



REPORT TO COUNCIL City of Sacramento

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www. CityofSacramento.org

CONSENT
April 10, 2007

Honorable Mayor and
Members of the City Council

Title: North Area Corporation Yard Site Remediation Grant (CB96)

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

Recommendation: Adopt a **Resolution:** 1) Authorizing the acceptance and execution of the Orphan Site Cleanup Account Program grant agreement with the State Water Resources Control Board in the amount of \$1.5 million; 2) establishing a capital improvement project for the North Area Corporation Yard Cleanup Project (CB96), and 3) establishing revenue and expenditure budgets in the amount of \$1.5 million for the North Area Corporation Yard Remediation Grant.

Contact: Chein Kao, Program Manager, 808-8430; Cynthia Kranc, Facilities Manager, 808-2258.

Presenters: None

Department: General Services

Division: Facilities and Real Property Management

Organization No: 3283

Description/Analysis

Issue: In June 2003, the City of Sacramento purchased the property at 918 Del Paso Road for use as a North Area Corporation Yard. The property was formerly owned by Consolidated Freightways, a trucking company. There was known underground contamination at the fuel site from a documented diesel fuel release in 1987. Additional remediation is required to clean up the contaminated soil and groundwater that were discovered after tank removal including the investigation of a newly discovered fuel oxygenates plume and the initiation of an on-site treatment system to keep the plume from migrating. The City is required to cleanup this contamination under State law. The estimated cost for complete site remediation project is \$2 million.

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. Acceptance into this program will enable the City to

obtain reimbursement for already expended site assessment costs and for additional future cleanup of diesel contamination at the North Area Corporation Yard site. The fund will provide reimbursement of eligible underground storage tank cleanup costs of up to \$1.5 million per site.

Policy Considerations: The proposed action is consistent with the City's strategic goal to implement strategies to improve overall public safety and economic development without expending additional City resources.

Environmental Considerations: The Environmental Services Manager has determined that the authorization to accept and execute the Orphan Site Cleanup Account Program grant agreements, the establishment of grant projects, and the establishment of revenue and expenditure budgets is exempt from the requirements of the California Environmental Quality Act (CEQA), pursuant to Section 15061(b)(3) of the CEQA Guidelines. Exemption 15061(b)(3) consists of an activity covered by the general rule that CEQA applies only to projects, which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

Rationale for Recommendation: Acceptance into the State Water Resources Control Board's Orphan Site Cleanup Account Program is an extraordinary opportunity for the City to maximize funding by obtaining reimbursement for previously expended site assessment costs and reimbursement of future remediation expenses at the North Area Corporation Yard site. The City is required to cleanup this contamination under State law with or without grant funding.

- The City of Sacramento has expended significant resources in the remediation of petroleum contamination at the North Area Corporation Yard since the purchase of the site in 2003.
- Under the direction of the California Regional Water Quality Control Board, the City is required to continue quarterly groundwater monitoring. The Department of General Services has already completed the first quarter 2007 report. The City is also required to select a new environmental consultant to produce a final remediation plan. The Request for Proposals (RFP) is scheduled to go out in early April 2007.
- The grant program does not require any matching funds from the City. The City however, is required to enter all report data into the Regional Water Quality Control Board's (RWQCB) Geotracker System and to expend city funds for these remediation efforts up front before being reimbursed for expenditures related to implementation of the remediation plan and clean up of diesel contamination.

Financial Considerations: The total remediation project is estimated at \$2 million. To date, the City of Sacramento has incurred \$574,000 in eligible site assessment expenses at the North Area Corporation Yard. These expenditures were budgeted from the following funding sources:

BA01	Fleet Facilities CIP	\$164,000
CB56	Corporation Yard Maintenance CIP	\$ 80,000
BC16	North Area Corporation Yard Acquisition CIP	\$214,000
3275	Fleet Operating Budget	\$116,000
TOTAL		\$574,000

The State Water Resources Control Board's Orphan Site Cleanup Account Program will provide reimbursement for up to \$1.5 million in eligible expenses per site for the remediation of petroleum contamination. Staff is recommending that the grant funds be accepted into Fund 248 and that a Capital Improvement Project be established.

There is some risk for the City in that any given reimbursement request could be denied in part or in whole by the State of California for failure to comply with the grant program or if the Resources Control Board's Orphan Site Cleanup Account Program becomes insolvent.

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 Schwartz
Director 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. 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.
- In December 2004, the City contracted with Blymyer Engineers, Inc., to resume monitoring of ground water and to provide specification and scope for development of a final remediation plan. 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 of up to \$1.5 million per site. To date, the City of Sacramento has incurred \$573,059 in eligible expenses at the North Area Corporation Yard.
- The Department of General Service is currently taking steps to implement the remediation plan and clean up the diesel contamination at the site. Staff is preparing a Request for Proposals (RFP) for the Preparation and Implementation of a Final Remediation Plan for the North Area Corporation Yard. The RFP is going through final approval and is slated to be released in early to mid April 2007.

RESOLUTION NO.2006-XXXX

APRIL 10, 2007

Adopted by the Sacramento City Council

AUTHORIZING THE ACCEPTANCE AND EXECUTION OF THE ORPHAN SITE CLEANUP ACCOUNT PROGRAM GRANT AGREEMENT WITH THE STATE WATER RESOURCES CONTROL BOARD IN THE AMOUNT OF \$1.5 MILLION, APPROVING THE ESTABLISHMENT OF A GRANT PROJECT AND ESTABLISHING REVENUE AND EXPENDITURE BUDGETS IN THE AMOUNT OF \$1.5 MILLION FOR THE NORTH AREA CORPORATION YARD REMEDIATION GRANT.

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 for City operations. Six underground storage tanks used to store fuel, oil, waste oil, and antifreeze existed on the site.
- B. In December 2004, the City contracted with Blymyer Engineers, Inc., to resume monitoring of ground water and to provide specification and scope for development of a final remediation plan.
- C. On October 7, 2005, three underground storage tanks were removed. Diesel contamination under tanks, dispensers, piping and in backfill (pea gravel) was detected.
- D. 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.
- E. 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 of up to \$1.5 million per site. To date, the City of Sacramento has incurred \$573,059 in eligible expenses.
- F. Once the council authorizes the signing of agreement and City Manager signs the agreement, the City can request the first installment of reimbursement money.
- G. The Department of General Service is preparing a Request for Proposals (RFP) for the Preparation and Implementation of a Final Remediation Plan for the North Area Corporation Yard. The RFP is going through final approval process and is slated to be released in early to mid April 2007.

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

- Section 1. The State Water Resources Control Board's Orphan Site Cleanup Account Program Grant in the amount of \$1.5 million is hereby accepted and executed.
- Section 2. Approving the establishment of a grant project for the remediation of the North Area Corporation Yard.
- Section 3. Establishing a capital improvement project.
- Section 4. Authorizing the City Manager to establish revenue and expenditure budgets in the amount of \$1.5 million.
- Section 5. In the event that reimbursements are denied by the State of California or Resources Control Board's Orphan Site Cleanup Account Program becomes insolvent the City Manager is directed to bring back to City Council an alternative funding strategy or proposal for addressing the remediation of the site.

