

**STAFF REPORT**

DATE: May 3, 2006

TO: Honorable Mayor and City Council Members

FROM: Public Works Department

SUBJECT: **APPROVAL OF A BUDGET TRANSFER IN THE AMOUNT OF \$340,000 AMENDING THE CAPITAL IMPROVEMENT PROGRAM BUDGET AND APPROVAL OF AMENDMENT 2 IN THE AMOUNT OF \$340,000 TO THE PROFESSIONAL SERVICES AGREEMENT WITH TAYLOR GROUP, INC., FOR THE ENVIRONMENTAL REMEDIATION OF THE FORMER POLICE FUELING FACILITY**

SYNOPSIS

Staff recommends that the City Council approve a budget transfer in the amount of \$340,000 from the City's Municipal Building Impact Fees to the Police Fueling Facility Environmental Remediation Account for the FY 2005-06 funding cycle amending the Capital Improvement Program (CIP) budget, approve Amendment 2 in the amount of \$340,000 to the Professional Services Agreement with Taylor Group, Inc., of Oceanside, for environmental remediation of the Old Police Fueling Facility located at 1617 Mission Avenue, and authorize the City Manager to execute the amendment.

BACKGROUND

The City has operated a fueling facility at the old Oceanside Police Department site at 1617 Mission Avenue for a number of years. In 1992, a severely corroded single-walled fuel tank was removed and evidence of fuel hydrocarbon leakage was found. Subsequently, the County Department of Environmental Health (DEH) directed the City to identify the extent of the contamination and develop an environmental remediation plan. In November 1999, Taylor-Hunter Associates Inc., (now Taylor Group, Inc.) was retained by the City to develop the remediation plan that was ultimately approved by the DEH in January of 2001.

On February 14, 2001, Council approved a professional services agreement in the amount of \$290,000 with Taylor-Hunter Associates, Inc., to design and install the equipment necessary to carry out the approved environmental remediation plan. Initially, the City considered a catalytic oxidation treatment system which essentially burns the recovered fuel hydrocarbons. This system was the preferred alternative to a carbon adsorption treatment system, which adsorbs fuel hydrocarbons onto granular activated carbon.

However, concerns raised by the County Air Pollution District about air pollution from the catalytic oxidation process led the City to consider another process. Accordingly, the remediation work was done with a carbon adsorption system beginning in June of 2002.

Vapor-phase hydrocarbon concentrations measured in the recovery system have decreased significantly since the system was put into service in 2002. As of June 2005, it is estimated that more than 20,000 gallons of gasoline have been removed from the subsurface by the vapor extraction system. The declining vapor-phase hydrocarbon concentrations and volume of hydrocarbons removed indicate that the remedial action has been effective at recovering and treating phase-separated gasoline in the soil and floating on the groundwater beneath the site. Laboratory testing of groundwater samples indicate that dissolved hydrocarbon concentrations have declined to low levels in some wells, but remain at moderate levels in others despite the reduction in the gasoline vapor recovery rate by the vapor extraction system. For the site, DEH requires only the removal of free-phase hydrocarbons.

The distribution of dissolved hydrocarbons in groundwater as measured in August 2004 shows relatively high concentrations remaining at two locations. This information suggests that the current monitoring-well network may not fully define the extent of the dissolved hydrocarbon concentrations in the groundwater. Based on this information, Taylor-Group, Inc., has recommended the installation of two or more additional groundwater-monitoring wells. The new wells will be designed to provide additional definition of the extent of free phase and dissolved hydrocarbons in groundwater beneath the site. The wells are to be installed in conjunction with additional vapor extraction wells. The San Diego County DEH has concurred with the recommendation for the proposed wells in a May 18, 2005, letter. When applying for future site closure, the proposed wells would also provide data which demonstrate to the San Diego County DEH that cleanup requirements are met.

ANALYSIS

The cost of ongoing remediation involve three components: (1) drilling and installation of two additional monitoring wells and two additional vapor-recovery wells (2) testing and quarterly reports and (3) operations and maintenance. The annual fixed cost for testing and quarterly reports is \$32,000 for the carbon adsorption, while the annual costs for operations and maintenance are a variable \$400,000 cost (based on the current amount of recovery) for carbon adsorption.

The cost for carbon adsorption has dropped as the recovery rate has decreased. Accordingly, the carbon adsorption operations and maintenance costs have also dropped almost in half to \$210,500 and become more cost-effective as the remediation efforts continue.

The remediation effort is estimated to take up to another year of operation of the recovery system. Staff is recommending that the limit of Taylor Group's existing agreement be increased by a total of \$340,000, which includes \$26,500 for previous work, \$103,000 for additional well installations and \$210,500 for the operation and maintenance of the system.

It should be pointed out that the recommended action will provide for the equivalent of 12.5 months of continual operation of the recovery system, and assumes that the amount of fuel hydrocarbons recovered shows normal patterns of continually dropping over time. Further, it is expected that additional recovery time will not be needed to remediate the site. However, because the need for additional operational, reporting or testing time can be more accurately assessed at a later date, we recommend amending Taylor Group's agreement, if necessary, at that later date.

FISCAL IMPACT

Staff is recommending that the City Council transfer \$340,000 in remediation funds from the City's Municipal Building Impact Fees to the Old Police Fueling Facility Environmental Remediation Account for the remainder of FY 2005-2006 and FY 2006-2007.

In 2003, the City submitted a request to the State for recovery of the remediation costs. The City's claim as a cost-recovery site has been approved by the State through the Petroleum Underground Storage Tank Cleanup Fund. The full costs of the remediation, except for a \$10,000 deductible, are eligible for recovery. Based on the current funding for the program, the recovery is uncertain and could be several years away. However the funds are available only to the extent that the program is funded by the State Legislature; and other claimants, such as small businesses, are paid ahead of municipalities.

INSURANCE REQUIREMENTS

The City's standard insurance requirements will be provided.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council approve a budget transfer in the amount of \$340,000 from the City's Municipal Building Impact Fees to the Police Fueling Facility Environmental Remediation Account for the FY 2005-06 funding cycle amending the Capital Improvement Program (CIP) budget, approve Amendment 2 in the amount of \$340,000 to the Professional Services Agreement with Taylor Group, Inc., of Oceanside, for environmental remediation of the Old Police Fueling Facility located at 1617 Mission Avenue, and authorize the City Manager to execute the amendment.

PREPARED BY:



Peter Biniaz
Project Manager

SUBMITTED BY:



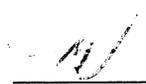
Steven R. Jepsen
City Manager

REVIEWED BY:

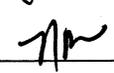
Michelle Skaggs Lawrence, Assistant to the City Manager

Peter A. Weiss, Public Works Director

Nita McKay, Financial Services Director







Attachments

CITY OF OCEANSIDE
AMENDMENT NO. 2 TO
PROFESSIONAL SERVICES AGREEMENT

**PROJECT: Oceanside Police Department Fuel Facility Environmental Remediation
(501) 878861**

THIS AMENDMENT NO. 2 TO PROFESSIONAL SERVICES AGREEMENT (herein after "Amendment") is made and entered into this ____day of____,2006, by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and TAYLOR GROUP, INC., hereinafter designated as "CONSULTANT".

RECITALS

WHEREAS CITY and **CONSULTANT** entered into a professional services agreement dated February 14, 2001, whereby **CONSULTANT** was to provide for the design and installation of equipment necessary for the environmental remediation of the Oceanside Police Department fueling facility located at 1617 Mission Avenue.

WHEREAS, it is now necessary to: (1) drill and install two additional monitoring wells and two additional vapor recovery wells, (2) test and provide quarterly reports, (3) operate and maintain the system to account further for the ongoing operations and maintenance expenses associated with the remediation and to account for the presence of chlorinated solvents in the recovery stream.

WHEREAS, CONSULTANT has provided the **CITY** with an expanded scope of services to carry out the ongoing operations and maintenance of the carbon adsorption remediation method.

AMENDMENT

NOW, THEREFORE, IN CONSIDERATION OF THE COVENANTS AND CONDITIONS CONTAINED HEREIN, THE PARTIES HERETO AGREE TO AMEND THE PROFESSIONAL SERVICES AGREEMENT AS FOLLOWS:

- A.** SECTION 1, **SCOPE OF WORK**, IS HEREBY AMENDED TO INCLUDE THE FOLLOWING ADDITIONAL WORK DESCRIBED HEREIN:

CONSULTANT shall provide and maintain the following:

- (1) drill for and install two additional monitoring wells and two additional vapor recovery wells, (2) test and provide quarterly reports, (3) operate and maintain the system to account further for the ongoing operations and maintenance expenses associated with the remediation and to account for the presence of chlorinated

solvents in the recovery stream at the Oceanside Police Department fueling facility located at 1617 Mission Avenue during the fiscal year 2005-06 and 2006-07.

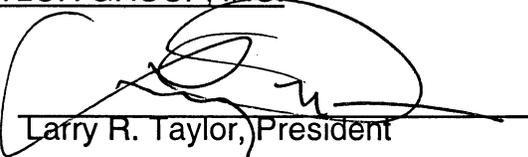
- B. SECTION 13, **COMPENSATION**, IS HEREBY AMENDED BY ADDING AN AMOUNT NOT TO EXCEED \$340,000 FOR THE ADDITIONAL WORK AS SET FORTH ABOVE, INCREASING THE TOTAL COMPENSATION TO AN AMOUNT NOT TO EXCEED \$ 1,130,000.

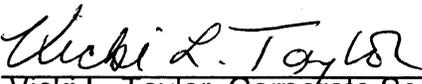
- C. **ALL OTHER TERMS, CONDITIONS, COVENANTS AND PROVISIONS OF THE AGREEMENT AS WELL AS THE TERMS, CONDITIONS, COVENANTS AND PROVISIONS OF AMENDMENT NO. 1 TO THE AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT. IN THE EVENT OF A CONFLICT BETWEEN THE TERMS OF THE ORIGINAL AGREEMENT AND THIS AMENDMENT, THE TERMS OF THIS AMENDMENT SHALL CONTROL.**

SIGNATURES. The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the CONSULTANT and the CITY.

IN WITNESS WHEREOF the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do herein agree to the performance of this Amendment.

TAYLOR GROUP, INC

By: 
Larry R. Taylor, President

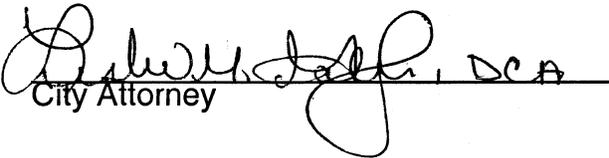
By: 
Vicki L. Taylor, Corporate Secretary

33-0842004
Employer ID No. _____

CITY OF OCEANSIDE

By: _____
Steven R. Jepsen, City Manager

APPROVED AS TO FORM:


City Attorney

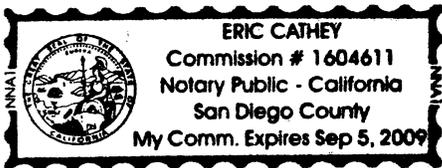
NOTARY ACKNOWLEDGMENTS OF CONSULTANT MUST BE ATTACHED.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of San Diego } ss.

On April 3rd, 2006 before me, Eric Cathey
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Larry R. Taylor and Vicki L. Taylor
Name(s) of Signer(s)

personally known to me
 proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

[Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Amendment No. 2 to Professional Services Agreement

Document Date: April 3, 2006 Number of Pages: 2

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: Larry R. Taylor and Vicki L. Taylor

- Individual
- Corporate Officer — Title(s): President and Corporate Secretary
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

