

May 23, 2008

Mr. Ed Jones, Project Manager
Washington State Department of Ecology
3190 160th Avenue Southeast
Bellevue, Washington 98008-5452

**RE: PROGRESS REPORT – JANUARY THROUGH MARCH (Q1) 2008
CAPITAL INDUSTRIES, INC., SEATTLE, WASHINGTON
AGREED ORDER NO. DE5348
FARALLON PN: 457-004**

Dear Mr. Jones:

This progress report summarizes activities conducted for the Capital Industries, Inc. (CI) project from January through March 2008. In accordance with Agreed Order DE5348 entered into by CI and the Washington State Department of Ecology (Ecology) dated January 24, 2008, progress reports will be provided on the following schedule.

<u>Work Period</u>	<u>Progress Report Date</u>
Q1 2008	May 24, 2008
Q2 2008	August 24, 2008
Q3 2008	November 24, 2008
Q4 2008	February 24, 2009

ACTIVITIES DURING REPORTING PERIOD

Activities completed between January and March 2008 (Q1) are summarized below.

REMEDIAL INVESTIGATION

The Draft Remedial Investigation Work Plan (RI Work Plan) was submitted to Ecology on February 28, 2008.

The Draft Public Participation Plan was submitted to Ecology on February 28, 2008.

The Draft Groundwater Monitoring Plan was submitted to Ecology on February 28, 2008.

INTERIM MEASURES

No interim measures were implemented during this reporting period.

VAPOR INTRUSION

The following documents were submitted to Ecology for review on February 28, 2008:

- Draft Vapor Intrusion Assessment Work Plan;
- Draft Vapor Intrusion Mitigation Work Plan; and
- Draft Vapor Intrusion Inspection, Monitoring, and Maintenance Work Plan.

GROUNDWATER MONITORING

No groundwater monitoring was completed during this reporting period.

PUBLIC COMMUNICATIONS

The following public communications concerning CI were conducted during this reporting period:

- Pacific Groundwater Group, on behalf of Blaser Die Casting, reviewed and issued comments on the Draft CI RI Work Plan on March 24, 2008.

ANTICIPATED WORK IN THE UPCOMING QUARTER

Work anticipated to be performed during the next progress reporting period (April through June 2008) is summarized below.

REMEDIAL INVESTIGATION

Ecology is currently reviewing the Draft RI Work Plan. A Revised RI Work Plan will be issued upon receipt and review of Ecology's comments.

Farallon anticipates conducting the following activities as proposed in the RI Work Plan:

- The Soil Quality Evaluation during the redevelopment of 2nd Avenue South located between Capital Plant 1 and Plant 2, as described in Section 5.4.2 of the RI Work Plan.

INTERIM MEASURES

No interim measures are anticipated during the next progress reporting period.

VAPOR INTRUSION

Pending approval by Ecology, Farallon anticipates conducting the following activities as proposed in the draft Vapor Intrusion Assessment Work Plan:

- Preparation of a Vapor Intrusion Mitigation Work Plan for installation of a subslab depressurization system within the Olympic Medical building. The Work Plan will be submitted to Ecology for review prior to installation.

GROUNDWATER MONITORING

No groundwater monitoring is anticipated during the next progress reporting period.

PUBLIC COMMUNICATIONS

No public communications are anticipated during the next progress reporting period.

CLOSING

The next progress report will summarize activities completed from April through June and will be submitted on or before August 24, 2008.

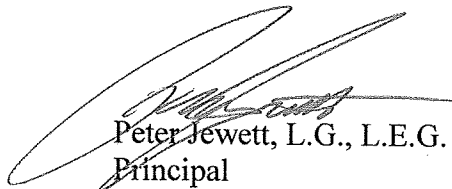
Farallon trusts that this monthly progress report provides sufficient information for Ecology. If you have any questions regarding this project, please contact either of the undersigned at (425) 295-0800.

Sincerely,

Farallon Consulting, L.L.C.



Daniel Caputo
Task Manager



Peter Jewett, L.G., L.E.G.
Principal

cc: Ron Taylor, Capital Industries, Inc.
Don Verfurth, Gordon and Rees, L.L.P.
Janet Knox, Pacific Groundwater Group
Doug Hillman, Aspect Consulting
Bill Carroll, Arrow Environmental

DC/PJ:bw