Resolution approving (1) Port Commission License No. 14324, a non-exclusive license for the use of property consisting of approximately 9.4 miles of submerged lands, a small portion of shoreline along 23rd Street, and a portion of 23rd Street to install a 400 MW high voltage transmission line, with a term of four years and consideration including license payments to the Port in excess of $1.26 million and payments to the San Francisco Public Utilities Commission equaling $3.5 million, and (2) Port Commission License No. 14325, a non-exclusive license for use of the property for operation of the transmission line with a term of twenty-five years with an option to renew for ten years and consideration including license payments to the Port in excess of $1.2 million dollars annually, public benefit payments to Port equaling $5.5 million and payments to the San Francisco Public Utilities Commission in excess of $20 million to implement, advance, promote or enhance policies and projects consistent with City Energy Policies, both between Trans Bay Cable LLC and the City and County of San Francisco acting by and through the San Francisco Port Commission and the Mayor's Office of Economic and Workforce Development.

WHEREAS, California Statutes of 1968, Chapter 1333 (the "Burton Act") and the San Francisco Charter Section B3.581 empower the San Francisco Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port Commission jurisdiction; and

WHEREAS, Trans Bay Cable LLC ("Licensee") proposes to install, operate and maintain approximately 53 miles of high voltage direct current ("HVDC") PLUS transmission cable bundle of approximately ten (10) inches in diameter (referred to herein as the "cable")
running from the City of Pittsburg to the City and County of San Francisco ("City").
Approximately 9.4 miles of the cable are in submerged lands, a small portion of shoreline along 23rd Street, and on a portion of 23rd Street that are under Port Commission jurisdiction (the "License Area"). The HVDC PLUS transmission cable would transmit power from a converter station in the City of Pittsburg (connected to the Pittsburg Pacific Gas and Electric (PG&E) Substation) to a converter station in the City which will then convert the DC power to AC power for delivery to the PG&E Potrero Substation and distribution to City consumers (the "Trans Bay Cable Project"); and

WHEREAS, The Trans Bay Cable Project (1) will augment the electrical transmission system serving the City to improve reliability and increase capacity, (2) received approval from the Federal Energy Regulatory Commission of its rate principals in July 2005, and (3) received approval from the California Independent Systems Operator ("CAISO") as the long-term reliability and load serving solution that will provide much needed power to the City to meet its requirements for years to come in September 2005; and

WHEREAS, On November 6, 2006, the City of Pittsburg, as lead agency, certified the Final Environmental Impact Report ("FEIR") for the Trans Bay Cable Project by Resolution No. 06-10661. The FEIR was supplemented by an addendum published by the City of Pittsburg on December 26, 2006 ("Addendum"); and

WHEREAS, Licensee has applied for an Encroachment Permit from the City and County of San Francisco Department of Public Works ("DPW Encroachment Permit") to install portions of the Trans Bay Cable Project within the portions of the City-streets; and

WHEREAS, The Port Commission's jurisdiction includes lands granted to the City and County of San Francisco ("City") by the Burton Act, subject to the trust grant, that underlie the License Area; and

Supervisors Peskin, Maxwell
BOARD OF SUPERVISORS
WHEREAS, CAISO approved the Project as the preferred long-term transmission alternative to address the identified electric reliability concerns in San Francisco and northern San Mateo County beginning in 2012 and supports an earlier operation date of 2010. CAISO expects the Trans Bay Cable Project to be the major new transmission system upgrade serving the City through 2018 (and perhaps longer); and

WHEREAS, Alternatives to the Trans Bay Cable Project that would facilitate the expanded use of renewable energy, promote local control of critical energy infrastructure, provide greater reliability benefits, and provide economic benefits to the City have been identified, but CAISO believes the alternatives will not be developed in the same time frame as the Trans Bay Cable Project; and

WHEREAS, One of the alternatives identified in public hearings is a City-owned transmission project from the Newark area to San Francisco ("Newark-San Francisco Project"). A Newark-San Francisco Project would connect the City's existing facilities in Newark with San Francisco, enabling the City to transmit electric power from Hetch Hetchy directly to San Francisco. A Newark-San Francisco Project would also improve reliability for the Bay Area, provide economic benefits to the City, and enhance the City's ability to access renewable energy resources; and

WHEREAS, CAISO believes that the Trans Bay Cable Project will improve the reliability of the City's electric system, but CAISO has acknowledged that the Trans Bay Cable Project does not improve the reliability of the existing 230 kilovolt (kV) system that serves the City's downtown area. Under the criteria used by CAISO to establish the need for the Trans Bay Cable Project, the 230kV system serving the City's downtown area is not capable of reliably serving the City even at current levels of electricity demand; and
WHEREAS, CAISO and PG&E have suggested that the reliability problem with the
230kV system could be addressed by building a transmission project that would connect the
230kV and 115kV systems in the City; and

WHEREAS, City participation in the study and development of a transmission project to
connect the 230kV and the 115kV systems (a "Potrero-Embarcadero Project") would help
ensure that this problem is addressed expeditiously and that the economic and reliability
benefits of such a project accrue to the City; and

WHEREAS, The Trans Bay Cable Project sponsors can assist the City in the
development of a Potrero-Embarcadero Project by, among other things, providing space at
the San Francisco converter station for transformer or other facilities at no cost to the City if
such space is available; and

WHEREAS, In order to mitigate the potential adverse impact of the Trans Bay Cable
Project on the use and development of renewable energy, the Trans Bay Cable Project
sponsors have agreed to make available to the City for purchase up to 25 megawatts of wind
energy at terms advantageous to the City, as reasonably determined by the San Francisco
Public Utilities Commission ("SFPUC") in negotiation with the Trans Bay Cable Project
sponsors; and

WHEREAS, In-City energy-efficiency, load management and distributed renewable
energy generation projects are the most effective methods of extending the ability of the
electrical transmission grid serving the City (as augmented by the Trans Bay Cable Project)
and are recognized as the preferred policies of the City pursuant to the San Francisco Master
Plan - Energy Element (1981), the San Francisco Electricity Resource Plan (2002), and the
San Francisco Climate Action Plan (2004) (collectively, "City Energy Policies"); and
WHEREAS, It is established City policy to impose development exactions and negotiated public benefits associated with major development projects to further City policies; and

WHEREAS, Each of the development exactions and public benefits imposed in the Construction License and Operational License is necessary in order to further accomplish the City Energy Policies; and

WHEREAS, The Port Commission staff in close consultation with the Mayor's Office of Economic and Workforce Development has negotiated two non-exclusive licenses with Licensee for use of the License Area during (1) Licensee's construction of the Trans Bay Cable Project (the "Construction License"), a copy of which is on file with the Clerk of the Board of Supervisors in File No. , which is hereby declared to be a part of this resolution as if set forth fully herein, and (2) the operational period of the Trans Bay Cable Project immediately following completion of the construction of the Trans Bay Cable Project (the "Operational License"; together with the Construction License, the "Licenses"), a copy of which is on file with the Clerk of the Board of Supervisors in File No. , which is hereby declared to be a part of this resolution as if set forth fully herein; and

WHEREAS, Due to the broader energy and electric reliability implications of the Trans Bay Cable Project, the Mayor's Office of Economic and Workforce Development (MOEWD) will be a co-signatory to the Licenses, acting on behalf of the City and the SFPUC; and

WHEREAS, The Construction License shall be for a term of four (4) years, subject to terms and conditions described in the Construction License and the Operational License shall be for a term of twenty-five (25) years with an option to renew for ten (10) years, subject to terms and conditions described in the Operational License;
WHEREAS, In addition to annual license payments to the Port Commission, Licensee shall pay to Port Five Million Five Hundred Thousand Dollars ($5,500,000), which payment will be paid in ten (10) separate installments commencing thirty (30) days following the day after the Trans Bay Cable Project commences commercial operation as designated by CAISO (the "Commercial Operating Date") and on or before each of the next nine (9) consecutive anniversary dates of the Commercial Operating Date, each equaling Five Hundred Thousand Dollars ($550,000.00) (the "Public Trust Public Benefit Payments");

WHEREAS, A portion of the Public Trust Public Benefit Payments (such portion to be determined by the Port Commission in its sole and absolute discretion) shall be used by the Port Commission to implement, advance, promote or enhance access along the waterfront, one of the foundation points to the Waterfront Land Use Plan (and accompanying Waterfront Design & Access Element), the Port Commission's comprehensive policy document that guides its balanced management and improvement of its lands. Specifically, a portion of the Public Trust Public Benefit Payments shall be used to maintain open space for shoreline areas from Pier 70 to the southern boundary of Port Commission jurisdiction to (i) provide opportunities for the protection of wildlife and for passive and active recreational uses, (ii) enhance the public’s appreciation of the waterfront by providing greater opportunities for public access in a manner which does not compromise the efficiency of maritime operations; and (iii) offset the less-than-significant impact on open space and waterfront access of a new, long-term industrial use in the vicinity of 23rd Street; and

WHEREAS, A remaining portion of the Public Trust Public Benefit Payments (such portion to be determined by the Port Commission in its sole and absolute discretion) shall be used by the Port Commission to implement, advance, promote or enhance energy efficiency and renewable energy policies and projects on Port Commission property consistent with City
Energy Policies and Mayor Gavin Newsom's Executive Directive 05-104 on Energy Conservation; and

WHEREAS, Under the provisions of the Construction License, Licensee is required to pay Three Million Five Hundred Thousand Dollars ($3,500,000.00) to the SFPUC (the "Renewable Energy, Transmission and Grid Reliability Payment"), to be paid in thirty-six (36) separate installments, each equaling Ninety-Seven Thousand Two Hundred Twenty-Two Dollars and 22/100 ($97,222.22), commencing thirty days from the close of construction financing and monthly thereafter; and

WHEREAS, Under the provisions of the Operational License, Licensee is required to pay Two Million Dollars ($2,000,000.00) annually subject to increases in the Consumer Price Index (Base Year: 2010) (the "SF Electric Reliability Payment") to the SFPUC, to be paid in ten (10) separate installments, commencing thirty (30) days following the Commercial Operating Date and on or before each of the next nine (9) consecutive anniversary dates of the Commercial Operating Date; and

WHEREAS, The Renewable Energy, Transmission and Grid Reliability Payment and the SF Electricity Reliability Payment shall be used by the SFPUC to implement, advance, promote or enhance policies and projects consistent with City Energy Policies; and

WHEREAS, The Port Commission on March 13, 2007, by Resolution 07-22, acting as responsible agency under CEQA, considered the environmental effects of the Trans Bay Cable Project, as identified by the FEIR and Addendum, that relate to the Port Commission's discretionary actions. The Port Commission made findings on the Trans Bay Cable Project and its Alternatives and adopted a mitigation monitoring and reporting program; and

WHEREAS, The Port Commission on March 13, 2007, by Resolution 07-23, approved the terms and conditions of the Licenses; and
WHEREAS, San Francisco Charter Section 9.118 requires Board of Supervisors approval of agreements having a term of ten (10) or more years or having anticipated revenue to the City of One Million Dollars ($1,000,000.00) or more; and

WHEREAS, The policy of the Board of Supervisors, as set forth in Administrative Code Section 2.6-1, is to approve only proposed leases involving property or facilities of the City that have been awarded to the highest responsible bidders in accordance with the competitive bidding procedures, except where impractical or impossible; and

WHEREAS, The Trans Bay Cable Project will provide power to the City to meet its requirements for years to come, the terms set forth in the Licenses offer substantial economic benefits to the Port Commission, and the terms set forth in the Licenses offer substantial economic means to the Port Commission and the City to implement existing Port Commission and City policies and directives relating to energy and open space; and

WHEREAS, The Trans Bay Cable Project is the only project evaluated by CAISO that has obtained the regulatory approvals, permits and licenses necessary to construct a transmission facility to the City and County of San Francisco using Port property and, therefore, a public competitive bidding process at this time is impractical for a lease opportunity of this type predominantly for use of the Bay floor; and

WHEREAS, The Board of Supervisors on August 7, 2007, by Resolution 070314 adopted CEQA findings on the Trans Bay Cable Project and a mitigation monitoring and reporting program, as further described in said resolution; now, therefore, be it

RESOLVED, The Trans Bay Cable Project is the only project evaluated by CAISO that has obtained the regulatory approvals, permits and licenses necessary to construct a transmission facility to the City and County of San Francisco using Port property and,
therefore, a public competitive bidding process at this time is impractical for a lease
opportunity of this type for use of the Bay floor; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby finds that competitive
bidding for the rights granted under the Licenses is impractical; and, be it

FURTHER RESOLVED, That the Board of Supervisors approves the Construction
License (Port Commission License No. 14324) with Trans Bay Cable LLC, a non-exclusive
license for the use of property consisting of approximately 9.4 miles of submerged lands, a
small portion of shoreline along 23rd Street, and a portion of 23rd Street to install a 400 MW
high voltage transmission line, with a term of four years and consideration including license
payments to the Port in excess of $1.26 million and payments to the San Francisco Public
Utilities Commission equaling $3.5 million; and, be it

FURTHER RESOLVED, That the Board of Supervisors approves the Operation
License (Port Commission License No. 14325) with Trans Bay Cable LLC, a non-exclusive
license for use of the property for operation of the transmission line with a term of twenty-five
years with an option to renew for ten years, and consideration including license payments to
the Port in excess of $1.2 million dollars annually, public benefit payments to Port equaling
$5.5 million and payments to the San Francisco Public Utilities Commission in excess of $20
million to implement, advance, promote or enhance policies and projects consistent with City
Energy Policies; and, be it

FURTHER RESOLVED, That the funds identified for payment to the SFPUC (the
Renewable Energy, Transmission and Grid Reliability Payment and the SF Electricity
Reliability Payment) shall be held on reserve by the Board of Supervisors; and, be it

FURTHER RESOLVED, That the Renewable Energy, Transmission and Grid Reliability
Payment (totaling $3.5 million) shall be used by the SFPUC for study and development of the
two City-owned transmission projects identified herein, the Newark-San Francisco Project and
the Potrero-Embarcadero Project; and, be it

FURTHER RESOLVED, That the SFPUC shall consult with the Department of the
Environment, the Department of Public Health, and community members, including the Power
Plant Task Force, in developing its proposals to the Board of Supervisors for how to spend the
SF Electricity Reliability Payment, and shall consider specifically renewable energy,
conservation, and environmental health programs which benefit low income, at-risk, and
environmentally disadvantaged communities; and, be it

FURTHER RESOLVED, That $2 million of the SF Electricity Reliability Payment shall
be used by MOEWOD on green jobs training and placement programs which benefit low
income, at-risk, and environmentally disadvantaged communities. In developing its proposals
to the Board of Supervisors for how to spend these funds, MOEWOD shall work with the
community and other City departments; and, be it

FURTHER RESOLVED, That the Board of Supervisors accepts as a condition of the
approval of the Licenses, the offer of the Trans Bay Cable Project sponsors to make available
to the City for purchase up to 25 megawatts of wind energy at terms advantageous to the City
and directs the SFPUC to finalize the terms of the purchase on terms it deems to be
reasonable to the extent SFPUC finds such purchase beneficial to the City; and, be it

FURTHER RESOLVED, That the Board of Supervisors accepts as a condition of its
approval of the Licenses, the assistance of the Trans Bay Cable Project sponsors with the
City’s development of a Newark-San Francisco Project and a Potrero-Embarcadero Project,
by, among other things, providing space at the Trans Bay Cable Project San Francisco
converter station for transformers or other facilities at no cost to the City if such space is
available, should the City decide to proceed with either or both of the City Projects after completing further planning and analysis, and subject to environmental review; and, be it

FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive Director of the Port (the "Executive Director") and the director of the Mayor’s Office of Economic and Workforce Development (the "Director") to execute the Licenses in substantially the form presented to this Board and in such final form as is approved by the Executive Director and the Director in consultation with the City Attorney; and, be it

FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive Director to enter into any additions, amendments or other modifications to the Licenses that the Executive Director, in consultation with the City Attorney, determines is in the best interests of the Port, do not materially increase the obligations or liabilities of the Port or the City or materially decrease the rent and/or public benefits accruing to the Port and the City, and are necessary or advisable to complete the transactions which the Licenses contemplate and effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Licenses and any such amendments to any such Licenses; and, be it

FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive Director and the General Manager of the SFPUC to execute and enter into any additional documents as he or she deems necessary or appropriate, in consultation with the City Attorney, to consummate the transactions contemplated hereby or to otherwise effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of any such documents; and, be it

FURTHER RESOLVED, That the Port shall report back to the Board of Supervisors three months after the effective date of the Construction License as to the status of the
community outreach plan set forth in the Construction License, including estimated minimum expenditures for such a plan and expected deliverables, and Trans Bay Cable LLC's compliance with those provision of the License; and, be it

FURTHER RESOLVED, That the Port shall report back to the Board of Supervisors with updated cost estimates for the Trans Bay Cable Project and estimated impacts to California electricity ratepayers; and, be it

FURTHER RESOLVED, That the Board of Supervisors approves, confirms, and ratifies all prior actions taken by the officials, employees and agents of the Port Commission, Mayor's Office of Economic and Workforce Development, or the City with respect to the Licenses.
Resolution approving (1) Port Commission License No. 14324, a non-exclusive license for the use of property consisting of approximately 9.4 miles of submerged lands, a small portion of shoreline along 23rd Street, and a portion of 23rd Street to install a 400 MW high voltage transmission line, with a term of four years and consideration including license payments to the Port in excess of $1.26 million and payments to the San Francisco Public Utilities Commission equaling $3.5 million, and (2) Port Commission License No. 14325, a non-exclusive license for use of the property for operation of the transmission line with a term of twenty-five years with an option to renew for ten years and consideration including license payments to the Port in excess of $1.2 million dollars annually, public benefit payments to Port equaling $5.5 million and payments to the San Francisco Public Utilities Commission in excess of $20 million to implement, advance, promote or enhance policies and projects consistent with City Energy Policies, both between Trans Bay Cable LLC and the City and County of San Francisco acting by and through the San Francisco Port Commission and the Mayor's Office of Economic and Workforce Development.

March 20, 2007 Board of Supervisors — SUBSTITUTED

August 7, 2007 Board of Supervisors — AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Jew, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

August 7, 2007 Board of Supervisors — ADOPTED AS AMENDED

Ayes: 9 - Alioto-Pier, Ammiano, Dufty, Elsbernd, Jew, Maxwell, McGoldrick, Peskin, Sandoval

Noes: 2 - Daly, Mirkarimi
I hereby certify that the foregoing Resolution was ADOPTED AS AMENDED on August 7, 2007 by the Board of Supervisors of the City and County of San Francisco.

Date Approved

Angela Calvillo
Clerk of the Board

Mayor Gavin Newsom