

**REPORT TO MAYOR AND COUNCIL
SITTING AS THE LOCAL REUSE AUTHORITY**

**TO THE HONORABLE MAYOR AND COUNCIL
SITTING AS THE LOCAL REUSE AUTHORITY:**

DATE: August 26, 2014

SUBJECT: ACCEPTING AND APPROPRIATING A GRANT FROM THE DEPARTMENT OF DEFENSE, OFFICE OF ECONOMIC ADJUSTMENT (OEA), IN THE AMOUNT OF \$232,528 FOR SUPPORT OF THE CONCORD NAVAL WEAPONS STATION (CNWS) REUSE PROJECT MANAGEMENT OFFICE. TOTAL FUNDING SINCE 2005 IS \$6.3 MILLION

Report in Brief

Staff is recommending that the City Council, sitting as the Local Reuse Authority (LRA), accept and appropriate a Phase VII grant from the Department of Defense, Office of Economic Adjustment (OEA), in the amount of \$232,528 to support the Project Management Office (PMO) for the Concord Naval Weapons Station (CNWS) Reuse Project and outside consultants, providing additional transaction and implementation studies for the reuse planning effort. The Executive Director also recommends that the LRA authorize the City Manager to execute the grant acceptance.

The LRA has commenced a multi-year, multi-phased process to plan for the reuse of the CNWS. The overall planning process requires significant staff time to coordinate community input and regulatory interests, direct planning/engineering/environmental/financial consultants involved in plan preparation and to set conveyance strategies for the LRA's consideration in negotiations with the Department of the Navy (DON). To ensure that focus on the Reuse Project does not distract other important City activities, a PMO was established to provide the needed Reuse Project support. Over the last year, the PMO has been staffed with a LRA Executive Director and Reuse Project Executive Assistant. The Phase VII grant funding covers 20% of the labor/fringe benefit costs for a full time Executive Director, administrative assistant and travel expenditures, supplies and equipment costs for a twelve (12) month period covering September 1, 2014 to August 31, 2015. The grant funding also provides limited funding for consultants for the same performance period.

Background

The Phase VII grant scope will build on the work efforts of the Phase VI grant with the following objectives: 1) revise and refine Disposition Strategy that will guide LRA recommendations and application to the Department of the Navy (DON) based on non-use of redevelopment tax increment; 2) support efforts to finalize a disposition term sheet with the DON; 3) coordination with the DON on development phases

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and remedial action priorities; 4) coordination with the DON on National Environmental Protection Act (NEPA) and Endangered Species Act (ESA) compliance documents; and 5) coordination with the DON on economic development conveyance (EDC) and public benefit conveyance (PBC) applications.

Discussion

As described herein, the OEA Phase VII grant award in the amount of \$232,528 provides partial support for the PMO staff and additional funds for consulting support. Acceptance of the grant award will enable the PMO staff to provide focused and consistent management of the Concord Reuse Project Area Plan implementation.

The Major Tasks for Phase VII

There are three primary work tasks for Phase VII. There are approximately five (5) subtasks within the primary work tasks that will be completed by the PMO and an additional four (4) subtasks that will be completed through a combination of the PMO and consultants and/or specialized outside legal counsel.

The following paragraphs address the major work tasks and highlight some of the sub-task requirements.

Task 1 - Continued Support of and Coordination with DON on NEPA/ESA Requirements

- The DON commenced its work in the spring of 2013 to satisfy NEPA requirements, Section 7 of the Endangered Species Act and Section 106 of the National Historic Presentation Act. The LRA PMO will need to closely coordinate with the DON on these efforts using previously certified work completed by the LRA (outside of OEA funding) to help bring consistency to the analysis and accelerate public review and comments. Funding for this effort was originally approved in the Phase III grant but reallocated for other work efforts because of the delay in the DON start date.
- A strategy developed in Phase V was to enhance transfer and development feasibility by securing a set of site-wide resource permits with the City as the applicant. This strategy has been encouraged and collaboratively developed with Federal and State wildlife agencies, the U.S. Army Corps of Engineers and the state Regional Water Quality Control Board. The DON has also participated in these early strategy meetings to coordinate traditional Section 7 consultation with this approach. Efforts include development of concepts for restoration/enhancement of sensitive terrestrial and aquatic habitats. The process of defining how the implementation strategy would be deployed will in turn impact parcel sizing and phasing decisions. Parcel sizing and proposed development phasing can be key functions in determining the proper conveyance recommendation by the LRA. The LRA commenced this effort during the Phase VI grant and the Phase VII grant continues support for the efforts of the Executive Director of the LRA in overall task management. Consultant funding for technical work and strategy development will come from other sources.

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Task 2 - Disposition Application/Term Sheet

- The Phase VII preparation of a disposition strategy includes the potential use of the recent modifications to the Economic Development Conveyance authority. During the Phase V grant, the LRA developed an initial term sheet informed by future development phasing and infrastructure requirements refined as part of the Phase V work scope.
- The term sheet looks at revenue sharing from the sale or leasing of property and the methods for taking the parcels to market in a competitive manner that generates value for the DON and the LRA.
- During Task 2, a risk management plan will be further refined for the LRA to assist in management of LRA liabilities and consideration of developing an Environmental Services Cooperating Agreement (ESCA). This effort will be informed by the second highlighted bullet in Task 3 below.

Task 3 - Specialized Technical Studies

- During the Phase VI grant period, the City refined dynamic financial models and infrastructure requirements to help inform a development phasing plan. As part of the Phase VII grant, the LRA will work closely with the DON to coordinate remedial action priorities and Section 7 consultations. Provision of the DON remedial schedule in the context of the preliminary phasing plan will allow the LRA and DON to refine the phasing to maximize effectiveness and efficiency of the application of remediation/restoration funding and ensure a smoother pathway to transfer and development. Technical memorandum on various DON documents for compliance with the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Resource Conservation and Recovery Act (RCRA) will serve as deliverables over the life of the 12-month grant period.
- PMO will develop, in conjunction with disposition strategies, an assessment of liability and risk to the LRA from acceptance of property through an EDC authority.

These Phase VII tasks are consistent with the LRA's original engagement strategy, maintain overall project continuity and provide a series of deliverables designed to frame and accelerate disposition.

Fiscal Impact

Grant funds cover 20% of the labor and benefit costs for the PMO for two full-time staff positions for a twelve (12) month period. The City is required to provide a 10% match of the grant funds which it does through provision of in-kind support of existing staff. The grant also covers travel costs, office supplies, reproduction, postage and express delivery and computer equipment for the staff. The grant amendment covers cost for additional scope for consultants related to planning and transactional analysis.

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The balance of the PMO and consulting budget will be funded by a loan from the General Fund to the LRA approved and appropriated as part of the adoption of the City's FY 2014/2015 budget. The loan will be repaid with interest from sale or lease of the property after transfer.

Public Contact

Agenda has been posted in accordance with legal requirements.

Recommendation for Action

Staff recommends the Local Reuse Authority accept and appropriate a Phase VII grant from the Department of Defense, Office of Economic Adjustment (OEA), in the amount of \$232,528, to support the PMO and consultants for the implementation of the Concord Reuse Project Area Plan. Staff also recommends that the LRA authorize the City Manager to execute the grant acceptance.



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