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News Release

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SIERRA PACIFIC INDUSTRIES TO PAY \$800,000 TO STATE IN PROPOSED SETTLEMENT OF ARCATA POLLUTION INCIDENT

EUREKA – The North Coast Regional Water Quality Control Board (Water Board), Department of Fish and Game (DFG) and Humboldt County District Attorney's Office have reached an \$800,000 settlement with Sierra Pacific Industries, Inc. (SPI), in an enforcement case involving water and soil pollution caused by SPI's Arcata Division Sawmill located adjacent to the Mad River Slough and near Manila.

Key provisions of the settlement require SPI to clean up the pollution and pay \$500,000 to fund environmental restoration projects.

The settlement is the result of a three-year investigation by the Water Board and DFG, who were represented in the case by Attorney General Bill Lockyer. The investigation, initiated by a DFG warden in direct coordination with the District Attorney's Office, determined SPI had discharged into the Mad River Slough sawdust, petroleum and petroleum by-products, zinc copper and other metals, pentachlorophenol (PCP), tetrachlorophenol (TCP), associated wood treatment chemical by-products such as dioxins and furans, and other pollutants associated with operations at the sawmill. The Mad River Slough is an estuary area connected to Humboldt Bay, an important source of food and aquaculture activities.

"This settlement holds Sierra Pacific accountable for the pollution it caused, prevents future contamination of the Slough and funds important wetlands projects in the Humboldt Bay," said Lockyer.

"This is a good resolution for the environment," said Secretary for Resources Mary D. Nichols.

"These estuaries are fragile. The beneficial uses of the Humboldt Bay ecosystem require that every community and industry properly control their waste discharges to protect this important resource, and that strong regulatory action be taken when they pollute our waterways," said Susan Warner, Water Board Executive Officer.

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“None of this would have been possible without the hard work and commitment of Deputy District Attorney Paul Hagen. We’re grateful that he’s part of our office and for all the work he does,” observed Paul Gallegos, Humboldt County District Attorney. “We should also thank the California District Attorneys Association’s Environmental Circuit Prosecutor program; without them we would not be able to have Paul Hagen,” Gallegos continued.

The investigation was triggered when a DFG wildlife biologist observing the area from an airplane noticed a dark plume being released from the SPI sawmill, which is located on the west bank of the Slough.

After identifying the problem, the Water Board required a complete investigation and cleanup. In October 2001, the Water Board issued a cleanup and abatement order directing SPI to remediate the contamination. The Water Board followed up that order in June 2002 with a request to SPI to complete a human health and ecological risk assessment. The cleanup and risk assessment are in progress.

The settlement further bolsters these ongoing cleanup and investigation activities. It requires SPI to complete the risk assessment, investigation, and cleanup in compliance with Water Board directives. SPI must also construct a pond, roof, drainage, and conveyance systems to prevent the pollution from occurring again, and cleanup residual woody debris remaining from prior discharges.

The settlement further stipulates that SPI will comply with all Water Board orders, and must not place any substance or material that could harm fish, plants, or birds in any areas where it could pass into waters of the state.

SPI agreed, due in part to a natural resources damage assessment prepared by DFG, to pay \$500,000 to DFG, who will place the funds into the “National Fish and Wildlife Foundation, Environmental Fund for Habitat and Incident-Specific Restoration Projects.” The funds will be applied to wetlands restoration and/or enhancement projects in and around Humboldt Bay.

The remainder will be paid for civil penalties and costs to the State Water Resources Control Board’s Cleanup and Abatement Account and DFG’s Wildlife Pollution Account where it will be available for use by the State to fund other restoration and cleanup actions.

SPI will pay all Water Board costs for enforcement of this settlement agreement. If the company fails to meet the terms of the agreement, the settlement requires SPI to pay an additional \$100,000 penalty. SPI is also required to provide government officials access to the site at all reasonable times, to inspect the pollution prevention systems, records and contracts, collect samples for testing, and ensure that the terms of the settlement agreement are being met.

The proposed settlement will not become final until the Water Board issues a public notice and has an opportunity to make changes based on comments received from the public during a 30-day review period. (A copy of the proposed settlement is available on the State Water Resource Control Board’s website: www.swrcb.ca.gov.)

Many terms from the state’s settlement were incorporated into the recently publicized agreement reached in a parallel lawsuit filed by the Ecological Rights Foundation (ERF) against SPI. For example, the ERF settlement includes the \$500,000 in environmental restoration funds that will be paid by SPI under the state’s settlement. The ERF also will receive \$700,000 in attorneys’ fees, costs, and oversight expenses under its agreement. The two settlements require SPI to pay a combined \$1.5 million.

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