MEMORANDUM

TO:   Agency Commissioners

FROM:  Fred Blackwell
        Executive Director

SUBJECT:  Authorizing a Personal Services Contract with Treadwell & Rollo, Inc., a California corporation, for the period covering December 20, 2009 through December 19, 2012 for a total aggregate amount not to exceed $1,449,260, for technical environmental services in connection with (1) the enhanced dust monitoring program for 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

EXECUTIVE SUMMARY

Since negotiations with the United States Department of the Navy ("Navy") for the Hunters Point Shipyard (the "Shipyard") transfer began, the Agency and the City, represented by the Mayor’s Office of Economic and Workforce Development, the San Francisco Department of Public Health ("DPH"), and the Office of the City Attorney (collectively, the "Environmental Team"), have independently reviewed and analyzed the technical documents produced by the Navy and the United States Environmental Protection Agency ("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") 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.

The City’s Department of Public Works ("DPW"), in its role as manager of the City’s construction projects, administers environmental consulting contracts. Therefore, DPW selected Treadwell & Rollo for a Personal Services Contract ("Contract") to advise the Shipyard Environmental Team; starting in 1999. Through subsequent actions, the Commission authorized direct contracting with and additional amendments to Treadwell & Rollo’s Contract.

Treadwell & Rollo’s current contract expires on December 19, 2009 and currently includes the following services: 1) providing independent review and analysis of the technical documents relating to the environmental condition of the Shipyard; 2) advising the Environmental Team on the Navy’s proposed remediation and transfer of the remainder of the Shipyard; 3) advising the Environmental Team on the compliance of the Shipyard’s developer, HPS Development Co. LP,
("Lennar") with the environmental controls imposed on the Phase 1 development by San Francisco Health Code Article 31; and 4) providing limited independent monitoring and peer review of air quality testing performed by Lennar's environmental consultants on and near Shipyard Parcel A (collectively, "Technical Environmental Services").

In accordance with the Sole Source method of procurement in the Agency's Purchasing Policy, amended on July 21, 2009, the Agency seeks to enter into a Contract with Treadwell & Rollo for Technical Environmental Services. The Shipyard Citizens Advisory Committee ("CAC") concurs with this recommendation.

Staff seeks Commission authorization to enter into a Personal Services Contract with Treadwell & Rollo, Inc., a California corporation, for the period covering December 20, 2009 through December 19, 2012 for a total aggregate amount not to exceed $1,449,260 for environmental services in connection with: (1) the enhanced dust monitoring program for 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.

BACKGROUND

Due to the presence of significantly hazardous materials on the Shipyard released by the activities of the Navy and its contractors and tenants, the 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.

Pursuant to CERCLA, the Navy and 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.

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.

The City's DPW 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 2004, 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.

On December 16, 2003, by Resolution No. 191-2003, the Commission authorized a three-year Contract directly with Treadwell & Rollo, in the amount of $360,000 to continue as the consultant to the Environmental Team. Its 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.

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 in order for Treadwell & Rollo to continue with what is their current Contract Scope of Services summarized (below):

1) Advising the Environmental Team on the compliance of the Shipyard’s developer, 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
3) Providing independent review and analysis of the technical documents relating to the environmental condition of, advising the Environmental Team on the Navy’s proposed remediation and transfer of the remainder of the Shipyard

*Treadwell & Rollo’s current contract expires on December 19, 2009

Shipyard Phase 1 Dust Monitoring
In the Fall of 2006, the community raised concerns about the dust and naturally-occurring asbestos that was being generated from Lennar’s construction activities on Parcel A. Treadwell & Rollo was tasked with conducting peer review of air quality testing performed by Lennar’s environmental consultants on and near Shipyard Parcel A. Airborne asbestos sampling and analysis is very expensive, but in order to maintain community confidence in the Phase 1 project the community dust monitoring program has continued until present day.

Since 2006, many local, state and federal health agencies reviewed the air monitoring data and protocols, including Lennar’s improved dust control plan, and concluded that the project is being constructed in a manner that does not pose a risk to public health.

Shipyard Phase 2 Clean up and Transfer Process
In 2007, the Mayor’s Office began negotiations with the Navy regarding a possible early transfer of certain Shipyard parcels (or portions thereof). These early transfer tasks were not known in December 2006 because the discussions about schedule and budget related to early transfer had not been completed until 2007. Below are some of the new tasks associated with the early transfer proposals for Parcel B and G from the Navy, resulting in increased costs:

- The Navy increased the number of CERCLA documents due to sub-parcelization of property in order to facilitate an accelerated early transfer. These additional documents were reviewed by Treadwell & Rollo for technical environmental and policy issues.
• The schedule for reviewing all technical and environmental documents has been accelerated. Acceleration of review has increased costs because large documents that could have been reviewed by fewer people over a longer period of time now must be reviewed by multiple reviewers in a short amount of time, and this requires greater coordination.

• Early transfer has required many additional meetings among the City (including Treadwell & Rollo), Navy, the Regulators and Lennar, that were not anticipated prior to early transfer.

• Early transfer proposals include accelerating the transfer of Parcel B, as well as the creation and transfer of Parcel G (formerly a part of Parcel D) to allow for the construction of a new football stadium, if the San Francisco 49ers decide to remain in San Francisco. Further, in support of interactions with the 49ers and the National Football League, Treadwell & Rollo prepared environmental summary reports, maps and provided support for meetings with these groups, resulting in additional costs.

• The Early Transfer process requires a significant number of additional public meetings and workshops to educate the public and elected officials about environmental issues under early transfer. Treadwell & Rollo has provided technical support for some public presentations.

DISCUSSION

After many years of work by the Navy, the Regulators, the Environmental Team and Treadwell & Rollo, we are in the final year of completing the transfer of three parcels, D-2, B and G from the Navy to the Agency. Property transfer for subsequent parcels, UC-1, UC-2 and IR7/18 in 2011, UC-3 and D-1 in 2012, are also anticipated to occur during the time frame of this proposed Contract.

As with all large and complicated property transactions, the number of technical environmental documents that need to be reviewed, written and finalized is substantial. This work will need to be done in addition to the “normal” peer review for ongoing CERCLA progress at these parcels and parcels that will be transferred in the future. The details of the Scope of Services anticipated under this contract are included in Attachment A, and a current map of the Shipyard and a summary of the Navy’s current projected transfer schedule are presented in Attachment B. The budget breakdown and the highlights of the Scope of Services anticipated under this Contract are below:

<table>
<thead>
<tr>
<th>PERSONAL SERVICES CONTRACT SUMMARY</th>
<th>ESTIMATED COSTS</th>
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<tbody>
<tr>
<td>Phase 1: Parcel A air sampling and technical assistance</td>
<td>$ 788,760</td>
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<tr>
<td>Phase 2: Review of technical documents produced by the Navy and technical assistance to Environmental Team regarding Parcels B through F</td>
<td>660,500</td>
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<td>TOTAL AMOUNT:</td>
<td>$1,449,260</td>
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Phase 2 Scope of Services

• Preparation of 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
• Assistance with amendments to the San Francisco Health Code, Article 31
• Scope and budget assistance for the long term monitoring obligations that will occur after the transfer of Parcel IR7/18
• Critical review of radiological closure issues prior to parcel transfer
• Presentations to community groups about technical environmental issues related to transfer and to address community concerns
• 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 early transfer parcels

Phase 1 Scope of Services
In addition to these Phase 2 tasks, Treadwell & Rollo will be tasked with continuing the Phase 1 enhanced community dust monitoring program, as needed, to provide continued asbestos air monitoring data, compilation of data and, as needed, review of Lennar’s dust control efforts.

Sole Source Procurement
The Agency’s Purchasing Policy, amended on July 21, 2009 allows for a Sole Source method of procurement if, “the proposed Contractor has previously provided the needed Goods or Services to the Agency and, in doing so, has performed satisfactorily and gained specific information and experience making the proposed Contractor uniquely qualified to provide the needed Goods or Services.”

Treadwell & Rollo’s expertise and accumulated knowledge on environmental issues related to the Shipyard continues to be critical to the Environmental Team in its on-going negotiations with the Navy and the Regulators. A change in the Contract for Technical Environmental Services now would require considerable effort and resources to bring a new consultant up to speed and result in a significant setback to the City in its efforts to continue the Shipyard’s development.

Trainees
Under the previous contract, Treadwell & Rollo voluntarily hired a Trainee under the Agency’s Equal Opportunity Program. This Trainee is now a full time and valued employee of the Treadwell & Rollo team. As part of this proposed contract, Treadwell & Rollo will hire an additional Trainee to support work on this and other projects. Treadwell & Rollo will work with the Agency and local community-based organizations to hire qualified candidates (college student or bachelor’s degree candidate) from the Bayview Hunters Point community and provide them with training in the environmental and/or geotechnical areas. Treadwell & Rollo, Inc. is committed to its affirmative action hiring goals and developing qualified people to create a diverse workforce.

Community Outreach
The Agency briefed the CAC on the details and the procurement of the Contract with Treadwell & Rollo for Technical Environmental Services. The CAC expressed its support during its meetings in October and November 2009.
Budget
This budget is anticipated to cover 18 months of this three-year Contract and is based on the current Phase 1 air monitoring program and the current Phase 2 transfer schedules. It is difficult to accurately estimate costs for the entire three-year Contract period at this time due to the variability of the current parcel transfer discussions. It is expected that the budget will require an amendment before June 2011 when the remaining 18 months of services required can be more accurately estimated based on the Shipyard’s project status at that time.

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, as well as the Shipyard Phase 2 Candlestick Point Exclusive Negotiations and Planning Agreement.

CALIFORNIA ENVIRONMENTAL QUALITY ACT
Commission authorization of a Personal Services Contract with Treadwell & Rollo for Technical Environmental Services is statutorily exempt from environmental review pursuant to Section 15262 of the California Environmental Quality Act (“CEQA”) Guidelines (Feasibility and Planning Studies). The Contract funds the provision of technical services for feasibility and planning studies that will not directly cause a change of the physical environment.

(Originated by Thor Kaslofsky, Project Manager, Hunters Point Shipyard)

Fred Blackwell
Executive Director

Attachment A: Scope of Services and Budget
Attachment B: Shipyard Parcel Map and the Navy's Current Parcel Transfer Schedule
ATTACHMENT A

SCOPE OF SERVICES AND BUDGET

December 2009 through December 2012

TOTAL PHASE 1 AND 2 = $1,449,260

The cost estimate below is anticipated to cover 18 months of this three-year Contract and is based on the current Phase 1 air monitoring program and the current Phase 2 transfer schedules.

Phase 1
1. Parcel A Air Sampling to be provided by Acumen Industrial Hygiene and managed by T&R. $666,000
2. Support Agency’s and San Francisco Department of Public Health’s (SFDPH’s) work to produce an internal and publicly shared set of tables and maps that portray historical analytical results for Hunters Point Shipyard (“Shipyard”) Parcel A. These maps and tables will form the backbone of a website where data about Shipyard will be shared with the public.
3. As directed, provide information and recommendations to the Agency, various city departments, officials, and advisory committees.
4. As directed, evaluate, graph, and analyze air sampling results and prepare figures as needed.
5. If needed, attend Environmental Team meetings and attend/assist in presentations for other technical and non-technical meetings as scheduled by the Agency, City, Navy, regulatory agencies, developer and possibly community groups.
6. If needed, provide community relations support services.

Subtotal Items 2 through 6 $122,760

Phase 1 Work Subtotal $788,760

Phase 2
1. Attend Base Closure Team (BCT) meetings, as needed. $30,000
2. Review evaluation of the environmental work and documents produced by the Navy, including continued and ongoing review and comment on groundwater monitoring and remediation issues. As directed, review, evaluate and provide comments on documents such as:
   a) Parcel B documents including: Treatability/Pilot Study Work Plans and reports, remedial designs, Construction Summary and Remedial Action Reports, Radiological Closeout Reports, Land Use Control Remedial Designs (LUCRDs), and Finding of Suitability for Early Transfer (FOSET);
• For Installation Restoration Sites 7 and 18 on Parcel B: Remedial Design Package including Design Basis Report, Remedial Action Monitoring Plan, Land Use Control Remedial Design, Operation and Maintenance Plan, and Cost Opinion; Finding of Suitability to Transfer (FOST); and Radiological Survey and Closeout Reports.

b) Parcel C documents including: Treatability/Pilot Study Work Plans and reports, removal action memos and Work Plans, CAP, Proposed Plan (PP), Record of Decision (ROD), and FOSET;

c) Parcels D-1, D-2, and G documents including: Feasibility Study (FS), Removal Action Work Plan (RAW), Treatability/Pilot Study Work Plans and reports, Removal Action Closeout Reports, PP, and RODs, remedial designs, Construction Summary and Remedial Action Reports, Radiological Closeout Reports, LUCRDs, and FOST/FOSETs;

d) Parcels E and E-2 documents including: Landfill Gas Monitoring Reports and Removal Action Closeout Report, Removal Action and Treatability/Pilot Study Work Plans and reports, Remedial Investigations (RIs), FSs, PPs, and RODs;

e) Parcels UC-1, UC-2, and UC-3 documents including: RODs, PPs, LUCRDs, and FOSTs;

f) Documents related to soil and groundwater contamination and remediation under Buildings 123, 134, and 272;

g) Federal Facilities Agreement (FFA) schedules;

h) Other technical documents related to soil and groundwater contamination at Hunters Point Shipyard and related to potential real estate documents (Finding of Suitability to Lease [FOSLs], Lease in Furtherance of Conveyance [LIFOCs], licenses, leases, and easements); and

i) Track Parcel F issues related to redevelopment.

$312,500

3. For the IR7 and 18 potential radiological Area Requiring Institutional Controls (ARIC), assist the Agency in drafting language for escrow instruction concerning the ARIC and procedures, criteria, and schedule for obtaining commitment for and achievement of approval for license exemption from the California Department of Public Health.

$16,000

4. For IR7 and 18, assist the Agency in developing a technical scope and contract for subcontracting and providing cap and revetment wall operation and maintenance (O&M) services per the Navy’s approved O&M Plan in perpetuity.

$10,000

5. Assist with updating, distributing, and tracking progress on schedule for Agency and City parcel transfer tasks. Support the on-going negotiations between the Agency and the Navy for transfer scenarios. As directed, provide information and recommendations to the Agency, various City departments, officials, and advisory committees (e.g., Planning Commission, Agency Commission, Board of Supervisors, Health Department, etc.).

$59,500
6. Assist Agency’s and SFDPH’s work to produce a Shipyard Arcview GIS/database system including: attending meetings and coordinating with SFDPH as needed; assisting with database formatting and uploading; and providing ongoing support to SFDPH on system use and maintenance.
   $10,000

7. Radiological review services to be provided by radiological experts.
   $60,000

   $37,500

9. Assist in White Paper Preparation and write Opinion Letter on transfer for Parcels B and G FOSETs; Parcel D-2 FOST, Parcels UC-1, UC-2, and UC-3 FOSTs, and Parcels C and D-1 FOSETs. Review EIR, EIS Hazmat and mitigation measures for HPS and Candlestick Point project.
   $50,000

10. If needed, attend Environmental Team meetings at the Agency and City Hall. As directed, coordinate environmental review efforts with developer when the interests of the Agency and the developer are the same. As requested, attend meetings with developer.
    $40,000

11. If needed, attend and assist in presentations for other technical and non-technical meetings as scheduled by the Agency, City, Navy, regulatory agencies, developer and possibly community groups.
    $15,000

12. If needed, provide community relations support services.
    $10,000

    $10,000

**Phase 2 Work Subtotal**  $660,500