

Phase I Environmental Site Assessment Update

**Knife River Property
(Former McElroy and Wilken Gravel Pit)
Kalispell, Montana**

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EXECUTIVE SUMMARY

Applied Water Consulting (AWC) was retained by Flathead Economic Development Authority (FEDA) to update the original Knife River Property Phase I Environmental Site Assessment (ESA) performed by AMEC (March 2011). The update was necessary because the U.S. Environmental Protection Agency's (EPA) All Appropriate Inquiry (AAI) rules require that an ESA must be conducted or updated within 180 days prior to acquiring ownership of a property.

The ESA update was completed in accordance with American Society for Testing and Materials (ASTM) Standard E 1527-05 (ASTM International 2005). ASTM E 1527-05 complies with EPA Final Rule (40 CFR 312). AWC reviewed historical documents, maps, and government records; interviewed the property managers and others with knowledge of the site; conducted a regulatory database search; and conducted a visual survey on December 2, 2011.

This update identified one recognized environmental condition (REC) that was not previously documented and four environmental issues that were not previously described in the original Phase I ESA (AECOM, March 2011). This report presents the findings of the Phase I ESA update that was performed at Knife River Corporation's (KRC) "Town Gravel Pit" in Kalispell, Montana.

The Knife River Property, formerly known as the McElroy and Wilken Gravel Pit, is located at 801 Whitefish Stage Road in Kalispell, Montana. The subject property consists of seven (7) contiguous tracts located between Whitefish Stage Road on the west and Flathead Drive on the eastern margin. The property is zoned Heavy Industrial (I-2) by the Flathead County Planning & Zoning Department (FCPZD).

KRC has depleted the sand and gravel reserves at the subject property and is in the process of completing site reclamation. A portion of the property that includes the truck repair shop, the Quonset building and a vehicle storage area in the northwest corner of the site is currently leased to Butch Barber Trucking.

The update for the Phase I ESA identified one REC that was not previously documented in the original Phase I ESA (AECOM, March 2011). The additional REC includes:

- An oil-water separator, connected to both the floor drain in the truck repair shop and the exterior sump, is located adjacent to the northwest corner of the diesel shop. The oil-water separator consists of two concrete tanks, which are plumbed together. Each tank contains an internal baffle, creating four individual chambers. All four of the chambers were full with a combination of oily-water and sludge at the time this ESA update was conducted.

In addition, our update also identified the following four environmental issues that were not previously described in the original Phase I ESA (AECOM, March 2011):

1. The Knife River gravel pit is regulated under the Opencut Mining Program of the Industrial and Energy Minerals Bureau of the Department of Environmental Quality (DEQ). There are two active operating permits issued for the subject property that include the Wilcox Pit (Permit No. 30) and the Pack Pit (Permit No. 54). There are no current violations on record. Knife River is working closely with DEQ to conduct site reclamation. However, DEQ requires that the permittee demonstrate successful reclamation, which necessitates two growing seasons to establish a vegetative cover. Therefore, the earliest the opencut bond could be released and the permit closed is the summer of 2013. However, a partial bond release could be obtained to allow for construction on the pit floor.
2. There are two onsite septic systems. The Flathead County Health Department (FCHD) issued a permit for the septic system associated with the office/scale building, which is scheduled to be razed. The septic tank should be pumped and filled with inert material in accordance with FCHD closure requirements. The second septic system is associated with the diesel repair shop; no permit is on file at FCHD for this system. Because the building is currently leased, the septic tank should also be pumped and maintained on a routine basis in accordance with standard FCHD septic system operational recommendations.
3. Three onsite water supply wells were located during the onsite inspection that include: 1) an 8-inch ID water supply well for the concrete batch plant; 2) a 6-inch ID water supply well for the office and shop buildings; and 3) a 10-inch ID, high capacity well that was used for filling water tenders. The main supply well and the concrete batch plant well are located in the northwest corner of the facility. However, the water-tender well is located adjacent to the KRY CECRA site boundary. A groundwater sample collected from the well on June 22, 2006 did not report any contaminants were detected.

According to Moriah Bucy, Project Officer for KRY CECRA Site, DEQ is concerned that use of this well has the potential to alter the groundwater flow direction and draw contaminants from the KRY CECRA site onto the subject property. The well should be plugged and abandoned in conformance with Montana Board of Water Well Contractor well construction rules.

4. A number of unlabeled 55-gallon drums were observed in and adjacent to the concrete batch plant building. The drums are full or partially full for which the contents could not be determined. The drums do not appear to be leaking. Arrangements should be made for the proper disposition of these drums.

5. As previously acknowledged in the original Phase I ESA, groundwater and soil contamination originating from the KRY CECRA site has migrated beneath the northeast corner of the subject property and is considered a REC. The results of the Phase II ESA documented that free product is present on the water table in monitoring well KRY 111A and the groundwater is likely contaminated with pentachlorophenol (PCP), dioxins/furans, manganese, iron, and petroleum hydrocarbons at concentrations above DEQ water quality standards (AECOM, November 2011). In addition, previous groundwater results from monitoring well KRY 121A also contained PCP, dioxins/furans, manganese, iron, and petroleum hydrocarbons.

According to Ms. Bucy, in 2009 and 2010 the Montana Supreme Court determined and confirmed there are seven potential responsible parties (PRPs) for KRY CECRA, respectively. Allocation for cleanup was fully resolved. Knife River was not named as a PRP and therefore, DEQ does not intend to name them in the future. Should FEDA acquire the Knife River Property, it will be imperative that FEDA remain abreast with regard to the development of the final remedial action plans proposed for the KRY CECRA site. Specific tasks that FEDA should track include:

- Proposed alternatives for groundwater remediation that include the removal of light non-aqueous phase liquids (LNAPL), also referred to as free product, through the use of belt skimmers, passive skimmers, pumps, vacuum extraction, or other methods. The placement of new recovery wells or extraction equipment could affect future development plans.
- Institutional controls such as implementation of a Groundwater Control Area, restrictive covenants placed on property impacted or potentially impacted by the KRY CECRA site, and/or construction restrictions (e.g. limitations to slab-on-grade buildings or excavation into the cap that will be placed on the dioxin/furan repository) may have an influence on site development.

It is recommended that FEDA staff closely communicate with Moriah Bucy, DEQ Project Officer for KRY CECRA Site during the development of the remedial action plans to determine if any of the proposed remedial alternatives have the potential to interfere or conflict with the land-use activities planned for the Knife River Property.