



San Diego City Attorney Jan I. Goldsmith

NEWS RELEASE

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San Diego Bay Cleanup Settlement Protects Taxpayers as well as Environment *Insurance companies will cover City's \$15 million share*

Some 16 insurance carriers will cover the City's \$15 million share of a San Diego Bay cleanup program in parallel with a lawsuit settlement that was negotiated by the City Attorney's Office and approved today by the City Council.

The cleanup of polluted sediments, consisting largely of dredging and disposal work, was ordered by the Regional Water Quality Control Board in 2012 and should be completed by March 2016. The \$75 million program will remediate a century of sediment pollution that has affected the food chain, beginning with small marine organisms and aquatic-dependent wildlife in the bay, and leading to human health concerns.

San Diego has fully cooperated in the cleanup. Council actions in 2013 and 2014 allocated an advance on any settlement to ensure the work was done correctly and on schedule. The remaining costs are being picked up by other parties, principally the shipyard operations of defense contractors NASSCO and BAE Corp., the Navy, and others.

While the City's participation in the cleanup was never in question, it was only recently determined how its costs would be paid.

In conjunction with the settlements approved today, the City's costs for the planned cleanup will be \$15 million, which will be covered by 16 insurance carriers, some of which insured the City as long ago as the 1950s. The City Attorney's Office with assistance from an "insurance archaeologist", sifted through 70 years of City records and determined levels of coverage responsibility.

"Today's action is a big victory for the environment and a big victory for taxpayers," City Attorney Jan Goldsmith said. **"The pollution in this part of San Diego Bay dates back one hundred years. The City did the right thing by cooperating with the Regional Water Quality Control Board and other parties to make sure cleanup began quickly as expected, and it did the right thing again by not settling any lawsuits until the insurance carriers agreed to pay every cent."**

The City was involved in the case partly because it was the trustee owner of the tidelands prior to 1962, after which the property was controlled by the San Diego Unified Port District, and also because of storm water pollution carried into the bay by Chollas Creek and the storm drain system.

Other parties sought to publicly pressure the City to settle before it was able to get the insurance carriers to step up to the plate:

<http://www.utsandiego.com/news/2013/sep/23/new-dispute-threatens-san-diego-bay-cleanup/>

“By holding firm, but allowing the cleanup to progress, we gained the time and leverage to achieve a favorable settlement package. I appreciate the City Council’s patience in the face of a PR onslaught, allowing us the time to negotiate with 16 insurance carriers as well as the other parties. Because of that we were able to achieve a win for both taxpayers and the environment, saving millions of dollars for City programs and infrastructure,” Goldsmith said.

Goldsmith singled out Deputy City Attorney Fritz Ortlieb for his outstanding work on the case.

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