

1 [Cost-Sharing Agreement - Pacific Gas and Electric Company - Dredging and Harbor  
2 Reconstruction - Gas House Cove - Not to Exceed \$10,000,000]

3 **Resolution retroactively approving a cost-sharing agreement not to exceed \$10,000,000**  
4 **between the City and County of San Francisco and the Pacific Gas and Electric**  
5 **Company for environmental analysis, planning, design, and permitting for dredging**  
6 **and harbor reconstruction in Gas House Cove for the term of October 14, 2014, through**  
7 **October 14, 2024.**

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9 WHEREAS, The City owns property north of Marina Boulevard and west of Fort Mason  
10 known as Gas House Cove (the “Site”) which is currently used as a small craft marina under  
11 the jurisdiction of the Recreation and Park Department; and

12 WHEREAS, The City seeks to renovate the Site to enhance the recreational facilities  
13 and use at the Site; and

14 WHEREAS, The Pacific Gas and Electric Company (PG&E) and others previously  
15 owned and operated a coal gasification plant in the vicinity of the Site that produced materials  
16 which may be found at the Site; and

17 WHEREAS, As the result of subsurface investigations, the presence of chemical  
18 compounds, including polycyclic aromatic hydrocarbons, has been discovered in subsurface  
19 soils and sediments underlying the Site; and

20 WHEREAS, In 2001, the City filed a lawsuit against PG&E seeking recovery of costs  
21 related to cleanup of the subsurface soils and sediments; and

22 WHEREAS, On June 2, 2004, the Court entered an Order Dismissing Action without  
23 prejudice in order to allow the parties to attempt to carry out the terms and purposes of this  
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1 Agreement without the expense of litigation while giving either party the right to move to  
2 reopen the case; and

3 WHEREAS, The City and PG&E continue to disagree about who is responsible for the  
4 chemical compounds on the Site and who is responsible for investigation and remediation of  
5 the Site, but have been cooperatively investigating the Site since October 10, 2004, under a  
6 Cost-Sharing Agreement because they recognize efficiencies from addressing responsibility  
7 for the chemical compounds on a cooperative basis; and

8 WHEREAS, The Recreation and Park Department completed a series of technical  
9 studies between 2007 and 2014 under the terms of the initial cost-sharing agreement; and

10 WHEREAS, The City cannot renovate the Site without remediating the chemical  
11 compounds identified at the Site; and

12 WHEREAS, The City and PG&E wish to enter into a new Agreement extending the  
13 cost-sharing arrangement to facilitate continued Site investigation, planning, design,  
14 regulatory approvals and related pre-construction activities leading to approval of a dredge  
15 plan by the Dredge Material Management Office (DMMO) and a project permit from the Bay  
16 Conservation and Development Commission (BCDC) to undertake dredging and  
17 reconstruction of the Site; and

18 WHEREAS, The Recreation and Park Department will continue to manage and direct  
19 activities to be funded by the Agreement and retains sole decision-making authority regarding  
20 the design and possible reconstruction of the Site; and

21 WHEREAS, The Agreement provides for PG&E to cover 100% of “shared costs” for  
22 such activities up to a maximum of \$2,533,000, subject to a possible credit upon final  
23 resolution of the dispute over responsibility for remediation of the chemical compounds; and

24 WHEREAS, Upon approval of a Site dredge plan by DMMO and receipt of a project  
25 permit from BCDC, the parties agree to meet and confer regarding a further amendment to

1 this Agreement regarding costs of sediment remediation, capping, containment and  
2 monitoring costs, depending on the findings from the activities to be funded under this  
3 Agreement; and

4 WHEREAS, Both PG&E and the City reserve their claims and arguments with respect  
5 to the underlying responsibility for conditions at the Site subject to the City’s complaint in Case  
6 No. C 01-0316 SBA; and

7 WHEREAS, Both the first Cost Sharing Agreement and this Agreement reflect the  
8 City’s agreement to suspend prosecution of the claims in Case No. C 01-0316 SBA and  
9 PG&E’s agreement to toll any statute of limitations that may affect the City’s claims; and

10 WHEREAS, The San Francisco Recreation and Parks Commission recommends  
11 approval of this Agreement; now, therefore, be it

12 RESOLVED, That the Board of Supervisors hereby authorizes the Recreation and Park  
13 Department to enter into a second agreement between the City and PG&E governing cost  
14 sharing for environmental analysis, planning, design and permitting for dredging and harbor  
15 reconstruction in Gas House Cove; and, be it

16 FURTHER RESOLVED, That the Board of Supervisors authorizes the Recreation and  
17 Park Department to enter into amendments or modifications to the Agreement upon approval  
18 from the Recreation and Park Commission to extend the cost sharing agreement through  
19 completion of the harbor reconstruction project, provided that no such amendment shall call  
20 for expenditure of revenues in the City treasury in an amount exceeding \$10,000,000 unless  
21 the Board of Supervisors has already approved an appropriation or authorization to accept  
22 and expend grant funds supporting such expenditures.