

## PREMISES POLLUTION EXPOSURE EXAMPLES

### Dry Cleaners Exposure

Dry cleaners are regularly stand-alone locations or are located in strip malls (or more commonly, they were a prior tenant at a strip mall before the current owner purchased the location – i.e. historic operations). These historic dry cleaning operations have led the industry in both pollution frequency and severity events.

A real estate portfolio owner/operator's tenant list did not identify any dry cleaners, however, a prior tenant in the 1990's was a dry cleaner. The dry cleaner had discarded their waste process water outside the back door in a wooded area. The discarded waste process water contained chlorinated solvents, which significantly impacted the soil and groundwater in the area. The solvent contamination is discovered when a nearby property owner selling his parcel performs a Phase II Environmental Site Assessment on their property. The discovery and subsequent investigation of the solvent contamination is traced back to the retail strip center. This results in significant remediation costs, legal defense expenses, as well as third-party property damage.

### Out-Parcel Exposure

The owner of a retail shopping center has a gas station situated at one of the center's out-parcels. The owner incurs first-party remediation costs resulting from a leak at one of the gas station's underground storage tanks. The petroleum contamination from the leak comes in contact with groundwater and migrates off-site. This results in significant thirdparty remediation costs and associated defense expenses.

### Photo-Lab Exposure

An owner of a portfolio of strip malls acquires a property in the 1990's. When that facility was originally built, the contractor utilized clay pipes for the sewer system (which was quite common). One of the strip mall tenants is a photo processing lab. These labs used silver in the processing of film and their waste liquids were regularly disposed of through standard plumbing fixtures into the sanitary sewer system (i.e., prior to implementation of more modern environmental regulations). Over time, the waste liquid caused degradation in the clay pipes, which resulted in cracks and releases, both before and after the owner's acquisition. The contaminated soil and groundwater are discovered during a routine check of the sewer system and result in significant remediation costs for the owner.

### Mold Exposure

In a retail strip mall, the owner leases existing space to a new tenant and renovations are begun to customize the space. During the construction period, significant mold is found in the leased area due to prior water damage from a leaking pipe. This results in remediation costs to remove the mold, as well as business interruption costs due to inability of the owner to secure rent for the space during the remediation efforts for the mold.

The above example is very common. This would also apply at office locations, apartment complexes and warehousing operations.

### **Unknown Past-Use Exposure**

A commercial property was built in the 1970's on an unknown landfill, which had been previously closed in the 1940's. A grocery store chain at the site decides to expand their building. During the expansion activities, backhoes unearth waste and fill materials with strong chemical odors. This results in a halt of construction activities and a subsequent technical investigation of the site. Significant remediation costs and legal defense expenses are incurred, and bodily injury is suffered by third-party construction workers exposed to the chemicals.

### **Illicit Abandonment Exposure**

An unknown third-party drops off methamphetamine lab waste in the parking lot of a shopping center at night. The next morning when the employees arrive, they notice the containers and contact the local fire department. Local HazMat crews arrive and discover that the containers contain the waste material, which is extremely hazardous. This results in costs for the proper disposal of the hazardous waste at an appropriate disposal site.

### **Waste Water Treatment Plant Exposure**

A large waste water treatment plant that has over three million gallons of unprocessed waste water on the site suffers a system failure. Specifically, a retention wall collapses releasing the unprocessed waste water into an adjacent river resulting in significant damage to natural resources. This results in remediation costs, legal defense expenses, bodily injury claims, property damage claims, and civil penalties due to natural resource damages.

# PREMISES POLLUTION EXPOSURE SCENARIOS AGRICULTURAL RISKS

## FERTILIZER TANK EXPOSURE

### Incident

A 25,000 gallon above ground storage tank containing fertilizer leaked at an agricultural chemical distributor. The chemical materials initially went into the secondary containment system, but the storm water plug was removed and so the materials eventually spilled onto the ground.

### Effect

The surrounding soil was contaminated by the fertilizer and had to be removed and transported to a hazardous waste facility.

## TANK TRUCK RELEASE

### Incident

While a tanker truck was filling up with fertilizer at a loading rack at an agriculture chemical distributor, the machinery malfunctioned and some of the fertilizer spilled onto ground and flowed into a storm drain.

### Effect

The storm drain emptied into a stream populated with an endangered species of fish. The fertilizer caused an algal bloom, resulting in a fish kill. In addition to being required to perform remediation, the business was fined for intangible damages, including natural resource damages.

## REFRIGERATED WAREHOUSE EXPOSURE

### Incident

A refrigeration system in a cold storage warehouse containing apples leaked ammonia. The day was humid so the ammonia did not immediately disperse and an ammonia cloud traveled off site.

### Effect

Surrounding businesses were briefly shut down and emergency responders were summoned to contain the incident. Several third-party individuals came into contact with the ammonia cloud and went to the local emergency room complaining of respiratory distress. Operations at the warehouse were shut down for several days.

## AST RELEASE

### Incident

An aboveground diesel storage tank located at a grain-processing facility leaked due to corroded piping that ran underground from the tank to a boiler. An estimated 250 gallons of fuel was lost.

### Effect

The surrounding soil and shallow groundwater were contaminated within a radius of 300 feet from the location of the leak. Both the soil and groundwater required remediation and long-term monitoring. Cleanup was estimated to take 2 years.

## WAREHOUSE FIRE EXPOSURE

### Incident

A fire occurred in an agricultural chemical warehouse. An attempt was made to contain the associated firewater; however, an unknown quantity of firewater ran off from the warehouse and into the surrounding soil.

### Effect

The firewater contained chemicals that contaminated the soil. The soil had to be removed from the facility and sent to a hazardous waste facility. The area required additional remediation, and the contained firewater had to be transported to a treatment facility.