

1 [Trans Bay Cable Project Non-Exclusive Licenses]

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3 **Resolution approving Port Commission License No. 14324, a non-exclusive four (4)**
4 **year license and Port Commission License No. 14325, a non-exclusive twenty-five year**
5 **license with four (4) options to renew for ten (10) years each for the first three (3)**
6 **options and seven (7) years for the last option, both between the San Francisco Port**
7 **Commission (the "Port Commission"), the Mayor's Office of Economic and Workforce**
8 **Development ("MOEWD") and Trans Bay Cable LLC ("Licensee"), for the use of**
9 **approximately 9.4 miles of submerged lands and a small portion of shoreline along 23rd**
10 **Street under Port Commission jurisdiction in connection with the Trans Bay Cable**
11 **Project.**

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13 WHEREAS, California Statutes of 1968, Chapter 1333 (the "Burton Act") and the San
14 Francisco Charter Section B3.581 empower the San Francisco Port Commission with the
15 power and duty to use, conduct, operate, maintain, manage, regulate and control the lands
16 within Port Commission jurisdiction; and

17 WHEREAS, Licensee intends to install, operate and maintain approximately 53 miles of
18 high voltage direct current ("HVDC") PLUS transmission cable bundle of approximately ten
19 (10) inches in diameter (referred to herein as the "cable") running from the City of Pittsburg to
20 the City. Approximately 9.4 miles of the cable are in submerged lands and a small portion of
21 shoreline along 23rd Street under Port Commission jurisdiction (the "License Area"). The
22 HVDC PLUS transmission cable would transmit power from a converter station in the City of
23 Pittsburg (connected to the Pittsburg Pacific Gas and Electric (PG&E) Substation) to a
24 converter station in the City which will then convert the DC power to AC power for delivery to
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1 the PG&E Potrero Substation and distribution to City consumers (the "Trans Bay Cable
2 Project"); and

3 WHEREAS, The Trans Bay Cable Project (1) will augment the electrical transmission
4 system serving the City to improve reliability and increase capacity, (2) received approval from
5 the Federal Energy Regulatory Commission of its rate principals in July 2005, (3) received
6 approval from the California Independent Systems Operator ("CAISO") as the long-term
7 reliability and load serving solution that will provide much needed power to the City to meet its
8 requirements for years to come in September 2005; and

9 WHEREAS, On November 6, 2006, the City of Pittsburg, as lead agency, certified the
10 Final Environmental Impact Report ("FEIR") for the Trans Bay Cable Project by Resolution
11 No. 06-10661. The FEIR was supplemented by an addendum published by the City of
12 Pittsburg on December 26, 2006 ("Addendum"); and

13 WHEREAS, Licensee has applied for an Encroachment Permit from the City and
14 County of San Francisco Department of Public Works ("DPW Encroachment Permit") to install
15 portions of the Trans Bay Cable Project within the portions of the City-streets; and

16 WHEREAS, The Port Commission's jurisdiction includes lands granted to the City and
17 County of San Francisco ("City") by the Burton Act, subject to the trust grant, that underlie the
18 License Area; and

19 WHEREAS, CAISO approved the Project as the preferred long-term transmission
20 alternative to address the identified electric reliability concerns in San Francisco and northern
21 San Mateo County beginning in 2012 and supports an earlier date of operation date of 2010.
22 CAISO expects the Trans Bay Cable Project to be the major new transmission system
23 upgrade serving the City through 2018 (and perhaps longer); and

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1 WHEREAS, The peninsula geography of the City, the location of its major electrical
2 substations, the retirement of existing generation facilities and subsequent reuse of the land
3 upon which these facilities are located, and related development activity will frustrate future
4 transmission system upgrades to the City; and

5 WHEREAS, In-City energy-efficiency, load management and distributed renewable
6 energy generation projects are the most effective methods of extending the ability of the
7 electrical transmission grid serving the City (as augmented by the Trans Bay Cable Project)
8 and are recognized as the preferred policies of the City pursuant to the San Francisco Master
9 Plan - Energy Element (1981), the San Francisco Electricity Resource Plan (2002), and the
10 San Francisco Climate Action Plan (2004) ("City Energy Policies"); and

11 WHEREAS, It is established City policy to impose development exactions and
12 negotiated public benefits associated with major development projects to further City policies;
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14 WHEREAS, Each of the development exactions and public benefits imposed in the
15 Construction License and Operational License is necessary in order to further accomplish the
16 City Energy Policies; and

17 WHEREAS, The Port Commission staff has negotiated a non-exclusive license with
18 Licensee for use of the License Area during (1) Licensee's construction of the Trans Bay
19 Cable Project (the "Construction License"), a copy of which is on file with the Clerk of the
20 Board of Supervisors in File No. , which is hereby declared to be a part of this resolution as
21 if set forth fully herein, and (2) the operational period of the Trans Bay Cable Project
22 immediately following completion of the construction of the Trans Bay Cable Project (the
23 "Operational License"; together with the Construction License, the "Licenses"), a copy of

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1 which is on file with the Clerk of the Board of Supervisors in File No. , which is hereby
2 declared to be a part of this resolution as if set forth fully herein; and

3 WHEREAS, The Construction License shall be for a term of four (4) years, subject to
4 terms and conditions described in the Construction License and the Operational License shall
5 be for a term of twenty-five (25) years, with four (4) consecutive options to renew for ten (10)
6 years for the first three (3) options and seven (7) years for the last option, subject to terms and
7 conditions described in the Operational License;

8 WHEREAS, In addition to annual license payments to the Port Commission, thirty (30)
9 days following the day after the Trans Bay Cable Project commences commercial operation
10 as designated by CAISO (the "Commercial Operating Date"), and thereafter on an annual
11 basis, Licensee shall pay to the Port Commission ten (10) separate payments, each equaling
12 Five Hundred Fifty Thousand Dollars (\$550,000.00), from 2010 to 2019 (the "Public Trust
13 Public Benefit Payments");

14 WHEREAS, A portion of the Public Trust Public Benefit Payments (such portion to be
15 determined by the Port Commission in its sole and absolute discretion) shall be used by the
16 Port Commission to implement, advance, promote or enhance access along the waterfront,
17 one of the foundation points to the Waterfront Land Use Plan (and accompanying Waterfront
18 Design & Access Element), the Port Commission's comprehensive policy document that
19 guides its balanced management and improvement of its lands. Specifically, a portion of the
20 Public Trust Public Benefit Payments shall be used to maintain open space for shoreline
21 areas from Pier 70 to the southern boundary of Port Commission jurisdiction to (i) provide
22 opportunities for the protection of wildlife and for passive and active recreational uses, (ii)
23 enhance the public's appreciation of the waterfront by providing greater opportunities for
24 public access in a manner which does not compromise the efficiency of maritime operations;

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1 and (iii) offset the less-than-significant impact on open space and waterfront access of a new,
2 long-term industrial use in the vicinity of 23rd Street; and

3 WHEREAS, The remaining portion of the Public Trust Public Benefit Payments (such
4 portion to be determined by the Port Commission in its sole and absolute discretion) shall be
5 used by the Port Commission to implement, advance, promote or enhance energy efficiency
6 and renewable energy policies and projects on Port Commission property consistent with City
7 Energy Policies and Mayor's Executive Directive 05-104 on Energy Conservation; and

8 WHEREAS, Simultaneously with the Port Commission staff's negotiation of terms for
9 the Licenses, MOEWD, on behalf of the City and the San Francisco Public Utility Commission
10 ("SFPUC"), has negotiated for (1) the payment of Three Million Five Hundred Thousand
11 Dollars (\$3,500,000.00) by Licensee to the SFPUC (the "Renewable Energy, Transmission
12 and Grid Reliability Payment"), to be paid in thirty-six (36) separate installments, each
13 equaling Ninety-Seven Thousand Two Hundred Twenty-Two Dollars and 22/100
14 (\$97,222.22), commencing thirty days from the close of construction financing, and (2) the
15 payment of Two Million Dollars (\$2,000,000.00) annually subject to increases in the
16 Consumer Price Index (Base Year: 2010) (the "SF Electric Reliability Payment") by Licensee
17 to a special account established by the City Controller, to be paid in ten (10) separate
18 installments, from 2010 to 2019; and

19 WHEREAS, The Renewable Energy, Transmission and Grid Reliability Payment and
20 the SF Electricity Reliability Payment shall be used by the SFPUC to implement, advance,
21 promote or enhance policies and projects consistent with City Energy Policies; and

22 WHEREAS, The Port Commission on March 13, 2007, by Resolution 07-____, acting
23 as responsible agency under CEQA, considered the environmental effects of the Trans Bay
24 Cable Project, as identified by the FEIR and Addendum, that relate to the Port Commission's
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1 discretionary actions. The Port Commission made findings on the Trans Bay Cable Project
2 and its Alternatives and adopted a mitigation monitoring and reporting program; and

3 WHEREAS, The Port Commission on March 13, 2007, by Resolution 07-_____,
4 approved the terms and conditions of the Licenses; and

5 WHEREAS, San Francisco Charter Section 9.118 (c) requires Board of Supervisors
6 approval of leases of real property for a period of ten (10) or more years or having anticipated
7 revenue to the City of One Million Dollars (\$1,000,000.00) or more; and

8 WHEREAS, The policy of the Board of Supervisors, as set forth in Administrative Code
9 Section 2.6-1, is to approve only proposed leases involving property or facilities of the City
10 that have been awarded to the highest responsible bidders in accordance with the competitive
11 bidding procedures, except where impractical or impossible; and

12 WHEREAS, The Trans Bay Cable Project will provide power to the City to meet its
13 requirements for years to come, the terms set forth in the Licenses offer substantial economic
14 benefits to the Port Commission, and the terms set forth in the Licenses offer substantial
15 economic means to the Port Commission and the City to implement existing Port Commission
16 and City policies and directives relating to energy and open space; and

17 WHEREAS, The Trans Bay Cable Project is the only project evaluated by CAISO that
18 has obtained the regulatory approvals, permits and licenses necessary to construct a
19 transmission facility to the City and County of San Francisco using Port property and,
20 therefore, a public competitive bidding process at this time is impractical for a lease
21 opportunity of this type predominantly for use of the Bay floor; and

22 WHEREAS, The Board of Supervisors on March ____, 2007, by Resolution _____
23 adopted the [CEQA findings]; now, therefore, be it

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1 RESOLVED, The Trans Bay Cable Project is the only project evaluated by CAISO that
2 has obtained the regulatory approvals, permits and licenses necessary to construct a
3 transmission facility to the City and County of San Francisco using Port property and,
4 therefore, a public competitive bidding process at this time is impractical for a lease
5 opportunity of this type for use of the Bay floor; and

6 of _____ a public competitive bidding process for the Property would be
7 impractical if not impossible at this time; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors exempts the Licenses from the
9 competitive bidding policy set forth in Administrative Code Section 2.6-1; and, be it That the
10 San Francisco Board of Supervisors approves Port Commission License No. 14324, a non-
11 exclusive four (4) year license and Port Commission License No. 14325, a non-exclusive
12 twenty-five year license with four (4) options to renew for ten (10) years each for the first
13 three (3) options and seven (7) years for the last option, both between the San Francisco Port
14 Commission (the "Port Commission"), the Mayor's Office of Economic and Workforce
15 Development ("MOEWD") and Trans Bay Cable LLC ("Licensee"), for the use of
16 approximately 9.4 miles of submerged lands and a small portion of shoreline along 23rd Street
17 under Port Commission jurisdiction in connection with the Trans Bay Cable Project.

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