

CASE STUDY OF BERK OIL SITE, BELL GARDENS

OVERVIEW:

The “Berk Oil” brownfield site is located in the City of Bell Gardens and consists of seven contiguous parcels, now vacant, directly adjacent to the 710 freeway (Bell Gardens EDD). While the City of Bell Gardens initially purchased a portion of the site in 1985, it did not understand the full extent of contamination, and the cost of cleanup has deterred the site from being remediated (Bell Gardens EDD; City Interview, 4/13). This case demonstrates the importance of understanding the full extent of contamination prior to purchasing a property and the difficulty of cleaning up brownfields in smaller 710 cities that cannot afford remediation.

CITY CONTEXT: BELL GARDENS FACES SIGNIFICANT SOCIOECONOMIC CHALLENGES

Bell Gardens is a small, 2.4 square mile city home to roughly 42,000 residents. (see current census data). This represents a population density of 20,000 people per square mile, which is more than double the density of Los Angeles County as a whole (DOF, 2010; LA Almanac; About LA County). As such, the city has very little room to grow and lacks open space for its mostly minority, poor residents (CA DTSC, 2010; Castillo, 2011). According to the Southern California Association of Governments, 94 percent of Bell Gardens residents are Latino and 50 percent are foreign born (CA DTSC, 2010). The city currently faces a 19.3 percent unemployment rate, which, according to city officials, could be as high as 40 percent if those who have run out of unemployment benefits or do not qualify are included (CA EDD, 2011; Castillo, 2011).

Bell Gardens’ residents also are impacted by pollution from a variety of sources. They are faced with toxic air pollution from goods movement along the I-710 freeway and emissions from the nearby ports, as well as increased pollution exposure resulting from the city’s historic intermixing of industrial, commercial, and residential land uses (CA DTSC, 2010). For example, a 2000 lawsuit alleged that toxic fumes from a chrome-plating factory sited next to a school caused miscarriages in 8 school employees and cancer in 22 students and 6 teachers (Schwartz, 2007; Olivo, 2000).

Dwindling revenues makes it increasingly difficult for the city to address these issues (Castillo, 2011). In the past, Bell Gardens has often relied on redevelopment funds from Tax-Increment-Financing to spur economic development and clean brownfield sites such as the Vista del Rio affordable housing project (Shirey, 2005). However, the state of California has taken a third of the city’s redevelopment funds to help balance its recent budget deficits and Governor Brown’s current proposal calls for abolishing redevelopment agencies entirely (CA DTSC, 2010).

THE BERK OIL SITE: PAST INDUSTRIAL USES

The Berk Oil Site within the City of Bell Gardens exemplifies the challenges associated with redeveloping former industrial brownfield properties in fiscally constrained cities (Bell Gardens EDD). This 4.4 acre site is located at 5614, 5622 & 5636 Shull Street, a mixed industrial and residential neighborhood, and consists of seven contiguous parcels, now vacant, directly adjacent to the 710 freeway (Bell Gardens EDD). The site has evolved over time through various owners and uses. On the eastern side of the site, development began in 1952 when Cell Form Inc. constructed a 37,200 square foot industrial facility used

to manufacture cardboard forms for gasoline tanks (Bell Gardens EDD; CA DTSC, 2010). This portion of the property went through a variety of industrial uses until a fire in 1990 burned down a plastics and metal fabrication plant owned by Pacific Metal Crafts, Inc (PMC) (Ayalew, 2009; Bell Gardens EDD).



Figure 2: Berk Oil Site Aerial View (Berk Oil Site [E-mail to the author]. (2011, March 17).)

On the western portion of the site, the Berk Oil Company, Inc., operated an asphalt mixing and oil distribution facility from 1965 to 1989 (CA DTSC, 2010; Ayalew, 2009; Bell Gardens EDD). Bell Gardens purchased the Berk Oil site in May, 1985 from Herbert and Judith Brohn, the company’s owners, for \$595,000 (Bell Gardens EDD; Elston, 1994). Bell Gardens later purchased the PMC site in 1992 for an unknown amount (Bell Gardens EDD).

SITE CONTAMINATION AND CLEANUP LIABILITY:

The Bell Gardens Community Development Department purchased the site in order to remove blight and return it to beneficial use, but was unaware of the full extent of contamination from these industrial activities (Bell Gardens EDD ; City Official 4/13). During escrow for the purchase of the Berk Oil Site, the city hired BCL Associates to assess the contamination. BCL determined that the site had low concentrations of petroleum hydrocarbons and estimated it would cost \$21,000 to clean up (Elston, 1994; Bell Gardens EDD).

Site investigations conducted in 1988 and 1992 found a much higher level of contamination than the city had originally anticipated (Bell Gardens EDD). Instead of just soil petroleum contamination, the site contained soil and groundwater contamination from Volatile Organic Compounds (VOCs), petroleum hydrocarbons, benzene, arsenic, and other chemicals emanating from unidentified 55-gallon drums, leaks from former underground storage tanks, and leaching from a former steam cleaning sump (Ayalew, 2009; Bell Gardens EDD).

In 1992, Bell Gardens sued Herbert and Judith Brohn, claiming that the couple was responsible for the potentially millions of dollars in contamination. The city also filed suit against BCL Associates for not disclosing the full extent of contamination. However, the couple countersued, alleging that the purchase contract contained an “as is” clause transferring liability to the city (Elston, 1994). According

to current city officials, the lawsuit “didn’t go anywhere” and the site has remained vacant since (Local Gov., 3/17; CA DTSC, 2010).

Now, the vacant lot poses additional risks to the community. The site “has been a magnet for vagrants and vandalism” and is a liability to the city due to illegal pedestrian traffic, drug use, and dumping on the property (CA DTSC, 2010). Local community members are reportedly at their “wit’s end” with this blighted plot of land (CA DTSC, 2010).

REDEVELOPING THE SITE WILL REQUIRE OUTSIDE FINANCIAL ASSISTANCE

The Bell Gardens Community Development Department estimates that it will cost at least \$3 million just to clean up the site over a four year period, and a city official explained, “that’s a big deal because we don’t have \$3 million” (Local Gov., 3/17). Thus, the city has tried to find other means to redevelop the property. In 2007, the city entered into a development agreement with a private party to develop a 60,000 square foot industrial complex on the site (Bell Gardens EDD). As part of the agreement, the city would donate the property to the company, valued at the cost of cleanup, and the company would pay for remediation (Local Gov., 3/17, 4/13; Ayalew, 2009). The company received a California Recycle Underutilized Sites (Cal REUSE) Program grant from the California Pollution Control Financing Authority and submitted a Remedial Action Plan (RAP) setting out cleanup goals to the Regional Water Quality Control Board (Local Gov., 3/17; Ayalew, 2009). However, as the economy declined, it became unprofitable for the company to invest in site cleanup and development stalled. The city was forced to unravel the deal and explore other methods (Local Gov., 3/17, 4/13).

After the termination of the development agreement, Bell Gardens began pursuing federal funding to help remediate the Berk Oil site. In October, 2010, Bell Gardens partnered with the City of Compton and the Department of Toxic Substances Control to apply for a 2011 U.S. Environmental Protection Agency (EPA) Coalition Assessment Grant. The grant would allow the city to assess the site’s contamination using EPA funds and fill in data gaps left from previous assessments (CA DTSC, 2010). The 2011 awards have yet to be decided, but the city has faced some challenges meeting the grant eligibility requirements. The EPA requires that all assessment grant recipients conduct All Appropriate Inquiries, or evaluate all potential contamination and liability, prior to acquiring a site (EPA, 2007). While Bell Gardens bought the site prior to the adoption of the AAI rules, they are still bound to its due diligence requirements. Unfortunately, it is uncertain if Bell Gardens staff at the time conducted steps similar to the current AAI process (Local Gov., 4/13). The city is currently working with the EPA to avoid ineligibility for federal funds (Local Gov., 4/13).

Simply assessing the site, however, will not pay for the cost of cleanup. The city estimates that after the site is assessed, they will need to pursue further public funding to clean the site (Local Gov., 4/13). While the city is hoping to draw light industrial business to the site to generate jobs and tax revenue, it is unlikely that a developer would be willing to take on the cost of cleanup in the current market. As one city official explained, “if clean, it still would require a subsidy to attract a developer” to the Berk Oil site (Local Gov., 4/13). Using creative funding strategies, such as redevelopment financing and public cleanup dollars, it may be possible to do so. However, Bell Gardens still faces challenges to return this long vacant, polluted, brownfield parcel to productive use.