MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
       Executive Director

SUBJECT: Authorizing a Second Amendment to the Personal Services Contract with Treadwell & Rollo, a Langan Company, a New Jersey corporation, to extend the contract term on a month to month basis for up to twelve months, for the period December 20, 2012 through December 19, 2013, unless terminated earlier by the Executive Director, to enable continued environmental technical services in connection with; (1) the Phase 1 development at the Hunters Point Shipyard and (2) the remediation and transfer of property at the Hunters Point Shipyard from the U.S. Department of the Navy; to the Successor to the former San Francisco Redevelopment Agency; Hunters Point Shipyard Redevelopment Project Area

EXECUTIVE SUMMARY

One of the agreements governing the redevelopment of the Hunters Point Shipyard (“Shipyard”) is the Conveyance Agreement, which was entered into by the U.S. Department of the Navy (“Navy”) and the San Francisco Redevelopment Agency (“SFRA”) in 2004, and governs the transfer of the Navy parcels to SFRA. A requirement of the Conveyance Agreement is that information regarding the environmental remediation of those parcels be shared with federal and state regulators, the City, and SFRA.

In order to assist SFRA and the City’s Department of Public Health (“DPH”) with the review of that environmental remediation, SFRA authorized a three year personal services contract (“Contract”) in December 2009 with Treadwell & Rollo to provide environmental technical services. Now that the three year term of Contract has ended, staff at the Office of Community Investment and Infrastructure (“OCII”), as successor to SFRA, has issued a Request for Proposals (“RFP”) to seek a consultant to provide environmental technical services to OCII for another three years under a new personal services contract.

Due to the uncertainty that resulted from the State-wide redevelopment dissolution process, staff was unable to move ahead with the RFP until this past January, meaning that a new personal services contract won’t be finalized until later this year. In order to provide uninterrupted services for the Shipyard project during the procurement process, staff is seeking to extend the current Contract with Treadwell & Rollo on a month to month basis for up to twelve months (“Second Amendment”); the extended Contract would then be terminated once the new personal services contract is ready. This Second Amendment will not change the scope of work or the budget of the Contract. The Shipyard Citizens Advisory Committee (“CAC”) concurs with the recommendation to extend this Contract.
The Contract’s expenses are reimbursable by Lennar under the Shipyard’s Phase 1 Disposition and Development Agreement ("Phase 1 DDA") and the Candlestick Point and Phase 2 Disposition and Development Agreement ("Phase 2 DDA"). The Contract budget’s total aggregate amount is $2,701,880.

*Staff seeks authorization for a Second Amendment to the Contract with Treadwell & Rollo, to extend the Contract term on a month to month basis for up to twelve months, unless otherwise terminated earlier by the Executive Director, for the period December 20, 2012 through December 19, 2013.*

**DISCUSSION**

**Background**

The Shipyard, a former naval base, is a master-planned community of approximately 500 acres located along the southeastern waterfront of San Francisco. The San Francisco Board of Supervisors originally adopted the Redevelopment Plan in 1997 and amended it in 2010 to provide for the integrated planning and development of the Shipyard and the Candlestick Point portion of the Bayview Hunters Point Redevelopment Project Area. Transfer of property by the Navy to OCII and redevelopment of the property will occur in phases after the Navy’s completes its environmental remediation.

The Shipyard was closed by the federal government in 1974. In 1989, due to environmental contamination on the base, the U.S. Environmental Protection Agency ("EPA") placed the Shipyard on the National Priorities List of "Superfund" cleanup sites, requiring the Navy to investigate and remediate hazardous materials at the Shipyard.

In April 2004, the former San Francisco Redevelopment Agency Commission (the "SFRA Commission") authorized a conveyance agreement ("Conveyance agreement") between the Navy and OCII. The Conveyance Agreement requires the Regulators (together the EPA and the State of California are the "Regulators") to confirm that each parcel is remediated to a level that is safe for its intended reuse prior to transfer and for the Navy, OCII, and the Regulators to share environmental information in a "Collaborative Partnership." OCII, DPH, and the Office of the City Attorney (collectively, the "Environmental Team" or the "City") reviews and analyzes the technical documents produced by the Navy and the Regulators relating to the environmental remediation of the Shipyard.

It is in the interest of OCII and the City to review and provide feedback on these environmental 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. On issues where OCII requires specific environmental technical expertise and it is not available through the Environmental Team, outside expert consultants are engaged.

On December 15, 2009, the SFRA Commission approved a Contract with Treadwell & Rollo, for environmental technical services, for a term of three years. On September 20, 2011, the SFRA Commission approved a First Amendment to the Contract to add additional funds, for a total aggregate Contract amount not to exceed $2,701,880. Under OCII’s Purchasing Policy new
Contracts must be offered for competitive solicitation every three years. In January of this year, OCII staff issued an RFP offering the opportunity to provide environmental technical services related to the Phase 1 development at the Shipyard and the remediation and transfer of property at the Shipyard from the Navy to OCII. The RFP process is underway and multiple proposals were received on March 15, 2013. In order to ensure uninterrupted services on environmental review during the procurement process, staff seeks authorization to enter into a Second Amendment to the Contract with Treadwell & Rollo, to extend the term on a month to month basis for up to twelve months, for the period December 20, 2012 through December 19, 2013. The Second Amendment will not change the scope of services or increase the Contract budget.

Scope of Services

Below is a summary of the Contract’s scope of services. This Second Amendment will not change the scope of services or increase the Contract budget:

1. Provide independent review and analysis of the technical documents relating to the environmental remediation of the Shipyard produced by the Navy and the Regulators
2. Advise OCII in its role as the local reuse authority for and redeveloper of the Shipyard
3. Advise OCII on the compliance of the Shipyard’s development with the environmental controls imposed on the Shipyard by DPH’s Health Code Article 31
4. As needed, provide review of air quality testing performed by, HPS Development Co. LP’s, (“Lennar”) environmental consultants for Parcel A

Budget

The Contract’s expenses are reimbursable by Lennar under the Shipyard’s Phase 1 DDA and the Candlestick Point and Phase 2 DDA. The Second Amendment will not increase the Contract budget’s total aggregate amount of $2,701,880.

NEXT STEPS

Multiple proposals for the new contract were received on March 15, 2013. Staff will review the proposals, interview the applicants using a panel including representation from the Shipyard CAC and DPH, and then seek authorization to enter into a new contract with the recommended applicant. Staff anticipates that the procurement process should be completed by the end of this fiscal year.

Enforceable Obligation

The Contract with Treadwell & Rollo is an enforceable obligation under the Dissolution Law. OCII is obligated under Section 20 of the Phase 1 DDA to monitor the Shipyard’s developers for compliance with the Phase 1 DDA’s Mitigation Measures including DPH’s Article 31. In addition, Article 2 of the Conveyance Agreement requires OCII, through a Collaborative Partnership with the Navy to “share information and communicate... explore opportunities for integrating development with cleanup...develop strategies for characterizing the site and resolving remediation issues...explore conveyance and contracting mechanisms that expedite cleanup and conveyance...and jointly present characterization, remediation, contracting and conveyance plans to regulators and community groups.” Section 5.2.6 of the Phase 2 DDA commits OCII to accept properties from the Navy once those properties have been remediated consistent with the reuse plans. Before OCII accepts such properties, however, OCII is required
to conduct significant environmental analysis. OCII does not have the environmental expertise to accomplish any of these activities on its own and therefore must hire outside experts. The Contract for Environmental Technical Service with Treadwell & Rollo is in furtherance of these enforceable obligations of OCII. In addition, the Contract has been shown on all of the Recognized Obligation Payment Schedule ("ROPS"), and is on line HPSY 79 of the ROPS for January to June 2013, which has been approved by the Oversight Board and the Department of Finance.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

Authorization of the Second Amendment to the Contract with Treadwell & Rollo is an OCII 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).

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

Tiffany Bohee
Executive Director