

RESOLUTION NO. 5-2008

Adopted February 19, 2008

AUTHORIZING A FIRST AMENDMENT TO THE AMENDED AND RESTATED PERSONAL SERVICES CONTRACT WITH TREADWELL & ROLLO, INC., A CALIFORNIA CORPORATION, TO INCREASE THE CONTRACT AMOUNT BY \$1,657,375 FOR THE PERIOD COVERING NOVEMBER 1, 2007 THROUGH DECEMBER 19, 2009 FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$2,662,375 FOR ENVIRONMENTAL REVIEW SERVICES IN CONNECTION WITH: (1) THE ENHANCED DUST MONITORING PROGRAM FOR THE PHASE 1 DEVELOPMENT AT HUNTERS POINT SHIPYARD; AND (2) THE EARLY TRANSFER OF ADDITIONAL PROPERTY AT HUNTERS POINT SHIPYARD FROM THE UNITED STATES DEPARTMENT OF THE NAVY TO THE AGENCY; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. In 1989, the United States Environmental Protection Agency ("EPA") placed the Hunters Point Shipyard (the "Shipyard") on the National Priorities List ("NPL," commonly known as the "Superfund list") created under the Federal Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA").
2. Pursuant to CERCLA, the United States Department of the Navy (the "Navy"), EPA, and the State of California, acting through the California Department of Toxic Substances Control and Regional Water Quality Control Board (the EPA and the State, collectively, the "Regulators") executed a Federal Facilities Agreement (the "FFA") in 1992, which requires the Navy to investigate and remediate hazardous materials at the Shipyard according to a specified process and schedule. In the original FFA, the Shipyard was divided into six parcels designated A through F, roughly corresponding to the Navy's anticipated remediation schedule.
3. Federal legislation in 1991 authorized the transfer of the Shipyard from the Navy to the City and County of San Francisco (the "City") or its designated local reuse authority, the Redevelopment Agency of the City and County of San Francisco (the "Agency"). Since negotiations with the Navy for the Shipyard transfer began, the Agency and City, represented by the Mayor's Office of Economic and Workforce Development, the San Francisco Department of Public Health ("DPH"), the Office of the City Attorney, and the San Francisco Public Utilities Commission ("PUC") (collectively, the "Environmental Team"), have reviewed and analyzed independently the technical documents produced by the Navy and

the Regulators relating to the environmental contaminants on and remediation of the Shipyard. On issues where specific technical expertise is required and is not available through the Environmental Team, outside expert consultants are used.

4. The City's Department of Public Works ("DPW"), in its role as manager of the City's construction projects, administers environmental consulting contracts for the City through a panel established by a Request for Qualifications process complying with the Human Rights Commission's procurement guidelines. In 1999 and in 2001, DPW selected Treadwell & Rollo ("T&R") to advise the Environmental Team through competitive processes among firms on its environmental consulting panel. Between 2000 and 2004, a Letter Agreement between DPW and the Agency allowed the Agency to use DPW's consultants for engineering and environmental work.
5. On December 16, 2003, by Resolution No. 191-2003, the Commission authorized a three-year personal services contract (the "Contract") with T&R in the amount of \$360,000 to continue as the primary consultant to the Environmental Team. The T&R Contract expired on December 17, 2006.
6. On December 5, 2006, by Resolution No. 160-2006, the Commission approved an Amended and Restated Personal Services Contract (the "Amended Contract"), which extended the Contract for three years and authorized a budget totaling \$645,000. T&R's primary tasks under the Amended Contract includes: (1) advising the Environmental Team on the compliance of the Shipyard's master developer, Lennar-BVHP, LLC ("Lennar"), with the environmental controls imposed on the Phase 1 development by San Francisco Health Code Article 31; (2) providing limited independent monitoring and peer review of air quality testing performed by Lennar's environmental consultants on and near Shipyard Parcel A; and (3) providing independent review and analysis of the technical documents relating to the environmental condition of, and advising the Environmental Team on the Navy's proposed remediation and transfer of the remainder of the Shipyard.
7. In fall 2006, the community raised concerns about the dust and naturally-occurring asbestos ("NOA") that Lennar's construction activities on Parcel A generated. Since then, many local, state and federal health agencies have reviewed the air monitoring situation throughout 2007 and concluded that the project was and continues to be operated in a health protective manner.
8. Nonetheless, to address the community's concerns, representatives from the Agency, DPH and ARC Ecology (collectively, the "Community Monitoring Team") directed T&R to continue the independent monitoring beyond the two months contemplated in the Amended Contract and to also conduct peer review of air quality testing performed by Lennar's environmental consultants on and near Shipyard Parcel A. T&R continued to provide independent monitoring from December 2006 through October 2007 for a total cost of \$508,735. The

community monitoring program should continue until all horizontal infrastructure work is substantially complete. This program will require an increase of \$1,078,375 in the Phase 1 budget for the Contract.

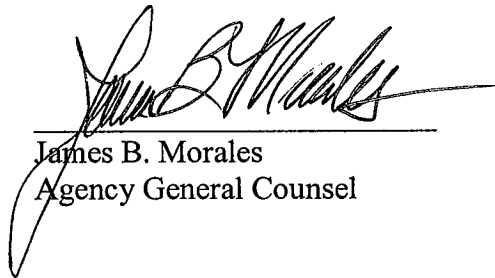
9. The Amended Contract included \$503,000 for Phase 2 environmental peer review services, whereby T&R would review the technical documents produced by the Navy in connection with its remediation of Parcels B through F. T&R spent \$142,112 for these Phase 2 services during the period covering December 2006 through October 2007. However, the continuation of the Phase 1 community dust monitoring program beyond the two months contemplated in the Amended Contract resulted in all of the funds for the entire three-year Contract to be expended. Therefore, it is necessary to restore the remainder of the original Phase 2 budget in the amount of \$360,888 to be able to conduct the Phase 2 peer review that was anticipated in the Amended Contract.
10. In 2007, the Mayor's Office began negotiations with the Navy regarding a possible accelerated transfer of certain Shipyard parcels (or portions thereof). Therefore, the Phase 2 peer review costs will need to be increased by \$218,112 to cover the costs of the early transfer proposals that will accelerate transfer of Parcels B, as well as the creation and transfer of Parcel 49 (formerly a part of Parcel D) in the next two years to allow for construction of a new football stadium for the 49ers, if they choose to remain in San Francisco.
11. Staff seeks to enter into a First Amendment to the Amended Contract (the "First Amendment") to: (1) continue the enhanced community dust monitoring program for Parcel A; (2) replenish the Phase 2 budget, which was depleted to pay for the unanticipated continuation of the Phase 1 community dust monitoring program; and (3) provide environmental peer review services associated with the early transfer of Parcel B and Parcel 49 from the Navy to the Agency.
12. Pursuant to the Disposition and Development Agreement for Phase 1 and the Exclusive Negotiations Agreement for Phase 2, Lennar will pay for the costs of the First Amendment.
13. Agency approval of the First Amendment is exempt from the California Environmental Quality Act ("CEQA"), pursuant to CEQA Guidelines Section 15262 because it provides technical information for feasibility and planning studies that will not directly cause a change of the physical environment.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to enter into a First Amendment to the Amended and Restated Personal Services Contract with Treadwell & Rollo, Inc., a California corporation, substantially in the form lodged with the Agency

General Counsel, to increase the Contract amount by \$1,657,375 for the period covering November 1, 2007 through December 19, 2009 for a total aggregate amount not to exceed \$2,662,375 for environmental review services in connection with: (1) the enhanced dust monitoring program for the Phase 1 development at Hunters Point Shipyard; and (2) the review of technical documents relating to the remediation of Parcels B through F; and (3) the early transfer of additional property at Hunters Point Shipyard from the United States Department of the Navy to the Agency.

APPROVED AS TO FORM:



James B. Morales
Agency General Counsel