

METRO



The Oregonian/TOM TREICK

Plastic-wrapped batteries sit outdoors at Environmental Pacific Corp.'s Amity plant, a block off the main street.

Amity wants to prevent horror from company's batteries, waste

□ The town is fighting an expansion by Environmental Pacific Corp., which has a history of DEQ citations

By KATHIE DURBIN
of The Oregonian staff

AMITY — Trucks from all over the country pull up to the yellow concrete-block building just off main street in this small Willamette Valley town.

They carry a hazardous cargo: Used-up batteries, large and small, from railroad signals and flashlights, diesel trucks and Coast Guard signal buoys.

Encased in the batteries are potent acid and alkaline solutions and a stew of heavy metals, including mercury, lead, arsenic, selenium and cadmium — all extremely toxic to humans at very low exposures.

and other wastes are stored at the site operated by Environmental Pacific Corp., a block off U.S. 99.

Most of them are zinc carbon batteries stacked outdoors on wooden pallets, wrapped in plastic. Some have been drained of their current-conducting solution; others still contain the alkaline or acid liquid. Some batteries have been on the site for as long as a year, according to plant manager Charles Geiger.

The company had hoped to grind them up in a new mechanical shredder built for the purpose and to send the sludge to a buyer in Finland.

But the community of Amity, incensed over the proposal and fearful that emissions from the battery-shredder could cause health hazards, has mobilized to stop the expansion. In late November, Environmental Pacific withdrew its application for a permit to build a concrete shed for equipment.

That leaves the company with a lot of batteries on its hands — batteries the Oregon Department of Environmental Quali-

ty has told the company it must dispose of immediately.

"What we're saying is, 'Your operation falls squarely under state and federal hazardous waste regulations, you are not in compliance with those regulations and we want these violations addressed immediately,'" said Jo Brooks, spokeswoman for the DEQ's Hazardous and Solid Waste Division.

The federal Environmental Protection Agency classifies nearly all the materials in batteries as hazardous and strictly regulates their storage and disposal.

But the 1976 Resource Conservation and Recovery Act, the law that tracks hazardous wastes from cradle to grave, contains a large loophole: Companies that legitimately recycle such materials are exempt from most hazardous waste storage laws.

In part, that's because the government wants to encourage battery recycling.

Please turn to
AMITY, Page B4

Amity: Recycling contentions cha

■ Continued from Page B1

Dumping batteries in landfills, where they can corrode and leak acids and heavy metals into the soil and ground water, is a growing concern of solid-waste experts.

Environmental Pacific, which collects, stores, reprocesses and sells batteries and components at the Amity plant, has run afoul of state and federal solid waste storage regulations and worker-safety rules repeatedly in its five-year life.

After two workers assigned to dismantle batteries by hand at the plant suffered mercury poisoning in 1986, Saif fined the company \$12,600 and ordered its owner to provide protective clothing, respirators and special training for all workers handling hazardous materials.

Environmental Pacific's first notice of violation from the DEQ came in December 1985, just a few months after the company received its initial operating permit.

But the Lake Oswego-based company, which bills itself as the only one in the nation that accepts and recycles all types of batteries, contends that as a recycling plant, it is exempt from the hazardous-waste regulations.

State and federal investigators disagree. In fact, they question whether Environmental Pacific fits the legal definition of a recycling plant at all.

Brooks of the DEQ contends that the company is governed by the solid-waste law "because of the nature of the material and the amount of time that it sits there."

Bruce Long, an investigator for the U.S. Environmental Protection Agency, is on special assignment tracking where Environmental Pacific sends its battery wastes and what becomes of them. He says company President Richard Wayne Hill is no longer running a true recycling operation.

"He's just a marketer," Long said. "I would say it's no longer a recycling plant. He's not recycling anything."

Hill denies the charge.

"Our purpose is to recycle batteries. We want to do it safely and properly," he said.

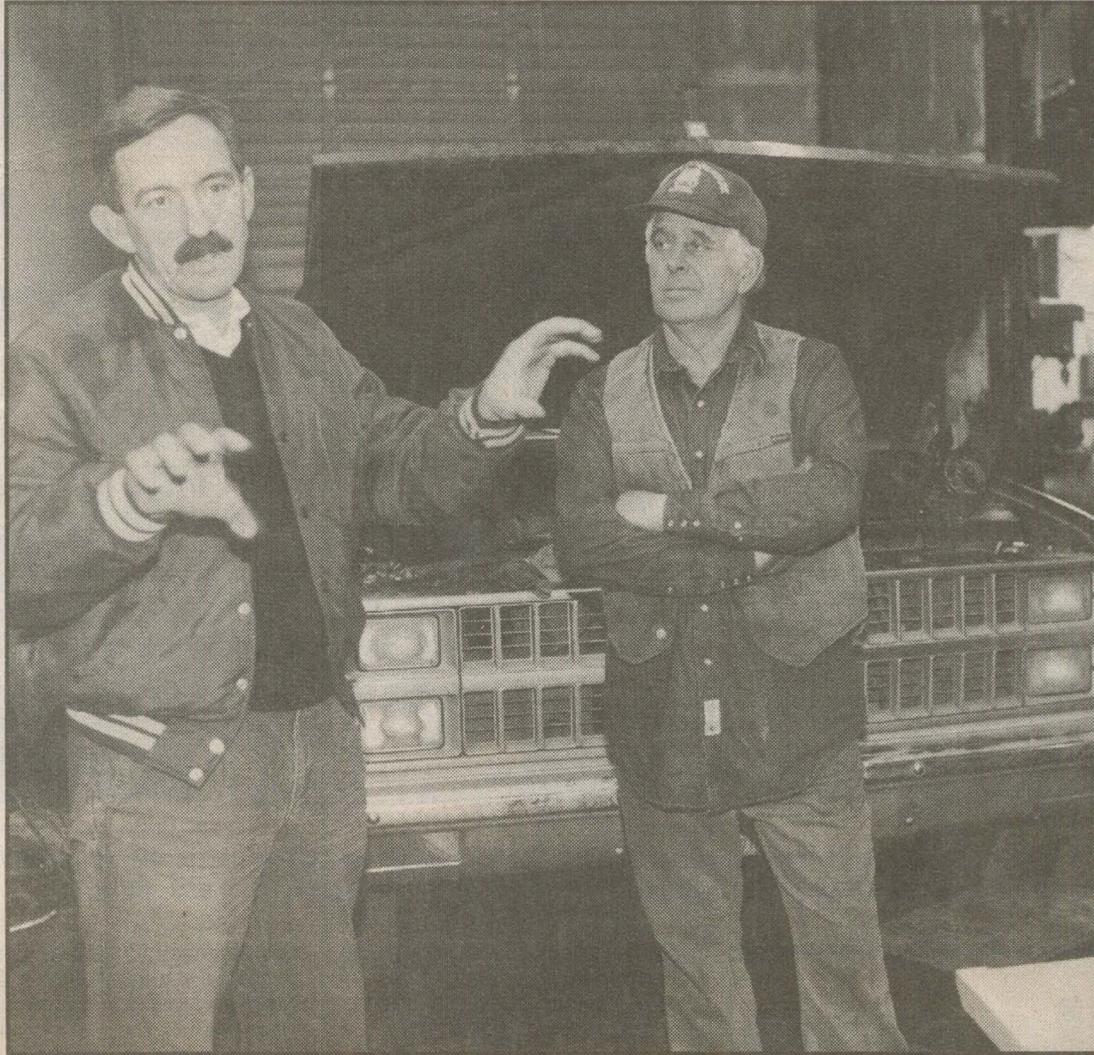
But the DEQ says the company's practices fall far short of meeting hazardous-waste standards.

On Dec. 4, the DEQ notified the company that it was in violation of nine regulations specifying how it must store, label, monitor and transport hazardous wastes — and ordered Environmental Pacific to correct the problems immediately.

Among other violations, the agency warned that the quantity of batteries stored at the plant far exceeded the level allowed in the company's original permit. In an Oct. 23 notice, the DEQ also warned the company that it was violating its permit as a battery-recycling facility by storing bags of waste sludge containing heavy metals from the electroplating process.

The company is contesting most of the DEQ's findings and has asked for a hearing next week to discuss the notice.

The Oregon fire marshal, the DEQ's Air Quality Division and the town of Amity also are investigating facets of the company's operations, and the DEQ has ordered the company to provide soil samples for testing from areas around the plant.



Amity Mayor Ron Huber (left), hardware store owner Dorlin D. Drader (center) and community activist Terrie Reed have helped spearhead the campaign against Environmental Pacific batteries.

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China," Geiger said. "DEQ wants to know where it goes from there. We can't specifically say where it goes."

At least three foreign countries have refused shipment of battery components from Environmental Pacific, according to U.S. State Department records obtained by Marilyn Reeves, an Amity-area resident.

Environmental protection agencies in the Philippines, Hong Kong and China all have notified the EPA that they don't want the materials because the receiving companies don't meet their own hazardous-waste rules.

Many residents of Amity, population 1,050, want Environmental Pacific to pack up its batteries, its barrels of battery fluid and its bags of sludge and leave town.

They say their town, best known for its annual July 4 pancake breakfast and for the

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Environmental Pacific's plan to expand and mechanize its Amity operations was the spark that ignited the community campaign.

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Each week, about 160,000 pounds of batteries arrive at Environmental Pacific Corp.'s storage and recycling plant south of McMinnville.

Although the company calls itself a recycling plant, on a Dec. 6 tour, the only recycling evident was an operation by Pacific West Supply Co., an affiliate of Environmental Pacific that reconditions nickel cadmium batteries and sells them for home electrical power generation.

"We're not in a processing mode right now. We're repackaging," plant manager Charles Geiger said.

Pacific West and Environmental Pacific are two of four related companies owned by Hill's parent company, Resource Holdings Ltd.

To qualify as a recycling plant under state and federal laws, a company must show that the material it processes either can be used as an ingredient to produce a new product or can serve as an effective substitute for a commercial chemical product. It also must show that markets exist for the materials it produces.

But Environmental Pacific sends much of what it produces abroad, and plant manager Geiger said it was virtually impossible to find out what becomes of it at that point.

"Our contention is that we send the material through a broker and it ends up in



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They say their town, best known for its annual July 4 pancake breakfast and for the award-winning pinot noirs and rieslings produced at nearby Amity Vineyards, is not the place for a hazardous waste storage plant.

"We need a facility like this, but we don't need it in Amity, and we need a lot more research on how to handle this stuff," said Dorlin D. Drader, who owns the hardware store just behind Environmental Pacific's storage yard.

"It's in the wrong place, right in the middle of town," added Terrie Reed, leader of a campaign to rid the town of the battery plant. "Kids walk right by it on their way to the park."

Mayor Ron Huber said he was concerned about public safety and protection of the city's air, water and sewage treatment system.

"I don't think it can peacefully co-exist," Huber said. "It's grown beyond its original purpose. It's not a light industry anymore. Basically, it's a hazardous-waste storage facility. . . ."

"I think they serve a very necessary function but in an area zoned industrial, where there's adequate parking, sewage disposal and medical protection for employees."

Ron Wright of the state Fire Marshal Office had other concerns after an investigator visited the site in early December and asked for a chemist's report listing every substance stored in the plant.

Inspectors found hazardous materials stored near a propane tank and discovered that the plant had no mechanical ventilation system to clean the air but simply opened the doors to ventilate areas where batteries were being reprocessed, he said. Wright also was concerned about the volatility of the battery reprocessing operation.

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Environmental Pacific's plan to expand and mechanize its Amity operations was the spark that ignited the community campaign.

In April, the company applied for a permit to build a concrete building at its plant to house a battery-shredding machine.

But a group of determined Amity residents mobilized to oppose the plan. The mayor hired a consultant to review whether the application complied with land-use rules and to assess its possible environmental impacts.

The battery plant is next door to an occupied house, two blocks from the town's middle school, three blocks from an elementary school and one block from a city park.

In a Sept. 26 application, Environmental Pacific filed for an air contaminant discharge permit. The company calculated that even with a scrubber working at 99 percent efficiency, the shredding process would release traces of mercury and sulfur dioxide into the air.

Only a wire-mesh fence separates the plant from adjacent sidewalks, streets and buildings.

A week before the Amity Planning Commission was scheduled to hold a hearing on the land-use application, company president Hill abruptly withdrew the application.

"We just want to make sure people's concerns are answered," Hill said.

Hill said he would like to move the plant to another location, but its interim hazardous-waste storage and recycling permit allows it to operate only in Amity.

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Intentions challenged



The Oregonian/TOM TREICK

Store owner Dorlin and Terrie Reed helped spearhead the campaign to rid Amity of the controversial Environmental Pacific battery-processing plant.

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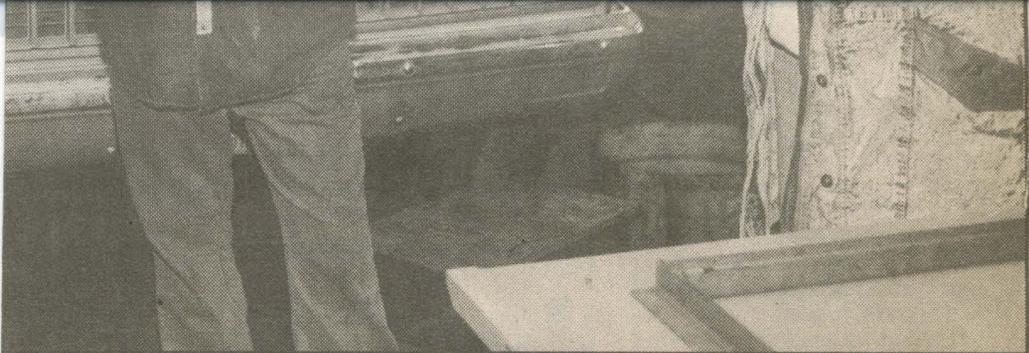
In the past two months, the DEQ has issued two stern warnings ordering the company to comply with the federal Resource Conservation and Recovery Act and companion state laws, which require the tracking of hazardous wastes from cradle to grave.

In its Dec. 4 notice, the DEQ said the company was continuing to store hazardous waste in quantities far exceeding its permit, was storing electroplating sludge in containers that were in poor condition, had failed to properly label the containers, had shipped hazardous waste without a hazardous waste manifest on at least three occasions and had shipped hazardous waste to a facility not designated as a hazardous waste treatment, storage or disposal facility.

Geiger said the company already has corrected some of the problems at the plant and others will be hashed out with its lawyers and the DEQ.

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Mayor Huber says the DEQ's record in monitoring Environmental Pacific has been spotty and inconsistent at best.

"It points out to me how overwhelmed and underbudgeted DEQ is," Huber said. "The trail comes to a dead stop when an investigator leaves the agency."

Environmental Pacific owes four years' back property taxes to Yamhill County and has been delinquent in paying a number of other fees, fines and taxes over the years.

Back taxes for 1989-1990 for the two tax lots owned by Environmental Pacific in Amity total \$11,610.

Hill said the delinquent taxes were "not an issue."

"We own lots of property around town," Hill said. "We don't make a habit of paying the taxes immediately when the bill comes due."

But Long said Environmental Pacific's interim permit expires in 1991 and the DEQ must decide by the end of next year whether to grant the company a long-term permit or to cancel its permit and shut it down.

If the company is closed down, Long said, "EPA would be concerned about their financial status. They have to be able to afford to close the facility and clean it up."

damage from mercury

Interim cleanup completed at site of Bergsoe smelter

By **NORMAN SCHROEDER**

CHICAGO—The interim environmental cleanup of the Bergsoe Metal Corp. secondary lead smelting site in St. Helens, Ore., has been completed.

Since late March the Environmental Protection Agency has been monitoring the interim cleanup that was undertaken to prevent the further spread of lead and other hazardous materials that are stored on the property until the site can be fully cleaned and the hazardous material can be removed.

Bergsoe Metal Corp. has been in bankruptcy proceedings. A major creditor—U.S. National Bank, Portland, Ore.—has

financed the interim cleanup with funding that is expected to be slightly less than \$1 million.

A specially trained cleanup crew of 10 took about two months for the interim cleanup. Their work included consolidating separate piles of lead slag, contaminated soil and other materials that were excavated from off-road areas.

These accumulations were covered with a liner material to prevent further contamination through dust or seepage.

The EPA and the Oregon Department of Environmental Quality are conducting a survey to determine ways to finance the permanent cleanup and closure

of the secondary lead smelting site.

Last year scrap battery suppliers were contacted by a bankruptcy trustee concerning their potential liability for the complete cleanup under federal regulations.

A former scrap battery vendor to Bergsoe said that the scrap suppliers have met and for the present have decided not to take any action concerning the funding of the proposed cleanup.

In September 1987 the bankruptcy trustee in a letter to scrap suppliers urged them to participate in the cleanup, estimating that a government-contracted cleanup would be in the range of \$15 million to \$20 million.

SOURCE: AMERICAN METAL MARKET

DATE: MAY 20, 1988

COMMODITY SECTION: NON FERROUS

STATE ARTICLE CONCERNS: OREGON

5/27

Meeting to ponder cleanup plan for St. Helens lead smelter site

ST. HELENS — A plan to clean up waste from a lead smelter in St. Helens will be discussed at 7 p.m. Feb. 2, at the St. Helens Senior High School.

The bankruptcy trustee for Bergsoe Metals Corp. has submitted a closure and post-closure

plan for the site used between 1982 and 1986 to process old lead acid auto batteries, said Carolyn Young, public information director for the state Department of Environmental Quality.

Because of lead and other heavy metals found at the site, Bergsoe operations fell under state and federal hazardous waste manage-

ment regulations, Young said.

DEQ fined the Denmark-based company \$16,000 in May 1986 because high levels of heavy metals were found in 25,000 gallons of wastewater spilled at the site in January 1985.

The cleanup plan will include the lead waste stored in a silo on the property in the

Milton Creek Industrial District at the south end of St. Helens.

Also part of the cleanup proposal are 17,000 cubic yards of slag and matte in a waste pile, a surge pond used to treat contaminated runoff water, a waste pile near furnace operations and 64 storage tanks, pits and sumps.

SOURCE: THE (PORTLAND) OREGONIAN

DATE: JANUARY 25, 1988

COMMODITY SECTION: NON FERROUS

STATE ARTICLE CONCERNS: OREGON

1/29

Lead plant socked with \$16,000 fine

ST. HELENS — A St. Helens lead smelter has been fined \$16,000 by the Oregon Department of Environmental Quality after high levels of cadmium and lead were discovered on the site.

Toxins discovered at Bergsoe Metal Corp., a secondary lead smelting and car battery recycling facility, could potentially cause ground-water pollution. The company announced in March it will close later this year because it can't buy liability insurance.

DEQ inspectors discovered a slag

pile containing a total lead level of 180,000 parts per million. That slag pile, estimated to be more than 13,633 cubic yards, is exposed to rain that could filter through the pile, carrying lead and cadmium into the ground water, DEQ officials said.

Eight drinking water wells are located about one mile from the plant.

Samples of road dust also showed high lead levels. An air permit issued to Bergsoe by DEQ last year required the company to pave or

treat heavily trafficked areas to minimize road dust. But the road wasn't paved at the time of the inspection by the DEQ and U.S. Environmental Protection Agency.

In addition to the fine, the DEQ and EPA ordered Bergsoe to take a number of other actions. They include stoppage of placing hazardous waste in areas not identified in a hazardous waste application, controlling the road dust within five days and submitting a proposal for testing ground water and soil near the facility.

SOURCE: LONGVIEW (WA) DAILY NEWS

DATE: MAY 24, 1986

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

Bergsoe Metal Will Halt Lead Smelter Operations ✓

By NORMAN SCHROEDER

ST. HELENS, Ore.—Bergsoe Metal Corp., a secondary lead smelter here, will be halting operations at the end of May because it cannot comply with new federal environmental laws, according to a company spokesman.

The smelting operation has an estimated capacity of 35,000 tons a year and the pending closure will leave the entire West Coast area with only two secondary lead producers.

RSR and GNB Batteries Inc. both have secondary lead smelters operating in the Los Angeles area.

Bergsoe Metal is owned by Paul Bergsoe & Sons, Denmark, which also has a part interest in a Muncie, Ind., smelter that has been closed and is up for sale.

The spokesman said that the St. Helens operation could not comply with the Resource Recovery Act that takes effect July 5, 1986, and the owners gave permission to start a closure.

Since scrap batteries have been declared hazardous waste for smelters, the insurance requirement is \$6 million for possible environmental damage or a net worth of \$36 million in order to be a self-insurer. He said the insurance was impossible to secure and the company does not meet the other financial requirement.

According to an industry consultant, Bergsoe is the second smelter that decided to halt operations because of the regulations. Chloride Battery Co., Tampa, Fla., stopped smelting in August 1985, he said.

He claimed that insurance companies will not undertake the risk. "The premiums would have to cover the full potential liability," he stressed.

He predicted that all independent secondary lead smelters with a worth of less than \$35 million would be forced to leave the business. He said the surviving smelters likely would include the major independents and those that are captive operations of the new battery makers.

No insurance means no recycling plant in St. Helens

By Bob Crider
The Daily News

A lead recycling plant in St. Helens will close its doors and throw 73 people out of work because it can't obtain federally mandated environmental liability insurance, the plant's manager said Tuesday.

"We're being regulated out of existence," said Norman Webb, operations manager at the Bergsoe Metals Corp. plant, which was built and began recovery of lead from electrical storage batteries in 1982.

"It's possible it could run to the end of the year, but it's also possible it won't," Webb said.

Most employees will be out of work after the company shuts down its smelter at the end of May. Other employees will continue

work as the refinery processes lead for an indefinite time, Webb said.

The plant has been running afoul of environmental regulations and has been hurt by low prices for recycled lead in the last year, but Webb said those problems have nothing to do with the closure.

The problem, he said, is an amendment to the federal Resource Conservation and Recovery Act that requires any business engaged in the production, transportation or disposal of hazardous waste to obtain environmental liability insurance. Bergsoe would have to obtain insurance by July 5, Webb said.

Bergsoe officials shopped around for insurance, but were unable to buy any, he said.

The law allows a company to avoid insurance if it has a net worth of \$36 million, Webb said. But his company does not meet

that requirement, either.

The problem exists nationwide for small companies, said Peter Lefkin, an attorney for the American Insurance Association in Washington, D.C., a trade group representing 101 property casualty insurance companies.

"A large number of small companies are being grossly affected," Lefkin said in a phone interview today. "We don't like to see that, either. . . . But we simply can't afford to underwrite these contracts anymore."

While insurance contracts provide coverage for immediate and sudden pollution, Lefkin said some judges and juries have ruled they have to cover pollution discovered years later.

Another problem, he said, is that courts have ruled that all the defendants in a case

must share in paying damages. Because several defendants go out of business or declare bankruptcy, that may leave only one holding the bag to clean up pollution.

Bergsoe already is in the midst of a pollution cleanup program resulting from the January 1985 spill of 25,000 gallons of heavy-metal contaminated acid wash-water at the plant site. Bergsoe will have to continue that cleanup if it's not completed by the time the plant closes, said Janet Gillaspie, Northwest regional manager for the Oregon Department of Environmental Quality.

She said Bergsoe also violated air emissions standards in the last three months of 1985, allowing more lead to be emitted on the plant site than regulations allow.

Besides complying with anti-pollution laws, the company has faced a drop in the price of recycled lead, said Columbia County

Assessor Henry T. Hudson.

In January 1985, Hudson said, his office assessed the Bergsoe plant and property at about \$21.7 million. The company protested last May, saying that the price of recycled lead dropped from 63 cents a pound when it opened to 19 cents.

"The premise laid before the Board of Equalization is that if it's assessed more, 'Then we'll shut the plant down and throw 60 people out of work,'" Hudson said.

As a result, he said, the Board of Equalization lowered the assessment to about \$4 million.

Webb said the price of lead played no factor in the company's decision to close.

"The price of lead is academic," he said. "We can't operate if we don't have insurance."

SOURCE: LONGVIEW (WA) DAILY NEWS

DATE: MARCH 5, 1986

COMMODITY SECTION: NONFERROUS

STATE ARTICLE CONCERNS: OREGON

3/14

FTC Approves RSR Plant Sale To Bergsoe

NEW YORK—The Federal Trade Commission (FTC) has approved the sale of Dallas-based RSR Corp.'s Seattle lead smelting facility to Bergsoe Metal Corp., St. Helens, Ore., as part of a divestiture order originally issued in December 1976.

The approval took RSR executives somewhat by surprise since they previously had raised questions as to possible anti-trust "problems" involved in the sale of the Seattle plant to Bergsoe, a major competitor in the Northwest region of the U.S.

Howard Meyers, RSR chairman and president, said, "We think there may have been an anti-trust problem, but obviously the FTC doesn't think there is."

The original divestiture order was modified by the FTC in November 1981 and again in September of this year.

Under the latest modification, the FTC and RSR had agreed to the appointment of a trustee at RSR's expense who would be authorized to divest the Seattle and Dallas lead recycling facilities within a period of 150 days, with extensions totaling 90 additional days.

Meyers said previously that if the plant or plants were not sold within the specified time, RSR would be relieved of the divestiture requirements under terms of the agreement.

Meyers said the trustee has been appointed and that the Dallas plant is not affected by the latest FTC action approving the sale of the Seattle plant to Bergsoe.

According to a company issued statement, RSR estimated that

the book value of the divested assets, less the cash price to be received, will result in a balance sheet loss, but that the company expects to "achieve offsetting financial benefits" from other accounting adjustments caused by the divestiture.

Meyers said the Seattle plant is RSR's smallest facility, but he declined to reveal capacity figures. He said it serves primarily the states of Washington and Oregon. He would not say what RSR's next step would be nor whether the sale of the plant would signal a withdrawal by RSR from that region of the country.

RSR also maintains plants in City of Industry, Calif., Middletown, N.Y., and Indianapolis.

AMERICAN METAL MARKET (NY)

OCTOBER 20, 1983

COMMODITY SECTION:

(NONFERROUS)

STATE ARTICLE CONCERNS:

(OREGON)

10/28

NEWS

Bergsoe Blues

U.S. NATIONAL Bank of Oregon is playing hardball with the state of Oregon over cleanup of the abandoned Bergsoe lead smelter — a smelter that is now one of the worst environmental disasters in Oregon's history, and one in which the bank had a financial interest.

The rise and fall of the Bergsoe smelter, in St. Helens, was a lesson

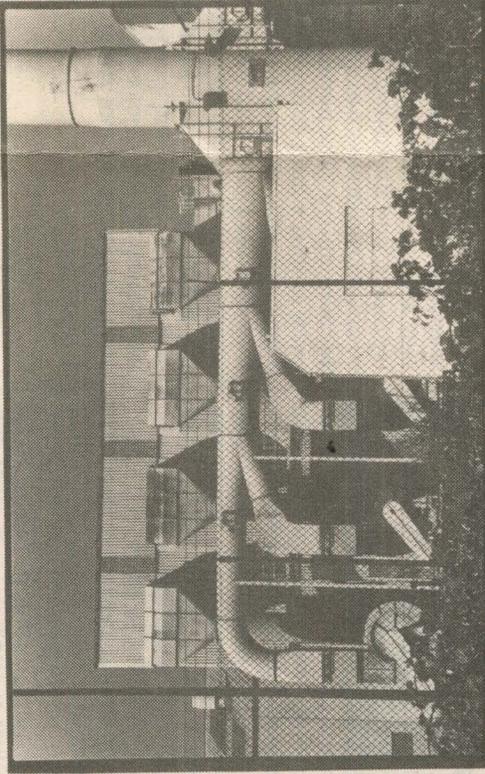
UPDATE

in how not to run and regulate an environmentally threatening business ("Blind Faith," W.W., Sept. 24). The plant is now closed, and its company, faced with a \$16,000 fine levied by the Oregon Department of Environmental Quality and the U.S. Environmental Protection Agency, is bankrupt.

Now what remains is the question of cleanup. DEQ tests found highly toxic levels of lead in the area's ground water, on the roads within the plant and in an estimated 17,000 tons of waste that remains heaped and uncovered at the site.

The biggest hurdle for the DEQ is finding someone to pay for the cleanup. Earlier estimates put the price tag of "closing" the site at between \$3 million and \$15 million — estimates that are now outdated. A closure plan filed by Bergsoe two weeks ago puts the cleanup cost at \$16.5 million.

U.S. National Bank had taken the original steps to provide money for the cleanup. But in its



The Bergsoe smelter: The question of cleanup remains.

most recent legal maneuvers, the bank has all but halted efforts to curb the smelter's pollution, which continues to spread.

For its part, U.S. National Bank has remained quiet about its involvement in the Bergsoe affair and has not changed its stance. Says bank spokesman Don Bowler, "The Bergsoe situation is in litigation and we can't make any comments about it except to say we have ongoing conversations with DEQ and EPA."

Bergsoe was forced by its lender, U.S. National Bank, to file for protection under Chapter 11 of the Federal Bankruptcy Act in November 1986.

"We're dealing with a bankrupt company here," says Brett McKnight, the DEQ's hazardous-waste permitting supervisor. "The bottom line is, no matter what we

Street was hired because the bank official responsible for the account, John Eskildsen, had been a longtime friend of Front Street's president, Ralph Miller.

Under the arrangement, U.S. National Bank had a direct financial interest in the smelter, collecting all profits from the operation. But under Front Street's control, the plant went drastically awry. The DEQ later found Front Street officials had through mismanagement allowed giant spills of toxic materials, permitted high levels of lead to escape the plant and misled the DEQ about lead levels in hazardous waste at the plant site.

From the start, the DEQ's own enforcement of its rules had been lax at Bergsoe, with state officials often taking the company's word for key technical data about the plant. By the time the DEQ and the EPA made a full-fledged inspection of the smelter in February 1986, the damage had been done.

Bergsoe filed its plan to clean up the site early this month. Missing from the plan, however, was a schedule to pay for the \$16.5 million cleanup. Bergsoe filed that proposed schedule a week later, and what it offered is a deal the DEQ and the EPA might find good to refuse.

Under the plan, U.S. National Bank would loan \$5.7 million to Bergsoe, about one-third of the cost of the cleanup. (In doing so, U.S. National Bank withdrew \$1 million it had made available for interim measures.)

U.S. National Bank would take that step only if the DEQ and the EPA meet certain demands, which include joining in as plaintiffs in a

lawsuit filed in September against Bergsoe's original, foreign-based owners. Such a suit could take years to settle.

U.S. National Bank and Bergsoe also want the DEQ and the EPA to promise not to use their legal rights to sue the smelter, the bank, Front Street or the Port of St. Helens (which owns the property) before any money is released.

The bank's offer was clearly not what the DEQ and the EPA were looking for. "Frankly, we were hoping parties would come to the table and offer to help pay for the cleanup," DEQ spokesperson Carolyn Young says. "We were hopeful that would happen. But it didn't."

DEQ officials, short of flatly rejecting the deal, believe the offer could tie the agency's hands in assessing financial responsibility. "It's probably more appropriate to clear players of responsibility after the problem is resolved, not during the process," McKnight says tactfully.

The DEQ and the EPA must jointly agree on any offer, and the DEQ's Young says that, if all else fails, the EPA could make Bergsoe a Superfund case, qualifying it for federal funds. Such a move would take longer, but the federal laws provide more latitude for pinning financial responsibility on the players, including the bank and Front Street.

One final note: U.S. Bancorp, the bank's holding company, announced last week that John Eskildsen, who was a key player in hiring Front Street, has been promoted to executive vice president and manager.

— BRENT WALTH

LISA STONE

No insurance means no recycling plant in St. Helens

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By Bob Crider
The Daily News

A lead recycling plant in St. Helens will close its doors and throw 73 people out of work because it can't obtain federally mandated environmental liability insurance, the plant's manager said Tuesday.

"We're being regulated out of existence," said Norman Webb, operations manager at the Bergsoe Metals Corp. plant, which was built and began recovery of lead from electrical storage batteries in 1982.

"It's possible it could run to the end of the year, but it's also possible it won't," Webb said.

Most employees will be out of work after the company shuts down its smelter at the end of May. Other employees will continue

work as the refinery processes lead for an indefinite time, Webb said.

The plant has been running afoul of environmental regulations and has been hurt by low prices for recycled lead in the last year, but Webb said those problems have nothing to do with the closure.

The problem, he said, is an amendment to the federal Resource Conservation and Recovery Act that requires any business engaged in the production, transportation or disposal of hazardous waste to obtain environmental liability insurance. Bergsoe would have to obtain insurance by July 5, Webb said.

Bergsoe officials shopped around for insurance, but were unable to buy any, he said.

The law allows a company to avoid insurance if it has a net worth of \$36 million, Webb said. But his company does not meet

that requirement, either.

The problem exists nationwide for small companies, said Peter Lefkin, an attorney for the American Insurance Association in Washington, D.C., a trade group representing 101 property casualty insurance companies.

"A large number of small companies are being grossly affected," Lefkin said in a phone interview today. "We don't like to see that, either . . . But we simply can't afford to underwrite these contracts anymore."

While insurance contracts provide coverage for immediate and sudden pollution, Lefkin said some judges and juries have ruled they have to cover pollution discovered years later.

Another problem, he said, is that courts have ruled that all the defendants in a case

must share in paying damages. Because several defendants go out of business or declare bankruptcy, that may leave only one holding the bag to clean up pollution.

Bergsoe already is in the midst of a pollution cleanup program resulting from the January 1985 spill of 25,000 gallons of heavy-metal contaminated acid wash-water at the plant site. Bergsoe will have to continue that cleanup if it's not completed by the time the plant closes, said Janet Gillaspie, Northwest regional manager for the Oregon Department of Environmental Quality.

She said Bergsoe also violated air emissions standards in the last three months of 1985, allowing more lead to be emitted on the plant site than regulations allow.

Besides complying with anti-pollution laws, the company has faced a drop in the price of recycled lead, said Columbia County

Assessor Henry T. Hudson.

In January 1985, Hudson said, his office assessed the Bergsoe plant and property at about \$21.7 million. The company protested last May, saying that the price of recycled lead dropped from 63 cents a pound when it opened to 19 cents.

"The premise laid before the Board of Equalization is that if it's assessed more, 'Then we'll shut the plant down and throw 60 people out of work,'" Hudson said.

As a result, he said, the Board of Equalization lowered the assessment to about \$4 million.

Webb said the price of lead played no factor in the company's decision to close.

"The price of lead is academic," he said. "We can't operate if we don't have insurance."

SOURCE: LONGVIEW (WA) DAILY NEWS

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CONSTRUCTION is underway at \$20 million Bergsoe Metal Corp. lead recycling plant near Highway 30 in St. Helens. Approximately 100 people will be employed at plant when completed. Completion is anticipated in 18 months.

Sod broken on \$20 million St. Helens lead recycling plant

ST. HELENS — The start of construction was celebrated by Oregon's newest manufacturing company, Bergsoe Metal Corp., at a groundbreaking ceremony held today in this Columbia County city.

Presiding over the ceremony were Oregon Economic Development Commission Chairman Glenn Jackson, Bergsoe President Nils Peter Jensen and Svend Bergsoe, chairman of the board for the Bergsoe Group of companies.

Bergsoe Metal expects to complete construction on the \$20 million lead recycling plant within 18 months. The plant is being built on a 50-acre site near Highway 30.

Approximately 100 people will be employed by Bergsoe Metal with annual payroll estimated at \$2 million.

The majority of the employees are expected to be hired from the local area labor pool, according to Jensen and Svend Bergsoe. Columbia County has one of the highest unemployment rates in Oregon.

"We selected St. Helens for a number of reasons. It has close proximity to our primary markets. Land was available to meet present needs and offers expansion potential. And most importantly we've been warmly received by the people of St. Helens," said Jensen.

Bergsoe Metal is a joint venture between Bergsoe Group and the East Asiatic Co. Both firms are based in Copenhagen, Denmark. The plant is the first lead recycling plant to be built in the United States by the two Danish firms.

"The St. Helens plant will be the most modern lead recycling plant in the United States when completed," said Svend Bergsoe. The plant will be similar in design to lead recycling facilities operated by Bergsoe Group in Sweden and Denmark. These two European facilities are considered to be the most technologically advanced lead recycling plants in the world. Consulting engineer on the St. Helens project is Portland's CH2M Hill.

Primary product recycled at the plant will be spent electric storage batteries. The plant will have the capacity to recycle 27,000 tons of lead per year. Jensen emphasized that the plant meets

all environmental standards of the U.S. Environmental Protection Agency and the Oregon Department of Environmental Quality.

Cites standards

"One of the primary reasons we came here was Oregon's reputation for strict environmental standards. If we could meet Oregon's standards, we could build anywhere in America," said Jensen.

Lead consumption is increasing at a rate of eight percent annually in the U.S. with 55 percent of the lead used coming from recycling operations. In Oregon, it's estimated more than 400 people are involved in battery manufacturing, placing Bergsoe Metal close to its primary market. These Oregon manufacturers supply more than two million batteries annually.

Bergsoe Metal's two parent firms, East Asiatic Company and the Bergsoe Group, are noted for their international operations. Bergsoe Group is a 78-year-old metal resources company that has lead recycling plants in South America in addition to Europe. East Asiatic is a diversified international concern with annual sales of more than \$4 billion.

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