

**STATE OF CALIFORNIA
CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
CENTRAL VALLEY REGION**

RESOLUTION R5-2014-1001

CENTRAL VALLEY WATER BOARD'S SUPPORT FOR A
CLEANUP AND ABATEMENT ACCOUNT GRANT FOR
SOURCE AREA GROUNDWATER REMEDIATION
ORCHARD SUPPLY COMPANY SITE
1731 17TH STREET, SACRAMENTO
SACRAMENTO COUNTY

WHEREAS, the Executive Officer of the California Regional Water Quality Control Board, Central Valley Region (Central Valley Water Board), acting in accordance with the authority delegated to her by the Central Valley Water Board, finds that:

1. The Orchard Supply Company property, located at 1731 17TH Street in Sacramento (the "Site"), formerly operated as an agricultural chemical outlet. Leaks and spills of chemicals from the former activities at the Site resulted in pollution of the soil and underlying groundwater.
2. The California Department of Toxic Substances Control (DTSC) began testing for pollution at the Site in 1998. The testing results indicated that historical activities at the Site had resulted in soil pollution by petroleum hydrocarbons, herbicides, pesticides, and metals, and groundwater pollution by volatile organic compounds, including 1,2-dichloroethane, 1,2-dichloropropane, and carbon tetrachloride.
3. In 2002, DTSC removed a large volume of contaminated soils from the Site for off-site disposal. DTSC subsequently certified that the Site is suitable for commercial or industrial reuse. Limited amounts of contaminated groundwater were pumped out of the ground for treatment and disposal. However, groundwater pollution remains beneath the Site and beneath nearby off-site areas.
4. The former owner of the Site has declared bankruptcy and has no financial resources to clean up the Site. DTSC placed a lien upon the Site in the amount of over \$3 million, representing its unrecovered cleanup costs incurred at the Site.
5. 17R Sacramento Partners, LLC (17R) has expressed an interest in purchasing the Site as part of a redevelopment project that involves the Site and two square blocks of adjoining former industrial property (the Crystal Ice property). The project would aid in the rehabilitation of an area of Sacramento that is currently suffering from blight and its associated problems.
6. To facilitate the redevelopment project, 17R requested that the Central Valley Water Board and DTSC enter into an Agreement and Covenant Not to Sue which would limit 17R's potential liability related to the environmental pollution at the Site and would clear title to the Site by releasing DTSC's lien. For its part, 17R agreed to contribute \$550,000 towards the cleanup of the groundwater beneath the Site. The Central Valley Water Board and DTSC agreed that entering into the proposed Agreement and Covenant Not to Sue with 17R is in the public interest.

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7. The Capitol Area Development Authority (CADA) is a joint powers authority whose primary mission is to implement the residential and commercial component of the State's Capitol Area Plan and the City of Sacramento's R Street Corridor Master Plan. The \$550,000 contributed by 17R for the groundwater cleanup will be placed in a trust, which will be managed by CADA.
8. The groundwater cleanup will be accomplished by using the funds available to the trust to retain an environmental consulting firm which will perform injections of treatment chemicals into the groundwater. The \$550,000 dollars is expected to provide for the cleanup of the groundwater directly beneath the Site. However, source area groundwater concentrations also extend off the Site in an area south of the Site beneath R Street. Additional funding will be necessary to treat the source area pollution beneath R Street.
9. CADA is requesting Cleanup and Abatement Account funds in order to expand the area of groundwater remediation to target all of the highest concentration source area pollution, thereby greatly increasing the effectiveness of the remediation effort. CADA is also requesting Cleanup and Abatement Account funds in order to perform testing to verify the effect of the cleanup on the groundwater plume concentrations and to abandon eight remaining monitoring wells at the Site once the verification work is complete. The estimated total cost of the groundwater cleanup project is \$800,000. CADA is requesting \$250,000 from the Cleanup and Abatement Account, which will be combined with the \$550,000 contributed by 17R, to perform the cleanup.
10. The project work contemplated by the funding request is expected to take between two to three years to complete. As required by the Trust Agreement, CADA will request Central Valley Water Board review and approval of all project work prior to implementation to ensure effective utilization of Trust and Cleanup and Abatement Account funds. In addition, Central Valley Water Board staff will review remediation progress reports, review invoices for reimbursement of costs, and conduct Site inspections, phone calls, and meetings, as needed to keep informed on the progress of the cleanup.

THEREFORE, BE IT RESOLVED THAT the Executive Officer of the Central Valley Water Board, acting in accordance with the authority delegated to her pursuant to Central Valley Water Board Resolution R5-2009-0027, supports CADA's funding request for an grant of \$250,000 from the Cleanup and Abatement Account for the purposes set forth herein.

Original Signed by Andrew Altevoigt for

PAMELA C. CREEDON, Executive Officer

9/24/2014

(Date)