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## AGENDA REPORT

2009 SEP - 3 PH 1:11

OFFICE OF THE CIT

TO: Office of the Agency Administrator

ATTN: Dan Lindheim

FROM: Community and Economic Development Agency

DATE: September 15, 2009

#### RE: A Report and

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 \$540,319 to Pay for the Total Costs Associated with the Removal of Hazardous Materials from and 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 a

**City Council Resolution Authorizing:** 

1) The City Administrator to Accept and Appropriate a Contribution of Oak Knoll Redevelopment Area Funds Under the Cooperation Agreement in the Amount of \$540,319 for Costs Associated with the Removal of Hazardous Materials from and Demolition of Buildings Located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street at the Former Oak Knoll Naval Hospital Complex;

2) The Award of Contracts in Accord with Plans and Specifications for the Removal of Hazardous Materials from and Demolition of Buildings Located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street at the Former Oak Knoll Naval Hospital Complex Works and Contractors' Bids to: (A) PARC Services, Inc. for Hazardous Materials Abatement Work in an Amount Not To Exceed \$289,159 and (B) Evans Brothers, Inc. for the Demolition Work in an Amount Not To Exceed \$194,120; and

3) A Work Order Not To Exceed \$47,840 to be Paid with Redevelopment Agency Funds with IHI Environmental, a City As-Needed Contractor, to Perform Hazardous Materials Abatement Monitoring

#### SUMMARY

There are 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 18 abandoned housing units because of life safety concerns given the decayed condition of the buildings, on-going vagrancy and vandalism, and the threat of fire.

Agency staff requests authorization to contribute and allocate \$540,319 in Oak Knoll Redevelopment Area funds to the City under the Cooperation Agreement for the removal of asbestos and lead based paint and the demolition of the 18 abandoned housing units, which are located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street on the Redevelopment Agency's 5.45 acre parcel within the Oak Knoll Redevelopment Area.

Staff is also requesting authorization under a separate City of Oakland resolution for the City to enter into contracts with PARC Services, Inc., for the hazardous material removal work in an amount not to exceed \$289,158, and with Evans Brothers, Inc., for the demolition work in an amount not to exceed \$194,120. The contractors were selected through a standard bid process conducted by the City's CEDA Building Services Division. In addition, staff seeks authorization to use Oak Knoll Redevelopment Area funds to pay IHI Environmental, a City as-needed contractor, to perform monitoring of the hazardous material removal work in the amount of \$47,840. The foregoing contract amounts include a fifteen percent (15%) contingency.

Other estimated project costs include \$4,600 for CEDA Building Services staff support and \$4,600 for Public Works Agency staff support.

#### FISCAL IMPACT

The Agency will contribute \$540,319 to the City under the Cooperation Agreement for all costs associated with the hazardous materials abatement and 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 of \$540,319 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
CEDA Building Services (Internal)	\$4,600
PWA Environmental Services (Internal)	\$4,600
PARC Services, Inc.	\$289,159
Evans Brothers, Inc.	\$194,120
IHI Environmental Services, Inc.	\$47,840
Total Not to Exceed:	\$540,319

These cost estimates include a 15% contingency. Actual project costs will likely be less.

#### 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 high levels of asbestos and lead-based paint, and therefore uninhabitable. The units pose serious health and safety threats to the surrounding area by attracting vagrants and vandals, who may accidentally or purposefully set fire to the 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. Due to an oversight in recording the \$100,500,000 sale of Oak Knoll to SunCal Oak Knoll, LLC in March 2006, the Agency did not begin receiving tax increment revenue from the County until spring 2008. As soon as staff determined (through fund balance analysis) that resources were available to mitigate the hazards posed by the housing units on Agency property, it began the process of obtaining bids and cost estimates for their removal.

On July10, 2009, the City's CEDA Building Services Division issued a notice of bids for the removal of asbestos and lead-based paint and the demolition of the 18 abandoned housing units, which are located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street on the Redevelopment Agency's 5.45 acre parcel within the Oak Knoll Redevelopment Area. Building Services staff conducted a bid walk on July 23, 2009 and bids were submitted July 29, 2009. Three bids were received for the hazardous materials abatement portion of the project. PARC Services submitted the lowest responsive, responsible bid. Five bids were submitted for the demolition portion of the project. Evans Brothers, Inc. submitted the lowest responsive, responsible bid.

The Bay Area Air Quality Management District requires that hazardous materials abatement work of this magnitude be monitored by a certified environmental services consultant. The Public Works Agency's Environmental Services Division has a number of consultants on As-Needed contracts and is prepared to issue a work order to IHI Environmental Services to perform the required monitoring work.

This project is being supported by staff from CEDA Building Services and the Public Works Agency Environmental Services. Those staff costs are factored into the overall project cost estimate.

## **KEY ISSUES AND IMPACTS**

The 18 structures located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street on the former Oak Knoll Naval Hospital Site pose life safety concerns to the neighborhood. The units were used by various law enforcement and fire services agencies as practice sights and thus have been structurally compromised. These dilapidated structures have attracted vagrants and vandals, which have triggered complaints by neighbors on Sequoyah and Saint Andrews Streets. The threat of fire is also a major concern.

Staff is also working with the representatives of the Trustee overseeing the SunCal Oak Knoll, LLC bankruptcy to address the larger life safety issues associated with the 167 acres owned by SunCal Oak Knoll, LLC. The property has more than 90 buildings that have been abated of hazardous materials and remain standing and unstable. Vegetation overgrowth is a serious concern. The property is not secured, thus attracting vagrants, vandals and thieves. Agency staff worked with the Fire Services Agency and CEDA Building Services to conduct a hazard assessment of the property in spring 2009. The City issued an Order to Abate to SunCal Oak Knoll, LLC in June 2009. The Order cited the property for blight, over-growth, construction debris, and security.

Staff is making ongoing efforts to persuade the Court presiding over the SunCal Oak Knoll, LLC and Lehman Brothers bankruptcies to release funds for vegetation management, demolition, debris removal and security of the larger property. Staff will continue to work through every channel possible to convince the Courts to release funds to address these life safety issues.

### **EVALUATION OF PAST PERFORMANCE**

In January 2009 the City's Building Services Division contracted with PARC Service, Inc. to perform hazardous materials abatement work at 2777 Foothill Boulevard, the site of a previously demolished nursing home. Under contract number D-010-09, PARC was originally awarded \$39,727 for the abatement project, which was amended by \$23,068 to abate additional hazardous materials discovered at the site. PARC also performed a demolition and hazardous materials abatement project for the City at 3600 Calafia Street in March 2009. The amount of City funds awarded was \$24,711 under contract number D-003-10. Building Services has indicated that PARC's performance was thorough and effective on each project. There are no written evaluations on file.

The City has no detailed record of contracting with Evans Brothers. Records indicate that Evans Brothers was awarded three relatively small contracts totaling \$48,842 from April 1999 through March 2002. There are no written evaluations on file.

Staff will evaluate the work of both contractors using a standard Contractor Evaluation form.

## **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. All hazardous materials will be removed in accordance with all pertinent standards and regulations, including on-site third-party monitoring. The structures will then be demolished and all materials will be removed from the site and properly disposed. Any concrete slabs that do not contain hazardous substances will be kept in place to reduce the risk of erosion.

## SUSTAINABLE OPPORTUNITIES

*Economic:* In its present condition, the property makes no economic contribution to the area. The vacant buildings provide an opportunity for vagrancy and vandalism and other life safety problems. Demolition of the existing residential structures will increase the value of the property, which the Agency intends to sell once the real estate market improves. 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 caused by the asbestos, lead paint residue and other hazardous materials they contain 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.

# DISABILITY AND SENIOR CITIZEN ACCESS

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

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

Staff recommends that the Agency Board adopt two Resolutions, as follows:

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 \$540,319 to Pay for the Total Costs Associated with the Removal of Hazardous Materials from and 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

A City Resolution Authorizing:

1) The City Administrator to Accept and Appropriate a Contribution of Oak Knoll Redevelopment Area Funds Under the Cooperation Agreement in the Amount of \$540,319 for Costs Associated with the Removal of Hazardous Materials from and Demolition of Buildings Located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street at the Former Oak Knoll Naval Hospital Complex;

2) The Award of Contracts in Accord with Plans and Specifications for the Removal of Hazardous Materials at and Demolition of Buildings Located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street at the Former Oak Knoll Naval Hospital Complex Works and Contractors' Bids to: (A) PARC Services, Inc. for Hazardous Materials Abatement Work in an Amount Not To Exceed \$289,159 and (B) Evans Brothers, Inc. for the Demolition Work in an Amount Not To Exceed \$194,120; and

3) A Work Order Not To Exceed \$47,840 to be Paid with Redevelopment Agency Funds with IHI Environmental, a City As-Needed Contractor, to Perform Hazardous Materials Abatement Monitoring

These abandoned and blighted units pose life safety risks to the surrounding community and must be removed as soon as possible. As a property owner at Oak Knoll, the Agency will set an example for how the property should be maintained to reduce the nuisance caused by abandoned buildings, and the risk of wildfire.

## ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the Agency Board/City Council adopt the two 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 Agency Counsel

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# REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION NO. C.M.S

RESOLUTION AUTHORIZING THE CONTRIBUTION AND ALLOCATION OF OAK KNOLL REDEVELOPMENT AREA FUNDS TO THE CITY OF OAKLAND UNDER THE COOPERATION AGREEMENT IN THE AMOUNT OF \$540,319.00 TO PAY FOR THE TOTAL COSTS ASSOCIATED WITH THE REMOVAL OF HAZARDOUS MATERIALS FROM AND DEMOLITION OF 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 Area (comprised of the former Oak Knoll Naval Hospital Complex); and

WHEREAS, the Redevelopment Agency property contains 18 abandoned, blighted and unusable housing units 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 located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street in the Oak Knoll Redevelopment Project Area, and to clear the site for subsequent development; 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 public improvements; 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 City of Oakland solicited competitive bids for the hazardous materials removal and monitoring and demolition work, and per authorization of a City resolution accompanying this Agency resolution, will hire contractors to do the work; and

WHEREAS, according to project bids, total project costs are estimated not to exceed \$540,319.00, which includes a 15% contingency; 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 of \$540,319.00 in order to complete work associated with the removal of hazardous materials and 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 be it

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

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

IN AGENCY, OAKLAND, CALIFORNIA, , 2009

#### 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 FILED OFFICE OF THE CITY CLERN OAKLAND 2009 SEP - 3 PM 1:11

Approved as to form and legality City Attorney

## **OAKLAND CITY COUNCIL**

RESOLUTION NO. C.M.S

#### **RESOLUTION AUTHORIZING:**

(1) THE CITY ADMINISTRATOR TO ACCEPT AND APPROPRIATE A CONTRIBUTION OF OAK KNOLL REDEVELOPMENT FUNDS UNDER THE COOPERATION AGREEMENT IN THE AMOUNT OF \$540,319.00 FOR COSTS ASSOCIATED WITH THE REMOVAL OF HAZARDOUS MATERIALS FROM AND DEMOLITION OF BUILDINGS LOCATED AT 4000-4009 BARCELONA STREET AND 9020-9036 SANTA CRUZ STREET AT THE FORMER OAK KNOLL NAVAL HOSPITAL COMPLEX; AND

(2) AWARDING CONTRACTS, IN ACCORD WITH PLANS AND SPECIFICATIONS FOR REMOVAL OF HAZARDOUS MATERIALS FROM AND DEMOLITION OF BUILDINGS LOCATED AT 4000-4009 BARCELONA STREET AND 9020-9036 SANTA CRUZ STREET AT THE FORMER OAK KNOLL NAVAL HOSPITAL COMPLEX WORKS AND CONTRACTORS' BIDS TO: (A) PARC SERVICES, INC., FOR HAZARDOUS MATERIALS ABATEMENT WORK IN AN AMOUNT NOT TO EXCEED \$289,159 AND (B) EVANS BROTHERS INC. FOR THE DEMOLITION WORK IN AN AMOUNT NOT TO EXCEED \$194,120; AND

(3) A WORK ORDER IN THE AMOUNT OF \$47,840.00, TO BE PAID FOR WITH REDEVELOPMENT AGENCY FUNDS, WITH IHI ENVIRONMENTAL, A CITY AS-NEEDED CONTRACTOR, TO PERFORM HAZARDOUS MATERIALS ABATEMENT MONITORING

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

WHEREAS, the Redevelopment Agency property contains 18 abandoned, blighted and unusable housing units 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 located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street in the Oak Knoll Redevelopment Project Area, and to clear the site for subsequent development; 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 public improvements; 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 July 10, 2009, the City's Community and Economic Development Agency (CEDA) Building Services Division issued a notice inviting bids for removal of asbestos, lead-based paint and other hazardous materials within and around the 18 units located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street in the Oak Knoll Redevelopment Project Area and for demolition of the buildings on July 29, 2009, and three bids for abatement and five bids for demolition were submitted; and

WHEREAS, PARC Services, Inc., as a certified abatement bidder in good standing with the City of Oakland, submitted the lowest responsive bid for the hazardous materials abatement work; and

WHEREAS, Evans Brothers, Inc., as a certified demolition bidder in good standing with the City of Oakland and Agency, submitted the lowest responsive bid for the demolition work; and

WHEREAS, the City Administrator has determined 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

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

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**RESOLVED:** That the City Administrator is authorized to accept \$540,319.00 from the Redevelopment Agency's Oak Knoll Redevelopment Project Area Tax Increment Funds (9546) to be used for inter-departmental and external contracting costs related to the removal of hazardous materials from and 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 a total of \$540,319.00 will be deposited into the City's Oakland Redevelopment Agency Fund (7780), under Project Number to be established; and be it

FURTHER RESOLEVED: That a contract is awarded to PARC Services, Inc in an amount not-to-exceed \$289,158.00, which includes a 15% contingency, for the removal of asbestos, lead-based paint and other hazardous materials within and around the 18 units located at 4000-4009 Barcelona Street and 9020-9036 Santa Cruz Street in the Oak Knoll Redevelopment Project Area in accord with plans and specifications for the project and contractor's bid; and be it

**FURTHER RESOLVED:** That a contract is awarded to Evans Brothers, Inc in the amount not-to-exceed \$194,120.00, which includes a 15% contingency, for 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 in accord with plans and specifications for the project and contractor's bid; and be it

**FURTHER RESOLVED:** That the City Council approves the plans and specifications for the removal of hazardous materials from 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 Director of Public Works or his designee; and

**FURTHER RESOLVED:** That the City Council authorizes a work order in the amount of \$47,840.00, to be paid for with Redevelopment Agency funds, with IHI Environmental, a City as-needed contractor, to perform hazardous materials abatement monitoring on the project; 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

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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 at 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, \_\_\_\_\_, 2009

#### **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