

[Contract Amendment – Western Area Power Administration - Electric Services]

Ordinance approving the second amendment to the contract between the City and County of San Francisco and the United States, through the Department of Energy Western Area Power Administration, for delivery of low-cost power and scheduling coordinator services to Treasure Island and Yerba Buena Island; and approving the City indemnifying and holding the United States harmless against claims arising from the activities of the City under the contract, and waiving the requirement of Section 21.19 of the San Francisco Administrative Code which requires that a City contract contain a statement of guaranteed maximum costs, and waiving the requirement of Section 21.35 of the San Francisco Administrative Code which requires that every contract contain a statement regarding liability of claimants for submitting false claims.

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

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

Section 1. FINDINGS. The Board of Supervisors hereby finds and declares that:

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

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

1 (3) The Board of Supervisors has twice approved agreements with the Western
2 Area Power Administration ("WAPA") for low-cost electric services to Treasure Island and
3 Yerba Buena Island ("TI/YBI"). This contract was effective on September 1, 2005, for a period
4 of five years until September 30, 2010, pursuant to Ordinance No. 0017-05 on file with the
5 Clerk of the Board of Supervisors. The First Amendment was approved on December 4, 2007
6 pursuant to Ordinance 0276-07 on file with the Clerk of the Board of Supervisors, and
7 extended the contract from September 30, 2010 to September 30, 2015.

8 (4) The contracts between the City and WAPA include delivery of low-cost power
9 and scheduling coordinator services.

10 (5) These services, which are currently provided by WAPA, are necessary for the
11 City to provide reliable low-cost power for all anticipated electric power needs of TI/YBI.

12 (6) On July 26, 2011, WAPA asked the City to amend the contract with an extension
13 through September 30, 2020 now, so that WAPA could begin purchasing power for periods
14 beyond the current contract expiration date.

15 (7) The five-year extension of the Full Load Service contract would increase the
16 total estimated costs of the contract from four million, two hundred and forty thousand dollars
17 (\$4,240,000) to nine million, six hundred and fifty thousand dollars (\$9,650,000). The actual
18 cost will be determined by the quantity of power used at TI/YBI, but will not exceed ~~thirteen~~
19 ~~million, eight hundred and ninety thousand dollars (\$13,890,000)~~ fifteen million, nine hundred
20 and fifty, eight hundred and eighty eight dollars (\$15,950,888).

21 (8) Without these contracts, the City would be required to obtain these services
22 from a third party, such as PG&E, at a higher cost.

23 (9) The Contract is a standard form used by the United States for power services.
24 Indemnification of the United States is a required element of the contract. In addition, WAPA
25

1 would not agree to modify the contracts to include the statements required by San Francisco
2 Administrative Code Sections 21.19 and 21.35.

3 (10) The PUC approved this amendment at a public meeting on September 13, 2011,
4 in Resolution 11-0153, a copy of which is on file with the Clerk of the Board of Supervisors in
5 File No. 111096.

6 Section 2. The General Manager of the PUC is hereby authorized to execute
7 the amendment to the contract for full load service with WAPA. A copy of this contract is on
8 file with the Clerk of the Board of Supervisors in File No. 111096.

9 Section 3. WAIVERS. For the purpose of this contract, the Board of Supervisors
10 finds that it is reasonable and in the public interest to grant the waivers specified below.

11 (1) The Board of Supervisors hereby waives the requirement of San Francisco
12 Administrative Code § 21.19 that every contract include a statement regarding guaranteed
13 maximum costs.

14 (2) The Board of Supervisors hereby waives the requirement of San Francisco
15 Administrative Code Section 21.35 that every contract include a statement regarding liability
16 of claimants for submitting false claims to the City.

17 Section 4. APPROPRIATION OF FUNDS. The costs under this contract will be
18 recovered through the electric utility rates at TI/YBI, and will be included in the annual budgets
19 for the PUC's Power Enterprise.

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

22 By: _____
23 Margarita Gutierrez
24 Deputy City Attorney