

**REDEVELOPMENT AGENCY
AND THE CITY OF OAKLAND**
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2008 JAN 10 PM 3:36

TO: Office of the City/Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: January 22, 2008

RE: An Agency Resolution: (1) Adopting The Central District Basement Backfill Program, (2) Allocating \$1,000,000 For The Program From FY 2007-2008 Central District Funds, (3) Authorizing The Agency Administrator To Make Grants And Loans Under The Program Without Returning To The Agency, (4) Authorizing A Contribution Of \$100,000 From Central District Funds To The City Of Oakland Under The Cooperation Agreement To Fund Staff Costs For The Program, And (5) Amending Resolution No. 2007-0053 To Reduce The Contribution Of Agency Funds To The Broadway Phase II And III Sidewalk Improvement Project In An Amount To Be Negotiated By The City Administrator Under The City's Contract With Sposeto Engineering, Inc. For The Project

A City Resolution (1) Amending Resolution No. 80660 C.M.S. Authorizing The City Administrator To Negotiate An Amendment To The Construction Contract With Sposeto Engineering, Inc. And Reducing The Contribution Of Agency Funds For The Broadway Phase II And III Sidewalk Improvement Project, And (2) Accepting And Appropriating A Contribution Of \$100,000 From The Redevelopment Agency Under The Cooperation Agreement To Fund Staff Costs For The Central District Basement Backfill Program

SUMMARY

This report requests approval of the following resolutions:

An Agency resolution: (1) adopting the Central District Basement Backfill Program, (2) allocating \$1,000,000 for the Program from FY 2007-2008 Central District Funds, (3) authorizing the Agency Administrator to make grants and loans under the Program without returning to the Agency, (4) authorizing a contribution of \$100,000 from Central District funds to the City of Oakland under the Cooperation Agreement to fund staff costs for the Program, and (5) amending Resolution No. 2007-0053 to reduce the contribution of Agency funds to the Broadway Phase II and III Sidewalk Improvement Project in an amount to be negotiated by the City Administrator under the City's contract with Sposeto Engineering, Inc for the Project; and

A City resolution: (1) amending Resolution No. 80660 C.M.S. authorizing the City Administrator to negotiate an amendment to the construction contract with Sposeto Engineering, Inc. and reducing the contribution of Agency funds for the Broadway Phase II and III Sidewalk

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Improvement Project (C194920), and (2) accepting and appropriating a contribution of \$100,000 from the Redevelopment Agency under the Cooperation Agreement to fund staff costs for the Central District Basement Backfill Program.

The Central District Basement Backfill Program (BBP) is necessary due to unforeseen conditions discovered as a result of the Broadway Phase II-III Sidewalk Improvement Project. This is a demonstration program that will be applied to the west side of Broadway between 16th and 17th Streets in downtown Oakland with potential application to other areas of Oakland if deemed successful. In addition, as a result of the conditions discovered on the Broadway project, staff is requesting authorization to negotiate a scope reduction amendment to the existing construction contract with Sposeto Engineering, Inc., to eliminate the majority of the Broadway sidewalk improvements, and to focus on final sidewalk replacement on Broadway in the one block on the west side of the street between 16th Street and 17th Street. The project is located in Council District 3.

FISCAL IMPACTS

Total cost of the BBP is estimated at \$1,100,000. This includes (1) the grant and loan programs for \$1,000,000, and (2) City Design and Construction staff costs of \$100,000, for staff review associated with the six basements located on the west side of Broadway between 16th and 17th streets.

The funding source for the \$1,100,000 is as follows: Central District Redevelopment Project Subordinated Tax Allocation Bonds Series 2003 Fund (9532), Capital Improvement Project Organization (94800), Downtown Streetscape Implementation Project (P128840).

The Agency contribution for City Design and Construction staff costs of \$100,000 will be accepted and appropriated by the City as follows: ORA Projects Fund (7780), Capital Improvement Projects Organization (94800), projects to be determined.

BACKGROUND

As part of the overall strategy to revitalize the downtown central business district, the Agency and the City are proposing streetscape improvements to three target areas in the downtown. The target areas are Broadway, Telegraph and Old Oakland. These planned improvements include sidewalk replacement over vaulted basement spaces. Many of the basement ceilings, or structural slabs, are very old and are the legacy of Oakland's development during the early 20th Century. Sidewalks built over vaulted basement spaces must meet all current City engineering and safety requirements; hence, the new sidewalks must be built on solid foundations either of compacted soil or on a solid vault superstructure.

Council approved the Broadway Phase II/III Sidewalk Replacement Project in July of 2007. The work included constructing new decorative sidewalks and installing replacement street trees and pedestrian amenities throughout the project area. This work is part of an overall improvement

plan to revitalize the Uptown area of Oakland.

The contractor commenced with construction in September of 2007. During the initial sidewalk demolition work the City noted deterioration of the basement structure that supports the sidewalk from 16th to 17th Streets on the west side of Broadway. The conditions encountered include leaking and rusted elevator access doors, deteriorated structural boundary elements, rusted rebar, leaking skylights and sidewalk grilles. Because of the magnitude and complexity of these unforeseen conditions, the contractor was directed to stop work in October of 2007. A temporary asphalt sidewalk was installed to provide full access to the six buildings along this frontage while a permanent solution was identified. A letter was sent out to property owners in January 2008 notifying them of the options available to resolve this issue.

PROGRAM DESCRIPTION

As a result of the conditions encountered from the Broadway Project, a basement backfill program is being proposed. The demonstration project area extends from 16th Street to 17th Street on the west side of Broadway and includes six separate properties. All six of the affected properties have basement spaces within the public right-of-way. Staff proposes a demonstration program that will be available to the six affected property owners in order to correct any basement problems so that the City can proceed with final construction of the sidewalks along this one block area. This program is designed so that it can be applied to other targeted redevelopment areas in Oakland if needed.

The Basement Backfill Program is a voluntary incentive program that assists the property owners with the costs of backfilling their basement spaces. The majority of the basements are used for storage. Backfilling the basements with compacted earth is a permanent way to resolve the many issues that these early 20th Century basements present to sidewalk replacement. This is a voluntary program. If a property owner does not wish to avail themselves of the program, they can opt to apply for an encroachment permit from the City and repair their basement at their own expense.

The Basement Backfill Program has two parts:

Part 1: This is an Agency grant of up to \$20,000 per basement made directly to property owners allowing them to hire a professional engineer to assist them in evaluating their basement ceilings, and complete plans, specifications and cost estimates (PS&E) for the backfilling. Upon completion of this part of the program, and upon satisfactory review of the plans by the City, the applicant would qualify for the loan portion of the program. The total cost to the Agency for the grant program will not exceed \$120,000.

Part 2: This is an Agency loan program that allows affected property owners to borrow up to \$4,000 per linear foot of basement. The program offers a 0% interest-free loan with a 30-year term that can be transferred with the sale of property. Payments can also be deferred until sale of property. There is approximately 220 linear feet for all six basements. The total cost to the Agency for the loan program will not exceed \$880,000.

Agency staff review: The Public Works staff will be required to review the structural design and monitor the progress of the backfilling activities performed by the owner. The approximate cost of these services is estimated to be \$100,000.

KEY ISSUES AND IMPACTS

Work under the Broadway project is currently suspended. Staff proposes a scope reduction to the existing construction contract that eliminates the majority of the Broadway sidewalk improvements and focuses directly on final sidewalk replacement on Broadway in the one block on the west side of the street between 16th Street and 17th Street. This change in scope is due to the varying conditions of the other basements on Broadway and the potentially high costs associated with backfilling the thirty-six basements in the project area on Broadway between 15th and 20th Streets. Limiting the scope of the project will provide substantial savings that can be applied to either the Telegraph Avenue Streetscape Project or the Old Oakland Streetscape Project on Washington Street. The Telegraph Avenue Project is the most critical streetscape project because it is fronted by almost \$100 million of approved redevelopment projects that are presently under construction.

The change in scope of the Broadway project will result in a reduction in the original Agency contribution of \$680,412 for the project. This amount was previously authorized in Agency Resolution No. 2007-0053 and City Resolution No. 80660 C.M.S. last year. In addition to amending the construction contract, the current Agency and City resolutions request a reduction in this Agency contribution to reflect the change in scope of the project.

The BBP is an entirely voluntary program. If a property owner does not wish to participate in the BBP they will be required to fix their basement at their own expense. The City will require the property owner to upgrade any structural deficiencies in the sub-sidewalk basement area, ensure that the basement roof can support a 3-1/2 inch sidewalk, and obtain an encroachment permit for the basements below the sidewalk.

SUSTAINABLE OPPORTUNITIES

Economic: The Basement Backfill Program will improve the physical health of the Redevelopment Project Area through the elimination of blight and improve deteriorated infrastructure to allow the streetscape projects to move forward.

Environmental: Rehabilitated buildings preserve a range of building stock and conserve energy and materials more than new construction.

Social Equity: The goal of both programs is to improve the physical and economic conditions of the Redevelopment Project Area.

DISABILITY AND SENIOR CITIZEN ACCESS

Any new construction that is implemented as a result of a grant award from the Central District Basement Backfill Program will be required to comply with city, state, and federal ADA requirements.

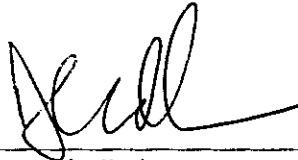
RECOMMENDATIONS AND RATIONALE

Staff recommends approval of the Agency and City resolutions adopting a Basement Backfill Program (BBP) in the Central District Redevelopment Project Area and authorizes an amendment to the construction contract for the Broadway Phase II-III Sidewalk Improvement Project, revising the scope of work to eliminate the majority of the sidewalk improvements in the project area, and to focus directly on final sidewalk replacement on Broadway in the one block on the west side of the street between 16th Street and 17th Street. Authorizing the Agency Administrator to make grants and loans under the program will expedite the allocation of grant funds and the contracting process. Approval of the Program would eliminate blighted conditions and improve deteriorated infrastructure and would allow the City to implement streetscape projects in the downtown.

ACTION REQUESTED OF THE CITY

Staff requests that the Agency and City approve the following resolutions: An Agency resolution: (1) adopting the Central District Basement Backfill Program, (2) allocating \$1,000,000 for the Program from FY 2007-2008 Central District Funds, (3) authorizing the Agency Administrator to make grants and loans under the Program without returning to the Agency, (4) authorizing a contribution of \$100,000 from Central District funds to the City of Oakland under the Cooperation Agreement to fund staff costs for the Program, and (5) amending Resolution No. 2007-0053 to reduce the contribution of Agency funds to the Broadway Phase II and III Sidewalk Improvement Project in an amount to be negotiated by the City Administrator under the City's contract with Sposeto Engineering, Inc for the Project; and a City resolution: (1) amending Resolution No. 80660 C.M.S. authorizing the City Administrator to negotiate an amendment to the construction contract with Sposeto Engineering, Inc. and reducing the contribution of Agency funds for the Broadway Phase II and III Sidewalk Improvement Project (C194920), and (2) accepting and appropriating a contribution of \$100,000 from the Redevelopment Agency under the Cooperation Agreement to fund staff costs for the Central District Basement Backfill Program.

Respectfully Submitted,




Dan Lindheim
Interim Director
Community and Economic Development Agency

Reviewed by: Gregory Hunter, Deputy Director
Economic Development and Redevelopment

Prepared by:
George Durney, Project Manager
Redevelopment Division

APPROVED AND FORWARDED TO
THE COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



Office of the City Administrator

Item: _____
CED Committee
January 22, 2008

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Approved as to Form and Legality


Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

Resolution No. _____ C.M.S.

AN AGENCY RESOLUTION: (1) ADOPTING THE CENTRAL DISTRICT BASEMENT BACKFILL PROGRAM, (2) ALLOCATING \$1,000,000 FOR THE PROGRAM FROM FY 2007-2008 CENTRAL DISTRICT FUNDS, (3) AUTHORIZING THE AGENCY ADMINISTRATOR TO MAKE GRANTS AND LOANS UNDER THE PROGRAM WITHOUT RETURNING TO THE AGENCY, (4) AUTHORIZING A CONTRIBUTION OF \$100,000 FROM CENTRAL DISTRICT FUNDS TO THE CITY OF OAKLAND UNDER THE COOPERATION AGREEMENT TO FUND STAFF COSTS FOR THE PROGRAM, AND (5) AMENDING RESOLUTION NO. 2007-0053 TO REDUCE THE CONTRIBUTION OF AGENCY FUNDS TO THE BROADWAY PHASE II AND III SIDEWALK IMPROVEMENT PROJECT IN AN AMOUNT TO BE NEGOTIATED BY THE CITY ADMINISTRATOR UNDER THE CITY'S CONTRACT WITH SPOSETO ENGINEERING, INC., FOR THE PROJECT

WHEREAS, Agency Resolution No. 2007-0053 authorized a contribution of redevelopment funds in the amount of \$680,412 to the City of Oakland for the Broadway Phase II and III Sidewalk Improvement Project (C194920) (the "Project"); and

WHEREAS, on June 19, 2007, per Resolution 80660 C.M.S., the City awarded a construction contract for the Project to Sposeto Engineering, Inc., in accordance with the terms of the project plans and specifications prepared by the Director of Public Works and the contractor's bid dated April 9, 2007, in the amount of Two Million Six Hundred Fifty-One Thousand Three Hundred Seventy-Six Dollars And Forty-Five Cents (\$2,651,376.45) (the "Contract"); and

WHEREAS, work on the Project has been suspended because of deteriorated conditions of the subsidewalk basement structures beneath the Project site; and

WHEREAS, the City Council has authorized the City Administrator to negotiate an amendment to the Contract to change the scope of the Project; and

WHEREAS, the Agency desires to amend Resolution No. 2007-0053 to reduce the contribution of Agency funds by the amount of any reduction in the Contract that the City Administrator negotiates to reflect the change in scope of the Project; and

WHEREAS, the staff of the Community and Economic Development Agency have prepared a pilot program known as the Central District Basement Backfill Program (the "Program") to provide incentives for property owners to backfill their subsidewalk basement spaces within this area so sidewalk improvements can be completed; and

WHEREAS, such backfill will assist in the elimination of blight and assist with retaining and attracting businesses and properties and increasing job opportunities in the Project Area; and

WHEREAS, the program is consistent with and will further the purposes of the Central District Redevelopment Plan and its Five-Year Implementation Plan; and

WHEREAS, the Agency desires to authorize the Agency Administrator or her designee to make grants and loans for the pilot program within the budget available for this purpose; and

WHEREAS, the City and the Agency entered into a Cooperation Agreement on July 1, 2004, which generally governs the provision of assistance and the payment of funds between the two agencies, including Agency financial contributions and other assistance to support City public improvements; now, therefore, be it

RESOLVED: That Agency Resolution No. 2007-0053 is hereby amended to reduce the contribution of Agency funds to the City for the Project by the amount of any reduction in the Contract that the City Administrator negotiates to reflect the change in scope of the Project; and be it

FURTHER RESOLVED: That the Agency hereby adopts the Central District Basement Backfill Program as a pilot program to provide grants of up to \$20,000 per property owner to assist with the cost of obtaining third party engineering design services, and to provide loans of up to \$4,000 per linear foot of basement to said owners to assist with the construction costs associated with the backfill of their subsidewalk basements; and be it

FURTHER RESOLVED: That the Agency hereby allocates \$1,000,000 from FY 2007-2008 Central District Tax Allocation Bond Fund (9532), Capital Improvement Project Organization (94800), Downtown Streetscape Implementation (P128840) for the Basement Backfill Program; and be it

FURTHER RESOLVED: That the Agency authorizes the Agency Administrator or her designee to adopt guidelines for the Program, to make grants and loans under the Program within the budget available for these purposes and negotiate and execute contracts without returning to the Agency, and to take other action with respect to the Program and the grants and loans consistent with this Resolution and its basic purposes; and be it

FURTHER RESOLVED: That the Agency hereby authorizes a contribution of Central District funds to the City of Oakland under the Cooperation Agreement in the amount of \$100,000 from Central District Redevelopment Project Subordinated Tax Allocation Bonds Series 2003 Fund (9532), Capital Improvement Project Organization (94800), in City Projects to be established to fund City staff costs associated with the Central District Basement Backfill Program.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2008

PASSED BY THE FOLLOWING VOTE:

AYES - BRUNNER, KERNIGHAN, NADEL, QUAN, BROOKS, REID, CHANG, AND
CHAIRPERSON DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2008 JAN 10 PM 3:36

Approved as to Form and Legality


Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C. M. S.

A RESOLUTION (1) AMENDING RESOLUTION NO. 80660 C.M.S. AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AN AMENDMENT TO THE CONSTRUCTION CONTRACT WITH SPOSETO ENGINEERING, INC. AND REDUCING THE CONTRIBUTION OF AGENCY FUNDS FOR THE BROADWAY PHASE II AND III SIDEWALK IMPROVEMENT PROJECT, AND (2) ACCEPTING AND APPROPRIATING A CONTRIBUTION OF \$100,000 FROM THE REDEVELOPMENT AGENCY UNDER THE COOPERATION AGREEMENT TO FUND STAFF COSTS FOR THE CENTRAL DISTRICT BASEMENT BACKFILL PROGRAM

WHEREAS, on June 19, 2007, per Resolution 80660 C.M.S., a construction contract for the Broadway Phase II and III Sidewalk Improvement Project (C194920) was awarded to Sposeto Engineering, Inc. in accordance with the terms of the project plans and specifications prepared by the Director of Public Works and the contractor's bid dated April 9, 2007 in the amount of Two Million Six Hundred Fifty-One Thousand Three Hundred Seventy-Six Dollars And Forty-Five Cents (\$2,651,376.45); and

WHEREAS, the City desires to negotiate an amendment to the construction contract with Sposeto Engineering, Inc., and to reduce the contribution of Agency funds to an amount that reflects the change in scope of the Broadway Phase II and III Sidewalk Improvement Project; and

WHEREAS, the City and the Agency entered into a Cooperation Agreement on July 1, 2004, which generally governs the provision of assistance and the payment of funds between the two agencies, including Agency financial contributions and other assistance to support City public improvements; and

WHEREAS, the Redevelopment Agency of the City of Oakland is creating the Central District Basement Backfill Program to facilitate completion of the Broadway Phase II and III Sidewalk Improvement Project, and has authorized a contribution of \$100,000 to the City under the Cooperation Agreement to cover City staff costs associated with the Program; now, therefore, be it

RESOLVED: That Resolution No. 80660 C.M.S. is hereby amended to authorize the City Administrator to negotiate an amendment to the construction contract with Sposeto Engineering, Inc. for the Broadway Phase II and III Sidewalk Improvement Project; and be it

FURTHER RESOLVED: That the City Administrator is authorized on behalf of the City negotiate and execute any change orders, amendments, extensions or modifications of said contract, within the limitations of the revised Project plans and specifications; and be it

FURTHER RESOLVED: That the revised contract shall be reviewed and approved by the City Attorney and placed on file in the Office of the City Clerk; and be it

FURTHER RESOLVED: That the City Council hereby accepts a contribution of \$100,000 in Redevelopment Agency funds under the Cooperation Agreement to cover City staff costs associated with the Central District Basement Backfill Program, and appropriates such funds to the City of Oakland's Redevelopment Agency Projects Fund (7780), Capital Improvement Projects Organization (94800), in City Projects to be established for the Basement Backfill Program.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2008

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID,
 AND PRESIDENT DE LA FUENTE

NOES –

ABSENT –

ABSTENTION –

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California