

1 [Contract Amendment - Western Area Power Administration - Low-Cost Power and  
2 Scheduling Coordinator Services - Treasure Island and Yerba Buena Island - Not to Exceed  
3 \$28,370,000]

4 **Ordinance approving the third amendment to the contract between the City and County**  
5 **of San Francisco through its Public Utilities Commission (PUC) and the United States,**  
6 **through the Department of Energy Western Area Power Administration, for delivery of**  
7 **low-cost power and scheduling coordinator services to Treasure Island and Yerba**  
8 **Buena Island to extend the term by four years and three months from October 1, 2020,**  
9 **through December 31, 2024, and increasing the maximum amount of the agreement to**  
10 **\$28,370,000; approving the City indemnifying and holding the United States harmless**  
11 **against claims arising from the activities of the City under the contract; waiving**  
12 **Administrative Code requirements, as defined herein, that a City contract contain a**  
13 **statement of guaranteed maximum costs, and contain a statement regarding liability of**  
14 **claimants for submitting false claims; and waiving certain other Administrative Code**  
15 **and Environment Code requirements, as defined herein, upon findings made by the**  
16 **General Manager of the PUC.**

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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), is currently providing  
24 electric utility service at Treasure Island and Yerba Buena Island (TI/YBI) under a multi-year  
25 Cooperative 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 City has previously approved three agreements with the Western Area  
5 Power Administration (“WAPA”) of the United States Department of Energy for low-cost  
6 electric services to TI/YBI. The contract was initially approved for a period of five years from  
7 September 1, 2005, through September 30, 2010, pursuant to Ordinance No. 17-05. The  
8 First Amendment was approved pursuant to Ordinance No. 276-07, and extended the contract  
9 from October 1, 2010 through September 30, 2015. The Second Amendment was approved  
10 pursuant to Ordinance No. 256-11, and extended the contract from October 1, 2015 through  
11 September 30, 2020.

12 (d) The contract between the City and WAPA includes delivery of low-cost power  
13 and scheduling coordinator services.

14 (e) On October 16, 2017, WAPA asked all its customers to amend the contract with  
15 an extension through December 31, 2024, so that WAPA could procure power and related  
16 services for periods beyond the current contract expiration date.

17 (g) The extension of the contract, through December 31, 2024, would increase the  
18 total estimated costs ~~from \$12,358,486~~ by \$12,419,112 to \$28,370,000. The actual cost will  
19 be determined by the quantity of power used at TI/YBI, but will not exceed \$28,370,000.

20 (h) The contract is a standard form used by the United States for power services.  
21 Indemnification of the United States is a required element of the contract. In addition, WAPA  
22 will not agree to modify the contracts to include the statements required by Administrative  
23 Code Sections 21.19 and 21.35, regarding guaranteed maximum costs and liability of  
24 claimants for filing false claims.

1 (j) The PUC approved this third amendment to the contract at a public meeting on  
2 February 27, 2018, in Resolution 18-0035, a copy of which is on file with the Clerk of the  
3 Board of Supervisors in File No. 180356.

4 Section 2. Authorization of Third Amendment to Contract.

5 The General Manager of the PUC is hereby authorized to execute the third amendment  
6 to the contract for full load service with WAPA. A copy of this third amendment to the contract  
7 is on file with the Clerk of the Board of Supervisors in File No. 180356. The duration and cost  
8 of this contract resulting from this third amendment is stated in Section 1(g) of this ordinance.

9 Section 3. Waiver of Certain Municipal Code Requirements.

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

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

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

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

23 (1) Implementing the MacBride Principles (Admin. Code Chapter 12F);  
24  
25

- 1                   (2)     Increased participation by small and micro local businesses in City
- 2 contracts (Admin. Code Chapter 14B);
- 3                   (3)     The competitive bidding requirement (Admin. Code Section 21.1);
- 4                   (4)     First source hiring requirements (Admin. Code Chapter 83); and
- 5                   (5)     The tropical hardwood and virgin redwood ban (Environ. Code
- 6 Chapter 8).

7                   Section 4. Appropriation of Funds.

8                   The costs under the third amendment to this contract will be recovered through the

9 electric utility rates at TI/YBI, and will be included in the annual budgets for the PUC's Power

10 Enterprise.

11                   Section 5. Effective Date.

12                   This ordinance shall become effective 30 days after enactment. Enactment occurs

13 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not

14 sign the ordinance within 10 days of receiving it, or the Board of Supervisors overrides the

15 Mayor's veto of the ordinance.

16 APPROVED AS TO FORM:

17 DENNIS J. HERRERA, City Attorney

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20 By: \_\_\_\_\_

21       Margarita Gutierrez

22       Deputy City Attorney