

- **Board of Directors**  
**Engineering and Operations Committee**

February 12, 2002 Board Meeting

---

**8-3**

---

**Subject**

---

Authorize \$660,000 for the Distribution System Dispenser Spill Containment and Remediation Program (Approp. 15386)

---

**Description**

---

Metropolitan currently owns and operates 70 underground storage tanks (USTs) that are used to store gasoline, diesel fuel, waste oil, and chemical waste at Metropolitan's treatment plants, power plants, desert facilities, pressure control structures, reservoirs and operations centers throughout the distribution system. All of Metropolitan's USTs were designed, constructed, and installed in accordance with the applicable codes and regulations at the time of installation.

State and local regulatory changes have been recently adopted that require additional testing of the UST and fuel dispensing systems over the next four years that will result in upgrades and/or repairs. Additionally, by December 31, 2002, Metropolitan must test the secondary containment systems for all USTs and, by December 31, 2003, Metropolitan must install under-dispenser containments on all UST fueling dispensers. Failure to meet these regulatory deadlines can result in closure of the UST until compliance is verified. Additionally, a recent inspection conducted by the county of Riverside Health Services Agency (RHS) at the Skinner plant identified several UST installations needing repairs to the secondary containment systems. The RHS instructed Metropolitan to make the necessary repairs as soon as possible.

Metropolitan staff completed a draft report entitled "Evaluation of Metropolitan's Underground Storage Tanks and Fuel Dispensing Systems." The report recommends implementing a comprehensive fuel containment program in order to meet the new regulatory requirements in the most cost-effective way. This board action will authorize all design work for the entire program, and award of a single construction package for the immediate repair work at the Skinner plant. The entire program includes 70 USTs. Upon completion of all design work and subsequent board authorization, several construction contract packages will be awarded simultaneously for the remaining work in order to meet the compliance deadlines. Design work will be performed by Metropolitan staff. Because of the unique construction expertise and certification requirements, specialty contractors will be required to conduct the repair and upgrade work.

This program was evaluated and recommended by the Capital Investment Plan (CIP) Evaluation Team and the funds are included in the fiscal year 2001/02 Capital Budget.

A detailed report addressing the purpose/background, project description/implementation and schedule/milestones is provided in [Attachment 1](#). See [Attachment 2](#) for the Financial Statement.

The preliminary estimate of all construction for the identified projects within the Distribution System Dispenser Spill Containment and Remediation Program is \$1,900,000. Based on a design budget of \$160,000, the ratio of design to construction for the entire program is approximately 8.5 percent. For this proposed action, the ratio of design to construction is approximately 5.7 percent, based on a design budget of \$17,000, and a construction budget of \$300,000.

---

**Policy**

---

Metropolitan Water District Administrative Code § 5108: Capital Projects Appropriation.

## California Environmental Quality Act (CEQA)

---

CEQA determination for Staff Recommendation:

The proposed action is categorically exempt under the provisions of the CEQA. In particular, the proposed action consists of the awarding of a construction contract and the minor alteration of existing public structures, facilities, mechanical equipment, or topographical features, involving no expansion of use beyond that existing at the time of the lead agency's determination. In addition, if during the implementation of the repair work, contamination of soils should be discovered, then the proposed action qualifies for any minor cleanup actions taken to prevent, minimize, stabilize, or eliminate the release or threat of release of a hazardous substance. As such, this proposed action qualifies under both Class 1 and Class 30 Categorical Exemptions (Sections 15301 and 15330 of the State CEQA Guidelines).

The CEQA determination is: Determine that pursuant to CEQA, the proposed action qualifies under both Class 1 and Class 30 Categorical Exemptions (Sections 15301 and 15330 of the State CEQA Guidelines).

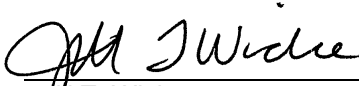
### Staff Recommendation


---

Adopt the CEQA determination and

- a. Appropriate \$660,000.
- b. Authorize the Chief Executive Officer to have the following work performed for the Distribution System Dispenser Spill Containment and Remediation Program:
  1. Performance of all design work and award of a competitively bid contract exceeding \$250,000 for the UST repairs and upgrades at the Skinner Plant.
  2. Performance of all work in advance of award of competitively bid contracts for the remaining UST repairs and upgrades.

**Fiscal Impact:** \$660,000 of budgeted CIP funds under new Approp. 15386.

	1/25/2002
J. T. Wicke Manager, Water System Operations	Date

	1/29/2002
Ronald R. Gastelum Chief Executive Officer	Date

[Attachment 1 – Detailed Report](#)

[Attachment 2 – Financial Statement](#)

## **Detailed Report**

---

### ***Purpose/Background***

Metropolitan currently owns and operates 70 underground storage tanks (USTs) that are used to store gasoline, diesel fuel, waste oil, and chemical waste at Metropolitan's treatment plants, power plants, desert facilities, and other locations throughout the distribution system. Thirty-two of the USTs used for gasoline or diesel also have fuel dispensers. The UST sizes range from 500 to 15,000 gallons. With one exception, all existing USTs are double-walled steel tanks equipped with cathodic protection, containment sumps, and leak detection monitoring systems. Most of the existing USTs were installed between 1989 and 1991 to replace older USTs to comply with regulatory requirements at that time. The remaining USTs were installed subsequently as part of local facility upgrades. All USTs and fuel dispensers were designed, constructed, and installed in accordance with the applicable codes and regulations at the time of installation.

California's UST law dealing with fuel dispenser system containment requires that under-dispenser containment be installed at all fueling facilities by December 31, 2003 and, recent state and local regulatory changes have been adopted that require additional testing of the USTs and fuel dispensing systems (including containment sumps, piping and the interstitial space between the primary and secondary containment tank) over the next four years. In addition, by April 1, 2005, the California Air Resources Board is requiring all gasoline USTs to be equipped with a dual-point vapor recovery system equipped with rotatable fittings. Installations that fail to pass the containment tests or are otherwise not in compliance with the new regulations are subject to closure.

A recent inspection conducted by the county of Riverside Health Services Agency (RHS) at the Skinner plant identified several UST installations needing repairs to the secondary containment systems. The RHS instructed Metropolitan to make the necessary repairs as soon as possible.

### ***Underground Storage Tank Evaluation Team***

Concerns over these regulatory changes prompted the creation of a Metropolitan UST Evaluation Team (Team). The purpose of the Team was to survey and evaluate all of Metropolitan's existing USTs based on current and potential future regulatory requirements. The results of the survey showed that some of the UST secondary containment systems installed prior to 1991 have experienced intrusion of rainwater, while others have experienced observable deterioration, indicating the need for repairs/upgrades. In addition, the Team conducted a benefit/cost analysis to determine if it would be more cost effective to replace the USTs with aboveground storage tanks (ASTs), perform the necessary upgrades and repairs on the existing USTs, or remove specific USTs from service entirely. The report was completed in May 2001 with a recommendation to proceed with a mix of options at the various sites under a comprehensive fuel dispenser and containment program.

### ***Project Description and Implementation***

The scope of this program includes: (1) replacing containment sumps and lids, product piping, and spill buckets at nineteen emergency generator and waste oil UST installations; (2) replacing containment sumps and lids, product piping, and spill buckets and install under dispenser containment and dual point vapor recovery with rotatable fittings at 32 UST/fuel dispenser installations; (3) installing seventeen 500-gallon above-ground storage tanks to replace eleven emergency generator USTs, five waste oil USTs, and one temporary above-ground tank that is a converted LPG tank; (4) permanently removing 21 USTs from service; and (5) remediating contaminated soils, if necessary.

This board action will authorize funding for (1) the design and construction of the UST and fuel dispenser repairs and upgrades at the Skinner plant, and (2) all design work in advance of award of construction contracts for all remaining necessary UST and fuel dispenser repairs and upgrades at all other Metropolitan facilities. Metropolitan staff will perform all project management, design, contract administration and construction inspection. Because of the unique construction expertise and certification requirements for this work, specialty contractors will be required to perform all construction. In order to meet the regulatory compliance deadlines,

several construction contracts will be advertised and awarded simultaneously. Staff is currently anticipating a total of five separate contracts, including the Skinner work package.

Upon completion of the final design and advertisement for all work other than the Skinner plant, staff will return to the Board for the remaining funds and authority to award the other construction contracts.

***Actions and Milestones***

February 2002 – Board authorization and funding for all design, and construction at Skinner plant only.

March 2002 – Award Skinner construction contract.

May 2002 - Complete design for all remaining work.

July 2002 - Board authorization to award construction contracts and appropriation of remaining funds.

December 2002 – Complete construction.

**Financial Statement for Distribution System Dispenser Spill Containment and Remediation Program**

A breakdown of Board Action No. 1 for Approp. No. 15386 for authorizing funds for the Distribution System Dispenser Spill Containment and Remediation Program described in this Board Action is as follows:

	<b>BOARD ACTION NO. 1 (Feb. 2002)</b>
<b>Labor</b>	
Design and Specifications	\$ 160,000
Construction Management and Inspection	50,000
Owner Costs (Project Management, Environmental Compliance, Contract Administration)	80,000
Incidental Expenses	15,000
Construction Contract	300,000
Remaining Budget	55,000
<b>Total</b>	<b><u>\$ 660,000</u></b>

**Funding Request**

<b>Program Name:</b>	Distribution System Dispenser Spill Containment and Remediation Program		
<b>Source of Funds:</b>	Construction Funds (possibly General Obligation, Revenue Bonds, Pay-As-You-Go)		
<b>Appropriation No.:</b>	15386	<b>Board Action No.:</b>	1
<b>Requested Amount:</b>	\$ 660,000	<b>Capital Program No.:</b>	01208-R
<b>Total Appropriated Amount:</b>	\$ 660,000	<b>Capital Program Page No.:</b>	E-35
<b>Total Program Estimate:</b>	\$ 2,900,000	<b>Program Goal:</b>	R – Regulatory