

1 [Settlement of Unlitigated Claims - Skyline Stables Corporation - \$650,000]

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3 **Resolution approving the settlement of the unlitigated claims by and between Skyline**  
4 **Stables Corporation (Skyline) and City and County of San Francisco, related to the**  
5 **lease between Skyline and the San Francisco Public Utilities Commission (SFPUC) of a**  
6 **portion of the SFPUC Harry Tracy Water Treatment Plant (HTWTP) site in San Mateo**  
7 **County, the SFPUC approval of the HTWTP Long Term Improvement Project to improve**  
8 **water service reliability and seismic stability of the HTWTP, the SFPUC termination of**  
9 **Skyline's lease and Skyline's vacation of the lease premises, and SFPUC's offer to**  
10 **acquire the leasehold interest, calling for SFPUC to pay \$650,000 to Skyline, and**  
11 **including other material terms and conditions in a settlement and release agreement.**

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13 WHEREAS, Disputes arose between Skyline Stables Corporation (Skyline) and the  
14 City and County of San Francisco, related to Skyline's lease of a portion of the San Francisco  
15 Public Utilities Commission (SFPUC) Harry Tracy Water Treatment Plant (HTWTP) site, dated  
16 November 15, 2005 (Lease); the SFPUC approval, on October 15, 2010, of the HTWTP Long  
17 Term Improvement Project to improve water service reliability and seismic stability of the  
18 HTWTP; the SFPUC notice to terminate the Lease requiring Skyline to vacate the Lease  
19 premises on or before November 30,2010; and the SFPUC offer to acquire the leasehold  
20 interest (Disputes). Skyline and the SFPUC have executed a settlement and release  
21 agreement recommended by the City Attorney to resolve the Disputes (Agreement), on file  
22 with the Board of Supervisors in File No. 101357, subject to this Board's approval; and

23 WHEREAS, The Agreement requires the SFPUC to pay \$650,000 to Skyline, and  
24 includes other material terms, including but not limited to: (1) SFPUC forgiveness of rent due  
25 under the Lease for October and November 2010, and the termination of the Lease consistent

1 with the SFPUC Lease termination notice to Skyline dated October 15, 2010, and (2) releases  
2 of claims related to the Disputes; and

3 WHEREAS, The Agreement is subject to certain conditions precedent to effectiveness,  
4 including but not limited to: (1) this Board's review and approval of a proposed Resolution  
5 adopting findings under the California Environmental Quality Act (CEQA), including the  
6 adoption of a mitigation monitoring and reporting program and a statement of overriding  
7 considerations related to the HTWTP Long-Term Improvements Project No. CUW36701, part  
8 of the Water System Improvement Program, and directing the Clerk of the Board of  
9 Supervisors to notify the Controller if the Resolution is approved, which Resolution is on file  
10 with the Board of Supervisors in File No. 101301, (2) the Board Budget and Finance  
11 Committee approval of a release of the reserve on the appropriation for the HTWTP Project  
12 established in Ordinance No. 092-10, (3) the Controller's certification of funds available for the  
13 HTWTP Project, including the payment to Skyline under the Agreement, and (4) Skyline's  
14 vacation of the lease premises by November 30, 2010, or such later date that the SFPUC  
15 General Manager determines at his sole discretion is consistent with the HTWTP Project  
16 schedule; now, therefore, be it

17 RESOLVED, That pursuant to Section 10.22 and 10.24 of the San Francisco  
18 Administrative Code, settlement and compromise of said unlitigated Disputes by and between  
19 the SFPUC and Skyline, including the SFPUC's payment to Skyline of \$650,000, is hereby  
20 approved, subject to the terms and conditions in the Settlement and Release Agreement  
21 between the SFPUC and Skyline, dated October 25, 2010, on file with the Board of  
22 Supervisors in File No. 101357.

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APPROVED:

DENNIS J. HERRERA  
City Attorney

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Noreen Ambrose  
Utilities General Counsel

RECOMMENDED:

San Francisco Public Utilities Commission

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Edward M. Harrington  
General Manager, Public Utilities  
Commission

AUTHORIZED BY SFPUC Resolution No.  
10-0176

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Commission Secretary Mike Housh  
Public Utilities Commission