

**EXECUTIVE SUMMARY**

**TITLE:** Authorize Contract for 2018 Consultant Services Related to the Reilly Tar Site

**RECOMMENDED ACTION:** Motion to Adopt Resolution authorizing execution of a contract with Summit Envirosolutions for 2018 consultant services related to the implementation of the Reilly Tar & Chemical Corporation (Reilly) Consent Decree/Remedial Action Plan (CD/RAP).

**POLICY CONSIDERATION:** The services provided under the consulting contract are necessary to insure the City's compliance with the Reilly Consent Decree.

**SUMMARY:** In September, 1986, the Consent Decree became effective and the City accepted responsibility for a number of environmental remediation tasks contained in the CD/RAP. Over the last 30 years the City has retained the services of consulting engineers or firms to provide for the design and/or implementation of required RAP activities.

As we approached the 30-year anniversary of the CD/RAP, the City indicated interest to the state and federal agencies in updating the Consent Decree and for the Agencies to review where, when and why we are sampling. This request has resulted in costs rising in recent years as the Agencies have requested additional sampling and data collection so they can evaluate the long term sampling needs of the site. The additional data collected enabled a technical team comprised of city staff, our consultants, and MPCA/EPA/MDH representatives to develop pilot cessation plans that will allow for the temporary three-year cessation of pumping in three different aquifers so its effects can be evaluated for possible long-term cessation.

The proposal received from Summit estimates costs for the 2018 work tasks at \$359,000. This amount reflects a \$40K increase in costs due to the additional sampling requirements listed in the draft pumping cessation plans. Pumping cessation, however, would save approximately \$80K in operational costs. These savings are on top of the \$40K in annualized savings already achieved through the removal of the four unnecessary carbon (GAC) filters from Water Treatment Plant #4.

As for the overall process of updating the thirty year old Consent Decree, attached is a letter from Lockridge Grindal Nauen, the City's legal counsel on this matter, with provides a status report of that larger effort.

**FINANCIAL OR BUDGET CONSIDERATION:** The 2018 Reilly Budget contains funding for these Reilly related consultant activities.

**VISION CONSIDERATION:** St. Louis Park is committed to being a leader in environmental stewardship. We will increase environmental consciousness and responsibility in all areas of city business.

**SUPPORTING DOCUMENTS:** Discussion  
Resolution  
LGN Letter, Dated 12/13/2017

**Prepared by:** Mark Hanson, Superintendent of Public Works  
**Reviewed by:** Cynthia S. Walsh, Director of Operations and Recreation  
**Approved by:** Tom Harmening, City Manager

## **DISCUSSION**

**BACKGROUND:** While many of the studies required by the Reilly RAP have been completed, certain tasks such as groundwater sample retrieval and annual reporting represent ongoing activities which require consultant services. Summit has provided consultant services for these ongoing tasks in the past, and as such, has been recognized by the United States Environmental Protection Agency (U.S. EPA) and Minnesota Pollution Control Agency (MPCA) as an approved consultant for such activities.

Contract activities have included, but not been limited to:

- Groundwater sampling and analysis
- Drafting annual reports for agency review
- Aquifer studies
- Historical file searches
- General project administration

Our costs for consulting services have been rising in recent years as the Agencies have requested additional sampling and data collection so they can evaluate the long term sampling needs of the site. Staff is confident this short term rise in costs will result in significant long term savings as the site modeling, contaminant standards, and monitoring protocols are all being reevaluated. The additional data collected during the reevaluation of the site has enabled a technical team comprised of city staff, our consultants, and MPCA/EPA/MDH representatives to develop pilot cessation plans for the shallow aquifers. These cessation plans will allow for the temporary three-year cessation of pumping in the Drift, Platteville, and St. Peter aquifers so its effects can be evaluated for possible long-term cessation.

The proposal received from Summit estimates the cost for 2018 work tasks at \$359,000. This reflects a \$40K increase in costs due to additional sampling requirements listed in the draft pumping cessation plans. If we were to cease pumping in the shallow aquifers, however, we would save approximately \$80K in operational costs through reduced Met Council surcharge fees and extended granular-activated carbon (GAC) service life at our groundwater treatment facility. These savings are on top of the \$40K in annualized savings already achieved through the removal of the four GAC filters from Water Treatment Plant #4.

Attached is a letter from Lockridge Grindal Nauen, the firm we've retained to assist with updating the thirty year old Consent Decree, as to the status of that effort.

### **2018 Environmental Services**

The following work tasks describe the work and associated costs expected during 2018:

#### **Annual Reporting:**

Summit will draft text and prepare figures and tables as necessary to assist the City in completing the 2017 Annual Monitoring Report to be submitted to the Agencies on March 15, 2018. The Annual Monitoring Report will include information that was formerly contained in annual reports for GAC water treatment and project progress. The Agencies have also requested we include information regarding the GTF, which has not been reported in the past.

The revised RAP has many references to new information that will be part of future Annual Monitoring Reports. This includes evaluations of the pumping wells, aquifer Target Areas, comparisons to the new drinking water standards, long-term stewardship of soil cover at the site,

institutional controls, and information about pilot cessation tests. The revised RAP also calls for the submittal of a water level database as a new requirement for future Annual Monitoring Reports. The 2017 Annual Monitoring Report will be transitional between last year's report and the future report that will contain the new information. The budget for this task is increased over prior years to account for a new format and to address Agency comments.

Groundwater Monitoring:

Summit will collect all the monitoring well and municipal well samples identified in accordance with the draft 2018 sampling plan outline submitted on October 31, 2017. This amounts to approximately 140 samples including QA/QC samples. Summit will also collect VOC samples from wells SLP10 and SLP15 on a quarterly basis until well SLP4 is back on line and no further testing at SLP10/15 is warranted.

Summit will also collect groundwater samples in accordance with the pilot pumping cessation plans. This includes three extra sampling rounds for the Drift, Platteville, and St. Peter Aquifer wells. If every well that was normally sample once per year is sampled quarterly, then approximately 150 extra samples would be collected, potentially doubling the sample collection costs from prior years.

Summit will also monitor water levels using a combination of transducers and manual measurements in Reilly Site wells.

Sampling Plan and QAPP:

The 2018 Sampling Plan has been submitted in outline form and will be completed following Agency response. We assume the plan will be completed yet this year with the funds remaining in the 2017 budget. This task involves responding to Agency comments on the 2018 Sampling Plan and Quality Assurance Project Plan and preparation of any changes to the plan the City would like to propose for 2019.

Laboratory Coordination:

Table 1 provides cost estimates for three subtasks as summarized below:

1. Working with Pace Labs on implementing the QAPP, coordinating sampling events, and updating and maintaining the databases for water quality and water levels. This task also includes water level and water quality data exchanges with the Agencies.
2. Providing data quality review and/or data validation for the laboratory testing. The data validation and data quality review will be documented in the Annual Monitoring Report.
3. Pace laboratory subcontract for all 2018 analyses, including pilot cessation monitoring. The \$85,000 cost estimate shown in Table 1 is calculated using a worst-case estimate of the numbers of samples and analytical tests (i.e., quarterly sampling for all Drift, Platteville, and St. Peter Aquifer wells for the full MDH CPAH list.

Program Management and Miscellaneous:

This task includes overall planning, directing, and controlling Summit's resources to perform this project. The task also includes miscellaneous project activities throughout the year, such as participation in the development of a new CD-RAP, the review of Agency contractor reports, correspondence, and meetings. The estimated cost shown in Table 1 matches the actual amounts spent for the past two years.

**Summary**

As noted above, Summit staff has been deeply involved in previous related activities and has collaborated with the City in the development of proposals submitted to the Agencies for the work tasks listed. As in the past, all activities are assigned through, and closely monitored by staff. Wherever possible, staff drafts reports for submittals, makes contacts with the Agencies, and coordinates the consultant activities, thereby reducing out of pocket expenditures.

Staff supports the use of Summit for the work tasks described in this report.

**FINANCIAL OR BUDGET CONSIDERATION:**

Significant funds are expended on responding to Agency concerns over sampling, monitoring, and reporting. The variation in costs from year to year is associated with responding to EPA/MPCA concerns. Additionally, as we approached the 30-year anniversary of the CD/RAP, staff has asked the Agencies to review where, when and why we are sampling. This request has resulted in costs rising in recent years as the Agencies have requested additional sampling and data collection so they can evaluate the long term needs of the site.

The proposal received from Summit estimates the cost for 2018 work tasks at \$359,000. The 2018 Reilly Budget contains funding for these Reilly related consultant activities. A summary of the 2018 Summit work tasks and their estimated costs is shown below at Table 1:

**Table 1. 2018 Reilly Site Estimated Project Costs**

<u>Task Description</u>	<u>Estimated Cost</u>
Task 100 - Annual Monitoring Report	\$45,000
Task 400 - Groundwater Monitoring	\$104,000
Task 480 - Sampling Plan and QAPP	\$10,000
Task 600 - Laboratory Coordination	
Subtask 1: Lab coordination	\$20,000
Subtask 2: Data validation and review	\$25,000
Subtask 3: Pace subcontract (sample testing)	\$85,000
Task 600 - Total	\$130,000
Task 810 - Project Management and Miscellaneous	\$70,000
Total estimated project cost	<u>\$359,000</u>

**Contract Terms**

The following significant terms have been in past contracts and are also incorporated in this contract:

1. Contract terminates on December 31, 2018, with City right to extend for up to two (2) additional one (1) year periods.
2. Compensation to be based on actual work performed with a maximum contract amount of \$359,000 for 2018.
3. Summit will defend and indemnify the City for Summit's actions related to this contract.
4. Summit has independent contractor status.
5. City may terminate this contract at any time for any reason with a 60 day written notice.

**RESOLUTION NO. 17-\_\_\_\_**

**RESOLUTION AUTHORIZING EXECUTION OF AGREEMENT  
WITH SUMMIT ENVIROSOLUTIONS, INC. FOR  
PROFESSIONAL SERVICES RELATED TO IMPLEMENTATION OF  
THE REILLY TAR & CHEMICAL CORPORATION REMEDIAL ACTION PLAN**

**THIS AGREEMENT** is made on December 18, 2017, by and between the **CITY OF ST. LOUIS PARK**, Minnesota, a Minnesota municipal corporation (hereinafter referred to as "City"), and **SUMMIT Envirosolutions, Inc.**, a Minnesota corporation (hereinafter referred to as "SUMMIT").

**WHEREAS**, pursuant to the execution of a Consent Decree in the case of the United States of America, et al versus Reilly Tar & Chemical Corporation, et al, the City of St. Louis Park has assumed certain responsibilities in the implementation of a Remedial Action Plan related thereto; and

**WHEREAS**, the City has determined that it will be necessary to retain the services of a professional consultant to implement various activities for which it is responsible under the terms of the Consent Decree and Remedial Action Plan.

**NOW THEREFORE BE IT RESOLVED** by the City Council of the City of St. Louis Park, Minnesota, that:

1. The Mayor and City Manager are hereby authorized to enter into a contract with Summit Envirosolutions, Inc. in the amount of \$359,000 for 2018 consultant activities related to the implementation of the Reilly Tar & Chemical Corporation Remedial Action Plan.

Reviewed for Administration

Adopted by the City Council December 18, 2017

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Thomas K. Harmening, City Manager

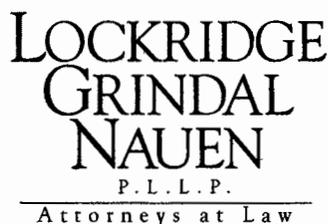
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Jake Spano, Mayor

Attest:

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Melissa Kennedy, City Clerk



MINNEAPOLIS  
Suite 2200  
100 Washington Avenue South  
Minneapolis, MN 55401-2179  
T 612.339.6900  
F 612.339.0981

WASHINGTON, D.C.  
Suite 210  
415 Second Street, N.E.  
Washington, DC 20002-4900  
T 202.544.9840  
F 202.544.9850

[www.locklaw.com](http://www.locklaw.com)

**David J. Zoll**  
Direct: 612-596-4028  
[djzoll@locklaw.com](mailto:djzoll@locklaw.com)  
REPLY TO MINNEAPOLIS

December 13, 2017

Mr. Tom Harmening  
City Manager  
City of St. Louis Park  
5005 Minnetonka Boulevard  
St. Louis Park, MN 55426

RE: Reilly Tar & Chemical Superfund Site

Dear Tom:

This letter provides an update regarding the continuing efforts to revise the Consent Decree and Remedial Action Plan (“CD-RAP”) for the Reilly Tar & Chemical Superfund Site. These efforts are proceeding along two parallel tracks. The “technical” track is focused on updating the site remedy to reflect current water quality standards and knowledge regarding the flow of groundwater near the site. The “legal” track is focused on updating the CD-RAP to allow greater flexibility and address changes since the consent decree was initially entered in 1986, including the recent bankruptcy filing by Vertellus Specialties, Inc.

The 1986 CD-RAP requires the City to pump groundwater to prevent the spread of contamination near the site. The rates and locations of the pumping are specified in the CD-RAP and are based on outdated water quality standards and assumptions regarding the regional groundwater flow. Scientific understanding of the potential health effects of the contaminants has advanced significantly in the past 30 years and the technical team is taking a fresh look at the groundwater pumping requirements in light of the new standards and updated modeling of the groundwater flow. This work led to the preparation of a draft Amended Remedial Action Plan “Amended RAP” which will afford the City greater flexibility for operation of the remedy into the future.

The Amended RAP will not specify the locations or rates for required groundwater pumping. Instead, the City, EPA, and MPCA will prepare individual plans for each aquifer which can be modified, through agreement of the parties, to address changing conditions. This will allow much greater flexibility as compared to the existing CD-RAP which requires court approval of any changes in the prescribed remedy. From an overall perspective, the changes in the Amended RAP will allow the City to continue to take the actions necessary to protect human health and the environment without incurring unnecessary sampling and analysis costs.

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The technical team also is using the results of the updated groundwater modeling work and the updated water quality standards to prepare pilot pumping cessation plans for several shallow aquifers near the site. The pilot plans will allow the City to stop pumping groundwater from these aquifers on a trial basis and establish the process, including the use of new monitoring wells, to confirm that the pumping cessation does not create a risk to public health or the environment. The results of the pilot plans could lead to the permanent cessation of pumping from the shallow aquifers.

As the technical team completes the reevaluation of the site remedy, we continue to work with the attorneys for the EPA and MPCA to update the Consent Decree. The Amended Consent Decree will follow the model used by EPA across the country and will address the fact that Vertellus, the successor of Reilly Tar & Chemical, has filed for bankruptcy. The Amended Consent Decree will also update the roles of the various parties and provide a mechanism for the proceeds, if any, from insurance policies held by Vertellus, which were assigned to EPA through the bankruptcy, to be applied to the ongoing remedy at the Reilly site. Finally, as noted above, the Amended Consent Decree will allow greater flexibility because the details of the remedy will be specified in the individual aquifer plans and can be adapted to respond to changing circumstances.

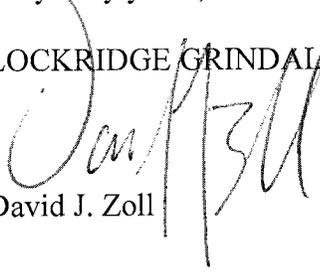
Over the coming weeks, the legal and technical teams will work to merge the Amended Consent Decree and Amended Remedial Action Plan into a final document for review by EPA, MPCA, and the City. Once the final Amended CD-RAP is prepared it must be submitted to Judge Magnuson of the United States District Court for the District of Minnesota for final approval. We remain hopeful that we will be able to have the final documents prepared for submission to the Court early next year.

As always, the need to protect the health of residents and preserve the quality of the environment remains our primary focus. Please feel free to contact Charlie Nauen or me with any questions.

Thank you.

Very truly yours,

LOCKRIDGE GRINDAL NAUEN P.L.L.P.

  
David J. Zoll

c: Charles N. Nauen