

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
CALIFORNIA RECYCLE UNDERUTILIZED SITES (CALReUSE) PROGRAM**

Meeting Date: July 23, 2008

***Informational Item: Selection of Local Strategic Partners
for CALReUSE Remediation Program***

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Selected Strategic Partners	1) City of Oakland Service Area: City of Oakland	Amount Requested:	Not to Exceed \$300,000 per contract
	2) Targhee Consulting Team Service Area: Los Angeles County	Contract Term:	A 2 year term upon execution of contracts (2008 to 2010)

Summary: This item is being presented to the Board for informational purposes. The California Pollution Control Financing Authority (the “Authority” or “CPCFA”) has been working diligently to implement the CALReUSE Remediation Program (Program) funded by the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C).¹ A fundamental preliminary step in this process is the selection of Strategic Partners to assist the Authority in administering the Program.

CPCFA undertook a competitive bidding process and ultimately selected two entities – the City of Oakland and Targhee Consulting Team – to serve as Local Strategic Partners under the CALReUSE Remediation Program. The Authority will enter into two year contracts not to exceed \$300,000 per each Local Strategic Partner.² A Local Strategic Partner’s compensation will be determined by a fee schedule developed by the Authority that ultimately rewards the Local Strategic Partner for successfully implementing the Program. More specifically, compensation will be based on the specific number of applications reviewed, the number of loans/grants executed, and the number of loans/grants administered by a Local Strategic Partner.

Within program guidelines established by CPCFA, a Local Strategic Partner will provide specific services to potential applicants within a service area or geographical jurisdiction. Under the contract terms the Local Strategic Partner will make applications available and accept applications for projects; evaluate and recommend Brownfield Infill Projects to CPCFA for financing; provide technical assistance to applicants, borrowers and grantees; facilitate the execution of Infill Grant Agreements and Infill Loan Agreements; review fund disbursement requests for eligible costs and consistency with the Cleanup Plan for the Brownfield Infill

¹ The Housing and Emergency Shelter Trust Fund Act, Proposition 1C, was approved by California voters in November 2006. Of the total \$2.85 billion in general obligation bonds approved under Proposition 1C, \$850 million is slated for the *Regional Planning, Housing and Infill Incentives Account*, which includes a provision for *brownfield cleanup that promotes infill housing development and other related infill development consistent with regional and local plans*. In the most recent State budget, \$60 million of Proposition 1C funds were allocated to the CALReUSE program. The funds are for *loans or grants... for the purposes of brownfield cleanup that promotes infill residential and mixed-use development, consistent with regional and local land use plans*.

² The Authority may extend a contract with governmental entities for no more than three one-year terms, and with private entities for a single year term.

Project, and when appropriate recommend payment of fund disbursement requests; assist in administering and marketing the Program within its service area; and provide reports to the Authority pursuant to the Regulations.

Background on Strategic Partner Selection Process: On May 23, 2008 the Authority advertised a RFP for Local Strategic Partners to over 300 interested parties; the notice was sent to the Authority's electronic list serve, and advertised on the Authority's website as well as on the Department of General Services State Contracts Register. The Authority received four proposals from the following entities: the City of Oakland, Targhee Consulting Team, Valley Economic Development Center, and the Los Angeles LDC. The proposals from the Valley Economic Development Center and Los Angeles LDC were determined to be incomplete and unresponsive and were not further evaluated.

The evaluation process included an internal Evaluation Committee as well as an external Technical Advisory Committee. The Technical Advisory Committee included representatives from the Department of Housing and Community Development, Department of Toxic Substances Control, and the State Water Resources Control Board. The selection criteria for Local Strategic Partners were based on the following characteristics:

- Understanding of the economic and real estate development processes specifically as applied to proposed Brownfield Infill Projects and Infill Development Projects;
- Understanding of environmental assessment and remediation requirements, and Brownfield regulatory and reporting requirements;
- Experience in evaluating the economic viability of proposed Brownfield Infill Projects and Infill Development Projects;
- Ability to provide Technical Assistance to a development entity;
- Experience in grant/loan administration;
- Marketing strategy;
- Demonstrated partnership experience; and
- Fees to Borrowers/Grantees for providing Technical Assistance.

Selected Local Strategic Partners:

City of Oakland. An existing Strategic Partner in the Site Assessment Program, the City of Oakland's Brownfields Program has been in existence for over ten years. Oakland has implemented a comprehensive brownfields strategy utilizing its Brownfields Team in an effort to redevelop over 1000 sites with confirmed or potential hazardous material present. The Team offers significant in-house expertise that provides information technology, risk-based corrective action, legal strategies, site assessment and remediation, site assembly, permit tracking, and various financing mechanisms to successfully reutilize contaminated sites. In addition to its Brownfields Cleanup Revolving Loan Fund, the City has access to various financial resources including U.S. Economic Development Administration grants, U.S. Environmental Protection Agency funds, and Redevelopment Agency funds. It also provides new business loans and assistance through the Oakland Business Development Corporation.

Targhee Consulting Team. CSC Targhee Inc., dba Targhee is the lead proposer of the Targhee Consulting Team and for the past 21 years has specialized in providing professional environmental services ranging from regulatory compliance audits, to conducting environmental impact assessment studies and overseeing site remediation to both private-sector and public-sector clients. Targhee has assembled a consulting team with key subcontractors that bring a diverse expertise in real estate, marketing, legal counsel and economic development. In addition to the environmental technical expertise provided by Targhee, Concerned Capital, an economic development firm, will manage the financial assessment of potential projects and provide loan/grant administration services. Network Public Affairs will assist with items specific to regional and sub-regional planning, as well as with marketing the Program. Thomas Fields Associates will act as the redevelopment specialist. RBF Consulting will assist with community planning and development issues as well as marketing the Program. Voss, Cook & Thel LLP will be available to provide project specific environmental legal advice in the form of Technical Assistance to borrowers or grantees.

Contract Terms: Each contract shall be for a two-year period with an option to extend. A Local Strategic Partner will be compensated subsequent to providing the services in an amount not to exceed \$300,000 for the term of the contract, based on the following fee schedule below:

Application Review Fee

- Under \$2.5 million: \$500 per application
- \$2.5 million and over: \$1,000 per application

Loan/Grant Origination Fee

- Under \$2.5 million: \$12,500
- \$2.5 million and over: \$15,000

Annual Loan/Grant Administration Fee

- Under \$2.5 million: \$2,000
- \$2.5 million and over: \$3,000

Next Steps: The Authority has begun the process of entering into contracts with the City of Oakland and the Targhee Consulting Team, and anticipates the process will be completed by the end of August or beginning of September. Once a selected entity is under contract, it may begin operating as a Strategic Partner under the Program.

Staff intends to issue a notice of funding availability to inform all interested parties that applications for funding may be submitted for consideration. We hope to bring the first recommended projects for financing to the Board for consideration in early fall 2008.