Oregon
Kate Brown, Governor

Department of Environmental Quality
Northwest Region
700 NE Multnomah Street, Suite 600
Portland, OR 97232
(503) 229-5263
FAX (503) 229-6945
TTY 711

HAND DELIVERY

March 29, 2018

Moyata Anotta
NW Metals Inc.
7600 NE Killingsworth Street
Portland, Oregon 97218

RE: Pre-Enforcement Notice
NW Metals Inc.
2018-PEN-3410
UIC Facility No. 11091
Multnomah County

Dear Mr. Anotta:

On March 14, 2018, representatives from Oregon DEQ performed an inspection at NW Metals in response to the fire involving waste tires and vehicles that started on March 12, 2018 at 7600 NE Killingsworth Street in Portland. During the inspection, DEQ observed practices at the site that are not allowed under Oregon's environmental regulations including conducting industrial activities, such as working on cars and exposing industrial fluids to rainwater, in a location that will discharge stormwater to a drywell. At a follow up site visit on March 23, 2018, DEQ observed additional violations of environmental regulations.

The purpose of this letter is to inform you of violations found during the compliance inspections so that you can address them and to inform you that these violations are being referred to DEQ's Office of Compliance and Enforcement for formal enforcement which may result in civil penalties.

VIOLATIONS:

Violation 1

ORS 468B.025(1)(a): Placing or causing to be placed any wastes in a location where such wastes are likely to escape or be carried into the waters of the state by any means. According to OAR 340-012-0055(2)(c), this is a Class II violation. Class I violations are considered to be the most serious violations; Class III violations are the least serious.

Dozens, and possibly hundreds of scrapped and crushed vehicles, were observed stockpiled in the vicinity of the drywell drainage area discharging stormwater to the drywells (also known as Underground Injection Controls or UICs) on the southern edge of the property. These UICs provide a pathway to groundwater, which is considered a water of the state. Also, scrap metal,

discarded wiring, garbage, oily (non-stormwater) sheen, and petroleum staining was observed in areas that drain to UICs.

Violation 2

OAR 340-044-0015(2) Prohibited Underground Injection: No person shall cause or allow the following types of Class V injection systems including (c) industrial or commercial operations where hazardous substances or toxic materials including petroleum products are stored, used or handled, and (e) Motor vehicle waste from vehicle repair or maintenance. According to OAR 340-012-0055(1)(p), this is a Class I violation.

Under the Federal Safe Drinking Water Act, automotive waste disposal wells are defined as [40 CFR 144.81(14)]:

"*. . . wells that receive or have received fluids from vehicle repair or maintenance activities (and disposes the fluids into the ground), such as an auto body repair shop, automotive repair shop, new and used car dealership, specialty repair shop (e.g., transmission and muffler repair shop), or any facility that does any vehicular repair work.*"

Vehicle scrapping and crushing work is being performed by NW Metals in the vicinity of UICs 11091-1, and 2, and thus the drywell systems qualify as automotive waste disposal wells. Automotive waste disposal wells are prohibited in Oregon [OAR 340-044-0015(2)(e)] and in federal UIC rules (40 CFR 144.88).

Corrective Action Required for Violations 1 and 2:

You must cease allowing discharge of stormwater to both UICs where industrial waste is stored.

For questions about complying with the stormwater regulations, please contact Derek Sandoz at 503.229.5099.

Violation 3

NW Metals Inc. failed to perform a hazardous waste characterization on its waste antifreeze in violation of OAR 340-102-0011. According to OAR 340-012-0068(1)(a), this is a Class I violation.

During the site inspection on March 14, 2018, NW Metals representatives informed inspectors that the business did not ship antifreeze for reclamation and return for use as a coolant product, instead mixing its antifreeze with used oil. Since the antifreeze was not reclaimed, it is waste subject to hazardous waste requirements. One of these requirements is to make a determination whether the waste is hazardous waste. Antifreeze can carry benzene and lead in hazardous waste concentrations. Laboratory analysis is required to make a hazardous waste determination on waste antifreeze prior to disposal.

Violation 4

NW Metals made used oil less recyclable by mixing it with spent antifreeze, in violation of OAR 340-111-0010(2)(b). This action reduced the recyclability of this used oil, making it more difficult and costly to recover both in terms of processing and energy use. According to OAR 340-012-0053(2), this is a Class II violation.

Corrective Action Required for Violations 3 and 4:

NW Metals can avoid these violations in the future by managing used oil and antifreeze separately. Label the antifreeze containers with the words "Spent Antifreeze." As long as the spent antifreeze is sent for recovery separately from used oil, then NW Metals will not need to make a hazardous waste determination for this spent material. You must properly recycle or dispose of any mixture of antifreeze and used oil at a permitted facility, and you must notify the receiving facility that it is a mixture of antifreeze and used oil so that it can be properly recycled or disposed.

Violation 5

During the site inspection on March 23, 2018, DEQ observed more than 1,500 waste tires stored on site, but NW Metals does not have a waste tire storage site permit. This is a violation of OAR 340-064-0015(1). In order to legally store more than 1,500 waste tires at your vehicle dismantling business, in addition to your DMV certification, you must also have a waste tire storage site permit from DEQ. According to OAR 340-012-0066(1)(a), this is a Class I violation.

Corrective Action Required:

Please submit a complete waste tire storage permit application to DEQ within 30 days of the date of this letter. The application and required supporting materials can be found at the following link on DEQ's website.

http://www.oregon.gov/deq/mm/swpermits/Pages/SW-Permit-Applications.aspx

For questions about the DEQ waste tire storage permit application or hazardous waste compliance, please contact Jay Collins at 503.229.5008.

Violation 6

Pursuant to OAR 340-210-0215(1) no person may construct, install, or establish a new source that will cause an increase in any regulated pollutant emissions without first notifying DEQ in writing. On or before March 12, 2018, NW Metals installed a full size stationary vehicle shredder. The shredder is a new source that may cause an increase in regulated pollutant emissions. Respondent did not notify DEQ in writing of the installation of the shredder. According to OAR 340-012-0053(2), this is a Class II violation.

Corrective Action Required:

If NW Metals intends to operate the shredder, you must submit a Notice of Intent to Construct to DEQ. Please note that DEQ did not see a coolant system for the shredder. Most shredders require a coolant system to operate properly. DEQ recommends that NW Metals ensure that the shredder is properly installed and able to operate according to manufacturer specifications prior to start up.

For questions about a Notice of Intent to Construct for the shredder, please contact Dan Murphy at 503.229.6068.

The violations cited above caused significant environmental harm or posed the risk of significant environmental harm. These violations are being referred to the DEQ Office of Compliance and Enforcement for formal enforcement action. Formal enforcement action may result in assessment of civil penalties and/or a DEQ order. A formal enforcement action may include a civil penalty assessment for each day of violation.

If any of the facts in this pre-enforcement notice are in error from your perspective, you may provide written information to me at the address shown at the top of the letter. DEQ will consider new information you submit and take appropriate action.

DEQ endeavors to assist you in your compliance efforts. Should you have any questions about the content of this letter, contact me in writing or directly by phone at 503.229.6991.

Sincerely,

Christine Svetkovich

Christine Svetkovich
Oregon DEQ Northwest Region, Water Quality Manager

cc: Alaka Worana, Registered Agent and President of NW Metals Inc., 7600 NE Killingsworth St, Portland, OR 97218

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HAND DELIVERY

March 29, 2018

Farouk H. Al-Hadi
Principal
FHA Holdings, LLC.
155 B Avenue, Suite 222
Lake Oswego, Oregon 97034

RE: Pre-Enforcement Notice
FHA Holdings, LLC
2018-PEN-3411
UIC Facility No. 11091
Multnomah County

Dear Mr. Al-Hadi:

FHA Holdings, LLC owns property at 7626-7800 NE Killingworth Street in Portland, Oregon where five (5) drywells (otherwise known as Underground Injection Controls or UICs) are registered. UICs are intended to dispose of stormwater from surface runoff. The Department of Environmental Quality regulates UICs to ensure that the stormwater does not pollute underground sources of water.

NW Metals operates a business on your property with the address of 7600 NE Killingsworth Street. On March 14, 2018, DEQ representatives met with Moyatta Anotta of NW Metals at the facility with the objective of observing the facility's stormwater management practices, specifically related to drywells. Based on a 2013 Technical Memorandum, "UIC Modifications for Rule Authorization", written by Creekside Environmental Consulting (CEC), there are two (2) drywells on the southern edge of the 7600 NE Killingsworth Street property, drywells identified by DEQ as 11091-1, and 2, respectively. Drywell 11091-2 was located and observed by DEQ. Drywell 11091-1 is described in the CEC report as being partially under the jersey block wall along the southern edge of the property. Drywell 11091-1 was not located by DEQ during the site visit. Dozens, and possibly hundreds of scrapped and crushed vehicles were observed stockpiled in the drywell drainage area.

Under the Federal Safe Drinking Water Act, automotive waste disposal wells are defined as [40 CFR 144.81(14)]:

"*. . . wells that receive or have received fluids from vehicle repair or maintenance activities (and disposes the fluids into the ground), such as an auto body repair shop, automotive repair shop, new and used car dealership, specialty repair shop (e.g., transmission and muffler repair shop), or any facility that does any vehicular repair work.*"

Vehicle scrapping and crushing work is being performed by NW Metals in the vicinity of UICs 11091-1, and 2, and thus the drywell systems qualify as automotive waste disposal wells. Automotive waste disposal wells are prohibited in Oregon [OAR 340-044-0015(2)(e)] and in federal UIC rules (40 CFR 144.88).

Based upon the information above, DEQ has concluded that FHA Holdings LLCs is responsible for the following violations of Oregon environmental law:

Violation 1

No person shall cause or allow Class V systems injecting motor vehicle waste from vehicle repair [OAR 340-044-0015(2)].
Contracting for operation or operating a prohibited Underground Injection Control system is a Class I violation according to OAR 340-012-0055(1).

Violation 2

Injection systems injecting storm water are authorized by this rule if the owner or operator is in compliance with the following requirements: For Industrial and commercial facilities where hazardous substances, toxic material and petroleum products are used, handled or stored, the stormwater draining into the injection system shall not be exposed to these materials. [OAR 340-044-0018(3)(d)].

Contracting for operation or operating a prohibited Underground Injection Control system is a Class I violation according to OAR 340-012-0055(1). Class I violations are the most serious violations; Class III violations are the least serious.

The violations cited above caused significant environmental harm or posed the risk of significant environmental harm. These violations are being referred to the DEQ Office of Compliance and Enforcement for formal enforcement action. Formal enforcement action may result in assessment of civil penalties and/or a DEQ order. A formal enforcement action may include a civil penalty assessment for each day of violation.

If any of the facts in this Pre-Enforcement Notice are in error from your perspective, you may provide written information to me at the address shown at the top of the letter. DEQ will consider new information you submit and take appropriate action.

DEQ endeavors to assist you in your compliance efforts. Should you have any questions about the content of this letter, contact me in writing or directly by phone at 503.229.6991.

Sincerely,

Christine Svetkovich

Christine Svetkovich
Oregon DEQ Northwest Region, Water Quality Manager