MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohce
Executive Director

SUBJECT: Authorizing a First Amendment to the personal services contract with Equity Community Builders LLC, a California limited liability corporation, to extend the contract term by 18 months, for the period of September 8, 2013 through February 7, 2015, to enable continued predevelopment analyses, project management, and development services for Building 813 located in the Hunters Point Shipyard; Hunters Point Shipyard Redevelopment Project Area

EXECUTIVE SUMMARY

Building 813 is an existing vacant, four story, 260,000 square-foot building to be developed within a planned research/development and office area on the Hunters Point Shipyard (the “Shipyard”). When it was active, Building 813 was used primarily as a supply storehouse for the U.S. Department of the Navy (“Navy”). The building is currently owned by the Navy, but is expected to transfer to the Office of Community Investment and Infrastructure (“OCIII”), as successor to the former San Francisco Redevelopment Agency (“SFRA”), in fall of 2013.

In September 2010, after a Request for Qualifications (“RFQ”) process, SFRA selected a consultant team lead by Equity Community Builders (“ECB”) to enter into a personal services contract (the “Contract”) to conduct predevelopment analyses, as well as help manage the rehabilitation and disposition of Building 813. The Contract has a budget of $1.69 million and has a scope of services that includes, (1) feasibility analysis, (2) design and construction of building repairs/stabilization work, (3) development of disposition and leasing plans, (4) and overall project management.

The Contract budget has a remaining balance of approximately $338,000 but is expiring on September 7, 2013. No additional funds are needed, but a time extension of 18 months is needed to ensure completion of the building repairs/stabilization work and preparation of a disposition plan in conformance with the OCIII Long Range Property Management Plan (“LRPMP”) required by AB 1484.

Expenses for this Contract are reimbursable under grant funding from the U.S. Department of Commerce’s Economic Development Administration (“EDA”) for the predevelopment, rehabilitation, and development of Building 813. There is a 10 percent local match requirement by EDA that is being fulfilled with tax increment funds from the Shipyard. The local match of tax increment funds was approved by the Oversight Board in October 2012.

Staff seeks authorization for a First Amendment to the Contract with Equity Community Builders to extend the contract term by 18 months, for the period of September 8, 2013 through February
7, 2015, to provide continued predevelopment analyses, project management, and development services for Building 813.

DISCUSSION

Background

The Hunters Point Shipyard and Candlestick Point areas (together the “Project”) are comprised of approximately 770 acres along the long-neglected waterfront lands of southeastern San Francisco. The Shipyard portion of the Project is a former naval base. 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 San Francisco Board of Supervisors originally adopted the Shipyard’s 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. These lands will be developed and transformed into productive areas for jobs, parks, and housing, including affordable housing. The Project will be implemented in two phases (under separate but related Phase 1 and 2 disposition and development agreements, the “Phase 1 DDA” and the “Phase 2 DDA”) and will deliver over 12,000 new homes, approximately 32 percent of which will be below market rate and will include the rebuilding of the Alice Griffith public housing development consistent with the City’s HOPE SF program, more than 350 acres of new parks, and up to 3 million square feet of research/development and office space.

Building 813 is centrally located on the Shipyard along the Crisp Road corridor adjacent to the 3 million square feet of the research/development and office areas planned. By being ready for development, Building 813 will help seed and catalyze the development of the research/development and office areas in advance of the areas’ full build-out (see attached Project Map, Attachment A).

Equity Community Builders’ Scope of Services and Work to Date

In furtherance of developing Building 813, on September 7, 2010 after a RFQ solicitation, SFRA selected ECB for a Contract to lead a development consultant team to assist with the predevelopment, repair/stabilization, and disposition (summary of the Contract’s scope of services is below) of Building 813 with a budget of $1.69 million. The Contract has a term of three years and is expiring on September 8, 2013.

ECB has completed all of the predevelopment tasks for Building 813 such as preparing design concepts and cost estimates to gauge the building’s total development parameters and a feasibility analysis to show the financial viability of a development in the building, as well as all of the design and construction documents for the building repairs and stabilization. Some tasks like Financing Strategy and Project Management are still ongoing. Below is an annotated summary of the scope of services under this contract, indicating which items are complete and which would continue under the proposed term extension:
OVERALL BUDGET: $1.69 million

1. Predevelopment Analysis: (Overall Budget $594,800)
   Includes preparation of cost estimates, feasibility/market studies, and design concepts.
   ✓ (DONE) Market Study.
   ✓ (DONE) Development Program and Phasing Plan.
   ✓ (DONE) Conceptual Drawings.
   ✓ (DONE) Financial Feasibility Report, including: Construction Costs Estimates, Development Budgets, Operating Pro Formas, and Financing Options.
   ✓ (DONE) Geotechnical Report.
   ✓ (ONGOING) Financing Strategy.

2. Repair and Stabilization: (Overall Budget $438,600)
   Includes completion of hazmat survey, geo-tech report, testing-inspection, construction documents.
   ✓ (DONE) Survey reports for hazmat.
   ✓ (DONE) Preparation of construction documents for bid of repair/ stabilization work.
   ✓ (DONE) Summary of bids for repair/stabilization work.

3. Disposition Planning: (Overall Budget $188,500)
   Includes preparation of request for expressions of interest and or request for proposals and LRPMP assistance.
   • (ONGOING) Development goals and timeline.
   • (ONGOING) Request for expressions of interest and or request for proposals.

4. Overall Project Management: (Overall Budget $472,800)
   Includes construction/administration management, subconsultant coordination, and as-needed project management tasks.
   • (ONGOING) Oversee and manage project team and tasks.
   • (ONGOING) Manage project budget/invoices and schedule.

OVERALL BALANCE: $338,000

Next Steps
The additional time on the Contract is needed to make-up for the schedule delays caused by the legal uncertainties resulting from dissolution. Specifically under Dissolution Law, the EDA grant required reauthorization of the grant and the tax increment local match that was not provided by the Oversight Board until October 2012. EDA required a similar reauthorization that assigned the EDA grants from SFRA to OCII and extended the term of the grant, but EDA could only approve the grant assignment after the Oversight Board’s reauthorization in October 2012. As a result, EDA’s final grant assignment and approval to move forward was not provided until April 2013. During this time OCII had to delay work on Building 813 due to the uncertainty of the EDA grant funds.
Building 813 is located on Parcel D-2 of the Shipyard, which is still owned by the Navy but will transfer to OCII in fall 2013. In order to ensure the viability of this property for any reuse program, last year, OCII (under separate $920,000 Contract with Asbestos Management Group) completed the first stage of building stabilization by clearing Building 813 of asbestos containing materials, stabilizing the existing lead based paint, and removing the leaking roof system. Now the building’s interior is a clean concrete shell and the exterior is free of unsightly ductwork and peeling paint.

Over the next 18 months under a future construction contract solicitation, OCII with assistance from ECB will complete stabilization of the building which includes, 1) the installation of a new roof, 2) replacement of all doors, 3) the installation of safety lighting, 4) exterior painting, and the 5) the repair/replacement of all windows. In parallel, staff will develop a process for determining the ultimate end-use and programming of the building through a disposition in accordance with the LRPMP.

Next Steps and Activities
Staff will use the next 18 months and the $338,000 remaining in the budget to have ECB assist OCII with:

- Bidding/contracting for repair/stabilization.
  - Construction contract to Commission by end of 2013.
- Disposition recommendation for Building 813 in accordance with the LRPMP.
  - Request for Proposal for development to Commission by middle of 2014.
- Oversight and construction management of repair/stabilization.
  - Ongoing.

Equal Opportunity Program
Federal EDA procurement guidelines apply to this Contract because EDA grant funds are being used. EDA doesn’t have numerical goals for utilizing small/minority/women business enterprises (“SBEs”) but requires that good faith efforts be made to utilize SBEs when possible. OCII staff implemented the EDA requirements, but also applied OCII’s Small Business Enterprise (“SBE”) Program only to the extent that the SBE implementation didn’t conflict with the EDA requirements. ECB assembled a diverse team of 29 percent SBEs as subconsultants for this Contract (see the Professional Consultants Summary, Attachment B).

Community Outreach
OCII staff briefed the CAC on the details of the proposed First Amendment with ECB, during its Full CAC meeting in August 2013. The CAC recommended that the First Amendment move forward to the Commission for consideration.

Enforceable Obligation
The Contract with ECB is an enforceable obligation under the Dissolution Law. The Contract is in furtherance of, and is necessary to complete, OCII obligations under the EDA Grant. The Contract is shown on line HPSY 65 of the approved Recognized Obligation Payment Schedule (the “ROPS”) for July to December 2013, which was approved by the Oversight Board and the
Department of Finance, and OCII will include it on all future ROPS until termination or expiration of the Contract. On December 14, 2012, the California State Department of Finance issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 (i), that the Shipyard’s Phase 1 DDA and the Phase 2 DDA are enforceable obligations that survived the dissolution of the Redevelopment Agency.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

Authorization of a First Amendment with ECB is an OCII administrative activity that would not have any direct physical effects on the environment and is not a “Project” as defined in California Environmental Quality Act Guidelines Section 15378(b)(5).

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

Tiffany Bohne
Executive Director

Attachment A: Project Map
Attachment B: Professional Consultants Summary