# STATES TATES

#### UNITED STATES ENVIRONMENTAL PROTECTION AGENCY REGION 8

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Ref: ORC-C

February 3, 2022

#### Sent via electronic mail

Ms. Stephanie Talbert Neutral EPA Official Office of Regional Counsel U.S. Environmental Protection Agency Region 8 <u>R8 Hearing Clerk@epa.gov</u>

> RE: Colorado Smelter Superfund Site, Pueblo, Colorado Superfund Lien – EPA Response to Written Objection

CERCLA-08-2022-0003

Dear Ms. Talbert:

On December 22, 2021, legal counsel for Cecil Brown requested to appear before a neutral EPA official to present information in support of his objection to EPA's intent to perfect a federal Superfund lien on properties currently owned by two Colorado limited liability companies, 1000 South Santa Fe and 1100 South Santa Fe LLC, located within the Colorado Smelter Site. According to the records of the Colorado Secretary of State, Mr. Brown is the registered agent for these companies. Please find attached EPA Region 8's response to Mr. Brown's objection.

If you have any questions, please contact me by phone at (303) 312-6839 or by email at Rae.Sarah@epa.gov.

Sincerely,

Sarah Rae Senior Assistant Regional Counsel U.S. Environmental Protection Agency Region 8

cc: Christopher Thompson, EPA Andrea Madigan, EPA Christina Baum, EPA Sabrina Forrest, EPA Connie King, Counsel for Cecil Brown

#### <u>Colorado Smelter Superfund Site</u> <u>Superfund Lien – 1000 South Santa Fe LLC and 1100 South Santa Fe LLC</u> <u>EPA Response</u>

#### I. Colorado Smelter Superfund Site History

The Colorado Smelter was a silver and lead smelter that operated in Pueblo, Colorado from 1883 to 1908. EPA listed the Colorado Smelter Site (Site) on the National Priorities List in December 2014 due to its concern about high levels of arsenic and lead in smelter slag (waste from the smelting process) and neighborhood soils. The Site includes the former Colorado Smelter facility, designated as operable unit 2, and the residential, commercial, and city-owned properties within a 0.5-mile radius of the former smelter, designated as operable unit 1. Operable unit 2 (OU2) includes building remains from the former smelter and an approximately 700,000-square-foot pile of slag encompassing over 16 acres and up to 30 feet high in some places. A map of the current Site study area can be found at: <a href="https://semspub.epa.gov/src/document/08/100010946">https://semspub.epa.gov/src/document/08/100010946</a>.

#### II. Standard of Review

Section 107(l) of CERCLA provides for the establishment of a federal lien in favor of the United States upon property which is the subject of a removal or remedial action (Superfund Lien). See 42 U.S.C. §9607(l). EPA's 1993 guidance titled "Supplemental Guidance of Federal Superfund Liens" (Lien Guidance)<sup>1</sup> outlines procedures for EPA regional staff to follow to provide notice and opportunity to be heard to potentially responsible parties (PRPs) whose property may be subject to a federal Superfund Lien. The Lien Guidance advises EPA staff to compile a Lien Filing Record that contains all documents relating to the decision to perfect the Superfund Lien and to provide notice to property owners of EPA's intent to perfect a Superfund Lien prior to filing papers to perfect the lien.

The Lien Guidance also recommends procedures for conducting an appearance before a neutral EPA official, if requested by the property owner. Specifically, the Lien Guidance states:

The neutral EPA official should consider all facts relating to whether EPA has a reasonable basis to believe that the statutory elements have been satisfied for the perfection of a lien. In particular, the neutral official should consider whether:

- The property owner was sent notice of potential liability by certified mail.
- The property is owned by a person who is potentially liable under CERCLA.
- The property is subject to or affected by a removal or remedial action.
- The United States has incurred costs with respect to a response action under CERCLA.
- The record contains any other information which is sufficient to show that the lien notice should not be filed.

<sup>&</sup>lt;sup>1</sup> Available at <u>https://www.epa.gov/sites/default/files/2013-09/documents/guide-liens-rpt.pdf</u>.

## **III.** EPA has a reasonable basis to believe that the statutory elements have been satisfied for the perfection of a Superfund Lien

#### A. EPA sent Notice of Potential Liability and Intent to Perfect Superfund Lien letter to 1000 South Santa Fe LLC and 1100 South Santa Fe LLC via certified mail on December 8, 2021

On December 8, 2021, EPA sent a Notice of Potential Liability and Intent to Perfect Superfund Lien letter via certified mail to 1000 South Santa Fe LLC and 1100 South Santa Fe LLC (hereinafter collectively referred to as the "Companies"). On December 13, 2021, legal counsel for Cecil Brown emailed Sarah Rae, the Colorado Smelter Site attorney, requesting a call to discuss the letter. On December 14, 2021, Sarah Rae and Christina Baum, the Site remedial project manager, participated in a call with Cecil Brown's attorney and Dan Brown, Cecil Brown's son. Cecil Brown is the registered agency for the Companies. Dan Brown has represented that his father, Cecil, is the sole member of the Companies. On December 22, 2021, Cecil Brown's legal counsel submitted an email objecting to EPA's intent to perfect a Superfund Lien against the Companies' properties and requested an appearance before a neutral EPA official.

#### B. EPA has reason to believe that the Companies are potentially liable under CERCLA

Responsible parties under CERCLA Section 107(a) include, among others, owners or operators at the time of disposal of any hazardous substance, as well as current owners or operators. 42 U.S.C. §9607(a). Responsible parties may be held liable for monies expended by the federal government in taking response actions, including investigative, planning, removal, remedial and enforcement actions at and around sites where hazardous substances have been released. Id.

The EPA has reason to believe that 1000 South Santa Fe LLC is the current owner of approximately 4 acres of commercial property (parcel number 1501400002) and that 1100 South Santa Fe LLC is the current owner of approximately 8 acres of commercial property (parcel number 1501400003) both of which are within OU2 of the Site, the location of the former Colorado Smelter facility. Hereinafter parcel number 1501400002 and parcel number 1501400003 are collectively referred to as the "Properties". Information obtained from the Pueblo County Clerk and Recorders' Office provides as follows:

1000 South Santa Fe LLC acquired parcel number 1501400002 from Cecil H. Brown by deed dated November 1, 2011, and

1100 South Santa Fe LLC acquired parcel number 1501400003 from Cecil H. Brown by deed dated February 21, 2012.

The parties do not dispute that the Companies are the owners of record for these two commercial Properties and that the Properties are located within OU2 of the Site.

## C. The Companies have failed to prove that they meet the statutory requirements and criteria for the innocent landowner defense

CERCLA provides liability protection to "innocent landowners" when a party meets the requirements of

the CERCLA § 107(b)(3) third-party defense<sup>2</sup> and the criteria in CERCLA §101(35)(A)(i) (innocent landowner defense). 42 U.S.C. §§ 9607(b)(3), 9601(35)(A)(i). To assert the innocent landowner defense, a party must also demonstrate that:

- the contamination occurred prior to the property owner's acquisition of the land;
- at the time the owner acquired the property the defendant did not know and had "no reason to know" that the property was contaminated;
- the owner took "all appropriate inquiry" into the previous ownership and uses of the property in an effort to minimize liability; and
- once the contamination was discovered, the owner exercised due care with respect to the hazardous substances concerned.

See 42 U.S.C. § 9601(35)(A)-(B). A party claiming to be an innocent landowner bears the burden of proving that it meets all the conditions of the applicable innocent landowner liability protection. See 42 U.S.C. §§ 9607(b), 9601(35) (landowners are required to establish each condition "by a preponderance of the evidence.")

#### i. The Companies failed to make all appropriate inquiry into the previous ownership and uses of the Properties prior to acquiring the parcels in 2011 and 2012.

To meet the statutory requirements and criteria of the innocent landowner defense, a person must perform "all appropriate inquiry" (AAI) into the previous ownership and uses of property *before acquiring* a property. CERCLA §101(35)(A)(i),(B)(i). The 2002 Small Business Liability Relief and Brownfields Revitalization Act (the Brownfields Amendments) required the EPA to promulgate regulations establishing standards and practices for conducting AAI. The Brownfields Amendments also established interim standards for conducting AAI that apply depending on the date the property was acquired. For property acquired prior to May 31, 1997, CERCLA provides that a court shall consider the following:

- Any specialized knowledge or experience of the property owner;
- relationship of the purchase price to the value of the property, if the property is uncontaminated;
- commonly known or reasonably ascertainable information about the property;
- obviousness of the presence or likely presence of contamination at the property; and
- the ability of the defendant to detect contamination by appropriate detection.

CERCLA § 101(35)(B)(iv)(I). For property acquired on or after May 31, 1997 and until EPA promulgated AAI regulations, the law requires the use of procedures developed by the American Society for Testing Materials (ASTM), including standard E1527-97 "Standard Practice for Environmental Site Assessment: Phase I Environmental Site Assessment Process." CERCLA § 101(35)(B)(iv)(II).

The EPA published the All Appropriate Inquiries Final Rule (AAI Rule), setting federal standards and practices for AAI in the Federal Register on November 1, 2005. 70 Fed. Reg. 66,070. The AAI Rule went into effect on November 1, 2006, and is codified at 40 C.F.R. Part 312. It was amended on

 $<sup>^{2}</sup>$  CERCLA § 107(b)(3) offers a defense from liability if a person can show, by a preponderance of the evidence, that the release or threat of release of a hazardous substance was caused solely by the act or omission of a third party. The act or omission must not occur "in connection with a contractual relationship," and the entity asserting the defense must show that (a) it exercised due care with respect to the hazardous substance concerned; and (b) it took precautions against the third party's foreseeable acts or omissions and the consequences that could foreseeably result from such acts or omissions.

December 30, 2013, to recognize an updated industry standard practice (ASTM E1527-13) as compliant with the requirements of the AAI Rule. 78 Fed. Reg. 79,319. The AAI Rule was also amended on September 15, 2017, to recognize another industry standard practice (ASTM E2247-16) as compliant with the requirements of the AAI Rule. 82 Fed. Reg. 43,310. The AAI Rule applies to properties acquired on or after November 1, 2006, and requires numerous specific inquiries, including the following:

- Conduct interviews with past and present owners, operators, and occupants within 180 days of and prior to the property acquisition date (40 C.F.R. § 312.23);
- Review historical sources of information (40 C.F.R. § 312.24);
- Review federal, state, tribal, and local government records, including records documenting required land use restrictions and institutional controls at the property (40 C.F.R. § 312.26);
- Conduct a visual inspection of the subject property and adjoining properties within 180 days of and prior to the property acquisition date (40 C.F.R. § 312.27);
- Review commonly known or reasonably ascertainable information (40 C.F.R. § 312.30);
- Conduct a search for environmental cleanup liens and institutional controls filed or recorded against the property (40 C.F.R. 312.25);
- Assess any specialized knowledge or experience of the prospective landowner
- (40 C.F.R. § 312.28);
- Assess the relationship of the purchase price to the fair market value of the property if the property were not contaminated (40 C.F.R. § 312.29); and
- Assess the degree of obviousness of the presence or likely presence of contamination at the property and the ability to detect any contamination (40 C.F.R. § 312.31).

The Companies acquired title to the properties in 2011 and 2012. Accordingly, to satisfy the "all appropriate inquiry" element of the innocent landowner defense, they needed to comply with the AAI Rule. It is undisputed that the Companies did not satisfy the requirements in the AAI Rule before acquiring the Properties and, therefore, cannot be considered innocent landowners.

Cecil Brown asserts that EPA should ignore the existence of the Companies and the Companies' status as the legal owners of the Properties. He asserts that in determining the applicable AAI standard, EPA should look to the standard in effect when he acquired the Properties in his individual capacity in 1982 and 1986, respectively. Mr. Brown then asserts that in 1982 and 1986, he did not know and had no reason to know that any hazardous substance was disposed of on, in, or at the Properties and, therefore, should be considered an innocent landowner. However, Mr. Brown has provided no information to support his contention that he complied with the AAI standard in effect in 1982 and 1986.

There is no basis to ignore the existence of the Companies or their ownership of the properties. The Companies were created by or on behalf of Cecil Brown in accordance with the Colorado Limited Liability Company Act, COLO. REV. STAT. § 7-80-101. This type of business structure provides the limited liability protection features of a corporation and the tax efficiency and operational flexibility of a partnership. See COLO. REV. STAT. § 7-80-705. Mr. Brown maintains that he should be allowed to disavow the existence of these business entities whenever it suits his personal interests to do so while taking full advantage of the benefits provided under Colorado law by structuring his business affairs in this manner. Mr. Brown provides no support for this proposition other than a statement from his son that the transfers to the Companies were only "technical transfers." Mr. Brown's arguments are not supported by the facts or the law and do not alter EPA's determination that there is a reasonable basis to believe that the statutory elements have been satisfied for the perfection of a Superfund Lien against the

Properties.

## ii. Cecil Brown and the Companies had reason to know that the Properties were contaminated

Knowledge, or reason to know, of contamination prior to acquisition defeats the innocent landowner liability protection. CERCLA §101(35)(A)(i). There is ample evidence that in the 1980s and in 2011 and 2012 it was commonly known and obvious that the Properties were likely contaminated. Upon visiting the Properties, a reasonable person would have noticed that the Properties were adjacent to the approximately 700,000-square-foot pile of slag that was up to 30 feet high in some places and encompassing approximately 16 acres of neighboring property. A reasonable person would have sought out information about the origin of the slag material, whether the material was contaminated, and to what extent the slag materials extends onto the Properties. Appendix A includes a map of OU2, which shows the proximity of the Properties to the slag pile. Appendix B includes photographs of the slag pile. The photos in Appendix B show that the slag pile is made up of dark brown/black, molten-like material. This material is visible to the naked eye and is visibly different from nearby soil/dirt.

Additionally, historic newspaper articles included information about the Colorado Smelter facility and were reasonably ascertainable in the early 1980s and in 2011 and 2012. Appendix C includes a list of publicly available information about the former Colorado Smelter facility, such as newspaper articles and a list of EPA's public meetings in Pueblo. The Indicator, a Pueblo newspaper that operated in the early 1900s, published information about the former Colorado Smelter facility. One of these articles is titled "Busy at the Eilers Smelter<sup>3</sup>" and notes that in 1907 "the new slag dump to the east [of the smelter] ... is continually growing higher and wider, evidence in itself of the work going on at the plant." The full article is included in Appendix C. Mr. Brown could have found these articles in the early 1980s and in 2011 and 2012 by reviewing historical sources of information, such as the Colorado Historic Newspaper Collection and The New York Times Archives. Appendix C also lists a public meeting that occurred on March 15-16, 2011 between the EPA, local residents, community leaders, and the Pueblo City Council to discuss the former Colorado Smelter facility and EPA's upcoming public outreach efforts. This public meeting occurred before the Companies acquired the parcels on November 1, 2011 and February 21, 2012. Based upon the foregoing, EPA has concluded that Mr. Brown and the Companies had reason to know that the Properties were contaminated prior to acquisition in the early 1980s and in 2011 and 2012, respectively, and cannot avail themselves of the innocent landowner defense.

## **D.** The Properties are subject to CERCLA removal and remedial actions where EPA has incurred costs

It is undisputed that in response to the release and threatened release of hazardous substances at the Site, the EPA has spent public funds and anticipates spending additional public funds. EPA conducted removal actions at the Site in 2014 and 2017 and listed the Site on the Superfund National Priorities List in December 2014. Based on the human health risks associated with exposure to arsenic and lead, the EPA prioritized sampling and cleanup of the residential properties within OU1 (Community Properties). As of December 31, 2021, the EPA has completed soil sampling at 1,691 homes, indoor dust sampling at 1,152 homes, soil cleanup and restoration at 696 homes, and indoor dust cleanup at 297 homes. EPA estimates that cleanup at residential properties in OU1 will be completed in 2023.

<sup>&</sup>lt;sup>3</sup> The former Colorado Smelter was also known as the Eilers Smelter.

The EPA is currently in the early stages of data collection for OU2 (Former Smelter Area). As of February 2022, EPA has sampled surface soil, surface water, sediment, and pore water within the former smelter area of OU2. Elevated levels of metals, primarily lead and arsenic, have been identified within all media sampled. Upon Request, this OU2 sampling data was sent to Connie King, Esq. and Dan Brown via email on December 14, 2021. EPA has also performed a year of air monitoring on OU2 and has conducted a preliminary investigation to explore how surface water and groundwater interact on site. A summary of the costs that EPA has incurred at OU2 is included in the Lien Filing Record.

EPA plans to also sample the 700,000 square foot slag pile and subsurface soils (soils deeper than 2ft below ground). The slag sampling data will be used to determine the concentrations and leachability of contaminants in the slag and understand the total volume of the waste piles. The subsurface soil sampling data will be used to evaluate metal concentrations and understand the potential impact of the waste piles on subsurface soils through infiltration. EPA will also install monitoring wells and collect groundwater samples over the course of two years to determine if smelter-related waste has impacted groundwater quality. The OU2 sampling data will inform the human health risk assessment and the ecological risk assessment and assist EPA in selecting a remedy for the site.

Cecil Brown asserts that remediation of the Properties is not necessary. He bases this contention upon two soil samples taken in 1994 and evaluated using the Toxicity Characteristic Leaching Procedure (TCLP), when he had contracted for the removal of four above-ground fuel tanks. It appears from the 1994 report prepared by Mr. Brown's contractor, the samples were taken in close proximity to the above ground tanks to be removed. Mr. Brown's reliance on this data to contradict EPA's determination that the Site presents an unacceptable risk to public health and the environment and requires remediation is not persuasive. EPA's decision is based upon a comprehensive analysis of Site conditions and an evaluation of environmental conditions in accordance with the Hazardous Ranking System<sup>4</sup>. EPA made this information available to the public and sough public comment in 2014 prior to listing the Site on the National Priorities List. Federal Register / Vol. 79, No. 238. Further, since the NPL listing, EPA has sampled surface soil, surface water, sediment, and pore water within the former smelter area of OU2, including Mr. Brown's parcels. Elevated levels of lead and arsenic have been identified within all media sampled. Appendix D includes a map of OU2 that shows the surface soil sampling locations and results.

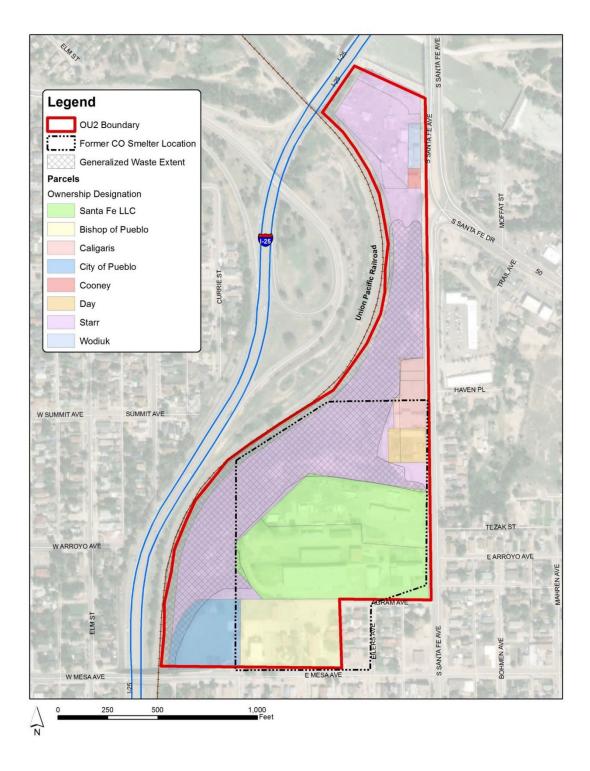
Mr. Brown' reliance on the 1994 TCLP sampling is also misplaced for other reasons. TCLP sampling is only one type of sampling that EPA uses to conduct human health risk assessments and ecological risk assessments. Further, EPA sampling for OU2 of the Site has been and continues to be collected in accordance with the Uniform Federal Policy Quality Assurance Project Plan (UFP-QAPP). Adherence with the UFP-QAPP ensures that the collection, analysis, and management of environmental data is of high quality and can be relied upon to support remedial decisions. The two soil samples collected in 1994 that Mr. Brown refers to were not collected or analyzed in accordance with standards EPA can rely upon to make remedial decisions for the Site.

#### IV. Conclusion

After considering all of the information included in the Lien Filing Record, the December 22, 2021 Written Objection, and this Response, the neutral EPA official should find that: (1) Mr. Brown has failed to prove, by a preponderance of the evidence, that the innocent landowner defense applies, and (2) EPA has a reasonable basis to believe that the statutory elements have been satisfied for the perfection of a Superfund Lien against the Properties.

<sup>&</sup>lt;sup>4</sup> For more information about the Hazardous Ranking System, see https://www.epa.gov/superfund/hazard-ranking-system-hrs

#### Appendix A: OU2 Map



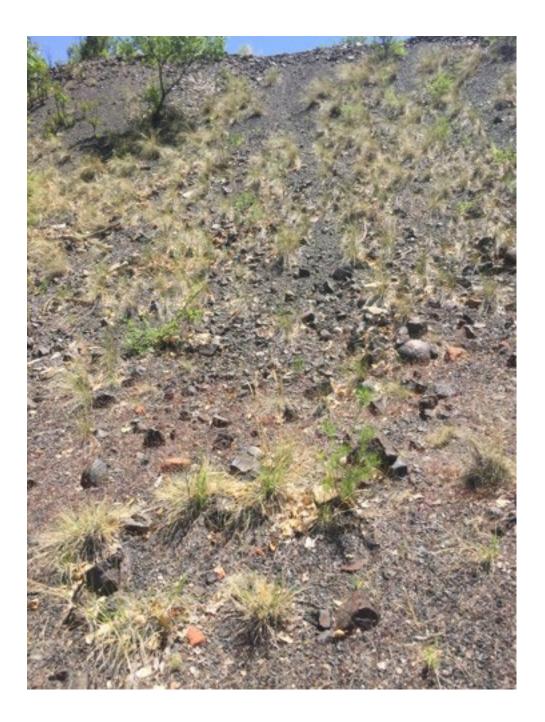
### Appendix B: EPA Photos of Slag Material









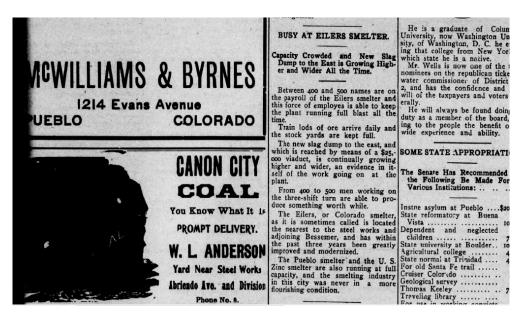


#### Appendix C: List of Publicly Available Information Regarding the former Colorado Smelter

#### I. Newspaper Articles

Newspaper	Article Name	Date
The Indicator	Increased Output	3/24/1990
The Indicator	Pushing Along	6/9/1900
The Indicator	Coates Condemned	10/27/1900
The Indicator	Called Him Down	11/3/1900
	Big Colorado Smelter	
New York Times	Fired Up	12/27/1900
	Zinc Mining Promises to	
	Revive Many Old	
The Indicator	Colorado Silver Camps	5/10/1902
	Keen Competition Among	
The Ordway Era	Colorado Smelters	10/12/1906
The Indicator	Busy At Eilers Smelter	3/23/1907
	Removing The Eilers	
The Indicator	Smelter	9/14/1912
	Dismantling of the Old	
The Indicator	Pueblo Smelter Goes On	3/10/1923

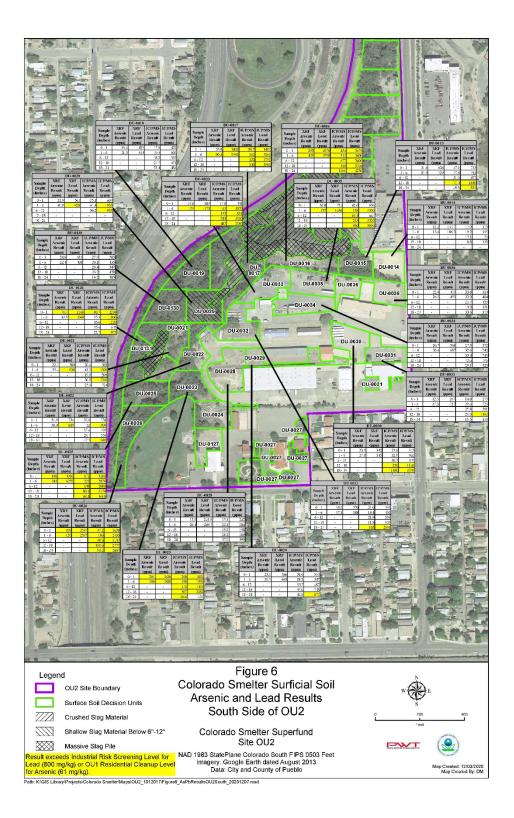
II. March 23, 1907 article titled "Busy at Eilers Smelter"



#### III. EPA Public Meetings from 2011 to Present regarding the Colorado Smelter Superfund Site

Date	Description	
March 15-16, 2011	Meeting with local residents, community leaders and Pueblo City Council to	
,	discuss the former Colorado Smelter facility and EPA's upcoming public	
	outreach activities	
March 28, 2012	EPA Presentation to Pueblo Board of Health	
April 30, 2012	EPA Presentation to Pueblo City Council	
May 17, 2012	Meeting with Bessemer and Eilers neighborhood residents and Pueblo City	
	Council Representative	
June 1, 2012	1	
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	Superfund" community guide	
June 11-12, 2012	Large community meetings in Pueblo to discuss the site and potential	
	contaminants	
September 2012	Door-to-door survey of residents in Eilers and Bessemer neighborhoods on	
Ĩ	what they know about the Colorado Smelter site, if they support NPL listing,	
	and to learn about communication preferences. Had a total 175 respondents	
January 26, 2013	Attended Pueblo City Council District 4 community meeting at	
	NeighborWorks of Pueblo. Provided site update and inform audience about	
	February Outreach meeting.	
February 21, 2013 Two public availability sessions with EPA, the state health depar		
	the Agency for Toxic Substances and Disease Registry (ATSDR) at St.	
	Mary's Church.	
April 25, 2013	Public meeting and availability session with EPA, the state health department	
	and ATSDR at St. Mary's Church.	
July 23, 2013	EPA, ATSDR, state and local health departments met with local residents and	
	elected officials including Pueblo City Council, Pueblo County	
	Commissioners and state Representatives to listen and discuss Colorado	
	Smelter site data, public health concerns and using the Superfund program to	
	address health risks.	
August 26, 2013	EPA and the state health department attends Eilers neighborhood meeting.	
December 10, 2013	EPA, state and local health departments, City Council, and Pueblo County	
	Board of County Commissioners public meeting at St. Marys Church to	
	discuss moving forward with letter to the governor's office supporting the	
	Colorado Smelter site to be listed on NPL.	
February 27, 2014	Community Advisory Group kick-off meeting to explore interest in	
	community advisory group formation and membership.	
May 6, 2014	EPA's Region 8 Administrator Shaun McGrath and U.S. Department of	
	Housing and Urban Development's (HUD) Region 8 Administrator Rick	
	Garcia hold joint community meeting at NeighborWorks of Pueblo. This	
	meeting was to address HUD/Federal Housing Administration (FHA) lending	
	rules and concerns for properties located within and surrounding Superfund	
	sites.	
September 9, 2014 –	First official Community Advisory Group meeting. Meetings are held on the	
Present	second Tuesday of each month.	

Appendix D: Map of OU2 Surficial Soil Sampling



#### **CERTIFICATE OF SERVICE**

The undersigned certifies that the attached **RESPONSE** in the matter of **1045-1049**, **1103** South Santa Fe Avenue, City of Pueblo, Colorado; DOCKET NO.: CERCLA-08-2022-0003 was filed with the Regional Hearing Clerk on February 3, 2022.

Further, the undersigned certifies that a true and correct copy of the documents were sent via certified receipt email on February 3, 2022, to:

Respondent

Connie King Law Firm of Connie H. King, LLC Email: Connie@chkinglaw.com

February 3, 2022

Sarah Rae Senior Assistant Regional Counsel EPA R8, ORC