

1 [Revised Term Sheet Endorsement – Pacific Gas and Electric Company ZA-1
2 Embarcadero-Potrero 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**
5 **Port Commission, the City and County of San Francisco, and PG&E.**

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7 **Note: additions are *single-underline italics Times New Roman*;**
8 **deletions are ~~*strikethrough italics Times New Roman*~~.**

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

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

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

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1 WHEREAS, The California Independent System Operator has determined that the
2 Project is needed to address transmission system reliability in its 2011-12 Transmission
3 System Plan, adopted in March 2012, and incorporated by reference herein
4 ([http://www.caiso.com/Documents/Decision_2011-12TransmissionPlan-Plan-](http://www.caiso.com/Documents/Decision_2011-12TransmissionPlan-Plan-MAR2012.pdf)
5 [MAR2012.pdf](http://www.caiso.com/Documents/Decision_2011-12TransmissionPlan-Plan-MAR2012.pdf)); and

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

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

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

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

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

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

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

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

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

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

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

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

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

15 FURTHER RESOLVED, That the Board of Supervisors urges the Port Commission and the
16 Department of Real Estate to structure the Hoedown Yard Purchase and Sale in the final
17 transaction documents such that the Department of Real Estate will either 1) seek the authorization
18 of the Board of Supervisors to close the Hoedown Yard Purchase and Sale if a City department
19 proposes a public use for the site consistent with the requirements of this resolution, or 2) seek the
20 authorization of the Board of Supervisors to conduct a competitive auction or such other
21 competitive process to identify a qualified bidder who offers the highest purchase price for the
22 Hoedown Yard Purchase and Sale option, which price must exceed the current, as-is appraised
23 value of Hoedown Yard plus any City transaction costs, and to subsequently transfer the option to
24 the highest, qualified bidder; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors urges the Port Commission and the
2 Department of Real Estate to structure the Hoedown Yard Purchase and Sale in the final
3 transaction documents such that the Department of Real Estate will issue a report to the Board of
4 Supervisors 30 days after closing on the purchase of the site by a City department or assignment of
5 the City's option to purchase the site to a private-party that will include purchase price and
6 measures to address site contamination, including transfer of liability for addressing any
7 environmental contamination on the site to the private-party, if applicable; and, be it

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

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

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

24 FURTHER RESOLVED, That the Board of Supervisors will not take any
25 discretionary actions committing the Port to implement the Project or the City to implement

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

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