Sacramento Housing & Redevelopment Agency

REPORT TO REDEVELOPMENT AGENCY
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

CONSENT
August 21, 2007

Honorable Chair and Members of the Redevelopment Agency

Title: Agreement: El Monte Triangle Area

Location/Council District: North Sacramento Redevelopment Area (Council District 2)

Recommendation: Adopt a **Redevelopment Agency Resolution** authorizing the Executive Director to: 1) execute an Oversight Agreement with the California Regional Water Quality Control Board and other related documents; and 2) amend the 2007 Sacramento Housing and Redevelopment Agency budget to transfer $300,000 from the North Sacramento Commercial Loan Program and allocate it to the El Monte Oversight Agreement Project to fund all costs associated with determining the extent of environmental contamination in the El Monte Triangle area.

Contact: Lisa Bates, Director, Community Development, 440-1322; Chris Pahule, Assistant Community Development Director, 440-1350

Presenters: Kenneth Jones, Program Manager, Community Development

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The area known as the "El Monte Triangle," (Attachment 2 – Map) consists of approximately 23 acres of mixed use properties including industrial, commercial and residential within a quarter mile of the Globe Light Rail Station (LRT). It is located in the southern portion of the North Sacramento Redevelopment area, directly south of the Arden-Garden connector.

Despite the area's proximity to the light rail station and other positive projects occurring in North Sacramento, redevelopment in the El Monte Triangle area is hindered by the presence of a contaminated groundwater plume which underlies the area and site specific soil contamination caused by historical activities.

The Sacramento Housing and Redevelopment Agency (Agency) and the Regional Water Quality Control Board (RWQCB) have been working for several years to identify a viable responsible party for the contamination. To date, no

such entity has been found, and the Agency is now proposing to assume an expanded role in the El Monte Triangle area to encourage redevelopment that will otherwise not likely happen.

At this time, staff is proposing to work with RWQCB to conduct a comprehensive groundwater investigation to determine the nature and extent of the contamination so that a redevelopment plan can be formulated for the area. Staff is proposing to enter into a Polanco Act Oversight Agreement with RWQCB which will allow the Agency to undertake a site environmental investigation within the El Monte Triangle area without assuming liability for the contamination.

The proposed $300,000 in funding will cover the cost of drafting work plans that outline specifics of the investigation and recommend alternatives for addressing the contamination, communication and negotiations with the RWQCB as to the scope of work and payment of oversight costs, conducting the site investigation, and any further site investigation based on initial findings that would allow for redevelopment of the area.

Policy Considerations: The actions contained in this report are consistent with the adopted 2005 – 2009 Redevelopment Implementation Plan for the North Sacramento Redevelopment Area by eliminating barriers to redevelopment.

Environmental Considerations: The proposed action is exempt from California Environmental Quality Act (CEQA) review pursuant to CEQA Guidelines Section 15330, which exempts hazardous substance remediation as long as the cost does not exceed $1 million and clean-up will be undertaken in compliance with applicable state and local regulatory requirements. The proposed action is also exempt from environmental review under CEQA Guidelines Section 15306, which exempts basic data collection and resources evaluation that would not result in the serious disturbance of any environmental resources. National Environmental Policy Act (NEPA) does not apply.

Committee/Commission Action: The *North Sacramento Redevelopment Advisory Committee (RAC) Action*: At its meeting on July 19, 2007, the RAC voted to support the project and staff's financing proposal. The vote was as follows:

AYES: Adams, Armstrong, Charland, Curry, Harlan, Hubbs, Lukehart, Mack, Mulligan, Scott, Veden

NOES: None

ABSENT: Clark

Sacramento Housing and Redevelopment Commission Action: At its meeting on August 1, 2007, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES: Chan, Coriano, Dean, Fowler, Gore, Hoag, Piatkowski, Shah, Stivers

NOES: None

ABSENT: Burns, Burruss

Rationale for Recommendation: Agency-owned property is impacted by the contamination. In addition, the Agency and local business owners are interested in the redevelopment of the El Monte Triangle area especially in light of its proximity to the Arden-Garden connector and the Globe LRT. Redevelopment and investment in this area will continue to be seriously hampered until the environmental contamination can be addressed to allow for commercial and residential development. Over the past 10 years, there have been a number of site specific investigations undertaken on individual parcels, but a comprehensive groundwater investigation has never been completed.

Financial Considerations: This report recommends that the Executive Director or her designee amend the Agency budget to transfer $300,000 from the North Sacramento Commercial Loan Program to the El Monte Oversight Agreement Project to fund all costs associated with determining the extent of environmental contamination in the El Monte Triangle area.

M/WBE Considerations: The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully Submitted by: _____
ANNE M. MOORE
Executive Director

Recommendation Approved:

Cassandra H. B. Jenny
for RAY KERRIDGE
City Manager

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Background

Over the past 10 years, various studies have identified extensive subsurface soil and groundwater contamination from prior industrial operations in the El Monte Triangle area, including two separate groundwater plumes of chlorinated volatile organic compounds (VOCs). Contaminates identified are petroleum products from underground storage tanks, heavy metals and chlorinated solvents used in manufacturing. Both plumes appear to be trending in a northeasterly direction, significantly impacting SHRA property. The six primary contamination sites include Continental Chemical, McKesson Rawson, Atlas Metals, Lawson Mechanical (SHRA property), Colfax Yard and the Micheletti property at 2147 Barstow Street.

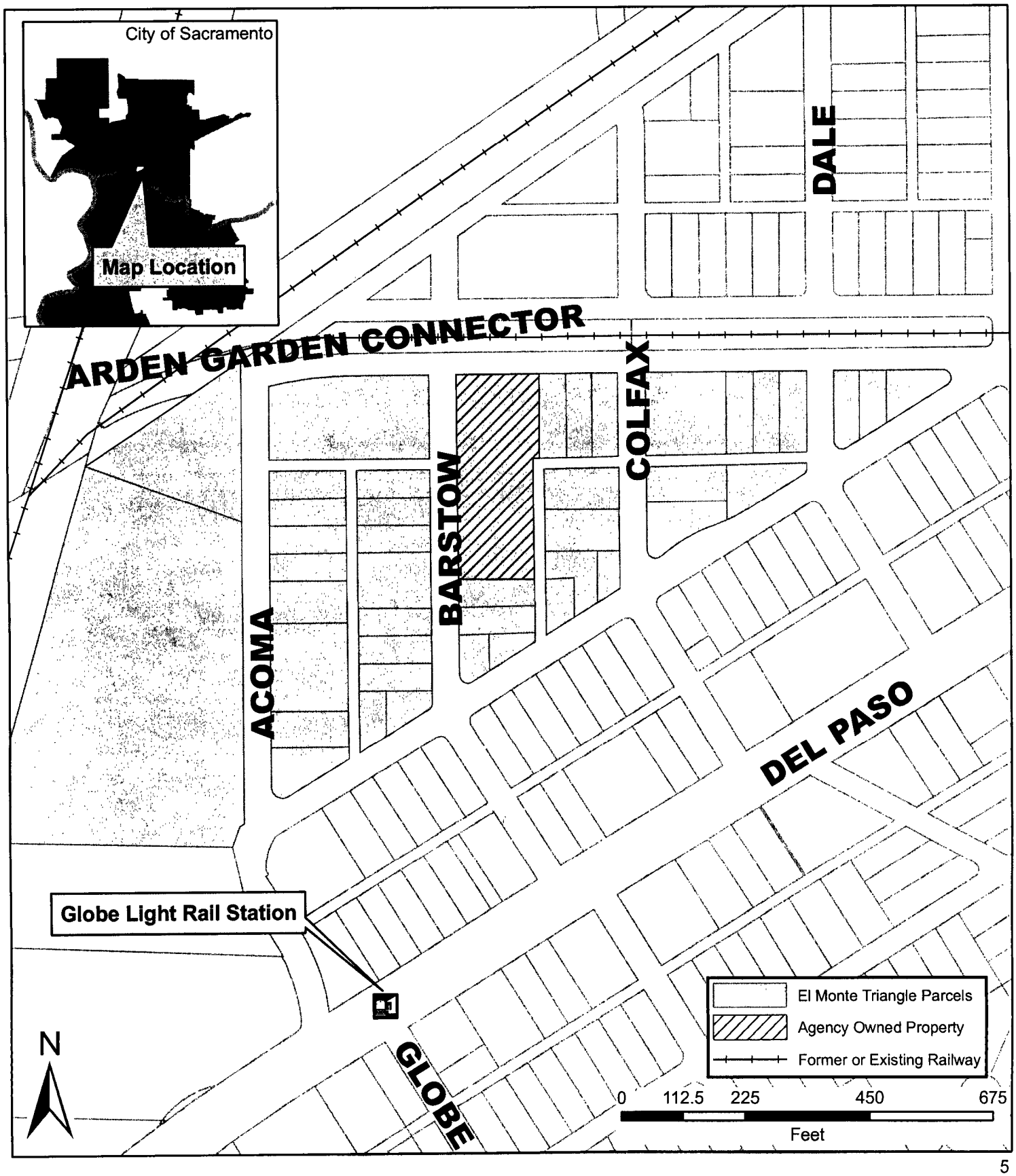
There have been a number of site specific investigations undertaken on individual parcels within the area over the years, but a comprehensive investigation has never been completed. A comprehensive environmental site investigation is necessary to determine the nature and extent of the contamination so that a plan for addressing the contamination can be formulated that will allow for redevelopment of the area. Both the Agency and the California Regional Water Quality Control Board (RWQCB) have been unable to identify a viable responsible party for the contamination. The Agency intends to enter into a Polanco Act Oversight Agreement with the Regional Water Quality Control Board which will allow the Agency to undertake a comprehensive environmental site investigation without assuming liability for the contamination under applicable state and federal laws.

The Agency has determined the cost associated with conducting a comprehensive investigation to be $300,000. This figure includes the estimated costs for preparing a summary of all existing groundwater data, drafting a work plan outlining the specifics of the investigation, negotiating with the RWQCB as to the scope of work and payment of oversight costs, conducting site investigation, preparing a report with findings, any further site investigation based on initial findings, preparing a work plan recommending alternatives for addressing the contamination and communications with the RWQCB as to the Agency's final recommendations.

El Monte Triangle comprises approximately 23 acres of mixed use properties including industrial, commercial and some residential properties and is within a quarter mile of the Globe Light Rail Station (LRT) and the Northeast Line Light Rail Stations Plan area. In addition, several parcels remain vacant and underutilized due to the existing environmental conditions. The site is located in the southern portion of North Sacramento and to the south of the Arden-Garden connector. Redevelopment of the El Monte Triangle presents a strategic opportunity to transform the area around the Globe LRT into a vibrant, mixed-use transit district.

Sacramento Housing & Redevelopment Agency

El Monte Triangle
North Sacramento Redevelopment Area



RESOLUTION NO. 2007-

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

ALLOCATION OF FUNDS FOR CHARACTERIZATION OF ENVIRONMENTAL CONTAMINATION IN EL MONTE TRIANGLE

BACKGROUND

A. Over the past 10 years, various studies have identified extensive subsurface soil and groundwater contamination from prior industrial operations which pose a major threat to municipal water systems via the Natomas Canal and American River.

B. Neither the Redevelopment Agency of the City of Sacramento (Agency) nor the Regional Water Quality Control Board (RWQCB) has been able to identify a viable responsible party for the environmental contamination.

C. The RWQCB is requiring further studies of the existing contamination in El Monte Triangle before it will authorize remediation.

D. Sacramento Housing and Redevelopment Agency (SHRA) and RWQCB desire to enter into an Oversight Agreement to identify an overall remediation strategy.

E. Due to the extensive groundwater contamination, many of the properties in the El Monte Triangle are vacant and redevelopment cannot proceed until the soil and groundwater contamination is remediated.

F. The Agency wishes to develop around Northeast Line Light Rail Stations.

G. The Agency has adopted the North Sacramento Redevelopment Plan and an Implementation Plan for North Sacramento Redevelopment Project Area.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

Section 1. All of the evidence presented having been duly considered, the findings, as stated above, are approved and adopted.

Section 2. It is determined that the action proposed by this resolution consists of basic data collection and/or minor hazardous substance remediation activities and is therefore exempt from environmental review under the California Environmental Quality Act (CEQA) Guidelines Sections 15306 and 15330. National Environmental Policy Act (NEPA) does not apply.

Section 3. The Executive Director, or her designee, is authorized to amend the Agency's budget to transfer $300,000 from the North Sacramento Commercial Loan Program to the El Monte Oversight Agreement Project to fund all costs associated with determining the extent of environmental site contamination in the El Monte Triangle.

Section 4. The Executive Director, or her designee, is authorized to execute any agreements with the RWQCB, including the Polanco Act Oversight Agreement, deemed necessary to determine the nature and extent of environmental contamination in the El Monte Triangle area.