

MEMORANDUM

March 22, 2019

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Willie Adams, Vice President
Hon. Gail Gilman
Hon. Victor Makras
Hon. Doreen Woo Ho

FROM: Elaine Forbes
Executive Director

SUBJECT: Informational presentation on PG&E Sediment Remedial Investigation and Remedial Action Planning from Pier 39 to Pier 43½

DIRECTOR'S RECOMMENDATION: Informational only

EXECUTIVE SUMMARY

Pacific Gas & Electric Company ("PG&E") and its predecessor entities formerly operated the Beach Street Manufactured Gas Plant (MGP) in the block bounded by Beach St., Jefferson St., Mason Street and Powell St. at what was historically the waterfront. The Port of San Francisco ("Port") jurisdiction includes land and offshore areas adjacent to the former Beach Street MGP, where polycyclic aromatic hydrocarbon ("PAH") contaminants are known to be present. The Port believes the PAH contaminated sediments potentially impacting water quality and biological resources are the result of PG&E's historical activities at the site.

In 2011 and 2013, elevated PAH concentrations were measured in sediment samples collected from the Pier 39 Marina. As a result, the San Francisco Bay Regional Water Quality Control Board ("Water Board") required additional studies and, in August 2017, formally required PG&E (as the former operator of the Beach St. MGP) and the Port (as the property owner) to investigate sediment contamination..

PG&E has responded to the Water Board, with Port cooperation and oversight. The investigation found that contamination extends from Pier 39 East Basin to Pier 45 East and approximately 1,000 feet offshore (see Exhibit A – Site Plan).

PG&E completed the investigation and reported to the Water Board, including identification of five sub-areas where PAH contamination may warrant remediation.

THIS PRINT COVERS CALENDAR ITEM NO. 9B

The next step is for PG&E to prepare a Feasibility Study and Remedial Action Plan (FS/RAP) for submittal to the Water Board in fourth quarter 2019 and for the Water Board to complete the CEQA Initial Study (IS) first quarter 2020.

Port staff anticipates returning to the Port Commission in the third quarter of 2019 to provide further information on PG&E's proposed remedial actions.

STRATEGIC OBJECTIVE

The proposed Pier 39 to 43 ½ sediment remediation program will contribute to the economic vitality and stability objectives of the Port's Strategic Plan as follows:

- **Productive** - Attract and retain tenants that build an economically viable Port. PG&E has been identified as the primary party legally responsible for cleaning up sediment contamination that would otherwise make the Port and tenant' dredging more expensive due to increased characterization and disposal costs of contaminated sediment.
- **Stability** - Maintain the Port's financial strength by addressing deferred maintenance, maximizing the value of Port property, and increasing revenue. PG&E's remediation will meet Port and tenant maritime operational requirements, allow for future tenant waterside improvement projects, and ensure Port property values and revenues.
- **Sustainability** - Practice environmental stewardship to limit climate change and protect the Bay.

BACKGROUND

Pacific Gas & Electric Company ("PG&E") and its predecessor entities formerly operated the Beach Street Manufactured Gas Plant (MGP) in the block bounded by Beach St., Jefferson St., Mason Street and Powell St. at what was historically the waterfront.

In 1852, Meiggs Wharf was built between Mason and Powell extending approximately 1,550 feet into the Bay with tidal mudflats adjacent to the natural shoreline. In 1900, the San Francisco Coke and Gas Company acquired the property and began coke and coal gas production. In 1904 or 1905, the plant was purchased by the Standard Oil Company and converted to carbureted water and oil gas works. PG&E purchased the Beach Street MGP in November 1911 and operated it until 1931. Natural gas became available in San Francisco and gas manufacturing ceased at this location, although the gas holders and oil tanks were reportedly used to the mid-1950s, when the property was sold. The gas holder and oil tanks were subsequently dismantled, and in 1963-1964 the former MGP site at 250 Beach Street was developed into a motel with retail and restaurant facilities. In 1997-1999, construction of a four-story hotel addition at 250 Beach Street site prompted remediation including additional excavation and removal of contaminated soil, installation of a vapor barrier under the new hotel to mitigate potential impacts from underlying residue contamination, and ongoing hazardous material site maintenance requirements per a deed certification report.

In 2010, PG&E began its voluntary MGP program, under the oversight of the California Environmental Protection Agency – Department of Toxic Substances Control (DTSC), to test for residue from former MGP plants located in San Francisco's Marina and

Fisherman's Wharf Districts, including the former Beach St MGP site. Since 2011, PG&E has investigated soil, gas, and groundwater contamination at the former Beach St MGP site under a Voluntary Cleanup Agreement with the DTSC.

In 2011 and 2013, Pier 39 Marina found elevated PAH concentrations in sediment samples collected to support application for approval to dredge the Pier 39 Marina East and West Basins. As a result, the Water Board required additional studies and, in August 2017, formally required PG&E (as the former operator of the nearby Beach St. manufactured gas plant MGP suspected to be the source of the PAH contamination) and the Port (as the property owner) to investigate the nature and extent of sediment contamination.

During the course of the investigation, the "Investigation Area" was expanded to encompass the intertidal and subtidal areas between Pier 39 East Basin and Pier 45 East extending from the shoreline to approximately 1,000 feet offshore (see Exhibit B).

Port tenants within the Investigation Area include Pier 39 LLC, Blue & Gold Fleet, and Red & White Fleet. Port staff has actively worked with PG&E to engage each of these tenants to facilitate the review of DTSC and Water Board investigation requirements, limit PG&E site investigation impacts on Port and tenant operations and premises, and provide briefings presenting investigation results and development of remedial plans in compliance with environmental regulations.

KEY MILESTONES ACHIEVED

PG&E, with Port cooperation and oversight, continues to respond to Water Board directives, and has achieved the following:

- ✓ Sediment Characterization Report, Pier 39 to Pier 45 Investigation, Oct 27, 2017.
- ✓ Upland Soil Investigation Report, Pier 39 to Pier 45 Investigation, Dec 11, 2017.
- ✓ Conceptual Site Model Report, Pier 39 to Pier 45 Investigation Area, Feb 9, 2018.
- ✓ Forensic Evaluation of Pier 39 Marina East Basin, West Basin, and Outer Pier 41/45E Area Sediments, Feb 9, 2018
- ✓ Pier 39 to Pier 45 Data Gap Investigation Report, July 6, 2018.
- ✓ Remedial Investigation Report, Pier 39 to Pier 45, Dec 21, 2018.

In addition to meeting site investigation and remedial action planning requirements under DTSC and Water Board orders, PG&E continues to perform site investigation and remedial plans on both Port and other City properties as required under the Revised Consent Decree Between the Plaintiff San Francisco Herring Association and Defendants (PG&E), Case No. 14-cv-04393 WHO (JCS), filed Sept 27, 2018.

NEXT STEPS

As noted above, PG&E completed the Pier 35 to Pier 45 investigations in late 2018 and submitted to the Water Board the Remedial Investigation Report presenting this comprehensive data set and documenting the extent of PAH-impacted sediment in the Investigation Area. PG&E has identified five areas that may warrant further remediation

- A. Pier 43 ½ waterside areas.
- B. Shoreline and nearshore area extending from Pier 43 ½ to Pier 43 Ferry Arch.

- C. Shoreline and nearshore area at Pier 41 ½ and waterside alignment along Pier 41 fishing pier/breakwater
- D. Shoreline and waterside area at Pier 39 Marina West Basin
- E. Shoreline and waterside areas at Pier 39 Marina East Basin

The next step is for PG&E to prepare a Feasibility Study and Remedial Action Plan (FS/RAP) for submittal to the Water Board in fourth quarter 2019. The Water Board will complete CEQA approval, scheduled for first quarter 2020. The remediation plan will present remedial alternatives for each of the areas shown in Exhibit B, likely including extensive dredging and capping of residual contaminants in various locations.

PG&E's January 29, 2019 notice of Chapter 11 bankruptcy case resulted in a pause in the above remedial action planning. However, beginning the first week of March 2019, PG&E resumed work in support of the Pier 39 to 43 ½ FS/RAP and CEQA studies required to support an Initial Study initiated by the Water Board.

TENANT ENGAGEMENT AND OUTREACH

Port and PG&E staff are actively engaged in completing the above studies, with the goal to design and implement remedial alternatives in a manner that will achieve the cleanup as quickly as possible while minimizing impact to Port and tenant operations.

Given the time required to complete remedial planning, design and agency permitting, the schedule to complete remediation is uncertain. We also anticipate tenant waterside improvement plans would follow the completion of the sediment remediation. As such, PG&E is also working directly with tenants on cost sharing associated with tenant impacts due to the contamination.

Port staff anticipates returning to the Port Commission in the third quarter of 2019 to provide further information once the Water Board completes the CEQA process and more details about PG&E's remedial action plan and timeline are available.

Prepared by: Kathryn Purcell
Senior Environmental Planner

Prepared for: Diane Oshima
Deputy Director, Planning and
Environment

ATTACHMENTS

Exhibit A: Site Plan

Exhibit B: Areas Identified for Evaluation of Remedial Alternatives

Exhibit A: Site Plan

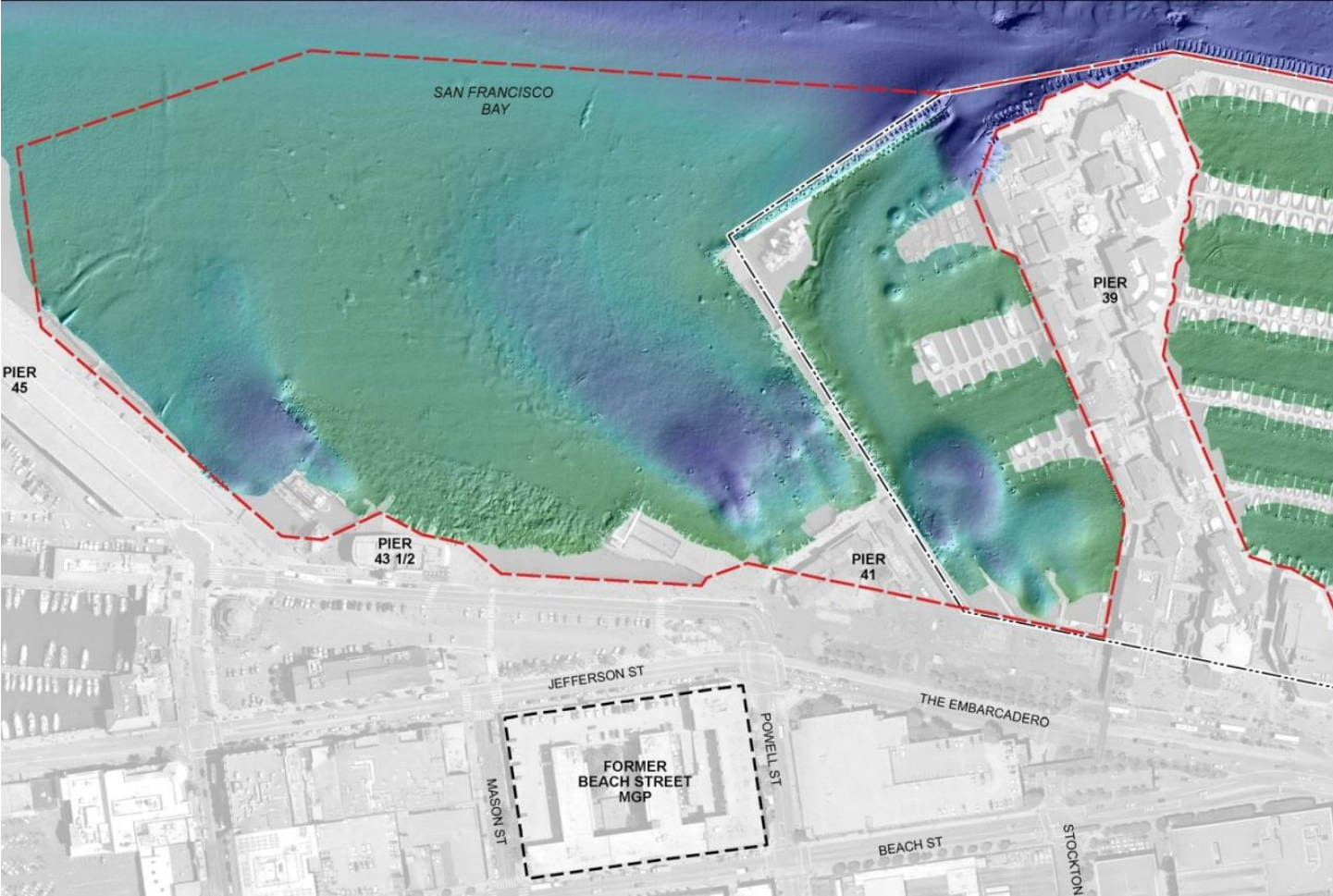


Exhibit B: Areas Identified for Evaluation of Remedial Alternatives



MANAGEMENT RECOMMENDATION

- HIGH PRIORITY; PAH-25 > LSSEC WITHIN THREE FEET OF THE CURRENT SURFACE OR THREE FEET OF THE CURRENTLY PERMITTED DREDGE ELEVATION
- 100,000 µg/kg < PAH-25 < LSSEC AND IN PROXIMITY TO HIGH PRIORITY AREA
- PAH-25 > LSSEC IN DISCRETE LENS WITHIN PERMITTED DREDGE ELEVATION VOLUME, BUT NOT WITHIN THREE FEET OF CURRENT SURFACE OR PERMITTED DREDGE ELEVATION
- 100,000 µg/kg < PAH-25 < LSSEC WITHIN THREE FEET OF PERMITTED DREDGE ELEVATION AND SEPARATED FROM HIGH PRIORITY AREAS
- AREA IDENTIFIED FOR REMEDIAL EVALUATION