

BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
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TDD/TTY No. 554-5227

MEMORANDUM

LAND USE AND ECONOMIC DEVELOPMENT COMMITTEE SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Scott Wiener, Chair
Land Use and Economic Development Committee

FROM: Andrea Ausberry, Assistant Clerk

DATE: November 24, 2014

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, November 25, 2014

The following file should be presented as a **COMMITTEE REPORT** at the Board meeting, Tuesday, November 25, 2014. This item was acted upon at the Committee Meeting on November 24, 2014, at 1:30 p.m., by the votes indicated.

Item No. 47 **File No. 140704**

Ordinance amending the Administrative Code to clarify the requirement for the City to provide electric service to City departments and facilities and to evaluate the feasibility of providing electric power to new developments and projects.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

Vote: Supervisor Scott Wiener - Aye
Supervisor Jane Kim - Aye
Supervisor Malia Cohen - Excused

RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

Vote: Supervisor Scott Wiener - Aye
Supervisor Jane Kim - Aye
Supervisor Malia Cohen - Excused

c: Board of Supervisors
Angela Calvillo, Clerk of the Board
Rick Caldeira, Deputy Legislative Clerk
Jon Givner, Deputy City Attorney

File No. 140704

Committee Item No. 3

Board Item No. 47

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use & Development

Date Nov. 24, 2014

Board of Supervisors Meeting

Date NOV 25 2014

Cmte Board

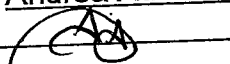
- | | | |
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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
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OTHER

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Completed by: Andrea Ausberry Date Nov. 20, 2014

Completed by:  Date 11.25.14

[Administrative Code - Providing Electric Power to City Departments and New Developments]

1
2 **Ordinance amending the Administrative Code to clarify requirement for the City to**
3 **provide electric service to City departments and facilities and to evaluate the feasibility**
4 **of providing electric power to new developments and projects.**

5 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
6 **Additions to Codes** are in *single-underline italics Times New Roman font*.
7 **Deletions to Codes** are in ~~*strikethrough italics Times New Roman font*~~.
8 **Board amendment additions** are in double-underlined Arial font.
9 **Board amendment deletions** are in ~~strikethrough Arial font~~.
10 **Asterisks (* * * *)** indicate the omission of unchanged Code
11 subsections or parts of tables.

12 Be it ordained by the People of the City and County of San Francisco:

13 Section 1. The Administrative Code is hereby amended by revising Sections 99.1 and
14 99.2, to read as follows:

15 **SEC. 99.1. FINDINGS.**

16 (a) The Public Utilities Commission (PUC) has been providing clean power and other
17 electric services to City departments and other entities for almost 100 years.

18 (b) The California Constitution, Article XI, Section 9, authorizes the City to provide electric
19 service. The Raker Act (38 Stat. 242, 1913) requires the City to develop a hydroelectric system and
20 authorizes power sales from it to any end use customer. Under Charter Section 8B.123, the PUC has
21 exclusive charge of the City's energy supplies and utilities including, but not limited to, the
22 hydroelectric facilities at Hetch Hetchy. Pursuant to that authority, the PUC should maximize the
23 benefits of these energy supplies and utilities for the benefit of the people of San Francisco.

24 (c) Section 16.101 of the Charter declares that it is the purpose and intention of the
25 people of the City and County, when public interest and necessity demand, that public utilities
shall be gradually acquired and ultimately owned by the City and County.

1 (d)B- In order to realize the benefits of the City's energy supplies and utilities and in
2 furtherance of Charter Section 16.101, the City should consider the feasibility of supplying
3 electricity to all new City developments, including, without limitation, military base reuse
4 projects, redevelopment projects, projects occupying any portion of public land, and projects
5 funded in whole or in part by local, State, or Federal funds and other City projects. The City has
6 typically provided electricity to these types of projects in addition to (i) City departments, facilities,
7 tenants, (ii) entities providing services on behalf of or in concert with the City, and (iii) other
8 governmental entities and nonprofits. The Board of Supervisors expects that the City will continue to
9 serve these types of projects.

10 (e) In addition to the types of projects identified in (d) above, certain other private projects
11 seeking City approvals, including but not limited to, new or substantial rehabilitation of more than 10
12 residential units or new or substantial rehabilitation of more than 10,000 square feet of occupiable
13 space, present good opportunities for City electric service. The City shall consider the feasibility of
14 supplying electricity to such projects where City electric service would benefit the City and the project
15 and where such service would be consistent with the PUC's resources, budget, business plans, and
16 priorities.

17 (f)C- The City's provision of electricity ~~to new City developments can~~ provides for clean,
18 reliable, and safe electric service as well as economic benefits to the City and the customer
19 new development project.

20 (g)D- The benefits of City-provided electric service ~~public power can~~ include local control,
21 lower rates, commitment to local communities, promotion of renewable energy and energy
22 efficiency, not-for-profit operations, public accountability, ~~local decision-making,~~ reliability of
23 service, and full attention to customer service, and the use of procedures and practices that are
24 protective of workers, the public, and the environment.

1 (h) The additional revenue provided by serving electricity to new customers can be used to
2 address the significant deferred maintenance for various power facilities, including substations,
3 hydroelectric generators, and street lights under the jurisdiction of the PUC for the benefit of San
4 Francisco.

5 ~~E. A public power utility would employ procedures and practices that are protective of its~~
6 ~~workers, the public and the environment.~~

7 **SEC. 99.2. REQUIREMENT TO STUDY FEASIBILITY.**

8 (a)A. The City PUC shall examine the feasibility of supplying electricity to all new City
9 developments, particularly those that would potentially yield the highest benefit to the City,
10 including, without limitation, military base reuse projects, redevelopment projects, projects
11 occupying any portion of public land, projects funded in whole or in part by local, State, or Federal
12 funds, and other City projects, and certain other private projects seeking City approvals.

13 (b)B. If, after considering the cost of providing service to a new project, the PUC deems
14 a project to be beneficial to the City, the project sponsor The City department or agency in charge of
15 the development project shall, in consultation work with the PUC San Francisco Public Utilities
16 Commission, to prepare an assessment of the feasibility of the City providing electric service to
17 the project development. The assessment shall include, but not be limited to, the following: (1)
18 electric load projection and schedule; (2) evaluation of existing electric infrastructure and new
19 infrastructure that will be needed; (3) analysis of purchase and delivery costs for electric
20 commodity as well as transmission and distribution services that will be needed to deliver
21 power to the development; (4) the potential for on-site generation and load reduction through
22 energy efficiency and demand response; (5) business structure cost analysis; and (6)
23 financial and cost recovery period analysis. The assessment shall determine whether the addition
24 of the new customer will benefit the City and its existing customers, considering the additional costs to
25 serve the new customer.

1 (c) Subject to required approvals and the assessment in Section 99.2(b), the PUC shall
2 supply electricity to new City developments and other projects, to the extent consistent with its
3 responsibility for the exclusive management, jurisdiction, and control of energy supplies and utilities of
4 the City as provided in Section 8B.121 of the Charter.

5 ~~C. The department or agency shall consider the timeline of the development project and~~
6 ~~submit its study of feasibility to the Board of Supervisors in a timely manner, with a copy to the San~~
7 ~~Francisco Public Utilities Commission.~~

8
9 Section 2. The Administrative Code is hereby amended by adding Section 99.3 and
10 99.4, to read as follows:

11 **SEC. 99.3. ELECTRIC SERVICE TO CITY DEPARTMENTS AND FACILITIES**

12 (a) All City departments, including departments located in or on non-City-owned facilities
13 and properties, shall receive electric service from the PUC unless the PUC determines that such
14 service is not feasible or the City's lease or contract does not permit such service. All tenants in City
15 facilities or on City property shall receive electric service from the PUC unless the PUC determines
16 that such service is not feasible. Any lease, or sub-lease for a City facility or City property shall
17 include standard language identifying the PUC as the electric provider unless the PUC determines that
18 such service is not feasible.

19 (b) All City departments shall work with the PUC to plan for, design, and construct electric
20 infrastructure to determine the most beneficial means of constructing and funding infrastructure
21 needed for connection to the electric grid to maximize the long-term benefits and minimize costs to the
22 City.

23 **SEC. 99.4. COMMUNITY CHOICE AGGREGATION**

24 If and when a Community Choice Aggregation ("CCA") program in San Francisco is
25 implemented and serving customers, the PUC shall sell excess power supplies to the CCA, to

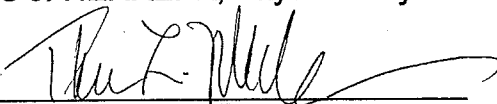
1 the extent feasible and consistent with good utility practice and the PUC's exclusive
2 jurisdiction under the Charter.

3
4 Section 3. Effective Date. This ordinance shall become effective 30 days after
5 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
6 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
7 of Supervisors overrides the Mayor's veto of the ordinance.

8
9 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
10 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
11 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
12 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
13 additions, and Board amendment deletions in accordance with the "Note" that appears under
14 the official title of the ordinance.

15
16 APPROVED AS TO FORM:
17 DENNIS J. HERRERA, City Attorney

18 By:


19 Theresa L. Mueller
20 Deputy City Attorney

21 n:\legan\as2014\1400403\00973567.docx

LEGISLATIVE DIGEST

[Administrative Code - Providing Electric Power to City Departments and New Developments]

Ordinance amending the Administrative Code to clarify requirement for the City to provide electric service to City departments and facilities and to evaluate the feasibility of providing electric power to new developments and projects.

Existing Law

Administrative Code Sections 99.1 and 99.2 require the San Francisco Public Utilities Commission (PUC) to study the feasibility of the City providing electric power to all new City developments.

Amendments to Current Law

This ordinance clarifies that the requirement for feasibility studies in Chapter 99 of the Administrative Code applies to projects on public lands, projects developed with public funds, and private projects seeking City approvals.

The ordinance also clarifies that the purpose of the feasibility study is to determine whether serving the new development will benefit the City and its existing customers in light of the costs of serving the potential new customer.

The ordinance also creates Administrative Code Section 99.3, which specifies that all City departments and tenants of City properties and facilities shall receive electric service from the PUC. It also requires City departments to collaborate with the PUC to design, fund and construct any necessary infrastructure to maximize the long-term benefits to the City.

Background Information

The City, through the PUC, has been providing electric power to City facilities and other entities since the 1920s. The California Constitution (Article XI, Section 9) gives cities the right to provide electric service. The City's Charter (in Chapter 8B) gives the PUC exclusive jurisdiction to operate and manage the City's electric utility services. The Charter also (in section 16.101) states that the City should provide its own utility service if doing so serves the public interest.

Local governments operating public power utilities can provide reliable, responsive electric service to residents and businesses. Some of the benefits of public power utilities include competitive rates, efficient service (lowest cost consistent with reliability) and service consistent with community goals and sound business practices.

The PUC provides power that is generated primarily from the City's hydroelectric, solar and biogas facilities. Through the PUC, the City supplies clean energy to all of San Francisco's municipal facilities, services and customers, including the San Francisco International Airport, San Francisco General Hospital, MUNI, SF Police, and SF Fire. The PUC also provides electricity to residences and businesses in the redeveloped Hunters Point Shipyard and at Treasure Island. Electric services from the PUC cost the same as or less than the same service from PG&E. It also benefits the City by providing revenues that can be used to improve electric facilities and develop additional renewable energy resources, among other uses.

This ordinance provides greater direction regarding when the PUC should perform feasibility studies for new City projects and specifies that the PUC should evaluate providing service to private projects in certain circumstances, when serving those projects would be consistent with PUC resources, budget, business plans, and priorities. The PUC anticipates that there may be certain private projects where City electric service would provide a good opportunity to benefit both the City and the project. The PUC does not expect to provide electric service to most private projects seeking City approvals.

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SAN FRANCISCO CHAMBER OF COMMERCE

BOS-11
cpage
LU clerk
File
140704

August 22, 2014

The Honorable Supervisor Scott Wiener
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102

Mr. Harlan Kelly, General Manager
San Francisco Public Utilities Commission
525 Golden Gate Avenue
San Francisco, CA 94102

RE: Ordinance Providing Power to City Departments and New Developments

Dear Supervisor Wiener and General Manager Kelly:

I am writing regarding a pending ordinance clarifying the requirements for the City to provide electric service to City departments and new developments. I appreciate the opportunity I was afforded last week to meet with SFPUC staff to discuss the intent of the legislation and amendments that may be offered when it is heard at the Board of Supervisors. However, the Chamber of Commerce continues to have concerns over the legislation.

The San Francisco Chamber of Commerce has been on record supporting customer choice of electric service providers. What we have steadfastly opposed are laws and policies that would compel residents and businesses to receive power only from a municipal source. We recognize that the Raker Act gives the City the right, and perhaps obligation, to provide electricity to City departments. We also recognize that the SFPUC may want to consider providing power to new developments on City property. What we disagree with is the legislative direction that the City may compel tenants on City property, at the sole option of the SFPUC, to buy City power.

Like the debate over Community Choice Aggregation, we believe that utility customers, whether a tenant on City or private property, must be given the right to opt in or out of public power. Using the hammer of a lease to dictate who a tenant must buy electricity from, especially when there can never be a legal guarantee that price, service and reliability will be competitive, is wrong.

We recognize the need of the SFPUC power utility to increase revenue. However, compelling hundreds of businesses and, in the future, thousands of residents, to buy only SFPUC power is unfair and perhaps illegal. The San Francisco Chamber of Commerce urges the legislation to be amended to delete the one-sided mandate contained in SEC. 99.3 of the proposed ordinance.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Lazarus", with a long horizontal flourish extending to the right.

Jim Lazarus
Senior Vice President, Public Policy

cc. Mayor Lee; Clerk of the Board, for distribution to all Supervisors

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TDD/TTY No. 554-5227

MEMORANDUM

TO: Harlan Kelly, Jr., General Manager, Public Utilities Commission
John Updike, Director, Real Estate Division
Greg Suhr, Chief, Police Department

FROM: Andrea Ausberry, Assistant Clerk, Land Use and Economic Development
Committee, Board of Supervisors

DATE: July 14, 2014

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Economic Development Committee has received the following proposed legislation, introduced by Supervisors Wiener and Breed on June 17, 2014:

File No. 140704

Ordinance amending the Administrative Code to clarify the requirement for the City to provide electric service to City departments and facilities and to evaluate the feasibility of providing electric power to new developments and projects.

If you have any additional comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Juliet Ellis, Public Utilities Commission
Donna Hood, Public Utilities Commission
Christine Fountain, Police Department
Insp. John Monroe, Police Commission

Member, Board of Supervisors
District 8




City and County of San Francisco

SCOTT WIENER

威善高

DATE: November 20, 2014

TO: Angela Calvillo
Clerk of the Board of Supervisors

FROM: Supervisor Scott Wiener 
Chairperson

RE: Land Use and Economic Development Committee
COMMITTEE REPORT

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 NOV 20 AM 10:14

Pursuant to Board Rule 4.20, as Chair of the Land Use and Economic Development Committee, I have deemed the following matter is of an urgent nature and request it be considered by the full Board on November 25, 2014, as a Committee Report:

**140704 Administrative Code - Providing Electric Power to City Departments
and New Developments**

Ordinance amending the Administrative Code to clarify the requirement for the City to provide electric service to City departments and facilities and to evaluate the feasibility of providing electric power to new developments and projects.

This matter will be heard in the Land Use and Economic Development Committee on November 24, 2014, at 1:30 p.m.

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee.
An ordinance, resolution, motion, or charter amendment.
- 2. Request for next printed agenda without reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [140704]
- 9. Request for Closed Session (attach written motion).
- 10. Board to Sit as A Committee of the Whole.
- 11. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative

Sponsor(s):

Supervisors Wiener and Breed

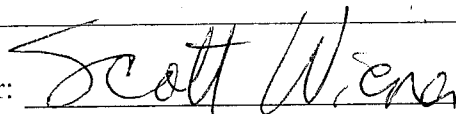
Subject:

Administrative Code - Providing Electric Power to City Departments and New Developments

The text is listed below or attached:

Ordinance amending the Administrative Code to clarify requirement for the City to provide electric service to City departments and facilities and to evaluate the feasibility of providing electric power to new developments and projects.

Signature of Sponsoring Supervisor:



For Clerk's Use Only: