

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: Authorizing the Executive Director to execute the Seventh Amendment to Grant Agreement No. 07-49-05947 and the Fifth Amendment to Grant Agreement No. 07-49-06113 from the U.S. Department of Commerce's Economic Development Administration for improvements to Building 101 in the Hunters Point Shipyard Redevelopment Area; Hunters Point Shipyard Project Area

EXECUTIVE SUMMARY

Between 2003 and 2007, the federal Economic Development Administration ("EDA") awarded the former San Francisco Redevelopment Agency ("SFRA") five construction grants totaling \$15.5 million for projects at Hunters Point Shipyard (the "Shipyard"). The EDA Grants are designed to leverage investments in infrastructure to promote economic development in innovative industries and the arts, and may be used for planning, design, and construction. EDA requires a 10 percent local funding match for each grant. The first three grants have been used, and the remaining funds in EDA Grant #4 (Award No. 07-49-05947) and EDA Grant #5 (Award No. 07-49-06113), totaling more than \$5 million, are programmed for the design and construction of improvements to Building 101 (the "Project"), an existing building at the Shipyard which houses existing artists' studios.

OCII has collaborated with San Francisco Public Works ("Public Works") to estimate Project costs and determine a scope that is feasible within available budget. Contingent on construction bid amounts to be received, that scope now includes:

- conversion of a lecture hall to gallery space to facilitate the showing and sale of artworks;
- conversion of public restrooms to ADA-accessible restrooms;
- installation of a wheelchair ramp at the primary building entrance;
- other accessibility improvements to common areas; and

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- improvements to emergency exits.

OCII is now preparing a Memorandum of Understanding (“MOU”) with Public Works for the design, bidding, and construction management of the Project.

Due to the complexity of the scope analysis and cost estimation process, the Project was not completed within the construction deadline for the EDA Grants. OCII staff have requested a time extension for EDA Grant #4 and EDA Grant #5, and have provided EDA with documentation of the Project’s progress to date. OCII staff request that the OCII Commission authorize the Executive Director to execute time extensions to EDA Grant #4 and EDA Grant #5 upon approval by the EDA. OCII staff anticipate bringing the MOU to the Commission this fall, which would allow Public Works to immediately begin design work for the planned improvements.

Staff recommends authorization for the Executive Director to approve a Seventh Amendment to EDA Grant #4 and a Fifth Amendment to EDA Grant #5.

BACKGROUND

Purpose of EDA Grants at the Shipyard

The development of the Shipyard includes identifying ways to support economic development for arts and/or technology uses. SFRA, now OCII, used the majority of the EDA Grants to support predevelopment, infrastructure, and public art investments intended to catalyze economic development, employment and site activation at the Shipyard from the early phases of development. They prioritize the retention of artists and the arts, a goal that City, state and federal stakeholders have repeatedly emphasized over decades of planning efforts at the Shipyard.

Between 2003 and 2007, the EDA awarded the SFRA five construction grants totaling approximately \$15.5 million (“EDA Grant #1” through “EDA Grant #5”) for projects at the Shipyard:

	Total Grant
EDA Grant #1	\$1,478,000
EDA Grant #2	\$2,372,000
EDA Grant #3	\$2,375,000
EDA Grant #4	\$4,222,223
EDA Grant #5	\$5,066,667
Total	\$15,513,890

Work Accomplished to Date

- EDA Grant #1: Demolition and deconstruction of buildings at Shipyard Parcel A-1. Demolition and deconstruction work prepared Shipyard Parcel A-1 for grading and development.
- EDA Grant #2: Improvements to Building 101. Windows and doors were replaced, and exterior repainted, at Building 101, a 121,000-square-foot building at Shipyard Parcel A-1 which holds artists' studios.
- EDA Grant #3: Design and construction of the Site Office Building. Grant funds supported the design and construction of the 5,000-square-foot Site Office Building at 451 Galvez Avenue. The Site Office Building currently hosts subcommittee meetings of the Mayor's Hunters Point Shipyard Citizens' Advisory Committee.
- EDA Grant #4 (Portion): Design studies of Building 813 at Shipyard Phase 2. A portion of EDA Grant #4 was used for design studies for the re-use of Building 813, which were completed in 2008-2009.
- EDA Grant #5 (Portion): Shipyard Cultural and Historical Recognition Program. OCII used a portion of EDA Grant #5 to install a series of nine public art works celebrating local history and culture in public parks on Parcel A-1.
- EDA Grants #4 & #5 – REMAINDER: Cost estimation for improvements to Building 101. In collaboration with Public Works, OCII has established a scope of feasible improvements to Building 101 within the budget remaining in EDA Grant #4 and EDA Grant #5 and estimated their cost. Subject to a grant extension from EDA, OCII staff would bring a MOU with Public Works to undertake the design and construction of the Building 101 improvements to fully expend the over \$5 million remaining in EDA Grants #4 and #5.

Building 101

Building 101 is a 121,000 square-foot, two-story wood-framed building constructed in 1947, located on Shipyard Parcel A-1. Building 101 has been occupied by artists since the mid-1970s and is the hub of the Shipyard artists' community, with studios occupied by approximately half of the 300 artists that work on the Shipyard.

Initial improvements to Building 101 were supported by EDA Grant #2, and included replacement of doors and windows along with exterior painting. The improvements to Building 101 currently being planned would be supported by EDA Grant #4 and EDA Grant #5. Together, all improvements to Building 101 are intended to attract visitors to the Shipyard; to help establish the Shipyard as a destination for the arts; to increase opportunities for the promotion, sale and production of art; to support economic activity and employment at local businesses; and to improve building accessibility and life safety.

Future Scope of Work:

In collaboration with the Department of Public Works and the Shipyard artists, OCII has identified the following scope for the funding that remains in EDA Grant #4 and EDA Grant #5 (project feasibility is subject to bid proposals received, and individual elements of the scope may need to be revised or removed if bids are higher than expected).

- Gallery expansion and conversion. Convert use from lecture hall to multipurpose gallery space and increase area from 997 to 1,336 sq ft.
- Removal of barriers to access for persons with disabilities. Upgrade and remove barriers to access as needed in common areas.
- Convert primary restrooms for wheelchair access. Upgrade primary restrooms to establish access.
- Install wheelchair ramp at main entry. Provide additional wheelchair-accessible entry (current wheelchair-accessible entry is located at secondary entrance).
- Install metal emergency egress stairs. Existing emergency egress ladders will be upgraded to fireproof metal stairs for safer emergency egress.

Previous OCII Commission and Oversight Board Actions

OCII staff have periodically returned to the OCII Commission or the OCII Oversight Board to report progress, solicit feedback, and request action related to the EDA Grants. The OCII Commission and the Oversight Board took actions with respect to EDA Grant #4 and EDA Grant #5 on the following occasions:

- October 12, 2012: Resolution 14-2012 (Oversight Board). Pursuant to California Health and Safety Code Section 34180(e), OCII's Oversight Board was granted the authority to continue or discontinue acceptance of federal grants with a local match of greater than 5 percent at the time of the SFRA's dissolution in 2012. The Oversight Board exercised this authority with respect to EDA Grant #4 and EDA Grant #5, and continued acceptance of both grants.
- January 26, 2016: Resolution 2-2016 (Oversight Board). OCII staff advised the Oversight Board of a re-scope of EDA Grant #4 shifting the scope from design studies of Building 813 to improvements at Building 101; and a time extension of EDA Grant #4 and EDA Grant #5. The Oversight Board approved the changes.
- May 17, 2016: Resolution 22-2016 (OCII Commission). OCII staff advised the OCII Commission of the same re-scope of EDA Grant #4 shifting the scope from design studies of Building 813 to improvements at Building 101; and time extension of EDA Grant #4 and EDA Grant #5. OCII Commission approved the changes.

REQUESTED COMMISSION ACTIONS

Since the most recent OCII Commission discussion of progress on EDA Grant #4 and EDA Grant #5 in May 2016, OCII staff have worked to advance the plans presented at that discussion. OCII staff have collaborated with Public Works to produce a recommended scope of improvements, cost estimates, and a project schedule. However, this process incurred delay due to the complexity of assessing what work could be accomplished within available funding, given rapidly increasing construction costs in the San Francisco Bay Area.

To address this budget challenge, OCII worked extensively with Public Works, the Department of Building Inspection, and the San Francisco Fire Department to identify a feasible scope of work which addresses the highest priority improvements to Building 101. That process took additional time, and consequently OCII staff have opened discussions with EDA staff regarding a requested time extension of 42 months to EDA Grant #4 and EDA Grant #5. Both grants currently have a construction deadline of March 31, 2018.

OCII staff request that the Commission authorize the Executive Director to enter into a Seventh Amendment to EDA Grant #4 and a Fifth Amendment to EDA Grant #5, extending the time for project completion by up to 42 months.

ENVIRONMENTAL TESTING AND SITE REMEDIATION

The Shipyard is divided into two development projects: Phase 1 and Phase 2. Phase 1 includes Hilltop (Parcel A-1) and Hillside (Parcel A-2), and Phase 2 covers all remaining land in the Shipyard. The land in Phase 2 is an environmental “superfund” site that required extensive clean-up by the Navy.

Prior to development, all property in the Shipyard was owned by the Navy. The Navy is responsible for full environmental remediation of each parcel, and the Navy retains ownership of each parcel until remediation is complete and the parcel is safe to transfer, and for its intended use. Remediation work is overseen by the U.S. Environmental Protection Agency (“EPA”), the California Department of Toxic Substances Control (“DTSC”), and the San Francisco Bay Regional Water Quality Control Board (“SFBRWQCB”). Once remediation is complete and approved by the EPA, the DTSC, and the SFBRWQCB, the Navy transfers property parcels to OCII for development.

In 2012 the Navy identified discrepancies in soil sample data at Phase 2 taken by the Navy’s contractor Tetra Tech. The U.S Nuclear Regulatory Commission investigated these discrepancies and fined Tetra Tech. In 2016, former contract employees at the Shipyard made additional allegations of fraud by Tetra Tech in the Phase 2 site remediation process. The Navy has reviewed these allegations, agreed to re-test affected portions of Phase 2, and issued a draft work plan. Tetra Tech is no longer working in the

Shipyard, and OCII did not have any contractual relationship with Tetra Tech. No development is currently occurring on the Phase 2 parcels.

Parcel A-1, where Building 101 and the Shipyard Arts and Technology District is located, is not implicated in the allegations against Tetra Tech. The Navy and the EPA have conducted a thorough regulatory review process and have confirmed the safety of Parcel A-1, as well as the safety of artists' studios on Parcel B and a San Francisco Police Department crime laboratory on Parcel E-1. However, to assure residents, workers and visitors that Parcel A-1 is safe, OCII, the City of San Francisco, the EPA and the Navy have requested that the California Department of Public Health ("CDPH") perform a health and safety radiological scan of Parcel A-1 and Parcel A-2. CDPH began this test on July 16, 2018 and has provided weekly progress reports during testing. To date, CDPH has found nothing hazardous to human health or the environment. A final report is anticipated by late fall 2018.

WORKFORCE HIRING AND SMALL BUSINESS UTILIZATION GOALS

Work performed under EDA Grant #4 and EDA Grant #5 must comply with EDA workforce hiring requirements for minority and female participation, which can otherwise be found at 13 CFR Chapter III. In addition, Public Works has agreed to adopt OCII's Small Business Enterprise Program 50% goal for participation of small businesses. Geographically-based preferences for hiring will not be used, as they are prohibited on federal projects.

CITIZENS ADVISORY COMMITTEE AND COMMUNITY REVIEW

The Building 101 improvements have been developed in consultation with key stakeholders. This consultation has included discussions with the Hunters Point Shipyard Citizens Advisory Committee ("CAC") and the Shipyard artists, both of which have supported the planned improvements. OCII staff will periodically communicate updates to the Shipyard artists as the improvements move forward.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

The construction activities to be authorized by the OCII Commission's action are categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Sections 15301(a) and 15301(d) because they consist of repair and maintenance of existing structures, and will not directly cause any change in the physical environment.

(Originated by Jonathan Plowman, Development Specialist)



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