

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2009 JAN 29 PM 4:40

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

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: February 3, 2008

RE: Supplemental Report Regarding Redevelopment Agency And City Resolutions (1) Authorizing An Amendment To The Disposition And Development Agreement With Olson 737 – Oakland 1, LLC, For The City Center T-10 Residential Project At 14th Street, 13th Street Pedestrian Walk, Jefferson Street And Martin Luther King, Jr. Way: (A) To Permit the Project To Be A Rental Project, (B) To Extend The Dates For Project Development and Completion, (C) To Authorize Transfer Of The Project and Property To DCA City Walk, L.P., Or To Another Qualified Entity Approved By The Agency Administrator Without Returning To The Agency, (D) To Add Local Construction Employment Requirements, And (E) To Modify The Profit-Sharing Provision; And (2) Rescinding Resolution No. 2007-0087

SUMMARY

When the Community and Economic Development Committee reviewed the proposed Amendment to the Disposition and Development Agreement (“DDA”) with Olson 737 – Oakland 1, LLC (“Olson”), staff was directed to revise the local hiring requirement to make sure that Oakland residents have the maximum opportunity for employment. In particular, the committee wanted to make sure that Oakland residents were hired for the higher paying journeyman positions and not just apprentice and laborer positions; and that Oakland residents from all of the crafts have hiring opportunities, i.e., that all of the jobs were not in one or two crafts. Staff has prepared revisions to the proposed DDA Amendment to incorporate these changes.

BACKGROUND

As stated in the January 27, 2009 report, Olson has agreed to include local hiring provisions in the DDA Amendment. The DDA Amendment will require that 15% of the total work hours for the remainder of project construction be performed by Oakland residents. The 15% requirement is based on the aggregate hours generated by the contractor, not on a craft-by-craft basis. The building contractor must meet with Contract Compliance staff before start of construction; and within 60 days of completion of construction, the developer must submit documents certifying compliance with its local employment obligations. The penalty imposed for the developer not meeting its obligation will be equal to \$50 times the number of hours the developer is short of the 15% requirement.

To increase the employment opportunities for Oakland residents, three items have been added to the local hiring provisions based on the CED Committee direction:

Item: _____
ORA/City Council
February 3, 2009

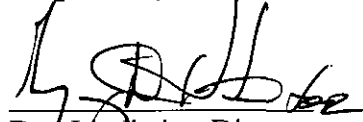
- 1) The average salary per work hour for Oakland residents may be no less than 90% of the average salary per work hour for all workers.
- 2) No more than 30% of the work hours provided by each craft may be credited towards the 15% local work hours requirement.
- 3) In the event of noncompliance with the above salary standard, the developer shall pay as liquidated damages an amount equal to the difference between the average hourly pay paid to Oakland residents used to achieve the 15% requirement and 90% of the average hourly pay for all construction workers on the project times the number of hours.

See Attachment A for the complete local hiring provisions.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the Agency and City Council pass the attached resolutions authorizing the amendment to the DDA with Olson for the T-10 Residential Project as modified based on CED Committee direction.

Respectfully submitted,



Dan Lindheim, Director
Community and Economic Development Agency

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

Prepared by:
Patrick Lane, Redevelopment Manager
Redevelopment Division, CEDA

APPROVED AND FORWARDED TO THE
REDEVELOPMENT AGENCY



Office of the Agency Administrator

Item: _____
ORA/City Council
February 3, 2009

Attachment A

T-10 RESIDENTIAL PROJECT FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT

Section 10 of the proposed DDA Amendment has been revised as follows [new text is underlined]:

10. For construction work on the Project occurring after the date of this Amendment, no less than 15% of total work hours must be performed by Oakland residents. This requirement shall be applied against the aggregate number of construction work hours on the Project occurring after the date of this Amendment. In addition, for construction work on the Project occurring after the date of this Amendment (1) the average salary per work hour for Oakland residents used to achieve the 15% requirement may be no less than 90% of the average salary per work hour for all workers, and (2) no more than 30% of the work hours provided by each craft may be credited towards the 15% local work hours requirement. Prior to the restart of Project construction, the Developer and Developer's general building contractor shall meet with the City's Contract Compliance staff to discuss compliance with this requirement. The Agency will make available the services of the City's Local Construction Employment Referral Program (LCERP) to the Developer and its contractors and subcontractors as needed. Within 60 calendar days after completion of Project construction, the Developer shall submit to the Agency independently-certified payroll records through its web-based certified payroll system verifying compliance with this requirement, including appropriate backup documentation reasonably requested by the Agency concerning worker residency and employment hours. Such records must identify the address, Social Security number, ethnicity, gender, trade and status (journeyman or apprentice) of all employees on the Project.

In the event of noncompliance, the Developer shall pay as liquidated damages to the Agency an amount equal to (1) \$50 multiplied by the number by which the total construction work hours actually performed by Oakland residents is less than 15% of total work hours for Project construction work occurring after the date of this Amendment; and (2) the difference between the average hourly pay paid to Oakland residents used to achieve the 15% requirement and 90% of the average hourly pay for all construction workers on the project times 15% of the total work hours for the remainder of project construction performed. The Developer and the Agency agree that it would be impracticable or extremely difficult to fix the actual damages the Agency would suffer from violations of this local employment provision, and that the amount designated herein as liquidated damages represents a reasonable approximation of the damages the Agency is likely to suffer from violations of these terms. The Developer agrees to pay in full any accrued liquidated damages to the Agency within ten business days of a written demand by Agency for such payment.

Item: _____
ORA/City Council
February 3, 2009