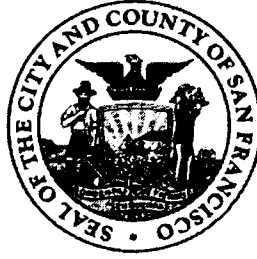


BOARD of SUPERVISORS



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Dr. Carlton B. Goodlett Place, Room 244
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MEMORANDUM

TO: Melanie Nutter, Director, Department of the Environment
John Rahaim, Director, Planning Department
Todd Rufo, Director, Office of Economic and Workforce Development
John Updike, Director, Real Estate
Harlan Kelly, General Manager, Public Utilities Commission

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

DATE: December 30, 2013

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Economic Development Committee has received the following proposed legislation, introduced by the Port Commission on December 10, 2013:

File No. 131163

Resolution endorsing the Pacific Gas and Electric Company (PG&E) ZA-1 Embarcadero-Potrero 230kV Transmission project revised term sheet among the Port Commission, Office of Economic Workforce and Development, and PG&E.

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:
Monica Fish, Department of Environment
Scott Sanchez, Zoning Administrator
Sarah Jones, Acting Environmental Review Officer
AnMarie Rodgers, Legislative Affairs
Monica Pereira, Environmental Planning
Nannie Turrell, Environmental Planning
Juliet Ellis, Public Utilities Commission
Donna Hood, Public Utilities Commission

*Not a project per CEQA
Guidelines Section
15060(c)(2)*

*Nannie R. Turrell
January 3, 2014*

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, Office of Economic Workforce and Development, 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. 131163, 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 230kV 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);

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 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, through the Office
16 of Economic Workforce and Development ("OEWD"), to purchase from PG&E ("Hoedown
17 Yard Purchase & Sale"), the real property commonly known as the "Hoedown Yard" (Block
18 4110 (Lot 008A) and Block 4120 (Lot 002)), which option is freely transferrable and
19 assignable by the City to another party; and

20 WHEREAS, The Hoedown Yard Purchase & Sale will facilitate the broader
21 redevelopment of the entire neighborhood, including the Pier 70 Waterfront Site, a 28-acre
22 site immediately west of the Hoedown Yard, and is anticipated to generate net proceeds to
23 facilitate the Potrero Terrace and Annex HOPE VI project; and

24 WHEREAS, The Revised Term Sheet provides the City with the option to request that
25 PG&E build a screen around the existing Potrero 115kV Substation, or to rebuild that

1 substation in a new, enclosed facility (either, the “Potrero Substation Screen”), which will also
2 facilitate the broader redevelopment of the entire neighborhood, including the Pier 70
3 Waterfront Site; and

4 WHEREAS, Because PG&E is a regulated utility, the Project and the Hoedown Yard
5 Purchase & Sale are subject to the review and approval of the California Public Utilities
6 Commission (“CPUC”); and

7 WHEREAS, The parties acknowledge that the Revised Term Sheet is not itself a
8 binding agreement that commits the Port, the City, OEWD, or PG&E to proceed with the
9 approval or implementation of the Project or the Hoedown Yard Purchase & Sale, as
10 applicable, and that the Project and the Hoedown Yard Purchase & Sale, as applicable, will
11 be subject to public review in accordance with the processes of the Port Commission, other
12 City departments and offices, the CPUC, and other government agencies with approval rights
13 over the Project and the Hoedown Yard Purchase & Sale, as applicable, before any
14 entitlements and other regulatory approvals required for the Project or the Hoedown Yard
15 Purchase & Sale, as applicable, will be considered; now, therefore, be it

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

18 FURTHER RESOLVED, That endorsement of the Revised Term Sheet does not
19 commit the Port Commission or the City to approve final transaction documents or
20 implementation of the Project or the Hoedown Yard Purchase & Sale, as applicable, or grant
21 any entitlements to PG&E, nor does endorsing the Revised Term Sheet foreclose the
22 possibility of considering alternatives to the proposal, mitigation measures or deciding not to
23 grant entitlement or approve or implement the Project or the Hoedown Yard Purchase & Sale,
24 as applicable, after conducting appropriate environmental review under CEQA, and while the
25 Revised Term Sheet identifies certain essential terms of a proposed transaction with the Port

1 and the City, it does not necessarily set forth all of the material terms and conditions of any
2 final transaction documents; and, be it

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

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