



Sacramento Groundwater Authority
*Managing Groundwater Resources
in Northern Sacramento County*

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Edward D. Winkler
Executive Director

June 5, 2003

California-American
Water Company

Carmichael
Water District

Citrus Heights
Water District

City of Citrus Heights

City of Folsom

City of Sacramento

County of Sacramento

Del Paso Manor
Water District

Fair Oaks Water District

Natomas Central Mutual
Water Company

Orange Vale
Water Company

Rio Linda / Elverta
Community Water
District

Sacramento Suburban
Water District

San Juan
Water District

Southern California
Water Company

Agricultural and
Self-Supplied
Representative

Honorable John Dutra
Member of the Assembly
State Capitol Room 3091
Sacramento, CA 95814

**Subject: Notice of Support - AB 1218 (Dutra) Underground Storage
Tanks: Claims: Performance-Based Contracts (A: 05/07/2003)**

Dear Assembly Member Dutra:

The Sacramento Groundwater Authority (SGA) supports the concepts and principles expressed through your AB 1218 (Dutra) as amended on May 7, 2003.

SGA is a joint powers authority created to collectively manage the Sacramento region's north area groundwater basin. Member agencies are responsible for providing high quality drinking water to more than a half-million residents in the greater Sacramento region. SGA is committed to aggressively protecting the north area groundwater basin from contamination.

AB 1218, related to pay for performance agreements (PFP) or performance based contracting should greatly enhance the State's Underground Storage Tank Cleanup program. Pay for Performance contracting is a highly efficient method, with a proven track record in other states, that accelerates the cleanup of contaminated sites without raising costs and without compromising the quality of the work. If enacted, this measure would allow the State to realize a greater return on their Cleanup fund dollars.

Specifically, AB 1218 would allow the use of PFP contracts for cleanup of leaking underground storage tank (UST) sites in the State's UST Cleanup Fund. The bill defines performance based contracts as a fixed based contract where payment is made when pre-established cleanup milestones are reached. The PFP agreement will contain cleanup milestones, goals and a timeframe for completion. The agreement will also include a payment schedule for meeting set contaminant reduction milestones that reward the contractor when achieved in a timely manner. The bill outlines the services the State Water Resources Control Board will provide to facilitate the fair bidding of pay for performance contracts, including advertising PFP contracts on their web site and highlighting the best candidate sites for performance based contracting.

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Each year, the State's UST Cleanup fund provides approximately \$170 million in reimbursements to eligible owners for environmental cleanup of pollutants and contaminants such as fuels, MTBE etc., at leaking underground storage tank sites. AB 1218 would provide for an alternative to the traditional time and materials contract for environmental cleanup of groundwater contaminants. Such incentive based contract agreements have proven highly successful in Wisconsin, South Carolina, and Florida where reductions in cleanup costs have been achieved of between 50% and 70% over traditional contractual arrangements. These remarkable savings can then be used for other contaminated site cleanup opportunities.

In light of the current fiscal constraints facing the State of California, AB 1218 has the potential to save millions of dollars in cleanup fund costs through the use of PFP agreements, without the need for additional state funding or staff resources. By saving costs with each individual contract it provides a more efficient way to achieve the goals of the UST local oversight program for environmental cleanup. Enactment of AB 1218 will result in faster site remediation that will translate to better protection for the health and safety of citizens and the environment, and provide a better return on the State's Cleanup fund dollar.

Sincerely,

Edward D. Winkler
Executive Director

cc: Charles Anderson, Legislative Aide, Assembly Member Dutra Fax: 319-2120
Bob Reeb, ACWA