

## STAFF REPORT

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**Date:** January 10, 2018

**To:** Mayor and City Council

**Thru:** Sabra Newby, City Manager

**Subject:** **B.9. Staff Report (For Possible Action): Approval of Amendment No. 12 to the Professional Services Agreement with American Environmental and Engineering Consultants (AEEC) for the Stead Solvent Site Remediation Project in the amount of \$181,501 with the City of Reno's share being \$21,780.12 and expenditure of \$1,000 in utility costs. (Capital Projects Fund - Insurance Settlements)**

**From:** Phil Tousignant, Acting Environmental Control Supervisor

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**Summary:** The proposed Amendment No. 12 to a professional services agreement between the Reno-Tahoe Airport Authority (RTAA), the City, and American Environmental and Engineering Consultants (AEEC) is in support of the on-going groundwater remediation of the Stead Solvent Site through 2018. The City's share is 12 percent. Funding for City's share resulted from the recovery of \$1,102,783 from five insurance carriers associated with the Stead Solvent Site. Annual budget approval for each yearly scope-of-work (operational and maintenance) is not the same year-to-year. A Non-Operation Test (NOT) began in 2016. The objective of the NOT is to monitor pollutant concentrations while remediation activities are suspended to determine whether case closure can be obtained from the NDEP without further remediation, or alternately, if the system should be optimized and reactivated. If current data trends continue and remain favorable, the NOT is anticipated to continue through at least 2018.

The scope-of-work and budget approval every annum is per the settlement agreement (2000 Consent Decree).

**Previous Council Action:**

April 19, 1994 - Council approved the First Interim Agreement between the RTAA, the City, and AEEC pursuant to the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA.)

September 27, 1994 - Council approved the Second Interim Agreement between the above-named parties.

April 11, 1995 - Council approved the Third Interim Agreement between the above-named parties which allowed the City to continue to participate in and support financially certain investigations and field work.

July 9, 1996 - Council approved the Fourth Interim Agreement between the above-named parties which allowed the City to participate in and support financially long-term monitoring of field work.

December 17, 1996 - Council approved an amendment to the Fourth Interim Agreement which deleted the task of column testing and added the task of geo-probe sampling. No additional funds were required to be paid by the City.

May 13, 1997 - Council approved a modified scope of work under the Fourth Interim Agreement which allowed the parties' consultant to perform sampling and monitoring activities on the property for which the City and other defendants in the Dermody Properties lawsuit became obligated to provide remediation. No additional funds were required to be paid by the City.

September 23, 1997 - Council approved the Fifth Interim Agreement between the above named parties which allowed the City to participate in and support financially the preparation of the feasibility study and implementation of a pilot study of groundwater remediation technology to be used to evaluate remedial alternatives for possible application at the site. The total contribution by the City was \$67,945.80 from the City's Contingency Fund.

October 13, 1998 - Council approved the Amendment to the Fifth Interim Agreement.

February 9, 1999 - Council approved the original Consent Decree in litigation brought by the NDEP.

June 9, 2004 - Council approved the construction contract with Bramco Construction for the construction of the Stead Solvent Site Operable Unit 1 remediation facilities in the sum of \$150,082.35.

September 8, 2004 - Council approved a settlement with the Lear entities for the release of liability of the Lear entities for the remediation of the Stead Solvent Site contamination in exchange for payment of the sum of \$1,552,063.

October 27, 2004 - Council approved the termination of the contract with the City's prior engineer, SECOR International Incorporated. The City entered into a contract with AEEC to provide project coordinator, construction management and long term well monitoring services to replace the SECOR contract.

January 26, 2005 - Council approved Amendment No. 1 to the AEEC Professional Services Agreement between the City and the RTAA of Washoe County.

July 6, 2005 - Council approved the Amendment to the Statement of Work between Marsh USA and the City for services to be performed in connection with the recovery of insurance proceeds related to expenses incurred by the City in connection with the remediation of the Stead Solvent Site in a maximum amount of \$50,000.

October 12, 2005 - Council approved the settlement with Hartford Insurance whereby the City released Hartford for all liability under certain policies of insurance in exchange for payment of the sum of \$400,000.

November 2, 2005 - Council agreed that the \$400,000 settlement money from Hartford would go to the Capital Improvement Project Fund with subsequent settlement money to go into a fund earmarked for payment of costs associated with the Stead Remediation.

December 14, 2005 - Council approved Amendment No. 2 to the contract with AEEC Professional Services Agreement for the performance of specified engineering services related to the next steps in the remediation of the Stead Solvent Site contamination in a maximum amount of \$167,316.60.

December 22, 2005 - Council approved the settlement and release agreement between the City and Royal Insurance to settle the City's claim against Royal for its liability for remediation of Operable Unit One totaling \$225,000.

April 5, 2006 - Council approved the settlement and release agreement between the City and United States Aviation Underwriters to settle the City's claim against it for its liability for remediation of Operable Unit One totaling \$320,000.

January 17, 2007 - Council approved the settlement and release agreement between the City and OneBeacon Insurance Group to settle the City's claim against it for its liability for remediation of Operable Unit One totaling \$50,000.

February 13, 2008 - Council approved the settlement and release agreement between the City and Century Indemnity Company to settle the City's claim against it for its liability for remediation of Operable Unit One totaling \$107,783.

December 17, 2008 - Council approved Amendment No. 3 to the contract with AEEC Professional Services Agreement for the performance of specified engineering services related to

the next steps in the remediation of the Stead Solvent Site contamination in a maximum amount of \$320,541 with City's share being \$37,852.56

January 20, 2010 - Approval of Amendment No. 4 to the Professional Services Agreement with AEEC for the Stead Solvent Site Remediation Project in the amount of \$202,475 with the City's share being \$24,297.

January 26, 2011 - Approval of Amendment No. 5 to the Professional Services Agreement with AEEC for the Stead Solvent Site Remediation Project in the amount of \$182,822 with City's share being \$21,939.

March 14, 2012 - Approval of Amendment No. 6 to the Professional Services Agreement with AEEC for the Stead Solvent Site Remediation Project in the amount of \$182,842 with City's share being \$21,941.

February 27, 2013 - Approval of Amendment No. 7 to the Professional Services Agreement with AEEC for the Stead Solvent Site Remediation Project in the amount of \$182,325 with City's share being \$21,879.

January 29, 2014 - Approval of Amendment No. 8 to the Professional Services Agreement with AEEC for the Stead Solvent Site Remediation Project in the amount of \$187,201 with City's share being \$22,464.

January 14, 2015 - Approval of Amendment No. 9 to the Professional Services Agreement with AEEC for the Stead Solvent Site Remediation Project in the amount of \$187,363 with City's share being \$22,483.

January 20, 2016 - Approval of Amendment No. 10 to the Professional Services Agreement with AEEC for the Stead Solvent Site Remediation Project in the amount of \$183,171 with City's share being \$21,980.

January 11, 2017 - Approval of Amendment No. 11 to the Professional Services Agreement with AEEC for the Stead Solvent Site Remediation Project in the amount of \$182,641 with City's share being \$21,916.92.

**Background:** In late 1993, soil and water pollutants were detected in samples taken from lands which formerly were part of the Stead Air Force Base. These pollutants consisted mostly of chlorinated solvents, including but not limited to perchloroethylene (PCE), trichloroethylene (TCE), and related organic chemical compounds. Concern existed that these chemicals were

migrating in the direction of what was known as Silver Lake Well No. 4 which is one of the two principal supply wells in the area.

The City and other entities were named as defendants in federal court litigation of the groundwater contamination at the former Reno Army Air Base/Stead Air Force Base. The parties entered into a Consent Decree to govern the investigation and remediation of contamination at the Stead Solvent Site in and near the Reno Stead Airport. The Consent Decree allows for a continued interagency cooperative effort for coordinated environmental analysis and remediation within the Stead Solvent Site.

**Discussion:** This amendment to the Professional Services Agreement will provide continued activities for January through December of 2018. Activities included in the Amendment are (1) project coordination, management, oversight and reporting to the stakeholders and NDEP, (2) minimal maintenance of the groundwater extraction and treatment system (currently inactive) (3) continued groundwater monitoring required during the Non-Operation Test. The City and the RTAA have provided assurances to the NDEP that these activities will be undertaken. Depending on contaminant concentration data trends, it is anticipated that the current level of effort and the NOT will continue through 2018, at which time the optimal pathway to obtaining case closure from the NDEP will be reassessed.

In addition to the consultant agreement with AEEC, there will be approximately \$1,000 in utility costs associated with the site operations.

**Financial Implications:** Funds for the activities will be paid from monies recovered by the City from insurance settlements, currently restricted in the Capital Projects Fund. The City's share of this consultant agreement is \$21,780.12 plus approximately \$1,000 in utility costs.

**Legal Implications:** Approval of the amendment to the Professional Services Agreement will obligate the parties to perform in accordance with the terms of the Agreement.

**Recommendation:** Staff recommends Council approve the attached agreement with AEEC, in the amount of \$182,641 with the City's share being \$21,780.12 and authorize the Mayor to sign and approve the expenditure of approximately \$1,000 in utility costs associated with site operations.

**Proposed Motion:** I move to approve staff recommendation.

**Attachments:**

- Original Agreement (PDF)
- 2018\_AEEC\_PSA\_-\_Amendment\_12\_FINAL (PDF)