



## CITY OF BANNING STAFF REPORT

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**PREPARED BY:** Jim Steffens, Acting Electric Utility Director  
Jason Smith, Electric Utility Operations Manager

**MEETING DATE:** February 13, 2024

**SUBJECT:** Consideration of Resolution 2024-23, Approving the Sole-Sourced Emergency Site Clean-up, Damaged Equipment Removal, Environmental Site Remediation and Security Guard Services Due to a Vandalism Fire at the Electric Utility's Alola Substation at an Updated Total Expense of \$382,206.57

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### **RECOMMENDATION:**

Staff recommends that the City Council adopt Resolution 2024-23.

### **BACKGROUND:**

On October 24, 2023, Council approved Resolution 2023-170 for an estimated amount of \$300,000 for the total cost of the damages caused by the Alola Substation fire. Although the remediation work was not completed at the time, staff brought forward Resolution 2023-170 to make City Council aware of the emergency expenditures and to get approval for an estimated amount of the total costs. The contaminated area was successfully contained within the property, however at a greater cost than the original \$300,000 estimation. The final cost for GrayMar to remediate the site was \$377,406.57. Additionally, in the interest of public safety and to prevent further vandalism, Ava Security was hired to guard the substation until the remediation was completed. The cost for Ava Security was \$4,800.00, therefore the actual total costs ended up being \$382,206.57, which is \$82,206.57 greater than the estimated cost of \$300,000 approved in Resolution 2023-170. Staff therefore desires to advise City Council of the updated final costs and get approval of the updated final costs of \$382,206.57.

### **JUSTIFICATION:**

The City's procurement policies and procedures allows for immediate purchases (Section 13 – Emergency Purchases) to prevent economic or other hardship to the City. In this case, immediate action was necessary to prevent further environmental contamination and potential safety hazards. Inclement weather was also a concern, as oil could possibly penetrate the stormwater system on Livingston Avenue resulting in more costs and greater environmental harm.

The area of soil contamination was much larger than originally thought, therefore the costs for GrayMar Environmental were greater than estimated in Resolution 2023-170.

### **FISCAL IMPACT:**

The total amount for environmental remediation and equipment removal services was \$377,406.57. Security services were \$4,800.00, resulting in total costs of \$382,206.57. These expenses are being paid out of Electric Fund 670-7000.

The City is currently in the claims process with PERMA. If the claim is approved by PERMA then the fiscal impact may be reduced to only the deductible of \$10,000.00.

**ALTERNATIVES:**

1. Adopt Resolution 2024-23 as recommended.
2. Adopt Resolution 2024-23 with modifications.
3. Do not approve Resolution 2024-23 and provide alternative direction to staff.

**ATTACHMENTS:**

1. [Resolution 2024-23, Aloha Fire Cleanup Final](#)
2. [Final Detailed GrayMar Invoice.pdf](#)
3. [Amendment No. 1.pdf](#)
4. [2023-170 Aloha Substation Fire Executed.pdf](#)
5. [Ava Security Payment Voucher.pdf](#)