Resolution approving and authorizing the execution of a Memorandum of Understanding between the Treasure Island Development Authority and the San Francisco Public Utilities Commission for Payment of Unpaid Utility Amounts.

WHEREAS, Former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America, acting by and through the Department of the Navy (the "Navy"); and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, In March 12, 1997, the City and County of San Francisco (the "City") and the Navy executed the Base Caretaker Cooperative Agreement, which has been amended from time to time (the "Cooperative Agreement"), for the management and operation of the Base; and,

WHEREAS, In November 1998, the San Francisco Board of Supervisors adopted Resolution No. 938-98 authorizing the Authority to enter into the Cooperative Agreement with
the Navy and to assume responsibility for certain caretaker duties at the Base including the
operation, maintenance and repair of the Navy's utility systems that service Treasure Island
and Yerba Buena Island; and,

WHEREAS, The Cooperative Agreement includes various Functional Annexes that
describe in detail the caretaker duties for which the Authority is responsible under the
Cooperative Agreement, among which Functional Annex 6 - Utilities Services describes the
operation and maintenance of the utility systems and the delivery of utilities to the occupants
and users of the Base; and,

WHEREAS, In accord with the terms of the Cooperative Agreement, the San Francisco
Public Utilities Commission ("SFPUC") has performed the Authority's responsibilities under
Functional Annex 6 – Utilities Services, including, without limitation, the operation and
maintenance of the utility systems and the delivery of utilities services to the Base; and,

WHEREAS, Since Fiscal Year 1997/98, the Authority has made payments to the
SFPUC in exchange for certain services, including street lighting and irrigation water services,
and as of June 30, 2005, Authority payments to SFPUC for utilities services provided during
such period totaled $1,648,280; and,

WHEREAS, In 2005, the SFPUC claimed that the Authority had an outstanding
obligation to the SFPUC for unpaid utility services, including street lighting and water for
landscape irrigation, for Fiscal Years 1997/98 through 2005/06; and,

WHEREAS, On December 12, 2005, The San Francisco Controller's Office conducted
an audit of the Authority (Controller's Audit No. 05045) and established the outstanding
amount of the Authority's unpaid obligation to the SFPUC at approximately $2,100,000 (the
"Unpaid Utility Amount"), and the Unpaid Utility Amount was confirmed in a report produced
by the Financial and Accounting Services Team ("FAST") of the Office of the Controller on
March 29, 2006; and,
WHEREAS, After meeting and conferring, SFPUC staff and Project Staff have agreed that between the date of the Controller's Audit and June 30, 2008, the outstanding amount of the Authority's obligation to the SFPUC for the Unpaid Utility Amount has been reduced to $2,028,391 (the "Outstanding Balance"); and,

WHEREAS, SFPUC staff and Authority staff have negotiated the terms of a Memorandum of Understanding (the "Agreement") for the Authority to pay the Outstanding Balance over the next eleven years in installments of Two Hundred Thousand Dollars ($200,000) per year, in Years 1 through 10, and Twenty Eight Thousand Three Hundred and Ninety One Dollars ($28,391) in Year 11, subject to the Controller's certification of available funds; and,

WHEREAS, A copy of the Agreement is on file with the Clerk of the Board of Supervisors in File No. 090451; and,

WHEREAS, The SFPUC approved the Agreement at a duly noticed meeting on January 13, 2009 by adopting Resolution No. 09-0007; and,

WHEREAS, The Authority Board of Directors approved the Agreement at a duly noticed meeting on January 14, 2009; and,

WHEREAS, The Authority's Bylaws require the Board of Supervisors' approval of agreements with a term in excess of ten years or anticipated revenues of One Million Dollars ($1,000,000) or more;

WHEREAS, SFPUC agreements with a term in excess of ten years require the Board of Supervisors' approval pursuant to Charter Section 9.118; now, therefore, be it

RESOLVED, That the Board of Supervisors hereby approves the terms of the Agreement and authorizes the Authority's Director of Island Operations and the SFPUC's General Manager to execute the Agreement.
RECOMMENDED:

Mirian Saez, Director of Island Operations
Treasure Island Development Authority
Resolution approving and authorizing the execution of a Memorandum of Understanding between the Treasure Island Development Authority and the San Francisco Public Utilities Commission for Payment of Unpaid Utility Amounts.

June 9, 2009  Board of Supervisors — ADOPTED
Ayes: 11 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell, Mirkarimi

File No. 090451
I hereby certify that the foregoing Resolution was ADOPTED on June 9, 2009 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor Gavin Newsom