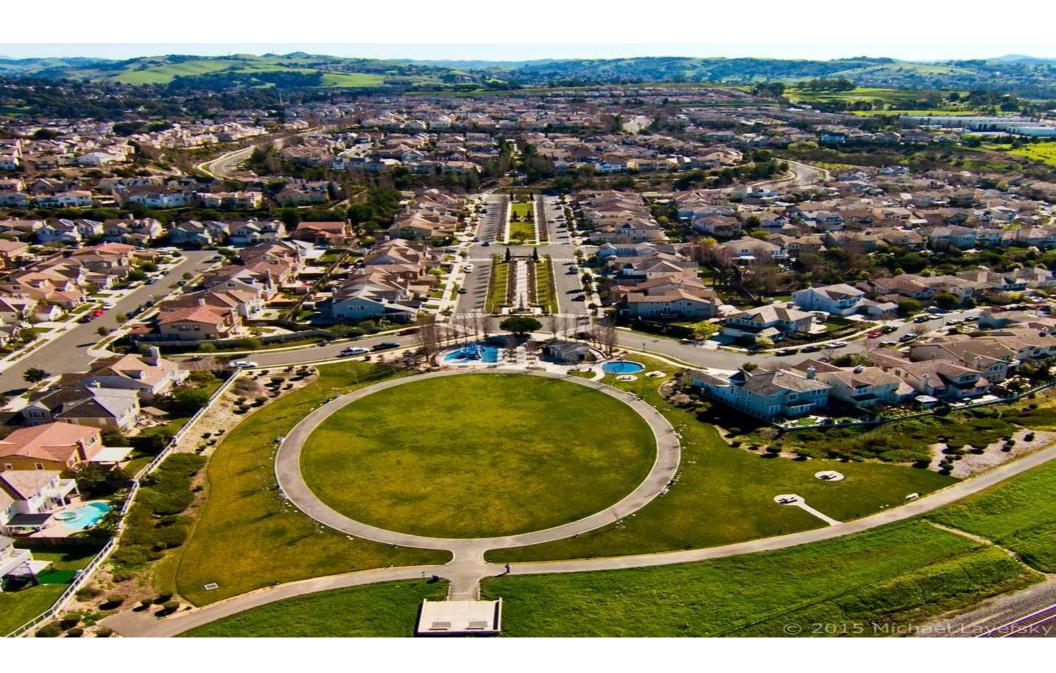






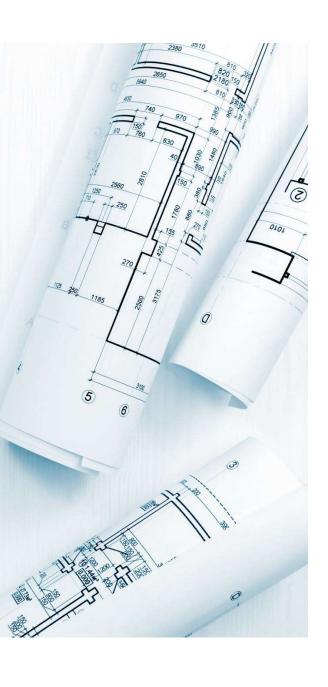
FORMER REFINERY





Refinery Background

- Refinery was built in 1966
- The property was approximately 142 acres
- It refined crude oil delivered by tankers or rail into marketable petroleum products
- The Capacity of the refinery was 50,000 barrels per day modest size
- It ceased producing petroleum products in July 1995 when it was converted to a petroleum terminal.

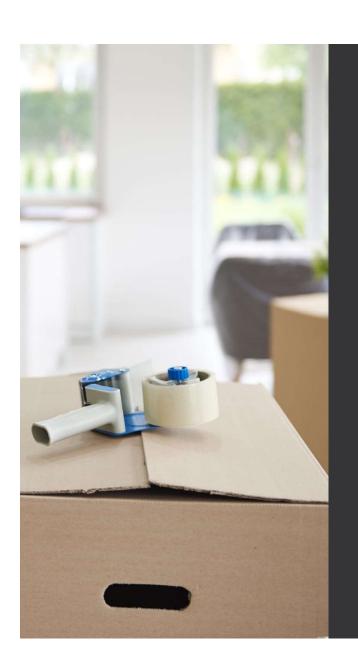


Prior Groundwater Assessment and Sale of Property for Residential Development

- Since early 1990's On-going Site Assessment of gasoline-range hydrocarbons by the RWQCB
- Hercules City Council in March 1997 tentatively approved proposed sale of site to Developer for residential housing
- Groundwater and soil remediation standards were finalized on September 2, 1997 between RWQCB and Developer
- Property sold for \$4.7M on September 4, 1997
- Project designated as New Pacific Properties(NPP)
- NPP hired IT Corporation as Project Manager and Environ as Environmental Health Risk Manager to manage remediation

RWQCB Cleanup Standards – 9/2/97

- 1) Removal of free product, to the extent practicable, beneath this and adjacent properties
- 2) Removal of all secondary free product sources, to the extent practicable, from the capillary and vadose zones beneath the property
- 3) No migration and hydraulic containment of hydrocarbon plumes
- 4) Demonstration of dissolved phase plume stabilization
- 5) Met Risk Based Target Concentrations of contaminants





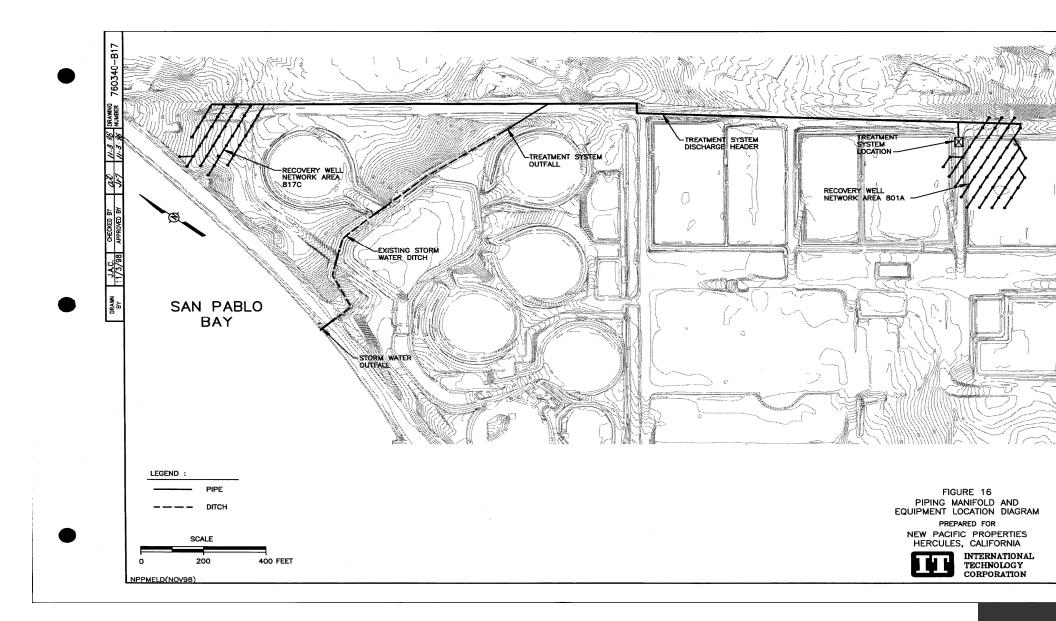
Groundwater Remediation Plan

- The groundwater plumes were remediated by the pumping of total liquids (product and groundwater) in combination of soil vapor extraction
- The remediation system consisted of four subsystems:
 - Groundwater recovery system
 - · Groundwater treatment system
 - · Air injection system; and
 - Soil-vapor recovery and treatment systems
- Required Approval by BAAQMD to operate pneumatic pumps under their regulations -BAAQMD Application 19463 – Granted April 1999



Groundwater Remediation - Process

- From April 1999 until July 2000, soil vapor and groundwater were extracted from up to 93 recovery wells.
- The groundwater was treated then discharged through the existing refinery outfall, under the terms of RWQCB general National Pollutant Discharge Elimination System (NPDES) permit (96-078)
- The soil vapor was routed through an incinerator to be burned and consumed
- Quarterly monitoring reports were submitted for both the GW and NPDES permit.



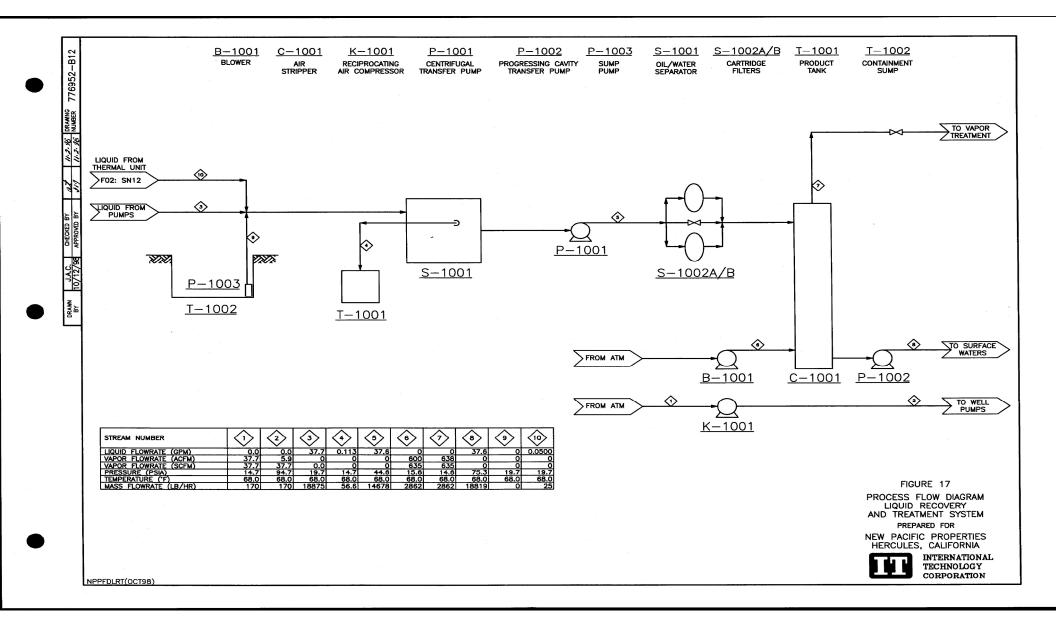


TABLE 6

Operating Data Summary Groundwater and Soil Vapor Treatment Systems New Pacific Properties, Hercules, CA

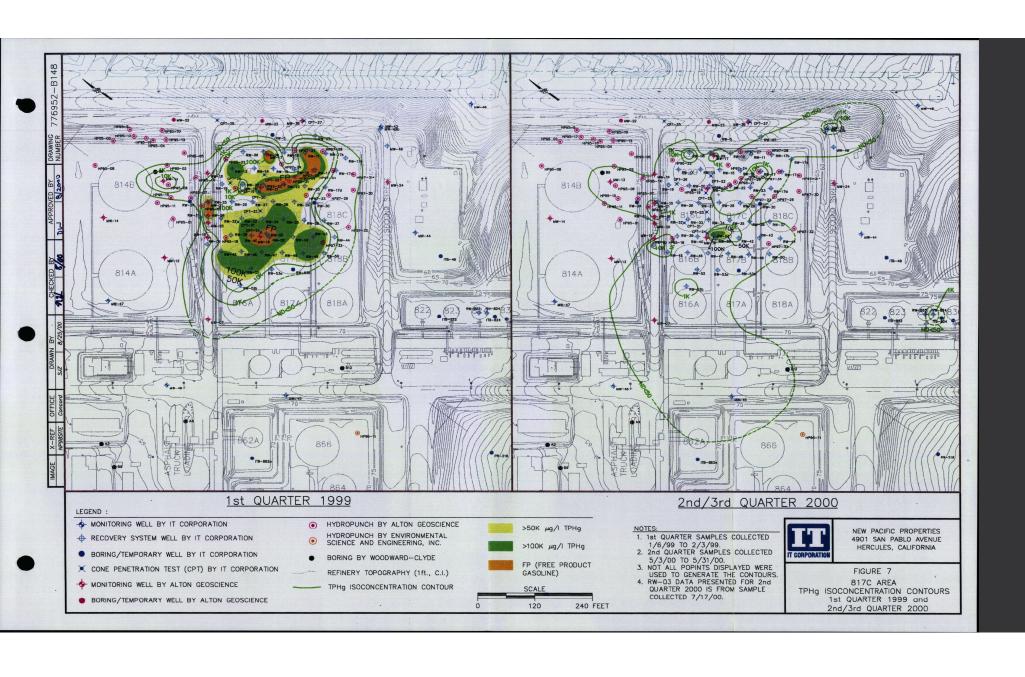
											Phase Separate								
	Groundwater					Soil Vapor				Hydrocarbons (PSH)		E	Biodecay of Hydrocarbons		Total				
Date	Cumulative Uptime ¹	FQI-100 Instantaneous Flow Rate		Cumulative Treated	Cumulative Hydrocarbons Recovered ²	Hydrocarbons Recovery Rate ³	Cumulative Uptime ⁴	Flow Rate	Cumulative Treated ⁵	Cumulative Hydrocarbons Recovered ⁶	Hydrocarbons Recovery Rate ⁷	Cumulative Recovered ⁴	Recovery Rate ⁹	CO ₂	Soil Vapor Throughtput	Cumulative Degradated	Degradation Rate	Cumulative Hydrocarbons Recovered	Hydrocarbons Recovery Rate
1	(hrs)	(gals/min)	(gals)	(gals)	(lbs)	(lbs/hr)	(hrs)	(ft³/min)	(ft³)	(lbs)	(lbs/hr)	(lbs)	(lbs/hr _{gw}) ¹⁰	(mole %)	(moles)	(lbs)	(lbs/hr)	(lbs)	(lbs/hr)
5/12/00	8,094	7	3,079,282	3.074.212	3,009	0.0	8,233	540	321,446,246	429,479	3.1	18,630	0	0.496	916,262	60,746	6	511,864	9.1
5/22/00	8,334	7	3,187,140	3,182,070	3,018	0.0	8,473	378	326,889,446		2.2	18,630	0	0.496	6,413,833	61,749	1 4	513,400 513,522	6.4 5.1
5/23/00	8,358	8	3,199,160	3,194,090	3,018	0.0	8,497	300	327,321,446	430,045	1.7	18,630	0	0.496	509,034	61,829	3	513,522	7.9
5/24/00	8,380	12	3,215,408	3,210,338	3,020	0.1	8,521	468	327,995,358	430,110	2.7	18,630	0	0.496	794,084	61,953	1 3	513,712	6.5
5/26/00	8,421	7	3,232,054	3,226,984	3,021	0.0	8,560	383	328,873,187	430,195	2.2	18,630	0	0.496	1,034,365	62,114	1 2	514,537	6.0
5/30/00	8,512	12	3,298,180	3,293,110	3,026	0.1	8,656	354	330,912,227	430,391	2.0	18,630	0	0.496	2,402,642	62,490 62,522	1 7	514,598	2.5
5/31/00	8,536	11	3,314,005	3,308,935	3,027	0.0	8,680	253	331,275,957	430,419	1.2	18,630	0	0.235	428,590 520,827	62,522	2	514,672	3.1
6/1/00	8,560	12	3,330,771	3,325,701	3,028	0.0	8,704	307	331,717,965		1.4	18,630	0	0.235 0.235	565,260	62,560	2	514,751	3.4
6/2/00	8,583	3	3,335,248	3,330,178	3,028	0.0	8,727	346	332,197,682		1.6	18,630		0.235	1,526,900	62,715	2	514,967	3.0
6/5/00	8,655	12	3,386,193	3,381,123	3,031	0.0	8,799	300	333,493,509		1.4	18,630		0.235	1,072,196	62,795	2	515,118	3.2
6/7/00	8,703	11	3,417,108	3,412,038	3,033	0.0	8,847	316	334,403,445	430,660	1.5	18,630 18,630	1 6	0.235	627,419	62,795	2	515,206	3.7
6/8/00	8,727	11	3,432,348	3,427,278	3,034	0.0	8,871	370	334,935,914		1.7	18,630	, ,	0.235	496,919	62,878	2	515,277	2.9
6/9/00	8,751	10	3,447,260	3,442,190	3,035	0.0	8,895	293	335,357,632		1.4	18,630	1 6	0.235	2,924,403	63,094	1 3	515,686	5.7
6/12/00	8,823	7	3,479,155	3,474,085	3,037	0.0	8,967	575	337,839,472	430,925 430,986	2.7	18,630	1 %	0.235	929,310	63,163	3	515,817	5.4
6/13/00	8,847	6	3,488,485	3,483,415	3,037	0.0	8,991	548	338,628,146		2.5 2.6	18,630	1 %	0.235	940,509	63,233	3	515,948	5.5
6/14/00	8,871	8	3,499,835	3,494,765	3,038	0.0	9,015	554	339,426,323	431,048	2.6	18,630	1 0	0.235	948,416	63,303	1 3	516,081	5.5
6/15/00	8,895	8	3,511,115	3,506,045	3,038	0.0	9,039	559	340,231,211	431,110	2.6	18,630	1 %	0.235	857.825	63,367	3	516,202	5.0
6/16/00	8,919	8	3,522,180	3,517,110	3,039	0.0	9,063	506	340,959,218	431,166	3.2	18,630	1 6	0.235	3,488,667	63,625	4	516,689	6.8
8/19/00	8,991	3	3,535,815	3,530,745	3,040	0.0	9,135	685	343,919,930		3.2	18,630	1 %	0.235	2.167,910	63,785	3	516,992	6.3
6/21/00		7	3,553,110	3,548,040	3,041	0.0	9,183	639	345,759,760	431,536 431,599	2.6	18,630	1 %	0.235	955,390	63,856	1 3	517,126	5.6
6/22/00	9,058	8	3,584,228	3,559,156	3,042	0.0	9,207	563	346,570,560	431,599	3.8	18,630	1 0	0.235	1,378,923	63,958	1 4	517,319	8.1
6/23/00		8	3,576,215	3,571,145	3,042	0.0	9,231	813	347,740,81	431,689	3.6	18,630	1 6	0.235	3,704,091	64.232	4	517,838	7.2
6/28/00	9,154	8	3,609,635	3,604,565	3,044	0.0	9,303	728	350,884,346		3.6	18,630	1 0	0.235	2,612,840	64,426	1 4	518,202	7.6
6/28/00		1	3,612,919	3,607,849	3,044	0.0	9,351	770	353,101,773 354,159,88		3.6	18,630	1 0	0.235	1.246.795	64.518	4	518,377	7.3
6/29/00	9,226	88	3,624,545	3,619,475	3,045	0.0	9,375	735	354,159,88	432,104	3.4	10,000		5.200	.,_ 10,100	- 1,010			17475

Notes:

- 1) Based on Table 7, 'Groundwater Treatment System Activity Log 1999.'
- 2) [Table 1, Avg. Influent Concentration of Hydrocarbons (ug/l)] * [Cumulative GW Treated (gals)] * [3.785332 (l/gal)] * [1/1000000(g/ug)] * [0.00220462(lbs/g)]
- 3) [{Cumulative HC Recovered _n Cumulative HC Recovered _n-1} (lbs)] / [{Cumulative GW Uptime _n Cumulative GW Uptime _n-1} (hr)] , where n = days
- Based on Table 8, 'Vapor Treatment System Activity Log 1999.'
- 5) [[Cumulative Vapor Uptime n Cumulative Vapor Uptime n-1] (hrs)] * [Vapor Flow Rate (ft³/min)] * [60 (min/hr)] + [Cumulative Treated (ft³)], where n = days
- 6) [Cumulative Treated (ft³)] * [Soil Vapor Influent Concentration (Btu/ft³)] / [20750 (Btu/lb-gasoline)]
- 7) [{Cumulative HC Recovered n Cumulative HC Recovered n-1} (lbs)] / [{Cumulative Vapor Uptime n Cumulative Vapor Uptime n-1} (hr)] , where n = days
- 8) [PSH Recovered During Table 5 Accumulation Period (lbs) / Total GW Uptime During Accumulation Period (hrs)]* [{Cumulative GW Uptime n Cumulative GW Uptime n Cumulative GW Uptime n Cumulative PSH Recovered n-1 (lbs)], where n = days
- 9) [{Cumulative PSH Recovered _n Cumulative PSH Recovered _n-1} (lbs)] / [{Cumulative GW Uptime _n Cumulative GW Uptime _n-1} (hr)] , where n = days
- 10) lbs/hr_{gw} = pounds per hour of groundwater uptime
- 11) NR = Not recorded
- Biodecay calculation based on approximately 3.1 mg CO₂ produced for each mg Hexane degraded.

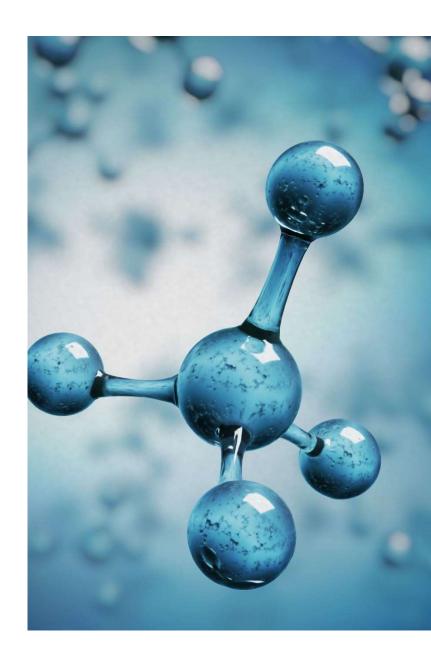
5. 84 5 1/19 × 10 1/2 x

620 4 16/hr.



Groundwater Remediation – No Further Action – August 1, 2000

- Status from April 1999 to July 2000 Accomplishments
 - Recovery of 19,000 lbs of liquid phase product
 - Removal of approximately 432,000 lbs of vapor phase hydrocarbons
 - Recovery and treatment of approximately 3,000 lbs of hydrocarbons dissolved in approximately 31 million lbs of groundwater





Groundwater Remediation – No Further Action – August 1, 2000

- Found that residual hydrocarbon constituents will continue to degrade after remediation system shut down.
- 817C Area risk assessment showed that contaminants TPHg, BTEX, and MTBE concentrations in groundwater have been reduced below human health RBTCs for residential use.
- 801A Area risk assessment showed that contaminants TPHg and BTEX concentrations in groundwater have been reduced below human health RBTCs for Park Visitors.



Objections to NFA by RWQCB Staff

- Site is not necessarily asymptotic
- · Clarify time expected to reach MCLs(maximum concentration level), and refine half-life estimates
- No follow-up monitoring proposed to verify whether natural attenuation is occurring
- No justification for use of 1 x 10⁻⁵ excess cancer risk(RBTC)
- · Questions regards models used
- · How input parameters for Risk assessment were derived.



Final RWQCB Staff Analysis of Groundwater Remediation NFA

- · Did NPP Meet 1997 GW Cleanup Goals?
 - · Removal of Free Product Achieved
 - · Hydraulic Containment of Plumes Achieved through Free Product action
 - · Asymptotic Concentrations Technical Infeasibility has not been shown
 - · Water Quality Objectives met 50 feet from Bay
 - Suggestive though no full demonstration that they met the US EPA surface water criteria for benzene
 - · Water Quality Goals met via remediation, with no threat to the Bay
 - The residual GW concentrations meet risk-based target concentrations.
 - The discharger's chosen risk level of 1 x 10^{-5} excess cancer risk is sufficiently conservative.



Final RWQCB Staff Analysis of Groundwater Remediation NFA

- There is evidence of ongoing, natural attenuation
- The remaining GW concentrations will degrade to the MCL in a reasonable period of time
- Future monitoring is not needed if the following is true:
 - All risk-based target concentrations are met
 - No ecological risk
 - Natural attenuation
- Result Staff recommended NFA April 24, 2001



Soil Management Sampling and Analysis Plan- SAP

- · Sampling and Analysis Plan (SAP) Objectives
 - · Investigate previously uncharacterized areas,
 - Evaluate and collect confirmation sample following removal of shallow contaminated soil.
 - · Characterize proposed cut and fill material,
 - Determine site background concentrations for naturally occurring inorganic compounds.
- Systematic sampling incorporates the following guidelines:
 - Surface soil samples will be collected on a 100-200-foot grid in most areas.



Soil Management Sampling and Analysis Plan- SAP

- Impacted Soil Management Program
 - 25 sites were selected for sampling
 - Excavated the top one two feet of soil prior to soil sampling
 - · All excavated soils will be managed on site
 - Relocated soils on site to areas and depths to meet cleanup standards
 - Soil samples will then be collected from the excavated areas to document the chemical characterizations of the remaining soil

BAAQMD Docket 3288

- The Soil Aeration Rule BAAQMD Regulation 8, Rule 40 Requirement- Placement of fill soils that contain TPH-gasoline or other volatile organic compounds (VOCS)
- Exposed contaminated soil must be covered with a layer of clean soil no less than six inches thick plus a cover per section 840-303 to "minimize emissions to the atmosphere" of VOCs
- NPP proposed that a combination of watering and compaction would be equally effective in minimizing VOC emissions
- Since it would cost an additional \$470K, NPP won the litigation and changed the BAAQMD rule





Soil Management Plan - SMP

- Objective –
- Identify impacted soil
- Described the methods and procedures used during the excavation, hauling, and placement of impacted soils at the Site.
- Soils that required excavation and relocation as part of the SMP
 - Areas where visible staining or noticeable odors were identified during previous site activities
 - If a soil sample exceeded any of the soil cleanup goals, then the surrounding soil was excavated.

Soil Management Plan - SMP

- Done in three phases
 - Phase 1 field work was implemented between September 1999 and November 1999.
 - Phase 2 field work was implemented between May 2000 and June 2000.
 - Phase 3 field work was implemented between October 2000 and August 2001.
- A total of 445,221 cubic yards of impacted soils were excavated and relocated to eight fill areas.
- Additional excavation and expansion of fill relocation areas continued based on visual and olfactory evidence until impacted soil had been removed
- · Confirmation samples were taken to verify removal of impacted soil.
- No Further Action Granted November 2001 (Submitted October 2001)



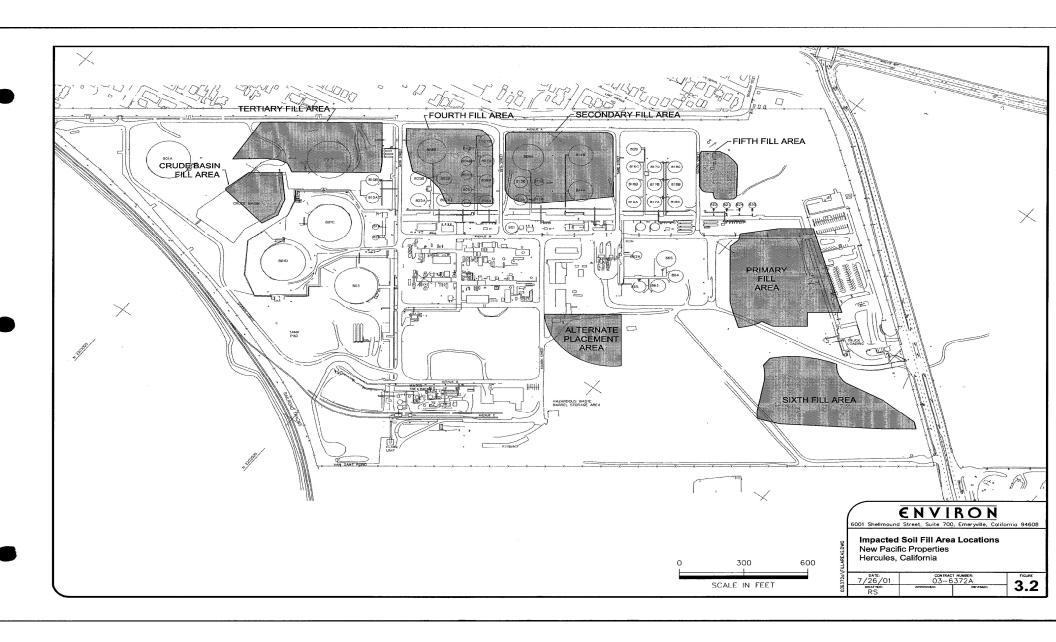
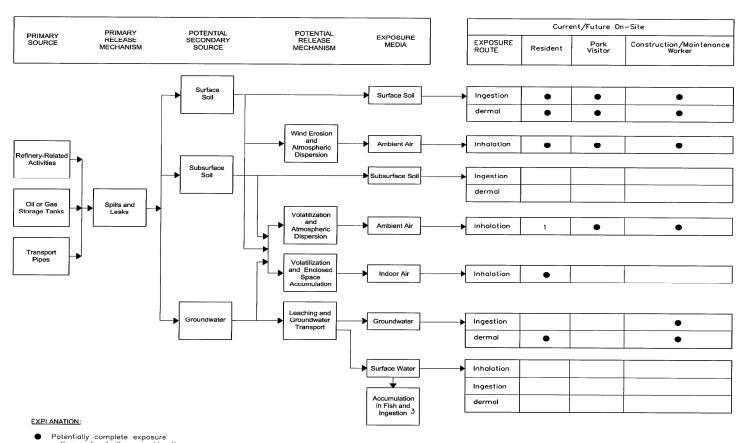


Table 2
Fill Areas

	Impacted Soil Volume in Fill Areas									
Fill Area	Phase 1	Phase 2	Phase 3	Totals						
Primary	82,141		53,840	135,981						
Secondary		32,600	21,240	53,840						
Tertiary		86,520	· · · · · · · · · · · · · · · · · · ·	86,520						
Fourth			37,000	37,000						
Fifth			27,220	27,220						
Alternate			28,000	28,000						
Crude Basin			15,780	15,780						
Sixth			60,880	60,880						
Total	82,141	119,120	243,960	445,221						







- Potentially complete exposure pathways for further consideration.
- The pathway occurs but the indoor air exposure to volatile gases already provides a conservative estimates
- 2 Potential exposure to shallow groundwater during digging activities.
- 3 Previously evaluated and deemed unlikely to pose a threat to potential human or ecological receptors

ENVIRON and Street, Suite 700, Emeryville, California 94608

Conceptual Site Model (CSM) New Pacific Properties Hercules, California

7/30/01	03-6	FIGUR	
DRAFTER: RS	APPROVED:	REVISEO:	4.



Funding the Remediation - DOPA

- Development and Owner Participation Agreement January 2001
 - · Approved by Hercules Ordinance No 360
- * Financing Term 45 years from Adoption of Ordinance 351 April 2045
- Time of Payment Semi-annual February and August
- Base Year Assessed Valuation \$7.654 million
- · Amount of Agency Financing Assistance
 - 75% of Unrestricted Portion of Property Tax Increment
 - 90% of Housing Portion of Property Tax Increment
- Financing Assistance Dedicated to Hercules LLC Agreement Recorded



Funding the Remediation – Litigation & Settlement

- Dispute over Payments 2007; Litigation Initiated by Hercules LLC
- City Unilaterally Modified DOPA April 2009
 - Hercules LLC failed to demonstrate good faith compliance with terms of DOPA per City
 - Modification approved by Hercules Ordinance No 446
- Revised Amount of Agency Financing Assistance
 - 75% of Unrestricted Portion of Property Tax Increment capped at \$31.4 million
 - 90% of Housing Portion of Property Tax Increment(20% of Total property Tax Increment) capped at \$4.6 million
- Litigation City loss on appeal
- Settlement Hercules Ordinance 458; Rescinded Ordinance 446
 - · Semiannual payments to February 2044
 - 75% of Unrestricted Portion of Property Tax Increment from August 2010 to February 2024
 - 50% of Unrestricted Portion of Property Tax Increment from August 2024 to February 2044
 - Housing Portion of Property Tax Increment Discontinued

