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City Administrator  
ROBERT C. DOMINGUEZ



Councilmembers:  
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CONSTANCE UNDERHILL

401 East Chapman Avenue - Placentia, California 92870

September 26, 2005

The Honorable Frederick P. Horn  
Presiding Judge  
Orange County Superior Court  
700 Civic Center Drive West  
Santa Ana, CA 92701

Re: 2004-2005 Orange County Grand Jury Report:  
"OnTrac and the City of Placentia: Funding, Favoritism and Fairness"

Dear Judge Horn:

The following is the City of Placentia's response to the finding and recommendation set forth by the Orange County Grand Jury in the above-referenced matter:

**Grand Jury Finding 5.1, Phase II Assessment:** The City of Placentia did not conduct a Phase II assessment as recommended by their environmental consultant, which may have reduced the purchase price of the property and may have revealed an environmental hazard.

**City of Placentia Response:** The City of Placentia agrees with Finding 5.1. It is possible that the conduct of a Phase II assessment might have reduced the purchase price if a Phase II assessment had located an underground storage tank on the property and/or revealed an environmental hazard. Historic records are inconclusive regarding the current presence of an underground storage tank on the property.

At the time the property was acquired, the City believed that the proposed Placentia Avenue Underpass Project ("Project"), for which the City acquired the property, would be proceeding within the near future. Because the Project would have involved substantial excavation and soil removal on the property, the City believed that, if a tank existed on the property, the tank could be removed during the Project excavation, rather than performing two separate excavations.

Therefore, a business decision was made to not proceed with a Phase II assessment at the time of the property purchase.

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Subsequently, due to the State of California's budget crisis, State grant funding for the Project was withdrawn. As a result, the Project and the excavation of the property did not occur.

**Grand Jury Recommendation 6.1, Phase II Assessment:** The City should reconsider having a Phase II assessment performed on the property, as unremediated underground storage tanks may be an environmental hazard (See Finding 5.1).

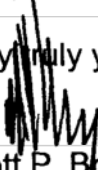
**City of Placentia Response:** This recommendation has not yet been implemented, but will be implemented in the future. The City is currently in discussions with the Orange County Water District ("OCWD") for potential use of a portion of the property for a water well. Assuming that OCWD continues to express an interest in the property for this purpose, it is anticipated that OCWD will perform a Phase II assessment of the property within the next six months as part of its analysis of the suitability of the site for a water well.

The property is currently under lease by the City to a business operating a tile and granite showroom. This lease expires in August, 2007. As it is unclear whether an underground storage tank currently exists on the property and in the absence of evidence of an existing environmental hazard, if OCWD does not proceed with a Phase II assessment, the City intends to conduct a Phase II assessment immediately following the lease expiration in August, 2007.

Additionally, the City continues to pursue funding for a railroad grade separation at this location. Should funding become available and the Project moves ahead prior to August, 2007, a Phase II assessment would be conducted at that time.

If you have any questions regarding this matter, please do not hesitate to contact Robert C. Dominguez, the City Administrator for the City of Placentia at (714) 993-8117.

Very truly yours,

  
Scott P. Brady  
Mayor, City of Placentia

cc: Orange County Grand Jury