Turning Contaminated Properties into Profit: A Regulatory Perspective

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In 2006, chlorinated solvents were discovered at a former dry cleaning facility in Orange County, California. After performing some limited cleanup, the former facility operator stopped work completely in April 2010. For the next few years, the former operator ignored requests by the Regional Water Board to proceed with investigation and cleanup of the groundwater. In December 2013, the Regional Board issued a Cleanup & Abatement Order (CAO) to the former operator.

Despite the issuance of the CAO, both the former operator and the land owner declared that there were no funds available to complete the necessary environmental work at the site. The Water Board Office of Enforcement performed a financial assessment to determine the existence of any viable assets or properties of the former operator, with the intent of placing a lien on those assets or properties; however, it is a lengthy process, subject to legal challenges, and may take years to produce any tangible results. In the meantime, the impacted groundwater plume would have continued to migrate toward an elementary school that is located downgradient of the site.

In 2014, a private investor expressed an interest in purchasing the site. The proposed venture was to: buy the impacted property at a price significantly below the market value; work with the regulators to complete the necessary environmental work; and sell the property for two to four times the initial investment cost. The buyer is an environmental engineer with financial backing from investors with sufficient resources, patience and desire to return the property to productive use – all for an expected profit.

This presentation will tell the story of cooperation between the Regional Board and the private investor, who despite a number of obstacles, managed to successfully perform the necessary environmental work at the site to delineate the impacted groundwater plume.