

RESOLUTION NO. 98-2011

Adopted September 20, 2011

AUTHORIZING A FIRST AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH TREADWELL & ROLLO, A LANGAN COMPANY, A NEW JERSEY CORPORATION, FOR THE PERIOD COVERING SEPTEMBER 20, 2011 THROUGH DECEMBER 19, 2012, TO INCREASE THE CONTRACT AMOUNT BY \$1,251,620 FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$2,701,880, FOR TECHNICAL ENVIRONMENTAL SERVICES IN CONNECTION WITH (1) THE PHASE 1 DEVELOPMENT AT THE HUNTERS POINT SHIPYARD AND (2) THE TRANSFER OF PROPERTY AT THE HUNTERS POINT SHIPYARD FROM THE UNITED STATES DEPARTMENT OF THE NAVY TO THE AGENCY; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. Since negotiations with the United States Department of the Navy ("Navy") for the Hunters Point Shipyard ("Shipyard") transfer began, the Redevelopment Agency of the City and County of San Francisco ("Agency") and the City and County of San Francisco (the "City"), represented by the Mayor's Office of Economic and Workforce Development, the San Francisco Department of Public Health, and the Office of the City Attorney (collectively, the "Environmental Team") have independently reviewed and analyzed the technical documents produced by the Navy, the United States Environmental Protection Agency ("EPA"), and the State of California ("State"), acting through the California Department of Toxic Substances Control and Regional Water Quality Control Board (the EPA and the State, collectively, 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.
2. Due to the presence of significantly hazardous materials on the Shipyard released by the activities of the Navy and its contractors and tenants, EPA placed the Shipyard on the National Priorities List (commonly known as the "Superfund list") created under the Federal Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") in 1989.
3. Pursuant to CERCLA, the Navy and the Regulators executed a Federal Facilities Agreement ("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.

4. In 1997, the federal government passed legislation, which authorized the transfer of the Shipyard from the Navy to the City or its designated local reuse authority, the Agency. The full environmental remediation of the Shipyard remains the primary obstacle blocking the redevelopment of the project area. The process of environmental remediation that the Navy is required to undertake results in the production of numerous technical documents. It is in the interest of the Agency and the City to review and provide feedback on these documents to ensure that the Navy will remediate the Shipyard in a manner that is protective of public health and the environment and is consistent with the proposed reuse plans.
5. 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. Through this process, DPW selected Treadwell & Rollo to advise the Environmental Team in 1999 and in 2001. Between 2000 and 2003, a Letter Agreement between DPW and the Agency allowed the Agency to use DPW's consultants for engineering and environmental work associated with its evaluation of and its redevelopment plans for the Shipyard.
6. On December 16, 2003, by Resolution No. 191-2003, the Commission authorized a three-year Personal Services Contract directly with Treadwell & Rollo, in the amount of \$360,000, to continue as the consultant to the Environmental Team. Treadwell & Rollo's work during the term of the contract was a vital factor in the Agency's and the City's due diligence on environmental issues before the Commission authorized the transfer of Parcel A from the Navy to the Agency in December 2004.
7. On December 5, 2006, by Resolution No. 160-2006, the Commission approved an Amended and Restated Personal Services Contract, which extended the contract for three years and authorized a budget totaling \$645,000. On February 19, 2008, by Resolution No. 5-2008, the Commission authorized the First Amendment to the Amended and Restated Personal Services Contract, which increased the budget for the contract by \$1,657,375.
8. On December 15, 2009, by Resolution No. 150-2009, the Commission approved a new Personal Services Contract ("Contract") with Treadwell & Rollo for a term of three years, but with a \$1,449,260 budget that was only estimated to cover the first eighteen months of the Contract. The Scope of services for this contract required, among other things that Treadwell & Rollo: 1) prepare white papers that summarize environmental concerns for boards and commissions to support each set of property transfers including professional environmental technical expert opinions on the proposed resolution of all issues of concern; 2) provide scope and budget assistance for the long term monitoring obligations that will occur after the transfer of Parcel IR7/18; 3) provide critical review of radiological closure issues

prior to parcel transfer; 4) make presentations to community groups about technical environmental issues related to transfer and to address community concerns; 5) provide peer review of scope and cost of the anticipated agreements with the Navy and review of the scope of the anticipated agreements with the Regulators to reach regulatory closure of regular and early transfer parcels; and 6) continue the Phase 1 enhanced community dust monitoring program, as needed, and provide continued asbestos air monitoring data, compilation of data and, as needed, review of the developer's dust control efforts for Article 31 compliance.

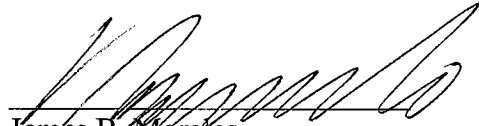
9. At the Commission meeting approving the Contract, staff indicated that the budget was likely insufficient to fund the full term of the Contract and that staff would likely have to come back for Commission approval of an amendment to fund the remainder of the Contract. As expected, the budget was insufficient and, as a result, the First Amendment amends the Contract to provide funding through December 19, 2012 by increasing the budget by \$1,251,620. Treadwell & Rollo's Scope of Services shall remain substantially the same, however some clarifications have been made.
10. In addition to increasing the budget this First Amendment makes clarifying changes to the Scope of Services (Exhibit A) and changes the Hourly and Compensation Schedule (Exhibit B) to reflect additional personnel who may work on the agreement and the updated compensation amounts for all personnel working on this Agreement.
11. The Agency briefed the Shipyard Citizens Advisory Committee ("CAC") on the details of the First Amendment to the Contract. The CAC expressed its support for the First Amendment during its meetings in August 2011.
12. The contract costs will be reimbursed by HPS Development Co., LP, a joint venture between Lennar and Scala Real Estate Partners, Hillwood, and Estein and Associates, in accordance with the terms and conditions set forth in the Shipyard's Phase 1 Disposition and Development Agreement ("Phase 1 DDA") and the Candlestick Point-Hunters Point Shipyard Phase 2 Disposition and Development Agreement, entered into on June 3, 2010 between the Agency and the Hunters Point Shipyard's ("Shipyard") developer, CP Development Co. LP ("Phase 2 DDA").
13. The First Amendment is for services that will allow the Agency to fulfill enforceable obligations to conduct environmental testing and monitoring under the Phase 1 DDA as well as to review and analyze environmental documents and conditions in order to facilitate transfer of the parcels as required under the Conveyance Agreement between the Agency and the Navy and under the Phase 2 DDA. As a result, it does not violate the restrictions on contracting set forth in AB 1X 26, California Health and Safety Code Section 34167(d).

14. Agency Commission authorization of the First Amendment to the Contract is an Agency administrative activity that would not have any direct physical effects on the environment and is not a "Project" as defined in CEQA Guidelines Section 15378(b)(5).

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 Personal Services Contract with Treadwell & Rollo, a Langan Company, a New Jersey corporation, substantially in the form lodged with the Agency General Counsel, to increase the Contract amount by \$1,251,620 for the period covering September 20, 2011 through December 19, 2012 for a total aggregate amount not to exceed \$2,701,880 for technical environmental services in connection with: (1) the Phase 1 development at the Hunters Point Shipyard; and (2) the transfer of additional property at Hunters Point Shipyard from the United States Department of the Navy to the Agency.

APPROVED AS TO FORM:

for 
James B. Morates
Agency General Counsel