

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

OFFICE OF THE CITY CLERK
2006 AUG 31 AM 11:56

TO: Office of the Agency Administrator
ATTN: Deborah A. Edgerly
FROM: Community and Economic Development Agency
DATE: September 12, 2006

RE: **Resolution Authorizing The Agency Administrator To Accept And Appropriate A Cleanup Grant In The Amount Of \$200,000 From The United States Environmental Protection Agency Under The Brownfields Grant Program For Environmental Remediation Of The Fox Courts Site in the Uptown Area**

SUMMARY

The Community and Economic Development Agency (“CEDA”) is recommending authorization of a Resolution authorizing the Agency Administrator to accept and appropriate an environmental contamination cleanup grant in the amount of \$200,000 from the United States Environmental Protection Agency (EPA) for the remediation of certain hazardous materials on a property bounded by San Pablo Avenue, 18th Street, 19th Street, and Telegraph Avenue, adjacent to the Fox Theater (the “Property”). The Property has been designated for the development of an affordable housing project (Fox Courts) by Resources for Community Development (RCD). Specifically, grant monies will be used for the cleanup of lead and benzene contaminated soils on the Property.

The use of the EPA grant funds will further Council Goal # 2, “Development of a Sustainable City”, by facilitating the cleanup and reuse of vacant, underutilized, and blighted properties.

FISCAL IMPACT

Approval of this resolution will authorize the Agency to accept and appropriate a cleanup grant from the EPA in the amount of \$200,000. This grant will be received on a reimbursement basis. \$200,000 will be deposited and appropriated to the Central District Grant Fund (9215), Capital Improvement Project – Economic Development Organization (94800) in a project to be established.

The EPA requires a grant recipient to contribute a 20 percent cost share toward the remediation effort, which may be in the form of a contribution of money, labor, material, or services, and must be for eligible and allowable costs. Pursuant to Resolution No.

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2005-0067 C.M.S., the Agency previously allocated \$414,400 [from Preservation Park Loan Repayment Fund (9562) Retail/Entertainment District Catalyst Project FY01 (P132780)] for the abatement of hazardous materials on the Property ("Hazardous Abatement Funds"), which will cover the EPA-required cost sharing contribution. Acceptance of this grant will free up a portion of Hazardous Abatement Funds for use in other needed redevelopment activities in the Central District Redevelopment Area. The exact amount of these savings cannot be determined until remediation of the hazardous materials on the Property has been completed.

BACKGROUND

On December 8, 2005, pursuant to Agency Resolution No. 2005-0067 C.M.S., the Agency entered into a Disposition and Development Agreement ("DDA") with RCD for the development of Fox Courts, an 80-unit affordable housing project, on the Property. According to the terms of the DDA with RCD, the Agency is obligated to fund the remediation of hazardous material contamination on the Property.

On June 25, 2002, the City of Oakland, pursuant to Resolution No. 02-42 C.M.S., conveyed the Property to the Agency in exchange for the Alice Arts Center. The Property was used as a surface parking lot since the Agency's acquisition and is currently a temporary location for the Oakland School for the Arts.

KEY ISSUES AND IMPACTS

For the past two decades, the Agency has pursued the revitalization of the blighted, underutilized Uptown Area adjacent to Oakland's central business district. Throughout this time, significant environmental issues have impacted the redevelopment process, including the costs of site clean-up. The Property is located in the Uptown District and, once redeveloped, will provide 80 units of affordable housing and neighborhood services to the community.

The Agency, in conjunction with the Public Works Agency (PWA), intends to use the EPA grant monies for disposal of contaminated soils displaced during re-grading and construction activities of the Project. The work will be completed by a contractor to be hired by RCD. The Project is projected to start in September 2007 and the first construction phase consists of excavation and grading, including environmental remediation.

Prior to selecting RCD's proposed Project, PWA carefully reviewed different, potentially eligible sites throughout the City and determined that the Property not only met all of the EPA's threshold criteria, but would also receive high scores on the ranking criteria of the EPA grant. These ranking criteria included factors such as how the cleanup would be

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administered and whether the reuse of the Property would be environmentally sustainable and beneficial to the community.

RCD's proposed development site was selected because previous environmental investigations conducted on the Property indicated soil contamination from lead and benzene. Second, RCD's Project met all of the EPA's threshold criteria, which deal with Project readiness to start construction and expend the EPA funds. At the time of the application to the EPA, Fox Courts was already in its design development stage, and the developer had obtained land use approvals from the Planning Commission and secured Agency approval for the DDA. Moreover, the Project's construction start date of September 2007 corresponds well with the timing of EPA's grant disbursement schedule for the grant.

The Agency demonstrated to the EPA's satisfaction that the Property is ready for cleanup and accepted the Agency's plans to increase the sustainability of the land and benefit the community. Following are a few of the criteria that lead to the grant award:

1. **Community Need** – The Fox Courts Project will provide affordable housing and community benefits such as a Museum of Children's Art (MOCHA) and a childcare center. There is an established need for these services in the neighborhood.
2. **Sustainable Reuse of Brownfields** – RCD has developed sustainable development principles for the Project, which include energy efficiency (the Project will be 15% more energy efficient than the Title 24 energy code) and many green-building techniques and materials. The Project is near major transit lines and will encourage less dependency on automobiles and not contribute to urban sprawl.
3. **Creation and/ or Preservation of Greenspace/ Open Space or Nonprofit Purpose** – The Project incorporates open spaces and building space for nonprofit organizations such as the community Child Care Coordinating Council of Alameda County and the Museum of Children's Art.
4. **Community Involvement** – The Project is developed by a regional non-profit community development organization and is supported by a number of community-based organizations including Urban Ecology, East Bay Housing Organizations and Friends of the Oakland Fox.

PROJECT DESCRIPTION

The Cleanup grant funds will be used to appropriately off-haul and dispose of the contaminated soil present on the Property. The initial phase of work will consist of collection and analysis of soil samples in certain locations, followed by excavation and

disposal of soil. The cleanup effort is going to start in September of 2007 and last for two to three months depending on weather conditions.

SUSTAINABLE OPPORTUNITIES

Economic:

The off-haul and disposition of contaminated soils at the Property will assist in the conversion of a contaminated and blighted property to an economically productive use.

Environmental:

Identification of soil and groundwater contamination will facilitate cleanup protective of human health and environmental resources. Facilitation of an affordable housing development for families near public transit will diminish pollution by reducing dependence on the automobile. This housing project will be energy efficient and will incorporate numerous green-building techniques as approved by the Alameda County Waste Management Authority.

Social Equity:

Contractors hired for environmental cleanup work will be subject to the City's Local/Small Local Business Enterprise (L/SLBE) Program.

DISABILITY AND SENIOR CITIZEN ACCESS

The Americans with Disabilities Act (ADA) and senior citizen access do not apply to acceptance of the EPA grant, but RCD is required to comply fully with the ADA and senior citizen access requirements.

RECOMMENDATION(S) AND RATIONALE

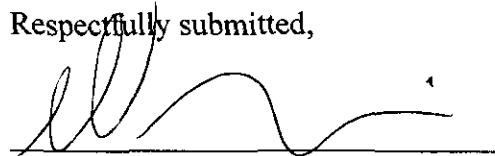
Staff recommends approval of the resolution authorizing the Agency Administrator to accept and appropriate a cleanup grant in the amount of \$200,000. This grant will facilitate the transformation of the proposed Fox Courts Property into an affordable housing development for families, with neighborhood facilities that provide housing, services and jobs to the community.

The authorization to accept and appropriate the EPA grant will facilitate the Project, which furthers the purposes of the California Community Redevelopment Law, contributes to the elimination of blight in the Central District Redevelopment Project Area, conforms to the Central District Redevelopment Plan, including its Implementation Plan.

ACTION REQUESTED OF THE AGENCY

It is recommended that the Agency authorize the Agency Administrator or her designee to accept and appropriate EPA grant funds in the amount of \$200,000 for environmental remediation of the Fox Courts Property in the Uptown Area.

Respectfully submitted,



DAN VANDERPRIEM

Director of Redevelopment, Economic
Development and Housing

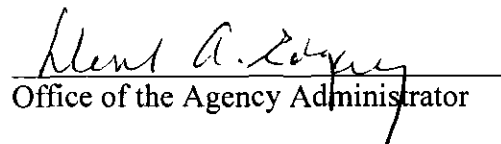
Reviewed by:

Jens Hillmer, Urban Economic Coordinator
Redevelopment Division


Prepared by:

Esther Tam, Urban Economic Analyst I
Redevelopment Division

APPROVED AND FORWARDED TO
THE COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:


Office of the Agency Administrator

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Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

**RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR
TO ACCEPT AND APPROPRIATE A CLEAN-UP GRANT IN THE
AMOUNT OF \$200,000 FROM THE UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY UNDER THE
BROWNFIELDS GRANT PROGRAM FOR ENVIRONMENTAL
REMEDiation OF THE FOX COURTS SITE IN THE UPTOWN
AREA**

WHEREAS, the Agency owns real property on the block bounded by San Pablo Avenue, 18th Street, 19th Street, and Telegraph Avenue, adjacent to the Fox Theater (the "Property"), located within the Central District; and

WHEREAS, on December 8, 2005, pursuant to Agency Resolution No. 2005-0067 C.M.S., the Agency entered into a Disposition and Development Agreement ("DDA") with the developer, Resources for Community Development ("RCD"), for the development of Fox Courts, an 80-unit affordable housing project on the Property; and

WHEREAS, pursuant to the terms of the DDA, the Agency is obligated to fund a portion of the remediation of hazardous material contamination on the Property; and

WHEREAS, previous environmental investigations conducted on the Property indicated the presence of soil contamination; and

WHEREAS, the Agency was approved for a clean-up grant in the amount of \$200,000 from the United States Environmental Protection Agency's ("EPA") Brownfields Grant Program (the "EPA Grant"); and

WHEREAS, EPA Grant proceeds will be used for clean-up of the Property; now therefore be it

RESOLVED: That the Agency Administrator is hereby authorized to accept and appropriate the EPA Grant funds in the amount of \$200,000 for environmental remediation of the Property; and be it

FURTHER RESOLVED: That the EPA Grant in the amount of \$200,000 shall be deposited and appropriated to Central District Grant Fund (9215), Capital Improvement Project – Economic Development Organization (94800) into a project to be created; and be it

FURTHER RESOLVED: That the Agency hereby appoints the Agency Administrator or her designee as agent of the Agency in regards to the EPA Grant funds to conduct all negotiations, execute and submit all documents, including but not limited to proposals, applications, agreements, contracts, amendments, modifications, additions, and related actions which may be necessary for the completion of the aforementioned project in accordance with the basic purpose of the project; and be it

FURTHER RESOLVED: That all documents related to these transactions shall be reviewed and approved by Agency Counsel prior to execution, and copies will be placed on file with the Agency Secretary.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2006

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland