

FILE NO. 131163

RESOLUTION NO.

1 [Term Sheet Endorsement - Pacific Gas and Electric Company ZA-1 Embarcadero-Potrero  
2 230kV Transmission Project]

3 **Resolution endorsing the Pacific Gas and Electric Company (PG&E) ZA-1**  
4 **Embarcadero-Potrero 230kV Transmission Project Revised Term Sheet among the Port**  
5 **Commission, the City and County of San Francisco, and PG&E.**  
6

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

11 WHEREAS, Pacific Gas & Electric ("PG&E") proposes to construct a new, single  
12 circuit, 230 kV transmission line between its Embarcadero Substation and its Potrero  
13 Substation (the "Project"), along onshore and submerged land in the San Francisco Port  
14 Commission's ("Port") jurisdiction generally within the area bounded by Pier 28 ½ and portions  
15 of the shoreline at the foot of 23rd Street, to increase reliability of electric service to downtown  
16 San Francisco and provide operational flexibility, as further described in the Port staff's  
17 memorandum to the Port Commission dated September 6, 2013, on file with the Clerk of the  
18 Board of Supervisors in File No. 131631, which is hereby declared to be a part of this  
19 resolution as if set forth fully herein; and

20 WHEREAS, The Project connects the 115 and 230 kV transmission systems within the  
21 City as endorsed by the Board of Supervisors in Ordinance 94-09, which directed an update  
22 to the City's Electricity Resource Plan; and

23 WHEREAS, The California Independent System Operator has determined that the  
24 Project is needed to address transmission system reliability in its 2011-12 Transmission  
25

1 System Plan, adopted in March 2012, and incorporated by reference herein  
2 ([http://www.caiso.com/Documents/Decision\\_2011-12TransmissionPlan-Plan-MAR2012.pdf](http://www.caiso.com/Documents/Decision_2011-12TransmissionPlan-Plan-MAR2012.pdf));

3 and

4 WHEREAS, At its August 14, 2012 meeting, the Port Commission directed Port staff to  
5 negotiate a term sheet for use of Port lands for the Project; and

6 WHEREAS, At its November 13, 2012 meeting, the Port Commission approved  
7 Resolution 12-90, endorsing the ZA-1 Embarcadero-Potrero 230kV Transmission Project  
8 Term Sheet (“Original Term Sheet”) between the Port and PG&E; and

9 WHEREAS, Port staff and City staff have negotiated revised terms to the Original Term  
10 Sheet, and the Port Commission, at its September 10, 2013 meeting, approved Resolution  
11 13-34 endorsing revisions to the Original Term Sheet (the “Revised Term Sheet”) and directed  
12 Port staff to present the Revised Term Sheet to the Board of Supervisors for endorsement,  
13 which resolution is on file with the Clerk of the Board of Supervisors in File No.  
14 131631, which is hereby declared to be a part of this resolution as if set forth fully herein; and

15 WHEREAS, The Revised Term Sheet contains an option by the City, to purchase from  
16 PG&E (“Hoedown Yard Purchase & Sale”), the real property commonly known as the  
17 “Hoedown Yard” (Block 4110 (Lot 008A) and Block 4120 (Lot 002)), which option is freely  
18 transferrable and assignable by the City to a private third party; and

19 WHEREAS, City funds cannot be used for purchase of the Hoedown Yard unless the  
20 property is used for public purposes or the City is fully reimbursed for all public funds  
21 associated with the option to purchase the Hoedown Yard; and

22 WHEREAS, The City, operating through the Director of Real Estate, will have the  
23 option to purchase the Hoedown Yard, including the right to transfer the option to a private  
24 third party; and

25

1           WHEREAS, The City will only enter into an agreement to purchase the Hoedown Yard  
2 if 1) the property is transferred to a third party that pays full purchase price and assumes all  
3 environmental liabilities associated with the property under an “as-is” sale, or 2) a City  
4 department proposes a public use for the site and has an identified funding source and a plan  
5 to use the site in a manner that conforms to regulatory requirements; and

6           WHEREAS, The Hoedown Yard Purchase & Sale will facilitate the broader  
7 redevelopment of the entire neighborhood, including the Pier 70 Waterfront Site, a 28-acre  
8 site immediately west of the Hoedown Yard, and where net proceeds from the sale of the  
9 Hoedown Yard will be allocated to affordable housing projects, including the Potrero Terrace  
10 and Annex HOPE VI projects; and

11           WHEREAS, The Revised Term Sheet provides the City with the option to require that  
12 PG&E either build a screen around the existing Potrero 115kV Switchyard, or enclose a  
13 substantial portion of that facility which will also facilitate the broader redevelopment of the  
14 entire neighborhood, including the Pier 70 Waterfront Site; and

15           WHEREAS, The Board of Supervisors urges the Port and PG&E to include in the  
16 proposed agreement that any value from the sale of land no longer required for Potrero  
17 Switchyard purposes, net of any environmental cleanup costs and not owed to ratepayers, be  
18 used to repay all or a portion of the Infrastructure Finance District (“IFD”) investment in the  
19 Potrero Switchyard Screen; and

20           WHEREAS, Because PG&E is a regulated utility, the Project is, and potentially the  
21 Hoedown Yard Purchase & Sale may be, subject to the review and approval of the California  
22 Public Utilities Commission (“CPUC”); and

23           WHEREAS, The parties acknowledge that the Revised Term Sheet is not itself a  
24 binding agreement that commits the Port, the City, or PG&E to proceed with the approval or  
25 implementation of the Project or the Hoedown Yard Purchase & Sale, as applicable, and that

1 the Project and the Hoedown Yard Purchase & Sale, as applicable, will be subject to public  
2 review in accordance with the processes of the Port Commission, other City departments and  
3 offices, the CPUC, and other government agencies with approval rights over the Project and  
4 the Hoedown Yard Purchase & Sale, as applicable, before any entitlements and other  
5 regulatory approvals required for the Project or the Hoedown Yard Purchase & Sale, as  
6 applicable, will be considered; now, therefore, be it

7           RESOLVED, That the Board of Supervisors hereby endorses the Revised Term Sheet;  
8 and, be it

9           FURTHER RESOLVED, That endorsement of the Revised Term Sheet does not  
10 commit the Port Commission or the City to approve final transaction documents or  
11 implementation of the Project or the Hoedown Yard Purchase & Sale, as applicable, or grant  
12 any entitlements to PG&E, nor does endorsing the Revised Term Sheet foreclose the  
13 possibility of considering alternatives to the proposal, mitigation measures or deciding not to  
14 grant entitlement or approve or implement the Project or the Hoedown Yard Purchase & Sale,  
15 as applicable, after conducting appropriate environmental review under CEQA, and while the  
16 Revised Term Sheet identifies certain essential terms of a proposed transaction with the Port  
17 and the City, it does not necessarily set forth all of the material terms and conditions of any  
18 final transaction documents; and, be it

19           FURTHER RESOLVED, The Board of Supervisors urges the Port and PG&E to include  
20 in its proposed agreement dispute resolution procedures to resolve disagreement over  
21 appraised values for any extension term; and, be it

22           FURTHER RESOLVED, The Port will present detailed information to the Board of  
23 Supervisors on the costs of constructing the Potrero Switchyard Screen if the proposed  
24 enclosure is to be funded by a future IFD project area; and, be it

25

1           FURTHER RESOLVED, That the Board of Supervisors will not take any discretionary  
2 actions committing the Port to implement the Project or the City to implement the Hoedown  
3 Yard Purchase & Sale, and the provisions of the Revised Term Sheet are not intended and  
4 will not become contractually binding on the Port and the City unless and until the relevant  
5 bodies have reviewed and considered environmental documentation prepared in compliance  
6 with the CEQA for the Project and the Hoedown Yard Purchase & Sale, as applicable, and the  
7 Port Commission, and as applicable, the Board of Supervisors and the Mayor, have approved  
8 final transaction documents for the Project and the Hoedown Yard Purchase & Sale, as  
9 applicable.

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25