

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

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TO: Budget and Finance Sub-Committee
FROM: Budget and Legislative Analyst 
SUBJECT: May 13, 2015 Budget and Finance Sub-Committee Meeting

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<p>Item 1 File 15-0354</p>	<p>Department: Recreation and Parks Department (RPD)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would retroactively approve a new Cost-Sharing Agreement between the Pacific, Gas, and Electric Company (PG&E) and the Recreation and Park Department (RPD) for ten years from October 14, 2014 through October 14, 2024. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The City owns property known as Gas House Cove, which is under the jurisdiction of RPD and currently used as a small craft marina. In June 1994, polycyclic aromatic hydrocarbons were found in the subsurface soils and sediments. • In January 2001, the City filed a lawsuit against PG&E for all costs related to the cleanup of Gas House Cove, as PG&E’s coal gasification plant was allegedly responsible for this issue. • In June 2004, the Court entered an Order Dismissing Action without prejudice, ruling the case as undecided and enabling PG&E and the City to (i) jointly investigate the cause of the issue via a Cost-Sharing Agreement, and (ii) resolve the issue without added litigation. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Under the proposed new Cost-Sharing Agreement, PG&E has agreed to pay for 100 percent of all costs up to \$2,533,000 for phase one planning, design, and permit approval. • The proposed resolution would approve future amendments to the agreement in which RPD pays costs up to \$10,000,000 without Board of Supervisors approval; and • The proposed resolution would also approve future amendments to the agreement in which RPD pays costs greater than \$10,000,000 without Board of Supervisors approval if the Board has already approved an appropriation or authorization to accept and expend grant funds supporting such expenditures. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • The Budget and Legislative Analyst recommends revising the proposed resolution to comply with Charter Section 9.118(b) to require Board of Supervisors approval for all amendments to the Cost-Sharing Agreement resulting in City expenditures of more than \$500,000. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to state that all amendments to the Cost-Sharing Agreement that result in City expenditures of more than \$500,000 require Board of Supervisors approval, in accordance with Charter Section 9.118(b). • Amend the proposed resolution to correct the agreement start date from October 14, 2014 to October 1, 2014 on line 6 of page 1, as per the terms outlined in the new Cost-Sharing Agreement. • Amend the proposed resolution to correct the agreement end date from October 14, 2024 to September 30, 2024, as per the terms outlined in the new Cost-Sharing Agreement. • Approve the proposed resolution as amended. 	

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

City Charter Section 9.118(b) states that contracts or agreements entered into by a department, board or commission having a term in excess of ten years, or requiring anticipated expenditures by the City and County of ten million dollars, or the modification or amendments to such contract or agreement having an impact of more than \$500,000 shall be subject to approval of the Board of Supervisors by resolution.

BACKGROUND**Contamination of Gas House Cove**

The City owns property known as Gas House Cove, which is under the jurisdiction of the Recreation and Park Department (RPD) and currently used as a small craft marina. In June 1994, Advanced Biological Testing (ABT) completed a subsurface investigation, which revealed that chemical compounds, including polycyclic aromatic hydrocarbons (PAHs), were present in subsurface soils and sediments underlying the Gas House Cove. At that time, RPD had planned to renovate Gas House Cove to improve the recreational facilities and general use of the site. However, the findings of the 1994 investigation required that all chemical compounds be removed from the site prior to any renovations.

City Filed Lawsuit Against PG&E after Chemical Compounds Found Underlying Gas House Cove

In January 18, 2001, the City filed a lawsuit against PG&E for all costs related to the impending cleanup of the subsurface soils and sediments underlying Gas House Cove. The City alleges that a coal gasification plant owned by PG&E from 1891 to 1906 released the chemical compounds into the site. On June 2, 2004, the Court entered an Order Dismissing Action without prejudice, ruling the case as undecided and enabling PG&E and the City (i) to further investigate the cause of the issue, and (ii) to resolve the matter without additional litigation.

The City and PG&E continue to disagree on who is responsible for the chemical compounds underlying the site. In response to the Court's Order Dismissing Action without prejudice, the City and PG&E entered into a Cost-Sharing Agreement in October 2004, for a 22-month term through August 2006 and in an amount up to \$500,000, to conduct environmental analyses and an initial dredge design. The first five amendments to the Cost-Sharing Agreement extended the agreement term to August 10, 2013. The sixth and final amendment increased the not-to-exceed amount for shared costs from \$500,000 to \$950,000, and extended the agreement on a month-to-month basis. Under the Cost-Sharing Agreement, PG&E paid \$298,407 and the City paid \$129,977, totaling \$428,384, to conduct environmental analyses and an initial dredge design.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively approve a new Cost-Sharing Agreement between the Pacific, Gas, and Electric Company (PG&E) and the Recreation and Park Department (RPD) for ten years from October 14, 2014 through October 14, 2024 in a not-to-exceed amount of \$10,000,000 for the purposes of remediating Gas House Cove and continuing to investigate the cause of the contamination.

Gas House Cove Remediation and Renovation Project

The Gas House Cove Remediation and Renovation Project consists of three phases:

- Phase one: planning, design & permit approval;
- Phase two: sediment remediation, capping, and containment of the site; and
- Phase three: harbor renovation.

Under the proposed new Cost-Sharing Agreement:

- PG&E will pay 100 percent of costs for phase one planning, design and permit approval up to \$2,533,000.
- Any expenditures by RPD up to \$10,000,000 require Recreation and Park Commission approval.
- Any expenditures by RPD greater than \$10,000,000 require Board of Supervisors approval unless that Board has already approved an appropriation, or authorization to accept and expend grant funds supporting such expenditures.

Under the proposed agreement, the City suspends prosecution of the claims against PG&E unless and until (1) the agreement is terminated, (2) shared costs paid by PG&E reach \$2,533,000 or a greater amount agreed to by both parties, (3) the Army Corps of Engineers Dredged Material Management Office (DMMO) issues an approved site dredge plan and the Bay Conservation and Development Commission (BCDC) issues a project permit, or (4) the anniversary date of October 1, 2024 is reached.

Under the proposed resolution, the Board of Supervisors authorizes:

- The new Cost-Sharing Agreement between the City and PG&E, governing the cost-sharing for phase one environmental analysis, planning, design and permitting, in which PG&E pays costs up to \$2,533,000;
- Future amendments to the agreement which result in City costs up to \$10,000,000 without Board of Supervisors approval; and
- Future amendments to the agreement which result in City costs greater than \$10,000,000 without Board of Supervisors approval if the Board has already approved an appropriation or authorization to accept and expend grant funds supporting such expenditures.

FISCAL IMPACT

Table 1 below shows estimated planning, design and permitting costs for Gas House Cove harbor remediation work, totaling \$2,533,000 to be paid by PG&E.

Table 1. PG&E Projected Expenditures under New Cost-Sharing Agreement

Dredging & Remediation Plans and Permitting		\$	1,541,000
1	Project Design, CEQA Adequacy & Amendment Support, Sediment Sampling and Analysis Plan (SAP), Sampling Analytical Report (SAR), Disposal Requirements, and CAP Engineering Study and Conceptual Design		800,000
2	Upland Source Investigation, Containment Conceptual Design and Permitting		450,000
3	Air, Odor, Water Quality Monitoring & Construction Control Plans		100,000
4	Dredge/CAP In Water Permit Applications & Fees, and Agency Consultation & Fees		191,000
Harbor Rebuild Plans and Permitting		\$	761,000
1	Design & Engineering Package for Waterside and Landside Work		641,000
2	JARPA Application, Agency Consultations and Associated Fees		120,000
		<i>Subtotal</i>	<i>2,302,000</i>
	Contingency (up to approx. 10%)		231,000
Total		\$	2,533,000

According to Ms. Mary Hobson, RPD Project Manager, total Gas House Cove harbor remediation and renovation costs for phases two and three are estimated at \$28,226,000, which include an estimated \$16,098,000 for phase 2 dredging and remediation of Gas House Cove harbor, and \$12,128,000 for renovation of Gas House Cove harbor. Responsibility for these costs have not yet been determined.

POLICY CONSIDERATION

City Charter Section 9.118(b) requires Board of Supervisors approval for amendments resulting in City expenditures of more than \$500,000 for agreements of more than 10 years, or of \$10 million or more. In contrast, the proposed resolution allows the Recreation and Park Department to enter into amendments to the proposed Cost-Sharing Agreement with PG&E that result in City expenditures up to \$10 million without further Board of Supervisors approval.

In addition, the proposed resolution allows the Recreation and Park Department to enter into amendments to the proposed Cost-Sharing Agreement with PG&E that result in City expenditures of more than \$10 million without further Board of Supervisors approval, if the Board has previously approved an appropriation, or authorization to accept and expend grant funds supporting such expenditures.

The Budget and Legislative Analyst recommends revising the proposed resolution to comply with Charter Section 9.118(b) to require Board of Supervisors approval for all amendments to

the proposed Cost-Sharing Agreement between PG&E and RPD that result in City expenditures of more than \$500,000 as follows:

FURTHER RESOLVED, That the Board of Supervisors authorizes the Recreation and Park Department to enter into amendments or modifications to the Agreement upon approval from the Recreation and Park Commission to extend the cost sharing agreement through completion of the harbor reconstruction project, provided that no such amendment shall call for expenditure of revenues in the City treasury in an amount exceeding ~~\$10,000,000~~ \$500,000 without Board of Supervisors approval. ~~unless the Board of Supervisors has already approved an appropriation or authorization to accept and expend grant funds supporting such expenditures.~~

RECOMMENDATIONS

1. Amend the proposed resolution to state that all amendments to the Cost-Sharing Agreement that result in City expenditures of more than \$500,000 require Board of Supervisors approval, in accordance with Charter Section 9.118(b).
2. Amend the proposed resolution to correct the agreement start date from October 14, 2014 to October 1, 2014 on line 6 of page 1, as per the terms outlined in the new Cost-Sharing Agreement.
3. Amend the proposed resolution to correct the agreement end date from October 14, 2024 to September 30, 2024, as per the terms outlined in the new Cost-Sharing Agreement.
4. Approve the proposed resolution as amended.

<p>Item 2 File 15-0409</p>	<p>Department: Public Utilities Commission (PUC)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <p>The proposed ordinance would appropriate \$1,750,000 from Public Utilities Commission (PUC) Wastewater Enterprise funds designated for general reserve to pay the claims settlements, legal expenses, and related costs due to the extraordinary expenses incurred as a result of the December 2014 storms in FY 2014-15.</p> <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • As a result of the December 2014 storms, the Public Utilities Commission (PUC) has exhausted budgeted funds in Wastewater Enterprise responding to claim settlement and damage mitigation costs mainly related to flooding. • The City Attorney’s Office estimates that an additional \$1,750,000 will be needed to cover all outstanding claims, settlements, and judgements for Wastewater Enterprise through the end of FY 2014-15. • The City Attorney’s cost estimate for claims and litigation expenses involves active legal cases and will be reported to the Board of Supervisors in closed session. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • This request has no new impact on the General Fund, as all funds are currently appropriated to reserve funds in Wastewater Enterprise. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed ordinance. 	

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

City Charter Section 9.105 states that amendments to the Annual Appropriation Ordinance are subject to Board of Supervisors approval by ordinance after the Controller certifies the availability of funds.

BACKGROUND

The San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise operates a combined stormwater and sewer system. The December 2014 storms that hit San Francisco caused overflow of the stormwater system and flooding that resulted in damage to private property throughout the City. Property owners who suffered damage as a result of flooding can file claims against the City for compensation. Claims are handled by the City Attorney's Office and paid for through the operating budget of Wastewater Enterprise.

According to Mr. Carlos Jacobo, SFPUC Budget Manager, claims of \$25,000 and less, which do not require the approval of the Board of Supervisors, have been paid out and depleted the originally-appropriated funds of \$160,000 for this purpose. Payments for claims, legal expenses, and vendor payments including cleaning, repairs, and sanitizing have totaled \$4,098,164, and Wastewater Enterprise has had to use funds budgeted for other services to cover costs associated with the December 2014 storms. Claims of \$25,000 and more require the approval of the Board of Supervisors and have not yet come before the Board of Supervisors. The time limit to file claims is six months from the time of damage for personal property or approximately June 2015 and one year from the time of damage for real property or approximately December 2015. The City Attorney expects that a majority of claims have been reported but it is possible that more claims will be made before the deadlines.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate \$1,750,000 to SFPUC Wastewater Enterprise reserve funds to pay future claims to private property owners for damages to their property, resulting from the December 2014 storms in San Francisco. These funds would pay claims settlements, legal expenses and related costs. According to Ms. Noreen Ambrose, Deputy City Attorney, legal expenses and related costs include services such as appraisals for personal property losses, but do not include outside legal counsel.

According to Ms. Ambrose the City Attorney's Office cannot disclose the amount of pending claims due to the confidentiality of active legal cases. Ms. Ambrose will provide a confidential memo to the Board of Supervisors detailing the estimated costs of these claims to the Board of Supervisors.

FISCAL IMPACT

The requested appropriation of \$1,750,000 would create and fund a new programmatic project budget dedicated to legal expenses caused by the December 2014 storms in San Francisco. The

requested appropriation of \$1,750,000 would decrease PUC Wastewater Unappropriated Reserve Funds by 8%, from \$21,931,665 to \$20,181,665.

RECOMMENDATION

Approve the proposed ordinance.

Item 3 File 15-0108	Department: Human Services Agency (HSA)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <p>The proposed resolution would: (1) approve the San Francisco Human Services Agency's continued membership in the 18 County CalWIN Consortium (Consortium) and approve a new contract between the CalWIN Consortium and Hewlett-Packard, and (2) retroactively authorize an increase to HSA's expenditure authority of \$26,299,281, from \$53,019,909 to \$79,319,190. The term of the contract between the Consortium and Hewlett-Packard is five years, from February 1, 2015 through January 31, 2020, with one three-year option and one two-year option to extend the contract through January 31, 2025, for a total contract term of 10 years.</p> <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The CalWIN data management system is collectively managed by the 18 County CalWIN Consortium (the CalWIN Consortium) that shares costs associated with the continued development, implementation, maintenance, and operation of the CalWIN data management system. • In 1999, the Board of Supervisors approved the San Francisco Human Services Agency's (HSA) membership in the CalWIN Consortium for an amount not-to-exceed \$29,419,538. In 2009, the Board of Supervisors authorized HSA's continued membership in the Consortium and increased HSA's expenditure authority by \$13,110,600 from \$29,419,538 to \$42,530,138. In 2013, the Board of Supervisors authorized HSA's continued membership in the Consortium from July 1, 2013 through August 1, 2015 and increased HSA's expenditure authority by \$10,489,771 from \$42,530,138 to \$53,019,909. • In 2014, the CalWIN Consortium negotiated a new contract with Hewlett-Packard to implement a new computer data management system. The new contract is for five years from February 1, 2015 through January 31, 2020 with one three-year and one two-year option to extend, for a total contract term of ten years, through January 31, 2025. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • San Francisco's share of the contract cost is 4.95 percent, or \$29,551,554. Of the \$29,551,554, approximately \$1,773,094 (six percent) is funded by the City's General Fund, \$11,820,621 (40 percent) by State monies, and \$15,957,839 (54 percent) by Federal monies. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Amend the resolution to reflect the correct increased contract of \$29,551,554, and not \$26,299,281. • Approve the proposed resolution, as amended. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that a contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

Sections 10823 through 10824 of the California Welfare and Institutions Code require counties to use computer data management systems to administer public benefit programs, join a consortium, and provide funding to maintain and operate the California Work Opportunity and Responsibility to Kids Information Network (CalWIN), which is a central State data management system.

The CalWIN data management system is collectively managed by the 18 County CalWIN Consortium (the CalWIN Consortium) that shares costs associated with the continued development, implementation, maintenance, and operation of the CalWIN data management system. Hewlett-Packard Enterprise Services, LLC, (Hewlett-Packard) provides maintenance and operation of CalWIN under a Statewide master contract established by the Consortium.

In 1999, the Board of Supervisors approved the San Francisco Human Services Agency's (HSA) membership in the CalWIN Consortium for an amount not-to-exceed \$29,419,538. In 2009, the Board of Supervisors authorized HSA's continued membership in the Consortium and increased HSA's expenditure authority by \$13,110,600 from \$29,419,538 to \$42,530,138. In 2013, the Board of Supervisors authorized HSA's continued membership in the Consortium from July 1, 2013 through August 1, 2015 and increased HSA's expenditure authority by \$10,489,771 from \$42,530,138 to \$53,019,909.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would: (1) approve HSA's continued membership in the 18 County CalWIN Consortium (Consortium) and approve a new contract between the CalWIN Consortium and Hewlett-Packard, and (2) retroactively authorize an increase to HSA's expenditure authority of \$26,299,281, from \$53,019,909 to \$79,319,190. The term of the contract between the Consortium and Hewlett-Packard is five years, from February 1, 2015 through January 31, 2020, with one three-year option and one two-year option to extend the contract through January 31, 2025, for a total contract term of 10 years.

The proposed resolution should be amended to correctly state that HSA's expenditure authority will increase by \$29,551,554 (see Table 1 below) from \$53,019,909 to \$82,571,463.

New Hewlett-Packard Contract

In 2014, the CalWIN Consortium negotiated a new contract with Hewlett-Packard to implement a new computer data management system. The new contract is for five years from February 1, 2015 through January 31, 2020 with one three-year and one two-year option to extend, for a total contract term of ten years, through January 31, 2025.

The new contract with Hewlett-Packard adds functionality compared to the old system, including:

- Improved project and portfolio management tools;
- Document management services;
- 8,500 hours per year of system enhancements;
- Fixed-price billing

According to Mr. David Curto, HSA Director of Contracts and Facilities, the new feature of a fixed-price billing under the proposed new contract with Hewlett-Packard is different than the previous contract with Hewlett-Packard, where billing was based on the case load of each county. Under the previous agreement, the City of San Francisco was invoiced for its participation in the CalWIN contract for \$.75 for each case utilized in the system. Mr. Curto states that under the proposed fixed-price billing system, the City will have lower costs and greater budget stability because its costs will be known, rather than face fluctuations depending on how many cases are processed each month.

FISCAL IMPACT

The overall contract amount between the CalWIN Consortium and Hewlett-Packard is \$597,498,634 over the 10-year term from February 1, 2015 through January 31, 2025. San Francisco's share of the contract cost is 4.95 percent, or \$29,551,554. Of the \$29,551,554, approximately \$1,773,094 (six percent) is funded by the City's General Fund, \$11,820,621 (40 percent) by State monies, and \$15,957,839 (54 percent) by Federal monies, as shown in Table 1 below.

**Table 1: San Francisco's Estimated Annual Payments
Under CalWIN Contract with Hewlett-Packard**

Year	Contract Period	San Francisco Estimated Share 6%	State Share 40%	Federal Share 54%	Total Estimated Annual Cost
2015	Original Period	\$181,612	\$1,210,748	\$1,634,509	\$3,026,869
2016	Original Period	181,612	1,210,748	1,634,509	3,026,869
2017	Original Period	181,612	1,210,748	1,634,509	3,026,869
2018	Original Period	181,612	1,210,748	1,634,509	3,026,869
2019	Original Period	181,612	1,210,748	1,634,509	3,026,869
2020	1st Extension Period	175,336	1,168,907	1,578,025	2,922,268
2021	1st Extension Period	175,336	1,168,907	1,578,025	2,922,268
2022	1st Extension Period	175,336	1,168,907	1,578,025	2,922,268
2023	2nd Extension Period	169,512	1,130,081	1,525,609	2,825,202
2024	2nd Extension Period	169,512	1,130,081	1,525,609	2,825,202
Total		\$1,773,094	11,820,621	\$15,957,839	\$29,551,554

San Francisco's estimated total annual payment of \$3,026,869 in the first year of the contract between the CalWIN Consortium and Hewlett-Packard is \$1,973,284 or 39.5 percent less than San Francisco's budgeted payment of \$5,000,153 in FY 2014-15 under the prior contract between the CalWIN Consortium and Hewlett-Packard.

RECOMMENDATIONS

1. Amend the proposed resolution to reflect the correct increased contract of \$29,551,554, and not \$26,299,281.
2. Approve the proposed resolution, as amended.

<p>Item 4 File 15-0272</p>	<p>Department: Department of Environment (DOE)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <p>The proposed resolution would retroactively authorize the San Francisco Department of the Environment to accept and expend a grant for \$1,286,200 from the US Department of Energy to create plans to develop solar energy with energy storage for post-disaster preparedness. The term of the grant is December 15, 2014 through December 31, 2016.</p> <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In 2014, the City of San Francisco developed the Hazard Mitigation Plan (Plan) to assess risks to San Francisco by natural and human-caused hazards, and to develop mitigation strategies for reducing the impact of those risks. The Plan calls for the implementation and use of solar energy storage to power electrical backup systems for these assets. • In 2014, the US Department of Energy awarded a grant of \$1,286,200 to the San Francisco Department of the Environment to plan and design the Solar + Storage Resiliency Project in San Francisco. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The total budget for the Solar + Storage Project is \$1,575,171, consisting of the subject grant funds of \$1,286,200 from the US Department of Energy , and \$288,971 in matching funds provided by the City of San Francisco. • Matching funds of \$288,971 is comprised of in-kind contributions from City departments and outside contractors performing work on the Project. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Administrative Code Section 10.170-1 states that accepting Federal, State, or third-party grant funds in the amount of \$100,000 or more, including any City matching funds required by the grant, is subject to Board of Supervisors approval.

BACKGROUND

In 2014, the City of San Francisco developed the Hazard Mitigation Plan¹ (Plan) to assess risks to San Francisco by natural and human-caused hazards, and to develop mitigation strategies for reducing the impact of those risks. The Plan identified 20 such hazards, which included disruption of energy supplies in the event of emergency. In order to ensure continuance of energy supplies to critical City assets, the Plan calls for the implementation and use of solar energy storage to power electrical backup systems for these assets.

The US Department of Energy Solar Market Pathways Program supports projects that are advancing solar deployment across the United States. These projects develop strategic plans to expand solar electricity use for residential, community, and commercial properties. In 2014, the US Department of Energy awarded a grant of \$1,286,200 to the San Francisco Department of the Environment to plan and design the Solar + Storage Resiliency Project in San Francisco.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively authorize the San Francisco Department of the Environment to accept and expend a grant for \$1,286,200 from the US Department of Energy to create plans to develop solar energy with energy storage for post-disaster preparedness. The term of the grant is December 15, 2014 through December 31, 2016.

US Department of Energy Solar Market Pathways Grant

The Department of the Environment will use the \$1,286,200 grant to implement the Solar + Storage for Resiliency Project (Project). The Project will plan and design a solar storage system to maintain energy supply in San Francisco in the event of a natural disaster. Current liquid fuel generators that supply emergency power have a limited quantity of energy, which may not be sufficient in case of a prolonged outage. The Project would design a system in which solar energy is captured at multiple sites in a neighborhood and link them together in a micro-grid

¹ The Hazard Mitigation Plan is required by the federal Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988.

that could increase the total capacity needed to operate those facilities. Twelve neighborhoods will be included in the Project². The Project tasks are listed below.

- Researching existing projects that use similar micro-grid technology.
- Identifying disaster preparedness zones in San Francisco to detail which buildings have power needs and can be grouped together to form a micro-grid.
- Analyzing technical feasibility of solar + storage systems in San Francisco
- Studying technical and economic barriers to development of solar + storage solutions.
- Facilitating stakeholder engagement with groups such as public officials, utilities, first responders, relevant City departments, and business and community groups.
- Disseminating research and findings to regional, State and national networks.

FISCAL IMPACT

As shown in Table 1 below, the total budget for the Solar + Storage Project is \$1,575,171, consisting of the subject grant funds of \$1,286,200 from the US Department of Energy, and \$288,971 in matching funds provided by the City of San Francisco.

Table 1: Solar + Storage Project Budget

Budget Category	Grant	City Match Share	Total
City of San Francisco Staff*			
Salaries	\$190,311	\$161,286	\$351,597
Fringe Benefits	150,853		150,853
Staff Costs Subtotal	\$341,164	\$161,286	\$502,450
Contract Costs			
Technical Analysis	\$795,402	\$101,185	\$896,587
Financial Modeling	19,999	20,400	40,399
Community Outreach	37,714		37,714
Contract Costs Subtotal	853,115	\$121,585	\$974,700
Other Costs			
In-Kind Tour Santa Rita Jail Micro Grid		\$3,600	\$3,600
In-Kind Meeting Space		2,500	2,500
Travel, Training, Miscellaneous	\$34,650		34,650
Materials & Supplies	23,015		23,015
Indirect Costs	34,256		34,256
Other Costs Subtotal	\$91,921	6,100	98,021
Total	\$1,286,200	\$288,971	\$1,575,171

* City Match Share includes in-kind staff work performed by City departments including Emergency Management Department, Fire Department and Department of Building Inspection.

² Neighborhoods selected for participation in the Project will be chosen from each supervisorial district and two from District 10. District 10 will have two neighborhoods because preparatory work has already been performed by one of the contractors working on the Project.

Technical analysis and financial modeling work for the Project will be performed by outside firms specializing in engineering and finance of clean energy projects. Community Outreach work for the Project is required to meet with constituencies to identify power needs for disaster planning in the neighborhoods where the Project will be based. Each neighborhood is being allocated approximately \$3,000 for these services. Mr. Cal Broomhead, Climate and Energy Programs Manager of the Department of the Environment, states that these services will likely be provided by non-profit community-based organizations. Mr. Broomhead provided a budget totaling \$974,700 for the outside firms' and City staff costs, as shown in Table 2 below.

Table 2: Contracts and City Staff for Solar + Storage Project

Contract/City Staff	Dept. of Energy Grant	In Kind Contribution	Total
Technical Analysis			
Arup	\$773,163	\$0	\$773,163
Rocky Mountain Institute	9,999	30,355	40,354
Clean Coalition	7,410	66,000	73,410
San Francisco Public Utilities Commission	4,830	4,830	9,660
Technical Analysis Subtotal	\$795,402	\$101,185	\$896,587
Financial Modeling			
Renewable Funding	\$10,000	\$0	\$10,000
Cal-Charge	9,999	20,400	30,399
Financial Modeling Subtotal	\$19,999	\$20,400	\$40,399
Community Outreach			
TBD	\$37,714	\$0	\$37,714
Community Outreach Subtotal	\$37,714	0	\$37,714
Total	853,115	121,585	974,700

Mr. Broomhead states that the Department of the Environment has an existing contract with Arup to provide environmental services in an amount not-to-exceed \$3,000,000, which was awarded through a competitive process. Arup will perform the needed technical analysis for the Project under this existing contract.

According to Mr. Broomhead, the Department of the Environment has spent \$19,100 in grant funds prior to receiving Board of Supervisors authorization in order to remain on schedule for grant deliverables. This spending was related to: 1) travel to attend required Project meetings; and 2) consultant work.

RECOMMENDATION

Approve the proposed resolution.