



APPROVED
BY THE CITY COUNCIL

DEC 2 1997

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CITY CLERK

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**CITY OF SACRAMENTO
CALIFORNIA**

DEPARTMENT OF
ADMINISTRATIVE SERVICES

BUDGET AND POLICY REVIEW

November 10, 1997

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Toxic Remediation at Federal Courthouse Site

LOCATION AND COUNCIL DISTRICT: District 1

RECOMMENDATION:

This report recommends that the City Council 1) amend the 1997-1998 Capital Improvement Budget by approving the transfer of \$781,000 from the General Fund Administrative contingency and 2) approve an augmentation in the amount of \$781,000 to Capital Improvement Project TK70 - Federal Courthouse in order to support toxic remediation costs.

CONTACT PERSON:

Debra Nyland, Senior Management Analyst
Ava Langston-Kenney, Toxics Program Coordinator

FOR COUNCIL MEETING OF: December 2, 1997

SUMMARY:

In 1995 the City sold the block at 5th and I Streets to the U.S. General Services for the purpose of constructing a Federal Courthouse on the site. Under the terms of the sale, the City is responsible for all toxic remediation work and environmental oversight at the site. Due to the discovery of Stoddard solvent contamination in soil within the excavation site, the toxic remediation has exceeded the original estimate. Primarily in order to complete this legal and environmental obligation, a budget augmentation in the amount of \$781,000 is needed to provide funding.

COMMITTEE/COMMISSION ACTION: None.

BACKGROUND:

The City has completed the closing of the 1996-1997 fiscal year. Accordingly concurrent with this report, the Comprehensive Annual Financial Report (CAFR) will be presented and will include an overview of the various funds. One element of the CAFR looks at the various capital projects including the Federal Courthouse.

The Federal Courthouse currently under construction at 5th and I Streets is the largest high rise office building in City history and the first Brownfields development in the U.P. Railyards.

The Courthouse will include 510,000 square feet of offices in addition to various court facilities. The U.S. Government budget for construction is in excess of \$165 million.

Services to be located at the facility include pre-trial services, probation, and bankruptcy courts. In addition, the offices of the U.S. Attorney, U.S. Marshall, and field offices of the U.S. Senate and House of representatives will be located in the building.

The project will add an estimated 1,200 new jobs to the City in addition to those transferred from the existing Courthouse on Capital Mall.

Under the terms of the land sale, the City was responsible for environmental oversight and toxic remediation. The site formerly housed a City fueling station. In addition approximately 504 cubic yards of Stoddard solvent contaminated soil was discovered within the excavation site. Under the terms of the land sale, the City is also responsible for any contamination discovered on the property it sold. Consequently, the contaminated soil was disposed of at the City's expense.

The magnitude of the toxic remediation was unanticipated and unbudgeted. The remediation is still occurring and this proposed augmentation will cover the remaining costs.

FINANCIAL CONSIDERATIONS:

As part of the City's site Federal Courthouse project site preparation, a Capital Improvement Project was established for the Federal Courthouse Site (TK70). \$4.2 million has been spent to date.

The costs for toxic remediation were originally estimated at approximately \$200,000 however the expense of the disposal of the Stoddard solvent contaminated soils has resulted in the need for additional funds. Similarly the project estimates result in a need for funds to complete legally required site improvements per the agreement.

This report requests \$781,000 for the following purposes:

| | |
|--|---------------|
| • Toxic Remediation and Oversight: | \$511,000 |
| • Completion of Site improvements per Agreement: | 220,000 |
| • Estimate for Remaining Toxic Remediation: | <u>50,000</u> |
| TOTAL: | \$781,000 |

The budget needs to be augmented to provide funding to primarily support these toxic costs. As presented as part of a companion year end report, funds are available due to a positive fund balance in the General Fund.

ENVIRONMENTAL CONSIDERATIONS:

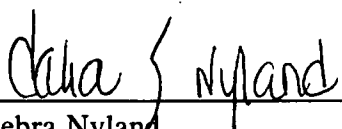
Development of a Brownfields site as well as third party environmental oversight required by the State can be extremely costly. However all requirements are being met under the oversight of the City's Toxic Program Coordinator and this particular item has no environmental impact.

POLICY CONSIDERATIONS:

Development of the Federal Courthouse is consistent with the City's Economic Development Agenda and the Richard's Railyard Plan. No new policies will result from this report.

MBE/WBE: Not applicable to this report.

Respectfully submitted,



Debra Nyland
Senior Management Analyst

Recommendation Approved:

for 

WILLIAM H. EDGAR
CITY MANAGER

APPROVED
BY THE CITY COUNCIL

DEC 2 1997

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 97-658

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION AMENDING THE 1997/1998 CAPITAL IMPROVEMENT PROJECT BUDGET
FOR THE FEDERAL COURTHOUSE PROJECT (TK 70)**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

- 1) To amend the 1997-1998 Capital Improvement budget by \$781,000;
- 2) To approve an augmentation in the amount of \$781,000 to Capital Improvement Project TK70 - Federal Courthouse from the General Fund Contingency as follows:

| | |
|---------------------|-------------|
| (101-710-7012-4999) | (\$781,000) |
| 101-500-TK70-4802 | \$781,000 |

MAYOR

ATTEST:

CITY CLERK

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RESOLUTION NO.: _____

DATE ADOPTED: _____