



PUBLIC WORKS DEPARTMENT

Council Meeting Date: April 17, 2007
Staff Report #: 07-069

Agenda Item #: H2

INFORMATION ITEM: Update on Brownfields Grant for the Terminal Avenue Housing Site Remediation.

This is an information item and does not require City Council action.

BACKGROUND

On January 30, 2007, staff presented the City Council with an update on the Terminal Avenue Housing Site Remediation. The staff report #07-015 is available through the City website. The staff report summarized the background of the site, including the Exclusive Negotiating Rights Agreement (ENRA) with Peninsula Habitat for Humanity (Habitat) for development of the site, and explained the discovery of degraded diesel fuel in the groundwater. The report also discussed the Brownfields Grant awarded to the City by the Environmental Protection Agency (EPA) in the amount of \$200,000 for the site remediation. Staff listed concerns it had with accepting the grant and said it would further clarify the requirements of the award and determine whether to accept the grant.

ANALYSIS

After reviewing the grant award and conducting further research, staff has elected not to accept the Brownfields Grant award from EPA. Staff has identified several concerns with accepting the grant:

1. Accepting the grant may place constraints on how the entire remediation contract is administered. If field conditions warrant deviation from the proposed work plan, EPA involvement could result in costly delays to the remediation contract.
2. The grant acceptance may require the Habitat development to follow Federal environmental guidelines in addition to the State environmental guidelines, resulting in additional mitigations and conditions that, according to Habitat would make the project infeasible.
3. The EPA could not assure the City that future requirements would not be placed on the Terminal Avenue Housing Site if the City were to accept the grant.

In light of the above concerns, staff does not intend to accept the grant for this project, unless directed otherwise by City Council.

IMPACT ON AGENCY RESOURCES

The Redevelopment Housing Fund currently funds the remediation project. Based on the current project estimate, approximately \$300,000 of additional funding may be required.

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| Construction Budget Estimate | \$1,300,000 |
| Current Budgeted Funds | <u>\$1,000,000</u> |
| Additional Funds Required | \$ 300,000 |

The amount of additional funds, if required, will be determined when bids are opened and actual costs are determined.

ENVIRONMENTAL REVIEW

A Negative Declaration for the Terminal Avenue Housing Site Remediation Project is currently being prepared and will be circulated for public review pursuant to current California Environmental Quality Act (CEQA) Guidelines. Certification of the Negative Declaration will return to Council with the award of contract.

Art Morimoto
Engineering Services Manager

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

ATTACHMENT: None