

**Montana Department of Environmental Quality**  
**SB 489 Quarterly Report to EQC**  
**September 11, 2006**

**Background:**

SB 489 provides \$1.25 million from the orphan share fund. DEQ must use the money to contract with an environmental consulting firm to complete a comprehensive remedial investigation and feasibility study for Kalispell Pole & Timber, Reliance Refinery, and Yale Oil Corporation (KRY). Any left-over money goes toward cleanup at the sites.

**Progress Since Last Quarter:**

- Tetra Tech (DEQ's environmental consulting firm) completed the field work for the remedial investigation for DEQ
- As of September 7, 2006, DEQ has received all data from the laboratories and Tetra Tech is drafting the remedial investigation report

**SB 489 Expenditures:**

- Estimated project costs \$1,163,279.77
- Expenditures to date \$ 1,239,675.78
- Remaining SB489 funding \$10,324.22

***Costs to Date Exceed Cost Estimates*** – Cost estimates provided during session were provided by one consultant with a qualification that the costs could be 25% to 50% over or under actual needs. The consultant indicated the estimates were based on the Lockwood Solvent Site and to the extent these sites differed from the Lockwood site, the costs would differ. Primary differences between the sites are identified below:

- Depth of surficial aquifer varied (Lockwood approximately 30 feet deep; KRY approximately 120 feet deep)
- Contaminants of Concern (Lockwood has primarily solvent contamination at \$150/sample; KRY has primarily pentachlorophenol, dioxin, petroleum at \$1300/sample)
- Waste Characteristics (Lockwood has RCRA listed wastes for which land disposal is allowed; KRY has RCRA listed wastes for which land disposal is prohibited)

As a result of the differences between the sites:

- Subcontracted drilling costs were significantly greater than originally estimated by the prime contractor
- Analytical costs were significantly more than estimated by the prime contractor
- Treatment and disposal costs of investigation derived waste (including groundwater and soils) were significantly more than estimated by the prime contractor

***Cost Cutting Measures to Date*** – DEQ took the following steps to limit costs:

- DEQ staff assembled some of the necessary information and revised the draft Data Summary Report itself

- DEQ analyzed data collected by PLPs after the Data Summary Report was completed in an effort to ensure that DEQ's work did not duplicate that work
- Cut back sampling as much as possible while maintaining a level necessary to minimize cleanup costs and make defensible decisions
- Reduced sampling of Reliance Refinery area where extensive data was available and usable for this purpose
- Used an existing laboratory contract and set up direct billing of analytical costs to DEQ (eliminated prime contractor's overhead on laboratory costs, DEQ negotiated a 15.5% reduction in costs with one laboratory for volume of work, and negotiated a 33% reduction in costs with another laboratory for dioxin analyses)
- DEQ developed concept for water treatment plans that saved costs due to shortened treatment time
- DEQ "nickled and dimed" the contractor on all tasks and subtasks

***Cost Cutting Measures for Future Tasks*** – DEQ proposes to eliminate some of the remaining tasks outlined in the contract. These include:

- Treatability studies (saves \$77,607.90) – delay to design phase
- Risk Assessment Work Plan (saves \$44,322.77) – adopt Missoula White Pine Sash cleanup levels for direct contact and DEQ will generate a fate and transport analysis for KRY
- Risk Assessment Report (saves \$112,494.48) – adopt Missoula White Pine Sash cleanup levels for direct contact, DEQ will generate a fate and transport analysis for KRY and develop justification for adopting cleanup levels from another site
- Delete profit on contractor overruns (saves \$16,000)
- Delete 2/3 of meetings in contract (saves \$9,308.03)

Total costs cut = \$259,733.18

**Remaining Tasks to Complete:**

To meet the objectives of SB489, the following tasks still need to be completed:

- Prepare Remedial Investigation (RI) Report
- Prepare Feasibility Study (FS) Work Plan
- Prepare Feasibility Study (FS)

An additional \$336,589.12 is needed to complete this work once all SB489 monies are spent. One of the outcomes of completing a thorough RI is additional areas of contamination have been identified up front, which optimizes implementation of cleanup plans and minimizes the number of iterations of analyses and planning needed. It will also save up to tens of millions of dollars in future cleanup costs by enabling cleanup of a smaller area due to accurate identification of additional areas of contamination.

***How to handle additional costs*** – Under CECRA, PLPs are responsible for the costs of the remedial investigation, feasibility study, and cleanup related activities. However, DEQ is not pursuing cost recovery of SB489 monies spent on the RI/FS, pursuant to instructions from the Legislature in the bill. Costs to complete the RI/FS will be funded

in part by the balance remaining in SB489 monies; PLPs will fund the remainder of the RI/FS costs.

**Actions Completed to Date:**

<b>Action Item</b>	<b>Deadline</b>	<b>Date Completed</b>
Consult with PLPs	None	May 27, 2005
Contract In Place	August 31, 2005	July 1, 2005
Consult with PLPs	None	August 16, 2005
EQC Quarterly Report	Fall 2005	September 15, 2005
Complete Data Summary Report	December 31, 2005	December 31, 2005
EQC Quarterly Report	Winter 2005-2006	January 12, 2006
Consult with PLPs	None	January 12, 2006
Consult with PLPs	None	February 10, 2006
Complete Remedial Investigation Workplan	None	March 22, 2006
Consult with PLPs	None	March 23, 2006
Initiate Field Work	None	April 10, 2006
EQC Quarterly Report	Spring 2006	May 18, 2006
Completed Bulk of Field Work	November 30, 2006 for ALL Field Work	August 23, 2006
EQC Quarterly Report	Summer 2006	September 11, 2006

As additional information is compiled and reports become available, additional consultations with PLPs will occur. DEQ and its consultant expect to meet the dates that were established in SB489. DEQ will provide the next quarterly report to EQC at the end of December.

**Questions:**

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