

REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org



CONSENT
December 2, 2008

**Honorable Mayor and
Members of the City Council**

**Title: Agreement: North Area Corporation Yard Implementation of the Toxic
Remediation Plan (C13001400)**

Location/Council District: 918 Del Paso Road, Sacramento County

Recommendation: Adopt a Resolution: 1) authorizing the implementation of a Final Remediation Plan to clean up toxic soil and groundwater contamination at the North Area Corporation Yard; 2) authorizing the City Manager or the City Manager's designee to execute Supplemental Agreement No. 2 to Agreement No. 2007-0192 with AMEC Geomatrix, Inc. increasing the agreement from \$86,735 to an amount not to exceed \$106,335 for additional work related to the completion of the remediation plan; 3) authorizing the transfer of \$1,104,658 from 2003 Capital Improvement Revenue Bond (CIRB) funds to the North Area Corporation Yard Toxic Remediation (C13001400) project; and 4) authorizing the City Manager or the City Manager's designee to execute such additional documents and to take such additional actions as necessary to implement the resolution.

Contact: Karl Kurka, Environmental Program Manager, 808-8430; Cynthia Kranc, Facilities Manager, 808-2258.

Presenters: None

Department: General Services

Division: Facilities and Real Property Management

Organization No: 13001551

Description/Analysis

Issue: On June 10, 2003, the City Council authorized the purchase of property at 918 Del Paso Road for \$10.485 million (Resolution 2003-362) for use as the City's North Area Corporation Yard (NACY). The property was formerly owned by Consolidated Freightways, a trucking company, and had known underground contamination at the fueling station from a diesel leak that occurred in 1987 (approximately 9,000 gallons). The City assumed responsibility for the

contamination clean up. This liability was factored into the purchase price of the property, which was still considerably below the appraised value.

The City has done extensive work delineating, monitoring and containing the diesel pollution, however the majority of the soil and groundwater contamination remains. The City's environmental consultant, AMEC Geomatrix, Inc. prepared a remediation plan in April 2008 which was approved by the Central Valley Regional Water Quality Control Board (Water Board) on May 16, 2008. Implementation of the remediation plan is estimated to cost \$2.2 million.

The implementation was to commence in July 2008; however, the project was delayed until sufficient funding sources could be identified. A funding plan for the remediation effort has been developed and is detailed in the Financial Section. In preparation for the cleanup construction activities and for supplemental work associated with the final remediation plan, staff is recommending that the consulting agreement with AMEC Geomatrix, Inc. be increased from \$86,735 to \$106,335.

In an effort to minimize capital outlay for the remediation effort, the tenants at the NACY facilities (Departments of Transportation, Utilities, General Services and Parks) have agreed to perform much of the non-hazardous work on the project with City staff and resources. All work involving hazardous waste will be conducted by the construction contractor. As proposed City departments will:

- 1) develop plans and bid specifications for the project;
- 2) prepare the site for excavation by removing existing structures and pavement;
- 3) excavate the first five feet of clean soil;
- 4) refill the excavation pit with the remediated soil; and
- 5) repave the site.

The estimated savings by having City departments perform the above work is \$651,539.

Upon approval of the funding plan and supplemental agreement with AMEC Geomatrix, Inc., staff will put the remediation project out to public bid. Staff anticipates returning to Council sometime in early 2009 to award a construction contract.

On June 2, 2008, Supplemental Agreement No. 1 to Agreement No. 2007-0192 was executed with AMEC Geomatrix, Inc. under City Manager authority to extend the time of performance only.

Policy Considerations: The proposed action is consistent with the City's strategic goal to implement strategies to improve overall public safety and economic development.

Under state law the City is liable and responsible for "the restoration of the beneficial uses of waters of the State that have been degraded by a pollutant release." The Water Board issued a warning letter to the City on October 28, 2008 that states if the City does not show significant progress in implementing the remediation plan by December 31, 2008, formal enforcement actions may be taken (see Attachment 2). Delay in moving forward with the remediation could result in fines of up to \$5,000 per day per violation.

Committee/Commission Action: None

Environmental Considerations: Numerous cleanup technologies were evaluated in the development of the final remediation plan. The chosen approach was deemed the most effective in cleaning up the diesel contamination and minimizing costly future monitoring and maintenance of the site. The remediation plan calls for the excavation of contaminated soil and composting the soil on-site over a period of two to three months. A proprietary microbial compost will be used to accelerate soil decontamination. Groundwater treatment wells will also be installed in the excavation pit in case further remediation is needed. The pit will be filled with the treated soil. The Water Board will require groundwater monitoring until it declares that the site meets clean up standards.

California Environmental Quality Act (CEQA): The implementation of the approved final remediation plan will be conducted under the regulatory oversight of the Water Board. The project is an action taken by a regulatory agency, as authorized by state statute, to assure the maintenance, restoration, or protection of the environment. During the course of the project, the Water Board will enact regulatory processes that involve procedures for the protection of the environment. For these reasons, the project is exempt from the provisions of the CEQA guidelines per Section 15308.

Sustainability Considerations: Not applicable

Rationale for Recommendation: The timing of the remediation work is critical as excavation and refilling the pit must occur during dry months and the decontamination composting must occur during warm summer months. Additionally, if clean up is delayed:

- the City may be subject to enforcement actions and fines from the Water Board of up to \$5,000 per day per violation;
- the City could lose the approximately \$111,000 of State grant funds for the project that will expire April 1, 2009 and \$327,000 in State grant funds that will expire April 1, 2010 if not spent before these deadlines;

- the City will have to continue spending more than \$130,000 a year on groundwater monitoring and treatment of the site to prevent further migration of the contamination (these costs will continue indefinitely until the site is cleaned up); and
- the approved remediation plan was determined to be the most effective based on available technologies and appropriateness for the site. Implementation of the plan is the most likely strategy for the City to achieve regulatory clean up and "no further action" certification from the State.

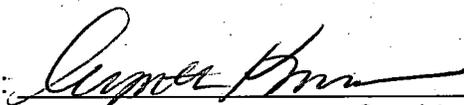
Financial Considerations: The total project is estimated to cost \$2.2 million based on estimates developed by the consultant, AMEC Geomatrix, Inc. NACY tenants (Departments of Transportation, Utilities, General Services and Parks) and the Budget Office have been working together to develop a funding plan to implement the cleanup. The recommended funding plan consists of three components:

1. \$651,539 in non-hazardous work such as preparing and restoring the site that will be performed by NACY tenants;
2. \$438,000 in remaining state grant funds available in the NACY Remediation project; and
3. \$1,104,658 in residual 2003 Capital Improvement Revenue Bond (CIRB) funds that were borrowed for the original acquisition will be transferred from fund balance to the NACY Remediation project.

The recommendation to utilize 2003 CIRB fund balance has been reviewed with the City Treasurer's Office. As the 2003 CIRB included the purchase of NACY and the remediation was known at the time of acquisition, the available fund balance can be used for required remediation efforts.

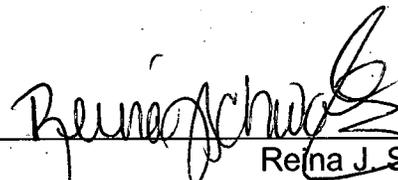
Emerging Small Business Development (ESBD): The selected contractor for this project will follow City established guidelines for inclusion of ESBD firms.

Respectfully Submitted by:



Cynthia Kranc
Facilities Manager

Approved by:



Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:



for Ray Kerridge
City Manager

Table of Contents:

	Report	Pg 1
Attachments		
1	Background	Pg 6
2	Water Board Warning Letter	Pg 8
3	Resolution	Pg 10

Attachment 1**BACKGROUND INFORMATION:**

- In June 2003, the City of Sacramento purchased the property at 918 Del Paso Road for use as a north area corporation yard for City operations (Resolution 2003-362). The property was formerly owned by Consolidated Freightways, a trucking company. Six underground storage tanks used to store fuel, oil, waste oil, and antifreeze existed on the site. There was known underground contamination at the fuel site from a documented diesel fuel release in 1987. The City of Sacramento did not fill or use any of the underground storage tanks from the date of purchase. The City assumed responsibility for cleaning up the site under the regulatory authority of the California Central Valley Regional Water Quality Control Board (Water Board).
- In December 2004, the City contracted with Blymyer Engineers, Inc., to resume monitoring of ground water and to provide specifications and scope for development of a final remediation plan (FRP). The first quarterly monitoring report was submitted in March 2005.
- On October 7, 2005, three underground storage tanks were removed. Diesel contamination under tanks, dispensers, piping and in backfill (pea gravel) was detected. Pea gravel was removed and disposed of. The site remains open.
- On October 17, 2005, three additional underground storage tanks were removed. Ethylene glycol and waste motor oil contamination was detected under the tanks. The tank pit was over excavated and re-sampled, and the samples indicated no contamination. The tank pit was filled with clean fill and paved over.
- On November 21, 2005, a "notification of unauthorized release/contamination site report" for waste oil and ethylene glycol was filed with the Sacramento County Environmental Management Division.
- On August 16, 2006, the City of Sacramento was accepted into the State Water Resources Control Board's Orphan Site Cleanup Account Program, established by Assembly Bill 1906. The fund provides reimbursement of eligible underground storage tank cleanup costs. The City has approximately \$438,000 in reimbursable expenses available for the implementation of the FRP.
- On June 4, 2007, the Department of General Services released a Request for Proposals for the Preparation and Implementation of a Final Remediation Plan (FRP). AMEC Geomatrix, Inc. was deemed the most well qualified to prepare and implement the FRP for NACY.

- On August 28, 2007, City Council adopted Resolution No. 2007-625 accepting a proposal from AMEC Geomatrix, Inc. and authorizing an agreement in an amount not to exceed \$86,735 for the preparation of a FRP for NACY.
- In April 2008, AMEC Geomatrix, Inc. completed the FRP which was approved by the Water Board on May 16, 2008. The remediation plan calls for the excavation of contaminated soil and on-site treatment with proprietary microbial compost. Treatment wells will be installed in the excavation pit in case further remediation is needed. The pit will be filled with the treated soil and clean overburden. Groundwater quality will be monitored for at least one year or until the Water Board declares that the site meets clean up standards.
- In July 2008, the implementation was to commence, however, the project was delayed due to insufficient funding. The NACY tenants (Departments of Transportation, Utilities, General Services and Parks) and the Budget Office began meeting to develop a funding and implementation plan.
- In October 2008, the City departments and Budget Office agreed to a funding and implementation plan (detailed in the Financial Section above).
- On October 28, 2008, the Water Board issued a warning letter to the City that states if the City does not show significant progress in implementing the remediation plan by December 31, 2008, formal enforcement actions may be taken (see Attachment 2). Delay in moving forward with the remediation could result in fines of up to \$5,000 per day per violation.

Attachment 2



Linda Adams
Secretary for
Environmental
Protection

**California Regional Water Quality Control Board
Central Valley Region**

Karl E. Longley, ScD, PE, Chair

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Arnold
Schwarzenegger
Governor

28 October 2008

Mr. Karl Kurka
City of Sacramento - Department of General Services
5730 24th Street, Building No. 4
Sacramento, California 95822

**PROJECT STATUS, CITY OF SACRAMENTO NORTH CORPORATION YARD,
918 DEL PASO ROAD, SACRAMENTO, SACRAMENTO COUNTY**

The California Regional Water Quality Control Board, Central Valley Region (Central Valley Water Board) staff has reviewed the Project File for the Site and recent correspondence from you. Your letter indicates that there are insufficient funds currently allotted to implement and complete the approved final remedial alternative. A Remediation Status Report was due **15 August 2008**. This report is late and was to include the analytical results of the confirmation soil samples collected during excavation activities and the final dimension and location of the excavation. Completion of the ex-situ treatment, backfill of the excavation, and submission of a Final Remediation Status Report is due by **31 October 2008**. Excavation activities have not begun and this due date will also be exceeded.

Central Valley Water Board staff understands that the City is experiencing significant budget constraints. However, this Site has been an open case for more than 20 years. The City has received significant support and funding from the State Water Resources Control Board's Orphan Site Cleanup Account (OSCA) to aid in the investigation and cleanup of this Site.

As the Responsible Party, the City of Sacramento is liable for investigation and restoration of the beneficial uses of the waters of the State of California that have been degraded from the pollutant release at the Site. Lack of funding from the State Water Resources Control Board's OSCA or the State Water Resources Control Board's Underground Storage Tank Cleanup Fund (UST Fund) does not relieve Responsible Parties from their obligations to protect public health and restore beneficial uses of impacted groundwater.

If the City of Sacramento does not show significant progress in implementing the approved final remedial alternative, Central Valley Water Board staff will recommend to management that formal enforcement actions be taken to assure the City of Sacramento's compliance with the necessary cleanup activities.

Formal enforcement can include issuance of a Cleanup and Abatement Order (CAO), or a 13267 Order. Violation of the due dates in a CAO can result in administrative civil liabilities (fines) of up to \$5,000 per day per violation. Central Valley Water Board staff would like to work with the City of Sacramento to initiate implementation of the final remedial alternative and move the project towards a finding of No Further Action Required, however if the City does not

California Environmental Protection Agency



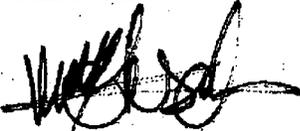
Mr. Karl Kurka
North Corporation Yard
918 Del Paso Road, Sacramento

- 2 -

28 October 2008

show significant forward progress by the end of the year, Board staff will be recommending formal enforcement to management.

If you have any questions, please call me at (916) 464-4792 or email me at vfischer@waterboards.ca.gov.



Vera J. Fischer
Engineering Geologist

cc: Ms. Judy Reid, State Water Resources Control Board, Department of Financial Assistance, Sacramento
Mr. Dana Booth, Sacramento County Environmental Management Department, Sacramento
Ms. Rhonda Lake, City of Sacramento, Sacramento
Mr. Donald Daniels, Geomatrix Consultants, Inc., Oakland
Mr. Michael Lewis, Blymyer Engineers, Inc., Alameda

RESOLUTION NO.2008-XXXX**Adopted by the Sacramento City Council****December 2, 2008****AUTHORIZING ACTIONS RELATED TO
THE NORTH AREA CORPORATION YARD REMEDIATION****BACKGROUND**

- A. In June 2003, the City of Sacramento purchased the property at 918 Del Paso Road for use as a north area corporation yard (NACY) for City operations (Resolution 2003-362). The property was formerly owned by Consolidated Freightways, a trucking company. Six underground storage tanks used to store fuel, oil, waste oil, and antifreeze existed on the site. There was known underground contamination at the fuel site from a documented diesel fuel release in 1987. The City of Sacramento did not fill or use any of the underground storage tanks from the date of purchase. The City assumed responsibility for cleaning up the site under the regulatory authority of the California Central Valley Regional Water Quality Control Board (Water Board)
- B. On August 16, 2006, the City of Sacramento was accepted into the State Water Resources Control Board's Orphan Site Cleanup Account Program, established by Assembly Bill 1906. The fund provides reimbursement of eligible underground storage tank cleanup costs. The City has approximately \$438,000 in reimbursable expenses available for the implementation of a Final Remediation Plan (FRP).
- C. On June 4, 2007, the Department of General Services released a Request for Proposals for the Preparation and Implementation of a FRP for NACY through the City's bid website. On June 29, 2007, staff received four proposals, and AMEC Geomatrix, Inc. was deemed the most well qualified to prepare and implement the FRP for the NACY.
- D. On August 28, 2007, City Council adopted Resolution No. 2007-625 accepting a proposal from AMEC Geomatrix, Inc. and authorizing an agreement in an amount not to exceed \$86,735 for the preparation of a FRP for the NACY.
- E. AMEC Geomatrix, Inc. prepared the FRP April 9, 2008 and the plan was approved by the Water Board on May 16, 2008. The remediation plan calls for the excavation of contaminated soil and on-site treatment with proprietary microbial compost. Treatment wells will be installed in the excavation pit in case further remediation is needed. The pit will be filled with the treated soil. City departments will perform much of the non-hazardous remediation work. All work involving

hazardous waste will be conducted by the construction contractor. Groundwater quality will be monitored for at least one year or until the Water Board declares that the site meets clean up standards. The total cost of the remediation plan is \$2.2 million based on estimates developed by AMEC Geomatrix, Inc.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The implementation of the Final Remediation Plan (FRP) to clean up toxic soil and groundwater contamination at the North Area Corporation Yard is authorized.
- Section 2. The City Manager or the City Manager's designee is authorized to execute Supplemental Agreement No. 2 to Agreement No. 2007-0192 with AMEC Geomatrix, Inc. increasing the agreement from \$86,735 to an amount not to exceed \$106,335 for additional work related to the completion of the remediation plan
- Section 3. The City Manager is authorized to transfer \$1,104,658 from available 2003 Capital Improvement Revenue Bond funds (Fund 3003) to the North Area Corporation Yard Toxic Remediation (C13001400) project.
- Section 4. The City Manager or the City Manager's designee to execute such additional documents and to take such additional actions as necessary to implement the resolution.