

File No. 211053

Committee Item No. 7

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee  
Board of Supervisors Meeting

Date November 17, 2021  
Date \_\_\_\_\_

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#### OTHER (Use back side if additional space is needed)

- PUC Resolution No. 21-0153 9/28/21
- \_\_\_\_\_
- \_\_\_\_\_
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Completed by: Brent Jalipa Date November 12, 2021

Completed by: Brent Jalipa Date \_\_\_\_\_

1 [Affordable Housing Agreement - Pacific Gas and Electric Company - Term of Ten or More  
2 Years]

3 **Resolution approving an agreement between the City and County of San Francisco and**  
4 **Pacific Gas and Electric Company establishing requirements for certain affordable**  
5 **housing projects to connect to the electric grid for a term of ten or more years, to**  
6 **commence following approval by the Federal Energy Regulatory Commission.**

7  
8 WHEREAS, The City and County of San Francisco (“City”), through the San Francisco  
9 Public Utilities Commission (“SFPUC”), has been providing electric service to affordable  
10 housing projects for decades; and

11 WHEREAS, In most cases, the SFPUC must obtain wholesale distribution service  
12 from Pacific Gas and Electric Company (“PG&E”), pursuant to the terms and conditions of  
13 PG&E’s Wholesale Distribution Tariff on file with the Federal Energy Regulatory Commission  
14 (“FERC”), because the City does not own the electric distribution grid; and

15 WHEREAS, San Francisco housing costs are among the nation’s highest and most  
16 unaffordable, with approximately one-third of households burdened with housing costs more  
17 than 30 percent of their income, and 17 percent of renters “extremely rent-burdened,”  
18 meaning they spent 50 percent or more of their household income on rent; and

19 WHEREAS, San Francisco addresses this housing crisis in several ways, including by  
20 investing significant public funding to create new and preserve existing housing affordable to  
21 low- and moderate-income households; and

22 WHEREAS, In the past, at most affordable housing projects the SFPUC has obtained  
23 secondary voltage level service from PG&E; and

1           WHEREAS, In recent years, PG&E has required these and other projects to connect at  
2 primary voltage levels, using large, expensive equipment designed for much larger projects;  
3 and

4           WHEREAS, At many of the affordable housing projects being developed in San  
5 Francisco, it is both cost-prohibitive and infeasible due to space constraints to install the  
6 equipment necessary to obtain primary voltage electric service, therefore undermining San  
7 Francisco’s strategies to address its affordable housing crisis; and

8           WHEREAS, The City and PG&E share a goal of supporting the development of high-  
9 quality 100 percent affordable housing in San Francisco and providing its residents with  
10 affordable electric service that will help protect vulnerable households and strengthen the  
11 City’s diverse communities; and

12           WHEREAS, Under the terms of the agreement on file with the Clerk of the Board of  
13 Supervisors in File No. 211053, PG&E has agreed to provide secondary-level wholesale  
14 distribution service to SFPUC for new 100 percent affordable housing projects that are on  
15 City-owned land, subject to certain conditions (“Agreement”); and

16           WHEREAS, The Agreement will enable the SFPUC to provide electric service to some  
17 new affordable housing projects being developed in the next ten years or more; and

18           WHEREAS, The term of the Agreement is for ten years, but the SFPUC and PG&E  
19 may agree to extend the term for up to an additional five years without additional approval by  
20 this Board of Supervisors or the Public Utilities Commission; and

21           WHEREAS, The Agreement does not obligate the SFPUC to expend any City funds;  
22 and

23           WHEREAS, On September 28, 2021, in Resolution No. 21-0153, the SFPUC approved  
24 the Agreement and authorized the General Manager of the SFPUC to seek Board of  
25 Supervisors’ approval of the Agreement; and

1           WHEREAS, Section 9.118(b) of the San Francisco Charter requires approval by the  
2 Board of Supervisors (“Board”) for contracts in excess of ten years; and

3           WHEREAS, This Agreement will be submitted to the FERC for approval, if approved by  
4 this Board of Supervisors, and will not become effective unless approved by the FERC; now,  
5 therefore, be it

6           RESOLVED, That the Board approves the Agreement for a term of ten years or more  
7 from the effective date of the Agreement; and, be it

8           FURTHER RESOLVED, That the Board further authorizes the SFPUC General  
9 Manager to extend the term of the Agreement for up to an additional five years, subject to the  
10 agreement of PG&E; and

11          FURTHER RESOLVED, That the Board further authorizes the SFPUC General  
12 Manager to enter into any modifications and amendments to the Agreement that the General  
13 Manager determines, in consultation with the City Attorney, are in the best interests of the City  
14 and do not materially increase the obligations or liabilities of the City, are necessary or  
15 advisable to effectuate the purposes of the Agreement, and are in compliance with all  
16 applicable laws, including the City’s Charter; and, be it

17          FURTHER RESOLVED, That within 30 days of the Agreement being fully executed  
18 by the parties, the SFPUC shall provide it to the Clerk of the Board for inclusion in the  
19 official file.

Agreement Between PG&E and the SFPUC to Support 100% Affordable Housing  
Projects in San Francisco (09.17.21)

This 100% Affordable Housing Agreement (“Agreement”) is being made between the City and County of San Francisco (“City”), acting through the San Francisco Public Utilities Commission (“SFPUC”), and Pacific Gas and Electric Company (“PG&E”) or together as “Parties” on September 17, 2021.

Parties enter into this Agreement with a shared goal of supporting the development of high-quality 100% affordable housing in San Francisco and providing its low-income residents with affordable electric service that will help protect vulnerable households and strengthen the City’s diverse communities.

Parties affirm their commitment to collaborate in the execution of this Agreement to achieve the shared goal for the term specified. The Parties agree that this Agreement establishes no principles and no precedent and shall not be cited by any party or person for any purpose, in any forum, other than for the purpose of enforcement of the terms of this Agreement itself, as provided herein.

Parties also agree to continue discussions to support the preservation of existing 100% affordable housing units in San Francisco.

**100% Affordable Housing Project Definition:**

“100% Affordable Housing Project” (or “Project”) shall mean a building where 100% of the residential units (not including a manager's unit):

- (1) have a maximum household income limit set at 120% or less of the unadjusted area median family income (AMI) determined by San Francisco Mayor’s Office of Housing and Community Development on an annual basis and derived, in part, from the U.S. Department of Housing and Urban Development Metro Fair Market Rent Area (HMFA) that contains San Francisco, as adjusted for household size and bedroom count;
- (2) have a maximum affordable rent that shall not exceed 30% of the applicable household income limit for a rental unit, or a maximum affordable purchase price with an annual housing cost that shall not exceed 33% of the applicable income limit for an owner-occupied unit, as each may be adjusted for household size and bedroom count;
- (3) are restricted by the requirements of (1) and (2) above for the life of the Project or a minimum of 55 years, whichever is longer, and be reflected by a recorded document and consistent with any applicable federal, state or local government regulatory requirements; and

(4) where the building includes ancillary commercial space within the building envelope, it is still be considered an 100% Affordable Housing Project for purposes of this Agreement so long as all residential units (other than a manager's unit) meet the requirements of (1), (2), and (3) above.

**Terms of Agreement:**

- On request of SFPUC, PG&E will provide secondary service based upon the criteria outlined in Section 14.2 of the WDT2 for new 100% Affordable Housing Projects, as defined above, that have submitted complete applications for service during the term of this agreement.
- For purposes of this Agreement, the parties agree that Intervening Facilities for projects shall be defined as follows:
  - The Table and notes from WDT2 Section 14.2.1, attached in Appendix A.
  - For underground secondary: a disconnect switch, a protective device, and secondary conductor (e.g. wire, service entrance conductor, bus bar, bus duct, cable, etc.)
  - For overhead secondary: a disconnect switch, a protective device, a pole and secondary conductor/wire/service drop, which could include the wire between the pole and the service drop.
  - A single device may function as both the disconnect switch and protective device (i.e. a breaker)
- A list of Projects that the Parties agree are currently eligible under this Agreement appears in Appendix B, attached hereto. The Parties agree that there may be additional Projects eligible for treatment under this Agreement in the future and those shall be added to Appendix B.
- Applications for service under this Agreement must include:
  - The requirements of the WDT3 as described in the tariff and checklist, and
  - A letter from the director of the MOHCD certifying that the Project meets all of the requirements of this Agreement as defined above. See Appendix C, which represents a form of certification letter.
- In the absence of PG&E action, an application under this Agreement will be deemed complete where the SFPUC submitted the application at least 45 business days in advance of the end date of this agreement and included with the application the items required for all WDT3 applications, identified above.

- All residential, end-use customers served at eligible Projects (except for a manager's unit) shall be billed under the SFPUC's Low-Income Residential Service Schedule R-2 (or successor tariff) if the customer meets eligibility requirements for that program, and under the appropriate SFPUC rate schedule if not.
- In the event that a Point of Delivery serving a Project intends to increase its load beyond the Contract Demand value stated in its Specifications for Distribution Service, the SFPUC will be required to follow the requirements of Wholesale Distribution Tariff ("WDT") Section 10.4 (or its successor), which requires submission of a new application in advance of exceeding Contract Demand and may require a study.
- Income verification for eligibility of the residential end-use customers (*i.e.*, tenants of 100% Affordable Housing Projects) for the SFPUC low income residential service shall be performed in accordance with City practice.
- This agreement applies only to 100% Affordable Housing Projects (as defined above) on City-owned land or land scheduled to be transferred to City ownership within 1 year of project completion.
- PG&E will serve temporary power for construction under the terms of PG&E's CPUC jurisdictional service for Projects connected under this agreement.
- The term of this Agreement shall be ten years. Parties, by mutual written agreement, may extend the term for up to an additional five years. This Agreement does not limit the rights of either party, nor resolve or settle any issue, in any current or future litigation or alternative dispute resolution process in any court or administrative agency.
- This Agreement requires approval by the San Francisco Public Utilities Commission, San Francisco Board of Supervisors and Federal Energy Regulatory Commission.

Appendix A  
Table and Notes from WDT2 Section 14.2.1

| Intervening Facilities             | Overhead  |              | Underground  |              |
|------------------------------------|-----------|--------------|--------------|--------------|
|                                    | Primary   | Secondary    | Primary      | Secondary    |
| Disconnect Switch                  | Required  | Required     | Required     | Required     |
| Protective Device                  | Required  | Required     | Required     | Required     |
| Pole                               | Required  | Required     | Not Required | Not Required |
| Transformer                        | Required* | Not Required | Required*    | Not Required |
| Conductor, Wire, or Service Drop** | Required  | Required     | Required     | Required     |

\* A transformer will not be required if 1) the end-use customer requests a service voltage that is the same as the wholesale service voltage or 2) the transformer is a PG&E owned Direct Assignment Facility and the Distribution Customer contributes or contributed to the cost of such facility (typically in the case of a conversion from existing distribution service that is not provided under this Tariff to Distribution Service provided under this Tariff).

\*\* Examples of the type of wire that will be required are as follows:

- Overhead primary service: the wire from 1) the Current Transformer (CT)/Potential Transformer (PT), or the recloser or other protective device, or the disconnect switch to 2) the point of interconnection with the end-use customer.
- Overhead secondary service: the wire between the pole and the weatherhead.
- Underground to underground primary service: 1) the wire from the CT/PTs, the interruptor or other protective device, or the disconnect switch to 2) the point of interconnection with the end-use customer.
- Underground to underground secondary service: the service entrance conductor.



**Appendix B: List of Projects as of 9/23/2021  
(Eligible pending receipt of confirming letter in Appendix C)**

| Land Disposition      | Project Name                            | Street Number | Street Name    | Street Type | Sup. District | Estimated / Actual Construction Start Date | Project Lead Sponsor | Project Units |
|-----------------------|---|---------------|----------------|-------------|---------------|--|----------------------|---------------|
| City                  | 4840 Mission                            | 4840          | Mission        | St          | 11            | 3/15/2021                                  | Bridge               | 137           |
| City                  | Balboa Park Upper Yard                  | 2340          | San Jose       | Ave         | 11            | 6/20/2021                                  | Bridge               | 131           |
| City                  | 180 Jones (Land Dedication Site)        | 180           | Jones          | St          | 6             | 9/30/2021                                  | TNDC                 | 70            |
| City                  | 78 Haight St (Parcel U)                 | 78            | Haight         | St          | 5             | 10/1/2021                                  | TNDC                 | 63            |
| SFHA                  | Hunters View Phase III (Blocks 14 & 17) | 1151          | Fairfax        | Ave         | 10            | 5/1/2022                                   | John Stewart Co      | 118           |
| City                  | 1515 South Van Ness                     | 1515          | South Van Ness | Ave         | 9             | 8/10/2022                                  |                      | 150           |
| SFUSD                 | Shirley Chisholm Village (fmly. FSK)    | 1351          | 42nd           | Ave         | 4             | 2/1/2022                                   | Mid-Pen Housing      | 134           |
| SFHA                  | Potrero Block B                         |               | Not Assigned   |             | 10            | 2/1/2022                                   | Bridge               | 157           |
| City                  | 266 4th St (4th and Folsom)             | 266           | 4th            | St          | 6             | 1/15/2022                                  | TNDC                 | 70            |
| City                  | 600 7th St (formerly 801 Brannan)       | 600           | 7th            | St          | 6             | 4/30/2022                                  | Mercy Housing Ca     | 200           |
| SFHA                  | Sunnydale Block 3                       |               | Sunnydale      | Ave         | 10            | 7/1/2022                                   | Related California   | 168           |
| City                  | Kelsey Civic Center                     | 240           | Van Ness       | Ave         | 6             | 7/1/2022                                   | Mercy Related        | 109           |
| City                  | Treasure Island C3.1                    |               | Not Assigned   |             | 6             | 7/1/2022                                   | Mercy Housing Ca     | 138           |
| Private - Tsf to City | 921 Howard                              | 921           | Howard         | St          | 6             |  | TNDC                 | 205           |
| City                  | 1939 Market St                          | 1939          | Market         | St          | 8             |  | Developer TBD        | 60            |
| SFPUC - MOHCD (City)  | Balboa Reservoir Building E             |               | Not Assigned   |             | 7             |  | Bridge               | 123           |
| SFPUC - MOHCD (City)  | Balboa Reservoir Building A             |               | Not Assigned   |             | 7             |  | Bridge               | 181           |
| City                  | Laguna Honda Hospital Continuum of Care | 375           | Laguna Honda   | Bldv        | 7             |  | Developer TBD        | 250           |
| City                  | 967 Mission (Land Dedication Site)      | 967           | Mission        | St          | 6             |  | Developer TBD        | 97            |
| City                  | Treasure Island E._ - HR360/CHP Site    |               | Not Assigned   |             | 6             |  |                      | 0             |
| City                  | 725 Harrison St (Land Dedication Site)  | 725           | Harrison       | St          | 6             |  | Developer TBD        | 120           |
| City                  | Pier 70 C2A                             |               | Not Assigned   |             | 10            |  | Developer TBD        | 100           |
| City                  | 101 Hyde                                | 101           | Hyde           | St          | 6             |  | Developer TBD        | 85            |
| SFHA                  | Potrero Yard Affordable Housing         | 2500          | Mariposa       | St          | 10            |  | Developer TBD        | 560           |
| City                  | 160 Freelon St (Land Dedication Site)   | 160           | Freelon        | St          | 6             |  | Developer TBD        | 90            |

| Land Disposition       | Project Name                          | Street Number | Street Name  | Street Type | Sup. District | Estimated / Actual Construction Start Date | Project Lead Sponsor | Project Units |
|------------------------|---------------------------------------|---------------|--------------|-------------|---------------|--|----------------------|---------------|
| City                   | 772 Pacific Ave                       | 772           | Pacific      | Ave         | 3             |  | Developer TBD        | 50            |
| SFPUC - MOHCD (City)   | Balboa Reservoir Building B           |               | Not Assigned |             | 7             |  | Bridge               | 69            |
| City Air Rights Parcel | 88 Bluxome St (Land Dedication Site)  | 88            | Bluxome      | St          | 6             |  | Developer TBD        | 100           |
| City                   | 730 Stanyan                           | 700-730       | Stanyan      | St          | 5             |  | CCDC                 | 120           |
| City                   | Moscone Garage (Land Dedication Site) | 255           | 3rd          | St          | 6             |  | Developer TBD        | 0             |
| SFHA - Privately Owned | Hunters View Block 8 - Habitat        |               | Not Assigned |             | 10            |  | Habitat for Humanity | 0             |
| Private - Tsf to City  | 4200 Geary                            | 4200          | Geary        | Bldv        | 1             |  | TNDC                 | 98            |
| SF Police Union        | 2550 Irving                           | 2550          | Irving       |             | 4             |  | TNDC                 | 98            |

**Appendix C**  
**Form of Letter Certifying the Project Meets All Requirements for Eligibility to  
Receive Primary Service with Low-Side Metering**

*(letter from MOHCD director to SFPUC for inclusion in the Application for Service)*

Subject: Affordable Housing Project located at [ADDRESS]

Dear [.....],

This letter certifies that the project identified above meets the conditions included in the Agreement to Support 100% Affordable Housing Projects in San Francisco (09.17.21).

I confirm that this project is a 100% Affordable Housing Project.

- 100% of the residential units in this project, excluding a manager's unit, meet the following conditions:
  - maximum purchase price or rent will be set at 120% or less of the unadjusted area median family income (AMI).
  - rent will not exceed 30% of the applicable household income limit for a rental unit, or purchase price with an annual housing cost that will not exceed 33% of the applicable income limit for an owner-occupied unit.
- All residential, end-use customers at the project, excluding a manager's unit, will be charged for electricity under the SFPUC's Low-Income Residential Service Schedule R-2, if the customer meets eligibility requirements for that program.
- The project is located on City-owned land or land scheduled to be transferred to City ownership within 1 year of project completion.

# PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 21-0153

WHEREAS, The San Francisco Public Utilities Commission (“SFPUC”), has been providing electric service to affordable housing projects for decades; and

WHEREAS, In most cases, the SFPUC must obtain wholesale distribution service from Pacific Gas and Electric Company (“PG&E”), pursuant to the terms and conditions of PG&E’s Wholesale Distribution Tariff on file with the Federal Energy Regulatory Commission (“FERC”), because the City does not own the electric distribution grid; and

WHEREAS, In the past, for most affordable housing projects the SFPUC has obtained secondary voltage level service from PG&E; and

WHEREAS, In recent years, PG&E has required these and other projects to connect at primary voltage levels, using large, expensive equipment designed for much larger projects; and

WHEREAS, At many of the affordable housing projects being developed in San Francisco, it is both cost-prohibitive and infeasible due to space constraints to install the equipment necessary to obtain primary voltage electric service; and

WHEREAS, The City and PG&E share a goal of supporting the development of high-quality 100 percent affordable housing in San Francisco and providing its residents with affordable electric service that will help protect vulnerable households and strengthen the City’s diverse communities; and

WHEREAS, PG&E has agreed to provide secondary level wholesale distribution service to SFPUC for certain new 100 percent affordable housing projects that are on City-owned land, subject to certain conditions (“Agreement”); and

WHEREAS, The Agreement will enable the SFPUC to provide cost effective electric service to some new affordable housing projects being developed in the next ten to fifteen years; and

WHEREAS, The Agreement does not obligate the SFPUC to expend any City funds; and

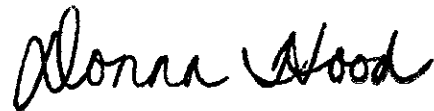
WHEREAS, This action does not constitute a "project" under California Environmental Quality Act (CEQA) Guidelines Section 15378 because the proposed Agreement has no potential to result in any physical change in the environment; and

WHEREAS, This action does not commit the SFPUC to any specific project and any future affordable housing project(s) with a connection under this agreement will be subject to any required environmental review; and

WHEREAS, This Agreement will be submitted to the FERC for approval, if approved by the Board of Supervisors, and will not become effective unless approved by the FERC; now, therefore, be it

RESOLVED, That the Commission authorizes the General Manager to execute the final agreement with Pacific Gas and Electric Company ("PG&E"), for cost-effective distribution service to certain new 100% Affordable Housing projects on City land with a term of 10 years, and an option to extend an additional five years without additional approvals; and authorizes the General Manager to make non-material changes to the agreement that facilitate implementation of the agreement and consistent with its purpose; and authorizes the General Manager to seek Board of Supervisors approval of the agreement.

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of September 28, 2021*

A handwritten signature in black ink that reads "Alonna Wood". The signature is written in a cursive, flowing style.

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*Secretary, Public Utilities Commission*