



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



July 9, 1991

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: 1. Hazardous Substances Control - Southern Pacific
Railyards; 2. Status Update - Land Use Planning
Coordination with Environmental Process

SUMMARY

This report addresses two related topics pertaining to the Southern Pacific Railyards Hazardous Substances Control. The staff recommends that the Redevelopment Agency of the City of Sacramento take the following actions: A. Accept reports prepared by G. Fred Lee and Associates which evaluate the hazardous substances control programs underway at the Southern Pacific Railyards site (SP); B. Adopt several actions which implement an approach to toxic remediation in the context of land use planning for SP; and C. Convene a subcommittee to work with staff and consultants on the toxic remediation program for the SP project.

The second topic is a status update, attached as Exhibit "A," on the environmental review process for the Southern Pacific Master Plan/Richards Boulevard Specific Plan.

The staff recommends adoption of the attached resolution.

BACKGROUND

Hazardous Substances

In February 1990, the City Council approved a planning process for the development of the Southern Pacific Railyards. A condition of this approval was that a separate evaluation be completed regarding the integration of toxic remediation and land use planning and development.

In May 1990, the City retained the firm of G. Fred Lee and Associates (GFL) to assist in this evaluation. The City additionally retained the legal firm Shute, Mihaly and Weinberger, which has considerable experience in toxic remediation planning.

(1)

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency
July 9, 1991
Page 2

The analyses prepared by GFL were presented to the Sacramento Environmental Commission on February 11, 1991. The analyses regard the adequacy of completed and proposed toxic remediation at the SP site. The staff report attached as Exhibit "B", dated January 31, 1991, introduces the technical reports prepared by GFL, and the staff report attached as Exhibit "C", dated March 21, 1991, comments further upon the technical reports' conclusions.

The staff report dated January 31, 1991 additionally addresses the policy questions posed by the relationship between toxic remediation planning and land use planning, and recommends a method of linking toxic remediation with land development.

On March 25, 1991, the Environmental Commission took the following actions:

1. Recommended that the City Council accept the G. Fred Lee and Associates reports.
2. Recommended that the City Council direct the development of a remediation/land use linkage program as outlined in the report dated January 31, which would tie City land use approvals to remediation of specific sites and contain requirements for appropriate financial guarantees.
3. Recommended that the City Council direct the preparation of a hazardous substance element to the Southern Pacific Railyards master plan, which would be submitted for consideration at the same time as the master plan.
4. Recommended that the City/County Environmental Commission subcommittee work with the City, the California Department of Health Services and County staff on this project.
5. Recommended that the City Council authorize the retention of a hazardous substances specialist to advise the City and assist in the preparation of the hazardous substance element, and in the preparation of a development agreement with the Southern Pacific Transportation Company.

As a related matter, the staff would like to provide an update of the on-going environmental process. This has been attached as Exhibit "A".

FINANCIAL DATA

The recommended actions have no financial implications.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency
July 9, 1991
Page 3

POLICY CONSIDERATIONS

The recommended actions concerning the hazardous substances remediation program are consistent with previous Council direction regarding the implementation of the Southern Pacific Railyards Master Plan.

MBE/WBE EFFORTS

The recommended action has no MBE/WBE implications.

VOTE AND RECOMMENDATION OF THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION

On June 19, 1991 the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Amundson, Diepenbrock, Pernell, Simon, Simpson,
Williams, Wooley, Yew

NOES: None

NOT PRESENT TO VOTE: Cespedes

ABSENT: Moose, Strong

STAFF RECOMMENDATION

The staff recommends adoption of the City/County Environmental Commission recommendations with minor modifications.

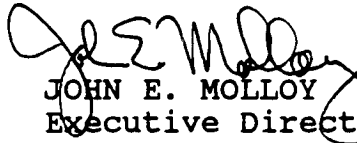
First, the staff recommends that the Environmental Commission subcommittee, which currently consists of four members of the Environmental Commission, be expanded to include three additional members. These would include one member of the Sacramento Housing and Redevelopment Commission, one member of the Sacramento City Planning Commission, and one public member. The Sacramento Valley Toxics Campaign has expressed an interest in having one of its members assigned the public position. The additional members would serve to broaden the perspective of the subcommittee, represent the interests of their respective organizations, and keep those organizations informed as to the project.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency
July 9, 1991
Page 4

The second modification regards the retention of a hazardous substances specialist. On May 21, 1991, the Council approved a contract with a hazardous substances specialist as a part of the Southern Pacific/Richards Boulevard reorganization report. The action recommended by the Environmental Commission has already been taken and is, therefore, not included in the attached resolution.

Respectfully submitted,


JOHN E. MOLLOY
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: Wendy Saunders, Project Environmental
Coordinator, (916) 737-1006

StaffRpts\ToxicsWS

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

TOXICS REMEDIATION FOR THE SOUTHERN PACIFIC RAILYARD

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1: It is recommended that the following be approved and implemented by the City Council of the City of Sacramento:

(a) Acceptance of the reports entitled Review of Southern Pacific Railyards Site Investigation, Remediation and Development and Preliminary Assessment of "Superfund" Remedial Investigation/Feasibility Study Activities Completed and Projected and Adequacy of Remediation Program for Clean-up of Chemical Contamination at SPTC Sacramento Railyard Site: Technical Report, prepared for the City of Sacramento by G. Fred Lee Associates.

(b) Development of a toxics remediation program which ties City land use approvals to remediation of hazardous substances on specific sites, and which provides for financial and other guarantees.

(c) Preparation of a hazardous substances element to the Southern Pacific Railyards Master Plan, to be reviewed in conjunction with the Master Plan.

(d) Formation of a subcommittee consisting of four members of the City/County Environmental Commission, one member of the Sacramento Housing and Redevelopment Commission, one member of the Sacramento Planning Commission and one member of the public, which shall be directed to work with City staff, City consultants, the California Department of Health Services and the County staff on the preparation of a toxics remediation program for the Southern Pacific Railyards site.

CHAIR

ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Status Report - Land Use Planning and Environmental Review Process

On May 14, 1991, the City Council extended the comment period for the Notice of Preparation of the Environmental Impact Report for the Southern Pacific Railyards Master Plan/Richards Boulevard Specific Plan to June 13, 1991. The decision to extend the comment period was made in response to public testimony received at the Redevelopment Commission meeting of May 1st, the City Planning Commission meeting of May 2nd and the Joint Committee Meeting of May 7th. The public testimony concerned the lack of support by all Richards Boulevard property owners for the land use plan presented in the NOP as "the project." In addition to extending the comment period on the NOP, the Joint Committee directed staff to work with the property owners on development of an acceptable land use plan.

Following the direction given by Council, the staff and the City's consultants held meetings regarding the land use plan on May 13th and June 10th. Considerable progress has been made toward resolving the property owners' land use concerns. The staff will provide a status report on this issue in the near future.

In regard to the NOP, meetings were held on May 20 and June 10. Many substantive comments received at these (and subsequent) meetings will be incorporated into the Environmental Impact Report. Some Richards Boulevard area property owners expressed concern that the term "the project" used in the NOP pre-supposed the adoption of the land use plan described under that title. The staff assured the property owners that this is not the case. Each of the alternatives described in the NOP will be analyzed in an equal level of detail to insure that the Council has the option to adopt any of the alternatives or a combination of selected elements from among the alternatives. The alternatives presented in the environmental documents will henceforth be given neutral descriptive titles.

This item is presented for your information only and does not require action on the part of the Council.

DEPARTMENT OF
PLANNING AND DEVELOPMENT

CITY OF SACRAMENTO
CALIFORNIA

1250 L STREET
SACRAMENTO, CA

ADMINISTRATION
ROOM 500
95811-2087
916/442-5577

January 31, 1991

ECONOMIC DEVELOPMENT
ROOM 500
95811-2087
916/442-5577

TO: City/County Environmental Commission
Sacramento, California

NUISANCE ABATEMENT
ROOM 501
95811-2082
916/442-5948

FROM: Michael M. Davis, Director of Planning and Development
City of Sacramento, California

Members in Session:

SUBJECT: SOUTHERN PACIFIC RAILYARDS PROJECT - STATUS REPORT ON
HAZARDOUS SUBSTANCE REMEDIATION PROGRAM

SUMMARY

This report concerns the toxics remediation program at the Southern Pacific Railyards site. The City Council has requested that the Environmental Commission review proposals and staff reports related to toxics analysis/remediation on the Southern Pacific site. The report serves two primary purposes. First, it serves as a transmittal memoranda for the attached technical consultant's reports entitled, Review of Southern Pacific Railyards Site Investigation, Remediation and Development and Preliminary Assessment of "Superfund" Remedial Investigation/Feasibility Study Activities Completed and Projected and Adequacy of Remediation Program for Clean-Up of Chemical Contamination at SPTC Sacramento Railyard Site: Technical Report. Second, it deals with three major policy questions which have arisen during the evaluation of the relationship between toxic remediation planning and implementation, and land use planning. These policy questions include the following:

- What measures can and should the City take to most effectively integrate land use planning, toxic cleanup, and actual redevelopment of the Southern Pacific property?
- What actions can and should the City take to ensure cleanup at the property owner's expense both in the short term and over the long term?

- What standards of remediation (cleanup) will be applied to the Southern Pacific property in order to protect public health and safety, and how are these standards to be determined?

Background

In February 1990, the City Council approved a planning process for the Southern Pacific Railyards property. This process will result in a comprehensive land use master plan incorporating appropriate design guidelines, public facility requirements, and development implementation strategies for the entire 240± acre site. A pre condition of the City Council's approval of this planning process was that a separate evaluation be completed regarding how to best integrate toxic remediation planning and removal with land use planning and physical development. The results of this evaluation were to be reported through the Environmental Commission to the City Council prior to any final land use decisions on the Southern Pacific site.

In May 1990, a consultant selection committee consisting of staff representatives of the City's Planning and Development Department and the County's Department of Environmental Management selected the firm of G. Fred Lee and Associates (Davis, California) to help in this evaluation. Doctors Fred Lee and Ann Jones have extensive academic experience in the area of toxic analysis and remediation. In addition the City's Environmental Management staff has consulted with the State of California Department of Health Services and the County's Environmental Management staff. Finally, staff has solicited the assistance of Mr. Marc Mihaly of Shute, Mihaly and Weinberger (San Francisco, Ca.) - a law firm with significant experience in this area as well.

City and County staff have reviewed the attached consultant's reports as have representatives from the State Department of Health Services. The State Department of Health Services evaluation was submitted in writing and is attached. The consultant's evaluation while limited in its scope has helped a lot in terms of properly focusing the City's attention on its role in the toxics remediation process. In short, consultants Lee and Jones have recommended that the City assume a leadership role in remediation planning to the extent that toxic cleanup affects land use decisions. The consultant's overall recommendations as stated on Page VI of the Executive Summary of the report are:

- The City should consider becoming a more active participant in decision making concerning, and oversight on, the site investigation, the remediation of various areas of the Southern Pacific site, and the appropriateness of the site for certain types of uses. A focus of its participation should be the minimization of the potential for children to be exposed to elevated concentrations of lead and other contaminants through intended and inadvertent use as well as through plausible misuse of the area.

- We recommend that the City conduct in depth reviews of each component of the site investigation, remediation, and redevelopment as they are developed and executed to help ensure that the desired level of protection for public health, environmental quality, and its interest will be achieved.
- To implement these recommendations an independent third party advisor should be retained by the City to provide in depth evaluation and advice to the City on each aspect of site investigation, remediation, and redevelopment as each is developed, reviewed by DHS and others, and implemented. The advisors must be knowledgeable, highly active, and adequately funded. The advisors should report to City Officials responsible for forming City policy. If such an advisor were appointed, we would recommend the City proceed, cautiously, with redevelopment of the Southern Pacific site.

It Is Recommended That The City Prepare A Hazardous Substances Element To The Southern Pacific Railyards Master Plan.

The City has not previously dealt with the need to integrate toxic planning and removal (responsibilities of the State, County, and property owner) with land use actions (responsibility of the City) on the scale required by the Southern Pacific Railyards property. Typically toxic contaminant problems involve much smaller parcels. Land use entitlements are often already in place. Under local and State laws, soils investigations are required prior to construction. If contaminants are found, even though land use entitlements may be in place, neither reuse of the property nor construction in the areas affected by contaminants can proceed until the toxic contaminants are removed to the satisfaction of the County (Department of Environmental Management) and the State (Department of Health Services).

In this instance there are both the opportunity and a practical need to consider a program for long range land uses for the Southern Pacific Railyards property which are realistic and consistent with reasonable expectations for the protection of public health (i.e. toxic contaminant removal). In order to ensure the development of a plan that is consistent with both known and unknown toxic constraints on this property it is proposed that a "hazardous substance element" to the master plan be prepared and ultimately considered and approved by the City Council.

An initial approach to developing a "hazardous substance element" has been prepared by the City's Environmental Management staff after consultation with legal, environmental, and technical consultants working on the project. The basic underlying principles upon which a "hazardous substance element" would be based include the following:

1. Site clean up should be as complete and efficient as possible.
2. Remediation planning for specific phases and subphases of the project should be finalized and implemented only when eventual future uses are fairly well

established in order that the most up to date remediation techniques are used for each type of use and for each specific hazard.

3. Remediation should be planned in such a way to protect workers and residents at any point of the development.
4. Guarantees should be retained by the City to ensure complete implementation of remediation at no financial risk to the City.

Listed below is an outline of a typical approach for a hazardous substance element. A significant amount of information is known about the specific type and magnitude of hazardous materials constituents on the Southern Pacific Railyards site. And varying levels of information are available about different sites within the Railyards. Therefore, the following program outline is general in nature; would apply to different subareas to different degrees; and is intended to be representative of, but not an exhaustive detailed list of typical components:

Comprehensive Areawide Survey

1. **Purpose:** To identify possible hazards in areas not being developed at first, but which could pose a hazard during construction of subsequent habitation of initial phases.
2. **Methods:** Survey methods could include surface soil and water sampling, chemical analyses, soil-gas surveys, installation of monitoring wells to identify extent of migration of contaminants.

Identification and Survey of Development Phase Areas (DPAs)

1. **Purpose:** To initiate and focus the remediation program for chemical hazards in specific areas and/or subareas planned for imminent redevelopment, and in surrounding areas identified as buffer zones.
2. **Methods:** Identification of the DPAs to be based on development phasing and subphasing. Surveys of DPAs to be based on surface samples of soil and other foreign materials, subsurface sampling, gas samples, and groundwater samples.
3. **Buffer Zones:** Areas surrounding DPAs to be surveyed and remediated prior to DPA development activity. The extent of buffer zones shall be determined at a later date. Buffer zones exclude areas in previously developed phases or outside borders of project area.

Phasing of Remediation

1. **Purpose:** To ensure that existing health hazards are eliminated and future risks minimized in entire DPA, and any area planned for infrastructure required by the DPA, prior to any development in that DPA.
2. **Methods:** Through Development Agreement and EIR Mitigation Measures, legally tie development of specific projects in DPAs to clean up of DPA. Secure funding for clean up of entire DPA prior to any remediation in that area.
3. **Possible Phases:** One configuration of investigation and remediation could be:
 - a. Prior to approval of uses for the entire project area, the Areawide Survey must be complete.
 - b. Prior to approval of uses for a specific DPA, investigation of the DPA, buffer zones, and sites for infrastructure required by the DPA, as well as offsite plumes and contamination, must be complete and approved by all relevant agencies.
 - c. Prior to approval of any construction in a DPA, remediation of the DPA, its buffer zones, and related infrastructure sites must be complete.
4. **Issues:** The following elements must be included in a Remediation program:
 - a. The City must promptly issue all permits necessary for the implementation of the Area Remediation Plan.
 - b. The developer must prevent access by unauthorized personnel to any area subject to or undergoing remediation.
 - c. Remediation for the entire DPA, the buffer zone and any related infrastructure must be complete prior to development of any specific site within a DPA.

A Range of Guarantees Should Be Considered By The City To Help The State And County Enforce Remediation Requirements.

Considering the complexity and long range nature of the anticipated development program for the Southern Pacific property, it is likely that the property owner will seek a development agreement from the City. A development agreement is a form of land use contract which is sometimes used by local government agencies and property owners to provide mutual guarantees about development guidelines.

There are a range of legal and financial guarantees which the City could secure through a development agreement. These guarantees would serve to (1) ensure complete implementation of its hazardous materials remediation responsibilities by the property owner, and (2) eliminate and/or minimize the City's financial risk. The following is a summary list of these types guarantees.

1. Linkage of zoning, tentative maps, building permits, and other approvals to completion of specified hazardous substance mitigation;
2. Bonds;
3. Letters of credit;
4. Corporate guarantees;
5. Potential loss of entitlements;
6. Provisions to carry over program requirements to new owners/developers;
7. Retention of remediated land and improvements as collateral;
8. Establishment of a Mello-Roos district which would be activated only if funds required for remediation are unavailable; and
9. Sinking funds.

A Hazardous Substance Specialist (Toxics Advisor) Will Help Deal With Toxic Policy Questions Related To Preparation Of The Southern Pacific Master Plan.

As indicated in the attached G. Fred Lee and Associates report there are a number of significant remediation decisions yet to be made by the State Department of Health Services for the Southern Pacific property. Among these decisions are determinations about standards for contaminant substance removal/control, and the phasing and timing of the actual removal/control work. It is critical that (1) the land use program now being developed for the site be consistent with the State's remediation program and vice versa, and (2) the City's policies and regulations help enforce remediation requirements both in the short term and the long range.

The Commission is advised that the City staff is considering the recommendation of consultants Lee and Jones that a toxics technical advisor be employed to assist in dealing with these needs. While the staff is generally in agreement with this recommendation, the cost of such services is at the present unknown, and how the cost for a toxics technical advisor will be paid has not been determined. A specific recommendation regarding this item will be made at the February 11th meeting of the Commission.

RECOMMENDATIONS

It is recommended that the City/County Environmental Commission take the following actions:

1. Recommend that the City Council accept the attached reports entitled, Review of Southern Pacific Railyards Site Investigation, Remediation and Development and Preliminary Assessment of "Superfund" Remedial Investigation/Feasibility Study Activities Completed and Projected and Adequacy of Remediation Program for Clean-Up of Chemical Contamination at SPTC Sacramento Railyard Site: Technical Report;
2. Recommend that the City Council authorize the preparation of a "hazardous substance element" as part of the Southern Pacific Railyards master plan and that this element be adopted as part of, and contemporaneously with the master plan.

MMD:jr

DEPARTMENT OF
PLANNING AND DEVELOPMENT

CITY OF SACRAMENTO
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NUISANCE ABATEMENT
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95814-3982
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March 21, 1991

TO: City/County Environmental Commission
Sacramento, California

SUBJECT: **HAZARDOUS SUBSTANCE CONTROL: SOUTHERN PACIFIC
RAILYARDS**

Members in Session:

During your meeting of February 11, 1991, the Commission was provided with an overview of steps being taken by the City of Sacramento to integrate its land use planning program for the Southern Pacific Railyards property with the process of planning for, and the remediation of, hazardous substances known to be present at the site. This report supplements the memorandum dated January 31, 1991 summarizing the City's proposed approach to combining land use and hazardous substance control planning. This report also responds to the Commission's request for specific comment on the G. Fred Lee and Associates report. Finally, this memorandum puts forth staff recommendations for City/County Environmental Commission actions.

Summary:

The City concurs with the general thrust of the G. Fred Lee and Associates report. The City staff proposes a pro active city program which would require the use of development phasing, buffer zones, corporate and financial guarantees, and other permit requirements to supplement the usual Department of Health Services remediation process and insure the application of remediation standards consistent with the ultimate use or reuse of the property. The City staff proposes to incorporate these provisions in a Hazardous Substance Element to the SP Master Plan, and to retain a toxic consultant to assist in that effort. City staff recommends that the Commission recommend that the City Council vote to accept the G. Fred Lee and Associates Report, endorse the City's proposal to integrate land use and toxic remediation, and authorize the preparation of a toxic Hazardous Substance Element and the retention of a toxic expert.

The G. Fred Lee and Associates Consultant Report

As part of this effort, the City contracted with the firm of G. Fred Lee and Associates. Consultants Fred Lee and Anne Jones were asked (1) to evaluate existing State, County, and property owner efforts in the areas of site investigation and remediation, and (2) to identify ways to bring together land use and hazardous substance control planning. Their report has previously been provided to the Commission. Another copy of the Executive Summary of the report is attached. In addition to soliciting the advice of G. Fred Lee and Associates, the City also hired the legal firm of Shute, Mihaly and Weinberger. Mr. Marc Mihaly, a principal with the firm, is assigned to this project. Mr. Mihaly has extensive experience with complex land use regulatory questions including hazardous substance remediation and control problems.

Due to his prior commitments Dr. Lee was unable to attend the Commission's prior meeting on this subject. Dr. Lee has indicated that he will be available for the March 25th meeting.

A key question that has been posed about the Southern Pacific Railyards project is: "Should physical planning for the project proceed without first resolving all of the hazardous investigation and cleanup matters?" In the G. Fred Lee and Associates report, and in subsequent discussions between consultants Mihaly, Fred Lee and Anne Jones, it is clear that there are significant advantages to be gained by tailoring the hazardous remediation program for the site to a known land use program. In order to accomplish this goal, land use planning has proceeded and should continue.

The second question is the extent of which ground water remediation matters must be resolved prior to land use decisions. Consultants Mihaly, Lee, and Jones are in agreement that issues related to off-site ground water may be resolved separate and apart from the land use program.

In addition to the above, the Environmental Commission Chair requested the City staff to comment on the recommendations made by the consultants Lee and Jones. These recommendations are summarized at pages ii-vi of the report. The City staff has indicated above not in a position to substitute its judgment for the judgment of the authors of the report on purely technical matters. The City staff and Mr. Mihaly, however, have carefully reviewed the recommendations to evaluate their policy implications and their relationship to the City's planning and regulatory functions. The staff's comments are as follows:

- City staff concurs with the report's statements that state "superfund" review and remediation will only be adequate to protect the public health if the City actively informs DHS of proposed land uses and ensures that appropriate standards have

been applied to specific site locations, including buffer zones. To the best of the City's knowledge, neither DHS nor the developer propose that cleanup occur only to industrial levels throughout the site, and if this were proposed, it would not be adequate in the view of City staff.

- City staff agrees with the report that use and deed restrictions alone are not sufficient to protect the public health. The City staff intends to recommend additional protections to ensure that specific site remediation to levels appropriate for the use is a precondition for City land use approvals. The City staff will also recommend that corporate guarantees be required for cleanup that has not occurred by the time Specific Plan approval is given.
- City staff agrees that DHS personnel are providing diligent implementation of DHS policy. DHS has indicated its support for the coordination of development phasing with DHS phasing.
- City staff concurs with the report's conclusion that additional characterization and investigation needs to occur on the SP site. The City intends to work with DHS, the County, and SP to ensure that this investigation occurs.
- City staff concurs that groundwater plume beneath the SP site and off site have not yet been characterized completely, and intends to work with DHS, the County, and the developer to ensure this occurs. This coordination process will consider the question raised in this report of use of this groundwater for drinking water, as well as the potential issue of soil gas migration.
- City staff concurs with the report's recommendation that plans for the SP site will be significantly impacted by the sewer overflow issue. The City will examine closely the issue of developing a domestic waste water and storm water management system for the project.
- City staff concurs with the report's overall recommendations.

Thus, as a general matter, the City staff agrees with the substance of the report's recommendations. The staff believes that there is substantial need for further work, and that this need is recognized by all the parties involved. The City staff is confident that coordination and an active City role as called for in the report will provide the level of protection necessary.

Furthermore, it is clearly necessary that the City develop a rigorous and unambiguous program which ties the granting of land use entitlements by the City to antiquated performance and progress and remediation by the property owner and the state. The City needs to be aggressive and diligent in this regard, and the program outlined below is based on these broad considerations.

Proposed City Program

In response to the recommendations of the G. Fred Lee report, as well as consultations with the County, DHS and other consultants, the City recommends the integration of hazardous substance control into the land use and permit process in order to insure coordination of the DHS remediation process with the ultimate use and reuse of the subject property. The City's program is set forth in more detail on pages 3-6 of the City's report to your Commission dated January 31, 1991, which is attached to this memorandum for your convenience.

The goal of the City's program is to insure that site cleanup be as complete and efficient is practically possible and to require that remediation is planned to protect workers and residences at any point in the lengthy period of development. The process is also designed to insure complete implementation of remediation with no financial risks to the City assuming that large portions of the site will be sold and resold to subsequent developers. The City's approach implements these goals through the following features:

- Linkage of toxic cleanup to regulatory approvals. An illustrative approach was presented to the Commission at its last meeting and is attached to this report. This linkage approach includes development phasing, buffer zones, and other techniques to insure that development permits are not issued until specific sites have been cleared as required by DHS for the appropriate land use contemplated.
- The City will require corporate and financial guarantees to insure that Southern Pacific and its successors in interest fulfill short and long term cleanup responsibilities over the life of the project involving both use and reuse. A list of potential guarantees was presented to the Commission at its last meeting and is attached to this report.

This remediation/land use linkage will be coordinated with the ongoing remediation process and subject to DHS direction and approval. The City's requirements will respect this process, but may require that certain areas be remediated sooner than would otherwise be necessary. City input to DHS on specific land uses may also result in remediation of certain areas to a higher standard than would otherwise be required.

The City's approach will be set forth in detail in a Hazardous Substance Element of the Southern Pacific Master Plan. This policy document will be developed by technical and legal consultants working with the State, DHS, the County Environmental Management Department, the City/County Environmental Commission, and the City. The Hazardous Substance Element, together with the Development Agreement, will put in place the land use/hazardous remediation linkage program discussed above. To assist in the preparation of this toxic element as well as to provide advice during the negotiation of the development agreement, the City staff recommends that a toxic advisor be retained.

EXECUTIVE SUMMARY

Some areas of the Southern Pacific Railyard site (SP site) are known to be contaminated with a variety of potentially hazardous chemicals including lead and other heavy metals, and a variety of organics some of which are known human carcinogens. While SP has signed an enforceable agreement with the Department of Health Services (DHS) to remediate the site under California Bond Expenditure Plan Requirements (state "superfund"), that agreement does not require that all potentially hazardous chemicals be removed from the site. Partial clean-up is accepted remediation at superfund sites, but must be accompanied by constraints on future uses of the site.

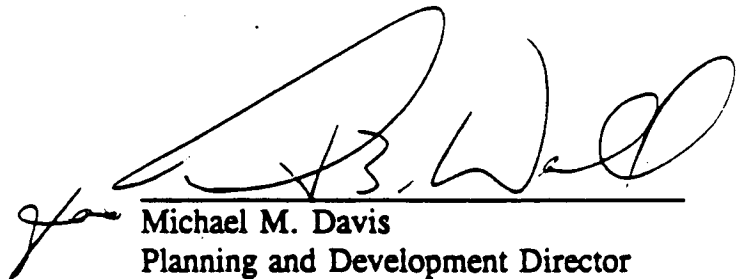
The city of Sacramento (the City) contracted for us to act as independent technical advisors to the City to review initial aspects of the remediation of the SP site. We were asked to critically review and comment on the information available on the current degree of contamination, the adequacy of the investigations being conducted and planned to define contamination and its hazards to public health and the environment, the adequacy of past and proposed approaches for remediation of the contamination, and the compatibility of proposed plans for redevelopment with the residual contamination that will exist after the site has been cleaned up to the degree accomplished and proposed - i.e., "remediated." We provided a technical discussion of the results of our review in a technical report to the City Department of Planning and Development. That report provides additional information on the basis of our findings.

This report summarize the conclusions of our review and presents our recommendations to the City for actions and approaches it should consider taking as part of its evaluation of the remediation and redevelopment of the SP site. This executive summary highlights principal findings and recommendation discussed in this report.

Recommendation:

It is recommended that the City/County Environmental Commission take the following actions:

1. Recommend that the City Council accept the G. Fred Lee and Associates report.
2. Recommend that the City Council direct the development of a remediation/land use linkage program summarized in this report, the purpose of which is to tie City land use approvals to remediation of specific sites and contain requirement for appropriate financial guarantees.
3. Recommend that the City Council direct that a Hazardous Substance Element to the specific plan be prepared and submitted for consideration at the same time as the specific plan.
4. Reactivate the City/County Environmental Commission subcommittee to work with the City, DHS, and the County staff on this project.
5. Recommend that City Council authorize the retention of a hazardous substances specialist to advise the City and assist in the preparation in the Hazardous Substance Element, and in the preparation of a development agreement.



Michael M. Davis
Planning and Development Director

cc: Mayor and Council Members
Planning Commission Members
Housing and Redevelopment Commission Members

Adequacy of Site Remediation

- * The state "superfund" review and remediation process applicable to the SP site may not be adequate to provide for long-term protection of public health (especially children) and environmental quality if the site is redeveloped as currently envisioned. "Superfund" investigations and remediation approaches being used today were not developed to be necessarily adequate for ensuring protection of public health and environmental quality associated with intense public use of "remediated" sites.
- * Remediation that has been accomplished and that is planned for parts of the SP site involve leaving potentially hazardous chemicals in those areas. The constraints on future uses of those areas, such as designating them as commercial/industrial and imposing associated deed restrictions, may not provide adequate protection for users of those areas or surrounding areas.
- * The current personnel in DHS who are responsible for overseeing the investigation and remediation of the SP site appear to be providing diligent implementation of DHS policies and approaches for the SP site.
- * SP's meeting requirements approved by DHS for site investigation and remediation cannot be considered necessarily adequate to provide long-term protection of public health and environmental quality from chemical contaminants derived from SP's activities, or to protect the City's interests associated with the redevelopment of the property.
- * The amount of site investigation and remediation that has been effected thus far at the SP site has provided a limited track record of the adequacy of the design, implementation, and efficacy of the site investigation and remediation that will be accomplished at the site to provide for public protection associated with the envisioned

redevelopment. The approaches adopted thus far do not give us confidence that future site investigation, remediation, and redevelopment will be done in a way to ensure near-term or long-term protection of public health, environmental quality, or the interests of the City given the proposed plans for redevelopment.

- * Potentially significant deficiencies have been found in a number of areas of the SP site investigation including soil-gas migration assessment, remediation of lead-contaminated soils, chemical translocation (uptake from soil by plant roots with deposition in leaves and/or fruit) of lead and other contaminants, and overall characterization of contamination associated with the site.

- * With DHS approval SP has adopted a remediation approach for some areas of the site that involves partial clean-up of potentially hazardous chemicals. This remediation also includes the designation of those areas for commercial/industrial use and the imposition of deed restrictions (which the City must implement) designed to limit activities in those areas. While deed restrictions may provide appropriate protection of public health in isolated, insulated industrial areas that have received partial clean-up (remediation), this approach may not be appropriate or adequate for the commercial/industrial areas of the SP site. This is largely related to the proximity of the commercial/industrial areas, without isolation, from residential and public open-space that is currently being planned, as well as possible uses within commercial/industrial areas that could cause unacceptable exposure of members of the public.

- * If the City chooses to proceed to include plans for residential use, open-space, and other intensive public contact activities at the redeveloped site, it should consider providing significant additional safeguards to address the concerns raised about the adequacy of the investigation and remediation for providing near-term and long-term protection of public health, environmental quality, and the interests of the City.

- * The City should consider developing a comprehensive set of additional safeguards to be implemented associated with any permitting of activities in areas only remediated to levels acceptable for commercial/industrial use.

Groundwater Contamination

- * At least two areas of groundwater contamination (plumes) have been found to have been generated by SP's operations; one plume extends beneath the City from the SP site south to at least O St. The plumes contain highly hazardous chemicals that cause the waters to be unsuitable for use for domestic and some other purposes. The type, degree, and extent of contamination of the groundwater beneath the SP site and off-site underneath the City have not yet been adequately characterized.
- * While it is reported that the groundwaters in the area of the SP site are not now used for domestic purposes, the City should consider requiring that they be remediated to meet state drinking water standards to protect the resource for future users.
- * Potential problems with soil-gas migration of hazardous chemicals from contaminated groundwater have not been adequately addressed.
- * The City should consider requiring an appropriate, in-depth evaluation of the potential for soil-gas migration from the contaminated groundwaters to the basements or other enclosed areas of buildings that exist or could be developed above the groundwater contamination plumes from the SP site.

Stormwater and Sewage Management

- * The current redevelopment plans for the SP site could be significantly impacted by failure of the City to solve its combined sewer overflow problems. The Regional Water Quality Control Board has considered placing a moratorium on future development within the City until those problems are resolved.
- * The City should consider the impact that a moratorium on sewer hook-ups at the SP site could have on the redevelopment of the site. If it is found that there is a significant potential for such a moratorium, then the City should consider the possibility of developing its own domestic wastewater and stormwater management systems, including treatment works for the SP site.

Redevelopment Planning

- * The planning that has been done by the Roma Design Group has provided insight into possibilities for redevelopment of the site and has helped focus our review of the site investigation and remediation on problems that could arise from redevelopment of the site in light of remediation approaches adopted and proposed by SP.
- * The City should consider evaluating the degree of public health and environmental quality protection that should be provided by SP's site investigation and remediation.
- * Before further significant planning for redevelopment is done, the City should consider carefully evaluating the compatibility of the proposed uses, both in the near-term and the long-term, with the remediation being conducted, including the provision to leave potentially significant amounts of hazardous chemicals at the site. The resolution of the various issues raised in this report should be accomplished before significant additional

planning is done.

Overall Recommendation

- * The City should consider becoming a more active participant in decision-making concerning, and oversight on, the site investigation, the remediation of various areas of the SP site, and the appropriateness of redevelopment of the site for certain types of uses. A focus of its participation should be the minimization of the potential for children to be exposed to elevated concentrations of lead and other contaminants though intended and inadvertent use, as well as through plausible misuse of the area.

- * We recommend that the City conduct in-depth reviews of each component of site investigation, remediation, and redevelopment as they are developed and executed to help ensure that the desired level of protection of public health, environmental quality, and its interests will be achieved.

- * To implement these recommendations, an independent, third-party advisor(s) should be retained by the City to provide in-depth evaluation and advice to the City on each aspect of site investigation, remediation, and redevelopment, as each is developed, reviewed by DHS and others, and implemented. The advisor(s) must be knowledgeable, highly active, and adequately funded. The advisor(s) should report to City officials responsible for formulating City policy. If such an advisor were appointed, we would recommend the City proceed, cautiously, with the redevelopment of the SP site.

LEGAL GUARANTEES

- Bonds
- Letters of credit
- Corporate guarantees
- Potential loss of entitlements
- Provisions to carry over program requirements to new owners/developers
- Retention of remediated land and improvements as collateral
- Establishment of a dormant Mello-Roos district which would be activated only if funds required for remediation are unavailable and
- Sinking funds



LINKAGE OF TOXIC CLEAN-UP TO REGULATORY APPROVAL

CLEAN-UP STEPS

- Sign Contract Setting Forth Clean-Up Obligations

- Provide Financial Guarantees

- Complete Areawide Survey

- Complete Detailed Survey of Phase Area, Buffer Zones and Infrastructure
- Approval of Remediation Plan from All Agencies

- Perform Complete Clean-up by DPA

DEVELOPMENT APPROVALS

- General Plan Amendment
- Specific Plan
- Development Agreement

- Master Tentative Subdivision Map

- Zoning

- City Accepts Application for Any Development Approval, including
 - Tentative Map
 - Final Map
 - Conditional Use Permit

- Issuance of Building Permit for Any Development in Phase Area

