



**Office of Audits
Office of Inspector General
U.S. General Services Administration**

**Audit of Environmental Liability
Issues at the Former Hardesty
Federal Complex
Kansas City, Missouri**

*Report Number A130120/P/6/R14003
May 21, 2014*




**Office of Audits
Office of Inspector General
U.S. General Services Administration**

DATE: May 21, 2014

TO: Jason Klumb
Regional Administrator (6A)

Cy Houston
Acting Regional Commissioner, Public Buildings Service (6P)

FROM: Erin Priddy 
Audit Manager, Heartland Region Audit Office (JA-6)

SUBJECT: Audit of Environmental Liability Issues at the Former Hardesty
Federal Complex, Kansas City, Missouri
Report Number A130120/P/6/R14003

This report presents the results of our audit of environmental liability issues at the former Hardesty Federal Complex (Hardesty Complex) in Kansas City, Missouri.

Our objective was to determine if GSA complied with applicable laws, regulations, and guidance in managing its environmental liability at the Hardesty Complex.

GSA is currently in compliance with the requirements of the Comprehensive Environmental Response, Compensation, and Liability Act. Recent testing has shown there is no immediate human health risk associated with contaminated groundwater on and near the site. However, GSA's historical management of the complex and its attempts to sell the property appear to have had a negative impact on the timeliness of clean-up.

See **Appendix A** – Purpose, Scope, and Methodology for additional details.

If you have any questions regarding this report, please contact me or a member of the audit team at the following:

Erin Priddy	Audit Manager	Erin.Priddy@gsaig.gov	(816) 926-8610
Erin Kraft	Auditor-In-Charge	Erin.Kraft@gsaig.gov	(816) 926-8625

On behalf of the audit team, I would like to thank you and your staff for your assistance during this audit.

Background

Hardesty Federal Complex History

The Hardesty Federal Complex (Hardesty Complex) was originally purchased by the U.S. Army in 1940. At the time, the property consisted of four main structures (refer to **Appendix C** for a site map of the complex).¹ The complex served as the Kansas City Quartermaster Depot (Depot) during World War II. The purpose of the Depot was to purchase, store, and issue supplies for military posts in the western portion of the country. The Army constructed six additional buildings on the property between 1941 and 1942.² Additional auxiliary buildings (#4, 5, 8, 12, 14, 15, 16, 17, 18, 19, and 20) were also constructed on the site.³

At the end of World War II in 1945, the Depot began demobilization work. Although the Depot had drastically reduced its function and work force, it retained a presence at the complex through 1953. The complex was then used primarily for records storage until the Army transferred ownership to GSA in 1960. In 1980, GSA sold two of the buildings (#1 and 2) to Megaspace, Ltd. Tenants gradually vacated the complex, leaving it unoccupied in 2002. In 2011, GSA sold the remaining complex to the Hardesty Renaissance Economic Development Corporation. GSA used a Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) 120 early transfer process where GSA maintains responsibility for addressing environmental-related issues resulting from past operations.⁴

Environmental Contamination

During the time the Hardesty Complex served as the Depot, its mission included receiving and storing protective and impermeable clothing, inks, lithographic chemicals, petroleum products, and petroleum handling equipment; laundering and dry-cleaning operations; impregnating clothing to ward off effects of gas attacks; and procuring graphic arts operating supplies and chemicals. In December 2000, the Hardesty Complex was added to the Environmental Protection Agency (EPA) Federal Agency Hazardous Waste Compliance Docket (Docket) based on a referral from the Missouri Department of Natural Resources (MDNR). EPA requires any agency added to the Docket to submit a Preliminary Assessment and Site Inspection (PA/SI) for evaluation for possible listing on the National Priorities List.⁵ GSA contracted with a consulting engineer firm to perform the PA/SI. The PA/SI was completed in 2002 and its findings included:

¹ Main building (#1), annex building (#2), power plant building (#3), and coal unloading shed (#3a), were built between 1919 and 1924.

² Clothing renovation plant (#6), utilities building (#7), special warehouse buildings (#9-11), and electrical sub-station building (#13).

³ These buildings were demolished in the 1970s and 1980s.

⁴ 42 U.S.C. 9620(h)(3)(C).

⁵ EPA determined the Hardesty complex to be “low priority for further assessment” in 2006 and that the “site does not qualify for the National Priorities List based on existing information” in 2010.

- Lead was found in samples from the trap, floors, walls, ceiling, and sand in the bullet stop of the firing range located in the basement of Building #9 and was classified as hazardous.
- Lead was found in ash samples collected from the smokestack clean-out room located in the basement of Building #3, but not above the EPA regulatory level. The ash was not considered a hazardous waste.
- Volatile Organic Compounds (VOCs), such as PCA, TCA, PCE, and TCE,⁶ were found in groundwater samples.⁷ The greatest concentrations were in the grass-covered area between Buildings #6 and 9 and toward the northeast, east, and southeast of the grass-covered area of the complex. At the time, the report speculated the contamination extended beyond the boundaries of the Hardesty Complex to the north and east.

Results

GSA is in compliance with CERCLA requirements. While GSA is currently exercising responsible management of the CERCLA process at the Hardesty Complex, historical management of the complex appears to have had a negative impact on the timeliness of the clean-up. Also, recent testing shows no immediate human health risk.

GSA is in compliance with CERCLA requirements.

CERCLA, commonly known as “Superfund,” is an act to provide for liability, compensation, clean-up, and emergency response for hazardous substances released into the environment and the clean-up of inactive hazardous waste disposal sites. The Superfund is a long-term, complex clean-up process. It involves steps to assess sites, place properties on the National Priorities List, and establish and implement appropriate clean-up plans.

We found GSA to be in compliance with CERCLA requirements.⁸ GSA has conducted community involvement actions, sold the property with mandatory deed assurances, worked in conjunction with oversight from MDNR, and proposed a schedule of remediation action. Currently, GSA anticipates completion of a Remedial Investigation (RI) in October 2014, and a Feasibility Study (FS) in April 2015. The RI/FS will determine the extent of the contamination at the site and an evaluation of the cost and performance of various methods that could be used to clean-up the site. See **Appendix D** for GSA’s current CERCLA timeline.

While GSA is currently exercising responsible administration of the Superfund process, its historical management of the Hardesty Complex appears to have had a negative

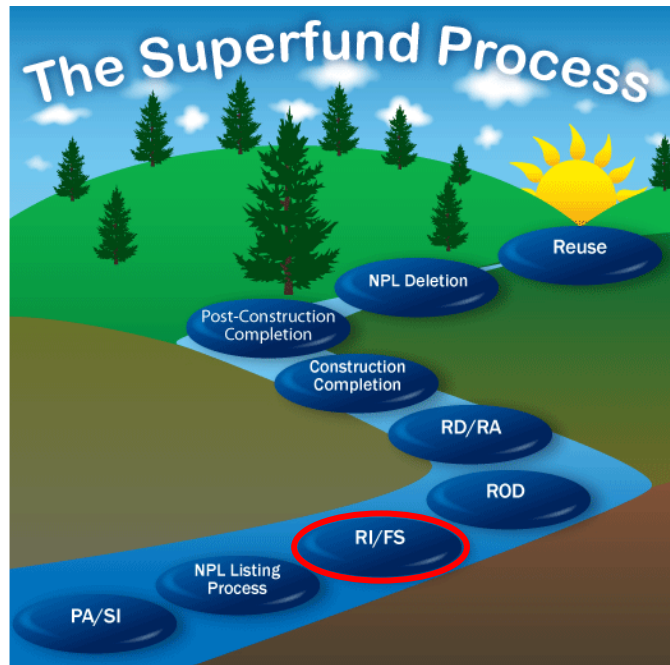
⁶ 1, 1, 2, 2-tetrachloroethane (PCA); 1, 1, 2-trichloroethane (TCA); tetrachloroethene (PCE); and trichloroethene (TCE).

⁷ The VOCs found were believed to be from historical clothing chemical pretreatment activities that occurred during World War II.

⁸ 42 U.S.C. 9620.

impact on the timeliness of the clean-up. GSA is still in the early stages of the Superfund process even though the PA/SI was completed over 11 years ago.

Figure 1 – The Superfund Process⁹



MDNR officials indicated that the clean-up process under CERCLA can be lengthy. However, there have been instances where GSA failed to coordinate its testing and/or remediation work with the proper oversight authority, which jeopardized its agreement with MDNR and excluded GSA from receiving funding from the Department of Defense. There was also a span of time from 2006 to 2010, when GSA took little or no action. While GSA was engaged in attempts to sell the complex during this time, we did not identify a valid reason for the lack of progress during this period.

Recent testing confirms no human health risk.

GSA has conducted numerous tests of the soil, groundwater, and structures at the Hardesty Complex. Based on the findings from the PA/SI, GSA has primarily focused on testing and monitoring VOC contamination in groundwater.¹⁰ In 2003, GSA was notified that groundwater contamination from the complex had migrated off site to the north and east of the complex. However, testing indicates that this groundwater contamination has not affected drinking or surface water in the area. Furthermore, risk assessments performed in 2004 and 2013 concluded that the groundwater contamination does not pose an immediate human health risk.

⁹ See full explanation of the Superfund process in **Appendix E**.

¹⁰ Among the health effects of VOCs are eye, nose, and throat irritation; headaches, loss of coordination, nausea; damage to the liver, kidney, and central nervous system; and cancer.

EPA has recently revised its vapor intrusion standards. Using these new standards, GSA's consultant reported that some of the samples collected in early 2013 showed elevated levels of TCE. As a result, GSA ordered expanded testing in residential areas to the north and east of the property to determine whether the contamination levels could cause risk to people inhabiting surrounding buildings. The testing so far continues to indicate that there is no immediate human health risk. MDNR validated this conclusion in 2013 by having the Missouri Department of Health and Senior Services perform its own risk assessment.

Other Observations

GSA has generally excluded Buildings #1 and 2 from its environmental testing. GSA's responsibility for environmental testing and any necessary remedial action associated with contamination from historical activities on that portion of the site are not clear. We suggest GSA seek a legal opinion as to its environmental liability.

The Hardesty Complex has been evaluated twice by the U.S. Army Corps of Engineers (Army Corps) for program eligibility and possible clean-up funding under the Defense Environmental Restoration Program for formerly used defense sites (FUDS).¹¹ Both reports determined that the complex was FUDS-eligible but recommended no further action be taken at the site. The most recent report stated that the determination was made because, "the response actions were initiated or completed with regard to DOD contamination without coordination with the FUDS program." We suggest that GSA follow up with the Army Corps for remediation funding under the FUDS program.

Conclusion

GSA is in compliance with CERCLA requirements. While GSA is currently exercising responsible management of the Superfund process at the Hardesty Complex, historical management of the complex appears to have had a negative impact on the timeliness of the clean-up. Also, recent testing has continued to show there is no immediate human health risk associated with contaminated groundwater on and near the site.

Management Comments

See management comments in **Appendix B**.

¹¹ The evaluations include the *Defense Environmental Restoration Program Inventory Project Report* issued in 1987 and the *Reexamination Request Assessment* issued in 2008.

Appendix A – Purpose, Scope, and Methodology

Purpose

We initiated the audit at the request of the Heartland Regional Administrator (RA). GSA sold the former Hardesty Complex in 2011, but retained the environmental liability associated with historical activities at the site. By memorandum dated June 20, 2013, the RA advised that it had recently come to his attention that environmental contamination in groundwater plumes had migrated from the Hardesty Complex to adjacent commercial and residential areas. The RA wanted to ensure that GSA was properly handling the issues, including communication with individuals in the surrounding community. The RA also asked that we audit the policies and practices that have led to this point to ensure that GSA is operating in a way that is consistent with its responsibilities.

Scope

We focused our audit primarily on the time period 2001 to present, but reviewed earlier historical documents for background information and context.

Methodology

To accomplish our objective, we:

- Reviewed documents related to environmental contamination at the Hardesty Complex;
- Reviewed applicable laws, regulations and EPA guidance;
- Held discussions with Region 6 PBS officials, representatives from GSA's consultant, and MDNR officials; and
- Visually inspected the property and adjacent areas.

We conducted the audit between August 2013 and January 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internal Controls

The examination of internal controls was limited to those necessary to achieve the specific objective and scope of the audit. Our results are identified in the body of this report.

Appendix B – Management Comments



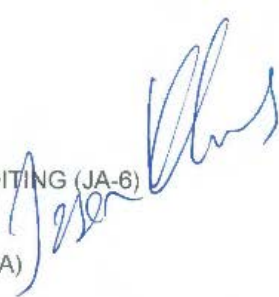
GSA, Office of the Regional Administrator
Heartland Region, Kansas City

May 5, 2014

MEMORANDUM FOR JOHN F. WALSH
INSPECTOR GENERAL FOR AUDITING (JA-6)

FROM: JASON KLUMB
REGIONAL ADMINISTRATOR (6A)

SUBJECT: Agency Response to the Audit of Environmental Liability
Issues at the Former Hardesty Federal Complex



Thank you for your report on the now-former Hardesty Federal Complex. Last year it came to my attention that environmental contamination in groundwater plumes migrated from the former Hardesty Federal Complex to adjacent commercial and residential areas.

As you know, when GSA sold the property in 2011, the agency retained the environmental liability. To ensure proper handling of issues and events, I asked that your team audit the policies, procedures, and practices that led us to this point.

We share the belief that as stewards of taxpayer trust and treasure, we have a duty to operate in a way that is consistent with our responsibilities and that is in the best interest of the citizens of the United States. The results, observations, and conclusions of your report help me and the GSA better meet that duty.

U.S. General Services Administration
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Appendix C – Hardesty Federal Complex Site Plan

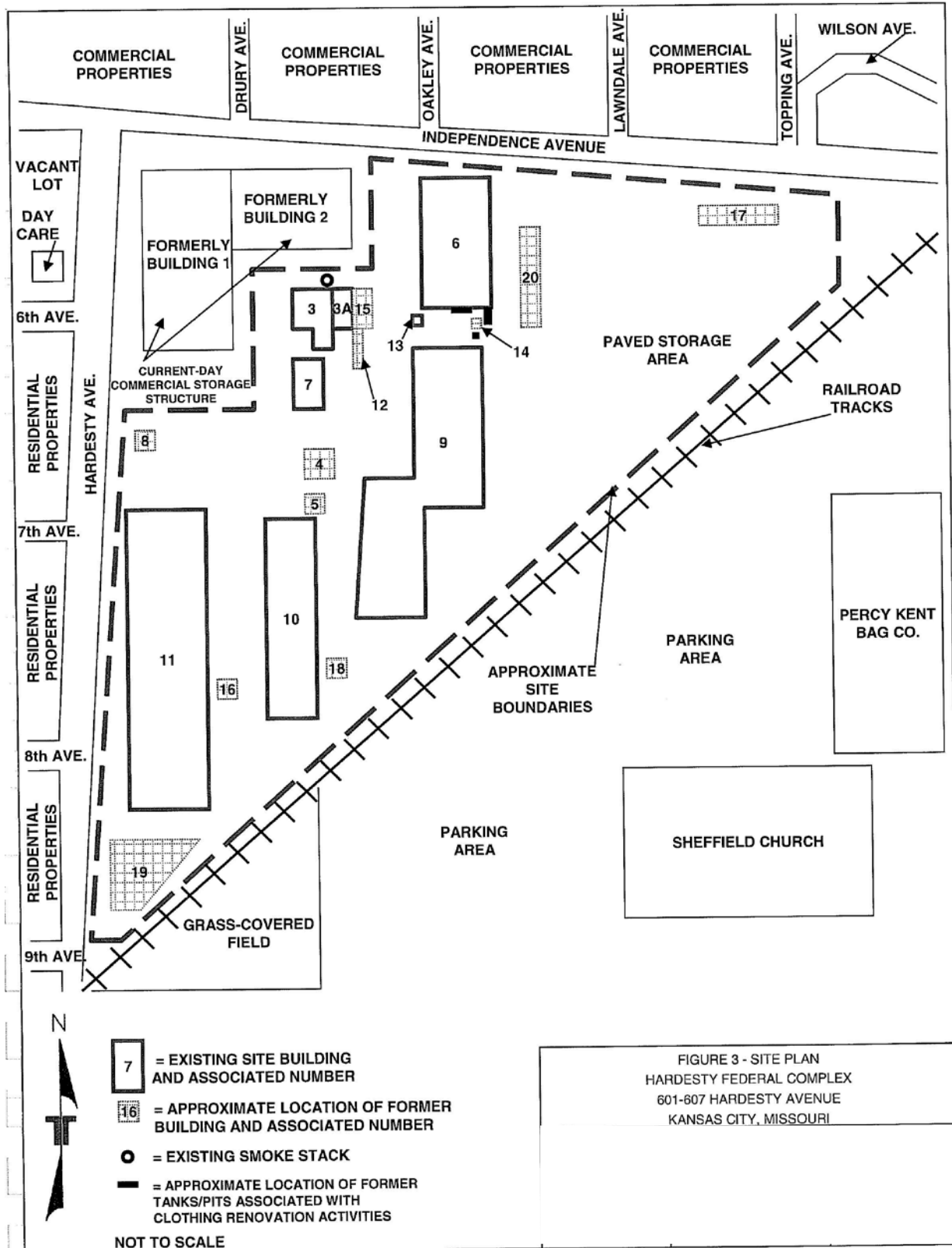


FIGURE 3 - SITE PLAN
 HARDESTY FEDERAL COMPLEX
 601-607 HARDESTY AVENUE
 KANSAS CITY, MISSOURI

Appendix D – Hardesty Complex CERCLA Milestones

Preliminary Assessment/Site Inspection: Complete 2002

Remedial Investigation: October 2014

Feasibility Study: April 2015

Proposed Plan: June 2015

Record-of-Decision: October 2015

Remedial Design: April 2016

Remedial Action: October 2016

Interim Remedial Action Report: April 2017

Operating Properly and Successfully: October 2017

Long-term Operations/Monitoring: quarterly to annual in accordance with approved plans

Remedial Action Completion Report: October 2025

Appendix E – EPA Superfund Process

PA/SI	<i>Preliminary Assessment/Site Inspection</i> Investigations of site conditions. If the release of hazardous substances requires immediate or short-term response actions, these are addressed under the Emergency Response program of Superfund.
NPL Listing	<i>National Priorities List (NPL) Site Listing Process</i> A list of the most serious sites identified for possible long-term clean-up.
RI/FS	<i>Remedial Investigation/Feasibility Study</i> Determines the nature and extent of contamination. Assesses the treatability of site contamination and evaluates the potential performance and cost of treatment technologies.
ROD	<i>Records of Decision</i> Explains which clean-up alternatives will be used at NPL sites. When remedies exceed 25 million, they are reviewed by the National Remedy Review Board.
RD/RA	<i>Remedial Design/Remedial Action</i> Preparation and implementation of plans and specifications for applying site remedies. The bulk of the clean-up usually occurs during this phase. All new fund-financed remedies are reviewed by the National Priorities Panel.
Construction Completion	<i>Construction Completion</i> Identifies completion of physical clean-up construction, although this does not necessarily indicate whether final clean-up levels have been achieved.
Post Construction Completion	<i>Post Construction Completion</i> Ensures that Superfund response actions provide for the long-term protection of human health and the environment. Included here are Long-Term Response Actions, Operation and Maintenance, Institutional Controls, Five-Year Reviews, Remedy Optimization.
NPL Delete	<i>National Priorities List Deletion</i> Removes a site from the NPL once all response actions are complete and all clean-up goals have been achieved.
Reuse	<i>Site Reuse/Redevelopment</i> Information on how the Superfund program is working with communities and other partners to return hazardous waste sites to safe and productive use without adversely affecting the remedy.

Appendix F – Report Distribution

Regional Administrator (6A)

Acting Regional Commissioner, Public Buildings Service (6P)

Commissioner, Public Buildings Service (P)

Deputy Commissioner, Public Buildings Service (PD)

Chief of Staff, Public Buildings Service (PB)

Regional Counsel (LD6)

Director, Facilities Management Division (6PM)

Director, Building Operations Branch (6PMX)

Branch Chief, GAO/IG Audit Response Branch (H1C)

Regional Audit Liaison, Public Buildings Service (BCPA)

Assistant Inspector General for Auditing (JA)

Deputy Assistant Inspector General for Investigations (JID)

Director, Audit Planning, Policy, and Operations Staff (JAO)