

AGENDA REPORT

TO: FRED BLACKWELL
CITY ADMINISTRATOR

FROM: Doug Cole

SUBJECT: TIDA Relocation Agreement

DATE: March 17, 2014

City Administrator

Date

Approval

3/26/14

COUNCIL DISTRICT: 3

RECOMMENDATION

Staff recommends that the City Council adopt:

A Resolution Authorizing the City Administrator to Negotiate and Execute an Easement Relocation Agreement with the US Government and Treasure Island Development Authority (“TIDA”) for Relocation of Electrical Lines, Equipment, Facilities or Any Associated or Related Equipment or Facilities

OUTCOME

Adoption of this Resolution will result in the City negotiating and executing, without returning for Council approval, an easement relocation agreement with the US Government and Treasure Island Development Authority (“TIDA”) to support the installation and operations of public infrastructure and utilities necessary to serve development and operations of the Gateway Industrial Park at former Oakland Army Base.

BACKGROUND/LEGISLATIVE HISTORY

The City’s predecessor-in-interest, the Oakland Base Reuse Authority (OBRA) acquired the 363-acre Oakland Army Base property through an economic development conveyance quitclaim deed recorded as Document No. 2003-466370 on August 8, 2003 (“Army Base Deed”). The Army Base Deed contained a deed reservation in favor of the US Government (US Navy) and its planned successor-in-interest, TIDA, reserving an easement for electrical lines that are the sole source of electricity to Treasure Island. The Army Base Deed provides the City and the Port with the right to relocate the easement and electrical lines and facilities at the City and Port’s cost. The electrical lines and the related easement run down Maritime Street, Burma Road and directly through the middle of the Central Gateway Area.

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On October 23, 2012, pursuant to City Council Ordinance No. 13131 C.M.S., the City entered into a Lease Disposition and Development Agreement (the "LDDA") with Prologis CCIG Oakland Global (the "Developer") for the redevelopment of the former Oakland Army Base as well as a Property Management Agreement ("PMA") by and between the City and California Capital & Investment Group (CCIG) as its Agent for the property management as well as for the design and construction of the public backbone infrastructure required to support vertical development at the former Oakland Army Base.

On October 16, 2013, CCIG (City's Agent) entered into a Design Build Contract with Turner/Goodfellow Top Grade/Flatiron Joint Venture (the "Design Build Contractor") for the construction of the Public Backbone Infrastructure Improvements ("Project") which also include the construction of new electrical lines, equipment and facilities within public utility easements along Burma Road and Maritime Street. It is contemplated that the new facilities will replace the existing TIDA electrical line that runs above ground through the Central Gateway development area.

ANALYSIS

City staff, Agent and the Design Build Contractor have been meeting to negotiate the terms of an easement relocation agreement with TIDA in order to preliminarily document agreement between the parties on a number of issues related to the relocation of TIDA's electrical line. Other parties to preliminary negotiations include the Port, US Navy and TIDA.

All are willing to cooperate with the proposed relocation and undergrounding. However, TIDA has requested that certain additional improvements (called "Betterments") be installed concurrently with the relocation of the existing line, to address their concerns regarding the cost to upgrade the facility in the future.

Staff is seeking authorization to finalize negotiations and execute an easement relocation agreement with U.S. Government and TIDA containing the following proposed provisions which will take into account the need to underground above ground utilities consistent with the approved master plan and provisions for a maximum two year warranty.

The proposed easement relocation agreement would contain the following provisions:

- 1) The temporary relocation of the TIDA easement and electrical line to allow the City's contractor to build the new facilities, and, after construction completion of the new Army Base joint utility trench, the subsequent permanent relocation and undergrounding of the current TIDA line into the new joint utility trench.
- 2) the City's advance of approximately \$483,265 to fund the Betterments.
- 3) TIDA's reimbursement of \$432,534 of the Betterments cost.

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- 4) Because TIDA's maintenance costs for undergrounding its line will be increased, the parties negotiated for the City to pay the remaining estimated \$50,730 from the contingency budget for the previously approved Infrastructure Project.
- 5) City to reimburse TIDA for all disconnect and reconnect of the temporary and permanent electrical lines and facilities estimated at approximately \$100,000 to be paid by the City from the contingency budget for the previously approved Infrastructure Project.
- 6) An up to two-year warranty to the U.S. Government and TIDA from the City for the new improvements.
- 7) standard Army Base RAP/RMP hazardous materials obligations wherein the City is responsible for costs and the City or Port to provide oversight.
- 8) City and TIDA to provide mutual indemnification for claims arising from actual construction work pursuant to the relocation agreement or any default under relocation agreement. The City's indemnification for claims arising from actual construction work is backstopped by the Design Build Contractor's insurance and the Army Base Project's Owner Controlled Insurance Program.

If the Project is unable to finalize agreement with TIDA on the relocation agreement and the existing TIDA electrical lines remain in its existing location, the Central Gateway Area development and new Burma Road will be significantly impacted.

COST SUMMARY/IMPLICATIONS

1. COST ELEMENTS OF AGREEMENT/CONTRACT:

The engineers estimate for these additional improvements is approximately \$483,300. The Project would construct these improvements and be reimbursed by TIDA with the exception of approximately \$50,000 credit for undergrounding which would be covered by the Project contingency. An additional approximately \$100,000 will be reimbursed to TIDA for its electrical line disconnect and reconnect work. This reimbursement is also covered by the previously approved Infrastructure Project contingency.

2. SOURCE OF FUNDING:

Joint Infrastructure Development Fund (5672) CIP Oakland Army Base Org (94879) OAB Infrastructure Construction Project (C470020) and potentially Trade Corridor Improvement Fund (2129) CIP Oakland Army Base Org (94879) TCIF OHIT Segment 3 Project (C470010)].

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3. FISCAL IMPACT:

Any agreement including a City indemnification or warranty such as included in this agreement potentially could impact the City's general fund. However, staff believes that these risks are adequately covered by the construction warranty and insurance of its Infrastructure Project contractor who will be completing the contemplated work. Accordingly, staff believes there is no new fiscal impact to the City of Oakland's General Fund.

FISCAL/POLICY ALIGNMENT

The proposed action aligns with the City's Army Base Infrastructure Development Project and Army Base development program.

PUBLIC OUTREACH/INTEREST

This item did not require any additional public outreach other than the required posting on the City's website.

COORDINATION

This action has been coordinated with City Attorney's Office, City Budget Office, California Capital & Investment Group (City's Agent), US Navy and Treasure Island Development Authority (TIDA).

SUSTAINABLE OPPORTUNITIES

Economic: The development of the former Army Base has the potential to create thousands of construction and permanent jobs for Oakland residents and multi-million dollar contracting opportunities for local businesses. The project will generate millions of dollars in new tax revenue to the City's General Purpose Fund. The Army Base Public Infrastructure Project sets the stage for various Army Base developments including: implementation of the City's BCDC 15-acre truck parking and truck services facility and relocation of California Waste Solutions (CWS) and CASS, Inc (CASS) out of West Oakland which would open up large areas of West Oakland for higher uses, such as retail and research and development flex offices, which would generate tax revenue, and create career path jobs for Oakland residents.

Environmental: The project will use, to the greatest extent possible, best management practices that not only reduce health and safety impacts to local residents, but also aim towards improving air quality, safe pedestrian and bike access, reduced water usage, and use alternative energy options to the extent they are commercially viable to reduce green-house gas emissions. The Army Base Public Infrastructure Project replaces 70-year old obsolete and failing infrastructure with modern, standard infrastructure. Relocating CWS and CASS closer to Port would reduce the impact of truck traffic on West Oakland residents. And creation of the long-term, 55-year truck parking and truck services facility will keep certain amounts of Port truck traffic in the Port area and will reduce the impact of truck traffic on West Oakland residents.

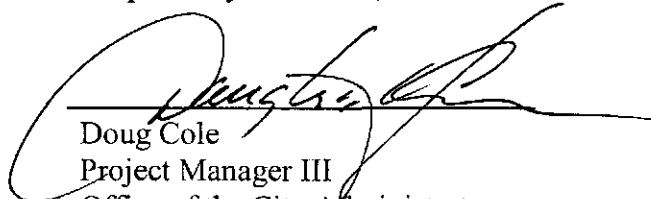
Social Equity: The comprehensive package of Army Base Master Developer and Public Infrastructure Community Benefits addresses the City's commitment to social equity by way of jobs for local residents, contracts for local businesses, and quality of life improvements for West Oakland residents. Implementation of the Project's Community Benefits package have led to the establishment of the West Oakland Job Resource Center as a place for residents to learn and prepare for careers in the building and construction trades, as well as a resource for Army Base contractors and employers as it relates to the Construction Jobs Policy hiring process. Completion of the Infrastructure Project will also allow long-term implementation of the City's BCDC 15-acre truck parking and truck services facility and relocation of CWS and CASS out of West Oakland which would open up large areas of West Oakland for higher uses, such as retail and research and development flex offices.

CEQA

This action (1) implements actions previously approved by the Oakland City Council; (2) is within the scope of the already approved 2012 Army Base Project; (3) the 2012 Army Base project Initial Study/Addendum adequately describes the current action for purposes of CEQA; and (4) no further CEQA review is required pursuant to CEQA Guidelines 15164.

For questions regarding this report, please contact John Monetta, Project Manager I, at (510) 238-7125.

Respectfully submitted,



Doug Cole
Project Manager III
Office of the City Administrator
Oakland Army Base Project

Prepared by:
John Monetta, Project Manager I
Office of the City Administrator
Oakland Army Base Project

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FILED
OFFICE OF THE CITY CLERK
OAKLAND

2014 MAR 27 PM 12:49

Approved as to Form and Legality

D. McElmer

Office of the City Attorney

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE AN EASEMENT RELOCATION AGREEMENT WITH THE U.S. GOVERNMENT AND TREASURE ISLAND DEVELOPMENT AUTHORITY ("TIDA") FOR RELOCATION OF ELECTRICAL LINES, EQUIPMENT, FACILITIES AND ANY ASSOCIATED OR RELATED EQUIPMENT OR FACILITIES

WHEREAS, the City's predecessor-in-interest (Oakland Base Reuse Authority) acquired the 363-acre Oakland Army Base property through an economic development conveyance quitclaim deed recorded as Document No. 2003-466370 on August 8, 2003 ("Army Base Deed"). The Army Base Deed contained a deed reservation in favor of the U.S. Government (U.S. Navy) and its planned successor-in-interest, TIDA, reserving an easement for electrical transmission lines that are the sole source of electricity to Treasure Island. The Army Base Deed provides the City and the Port with the right to relocate the easement and electrical lines and facilities at the City cost. The Amended and Restated Cost Sharing Agreement with the Port provides for the City to relocate the easement and electrical lines and facilities. The electrical lines and the related easement run down Maritime Street, Burma Road and directly through the middle of the Central Gateway Area; and

WHEREAS, on October 23, 2012, pursuant to City Council Ordinance 13131 C.M.S., the City entered into a Lease Disposition and Development Agreement (the "LDDA") with Prologis CCIG Oakland Global (the "Developer") for the redevelopment of the former Oakland Army Base (the "Army Base") including the Central Gateway Area. At the same time the City entered into the LDDA, the City engaged California Capital & Investment Group (CCIG) as its Agent for the design and construction of the public backbone infrastructure required to support vertical development at the former Oakland Army Base. This was memorialized through the Property Management Agreement, which was authorized by Ordinance 13131 C.M.S.; and

WHEREAS, on October 16, 2013, CCIG (City's Agent) entered into a Design Build Contract with Turner/Goodfellow Top Grade/Flatiron Joint Venture (the "Design Build Contractor") for the construction of the Army Base Public Infrastructure Improvements including design, engineering, construction and relocation of new electrical lines, equipment and facilities into a public utility easement and new Burma Road (public street) to replace the existing TIDA electrical line that runs through the development area; now, therefore, be it

RESOLVED, that the City Administrator, or his designee, is hereby authorized to negotiate and execute an easement relocation agreement with the U.S. Government and Treasure Island Development Authority to relocate existing aboveground electrical lines, equipment and facilities with underground electrical lines, equipment and facilities. The easement relocation agreement shall contain, among other things, the following provisions: 1) the relocation and undergrounding of the current line, 2) the City's advance of approximately \$483,265 to fund additional improvements requested by TIDA ("Betterments"), 3) TIDA's reimbursement of approximately \$432,534 of the cost of the Betterments, 4) the remaining approximately \$50,730 to be paid by the City from the contingency budget for the previously approved Army Base Infrastructure Project, 5) City to reimburse TIDA for all disconnect and reconnect of the temporary and permanent electrical lines and facilities estimated at approximately \$100,000, to be paid from the Army Base Infrastructure Project contingency budget, 6) a two year warranty to the U.S. Government and TIDA from the City for the new improvements, 7) standard Army Base RAP/RMP hazardous materials obligations wherein the City is responsible for costs and the City or Port to provide oversight, 8) City and TIDA to provide mutual indemnification for claims arising from actual construction work pursuant to the relocation agreement or any default under the relocation agreement, and 9) the City's Army Base project manager be authorized to approve reasonable and necessary cost overruns regarding the relocation from the previously approved Army Base Infrastructure Project contingency budget; and be it

FURTHER RESOLVED, that funding shall be allocated from Joint Infrastructure Development Fund (5672) CIP Oakland Army Base Org (94879) OAB Infrastructure Construction Project (C470020) or Trade Corridor Improvement Fund (2129), CIP Oakland Army Base Org (94879) TCIF OHIT Segment 3 Project (C470010)]; and be it

FURTHER RESOLVED, that the City has independently reviewed and considered the environmental determination, and the City finds and determines that this action complies with CEQA because this action (1) implements actions previously approved by the Oakland City Council; (2) is within the scope of the already approved 2012 Army Base Project; (3) the 2012 Army Base project Initial Study/Addendum adequately describes the current action for purposes of CEQA; and (4) no further CEQA review is required pursuant to CEQA Guidelines 15164; 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 execution of the easement relocation agreement consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2014

PASSED BY THE FOLLOWING VOTE

AYES - BROOKS, GALLO, GIBSON McELHANEY, KALB, KAPLAN, REID, SCHAAF, AND
PRESIDENT KERNIGHAN

NOES-

ABSENT-

ABSTENTION-

ATTEST. _____

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