



City Council

Approval of Interagency Agreement Between Department of Ecology and City of Olympia for Environmental Site Assessment Funding

Agenda Date: 3/15/2016
Agenda Item Number: 4.B
File Number: 16-0215

Type: contract **Version:** 1 **Status:** Passed

Title

Approval of Interagency Agreement Between Department of Ecology and City of Olympia for Environmental Site Assessment Funding

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve and authorize the Mayor to sign the Interagency Agreement between Department of Ecology and City of Olympia for Environmental Site Assessment Funding

Report

Issue:

Whether to approve the Interagency Agreement with Department of Ecology to receive \$140,538 in grant funding for environmental site assessment work at City-owned property on State Avenue, and city- and privately-owned properties in the Water Street Redevelopment Area.

Staff Contact:

Danelle MacEwen, Senior Program Specialist, Public Works General Services
360.753.8211

Leonard Bauer, Deputy Director, Community Planning and Development, 360.753.8206

Presenter(s):

None - Consent Calendar Item

Background and Analysis:

State Street Property

The City owns real property located on State Avenue between Franklin Street and Adams Street. The City purchased the property, a former materials testing facility, from Washington State Department of Transportation ("WSDOT") in 2008. The property has known contamination and the Purchase and Sale Agreement provides that the City use WSDOT's sale proceeds to perform assessment and cleanup work at the site.

In 2009, the City entered Washington State Department of Ecology's ("Ecology") Voluntary Cleanup Program with the goal of obtaining a "No Further Action" letter for the site. The City performed cleanup at the site consisting of removal of contaminated soil and replacement with clean soil. Ecology is requiring ongoing groundwater monitoring at four monitoring wells that still detect contamination above cleanup levels. The City will continue to monitor and assess the groundwater at the site and explore options to accelerate the cleanup of the groundwater.

In October 2015 the City sold a portion of the property to Low Income Housing Institute ("LIHI"), identified on the attached map as "LIHI Parcel". LIHI has an option to purchase the remaining property, identified as "City/Option Parcel". LIHI plans to construct multi-unit housing on their parcel. The City is working with Ecology and LIHI to obtain a "No Further Action" letter from Ecology for the LIHI parcel and anticipates the issuance of that letter shortly.

In late 2015, the City spent the last of the WSDOT funds for site assessment and cleanup. Although these funds have been expended, Ecology continues to require ongoing site assessment and groundwater monitoring at the site. It is unclear how long it will take the groundwater to test below cleanup levels. Ecology deemed this site eligible for Environmental Protection Agency ("EPA") site assessment grant funding for \$79,250. The City will use these funds to pay for further assessment at the site, ongoing groundwater monitoring, and preparation of a groundwater treatment cleanup plan. The receipt of grant funds requires an Interagency Agreement with Ecology. The scope and budget for this grant is very narrow and only costs relating to assessment activities between August 1, 2015 and July 31, 2106 are eligible. This funding helps the City pay for assessment activities, but Ecology will require further monitoring and work at the property that goes beyond this funding.

Water Street Redevelopment Area Properties

Since 2014, the City of Olympia has been working toward establishing a Community Renewal Area under Chapter 35.81 of the Revised Code of Washington. The goal of this process is to redevelop key properties in Olympia's downtown through a partnership with a private developer. The Water Street Redevelopment Area was defined as the first set of key properties to be redeveloped because of its proximity to the waterfront, Heritage Park, Percival Landing and other downtown attractions. It consists of nine parcels on the east and west sides of Water Street between 4th and 5th Avenues. The City owns two of the parcels, at 407 Water Street and 301 4th Avenue. Initial environmental assessments have been completed for both properties. The assessment reports recommend some soil remediation at 301 4th Avenue site and additional investigation of groundwater at both sites because of potential of contamination from off-site sources. In December 2015, the City demolished buildings on these two city properties.

Through a competitive process, Olympia has selected Urban Olympia, a local private development firm, as partner to create a redevelopment plan for the Water Street Redevelopment Area. The city's basic goals for the 1.09-acre area include a mix of housing, businesses, and parking. Urban Olympia and the City of Olympia have reached a proposed agreement on the process to conduct due diligence and property acquisition negotiations with current property owners. This funding would be used to continue environmental assessments of the properties within the redevelopment area to better understand next steps necessary toward cleanup and potential redevelopment of the properties.

Neighborhood/Community Interests (if known):

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The City and LIHI have worked closely with Ecology on obtaining the 'No Further Action' letter for the LIHI parcel. This grant will allow the City to continue work towards a 'No Further Action' letter on the "City/Option Parcel".

There is significant community-wide interest in the Water Street Redevelopment Area. This grant would fund a key next step in that process as part of a proposed agreement between the City and Urban Olympia LLC.

Options:

1. Approve the Interagency Agreement with Ecology as is.
2. Approve the Interagency Agreement with Ecology with Council changes.
3. Do not approve the Interagency Agreement with Ecology. This would result in the City turning down grant funds from Ecology.

Financial Impact:

This grant does not require a match from the City.

Attachment(s):

ATT 1