

1 [Contract Amendments - Western Area Power Administration - Power and Scheduling
2 Coordinator Services - Term Extension and Increasing Maximum Contract Amount to
\$41,500,000; Waiver of Certain Municipal Code Requirements]

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4 **Ordinance approving the fourth amendments to two contracts between the San**
5 **Francisco Public Utilities Commission (SFPUC) and the United States Department of**
6 **Energy Western Area Power Administration, for delivery of low-cost power and**
7 **scheduling coordinator services to Treasure Island and Yerba Buena Island to extend**
8 **the term by five years and three months from October 1, 2024, for a total term of**
9 **September 1, 2005, through December 31, 2029, and increasing the maximum amount**
10 **of the agreements to \$41,500,000; approving the City indemnifying and holding**
11 **harmless the United States against claims arising from the City's activities under the**
12 **contract; waiving Administrative Code requirements that a City contract contain a**
13 **statement of guaranteed maximum costs and a statement regarding liability of**
14 **claimants for submitting false claims; and waiving certain other Administrative Code**
15 **and Environment Code requirements upon findings made by the SFPUC General**
16 **Manager.**

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18 NOTE: Additions are *single-underline italics Times New Roman*;
19 Deletions are ~~*strike-through italics Times New Roman*~~.
20 Board amendment additions are double-underlined;
Board amendment deletions are ~~strike-through normal~~.

21 Be it ordained by the People of the City and County of San Francisco:

22 Section 1. Findings.

23 (a) The City, through its Public Utilities Commission (PUC), provides electric utility
24 service at Treasure Island and Yerba Buena Island (TI/YBI) under a multi-year Cooperative
25 Agreement with the United States Navy.

1 (b) The City is the local reuse authority for Naval Station Treasure Island under the
2 Federal Base Closure and Realignment Act (BRAC), and as a result is entitled to purchase
3 low-cost electricity from the federal government.

4 (c) The Board of Supervisors has previously approved four agreements with the
5 Western Area Power Administration (WAPA) of the United States Department of Energy for
6 low-cost electric services and scheduling coordinator services to TI/YB. The contracts for low-
7 cost electric services and scheduling coordinator services were initially approved for a period
8 of five years from September 1, 2005, through September 30, 2010, pursuant to Ordinance
9 No. 17-05. The First Amendment was approved pursuant to Ordinance No. 276-07, which
10 extended the contract from October 1, 2010 through September 30, 2015. The Second
11 Amendment was approved pursuant to Ordinance No. 256-11, which extended the contract
12 from October 1, 2015 through September 30, 2020. The Third Amendment was approved
13 pursuant to Ordinance No. 197-18, which extended the contract from October 1, 2020 through
14 September 30, 2024.

15 (d) On October 17, 2019, WAPA asked all its customers to amend these contracts
16 with an extension through December 31, 2029, so that WAPA could procure power and
17 related services for periods beyond the current contract expiration date.

18 (e) The Full Load Service Contract 22-SNR-02770 allows for WAPA to provide
19 Portfolio Management services and make Custom Product Power purchases to meet the full
20 electrical requirements for TI/YBI at the points of delivery agreed to by Pacific Gas and
21 Electric Company.

22 (f) The Scheduling Coordinator Contract 22-SNR-02771 allows for WAPA to act as
23 the City's's scheduling coordinator for all interactions with the California Independent System
24 Operator.

1 (g) The extension of the two contracts referenced in subsections (e) and (f), through
2 December 31, 2029, would increase the total estimated costs from \$28,386,486 to
3 \$41,500,000. The actual cost will be determined by the quantity of power used at TI/YBI, but
4 will not exceed \$41,500,000.

5 (h) The contract amendments are on a standard form used by the United States for
6 power services. Indemnification of the United States is a required element of the contract. In
7 addition, WAPA will not agree to modify the contracts to include the statements required by
8 Administrative Code Sections 21.19 and 21.35, regarding guaranteed maximum costs and
9 liability of claimants for filing false claims.

10 (i) The PUC approved the fourth amendments to the two contracts at a public
11 meeting on May 9, 2023, in Resolution No. 23-0102, a copy of which is on file with the Clerk
12 of the Board of Supervisors in File No. 230557.

13 Section 2. Authorization of Fourth Amendments to Contracts.

14 (a) The General Manager of the PUC is hereby authorized to execute the fourth
15 amendment to the contract for full load service with WAPA. A copy of the fourth amendment
16 to the contract is on file with the Clerk of the Board of Supervisors in File No. 230557.

17 (b) The General Manager of the PUC is hereby authorized to execute the fourth
18 amendment to the contract for scheduling coordinator service with WAPA. A copy of the
19 fourth amendment to the contract is on file with the Clerk of the Board of Supervisors in File
20 No. 230557.

21 Section 3. Waiver of Certain Municipal Code Requirements.

22 For the purpose of the contracts referenced in Section 2, the Board of Supervisors
23 finds that it is reasonable and in the public interest to grant the waivers as specified below.

24 (a) The requirement of Administrative Code § 21.19 that every contract include a
25 statement regarding guaranteed maximum costs is hereby waived.

1 (b) The requirement of Administrative Code Section 21.35 that every contract include a
2 statement regarding liability of claimants for submitting false claims to the City is hereby
3 waived.

4 (c) Where the General Manager finds and documents in writing both that the
5 transaction represents the best opportunity available to the City to obtain essential services
6 and products in a manner beneficial to the City, and that it is not feasible to add all standard
7 City contract provisions to the agreement, the following standard contract provisions are
8 hereby waived to the extent found necessary, reasonable, and in the public interest by the
9 General Manager:

- 10 (1) Implementing the MacBride Principles (Admin. Code Chapter 12F);
11 (2) Increased participation by small and micro local businesses in City
12 contracts (Admin. Code Chapter 14B);
13 (3) The competitive bidding requirement (Admin. Code Section 21.1);
14 (4) First source hiring requirements (Admin. Code Chapter 83); and
15 (5) The tropical hardwood and virgin redwood ban (Environ. Code
16 Chapter 8).

17 Section 4. Appropriation of Funds.

18 The costs under the fourth amendments to these contracts will be recovered through
19 the electric utility rates at TI/YBI, and will be included in the annual budgets for the PUC's
20 Power Enterprise.

21 Section 5. Effective Date.

22 This ordinance shall become effective 30 days after enactment. Enactment occurs
23 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not
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sign the ordinance within 10 days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: /s/
MARGARITA GUTIERREZ
Deputy City Attorney

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