

LEGISLATIVE DIGEST

[Shoreside Power at Drydock #2 at Pier 70]

Ordinance authorizing the Director of the Port to execute an agreement with BAE Systems San Francisco Ship Repair to install shoreside power equipment at Drydock #2 at Pier 70 for an amount not to exceed \$5,700,000 and exempting the agreement from the contracting requirements of the Administrative Code and Environment Code.

The Proposed Ordinance

1. The proposed ordinance authorizes the Director of the Port or her designee to execute an agreement with BAE Systems San Francisco Ship Repair ("BAE") to design, purchase, and install a shoreside power system at Pier 70 in an amount not to exceed \$5,700,000 if the Director of the Port determines that it is not economically or technically feasible to complete the project using a current City-certified contractor.
2. If the Director of the Port determines that it is not economically or technically feasible to use a current City-certified contractor to complete the project, the proposed ordinance exempts the agreement with BAE from the contracting requirements of the Administrative Code and the Environment Code, except to the extent the agreement obligates BAE to satisfy those requirement

Background Information

On December 15, 2011, the Planning Commission reviewed and considered the Final Environmental Impact Report for the 34th America's Cup Regatta (the "Final EIR") in Planning Department File No. 2010.0493E, and certified the completion of the Final EIR in compliance with CEQA and the CEQA Guidelines. On December 16, 2011, the Port Commission, by Port Commission Resolution No. 11-79, adopted the CEQA Findings and Mitigation Measure and Reporting Program (MMRP) as the required mitigation measures to be implemented as part of the 34th America's Cup Regatta (the "America's Cup Project"). The America's Cup Project requires the temporary removal of shoreside power equipment at Pier 27, and the MMRP requires, as a mitigation measure, that the Port construct a 12MW shoreside power system at the Port's shipyard at Drydock #2 at Pier 70 to serve large cruise, military and other vessels while they are in the drydock.

The shoreside power system must be operable by September 2012. However, the Port does not believe it would be possible to meet this schedule using the City's standard contracting requirements. Therefore, the Port has negotiated an agreement with BAE that would require BAE to purchase, construct and install the shoreside power system and the Port to pay BAE a maximum of \$5,100,000 for the work on the system, and an additional \$600,000 for the

disposal of PCB transformers to be removed as part of the project. Once the proejct is complete, BAE will continue to pay energy and demand charges as presently billed by SFPUC for electrical services at Pier 70, but will pay an additional equipment usage fee to the Port in the amount of \$0.04 per kilowatt hour of electricity used by the Shoreside Power Project until the cost of the project is repaid. The SFPUC will continue to provide electricity to the project.