

# REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

2011 APR 27 PM 12: 59

## AGENDA REPORT

TO: Office of the Agency Administrator  
ATTN: P. Lamont Ewell, Interim City Administrator  
FROM: Community and Economic Development Agency  
DATE: May 10, 2011

RE: An Agency Resolution Amending Resolution No. 2008-0069 C.M.S. to Revise the Central District Basement Backfill and Repair Program to Increase the Maximum Grant Amount for Small Projects from \$4,000 per Linear Foot to the Greater of \$200,000 or \$4,000 per Linear Foot

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### SUMMARY

Staff is recommending that the Agency approve legislation amending the guidelines of the Basement Backfill and Repair Program (BBRP) to increase the maximum grant amount for small projects from \$4,000 per linear foot of street frontage to the greater of \$200,000 or \$4,000 per linear foot. In order to encumber funds and prevent them from being lost should the state eliminate redevelopment, staff has been expediting the execution of all grants and loans under the BBRP. Several of the smaller projects, defined as those buildings that have forty feet or less in linear street frontage, have encountered budget shortfalls since they are subject to the current spending cap for the program, which is \$4,000 per linear foot. These shortfalls result from the need to relocate multiple utilities prior to backfilling the basements. This requirement, which has proven to be more costly than originally anticipated, affects four projects. The proposed amendment to the BBRP guidelines will increase their budgets by a total of \$288,000.

### FISCAL IMPACT

The BBRP has been approved and funds are already appropriated in Central District TA Bond Series 2003 Fund (9532), Economic Development Organization (94800), and the Basement Program Project (\$354510). The proposed funding increases of \$288,000 for the four (4) projects will be off-set by the program savings for the one loan that has closed at 1615 Broadway. The 1615 Broadway loan had a program allowance of \$880,000; however, the loan closed for \$280,000. The remaining amount (\$600,000), will more than off-set the proposed funding increase.

Item: \_\_\_\_\_  
Community and Economic Development Committee  
May 10, 2011

## BACKGROUND

**Basement Backfill and Repair Program** – On February 19, 2008, the Agency Board, pursuant to Resolution No 2008-006 C.M.S., authorized the BBRP, and allocated \$1,100,000 for the program. On July 15, 2008, the Agency Board, pursuant to Agency Resolution No. 2008-0069 C.M.S., authorized an amendment to the program, which included: 1) expanding the area and properties covered; 2) allocating an additional \$2,000,000 to the program; and 3) converting the loan to a grant once the basement vault under the sidewalk is successfully completed.

Since July 2008, Agency staff has created engineering grant and construction loan agreements and developed program procedures for the BBRP. Staff has assisted property owners with execution of fourteen (14) design grant agreements with third-party engineering consultants, which includes all of the sites targeted for the program. One loan has closed and project construction is underway with completion anticipated in June 2011. Five additional projects have executed the BBRP loan agreements and the owners are working with staff on finalizing the documentation required to close the loans. The remaining eight projects are completing their designs and staff is working with the property owners to enter into the loan agreements. Six building permits have been issued and the eight remaining properties are on track to receive building permits by summer 2011. Please see *Attachment A* for a table showing status of projects.

Current and anticipated activities include: Finalizing utility relocation applications to facilitate backfill, packaging all documentation for multiple properties for competitive bidding, followed by contract awards and loan closing. Five projects are anticipated to begin construction in winter 2011 with the remaining eight to begin construction in Spring/Summer 2012. The target date for construction completion of all basement projects is spring 2013. This will enable the Agency to proceed with bidding, contract award and construction of the Latham Square and Old Oakland streetscape projects, which are scheduled to occur in summer 2013.

## PROJECT DESCRIPTION

The recommended program modification to increase the maximum grant amount for small projects from \$4,000 per linear foot to the greater of \$200,000 or \$4,000 per linear foot of street frontage is necessary because the project cost per linear foot is higher for several properties than originally anticipated due to the cost of multiple utility relocations. Multiple utility relocations are estimated to cost up to \$140,000, making smaller projects unable to afford the cost of backfill and utility relocation. The proposed amendments to the program make these projects fundable.

## KEY ISSUES AND IMPACTS

Approving the program modification will permit an increase to the maximum loan and/or grant amount for buildings with a small street frontage and allow for completion of the projects.

Without the proposed modifications to BBRP program guidelines, the owners of the affected properties will not proceed with execution of the loan as they are unable to pay for any project costs that exceed the maximum loan amount.

## **SUSTAINABLE OPPORTUNITIES**

**Economic:** The BBRP will provide third party engineering design services and construction job opportunities to improve the physical infrastructure of the Redevelopment Project Area and allow the publicly funded streetscape projects to move forward.

**Environmental:** Rehabilitated buildings preserve a range of building stock and conserve energy and materials more than new construction. Participants in the program will be encouraged to use recycled content building materials and low waste construction techniques.

**Social Equity:** The goal of both programs is to improve the physical and economic conditions of the Redevelopment Project Area.

## **DISABILITY AND SENIOR CITIZEN ACCESS**

Any new construction that is implemented as a result of a grant and loan program from the Central District Basement Backfill and Repair Program will be required to comply with city, state, and federal ADA requirements.

## **RECOMMENDATION AND RATIONALE**

Staff is recommending that the Agency approve legislation amending the guidelines of the BBRP to increase the maximum grant amount for small projects from \$4,000 per linear foot to the greater of \$200,000 or \$4,000 per linear foot. The proposed increase in the maximum grant amount of the program will enable the owners of four smaller properties to participate in the BBRP. Approval of the Program modifications will eliminate blighted conditions and would allow the Agency to reach its ultimate goal of implementing key streetscape projects downtown.

**ACTION REQUESTED OF THE CITY COUNCIL/REDEVELOPMENT AGENCY**

Staff requests that the City Council/Redevelopment Agency adopt the attached legislation.

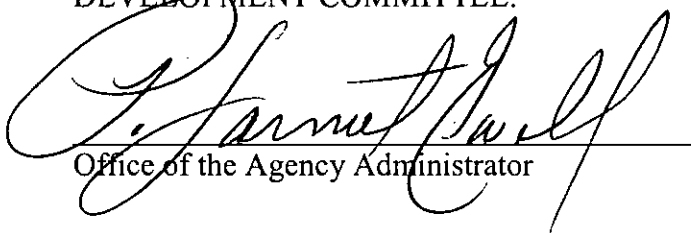
Respectfully submitted,

  
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Walter S. Cohen, Director  
Community and Economic Development Agency

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

Prepared by:  
George Dumey  
Urban Economic Analyst IV

**APPROVED AND FORWARDED TO THE  
COMMUNITY AND ECONOMIC  
DEVELOPMENT COMMITTEE:**

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

**BASEMENT BACKFILL and REPAIR PROGRAM  
Attachment A**

5/10/11

SITE ADDRESS	ENGINEERING GRANT STATUS	BLDG. PERMIT ISSUED	PG&E,EBMUD,TEL SERVICE APR STATUS	CONSTRUCTION LOAN/GRANT
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TELEGRAPH PHASE 1 BASEMENTS				
1611 Telegraph Ave	65% Complete	No	Not Required	Not Executed
1629 Telegraph Ave	100% Complete	Yes	In Process	Executed
1631 Telegraph Ave	65% Complete	No	Complete	Not Executed
1635 Telegraph Ave	35% Complete	No	In Process	Not Executed
1645 Telegraph Ave	65% Complete	No	In Process	Not Executed


BROADWAY BASEMENTS				
1615 Broadway	Construction Underway	Yes	Not Required	Loan Closed
1617 Broadway / 1618 Telegraph	65% Complete	No	Not Required	Not Executed
1624/8 Telegraph Ave / 1621 Broadway	35% Complete	No	Not required	Not Executed
1634 Telegraph Ave	35% Complete	No	In Process	Executed
1636 Telegraph Ave	100% Complete	Yes	Not Required	Not Executed
457 17th St	65% Complete	No	Complete	Executed

WASHINGTON STREET BASEMENTS				
725 Washington St	35% Complete	No	In Process	Not Executed
811-815 Washington St	100% Complete	Yes	Not Required	Executed
827 Washington St	100% Complete	Yes	Complete	Executed

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2011 APR 27 PM 1:00

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 AMENDING RESOLUTION NO. 2008-0069 C.M.S. TO REVISE THE CENTRAL DISTRICT BASEMENT BACKFILL AND REPAIR PROGRAM TO INCREASE THE MAXIMUM GRANT AMOUNT FOR SMALL PROJECTS FROM \$4,000 PER LINEAR FOOT TO THE GREATER OF \$200,000 OR \$4,000 PER LINEAR FOOT**

**WHEREAS**, Agency Resolution No. 2008-0006 C.M.S. authorized staff to implement a pilot program known as the Central District Basement Backfill and Repair Program (the "Program") to provide incentives for property owners in the Broadway Streetscape project area to backfill or repair their sub-sidewalk basement spaces within the project area so sidewalk improvements can be completed; and

**WHEREAS**, Agency Resolution No. 2008-0069 C.M.S. authorized staff to modify and expand that program to basements underlying the Inner-Telegraph and Old Oakland Streetscape Project Areas to provide incentives for property owners to backfill or repair their sub-sidewalk basement spaces within the project area so sidewalk improvements can be completed; and

**WHEREAS**, the existing Program provides for engineering grants, construction loans which are due and payable upon resale, as well as grants for backfill or repair of sub-sidewalk basements; and

**WHEREAS**, the Agency desires to amend the Program to increase the loan or grant limit for small projects, defined as 40 feet or less, where the cost per linear foot is higher due to the need to relocate multiple utilities; and

**WHEREAS**, the revised Program will provide greater financial incentive and will increase the feasibility and likelihood of owner participation; now, therefore, be it

**RESOLVED:** That Agency Resolution No. 2008-0069 C.M.S. is hereby amended to increase the maximum loan amount for reinforcement and/or backfill work for small projects, which are defined as equal to or less than 40 linear feet, to an amount not to exceed \$200,000 or \$4,000 per linear foot, whichever is higher; and be it further

**RESOLVED:** That the Agency Administrator or his or her designee is hereby authorized to take action with respect to the Program consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2011

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF,  
AND CHAIRPERSON REID

NOES -

ABSENT -

ABSTENTION -

ATTEST:

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LATONDA SIMMONS  
Secretary of the Redevelopment Agency  
of the City of Oakland, California