

**OVERSIGHT BOARD OF THE CITY OF GARDEN GROVE AS SUCCESSOR AGENCY
TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**

INTER-DEPARTMENT MEMORANDUM

To:	Matthew J. Fertal	From:	William E. Murray
Dept:	Director	Dept:	Public Works
Subject:	APPROVAL OF AN AGREEMENT WITH HARTFIELD CONSTRUCTION FOR DEMOLITION OF STRUCTURES LOCATED AT 12291 HARBOR BOULEVARD, 12311 HARBOR BOULEVARD, 12292 THACKERY DRIVE, 12312 THACKERY DRIVE	Date:	June 26, 2013

OBJECTIVE

The purpose of this report is to request that the Oversight Board of the City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development ("Oversight Board") adopt a resolution approving a construction contract with Hartfield Construction Corporation for the demolition of five structures at 12291 Harbor Boulevard, 12311 Harbor Boulevard, 12292 Thackery Drive, and 12312 Thackery Drive, Garden Grove.

BACKGROUND/DISCUSSION

The residential structures are on properties subject to the Disposition and Development Agreement with Palm Court Lodging and approved by the Garden Grove Agency for Community Development ("Former Redevelopment Agency") on June 4, 2001, as part of the B-2 Project. Furthermore, the residential structures and a shed have been vacant and have been vandalized to the point that they are public nuisances and must be demolished for the benefit of the welfare and safety of the community in accordance with the Uniform Housing Code.

Earlier this year, the City of Garden Grove initiated a formal bid process for a contract for demolition of 3 structures on Thackery Drive. The low bidder for the project was Hartfield Construction Corporation. As it has become necessary to demolish additional structures, staff is proposing to piggyback on the City's recent bid process and award this demolition contract on the same terms, conditions, and pricing as the earlier demolition project. The cost for the demolition will be \$61,574.

The Former Redevelopment Agency has since been dissolved and the Successor Agency is responsible for administering the enforceable obligations of the Former

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Redevelopment Agency. On September 17, 2012 the State of California Department of Finance ("DOF") informed the Successor Agency that the DDA is an enforceable obligation. Pursuant to Section 205.2(j) of the DDA, the Successor Agency is to clear the subject properties of all improvements including foundations. The DOF has also approved the necessary funds to carry out the Successor Agency's contractual obligations under the DDA. The Successor Agency will pay the Contractor for the demolition of structures on the subject properties pursuant to the DDA and to provide maintenance to the properties because the structures pose a public nuisance to the community.

On June 25, 2013, the Successor Agency Board approved the contract with Hartfield Construction Corporation and transmitted the request to enter into the contract to the Oversight Board for approval.

FINANCIAL IMPACT

Costs for the demolition of the structures will be paid by Successor Agency funds, which have been provided by the Department of Finance.

RECOMMENDATION

Staff recommends that the Oversight Board:

- Adopt the attached resolution approving the contract with Hartfield Construction Corporation; and
- Authorize the Director to transmit the request for the execution of the contract to the State of California Department of Finance; and



WILLIAM E. MURRAY, P.E.
Public Works Director/City Engineer

By:  Carlos Marquez
Senior Real Property Agent

Approved for Agenda Listing



Matthew Fertal
Director

Attachment 1: Resolution

Attachment 2: Contract

OVERSIGHT BOARD

RESOLUTION NO.

A RESOLUTION OF THE OVERSIGHT BOARD OF THE CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT APPROVING AND RATIFYING THE APPROVAL BY THE SUCCESSOR AGENCY OF A CONTRACT WITH HARTFIELD CONSTRUCTION CORPORATION FOR DEMOLITION OF STRUCTURES AT 12291 HARBOR BOULEVARD, 12311 HARBOR BOULEVARD, 12292 THACKERY DRIVE, 12312 THACKERY DRIVE, GARDEN GROVE AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Garden Grove acting as Successor Agency to the Garden Grove Agency for Community Development ("SUCCESSOR AGENCY") is acting as Successor Agency to the Garden Grove Agency for Community Development ("Former Agency") pursuant to ABx1 26, which added Parts 1.8 and 1.85 to Division 24 of the Health & Safety Code ("Dissolution Act");

WHEREAS, the Former Agency entered into that certain Disposition and Development Agreement ("DDA") with Palm Court Lodging, LLC ("Previous Developer") that was subsequently assigned to Kam Sang Company ("Developer") on April 27, 2004, relating to a proposed redevelopment that includes certain properties located at 12291 and 12311 Harbor Boulevard and 12292 and 12312 Thackery Drive, Garden Grove (collectively, "Properties");

WHEREAS, Health & Safety Code Section 34173(b), added by the Dissolution Act, provides that, "[e]xcept for those provisions of the Community Redevelopment Law that are repealed, restricted, or revised pursuant to [the Dissolution Act], *all authority, rights, powers, duties, and obligations previously vested with the former redevelopment agencies, under the Community Redevelopment Law, are hereby vested in the successor agencies.*" (emphasis added);

WHEREAS, Health & Safety Code Section 34177(c), added by ABx1 26, requires the SUCCESSOR AGENCY to "[p]erform obligations required pursuant to any enforceable obligation";

WHEREAS, the SUCCESSOR AGENCY is responsible for administering the enforceable obligations of the Former Agency;

WHEREAS, the DDA has been included as an enforceable obligation under a recognized obligation payment schedule as filed by the SUCCESSOR AGENCY on August 3, 2012, and approved by the Oversight Board for the SUCCESSOR AGENCY;

WHEREAS, on or about September 17, 2012, the State of California Department of Finance provided written confirmation to the SUCCESSOR AGENCY that the DDA is an enforceable obligation pursuant to Health & Safety Code Section 34177(m);

WHEREAS, pursuant to Section 205.2(j) of the DDA, the SUCCESSOR AGENCY is to clear the subject properties of all improvements including foundations;

WHEREAS, the Properties listed in CONTRACTOR's proposal are currently vacant and have been vandalized. Moreover, the properties are in such state as to constitute public nuisances. Some of the structures on the properties are considered dangerous in accordance with the provisions set forth in the Uniform Housing Code as adopted by the City of Garden Grove and must be demolished as soon as possible; and

WHEREAS, SUCCESSOR AGENCY desires to utilize the services of CONTRACTOR to demolish the structures, considered to be public nuisances at the properties for the benefit of the welfare and safety of the community and in accordance with the DDA.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT:

Section 1. The foregoing recitals are true and correct and constitute a substantive part of this Resolution.

Section 2. The Oversight Board hereby re-affirms that the DDA is an "enforceable obligation" within the meaning of Health & Safety Code Sections 34167(d)(5) and 34171(d)(1)(E).

Section 3. The Oversight Board hereby approves of the contract with Hartfield Construction Corporation for the demolition of structures at 12291 Harbor Boulevard, 12311 Harbor Boulevard, 12292 Thackery Drive, and 12312 Thackery Drive, Garden Grove in furtherance of Section 205.2(j) of the DDA.

Section 4. This Resolution shall be effective immediately upon adoption.

Section 5. The Secretary on behalf of the Oversight Board shall certify to the adoption of this Resolution.

CONSTRUCTION CONTRACT

THIS AGREEMENT is made this 25 day of June, 2013, by the CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body ("AGENCY") and HARTFIELD CONSTRUCTION CORPORATION, INC., herein after referred to as "CONTRACTOR".

RECITALS

The following recitals are a substantive part of this Agreement:

- 1. AGENCY desires to utilize the services of CONTRACTOR to demolish five structure on properties located at 12291 Harbor Boulevard, 12311 Harbor Boulevard, 12292 Thackery Drive, and 12312 Thackery Drive, City of Garden Grove.
2. CONTRACTOR is qualified by virtue of experience, training, education and expertise to accomplish services.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

- 1. Term and Termination. The term of the agreement shall be for period of thirty (30) calendar days from full execution of the agreement or completion of the project which ever occurs first. This agreement may be terminated by the AGENCY without cause. In such event, the AGENCY will compensate CONTRACTOR for work performed to date in accordance with fee schedule (Attachment "A"). CONTRACTOR is required to present evidence to support performed work completion.
2. Services to be Provided. The services to be performed by CONTRACTOR shall consist of tasks as set forth in the Proposal. The Proposal is incorporated herein by reference. The Proposal and this Agreement do not guarantee any specific amount of work.
3. Compensation. CONTRACTOR shall be compensated as follows:
3.1 AMOUNT. Compensation under this agreement shall be the Not To Exceed (NTE) amount of Sixty-One Thousand Five Hundred Seventy-Four Dollars (\$61,574.00), in arrears and in accordance with proposal in Attachment A.
3.2 Payment. For work under this Agreement, payment shall be made per invoice for work completed. For extra work not a part of this Agreement, a written authorization by AGENCY will be required, and payment shall be based on schedule included in Proposal (Attachment A).
3.3 Records of Expenses. CONTRACTOR shall keep complete and accurate records of all costs and expenses incidental to services covered by this Agreement. These records will be made available at reasonable times to AGENCY.

3.4 Termination. AGENCY and CONTRACTOR shall have the right to terminate this agreement, without cause, by giving thirty (30) days written notice of termination. If the Agreement is terminated by AGENCY, then the provisions of paragraph 3 would apply to that portion of the work completed.

4. Insurance requirements.

4.1 COMMENCEMENT OF WORK. CONTRACTOR shall not commence work under this Agreement until all certificates and endorsements have been received and approved by the AGENCY. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify the AGENCY of any material change, cancellation, or termination at least thirty (30) days in advance.

4.2 WORKERS COMPENSATION INSURANCE. During the duration of this Agreement, CONTRACTOR and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by law, if applicable.

4.3 INSURANCE AMOUNTS. CONTRACTOR shall maintain the following insurance for the duration of this Agreement:

- (a) Commercial general liability, not excluding XCU, in an amount not less than \$5,000,000 per occurrence; **(claims made and modified occurrence policies are not acceptable)**; Insurance companies must be acceptable to AGENCY and have an AM Best's Guide Rating of A-, Class VII or better, as approved by the AGENCY.
- (b) Automobile liability, including mobile equipment if applicable, in an amount not less than \$1,000,000 combined single limit; **(claims made and modified occurrence policies are not acceptable)**; Insurance companies must be acceptable to AGENCY and have an AM Best's Guide Rating of A-, Class VII or better, as approved by the AGENCY.
- (c) Pollution liability in an amount not less than \$5,000,000; **(claims made and modified occurrence policies are not acceptable)** Insurance companies must be acceptable to AGENCY and have a Best's Guide Rating of A-Class VII or better, as approved by the AGENCY.
- (d) Excess liability coverage shall be provided for any underlying policy that does not meet the insurance requirements set forth herein; Excess liability coverage shall be Follows Form to the underlying policies. **(claims made and modified occurrence policies are not acceptable)** Insurance companies must be acceptable to AGENCY and have a Best's Guide Rating of A-Class VII or better, as approved by the AGENCY.

An **On-Going and Completed Operations Additional Insured Endorsement** for the policy under section 4.3 (a) shall designate AGENCY, City of Garden Grove, their officers, officials, employees, agents, and volunteers as additional insureds for liability arising out of work or operations performed by or on behalf of the CONTRACTOR. CONTRACTOR shall provide to AGENCY proof of insurance and endorsement forms that conform to AGENCY's requirements, as approved by the AGENCY.

An Additional Insured Endorsement for the policy under section 4.3 (b) shall designate AGENCY, City of Garden Grove, their officers, officials, employees, agents, and volunteers as additional insureds for automobiles, owned, leased, hired, or borrowed by the CONTRACTOR. CONTRACTOR shall provide to AGENCY proof of insurance and endorsement forms that conform to AGENCY's requirements, as approved by the AGENCY.

For any claims related to this Agreement, CONTRACTOR insurance coverage shall be primary insurance as respects AGENCY, City of Garden Grove, their officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the AGENCY, City of Garden Grove, their officers, officials, employees, agents, and volunteers shall be excess of the CONTRACTOR insurance and shall not contribute with it.

If CONTRACTOR maintains higher insurance limits than the minimums shown above, CONTRACTOR shall provide coverage for the higher insurance limits otherwise maintained by the CONTRACTOR

5. **Non-Liability of Officials and Employees of the AGENCY.** No official or employee of AGENCY shall be personally liable to CONTRACTOR in the event of any default or breach by AGENCY, or for any amount which may become due to CONTRACTOR.
6. **Non-Discrimination.** CONTRACTOR covenants there shall be no discrimination against any person or group due to race, color, creed, religion, sex, marital status, age, handicap, national origin, or ancestry, in any activity pursuant to this Agreement.
7. **Independent Contractor.** It is agreed to that CONTRACTOR shall act and be an independent contractor and not an agent or employee of the AGENCY, and shall obtain no rights to any benefits which accrue to AGENCY's employees.
8. **Compliance with Law.** CONTRACTOR shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government.
9. **Notices.** All notices shall be personally delivered or mailed to the below listed address, or to such other addresses as may be designated by written notice. These addresses shall be used for delivery of service of process.

a. (Contractor)
Hartfield Construction Corporation, Inc.
1908 Clark Street Unit A
Arcadia, CA 91006-6007
Attn.: John Hartfield

b. (Address of AGENCY)	(with a copy to):
City of Garden Grove	Garden Grove City Attorney
as Successor Agency	11222 Acacia Parkway
11222 Acacia Parkway	Garden Grove, CA 92840
Garden Grove, CA 92840	

10. **CONTRACTOR'S PROPOSAL.** This Agreement shall include CONTRACTOR's proposal or bid which shall be incorporated herein by reference. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.
11. **Licenses, Permits, and Fees.** At its sole expense, CONTRACTOR shall obtain a Garden Grove Business License, all permits, and licenses as may be required by this Agreement.
12. **Familiarity with Work.** By executing this Agreement, CONTRACTOR warrants that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the facilities, difficulties, and restrictions of the work under this Agreement. Should Contractor discover any latent or unknown conditions materially differing from those inherent in the work or as represented by AGENCY, it shall immediately inform AGENCY of this and shall not proceed, except at CONTRACTOR's risk, until written instructions are received from AGENCY.
13. **Time of Essence.** Time is of the essence in the performance of this Agreement.
14. **Limitations Upon Subcontracting and Assignment.** The experience, knowledge, capability, and reputation of CONTRACTOR, its principals and employees were a substantial inducement for AGENCY to enter into this Agreement. CONTRACTOR shall not contract with any other entity to perform the services required without written approval of the AGENCY. This Agreement may not be assigned voluntarily or by operation of law, without the prior written approval of AGENCY. If CONTRACTOR is permitted to subcontract any part of this Agreement, CONTRACTOR shall be responsible to AGENCY for the acts and omissions of its subcontractor as it is for persons directly employed. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor and AGENCY. All persons engaged in the work will be considered employees of CONTRACTOR. AGENCY will deal directly with and will make all payments to CONTRACTOR.
15. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement and that by executing this Agreement, the parties are formally bound.
16. **Prevailing Wages.** The AGENCY has been advised that the Prevailing Wages Law applies to the work. CONTRACTOR shall be responsible for CONTRACTOR's compliance in all respects with the prevailing wage rates to all the laborers involved, and with California Labor Code Section 1770 et seq., including the keeping of all records required by the provisions of Labor Code Section 1776 and the implementing administrative regulations. The AGENCY shall be a third party beneficiary of the forgoing covenant with rights to enforce the same as against the CONTRACTOR.
17. **Indemnification.** CONTRACTOR agrees to protect, defend, and hold harmless AGENCY, City of Garden Grove and their elective or appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of, or in any way connected with performance of the Agreement by CONTRACTOR, CONTRACTOR'S agents, officers, employees, subcontractors, or independent contractors hired by CONTRACTOR. The only exception to CONTRACTOR's responsibility to protect, defend, and hold harmless AGENCY and City of Garden Grove, is due to the sole negligence of AGENCY, City of Garden Grove or any of their elective or appointive boards, officers, agents, or employees.

This hold harmless agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by CONTRACTOR.

18. **Agreement Limitations**. CONTRACTOR understands and agrees that the implementation and effectiveness of this Agreement shall be subject to approval by the Oversight Board to the Successor Agency and all provisions of ABx1 26 (2011) and AB 1484 (2012).

(Signature Block On Next Page)

IN WITNESS THEREOF, these parties have executed this Agreement on the day and year shown below.

Date: _____

"AGENCY"
CITY OF GARDEN GROVE AS
SUCCESSOR AGENCY TO THE GARDEN
GROVE AGENCY FOR COMMUNITY
DEVELOPMENT

By: _____
Executive Director

ATTESTED:

Secretary

Date: _____

"CONTRACTOR"
HARTFIELD CONSTRUCTION CORPORATION,
INC.

APPROVED AS TO FORM:

By: John Hartfield

Name: John Hartfield

Title: Pres

Date: 6/25/13

Tax ID No. 95-4610683

Contractor's License: 478529

Expiration Date: 2/15

Garden Grove City Attorney

Date

If CONTRACTOR is a corporation, a Corporate Resolution and/or Corporate Seal is required. If a partnership, Statement of Partnership must be submitted to CITY.

Attachment "A"

HARTFIELD CONSTRUCTION CORP.

11908 CLARK STREET UNIT A
ARCADIA, CA 91006
LICENSE#478529

Phone: 626-301-9122 Fax: 626-552-7246

Proposal and Contract

Proposal Date: 6/25/2013

Proposal #: 2011-4707

Project: HARBOR

Customer:

CITY OF GARDEN GROVE
11222 ACACIA PARKWAY
GARDEN GROVE, CA 92842

Project Address:

HARBOR 12291-12311
GARDEN GROVE

Description

Total

<p>The undersigned agrees to furnish and provide necessary labor, materials, and to perform and complete in a good workmanlike manner the following:</p> <p>REMOVE AND DISPOSE OF BUILDINGS, CONCRETE, TREES, SHRUBS AND DEBRIS. OBTAIN ALL NECESSARY DEMOLITION PERMITS AND CAP SEWER. INSTALL BMPS ON THACKERY ONLY. INSTALL WINDSCREEN ON HARBOR, ALLEY AND THACKERY.</p> <p>Respectfully Submitted,</p> <p>_____ JOHN HARTFIELD HARTFIELD CONSTRUCTION CORP.</p> <p style="text-align: center;">ACCEPTANCE OF PROPOSAL</p> <p>You are hereby authorized to complete the work as described in he above proposal for which I/We agree to pay in accordance with the terms as indicated above.</p> <p>SIGNED: _____ BY: _____ DATE: _____</p> <p>CONSTRUCTION LENDER: _____ NAME OF PROPERTY OWNER(S): _____ ADDRESS OF OWNER(S): _____ _____</p>	<p>61,574.00</p>
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