

Point Molate Community Advisory Committee

Pt. Molate Annual Update Report to City Council

January, 2016 to March, 2017

This report summarizes the Pt. Molate Community Advisory Committee's contributions from January, 2016 through March, 2017 to monitoring remediation activities and advising the Council on potential revenue opportunities, cost savings, planning considerations, and site asset conservation, both physical and natural. The task of the Point Molate Community Advisory Committee is to work with the City Council, staff and other citizen advisory boards and commissions to provide advice and input on all Point Molate matters.

1. Remediation Work under the Regional Water Quality Board permit

This section of the report summarizes information presented to the Point Molate Community Advisory Committee (Pt. Molate CAC) about the current status of the cleanup sites at Pt. Molate, as well as options and estimated costs to achieve Regional Water Board permit requirements.

Background

In 2011, the California Regional Water Quality Control Board issued Order NO. R2-2011-0087 to the City of Richmond and the Department of the Navy to undertake a final clean-up of various sites at Point Molate. Due to residual contamination from decades of Navy activity, remediation work was necessary to ensure protection of human health, water quality, and the environment consistent with possible future uses of Point Molate.

The Regional Water Board order targeted four sites* on the approximately 300 upland acres of City property in the middle of the Pt. Molate peninsula.**

This current Regional Water Board permit includes:

- Site 1 - a capped hillside landfill constructed by the Navy
- Site 3 - a large area below Winehaven, location of former Navy treatment ponds
- Site 4 - two former oil drum lot areas. "Drum Lot 1" is a large concrete pad at the Point Molate pier. "Drum lot 2" is made up of three large concrete terraces at the foot of the hill across from the Beach Park..

- Twenty underground storage tanks (USTs) located throughout the property.



Water quality permit remediation (yellow) and underground storage tank locations (orange outline)

The City contracted with Terraphase Engineering to administer the site cleanup to meet the Regional Water Board's permit requirements.

* Regional Water Board cleanup site designations are normally preceded with the prefix "IR" (i.e. "IR Site 1"), but they are simply being referred to as "sites" for the purposes of this report.

** The other City property at Pt. San Pablo - "Terminal 4" - it is not discussed since it is not included in this permit.

Remediation Summary and Highlights

After six years of remediation work at Pt. Molate, including completion of a major project to remove thousands of cubic yards of oil-contaminated soil below the Winehaven building, City staff reports that approximately \$3.9 million remains of the original \$28.5 million of Navy escrow funds. Below is a summary of the status of the Regional Water Board designated permit sites and the underground storage tanks based on City staff and Terraphase Engineering monthly reports to the Pt. Molate CAC.

Site 1 - Hillside landfill in south valley

Technically, no further remediation work is required at the landfill, but ongoing contaminant monitoring of groundwater wells is required until there are low sampling results over two consecutive years. At an estimated \$50,000 per year, the landfill is the most costly site to continue to monitor and maintain. Two of the six groundwater wells at the landfill have shown

consistently high contaminant levels. In March, 2017, the Pt. Molate CAC recommended that City staff and Terraphase engineers further evaluate remediation of these two groundwater wells to achieve water quality objectives and to relieve the City of ongoing, costly landfill monitoring and maintenance expenses.

Site 3 - a large area below Winehaven

The removal of the thousands of cubic yards of bunker fuel-contaminated soil at Site 3 was the major remediation project required under Regional Water Board permit. The project was completed in December, 2015. A letter requesting final acceptance of the remediation and erosion control portions of this project has been sent to the Board. The City is still required to continue to pay for and conduct ongoing monitoring and maintenance of the groundwater wells at this site.

Site 4 - Former oil drum lots near Winehaven and above the Beach Park

Site 4 primarily consists of two former concrete Navy oil drum storage areas, "Drum Lot 1" south of Winehaven at the pier, and "Drum Lot 2" above the Beach Park.

Drum Lot 1 has been accepted for commercial, residential (at second floor level and above), and parks and recreation uses. Drum Lot 2 is more complicated. The former trichloroethylene (TCE) and chlorinated volatile organic compounds in the soils below the concrete pads have been substantially reduced. A "Human Health Risk Assessment" is now needed to determine if this former drum lot could be made available for a variety of uses. However, more rigorous screening protocols have been put in place by the Regional Water Board. The Pt. Molate CAC has recommended that the risk assessment encompass both restricted (usually commercial and parks and recreation) and unrestricted uses (usually residential and institutional) so that the Council is advised of all possible uses of the site and the cleanup costs associated with each use.

Underground Storage Tanks (USTs)

There are twenty large underground storage tanks on City property in the hills above Stenmark Drive. Eleven of the twenty storage tanks have been approved for closure. However, as with the landfill, "closure" does not relieve the City of continued monitoring and maintenance of any of the tanks. Therefore, the Pt. Molate CAC requested and received cost information for various scenarios. Continued monitoring is estimated at a total \$15,000 per year. Investigation for clean up and full closure is estimated at \$150,000 per tank. Complete tank removal is projected at \$500,000 to \$700,000 per tank. Unless tank cleanup or removal is recommended, annual UST monitoring and maintenance will continue and is budgeted in the Navy escrow remediation funds through 2035.

Groundwater Monitoring

Groundwater monitoring wells are the primary way that the above sites and the UST's are monitored for progress toward permit standards. There are a total of 59 groundwater monitoring wells at Point Molate that are used to quantify the concentration of diesel, bunker, and jet fuel in groundwater. Terraphase Engineering submits bi-annual groundwater monitoring reports to the Water Board: dry season and wet season. They have also submitted a recommendation to the Water Board that 12 of these wells be discontinued.

The most recent issue regarding Point Molate's groundwater concerns "polar compounds". Polar compounds are the chemical compounds remaining when petroleum products break down. Polar compounds sometimes can be more hazardous than their "parent" chemicals. The City now has to apply the more stringent regulatory screening criteria using polar compounds. Unfortunately, all monitoring wells within Site 3 measured above acceptable levels for polar compounds in the most recent dry season monitoring report.

The Navy Escrow Remediation Fund

After six years of contaminant monitoring and remediation work at Pt. Molate, including removal and replacement of the contaminated soil at Site 3 below Winehaven, the remaining remediation escrow balance reported to Pt. Molate CAC by City staff and Terraphase Engineering in March 2017 is \$3,885,743. The insurance policy for Pt. Molate remediation expires in 2020. As noted above, there will be ongoing remediation costs for monitoring and maintenance after 2020. However, Terraphase engineers estimate that the current remediation escrow funds will largely cover the remaining and ongoing remediation costs to meet Regional Water Board permit requirements. At this time, they estimate that that after 2020, the City will need to cover approximately \$200,000 over and above the Navy escrow funds provided to meet the Regional Water Board permit for remediation (See Figure 2). The Pt. Molate CAC notes that this recent budget estimate also implies that there is not enough in the escrow fund to cover any new or moderated remediation work, or very long term permit monitoring.

Figure 2: Long-Term Remediation Cost Estimates - Point Molate

Description	Projected Cost to Complete Permit beyond 2020	Notes
Site 1 - Landfill	\$678,515	Assumes 15 additional years of monitoring and maintenance past 2020
Site 3 - Former Oil Sump Area below Winehaven	-	Includes wetland construction, LUC mechanism, and reporting requirements
Site 4 - Former Oil Drum Lots 1 and 2	\$125,000	Projected cost through 2020 (includes potential, estimated cost of data gap investigation \$100-200k)

Underground Storage Tanks	\$389,098	UST management will continue beyond 2020. UST removal is not included in projected costs
Long-Term Groundwater Monitoring	\$609,008	Projected additional cost beyond 2020 includes potential further monitoring at IR Site 3
Site Wide (Legal, Escrow, Insurance)	-	
TOTAL	\$1,801,621	
Projected Escrow Budget March 2020	\$1,617,879	
Estimated City Responsibility	\$183,742	

Source: Terraphase Engineering report to Pt. Molate CAC, Nov. 2016

2. City cost savings, efficiencies, and income generation opportunities initiated by Pt. Molate CAC

- Building standard rental agreement recommended

The Committee worked with the City Attorney, Tim Higare of DIMO, and Council liaison Gayle McLaughlin to ensure that Nematode Holdings was in compliance with local and state codes, that the properties had been inspected, and that the lease defined the licensing payment and in-kind contributions for use of rental space at Point Molate. Nematode Holdings license for rental and subletting of space was amended twice during 2016 to expand the areas rented at Pt. Molate from a single section of building 123 to all of building 123, plus a number of other buildings, most clustered around 123, but also the pier, bldg 87 and the Winehaven building, a total 33,000 square feet. The Council approved a license to rent space on December 6, 2016 for \$.05 per foot, or \$3,361 per month and 50% of all net revenues from sub-licensees.

- Electrical restoration study for enhanced income generation

The committee provided a study session to the Council headed by Mark Howe to review costs and methods to upgrade infrastructure to provide adequate power for low intensity commercial use of the properties. A relatively inexpensive in situ wastewater treatment was described for low intensity commercial use. Howe also provided an analysis of comparable market rate pricing for local commercial rentals to outline income opportunities for the City from restoring electricity, water connections, and low intensity wastewater treatment. Preliminary estimates indicate that up to \$3 million annually could be realized by the City in rental income from re-furbishing existing Pt. Molate buildings and cottages and re-establishing basic utilities. The City Council conducted the study session on May 24, 2016. A tape of the presentation can be viewed on the City Council meeting video archive site.



Cottages at Pt. Molate above Winehaven - Mae Clark

- Contract cost savings recommended

In a cost saving measure, the committee recommended termination of the contract with NCE since the bulk of the remediation work has been done. Council approved this recommendation on November 1, 2016, resulting in \$80,000 savings this year to the Navy remediation escrow fund.

- Salvageable materials

There are a variety of materials still in storage at Pt. Molate. An inventory has been initiated (Gosney) of salvageable materials at Pt. Molate for potential resale income to the City.

- Very High Fire Hazard Severity Zone vegetation management contract assistance

Several discussions were held (Hanson) with the Parks Department on the Contractor's progress in reducing upland fire hazard weedy vegetation while conserving desirable, lower-fuel native Pt. Molate vegetation, in line with specifications under the City's \$84,000 annual contract for Very High Fire Severity Zone fuel management.

3. Planning Assistance

- Urban Land Institute recommendations for Pt. Molate

At the behest of the Pt Molate Working Group and with financial support from Trust for Public Land, the city engaged with the Urban Land Institute (ULI) for a Technical Advisory Panel (TAP) review of Pt. Molate which was completed in April. Final reports were published in June. Additionally, PMCAC held a joint meeting with the Pt. Molate Working Group to discuss the ULI/TAP findings.

- Bay Trail extension into Pt.Molate

An initial plan review meeting on the Bay Trail extension was organized by the East Bay Regional Park District (EBRPD) and NCE, the firm selected to do the trail design. Pt. Molate CAC members (Beyeart, Carman, Gilbert, Hanson) made comments on ways to improve user experience and natural resource protection in the design of the Bay Trail extension into Pt. Molate. In March, Pt. Molate CAC members (Beyeart, Brubaker, Hanson, Gilbert, Stello) accompanied EBRPD Senior Planner, Suzanne Wilson, on a walking tour to review the proposed Bay Trail alignment.

Pt. Molate CAC (Bruce Beyeart) provided a time lapse history of erosion of the shoreline at Pt. Molate indicating erosion rates of nearly a foot/year. A section of the Burma road adjacent to the planned Bay Trail extension and a newly-constructed wetland has been undermined (the wetland was constructed along the shoreline in the south valley as mitigation for the Site 3 treatment area below Winehaven). The City has undertaken a shoreline erosion engineering study.

- Base closure models

Pt Molate CAC hosted Exec. Director Michael Boland of the Presidio Trust. Boland described how the Trust used an incremental site improvement plan at the Presidio in order to generate initial revenues to fund additional improvements.

- Community planning meetings for land use designations

A subcommittee of the Pt. Molate CAC (Brubaker, Carman, Gosney, Hanson, Potrero) was formed to work with the Planning Department on the design and development of content for community planning meetings for community input on land use designations and zoning for the area. Initial meetings were held and initial comments were submitted.

Summary

The Pt. Molate CAC continues to monitor remediation activities and advise the Council on potential revenue opportunities, City cost savings, planning considerations, and site asset conservation, both physical and natural. Two key recommendations at this time are:

Remediation - A budget report by Terraphase (Figure 2) estimates that enough of the remediation escrow funds remain to complete major portions of the RWQCB permit, however it is also estimated that there is not enough in the escrow fund to cover any new/moderated remediation work or very long term permit monitoring. The Committee reaffirms the need for City staff to provide a timely, adequate opportunity to review and comment on any draft remediation work schedules, site plans, and vendor contracts for Pt. Molate in order to continue to recommend efficiencies, savings, and income opportunities to the Council and City staff.

Income Generation - Based on an analysis of the underutilization of the buildings at Pt. Molate as interim commercial rental spaces, the City should locate and apply funds to restore electricity to the buildings at Pt. Molate and incrementally increase the rental income based on the cost,

income, and the breakeven analysis presented to the City during the May 24, 2016 Council study session.

Pt. Molate CAC Members - 2016-17:

Shana Bagley, Vice Chair through 6/16
Bruce Beyaert
Bruce Brubaker, Vice Chair, 10/16 to present
Paul Carman
Charles Duncan, Chair through 9/16
Joan Garrett
Dorothy Gilbert
Don Gosney, 12/16 to present
Al Guggemos, through 9/16

Jim Hanson, Chair, 10/16 to present
Mark Howe
Jeanne Kortz, through 4/16
Jeff Lee, through 5/16
Bob McNeil
Connie Portero, 10/16 to present
Katrinka Ruk
Pam Stello, through 7/16



Pt. Molate's southern valley with the Beach Park and future Bay Trail extension at its center. Winehaven and the cottages are on the other side of the far ridge in the north valley -Jim Hanson

Paul Carman, Joan Garrett, and Jim Hanson contributed to preparation of this report