

REPORT TO COUNCIL

City of Sacramento

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

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CONSENT
June 23, 2009

Honorable Mayor and
Members of the City Council

**Title: Change Order: North Area Corporation Yard Toxic Remediation
(C13001400)**

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

Recommendation: Adopt a **Resolution:** 1) authorizing the City Manager or the City Manager's designee to execute Change Order No. 2 to Contract No. 2009-0278 with Pacific States Environmental Contractors, Inc. in an amount not to exceed \$268,300 for a revised total contract amount not to exceed \$1,153,616; and 2) resetting the City Manager's signature authority.

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

Presenters: Not applicable

Department: General Services

Division: Facilities and Real Property Management

Organization No: 13001551

Description/Analysis

Issue: On March 24, 2009, City Council adopted Resolution No. 2009-168, approving the plans and specifications for the toxic remediation of diesel contaminated soils at the North Area Corporation Yard (NACY) and awarding a one-year construction contract with a one-year renewal option to Pacific States Environmental Contractors, Inc. in an amount not to exceed \$850,516 for the two year period. The contract implements the State approved Final Remediation Plan (FRP) for the clean up of contaminated soils and groundwater at NACY.

The FRP and contract call for the excavation, treatment and/or landfill disposal of contaminated soils and installation of groundwater extraction wells at the bottom of the excavation in case further treatment is needed.

Additional contaminated soils have been encountered in the geologic studies of the site and the FRP. Change Order No.1, in an amount not to exceed \$34,800, was authorized by the City Manager to continue the excavation and stockpiling of contaminated soils. Change Order No. 2 is recommended for the costs associated with the treatment and/or disposal of the additional soil for an amount not to exceed \$268,300, taking the revised total contract to an amount not to exceed \$1,153,616.

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

Further, the recommendations in this report are consistent with: 1) Sacramento City Code Chapter 3.60.210(B) requiring City Council approval for change orders in excess of ten percent of the contract price for contracts originally awarded for a price of \$250,000.00, but less than \$1 million; and 2) City Code Section 3.60.210(G) restoring City Manager authority to issue additional change orders.

Committee/Commission Action: None

Environmental Considerations:

California Environmental Quality Act (CEQA): The implementation of the approved FRP will be conducted under the regulatory oversight of the Central Valley Regional Water Quality Control Board (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: Removing the source of the pollution will preserve groundwater for future beneficial uses per state law.

Rationale for Recommendation: Under state law the City is 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 (i.e. fines up to \$5,000 per day) may be taken (see Attachment 2). The City has made significant progress and the project is approximately 65% complete.

The timing of the remediation work is critical as excavation and refilling the pit must be completed during dry months and the biological treatment of

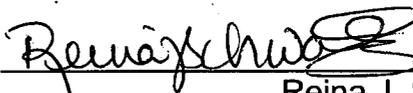
contaminated soil must occur during warm summer months. Additionally, if completion of the project is delayed, the City will lose approximately \$327,000 of State grant funds that expire March 31, 2010.

The diesel impacted soil is contaminating groundwater. If the source is not removed the contaminated groundwater will continue to spread, posing an environmental and public safety threat. 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: Sufficient funding in the 2003 Capital Improvement Revenue Bond (CIRB) funds (Fund 3003) is available in the North Area Corporation Yard Remediation project (C13001400) to award Change Order No. 2 for treatment and/or disposal of additional contaminated soil in an amount not to exceed \$268,300.

Emerging Small Business Development (ESBD): Pacific States Environmental Contractors, Inc. has an emerging/small business enterprise percentage total of 41% for this project.

Respectfully Submitted by: 
Cynthia Kranc
Facilities Manager

Approved by: 
Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:


Ray Kerridge
City Manager

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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 selected as the most 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 of the FRP 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, Policy, and Strategic Planning Division (Budget Division) of the Department of Finance began meeting to develop a funding plan.
- In October 2008, the City departments and Budget Division agreed to a funding plan. In an effort to minimize capital outlay for the remediation effort, the NACY tenants have agreed to perform much of the non-hazardous work on the project in-house.
- On October 28, 2008, the Water Board issued a warning letter to the City stating that if the City did 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.
- On December 2, 2008, City Council adopted Resolution No. 2008-778, authorizing the funding and implementation of the Final Remediation Plan (FRP) to clean up toxic soil and groundwater contamination at the North Area Corporation Yard.
- On March 24, 2009, City Council adopted Resolution No. 2009-168 awarding a one-year construction contract with a one-year renewal option to Pacific States Environmental Contractors, Inc. in an amount not to exceed \$850,516 for the two year period.

Attachment 2



Linda Adams
Secretary for
Environmental
Protection

California Regional Water Quality Control Board

Central Valley Region

Karl E. Longley, ScD, PE, Chair

11020 Sun Center Drive #200, Rancho Cordova, California 95670-6114
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<http://www.waterboards.ca.gov/centralvalley>



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.

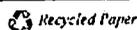
Central Valley Water Board staff understands that the City is experiencing significant budget constraints. However, this Site has been an open case for more than 20 years. The City has received significant support and funding from the State Water Resources Control Board's Orphan Site Cleanup Account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

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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.2009-XXXX

Adopted by the Sacramento City Council

June 23, 2009

APPROVING CHANGE ORDER NO. 2 WITH PACIFIC STATES ENVIRONMENTAL CONTRACTORS, INC. IN AN AMOUNT NOT TO EXCEED \$268,300 FOR ACTIONS RELATED TO THE NORTH AREA CORPORATION YARD TOXIC REMEDIATION (C13001400)

BACKGROUND INFORMATION:

- A. In June 2003, City Council adopted Resolution 2003-362 purchasing the property at 918 Del Paso Road to be used for the City's North Area Corporation Yard (NACY). The former owner, Consolidated Freight Ways, had a known underground leak of diesel fuel in 1987 which contaminated soil and groundwater. The City incorporated the estimated cleanup costs into the purchase price and upon ownership assumed responsibility for cleanup under the regulatory authority of the Central Valley Regional Water Quality Control Board (Water Board).
- B. On March 24, 2009, City Council adopted Resolution No. 2009-168 awarding a one-year construction contract with a one-year renewal option to Pacific States Environmental Contractors, Inc. (PSEC) in an amount not to exceed \$850,516 for toxic remediation at NACY.
- C. In June 2009, PSEC encountered more contaminated soils than the FRP and geologic studies had anticipated. Change Order No. 1 in the amount of \$34,800 was issued under City Manager authority to continue the excavation and stockpiling of contaminated soils. Change Order No. 2 is necessary to treat and/or dispose of the additional contaminated soil.

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

- Section 1. The City Manager or the City Manager's designee is authorized to execute Change Order No. 2 to Contract No. 2009-0278 with Pacific States Environmental Contractors, Inc. in an amount not to exceed \$268,300 for costs associated with the treatment and/or disposal of additional contaminated soils at the City's North Area Corporation Yard.
- Section 2. The City Manager's signature authority is hereby reset for this project pursuant to City Code Section 3.60.210(G).