

Dear NKTA, Kitsap Forest and Bay Coalition, and other community groups:

As you may have already read in the press, the clean-up and restoration agreement with the Department of Ecology as well as the legislative appropriation secured in 2012 is hung up over a disagreement about retention of two small docks at the southern end of the millsite. If we do not reach resolution with Ecology this month, they say they will pull the funding awarded to Port Gamble Bay last year.

The purpose of this email is to give you accurate background on the issues and update you on what efforts are being made to correct this situation.

Defining the Issue

Pope Resources entered DOE's Voluntary Clean-up Program 11 years ago. Since that time we and the former owners of the town (Pope and Talbot) have spent over \$10 million remediating landfills, contaminated soils in town and on the millsite itself. Two woodwaste dredging projects were also performed in the Bay. We made it clear to DOE that once the clean-up was complete, Pope Resources intended to re-develop Port Gamble to the thriving town it once was.

The current dispute with DOE centers on the timing of the removal of two functioning small docks on the southern part of the millsite. DOE wants the docks to be taken out with the clean-up. Pope Resources has committed to their removal but wants them to remain in place until we have gained approval for a replacement dock outside the bay, on the northern portion of the millsite. We have seen other examples of phasing clean-up projects but for some reason, in this case, DOE has stated that it is unwilling to do so.

Why it is so important to Pope that the docks stay until a new dock is permitted?

The reason is that whenever a new dock is built, local, state, and federal agencies all require that the applicant show there is “no net loss of habitat”. This is a key tenet in DOE’s new statewide Shoreline Master plan rules as adopted by Kitsap County. In order to do so, we must be able to remove the old docks after the date of application. The agencies prize “like place and like kind” meaning that removal of the docks in the nearby vicinity of the new dock gives us our best hope of ever getting an approval. When we entered into the voluntary clean-up program 11 years and \$10 million ago, DOE never told us we would have to forfeit our legal rights to water access. We have now agreed to a \$17.1 million clean-up plan AND a \$7.0 million restoration plan. We have been struggling over dock issues for years, so our position on this should come as no surprise to anyone.

Additionally, these docks have been and will be continued to be used for commerce. Three marine contracting companies (two are locally owned) and their employees rely on these docks today.

The Public and Environment Will be the Real Losers

If DOE proceeds on the current path two things will happen:

1. DOE will withdraw its funding and Pope will keep its lands for sale another day
2. Pope Resources will withdraw from a \$7M restoration package it has agreed to voluntarily and address restoration at a later date

We can’t imagine who, if anyone, would be served by this outcome. There is no reason for Pope to lose its water access and there so much to be gained for the community and environment if DOE softens its stance.

How Does the Funding Affect the Clean-up and Restoration?

Pope Resources will commit to the clean-up plan regardless of the outcome of this dock issue.

If the DOE continues to require the dock be removed, we will not

proceed with the restoration plan outlined below. Pope Resources can meet its restoration requirements with only a sub-set of the restoration plan elements.

The Legislative Funding is intended to be utilized to:

- Purchase the shoreline block and land on the millsite
- Relocate the sewer outfall and open geoduck beds.

The \$7M restoration plan includes the following:

- Removal of 4.7 acres (out of 26 acres) of the millsite to enhance and create new habitat.
- The planting of 4,400 lineal feet of riparian buffer on the millsite. Two-thirds of the buffer will be 100', with the balance being 50'. The buffer will be created whether or not Pope's master plan is ever approved.
- In all, Pope will own less than 50% of the millsite once the restoration plan is complete.
- Removal of 1,800 pilings and all overwater structures
- The creation of a Marine Resource Center which will be owned by Western Washington University.
 - Will include educational facilities as well as a native shellfish hatchery.
 - The Port Gamble S'Klallam Tribe intends to open a cultural center on the site.
 - Pope Resources will extend utilities to the site worth approximately \$250,000.
 - Pope Resources will commit \$600,000 in start-up funds to the center.
- Pope Resources will give \$175,000 to Kitsap County to assist in the cost of stewardship for the Shoreline Block.
- Additional beach clean-up and riparian plantings along the western Gamble Bay Shoreline.
- Pope Resources is donating approximately 25 acres and 1.1 miles of tidelands to the state.

If this plan goes forward, the public will own nearly all Pope Resources 3 miles of tidelands. (See the attached exhibit).

How Does This Affect Pope's Master Plan?

Pope Resources submitted two master plans in January. Our preferred plan depicts a far less intense development on the millsite that is reflective of the restoration plan. Since we did not know whether or not we would resolve the issues with the DOE, we also submitted an alternative plan that is more intensive as it incorporates development of the entire millsite. We believe that neighbors around the bay would lobby for our preferred plan since Pope would be selling half of the millsite to the state.

We will send the two site plans in subsequent emails.

What is Being Done to Correct This Situation?

We have been in constant discussions with DOE on this issue for months. (That is why we were so surprised that they chose to discuss this in the newspapers without informing us they would be doing so). Our Kitsap delegation including Congressman Derek Kilmer, Sen. Christine Rolfes, Rep. Drew Hansen, and Rep. Sherry Appleton have all engaged with the Department of Ecology and the Governors' office. Additionally, a new DOE director Maia Bellon took office around the same time as the newspaper story broke. She has spent a great deal of time coming up to speed on this project, and met last Friday with Pope Resources CEO David Nunes.

At this point our suggestion is to stand by and be ready to assist our elected officials when they indicate it is time to do so.

We will be at the Kingston open house tomorrow with a number of displays. Please feel free to stop by and ask questions.

Sincerely,

Jon Rose

President,
Olympic Property Group,
A Pope Resources Company