

1 [Administrative Code - Electric Facilities at Development Projects]

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3 **Ordinance amending the Administrative Code to authorize the Public Utilities**  
4 **Commission to contract with developers that are installing infrastructure, pursuant to a**  
5 **development agreement, to install electric equipment that the Public Utilities**  
6 **Commission would otherwise be required to install without competitive bidding,**  
7 **subject to specified conditions.**

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

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

16 Section 1. Background and Findings.

17 (a) The City and County of San Francisco (“City”) operates a municipal electric  
18 utility through the Public Utilities Commission (“PUC”).

19 (b) Administrative Code Chapter 99 requires the City to “consider the feasibility of  
20 supplying electricity to all new City developments, including, without limitation, military base  
21 reuse projects, redevelopment projects, projects occupying any portion of public land, and  
22 projects funded in whole or in part by local, State, or Federal funds and other City projects.”

23 (c) Consistent with Chapter 99, the City has included in development agreements a  
24 requirement that, where feasible, electric service to these developments shall be provided by  
25 the PUC, provided that the costs of that service, which includes the capital refund structure for

1 the applicable service, is comparable to or less than the prevailing market rates in San  
2 Francisco for comparable types of service.

3 (d) Pursuant to Chapter 99, the PUC has conducted feasibility studies for a number  
4 of development projects and determined that it is feasible for the PUC to provide electric  
5 service to a number of projects, including Hunters Point Shipyard and Candlestick Point,  
6 Treasure Island and Yerba Buena Island, Mission Rock, Pier 70, Sunnydale HOPE SF, and  
7 Potrero HOPE SF. These are all mixed-use projects that will, among other things, provide new  
8 housing for residents of San Francisco (including significant affordable housing), parks and  
9 open spaces, and office and retail space.

10 (e) As repeatedly recognized by the Board of Supervisors, the City faces a severe  
11 and continuing housing crisis, and the City has adopted many measures to try to alleviate the  
12 crisis, including building additional affordable housing.

13 (f) In 2017, the PUC adopted the Power Enterprise Rules and Regulations  
14 Governing Electric Service (“Rules”). Consistent with standards for electric utilities, Article XV  
15 of the Rules requires the PUC and developers to share the responsibilities and costs to install  
16 the electric infrastructure that is necessary for the PUC to provide service to these new  
17 developments.

18 (g) Under existing development agreements, developers are responsible for  
19 constructing significant infrastructure for dedication to the City. Under the Rules, the costs to  
20 install new electric facilities and equipment to serve the developments are shared between  
21 developers and the PUC. Developers are responsible for the costs to install overhead or  
22 underground structures and other infrastructure. The PUC is responsible for the costs to  
23 install new conductors and equipment to connect to the infrastructure completed by  
24 developers, including protective devices, switches, transformers, and meters.

25

1 (h) Developers constructing infrastructure for the City under development  
2 agreements can install the PUC's facilities at lower costs and in a more expeditious manner  
3 than can the PUC, as part of their ongoing work at the project sites. Developers are also  
4 better able to schedule and complete this work so as not to conflict with other construction,  
5 and to ensure that it is completed in the time frame needed to meet project schedules.  
6 Because developers are already constructing infrastructure for the City with significant job and  
7 workforce requirements and protections, and meet all City imposed requirements for the  
8 completion of this work as set forth in the applicable development agreement, the addition of  
9 the PUC work will not pose any new or increased risk but will result in the expeditious  
10 completion of projects and other public benefits at lower cost.

11 (i) It is reasonable and in the public interest for the PUC to contract directly with  
12 developers for this work, without obtaining bids and quotes from other contractors, because  
13 developers are already subject to City workforce development requirements. Every City  
14 development agreement includes a detailed workforce development program with Local  
15 Business Enterprise nondiscrimination, prevailing wage, and local hire or first source hiring  
16 requirements.

17 Section 2. Chapter 99 of the Administrative Code is hereby amended by adding  
18 Section 99.5, to read as follows:

19 **SEC. 99.5 CONTRACTING WITH DEVELOPERS TO INSTALL ELECTRIC**  
20 **FACILITIES AT NEW DEVELOPMENTS.**

21 (a) The PUC may contract with developers that are subject to a development agreement  
22 with the City to install utility facilities that the PUC would otherwise be required to install, without  
23 competitive bidding, provided that:

24 (1) The PUC has determined it is feasible to provide power to the development  
25 project, and the developer has agreed that the PUC will be the power provider for the project;

1                   (2)     The City has entered into a development agreement that (i) requires the  
2 developer to complete infrastructure for the project; and (ii) includes a workforce and job creation  
3 program that, among other things, requires nondiscrimination and the payment of prevailing wages;  
4 and

5                   (3)     The PUC has reasonably determined that the amount payable to the developer  
6 for the PUC work is equal to, or less than, the amount the PUC would expect to pay to perform the  
7 same work itself through its standard contracting process.

8                   (b)     The PUC may consider every contract entered into under this Section 99.5 as  
9 supplemental to the work required under the development agreement, provided the PUC includes in the  
10 contract: (1) the nondiscrimination and workforce requirements contained in the applicable  
11 development agreement, so that the PUC work is performed in the same manner and with the same  
12 workforce requirements as the other infrastructure work to be completed by the developer under the  
13 development agreement; and (2) a detailed description of the developer's scope of work and PUC's  
14 costs. The PUC may exclude from the contract any City contracting requirements that were waived by  
15 the Board of Supervisors in its approval of the applicable development agreement.

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

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

