings II, LLC. October.

FIGURES



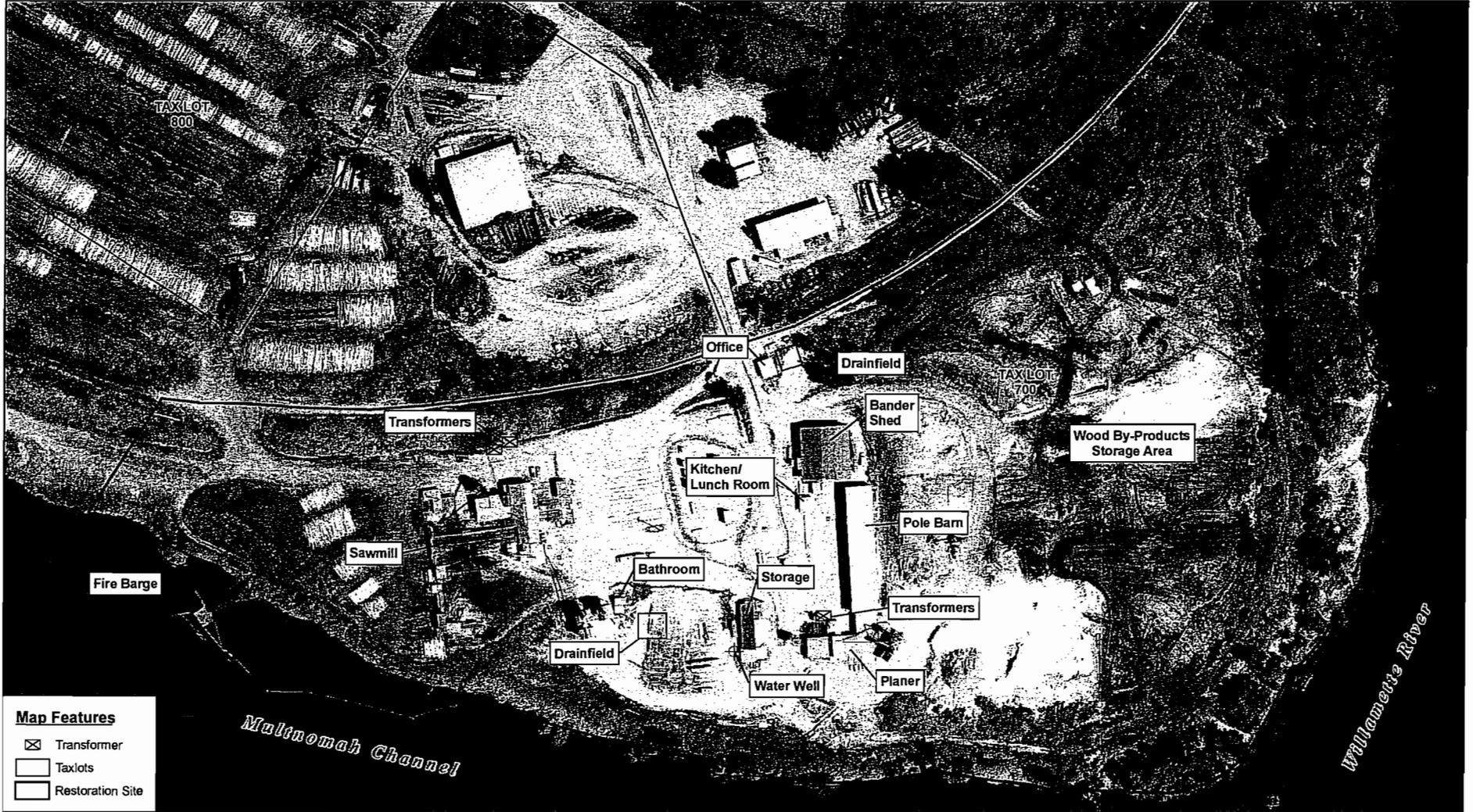
Source: Sauvie Island, Oregon 7.5 Minute USGS Topographic Map, 1990.
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MAY 2011
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VICINITY MAP
 PORTLAND HARBOR HOLDINGS II, LLC
 ALDER CREEK MILL RESTORATION PLAN
 SAUVIE ISLAND, OREGON

FIGURE 1



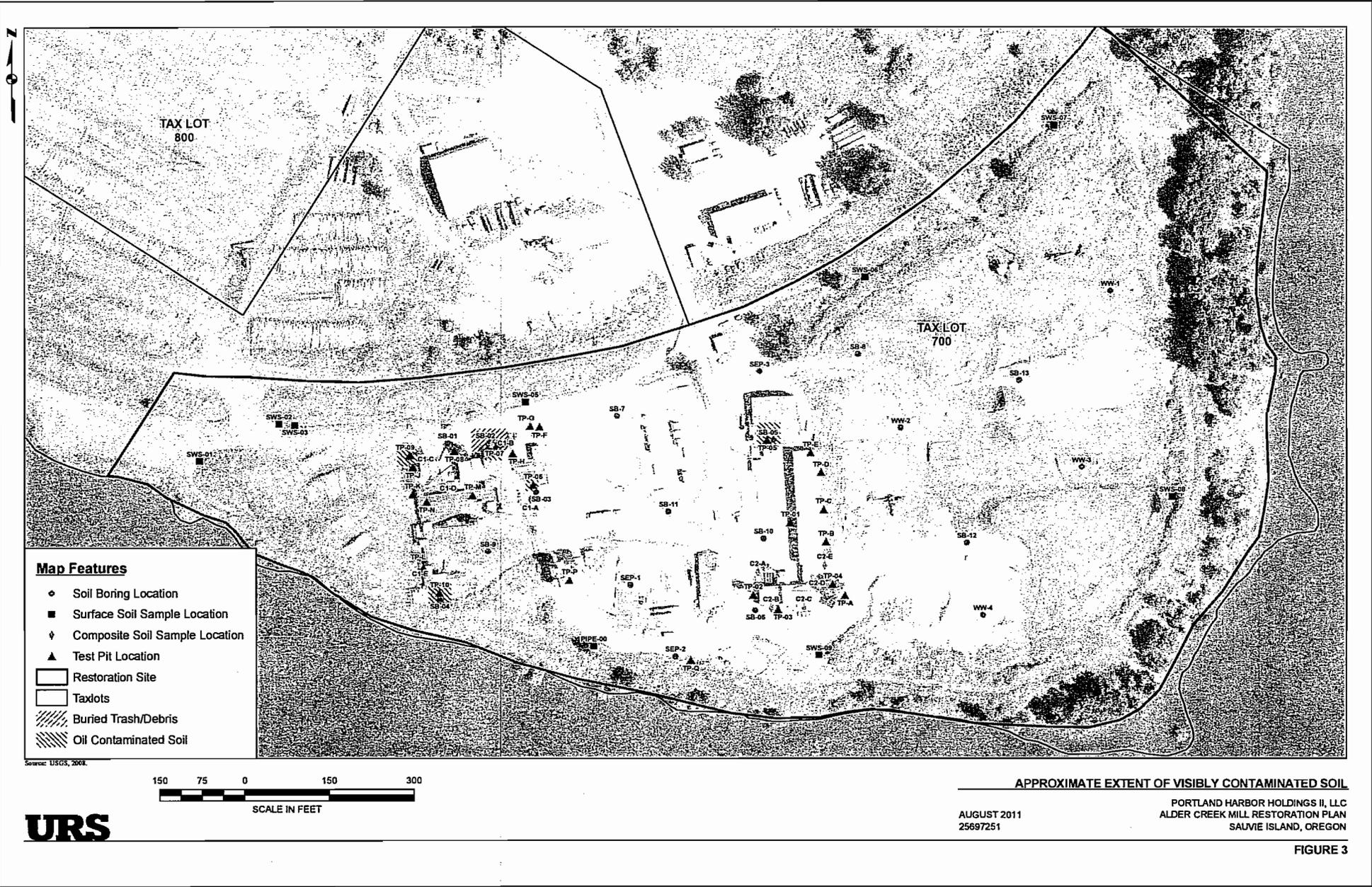
Source: USGS, 2008.

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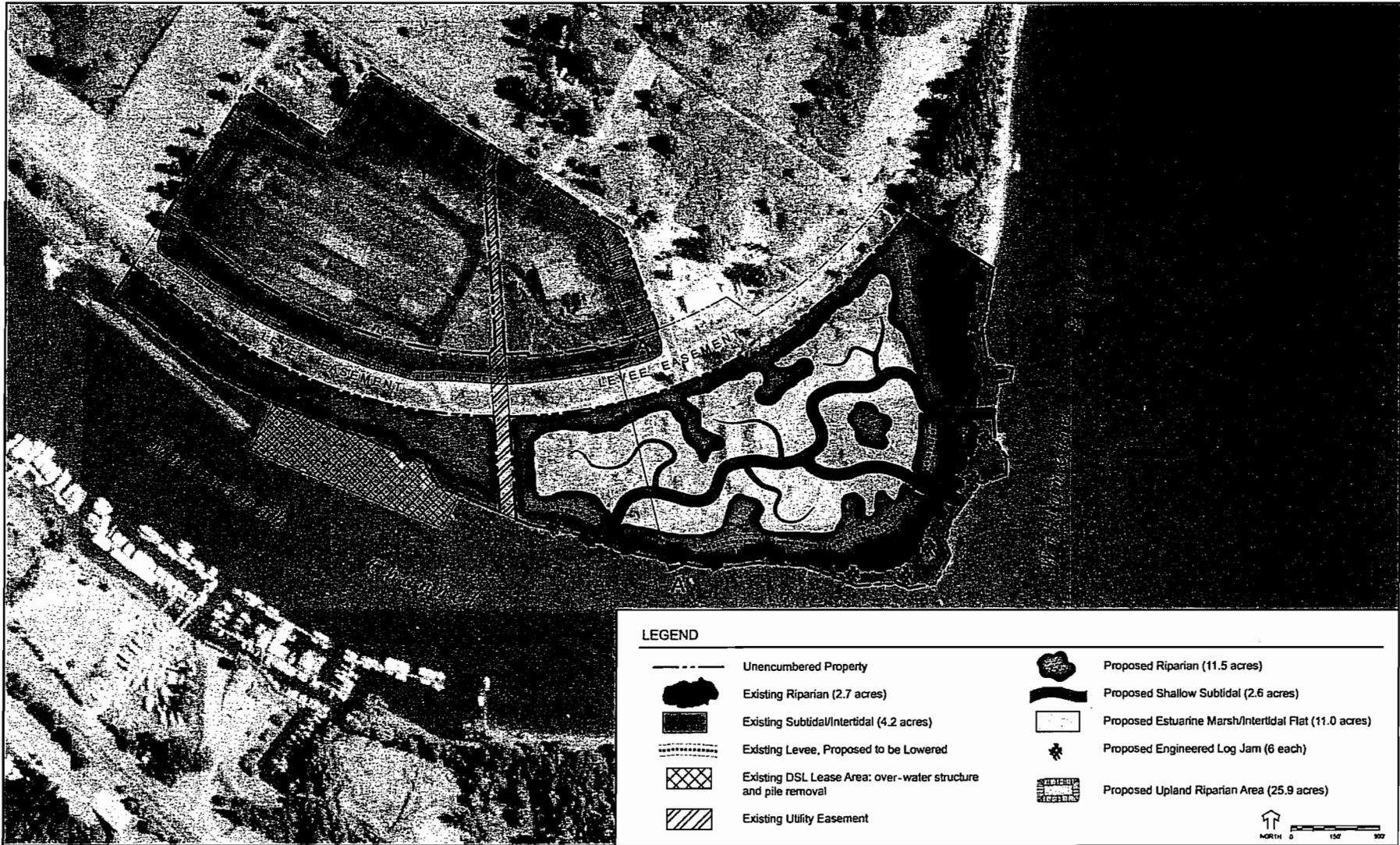
SITE FEATURES
 PORTLAND HARBOR HOLDINGS II, LLC
 ALDER CREEK MILL RESTORATION PLAN
 SAUVIE ISLAND, OREGON
 AUGUST 2011
 25697251

FIGURE 2

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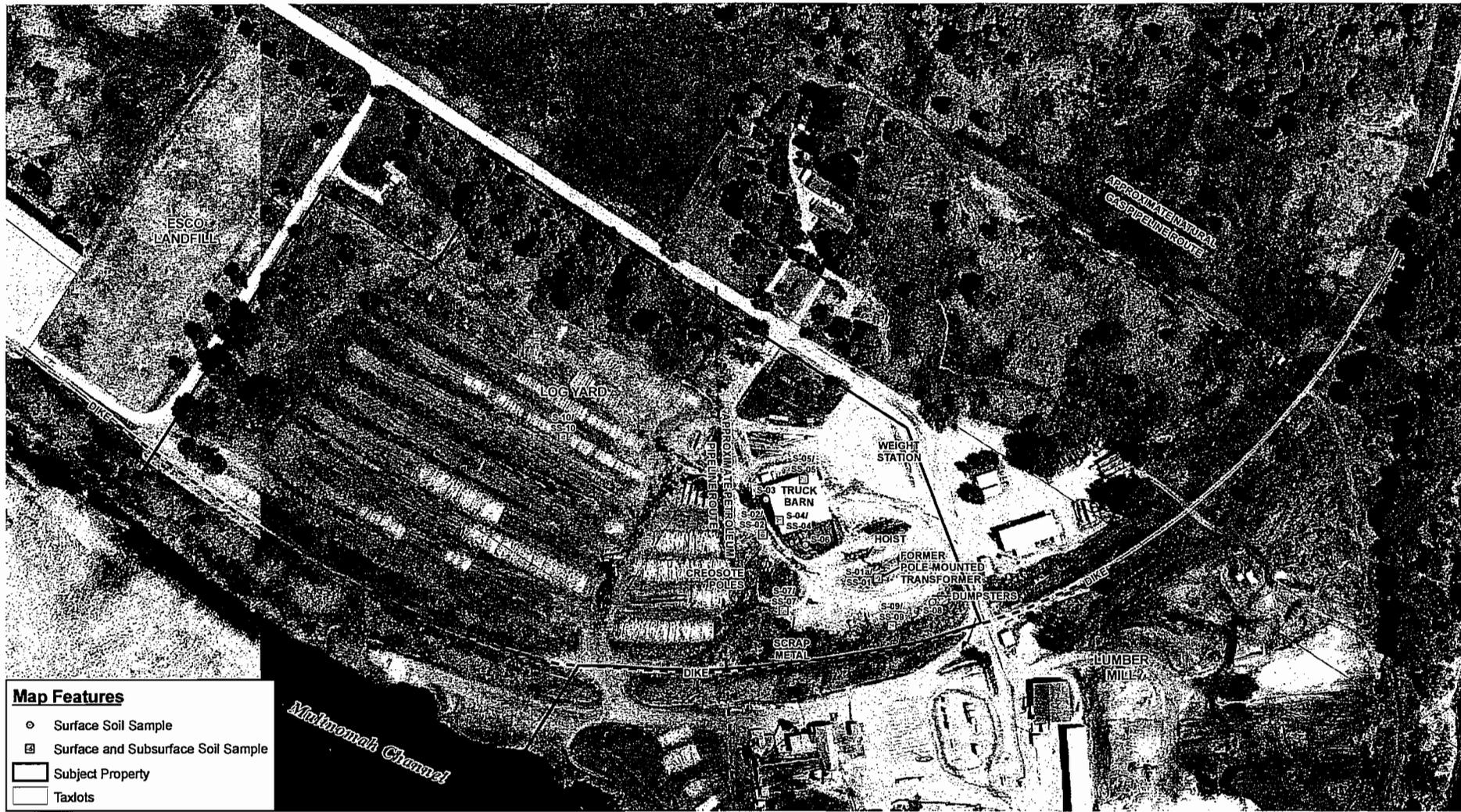
WILDLANDS

Alder Creek Salmon Restoration Project

Figure 4
Conceptual Restoration Design August 1, 2011



0:\25697497\Wildlands_Alder_Ck_Mill_North\5000_Technical\Phase_II\GIS\MAX\Doc\Fig 7 Disposal Site Sample Locations.mxd



Map Features

- Surface Soil Sample
- ⊠ Surface and Subsurface Soil Sample
- ▭ Subject Property
- ▭ Taxlots

Source: USGS, 2008.



URS

DISPOSAL SITE SAMPLE LOCATIONS
 PORTLAND HARBOR HOLDINGS II, LLC
 ALDER CREEK MILL NORTH
 SAUVIE ISLAND, OREGON

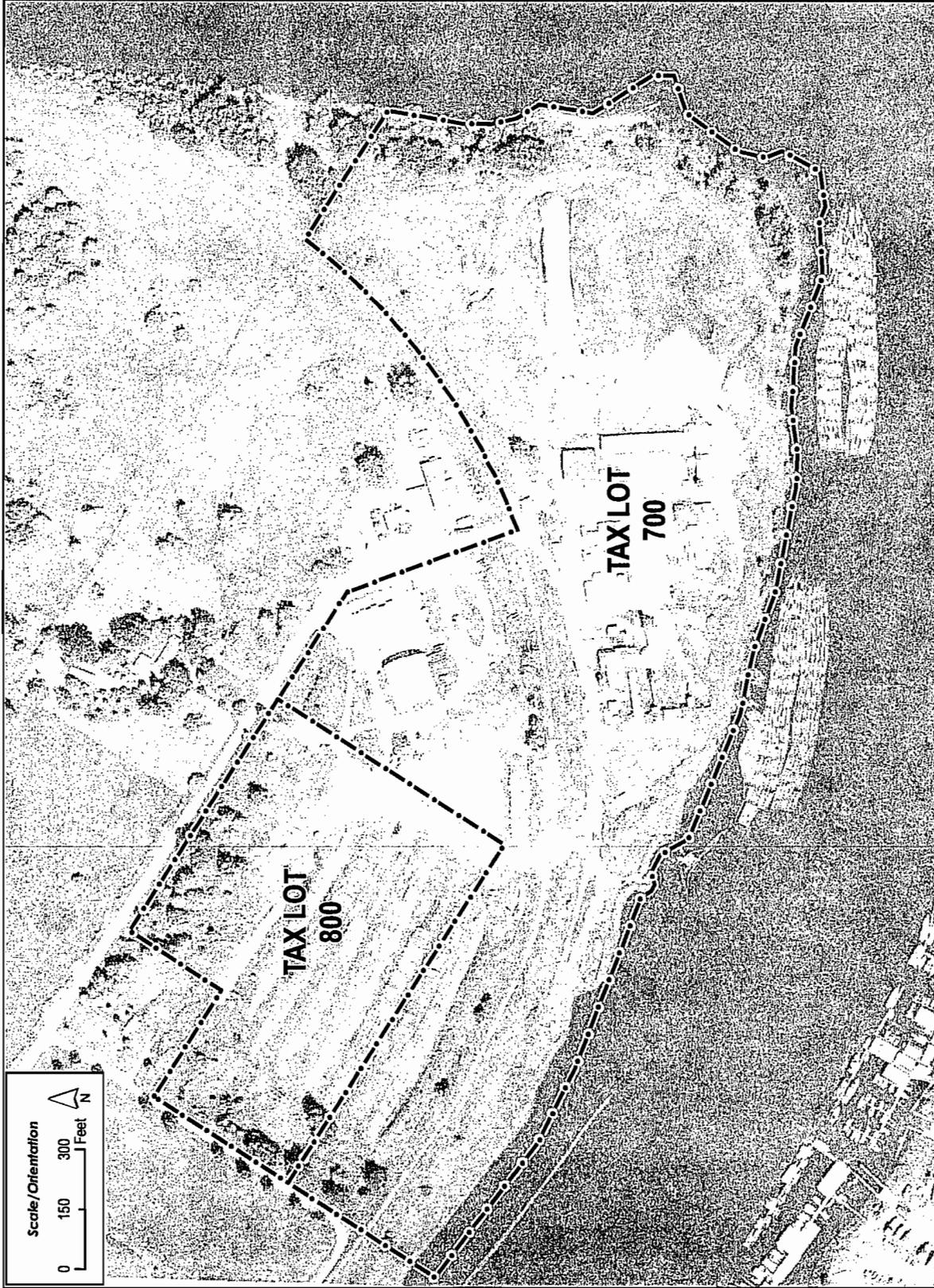
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FIGURE 7

TABLES

TABLE 1
Permits and Regulatory Approvals Required for the Project

Permit or Regulatory Approval	Regulatory Agency
Nationwide permit No. 27 under Sections 10 and 404 of the Clean Water Act (CWA) Section 7 consultation with the National Oceanic and Atmospheric Administration (NOAA) and the United States Fish and Wildlife Service (USFWS) Magnuson-Stevens Fisheries Conservation & Management Consultation with NOAA Fisheries Section 106 consultation with State Historic Preservation Office (SHPO)	United States Army Corps of Engineers (USACE)
Section 10 Rivers & Harbors Act authorization	USACE
Bald & Golden Eagle Protection Act Eagle Permit (if nesting bald eagles are present and avoidance is impracticable)	USFWS
Fish & Wildlife Coordination Act	USFWS
Migratory Bird Treaty Act (MBTA)	USFWS
Marine Mammal Protection Act (MMPA)	NOAA Fisheries
Compliance with Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), Superfund, and Portland Harbor Natural Resources Damange Assessment (NRDA)	EPA and Oregon Department of Fish and Wildlife (ODFW)
Solid Waste Letter of Authorization (SWLA)	Oregon Department of Environmental Quality (DEQ)
Removal and Fill Permit Consultation with ODFW and SHPO	Oregon Department of State Lands (DSL)
CWA Section 401 Water Quality Certification	DEQ
CWA Section 402 compliance, National Pollutant Discharge Elimination System (NPDES) permit	DEQ
Construction Storm Water General Permit 1200-C	DEQ
Submerged and Submersible Land Lease and Easement	DSL
Construction Access Agreement	DSL
Willamette Greenway/River Review authorization	Multnomah County
Grading and Erosion Control Permit	Multnomah County
Floodplain Development Permit	Multnomah County
Stormwater Management Manual compliance	Multnomah County
State Endangered/Threatened Species Consultation	ODFW/ODA
ODFW Habitat Mitigation Policy	ODFW
ODFW Fish Passage Law Compliance	ODFW
Coastal Zone Management Consistency Determination	Oregon Department of Land Conservation and Development (DLCD), Ocean Coastal Management Program



WILDLANDS

Alder Creek Salmon Restoration Project

Tax Lots
August 25, 2011



**State of Oregon
Department of Environmental Quality**

Memorandum

Date: January 27, 2011

To: Julie Mentzer, Wildlands
David Weatherby, URS

From: Bob Schwarz, DEQ Cleanup Program
Matt McClincy, DEQ Cleanup Program
Jennifer Peterson, DEQ Cleanup Program

Subject: Alder Creek Lumber Company Site, ECSI # 2446; requirements to be included in the PPA, activities required prior to PPA

This memo follows our January 11 meeting and subsequent discussions, and is intended to outline activities we would require in a Prospective Purchaser Agreement (PPA). We also request additional sampling prior to preparation of the PPA, to supplement the work you presented in the December 2010 Phase II Environmental Site Assessment by URS.

Sampling prior to the PPA:

Sampling to evaluate the risk of contaminant migration from offsite. Recent sampling by URS included groundwater grab samples from three locations along the upgradient (north) side of the property. Groundwater from sample SEP-3 was analyzed for metals, petroleum hydrocarbons and semivolatile organic compounds (SVOCs). Groundwater from SB-1 and SB-2 was analyzed for the same contaminants plus PCBs. Please collect groundwater from the vicinity of SWS-02 and SWS-06. These samples should be analyzed for metals (previous list plus Cu, Zn and Ni), petroleum hydrocarbons (by Methods NWTPH-Gx and NWTPH-Dx) and for volatile organic compounds (VOCs, by Method 8260). VOCs are fairly mobile, and would therefore be useful for evaluating the risk of migrating contamination. If significant petroleum contamination is found in the Dx sample, PAHs should also be analyzed.

Note: Although not stated in the Phase II report, you noted during our January 11 meeting that groundwater samples, including those collected for organic analytes, were filtered prior to analysis. While this is often done for metals analyses, this is not a common practice for organic analytes, and may result in an underestimate of contaminant concentrations. Future water samples collected for analysis of organic contaminants should not be filtered.

Initial groundwater grab samples detected arsenic, manganese and iron at apparently elevated concentrations. DEQ requests Wildlands:

- Provide an evaluation of the site data and any relevant local data to determine if the elevated arsenic, manganese and iron are likely related to naturally occurring conditions, upgradient site activities, or past on-site operations.
- Propose additional groundwater characterization, if necessary, to resolve the conceptual site model for arsenic, manganese and iron in groundwater.

Additional metals and pesticides. We request additional soil samples to screen for organochlorine pesticides, and for copper, zinc and nickel. URS should propose sample locations and the basis for those locations.

PPA requirements:

The PPA will require 1) preparation of a work plan describing all aspects of the project that are related to environmental impacts, 2) implementation of the work plan, once the work plan is approved by DEQ, 3) Documentation of that implementation.

It is our understanding that material removed from the will be handled as follows:

- Material with significant or obvious contamination will be disposed of at a permitted landfill.
- Lightly contaminated fill (soil and wood waste) will be disposed of at an upland location under a Solid Waste Letter of Authorization (SWLA).
- Clean concrete and metal from structures will be recycled or reused.

Under the PPA, DEQ will reserve the right to inspect removal activities and to review decisions regarding what material is acceptable for disposal outside of a permitted landfill.

Work plan elements. Activities to be covered in the work plan include:

1. Removal and disposal of in-water and over-water structures
2. Removal of upland structures (buildings, tanks, transformers, wood waste dikes, roads, pads, equipment, etc.)
 - a. Preparation/cleaning/testing of any materials (for example, visibly contaminated concrete or steel) not bound for landfill disposal
3. Removal of fill
 - a. Basis for distinguishing between clean fill, fill to be disposed of under a SWLA, and waste to be disposed of at a permitted landfill. (Note that the application for a SWLA must be accompanied by a Land Use Compatibility Statement documenting that the local jurisdiction (presumably Multnomah County) approves of disposal of lightly contaminated fill at a location outside of a permitted landfill.)
 - b. For waste to be landfilled, sampling to determine hazardous/nonhazardous waste classification

- c. For waste proposed for disposal under an SWLA, provide the following information regarding disposal locations:
 - i. Site maps
 - ii. Vertical distance between bottom of waste and top of groundwater
 - iii. Horizontal distance from edge of waste to nearest surface water
 - iv. Description of how the material will be covered (e.g., with clean fill, gravel, pavement, etc.)
 - v. Final grades to allow for drainage
- d. Confirmation sampling following removal of waste to be disposed of at a permitted landfill
- e. Post-construction monitoring. Following construction, we request a minimum of one round of sediment sampling. Some pore water sampling may also be required. The need for subsequent sampling will be determined based on these results. We do not anticipate that sampling will be required beyond the time that you intend to own the land, which you estimated to be five years.

The work plan should include a conceptual drawing showing the layout of final features, including shallow subtidal channels, tidally influenced marsh and mud flats, and large woody debris. The work plan should also include a detailed schedule of all activities.

Documentation of work plan implementation. Documentation of environmental work included in the proposed project should be provided in a post-construction report or reports. The following elements should be included.

- As built drawings showing constructed site features, sample locations, and areas where fill is disposed of under an SWLA
- Confirmation sample results in areas from which waste was excavated for offsite landfill disposal
- Test results for distinguishing between clean fill and fill to be disposed of under an SWLA
- Test results for visibly contaminated concrete or steel not disposed of at a permitted landfill
- Sediment and, if required, pore water sampling results (followed by subsequent sampling results if necessary)
- A copy of the conservation easement or deed restriction. (The PPA application notes that this will be assigned to a non-profit entity or government organization approved by the Portland Harbor Trustees.)
- Records to document quantities of waste sent to landfills, fill disposed of under a SWLA, recycled metals, concrete and other material used as clean fill

Let us know if you have questions or concerns.

1
2 IN THE CIRCUIT COURT OF THE STATE OF OREGON
3 FOR THE COUNTY OF MULTNOMAH

4 STATE OF OREGON, ex rel. DICK
5 PEDERSEN, DIRECTOR DEPARTMENT
OF ENVIRONMENTAL QUALITY,

6 Plaintiff,

7 v.

8 PORTLAND HARBOR HOLDINGS II, LLC,

9 Defendant.

Case No.

COMPLAINT

Remediation of Hazardous Substances under ORS
465.260

CLAIMS NOT SUBJECT TO MANDATORY
ARBITRATION

10 Plaintiff alleges:

11 1.

12 Plaintiff is the State of Oregon acting by and through Dick Pedersen, Director of the
13 Department of Environmental Quality (“DEQ”).

14 2.

15 Defendant Portland Harbor Holdings II, LLC is a Delaware limited liability company
16 registered to do business in the State of Oregon.

17 3.

18 The property that is subject to this complaint is an approximately 64-acre site located at
19 14456 NW Gillihan Road, Multnomah County, Oregon (the “Property”). Defendant intends to
20 acquire the Property.

21 4.

22 Historical uses of the Property include sawmill operations from the early 1960s until
23 2008. These operations caused soil and groundwater contamination at the Property, including
24 petroleum hydrocarbons, metals, polychlorinated biphenyls, and semivolatile organic
25 compounds.

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5.

The contaminants described in paragraph 4 are “hazardous substances” within the meaning of ORS 465.200(16), and constitute a “release” or threat of release” of hazardous substances into the environment within the meaning of ORS 465.200(22). The Property is a “facility” with in the meaning of ORS 465.200(13).

FIRST CLAIM

(Remediation of Hazardous Substances – ORS 465.260)

6.

Plaintiff re-alleges paragraphs 1 through 5 above.

7.

The release of hazardous substances at the Property poses an imminent and substantial danger to the public health, safety, and welfare and the environment.

8.

DEQ is authorized to bring an action to abate this danger pursuant to ORS 465.260(5)(b). This abatement may include remedial action to clean up contamination.

9.

Upon acquisition of the Property, Defendant would become an “owner or operator” within the meaning of ORS 465.200(2), and therefore strictly liable for pre-acquisition releases of hazardous substances at the Property under ORS 465.255(1)(b).

WHEREFORE, Plaintiff State of Oregon respectfully requests a judgment as follows:

(a) Declaring that Defendant is liable for performance of remedial measures;

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- 1 (b) An award of DEQ's costs and disbursements incurred herein; and
2 (c) Such other relief as the Court deems just.

3
4 DATED this 18 day of October, 2011.

5 Attorney General
6 JOHN R. KROGER

7 

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9 Assistant Attorney General
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CERTIFICATE OF SERVICE

I certify that on October 19, 2011, I served true copies of the foregoing COMPLAINT and CONSENT JUDGMENT upon the party hereto by the method indicated below, and addressed to the following:

Mark Heintz
Wildlands
3855 Atherton Road
Rocklin, CA 95675

Hand Delivery
 Mail Delivery
 Overnight Mail
 Telecopy (fax)
 E-Mail

Tom Lindley
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