

Natural-gas basement in Avondale

Cosmo Garvin, *Sacramento News & Review*, 10-2-09

A lot of folks in the neighborhood of Avondale-Glen Elder don't have much. It's one of poorest neighborhoods in the city, and one of the most ethnically diverse.

But homeowners there have property rights just like anywhere else. Those rights extend from one property line to the next, and—though you rarely think about it—from street level to the center of the Earth.

Those subterranean property rights are at the heart of a fight brewing there today. The neighborhood — near the intersection of Fruitridge and Power Inn roads—is being targeted for a 300-acre underground natural-gas storage reservoir.

The underlying geology of the area includes porous sandstone, capped by a thick layer of shale that — according to a company called Sacramento Natural Gas Storage — makes it ideal for holding 3 billion cubic feet of natural gas. In fact, the area was once called the Florin Gas Field, because of naturally occurring deposits of methane there, which were pumped dry by the late 1980s.

The company says it'll make \$17 million in gross revenue in the first year alone. But first, SNGS needs permission to store its product under the homes and businesses of Avondale-Glen Elder. The company is offering a whopping \$500 a year to property owners who agree to lease their underground property rights.

That's not all, says Constance Slider, a community activist with the Avondale-Glen Elder Neighborhood Association. "They've offered bonuses, and they've been giving out free gas cards. And they've told people, 'If you don't sign now, you won't get any compensation.'"

Slider says that despite many residents' misgivings about the safety of the project, it can be hard to turn down \$500 in cash.

"We're a poor neighborhood. They wouldn't be offering these residents \$500 if we were talking about the Fabulous 40s or some suburban neighborhood. We wouldn't even be having this conversation."

The project needs approval from both the California Public Utilities Commission and the Sacramento City Council. And SNGS has hired some heavy hitters to push the project through. The Hoyt Company, one of Sacramento's pre-eminent public-relations outfits, and hot-shot attorney Jack Diepenbrock are both on the payroll. So is the consulting firm Townsend Raimundo Besler & Usher—the same group that is running Kevin Johnson's campaign for mayor.

A lot of residents are refusing to take the buyout—because they are worried the project isn't safe. Other facilities in Southern California and in the Midwest have experienced problems with natural-gas leaks and explosions. SNGS insists that the geology of the Florin Gas Field is completely different than those other problem facilities. But a full environmental-impact report is overdue.

If the company can't sign up all 750 property owners, the company might have to pursue eminent domain in court. And that could cost a hell of a lot more than the \$500 a head the company is offering now.

That uncertainty hasn't stopped SMUD from encouraging the project. Last week, the SMUD board of directors

voted unanimously to commit SMUD to be the facility's No. 1 customer — if it passes muster with the CPUC and the city.

During the vote, several of the SMUD board members took great pains to make it clear that they weren't approving the project.

"We're not the proponent of the project," explained SMUD board president Larry Carr. "SMUD is merely agreeing to buy the gas if SNGS gets the proper permits." Which seems a bit coy. Without SMUD's interest, there's no project.

So, if this facility is such a good deal for the neighborhood, for SMUD and for the city, then perhaps the company should agree to pay for anything that goes wrong. That was the idea behind a bill introduced by state Sen. Darrell Steinberg earlier this year. The proposed law would have made SNGS strictly liable if anything blew up, caved in, got contaminated or was otherwise damaged as a result of the project.

Gov. Arnold Schwarzenegger vetoed the bill late last month, saying it might "chill the construction of new natural gas storage facilities" needed around the state. It doesn't look like things are going to chill in Avondale-Glen Elder for a while.