



## MEMORANDUM

November 6, 2020

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Willie Adams, Vice President  
Hon. John Burton  
Hon. Gail Gilman  
Hon. Doreen Woo Ho

**FROM:** Elaine Forbes  
Executive Director

**SUBJECT:** Request approval to enter into a Memorandum of Understanding with the San Francisco Public Utilities Commission for temporary use of up to 5.1 megawatts (MW) of power capacity supplied by the Port's Shipyard at Piers 68/70 for up to three years

**DIRECTOR'S RECOMMENDATION:** Approve the Attached Resolution No. 20-49

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### **EXECUTIVE SUMMARY**

At the Port Commission meeting on October 27, 2020, Port staff provided an informational presentation describing interim tenanting and operations at the Shipyard and future planning that included the introduction of a proposed Memorandum of Understanding (MOU) with the San Francisco Public Utilities Commission (SFPUC) for temporary use of the Shipyard's excess power supply. The proposed MOU would allow SFPUC to meter and divert up to 5.1 megawatts (MW) of power capacity for up to three years. To compensate the Port for forgoing this power, SFPUC would pay the Port \$1.15 million for the first year of power usage and \$145,000 per month thereafter for up to the maximum 3-year term. This presentation provides the details of the proposed MOU and discusses the possible effects upon the future planning of the Shipyard as previously presented to the Commission.

### **BACKGROUND**

In March 2019, Port staff was approached by SFPUC's Power Enterprise group and began discussions about temporarily sourcing a large portion of power (5.1 megawatts at peak

usage) currently reserved for the Shipyard based on years of historic use as a full-service supplied to the Shipyard's primary power substation of which 5.5MW of power was agreed to be dedicated to the ODI Historic Core development in 2016, leaving 6.5 MW of power available for Shipyard functions. SFPUC has a commitment to supply up to 5.1 MW of consistent, reliable energy to these additional areas that are vital to Southern Waterfront development:

- Completion of Phase I construction of Brookfield Properties' Pier 70 development
- SFPUC's 20<sup>th</sup> Street sewage pump station
- The artists currently residing in the Port's Noonan Building
- Phase I construction of the Mission Rock development
- SFPUC's Mariposa Street sewage pump station

### **KEY MOU TERMS**

SFPUC intends to provide electrical service to Mission Rock and Pier 70, which service would have required the SFPUC to construct certain infrastructure, including primary switchgear, at SFPUC's sole cost and expense. In lieu of constructing such infrastructure, SFPUC proposes to temporarily use Port's reserve capacity to provide electric service through "New Electric Service Facilities", conduits and other electrical infrastructure from the Shipyard power to the power customers. Under this proposal, the Port will temporarily forgo this capacity to service Port or its tenants and in exchange SFPUC will pay Port \$1,150,000 for the use of this capacity for one year from the effective date of the MOU. SFPUC may extend the use for two additional one-year periods by providing Port written notice at least six months prior to the end of the first one-year period and the end of the first one-year extended period. If SFPUC uses Port's reserve capacity for more than one year from the effective date, SFPUC will pay Port \$145,000 per month until SFPUC is no longer using this capacity. The permanent power solution is the completion and electrification of SFPUC's Bay Corridor and Transmission Project (BCTD). This project is under construction and is anticipated to be electrified towards the end of 2021. SFPUC has requested that the MOU be for up to 3 years in case of project delays. For each month that SFPUC needs to use Shipyard power after the initial year, the payment to the Port is about 150% the cost per month of the initial year – intended to incentivize SFPUC to maintain their BCTD project schedule.

By making this commitment to source power to SFPUC, the Shipyard will be left with a maximum allocation for peak usage of 1.1 MW which will be sufficient to:

- serve the needs of the Shipyard's current interim tenants plus potential future interim tenants;
- meet the requirements for optimal layberthing given available Shipyard berths; and
- maintain all Shipyard assets and facilities in a safe and steady state.

Additionally, with the slowdown in economic growth and activity resulting from our current pandemic state, staff believes this temporary power limitation will benefit the Port as the Shipyard will remain a net revenue positive facility through the term of the SFPUC MOU while allowing yard conditions to be improved, prepared, and better positioned for

developing a long-term reuse plan.

**NEXT STEPS**

Pending the approval of the attached resolution presentation, Port staff anticipates:

- 1) executing this MOU with SFPUC by the end of this calendar year and
- 2) transferring power from the Shipyard to Phase I construction of the Mission Rock development and the Mariposa Street sewage pump station shortly thereafter.

If the Port Commission approves this item, staff will work with the SFPUC’s Power Enterprise Group to execute the MOU as presented and energize the “New Electric Service Facilities”, conduits, and other electrical infrastructure from the Shipyard to the power customers identified herein that are vital to Southern Waterfront development.

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**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 20-49**

- WHEREAS, In March 2019, Port staff was approached by the San Francisco Public Utilities Commission's Power Enterprise group and began discussions about temporarily sourcing a large portion of power (5.1 megawatts at peak usage) currently reserved for the Shipyard under a Memorandum of Understanding (MOU); and
- WHEREAS, Under this proposal, the Port will temporarily forgo this capacity to service Port or its tenants and in exchange SFPUC will pay Port \$1,150,000 for the use of this capacity for one year from the effective date of the MOU; and
- WHEREAS, If SFPUC uses Port's reserve capacity for more than one year from the effective date, SFPUC will pay Port \$145,000 per month until SFPUC is no longer using this capacity, subject to six months' advanced notice of need; and
- WHEREAS, The overall term of this MOU shall not exceed three (3) years; and
- WHEREAS, By making this commitment to source power to SFPUC, the Shipyard will be left with a maximum allocation for peak usage of 1.1 MW that will be sufficient to serve the needs of both the Shipyard's current and future interim tenants as well as meet the requirements for optimal layberthing given available Shipyard berths, and still provide enough power for maintaining all Shipyard assets and facilities in a safe and steady state.; and
- WHEREAS, With the slowdown in economic growth and activity resulting from our current pandemic state, staff believes this temporary power limitation will benefit the Port as the Shipyard will remain a net revenue positive facility through the term of the SFPUC MOU while allowing yard conditions to be improved, prepared, and better positioned for developing a long term reuse plan;
- WHEREAS, On August 24, 2017, the Planning Commission certified the Final Environmental Impact Report (FEIR) for the Pier 70 Mixed-Use District Project (Project) under Case No. 2014-001272ENV in Motion No. 19976 and adopted CEQA findings in Motion No. 19977. This FEIR addresses construction work within the Pier 70 project area in order to provide electric service; and
- WHEREAS, On November 5, 2020, the San Francisco City Planning Department's Environmental Review Officer provided sufficient documentation that this

project does not warrant additional environmental review per San Francisco Administrative Code Section 31.19(c)(1); now therefore, be it

RESOLVED, That the foregoing recitals are all true and correct; and, be it

RESOLVED, That the Port Commission hereby authorizes the Executive Director to enter into a Memorandum of Understanding with the San Francisco Public Utilities Commission for temporary use of up to 5.1 megawatts (MW) of power capacity supplied by the Port's Shipyard at Piers 68/70 for up to three years.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of November 10, 2020.***

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Secretary