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OFFICE OF THE CITY CLERK  
OAKLAND

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

2010 FEB 10 AM 10:02  
TO: Office of the City/Agency Administrator  
ATTN: Dan Lindheim  
FROM: Community and Economic Development Agency  
DATE: February 23, 2010

RE: **A City Resolution:**

**1) Dispensing With Advertising And Authorizing An Alternative Competitive Bidding Process for the Contract for Demolition of 18 Buildings Located At 4000-4009 Barcelona Street And 9020-9036 Santa Cruz Street At The Former Oak Knoll Naval Hospital Complex, According To Plans And Specifications For The Oak Knoll Demolition Project, And Authorizing The City Administrator To Award The Contract To The Lowest Responsive, Responsible Bidder Without Returning To The City Council In An Amount Not-To-Exceed The Engineer's Estimate Of \$180,000 For Said Demolition Work; and**

**2) Authorizing The City Administrator To Accept And Appropriate A Contribution Of Oak Knoll Redevelopment Funds Under The Cooperation Agreement In An Amount Not-To-Exceed \$235,830 For All Costs Associated With The Demolition Of 18 Buildings Located At 4000-4009 Barcelona Street And 9020-9036 Santa Cruz Street At The Former Oak Knoll Naval Hospital Complex.**

**An Agency Resolution Authorizing The Contribution And Allocation Of Oak Knoll Redevelopment Area Funds To The City Of Oakland Under The Cooperation Agreement In An Amount Not-To-Exceed \$235,830 For All Costs Associated With The Demolition Of 18 Buildings Located At 4000-4009 Barcelona Street And 9020-9036 Santa Cruz Street At The Former Oak Knoll Naval Hospital Complex.**

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**SUMMARY**

Staff is seeking Agency Board and City Council funding and contracting authorization to demolish 18 blighted and unusable housing units on 5.45 acres of Redevelopment Agency property at the former Oak Knoll Naval Hospital complex site. It is imperative that the Agency remove these abandoned housing units given their decayed condition and life safety concerns—particularly the threat of wildfire—for the surrounding neighborhood.

To expedite this project, staff requests authorization to dispense with advertising and authorize an alternative competitive bidding process, whereby staff will solicit bids from three (3) certified Local Business Enterprises (LBEs) demolition contractors, and, with City Administrator

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authorization, award the contract to the lowest responsive, responsible bidder without returning to the City Council. The City must expeditiously procure the services of a qualified demolition contractor to ensure that the buildings are removed prior to the summer, to mitigate the danger posed to surrounding neighborhoods from wildfires, which can be set by vagrants occupying the structures.

To pay for this work, staff requests authorization for the City Administrator to accept and appropriate a contribution of Oak Knoll Redevelopment funds under the Cooperation Agreement in an amount not-to-exceed \$235,830 to pay for the demolition contract estimated at \$180,000, and all other internal costs associated with the demolition of the 18 units, which are located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street on the Redevelopment Agency's Oak Knoll parcel.

Agency staff also requests authorization to contribute and allocate an amount not-to-exceed \$235,830 in Oak Knoll Redevelopment Area funds to the City under the Cooperation Agreement for all internal work order and third-party contract costs associated with the demolition of the 18 units.

### FISCAL IMPACT

The Agency will contribute an amount not-to-exceed \$235,830 to the City under the Cooperation Agreement for all internal work order and third-party contract costs associated with the demolition of the 18 units at Oak Knoll. Funds are available in Oak Knoll Redevelopment Area Fund (9546), Oak Knoll Organization (88699), Oak Knoll Project (S315110).

The City will accept and appropriate the Agency contribution not-to-exceed \$235,830 to ORA Projects Fund (7780), Oak Knoll Organization (88699); in an Oak Knoll Project to be established. The following provides a breakdown of the estimated project costs:

Services	Estimated Costs
City Staff Project Management and Contract Administration	\$30,300
Demolition	\$180,000
Demolition Contingency	\$21,030
Postage/Duplication/Ads	\$4,500
Total Not-to-Exceed:	\$235,830

City staff work order costs include \$1,500 for Environmental Services, \$1,800 for Engineering Design, and \$27,000 for Construction Management. The Contingency line item includes an additional 10% for the management, administration and performance of the demolition component of this project in order to minimize the risk of work stoppage due to inadequate funding authority in the event of unanticipated costs.

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Other contracting costs associated with this project previously approved by the Agency Board (Resolution No. 2008-0046 C.M.S) are as follows:

<b>Service</b>	<b>Amount</b>
Hazardous Materials Abatement: AECOM USA, Inc	\$296,500
Abatement Monitoring: SCA Environmental	\$39,845
Contingency for Abatement	\$29,650
<b>Total:</b>	<b>\$365,995</b>

## **BACKGROUND**

The majority of Oak Knoll is owned by SunCal Oak Knoll, LLC, which purchased 167 acres of the site from the Department of the Navy in March 2006 for \$100,500,000. The Redevelopment Agency acquired its 5.45 acres of the land as-is through a conveyance by the Department of the Navy. The Agency's parcel includes 18 abandoned housing units that contain asbestos and lead-based paint, and are uninhabitable. The units pose health and safety threats to the surrounding area.

The Agency had been negotiating the sale of its 5.45 acres with SunCal Oak Knoll, LLC, which would have included the removal of the 18 housing units. When SunCal Oak Knoll, LLC filed for bankruptcy in November 2008, negotiations ceased. At that time, the estimated cost for performing this abatement and demolition project was more than \$900,000.

## **KEY ISSUES AND IMPACTS**

The Oak Knoll Coalition representing neighbors of the blighted former Naval Hospital complex have consistently expressed deep concerns about the threat of wildfire created by the abandoned facilities on the site and the vagrants and vandals they attract. The City was recently successful in getting the bankruptcy court to require Lehman Brothers to release \$3,700,000 to secure and clean SunCal Oak Knoll, LLC's 167-acre portion of the property. Now that the Agency has determined that the Oak Knoll Redevelopment Area has the resources to remove the units on its property, it must mitigate the health and safety issues regarding its 5.45-acre parcel as well.

## **PROJECT DESCRIPTION**

The 18 units targeted for demolition are located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street, which are within the Redevelopment Agency's 5.45 acre parcel at Oak Knoll.

The Public Works Environmental Services Division is overseeing the hazardous materials abatement and monitoring components of this project through City Council and Agency Board-approved As-Needed contracts with AECOM USA (formerly ENSR Corporation) and SCA Environmental (Resolution No. 2008-0046 C.M.S.).

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All hazardous materials will be removed and disposed of in accordance with City and Bay Area Air Quality Management District standards and requirements. SCA Environmental will be on site for each work shift to monitor the abatement work, record observations, provide the City with daily reports, provide final asbestos clearance inspections and testing, and conduct background ambient samplings.

CEDA Design, Engineering and Construction will manage the demolition component of the project. The structures will be demolished and all materials will be removed from the site and disposed in accordance with the Standard Specifications for Public Works Construction Edition (GREENBOOK), the "Special Provisions" and the "Standard Details for Public Works Construction 2002 Edition" for the Oak Knoll Demolition Project. Any concrete slabs that do not contain hazardous substances will be kept in place to reduce the risk of erosion.

The alternative competitive bidding process will expedite the completion of this time-sensitive project due to the threat of wildfire the houses pose. City staff will solicit bids from three (3) certified Local Business Enterprises (LBEs) qualified to do the work. The City Administrator will award the work to the lowest, responsible, responsive bidder.

#### **SUSTAINABLE OPPORTUNITIES**

**Economic:** In its present condition, the property makes no economic contribution to the area. Demolition of the existing residential structures will increase the value of the property. Given the depressed state of the construction industry, the Agency is positioned to have this work done at roughly two-thirds the original estimated cost.

**Environmental:** Abatement of the abandoned units will prevent future environmental degradation, as well as reduce the risk of wildfire caused by trespassers.

**Social Equity:** Demolition and abatement of the units will provide a safer environment for the surrounding neighborhood and future users. It will also prepare the land for eventual public use, socially and equally beneficial to all Oakland residents. The project will also provide employment opportunities for Oakland residents and work for local businesses.

#### **DISABILITY AND SENIOR CITIZEN ACCESS**

Seniors and people with disabilities will not be impacted by this project.

#### **RECOMMENDATION(S) AND RATIONALE**

Staff recommends adoption of the City Resolution dispensing with advertising, authorizing an alternative competitive bidding process, and authorizing the City Administrator to award a contract without returning to the City Council in an amount not-to-exceed the engineer's estimate of \$180,000, for the demolition of 18 buildings located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street at the former Oak Knoll Naval Hospital Complex, and

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accepting a contribution of Oak Knoll Redevelopment funds under the cooperation agreement in an amount not-to-exceed \$235,830 for costs associated with this purpose.

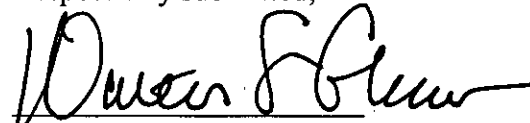
Staff further recommends adoption of the Agency Resolution contributing Oak Knoll Redevelopment Area funds in an amount not-to-exceed \$235,830 for costs associated with this purpose.

These abandoned units pose life safety risks to the surrounding community. City staff will be able to solicit bids from three (3) certified Local Business Enterprises relatively quickly and thus ensure that the demolition work will be completed prior to the onset of the looming fire season.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests that the Agency Board/City Council adopt the City and Agency Resolutions.

Respectfully submitted,



Walter S. Cohen, Director  
Community and Economic Development Agency

Reviewed by:

Gregory Hunter, Deputy Director of Economic  
Development and Redevelopment

Prepared by:

Al Auletta, Redevelopment Area Manager

APPROVED AND FORWARDED TO THE  
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:

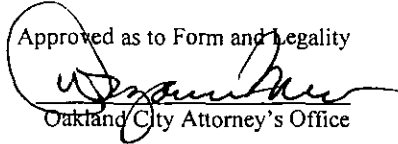
  
\_\_\_\_\_  
Office of the Agency Administrator

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Approved as to Form and Legality

  
Oakland City Attorney's Office

## OAKLAND CITY COUNCIL

RESOLUTION No. \_\_\_\_\_ C.M.S

### A RESOLUTION:

1) DISPENSING WITH ADVERTISING AND AUTHORIZING AN ALTERNATIVE COMPETITIVE BIDDING PROCESS FOR THE CONTRACT FOR DEMOLITION OF 18 BUILDINGS LOCATED AT 4000-4009 BARCELONA STREET AND 9020-9036 SANTA CRUZ STREET AT THE FORMER OAK KNOLL NAVAL HOSPITAL COMPLEX, ACCORDING TO PLANS AND SPECIFICATIONS FOR THE OAK KNOLL DEMOLITION PROJECT, AND AUTHORIZING THE CITY ADMINISTRATOR TO AWARD THE CONTRACT TO THE LOWEST RESPONSIVE, RESPONSIBLE BIDDER WITHOUT RETURNING TO THE CITY COUNCIL IN AN AMOUNT NOT-TO-EXCEED THE ENGINEER'S ESTIMATE OF \$180,000 FOR SAID DEMOLITION WORK; AND

2) AUTHORIZING THE CITY ADMINISTRATOR TO ACCEPT AND APPROPRIATE A CONTRIBUTION OF OAK KNOLL REDEVELOPMENT FUNDS UNDER THE COOPERATION AGREEMENT IN AN AMOUNT NOT-TO-EXCEED \$235,830 FOR ALL COSTS ASSOCIATED WITH THE DEMOLITION OF 18 BUILDINGS LOCATED AT 4000-4009 BARCELONA STREET AND 9020-9036 SANTA CRUZ STREET AT THE FORMER OAK KNOLL NAVAL HOSPITAL COMPLEX

WHEREAS, the Redevelopment Agency owns 5.45 acres of property within the 181 acre Oak Knoll Redevelopment Project Area (comprised of the former Oak Knoll Naval Hospital Complex); and

WHEREAS, the Redevelopment Agency property contains 18 abandoned, blighted and unusable housing units located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street that present public safety concerns for the surrounding neighborhood; and

WHEREAS, the Redevelopment Agency and the City wish to alleviate the blight, hazardous and unsafe conditions caused by the deterioration of the 18 units ; and

**WHEREAS**, the City and the Redevelopment 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 Redevelopment Agency financial contributions and other assistance to support City activities in further of the Agency's redevelopment goals and associated City staff costs; and

**WHEREAS**, Section 33420 of the California Health and Safety Code authorizes a Redevelopment Agency to pay for the clearance of buildings, structures, or other improvements on any Agency-acquired land; and

**WHEREAS**, on May 20, 2008, the Agency Board adopted Resolution No. 2008-0042 C.M.S. authorizing the use of Agency funds for as-needed environmental services with several competitively selected firms, including AECOM USA, Inc. (formerly ENSR Corporation) and SCA Environmental, Inc., which will perform the hazardous materials abatement and monitoring components of the Oak Knoll Demolition Project; and

**WHEREAS**, the City must expeditiously procure the services of a qualified demolition contractor to ensure that the buildings are removed prior to the summer to mitigate the danger posed to surrounding neighborhoods from wildfires, which can be set by vagrants occupying the structures; and

**WHEREAS**, to expedite the work, City staff will solicit bids from three (3) certified Local Business Enterprises (LBEs) qualified to do the work and the City Administrator will award the work to the lowest, responsible, responsive bidder; and

**WHEREAS**, Oakland Municipal Code section 2.04.050.I.5, authorizes the City Council to dispense with the advertising and bidding process required under Oakland Municipal Code section 2.04.050.A upon a finding that it is in the best interests of the City to do so; and

**WHEREAS**, the City has independently reviewed and considered the environmental determination, and the City finds and determines that this action is exempt from CEQA and that each of the following provisions of the CEQA Guidelines (which is not an inclusive list) provides an independent basis for such finding: Section 15330 (actions taken to prevent, minimize, stabilize mitigate the release/threatened release of hazardous waste or hazardous substances), Section 15308 (actions for the protection of the environment), Section 15307 (actions for the protection of natural resources), Section 15306 (information collection) and Section 15061(b)(3) (general rule) of the CEQA Guidelines; now, therefore, be it

**RESOLVED:** That pursuant to Oakland Municipal Code section 2.04.050.I.5 and the reasons stated above in the City Administrator's report accompanying this resolution, the City Council hereby finds that it is in the best interests of the City to dispense with advertising and to authorize the alternative competitive bidding process used by staff to select a contractor for the Oak Knoll Demolition project (demolition of 18 buildings located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street at the former

Oak Knoll Naval Hospital Complex), according to plans and specifications for the project, and so waives advertising and authorizes an alternative bidding process; and be it

**FURTHER RESOLVED:** That the City Administrator is authorized to award the contract for the Oak Knoll Demolition project (demolition of 18 buildings located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street at the former Oak Knoll Naval Hospital Complex) to the lowest responsive, responsible bidder in the alternative budding process in an amount not to exceed the engineer's estimate of \$180,000 for said demolition work without returning to the City Council; and be it

**FURTHER RESOLVED:** That the City Council hereby authorizes dispensing with advertising and authorizing an alternative competitive bidding process for the contract for demolition of 18 buildings located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street at the former Oak Knoll Naval Hospital Complex, according to plans and specifications for the Oak Knoll Demolition project, and authorizing the City Administrator to award the contract to the lowest responsive, responsible bidder without returning to the City Council in an amount not to exceed the engineer's estimate of \$180,000 for said demolition work; and be it

**FURTHER RESOLVED:** That the City Administrator is authorized to accept a contribution in an amount not-to-exceed \$235,830 from the Redevelopment Agency's Oak Knoll Redevelopment Project Area Tax Increment Funds (9546) under the Cooperation Agreement to be used to cover all City staff and contract procurement costs and external demolition contracting costs related to the demolition of the 18 units located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street in the Oak Knoll Redevelopment Project Area; and be it

**FURTHER RESOLVED:** That the City Administrator is authorized to appropriate such funds to the Oak Knoll Project (P331910) and an amount not-to-exceed \$235,830 will be deposited into the City's Oakland Redevelopment Agency Fund (7780), under Project Number to be established; and be it

**FURTHER RESOLVED:** That the City Council approves the plans and specifications for the removal of hazardous materials at and demolition of 18 units located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street in the Oak Knoll Redevelopment Project Area prepared by the Directors of Public Works and CEDA Design, Engineering and Construction; and be it

**FURTHER RESOLVED:** That based on the City Administrator's representations stated above, the City Council finds and determines that these contracts are of a technical and temporary nature, shall not result in the loss of employment or salary by any person having permanent status in the competitive service, and are in the public interest because of economy or better performance; and be it

**FURTHER RESOLVED:** That the Contractors shall provide good and sufficient performance and payment bonds for one hundred percent of their contract price; and be it



**FURTHER RESOLVED:** That the City Administrator is hereby authorized to execute any amendments or modifications to said agreement within the limitations of the project specification; and be it

**FURTHER RESOLVED:** That the project is exempt from CEQA, as specified above; and be it

**FURTHER RESOLVED:** That the City Administrator or his designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action; and be it

**FURTHER RESOLVED:** That the City Administrator is further authorized to take whatever action is necessary with the respect to the abatement and demolition work in the Oak Knoll Redevelopment Area and the project consistent with this Resolution and its basic purposes; and be it

**FURTHER RESOLVED:** That the City Clerk shall post notice of the contract awards made hereunder, City Attorney shall approve the contracts authorized hereunder for form and legality and copies shall be placed on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2010

**PASSED BY THE FOLLOWING VOTE:**

AYES – BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID AND PRESIDENT BRUNNER

NOES –

ABSENT –

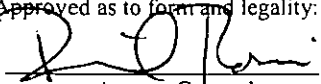
ABSTENTION –

ATTEST:

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

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2010 FEB 10 AM 10:02

Approved as to form and legality:  
  
Agency Counsel

**REDEVELOPMENT AGENCY  
OF THE CITY OF OAKLAND**

RESOLUTION No. \_\_\_\_\_ C.M.S

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**AN AGENCY RESOLUTION AUTHORIZING THE CONTRIBUTION AND ALLOCATION OF OAK KNOLL REDEVELOPMENT AREA FUNDS TO THE CITY OF OAKLAND UNDER THE COOPERATION AGREEMENT IN AN AMOUNT NOT-TO-EXCEED \$235,830 FOR ALL COSTS ASSOCIATED WITH THE DEMOLITION OF 18 BUILDINGS LOCATED AT 4000-4009 BARCELONA STREET AND 9020-9036 SANTA CRUZ STREET AT THE FORMER OAK KNOLL NAVAL HOSPITAL COMPLEX**

**WHEREAS**, the Redevelopment Agency owns 5.45 acres of property within the 181 acre Oak Knoll Redevelopment Project Area (comprised of the former Oak Knoll Naval Hospital Complex); and

**WHEREAS**, the Redevelopment Agency property contains 18 abandoned, blighted and unusable housing units located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street that present public safety concerns for the surrounding neighborhood; and

**WHEREAS**, the Redevelopment Agency wishes to alleviate the blight and unsafe conditions caused by the deterioration of the 18 units, and to clear the site for subsequent redevelopment; and

**WHEREAS**, the City and the Redevelopment 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 Redevelopment Agency financial contributions and other assistance to support City activities in further of the Agency's redevelopment goals and associated City staff costs; and

**WHEREAS**, Section 33420 of the California Health and Safety Code authorizes a Redevelopment Agency to pay for the clearance of buildings, structures, or other improvements on any Agency-acquired land; and

**WHEREAS**, the Agency has independently reviewed and considered the environmental determination, and the Agency finds and determines that this action is exempt from CEQA and that each of the following provisions of the CEQA Guidelines

(which is not an inclusive list) provides an independent basis for such finding: Section 15330 (actions taken to prevent, minimize, stabilize mitigate the release/threatened release of hazardous waste or hazardous substances), Section 15308 (actions for the protection of the environment), Section 15307 (actions for the protection of natural resources), Section 15306 (information collection) and Section 15061(b)(3) (general rule) of the CEQA Guidelines; now, therefore, be it

**RESOLVED:** That the Agency hereby approves and commits the use of Redevelopment Agency Oak Knoll Operations Fund (9546), Oak Knoll Organization (88699) and Oak Knoll Project (S315110) in the amount not-to-exceed \$235,830 for all costs associated with the demolition of buildings located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street at the former Oak Knoll Naval Hospital complex, and contributes said funds to the City of Oakland under the Cooperation Agreement; and be it

**FURTHER RESOLVED:** That the project is exempt from CEQA, as specified above; and be it

**FURTHER RESOLVED:** That the Agency Administrator is authorized to take whatever action is necessary with the respect to the abatement and demolition work in the Oak Knoll Redevelopment Project Area consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2010

**PASSED BY THE FOLLOWING VOTE:**

AYES – BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID AND CHAIRPERSON BRUNNER

NOES –

ABSENT –

ABSTENTION –

ATTEST:

\_\_\_\_\_  
LATONDA SIMMONS  
SECRETARY OF THE  
REDEVELOPMENT AGENCY  
OF THE CITY OF OAKLAND,  
CALIFORNIA