

AGENDA ITEM 6d
Treasure Island Development Authority
City and County of San Francisco
Meeting of February 14, 2024

Subject: Resolution Approving an Amended and Restated Memorandum of Understanding Between the Treasure Island Development Authority and the San Francisco Public Utilities Commission for Utility Services at Former Naval Station Treasure Island (Action Item)

Contact: Robert Beck, Treasure Island Director

BACKGROUND

In 1993, Naval Station Treasure Island ("NSTI"), consisting of both Treasure Island and portions of Yerba Buena Island, was designated for closure and disposition by the Base Realignment and Closure Commission acting under Public Law 101-510 and its subsequent amendments. The Department of Defense subsequently designated the City and County of San Francisco ("City"), and later the Treasure Island Development Authority ("TIDA"), as the Local Reuse Authority ("LRA") responsible for the conversion of NSTI under the federal disposition process.

The City and the Navy entered into the Base Caretaker Cooperative Agreement executed March 12, 1997, as amended from time to time (collectively, the "Cooperative Agreement"), for the interim management and operation of NSTI during the disposition process. Under the Cooperative Agreement, the City agreed to assume certain responsibilities for (i) operation and maintenance for the water, waste water, storm water, electric and gas utility systems on the Base, (ii) security and public health and safety services, (iii) grounds and street maintenance and repair, and (iv) property management and caretaker services. The SFPUC has been performing utility services for TIDA since 1997 and has been reimbursed for these services from utility revenues collected by the SFPUC or TIDA, as well as other TIDA revenues.

In 2013, TIDA and SFPUC entered into a Memorandum of Understanding ("MOU") formalizing the terms under which the SFPUC provides utilities services on Treasure Island and Yerba Buena Island. The original MOU was for the term of one year subject to amendment, modification and/or extension by the consent of the agencies. Amendments to this MOU extending the term by an additional year and acknowledging the execution of the EDC MOA and Utilities Agreement between TIDA and the Navy (effective July 2, 2014) were concurrently approved by the TIDA Board of Directors and SFPUC Commission in 2014 and the original MOU was extended/amended periodically thereafter. The current term of the MOU expired June 30, 2022, but has continued on a carry-over basis. TIDA and SFPUC have reviewed the prior MOU and made certain revisions recognizing the construction of certain interim electrical lines and sewer force mains, changes in permits, providing for the extension of the term of the MOU, and certain other limited changes.

A redline of the amended and restated MOU against the prior approved version is included as

Exhibit A to illustrate the specific changes and to demonstrate that the material changes from the prior approved agreement are limited.

DISCUSSION

The proposed amended and restated MOU between SFPUC and TIDA would be for an initial term of two years and authorizes the TIDA Director to extend the term of the MOU in 2-year increments without the need for further approval from the TIDA Board of Directors if the TIDA Director and the SFPUC General Manager each reasonably believe extending the term of the A&R MOU is in the best interest of each party. It is the parties' intention that SFPUC will continue to maintain legacy Navy utility infrastructure inherited by TIDA while new utility facilities constructed on the islands are accepted by the SFPUC and parties served by those utilities will become SFPUC utility customers. Under the proposed amended and restated MOU, SFPUC will be required to maintain the legacy Navy utility infrastructure consistent with past practice for, and on behalf of, TIDA subject to the funding availability.

This Amended and Restated MOU is expected to be calendared for consideration by the SFPUC Commission at its meeting of February 27th.

RECOMMENDATION

Staff recommends approval of the Amended and Restated Memorandum of Agreement between the Treasure Island Development Authority and the San Francisco Public Utilities Commission for the provision of utilities services on Treasure Island and Yerba Buena Island for a two year term subject to extension by the Director and SFPUC General Manager.

EXHIBITS

- A. Amended and Restated Memorandum of Understanding between the Treasure Island Development Authority and the San Francisco Public Utilities Commission Utility Services at Former Naval Station Treasure Island

Prepared by Robert Beck, Treasure Island Director

Amended And Restated Memorandum of Understanding between the Treasure Island Development Authority (TIDA) and the San Francisco Public Utilities Commission (SFPUC)
Regarding
Utility Services at Former Naval Station Treasure Island

THIS AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING (this "**MOU**") is entered into as of December 1, 2020, 2024, by and between the **CITY AND COUNTY OF SAN FRANCISCO** ("**City**"), a municipal corporation acting by and through the ~~San Francisco Public Utilities Commission ("SFPUC")~~, **SAN FRANCISCO PUBLIC UTILITIES COMMISSION ("SFPUC")**, and the **TREASURE ISLAND DEVELOPMENT AUTHORITY**, a California non-profit public benefit corporation ("**TIDA**"), collectively, the "**parties**," upon the following facts, intentions, and understandings of the parties:

RECITALS

A. In 1993, Naval Station Treasure Island ("**NSTI**"), consisting of both Treasure Island and portions of Yerba Buena Island, was designated for closure and disposition by the Base Realignment and Closure Commission acting under Public Law 101-510 and its subsequent amendments. The Department of Defense subsequently designated the City and County of San Francisco ("**City**"), and later TIDA, as the Local Reuse Authority ("**LRA**") responsible for the conversion of NSTI under the federal disposition process.

B. TIDA was created in 1997 to serve as a single-purpose entity responsible for the redevelopment of NSTI. Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "**Act**"), the California Legislature (1) designated TIDA as a redevelopment agency under the California Community Redevelopment Law with authority over NSTI, and (2) with respect to those portions of NSTI that are subject to the public trust for commerce, navigation, and fisheries (the "**Tidelands Trust**" or "**Trust**"), vested in TIDA the authority to administer the Tidelands Trust as to such property in accordance with the terms of the Act.

C. The City and the Navy entered into the Base Caretaker Cooperative Agreement executed March 12, 1997, as amended from time to time (collectively, the "**Cooperative Agreement**"), for the interim management and operation of NSTI during the disposition process. Under the Cooperative Agreement, the City assumed responsibility for certain caretaker duties at NSTI including the operation, maintenance and repair of the Navy's utility systems that service NSTI. These caretaker responsibilities were later assumed by TIDA in 1998.

D. In January 2012, in response to California Assembly Bill 26, the San Francisco Board of Supervisors rescinded its designation of the TIDA as the redevelopment agency under California Community Redevelopment Law, but preserved TIDA's status as the LRA for NSTI and all other powers and authority that the City had granted to TIDA or that TIDA otherwise had.

E. The Cooperative Agreement includes information that describes in detail the caretaker duties for which TIDA is responsible under the Cooperative Agreement.

F. ~~The SFPUC has provided~~ Through consecutive memorandum of agreements between TIDA and the SFPUC, the SFPUC has been providing utility services on NSTI on behalf of TIDA, including the operation and maintenance of the active NSTI utility systems and the delivery of utilities to the occupants and users of NSTI. SFPUC activities include delivery of electricity, natural gas, water; stormwater management; and the operation and maintenance of the existing wastewater treatment plant and related

facilities and pipe network on NSTI. The current such memorandum of agreement between TIDA and the SFPUC, dated as of December 1, 2020, expired on June 30, 2022 (the "Prior MOU"). Notwithstanding the expiration of the Prior MOU, the parties have been proceeding as if the Prior MOU is still effective.

G. In 2011, the City, TIDA, and Treasure Island Community Development, LLC. ("~~TICD~~"); entered into three related agreements: a Disposition and Development Agreement (the "~~DDA~~") between TIDA and TICD; a Development Agreement (the "~~DA~~") between the City and TICD; and an Interagency Cooperation Agreement (the "~~ICA~~") between the City and TIDA (for reference purposes, all of these agreements are dated as of June 28, 2011). The DDA details a phased program for the development of NSTI including an Infrastructure Plan, Exhibit FF to the DDA, which describes the future utilities to be constructed by TICD as part of the development project.

H. On July 2, 2014, TIDA and the Navy entered into an Economic Development Conveyance Memorandum of Agreement (the "~~EDC MOA~~") to convey all of NSTI other than the portions that the Navy previously conveyed to the United States Department of Labor Job Corps, the United States Coast Guard, and the Federal Highway Administration through federal-to-federal transfers. The portions of NSTI that are subject to the EDC MOA are collectively referred to in this MOU as the "~~Property~~." Beginning in 2014, the Navy ~~will transfer~~ started transferring the Property to TIDA, as the designated LRA, in phases in accordance with the conditions set forth in the EDC MOA (the "~~Transfer~~"). The EDC MOA addresses the obligations of the Navy and TIDA with respect to maintenance, operation, and replacement of utility systems during the course of the Transfer process through a utilities agreement between TIDA and the Navy that was entered into as Exhibit E to the EDC MOA, Form of Utilities Agreement (the "~~Utilities Agreement~~").

I. An initial transfer of property from the Navy to TIDA occurred in May of 2015, followed by subsequent transfers of property from the Navy to TIDA in September of 2016 ~~and in July, August~~ of 2017, ~~September of 2018, and October of 2019.~~ For purposes and duration of this MOU, utility infrastructure on the Property that has not yet been transferred from the Navy to TIDA is referred to as "~~Pre-transfer Infrastructure~~" and utility infrastructure on the Property that has been transferred to TIDA is referred to as "~~Post-transfer Infrastructure~~." Pre- and Post-transfer Infrastructure does not involve infrastructure on lands owned by the United States Coast Guard, the Department of Labor, or TICD.

J. The SFPUC has been performing utility services for TIDA to the extent it can be reimbursed by NSTI utility revenues imposed or collected by TIDA, or other TIDA revenues. This MOU memorializes the terms and conditions of continued performance of certain defined utility services for both Pre-transfer Infrastructure and Post-transfer Infrastructure on NSTI.

K. The parties acknowledge that the ~~existing infrastructure~~ Pre-transfer and Post-transfer Infrastructure on NSTI was built by the Navy and does not meet current SFPUC standards. The SFPUC conducted a condition assessment of certain utility infrastructure on NSTI, and provided those reports to TIDA. In addition, the SFPUC provided TIDA an assessment and cost estimate for the most immediate necessary capital improvements for the existing utilities on NSTI, including system reliability, regulatory compliance, and public and worker safety. Given the state of ~~the existing~~ such infrastructure, the SFPUC may not be able to provide utility services at NSTI equivalent to the services that SFPUC provides in the other areas of San Francisco, pending construction, dedication, and acceptances of new utility systems. The SFPUC has worked with TIDA on plans for long-term capital improvements to the substandard infrastructure through the redevelopment of NSTI.

L. In October 2013, TIDA secured Board approval of capital funding in the amount of ten million dollars (\$10,000,000) to address critical near-term repairs to the existing infrastructure. The SFPUC will coordinate with TIDA in ~~the implementation of~~ implementing those capital repair projects related to SFPUC infrastructure.

M. TICD has constructed an interim 12 kilovolt overhead electrical line and related appurtenances (the “Overhead Line”) and an interim force main to convey sewage from the new 4th Street Sanitary Sewer Pump Station to the existing Wastewater Treatment Plant on Treasure Island (the “Temporary Force Main”), each as described in the TI PIA and the YBI PIA (together, the “Interim Facilities”). The Overhead Line is more particularly shown on the plans and specifications reviewed by SFPUC and approved by TIDA on May 13, 2020. The Temporary Force Main is more particularly shown on the plans and specifications of the Street Improvement Permit No.18IE-0941.

N. The parties now desire to amend and restate the Prior MOU in its entirety on the terms and conditions set forth in this MOU.

NOW, THEREFORE, the parties hereto agree as follows:

1. Term.

~~The term of this MOU (the “Term”) will commence on the date on which the parties hereto have executed and delivered this MOU and will expire, unless sooner terminated, on June 30, 2022, unless amended by the parties in writing. This MOU may be terminated by either party, with or without cause, upon thirty (30) days’ prior written notice.~~

The term of this MOU (the “Term”) commences as of the last date this MOU is signed by both parties (“Commencement Date”). The Term will expire on the date immediately before the two (2) year anniversary date of the Commencement Date, unless sooner terminated in accordance with the terms of this MOU; provided, however, if the Treasure Island Director (“TIDA Director”) and the SFPUC General Manager each reasonably believe it is in the best interest of each party that the term of this MOU be extended, then the TIDA Director and SFPUC General Manager may extend the Term in 2-year increments without the need for any additional approval by either the TIDA Board or the SFPUC Commission; provided, however, the discretion of the SFPUC General Manager to extend the Term will be limited to a maximum of six (6) additional years. Any extension of the Term beyond such 6-year period will require SFPUC Commission approval.

2. Provision of Utility Services.

(a) During the Term, the SFPUC agrees that it will continue to provide utility services for ~~both~~ Pre-transfer Infrastructure and Post-transfer Infrastructure, as well as the Interim Facilities, for, and on behalf of, TIDA on NSTI consistent with past practices, and to the extent feasible given the condition of the utility systems and related infrastructure, subject to the terms and conditions of this MOU, including funding provided by TIDA for the services (the “Services”). These Services are described in **Exhibit A**, attached hereto. The scope of the Services may be amended by written agreement of the SFPUC General Manager and TIDA Director ~~of TIDA~~. SFPUC may elect to provide the Services through one or more contractors selected by the SFPUC. For the purpose of this MOU, all existing operating utility infrastructure located on or within land transferred to TICD shall be considered Post-Transfer Infrastructure, and SFPUC shall operate and maintain such Post-Transfer Infrastructure at TIDA expense. Post-Transfer infrastructure shall be operated and maintained by the SFPUC until replaced with new infrastructure installed by TICD or abandoned. ~~The~~ SFPUC is not responsible for maintaining and operating new or interim utility infrastructure (other than the Interim Facilities) that is installed as part of the ~~Development~~development, but not accepted by the City.

(b) The parties acknowledge that all Services rendered by the SFPUC to TIDA hereunder are as a contractor, not as a public utility provider, and the SFPUC’s expenditure authority in providing the Services is limited to the funds realized under Section 3-~~(Compensation)~~ below as payment for the Services. These payments are expected to include funds for the day-to-day operation and maintenance of the Pre-transfer Infrastructure ~~and~~ Post-transfer Infrastructure, and Interim Facilities, including any claims or judgments, so that the SFPUC is made whole. The SFPUC is not obligated to provide the Services if TIDA is unable to fulfill its payment obligations set forth in Section 3 below.

(c) The Navy, as the owner of Pre-transfer Infrastructure on NSTI, has responsibility for investigating and remediating ~~Hazardous Materials~~ hazardous materials consistent with Federal and State of California (“State”) law, and the terms of the EDC MOA. For Pre-transfer Infrastructure, TIDA is responsible for conveying information concerning Navy activities to SFPUC and developing and distributing ~~Health~~ health and ~~Safety Plans~~ safety plans for the use of SFPUC employees performing services under this MOU. TIDA agrees to inform SFPUC as soon as practicable of any work that the Navy is performing as part of the remediation or otherwise, that will impact Pre-transfer or Post-transfer Infrastructure that the SFPUC is responsible to service under this MOU. Upon SFPUC’s request, TIDA will schedule meetings with the persons most knowledgeable about the Navy’s remediation activities potentially affecting Pre-transfer and Post-transfer Infrastructure in order to provide current information to the SFPUC. TIDA agrees to convey as-built drawings of any repaired or replaced Pre-transfer or Post-transfer Infrastructure to the SFPUC as soon as practicable. The Navy has additional responsibility for remediation of certain legacy contaminants if identified at Post-transfer Infrastructure, as detailed in the Utilities Agreement ~~between TIDA and the Navy.~~

(d) The SFPUC will inform TIDA to the extent that it becomes aware of known conditions in both Pre-transfer and Post-transfer Infrastructure related to providing Services that could result in threats to public health and safety or regulatory violations due to infrastructure failure. The SFPUC will coordinate with TIDA in the implementation necessary for capital repair projects.

(e) SFPUC will not continue to provide Services if the General Manager of the SFPUC determines that conditions at NSTI work locations present a threat to the health and safety of SFPUC staff or contractors. The SFPUC shall notify TIDA when it becomes aware of circumstances that pose an immediate or near-term threat to the health or safety of SFPUC staff or others. Immediate threats to the health or safety of SFPUC staff will result in the immediate cessation of applicable Services until TIDA, or a third party, remedies the unsafe situation to a satisfactory level to permit the continuation of the applicable Services. ~~Near-term threats to the health or safety of SFPUC staff will be reported by the SFPUC~~ The SFPUC will report near-term threats to the health or safety of SFPUC staff will be reported by the SFPUC to TIDA with a summary of work needed to remedy the unsafe situation, including an estimated timeframe, to the extent it can feasibly be determined, for how long the SFPUC will be able to safely provide utility services before the situation must be remedied.

(f) As noted in Recital ~~L above, the existing infrastructure~~ K, the Pre-transfer and Post-transfer Infrastructure on NSTI was built by the Navy and does not meet current SFPUC standards. SFPUC is not responsible for permit or regulatory violations that result from Pre-transfer or Post-transfer Infrastructure failures ~~, or Interim Facilities.~~ For Pre-transfer Infrastructure, SFPUC will prepare the reports for State and federal wastewater, stormwater, air emissions and drinking water permits for the Navy, but the Navy is responsible for certifying and submitting those reports. The Navy is also responsible for meeting any permit violation reporting requirements for Pre-transfer Infrastructure although the SFPUC will assist as necessary in required data collection and report preparation. For Pre-transfer Infrastructure, the SFPUC will provide data necessary for State reporting databases, but the Navy is ultimately responsible for certifying all monitoring data and reporting. Uploading of all data will be the responsibility of the designated Legally Responsible Official (~~“LRO”~~) for the permit. For Post-transfer Infrastructure, and Interim Facilities, the SFPUC will prepare the reports for State and federal wastewater, stormwater, air emissions, and drinking water permits for TIDA, but TIDA is responsible for certifying and submitting those reports. TIDA is also responsible for meeting any permit violation reporting requirements for Post-transfer Infrastructure and Interim Facilities, although the SFPUC will assist as necessary in required data collection and report preparation. For Post-transfer Infrastructure and Interim Facilities, SFPUC will provide the data necessary for the state reporting databases for TIDA, but ~~the~~ TIDA is ultimately responsible for certifying all monitoring data and reporting. Uploading of all data will be the responsibility of the designated ~~Legally Responsible Official (LRO)~~ LRO for the permit.

(g) TIDA is responsible under the Cooperative Agreement for communications with the Navy and all third parties on NSTI regarding the conditions of the Pre-transfer Infrastructure, and any interruptions

to Services. The SFPUC is responsible under this MOU for communications with TIDA regarding the conditions of Post-transfer Infrastructure and Interim Facilities, to the extent known, but ~~the~~ SFPUC does not have an obligation to TIDA to investigate, assess, or report on the condition of Post-transfer Infrastructure or Interim Facilities, unless SFPUC expressly agrees to undertake such additional services funded by TIDA. TIDA is responsible under this MOU for communications with all third parties on NSTI regarding any interruptions to Services. The SFPUC will assist as needed in any such communications.

(h) Portions of the Temporary Force Main are on lands owned by Treasure Island Series 2, LCC, a successor and affiliate of TICD. Pursuant to that certain Easement Agreement (Temporary Easement - Sanitary Sewer Force Main) (Portion of Final Transfer Map No. 9837, Lot 31 and Lot 32) (the "Easement"), TIDA has the right to enter such lands to construct, install, maintain, repair, remove, replace, and reconstruct the Temporary Force Main. SFPUC may enter such lands to the extent necessary for the SFPUC to perform its obligations with respect to the Interim Facilities under this MOU.

3. Compensation.

(a) TIDA shall pay or cause the SFPUC to be paid for the costs to perform the Services for both Pre-transfer and Post-transfer Infrastructure and the Interim Facilities, including, but not limited to, any costs incurred by contractors selected by ~~the~~ SFPUC to perform all or any portions of the Services, and any claims or judgments arising from such performance, such that the SFPUC is made whole (without penalty or profit). The SFPUC shall not be obligated to perform any Services for which funding is not provided. ~~The~~ No later than January 15th of each year, the SFPUC shall recommend to TIDA annual budgets and supplemental budgets as needed to perform the Services for both Pre-transfer and Post-transfer Infrastructure and the Interim Facilities, and the parties will meet and discuss all recommended repairs, upgrades, and ongoing utility costs, and continue to make adjustments to budgets and charges as needed. ~~The SFPUC agrees to invoice NSTI residents and businesses consistent with existing practices.~~ The parties will meet and confer to discuss recommended changes to charges. All amounts collected by the SFPUC from TIDA directly and NSTI residents and businesses shall be credited against amounts otherwise due and owing from TIDA to the SFPUC under this MOU.

Commented [PM1]: Finance asked for the date to be after the holidays

(b) In January 2009, the Board of Supervisors approved an agreement between the SFPUC and TIDA, where TIDA agreed to make payments to the SFPUC in the amounts set forth in the Memorandum of Understanding Regarding Utility Rate Adjustments, to reimburse the SFPUC for unpaid amounts of utility services provided during Fiscal Years 1997/1998 through 2005/2006 over a term extending to the Fiscal Year 2018/2019, ~~and TIDA shall continue to make those payments pursuant to such MOU until all the payments have been made. TIDA's reimbursement obligation was fulfilled in Fiscal Year 2019/2020.~~

(c) The parties further agree to meet and confer on a regular basis to review charges and payment amounts and make recommendations as to changes if appropriate.

(d) Under no circumstance will the cost of performing the Services be paid from SFPUC enterprise revenues.

4. Cooperation.

The SFPUC and TIDA agree to cooperate with one another to implement the terms of this MOU in good faith and shall meet regularly to discuss Pre-transfer and Post-transfer Infrastructure and Interim Facilities operations and maintenance matters at NSTI.

5. Notices.

Any notice given under this ~~Agreement~~MOU shall be in writing and given by delivering the notice in person, by commercial courier or by sending it by regular mail, with postage prepaid, to the mailing address listed below or other address when notice of which has been given. For the convenience of the parties, copies of notices may also be given by facsimile to the facsimile number listed below or other facsimile number when notice of which has been given.

Address for SFPUC: 525 Golden Gate Ave, 13th Floor
San Francisco, CA 94103
Attn: ~~Michael Carlin, Acting~~Dennis J. Herrera, General Manager
~~mearlin~~ djherrera@sfgwater.org

Address for the Authority: 1 Avenue of the Palms, Suite 241
Treasure Island, San Francisco, CA 94130
Attn: Robert Beck, Treasure Island Director
bob.beck@sfgov.org

6. Miscellaneous Provisions.

a. California Law. This ~~Agreement~~MOU shall be construed and interpreted in accordance with the laws of the State of California and the City, including the City's Charter.

b. Entire Agreement. Subject to any subsequent agreements authorized pursuant to this ~~Agreement~~MOU, this ~~Agreement~~MOU contains all of the representations and the entire agreement between the parties with respect to the subject matter of this ~~Agreement~~MOU. No prior drafts of this ~~Agreement~~MOU or changes from those drafts to the executed version of this ~~Agreement~~MOU shall be introduced as evidence in any litigation or other dispute resolution proceeding by any party or other person, and no court or other body should consider those drafts in interpreting this ~~Agreement~~MOU.

c. Amendments. No amendment of Exhibit A or extension of this ~~Agreement~~MOU or any part hereof shall be valid unless it is in writing and signed by the General Manager of the SFPUC and the Director of the TIDA, or their designees.

d. No Party Drafter; Captions. The provisions of this ~~Agreement~~MOU shall be construed as a whole according to their common meaning and not strictly for or against any party in order to achieve the objectives and purposes of the parties. Any caption preceding the text of any section, paragraph or subsection or in the table of contents is included only for convenience of reference and shall be disregarded in the construction and interpretation of this ~~Agreement~~MOU.

e. Further Assurances. The parties hereto agree to execute and acknowledge such other and further documents as may be necessary or reasonably required to carry out the mutual intent of the parties as expressed in this ~~Agreement~~MOU.

f. Necessary Approvals. ~~This Agreement~~Except as otherwise provided herein, this MOU and subsequent amendments must be approved by the San Francisco Public Utilities Commission and the Treasure Island Development Authority, each in its sole and absolute discretion.

IN WITNESS WHEREOF, the Parties hereto have executed this ~~Agreement~~ MOU as of the date first above written.

SFPUC:

CITY AND COUNTY OF SAN FRANCISCO,
acting by and through its ~~Public Utilities~~
~~Commission~~ PUBLIC UTILITIES
COMMISSION

THE AUTHORITY:

TREASURE ISLAND DEVELOPMENT
AUTHORITY, a California public benefit
corporation

By: _____
~~Michael Carlin~~
~~Acting General Manager~~

By: _____
Robert Beck
Treasure Island Director

~~Approved as to form:~~

Dennis J. Herrera,
~~City Attorney~~

By: _____
~~City Attorney of San Francisco~~
~~General Manager~~

ATTACHMENT:

EXHIBIT A Description of the Utility Services

EXHIBIT A
DESCRIPTION OF THE UTILITY SERVICES

This document provides general maintenance and operational procedures for the management of the Pre-transfer and Post-transfer Infrastructure and Interim Facilities at former NSTI, including electric, water, natural gas, stormwater, and sewer systems, by the SFPUC, as well as for establishment of rates and collection of revenue by TIDA to offset operating costs. ~~Within the term of this Memorandum of Understanding, the~~The SFPUC will operate utility systems in accordance with requirements of the MOU, as described in this Exhibit A.

1.0 Operations

1.1 The SFPUC will operate and maintain Pre-transfer and Post-transfer Infrastructure and Interim Facilities at NSTI, including electric, natural gas, water, sanitary sewer, storm sewer and sewage treatment systems, and Interim Facilities until the PUC becomes the wastewater service provider, to the extent TIDA provides funds to perform such services. TIDA will defray associated costs through revenue generated by charging uniform rates established by TIDA.

1.2 All storage and handling of materials and equipment necessary for utility maintenance shall be done by the SFPUC in accordance with all applicable laws and regulations.

1.3 The SFPUC will be responsible for the purchase of all electricity, natural gas, and water consumed on NSTI.

1.4 System Extension and Provision of New Service: Subject to the availability of funds for such purpose and after a building permit and occupancy certificate are obtained from the authorities having jurisdiction -and all utility service connection, inspection, and building costs and fees are paid in full, the SFPUC will provide any extension or alteration of systems along with any metering or service connections requested by TIDA for Post-transfer Infrastructure, or Interim Facilities (as defined below), or requested by TIDA on behalf of the Navy or other Federal users for Pre-transfer Infrastructure. TIDA ~~is responsible to~~must pay the SFPUC for work performed to provide new services, in addition to payments to SFPUC to cover the cost of typical operation of Pre-transfer and Post-transfer ~~infrastructure-Infrastructure and the Interim Facilities~~. TIDA will recover costs for such work for other Federal users as outlined in the Base Caretaker Cooperative Agreement, or pursuant to other agreement with the entity requesting service.

2.0 Systems Definitions, Extent of Caretaker Responsibility for Utilities Distribution

The physical extent of each utility system that will be maintained by the SFPUC is as described below. These descriptions apply to all elements of systems on Treasure Island and Yerba Buena Island and electric systems deriving in Oakland, with the exception of elements of systems serving the U.S. Coast Guard on Yerba Buena Island, elements of systems serving the Job Corps on Treasure Island, and elements of systems located on lands transferred to TICD.

2.1 Water System: Facilities that are operated and maintained by the SFPUC consist of the existing water delivery facilities at NSTI including:

2.1.1 Supply and delivery pipelines, and appurtenant facilities specified in Section 2.1.7, originating at the supply points for NSTI from SFPUC San Francisco City Distribution System.

2.1.2 Water storage facilities.

2.1.3 Water pumping and chlorinating stations.

2.1.4 All supply lines that cross through or under any leased or non-leased building or property that do not serve that building or facility.

2.1.5 For metered buildings and facilities, the SFPUC responsibility ends at the first valve or meter upstream of the building or facility.

2.1.6 For ~~building~~ buildings and facilities that are not metered, the SFPUC responsibility will include all supply lines and water system facilities from the supply line to 10 feet from the building or structure.

2.1.7 Appurtenant facilities within the Water System include:

- Meters, including main supply meters
- Valves, including isolation, pressure-reducing, and pressure regulating valves
- Treasure/Yerba Buena Islands Fire hydrant system
- Backflow prevention devices (devices connecting to buildings or structures under the responsibility of the SFPUC).

2.2 Sanitary Sewer System: ~~Pre-transfer and Post-transfer Infrastructure~~ Facilities that are operated and maintained by the SFPUC consist of the existing sanitary sewer collection and pumping facilities at NSTI, including:

2.2.1 Wastewater treatment plant including all facilities within the perimeter fence of the plant and including all piping and appurtenant facilities to the point of discharge to San Francisco Bay including submerged outfall pipeline within San Francisco Bay.

2.2.2 Wastewater-pumping/lift stations and associated electrical and instrumentation controls (“E & IC”)

2.2.3 Mainline sewers including manholes

2.2.4 Force mains, including the Temporary Force Main

2.2.5 Collection and service sewers to the limit of the property line-mainline connection point.

2.3 Stormwater System: ~~Pre-transfer and Post-transfer Infrastructure which~~ Facilities that are operated and maintained by the SFPUC consist of the existing stormwater collection and discharge facilities at NSTI, including:

2.3.1 Stormwater collection system from the transition structure of surface flow entering the below surface piping (including all on-Island drainage inlets and other such stormwater collection structures to the outfall). Surface and street flows are not included.

2.3.2 Stormwater-pumping stations and associated control rooms.

2.3.3 Stormwater outfalls through end of pipe.

2.3.4 Stormwater service piping and transition structures up to five (5) feet from any building or facility

2.4 Natural Gas System: Natural gas is delivered to NSTI by a supply line owned by the Pacific Gas and Electric Co. (PG&E). PG&E also owns and operates the main meters and pressure reducing stations at the

point of delivery. The ~~responsibility of the~~ SFPUC is responsible for all facilities downstream of PG&E facilities, including:

2.4.1 Supply and delivery pipeline downstream of the main meter and pressure reduction station located on NSTI.

2.4.2 Supply lines to and including that last valve or corporation stop leading to all leased, non-leased, occupied, or non-occupied buildings and facilities.

2.4.3 Building supply meters and appurtenances, up to and including the meter for TIDA controlled facilities on existing natural gas distribution system.

2.5 Electrical Distribution System: Facilities that are operated and maintained by the SFPUC consist of the existing transformational and distribution facilities at NSTI, including:

2.5.1 The entire high voltage transmission line serving Treasure Island originating at the point of connection to the breakers at the Port of Oakland's Davis Substation at Point Arnold including overhead and underground elements of the line located on the Port of Oakland and City of Oakland, the underground element extending from the Oakland Army Base including the junction with the submarine section of the line and the submarine section including the junction and the underground section of line at Treasure Island to the point of connection at the main Treasure Island substation.

2.5.2 Main substation at NSTI.

2.5.3 Distribution system and related equipment between the substations and the end users.

2.5.4 For metered buildings and facilities, service up to and including the meter.

2.5.5 For building and facilities which are not metered or which have dedicated switch-gear or transformers at the building or facility, service to the low side of the dedicated switch-gear or transformer and shall include the dedicated switch gear or transformer.

2.5.6 For buildings and facilities which are not metered and which do not have dedicated switch-gear or transformers at buildings or facilities, service to the weatherhead, building perimeter, or equipment connection. If to the building perimeter, limit is considered up to five (5) feet from any building or structure.

2.5.7 The Davis Substation at the Port of Oakland, Oakland, CA.

2.5.8 Generators for backup power, including transfer switchgear and required controls.

2.5.9 The Overhead Electric Line.

3.0 Organization and Communication

3.1 ~~A~~TIDA shall conduct all essential communications with the Navy ~~shall be conducted by TIDA.~~

3.2 Communications reporting procedures are detailed in Appendix A to this attachment.

3.3 Emergency Management -- Depending on the incident, emergency crew response varies slightly, just as on San Francisco proper. For emergency power-related incidents, SFPUC crews coordinate with TIDA for most unplanned outages, large- or small-scale power disruption to a metered panel, or observed damage

to power infrastructure. SFPUC and TIDA coordinate for sewer and storm drain incident response, such as clogged/backed up drains, overflows, or observed damage to sewer-related infrastructure like pump or lift stations. ~~The~~ SFPUC and TIDA also coordinate for water incidents on ~~the~~ Treasure Island, such as main or line breaks, damaged or leaking hydrants, water that is cloudy in appearance or has an odor, or loss of or low water pressure to buildings or other connection points. For all emergency incidents that include natural gas odors in the public right-of-way, downed high-voltage power lines, or life-threatening incidents, residents or observers should call 911 (not 311) for emergency response.

When unplanned utility emergencies pose a verifiable threat to sustained health, life safety and/or sanitary conditions on-Island, the City and County of San Francisco will activate its Emergency Operations Center (EOC) to manage relief of those threats in a coordinated manner. ~~PUC~~The SFPUC and TIDA ~~dedicates~~dedicate staff to the EOC to manage each agencies responsibility within the EOC.

4.0 Preventative Maintenance & Repair Work, and Fee-Setting

Regularly scheduled preventative maintenance and all non-emergency repair work will be executed as determined necessary by the SFPUC and subject to funding availability by TIDA. ~~The~~ SFPUC shall recommend a maintenance schedule and proposed fee structure to cover the cost of this schedule. TIDA shall take recommendations from ~~the~~ SFPUC to establish new rates in order to make recoveries equivalent to the cost of maintenance, and repair work. TIDA will establish a draw-down account to fund ~~PUC~~SFPUC preventative maintenance and repair activities.

5.0 Billing and Payment for Utilities Consumption

5.1 TIDA will defray costs of utility commodities purchased and costs of the operation and maintenance of the utility systems through revenues generated by charging uniform rates established by TIDA.

5.2 TIDA will enter into Utility Service Contracts (~~USCs~~USCs) with all Federal users, including the Navy or the ~~Navy's~~Navy's contractors, as required. The ~~USC~~USCs shall contain pertinent information regarding the utilities agreement between TIDA and the specific Federal user, including rates. The SFPUC will purchase electricity, natural gas, and water.

5.3 Billing Non-Navy ~~Tenants~~Customers: The SFPUC, if requested by TIDA, will be responsible for billing, and TIDA will be responsible for obtaining payment from all Lessees, Licensees ~~and~~, non-Navy Federal activities, and private customers permitted to receive utilities services on the former base. ~~Charges from TIDA. TIDA will determine charges to these tenants~~customers for use of electricity, (for all such customers), natural gas, (for Lessees, Licensees, and non-Navy Federal activities), water, (for all such customers), and sewer service ~~will be determined by TIDA~~-(for all such customers). In general, consumption will be read from meters which fully and exclusively measure permitted consumption. Where determined to be more ~~economic~~economical, consumption may be determined through engineered estimates prepared by the SFPUC at the request of TIDA and paid for by TIDA.

5.4 Recovering Funds for Consumption by the Navy: Units of consumption for which the Navy is responsible have been determined through estimates mutually agreed upon by the Navy and TIDA per the terms of the Cooperative Agreement.

6.0 Outage Management

6.1 TIDA shall coordinate all scheduled and non-scheduled outages directly with the applicable parties, including the Navy and its contractors.

6.2 The SFPUC will execute planned outages at the request of TIDA at the agreed upon time.

6.3 The SFPUC will take immediate action to restore service in the case of an unscheduled outage. TIDA shall reimburse the SFPUC for the cost to execute planned outages or restore service in the case of unscheduled outages.

7.0 Excavation Management

TIDA will serve as the initial point of contact for all parties seeking to perform excavations at NSTI and will require proposed excavators to submit a Dig Permit application for review and approval ahead of any proposed excavations. TIDA shall issue a Dig Permit confirming approval for excavation ahead of any excavations performed, to assure that no excavation is permitted without advance clearance with regard to underground utilities and from the designated Navy representative for environmental conditions, where applicable. The SFPUC will locate and, within 72 hours of notification, clearly mark all utilities in the vicinity of a proposed excavation.

8.0 Marking Utilities Locations

The SFPUC will locate and clearly mark all electric, natural gas, water, storm drain, and sewer utilities within 72 hours of its receipt of USA marking ticket request. Marking shall be made based on the Navy provided base maps and the best available local knowledge. The SFPUC will take best efforts to mark abandoned lines, including any existing steam distribution lines, based on available drawings.

9.0 Operational and Environmental Permits

Operational and environmental permits pertaining to utility operations at NSTI are identified in Table A-1.

**Table A-1
Operational and Environmental Permits for which
SFPUC Will Perform Monitoring and Preparation of Reporting Materials**

<u>Item</u>	<u>Permit Type</u>	<u>Issuing Agency</u>	<u>Permit Number</u>	<u>Monitoring Required</u>	<u>Reporting Required</u>
001	NPDES permit for wastewater treatment plant <u>Cyanide Action Plan</u> <u>Amendment of Monitoring and Reporting Requirements in support of San Francisco Bay Regional Monitoring Program</u>	California Regional Water Quality Control Board	<u>NPDES</u> CA0110116, R2-2020-0020 <u>Order No. R2-2015-0004</u> <u>Order No. R2-2021-0028</u>	Yes	Yes
002	Domestic Water Supply Permit	State Water Resources Control Board, Division of Drinking Water	System No. 3810702 <u>Permit No. 02-04-15P-3810702</u> <u>Permit Amendment No. 1 effective August 20, 2021 (added new tank site)</u>	Yes	Yes
003	Permit to Operate all Air Emissions Sources	Bay Area Air Quality Management District	Plant # <u>47924945</u>	Yes	Yes
004	WDR permit for stormwater discharges from Small Municipal Separate Storm Sewer System	State Water Resources Control Board, Division of Stormwater	CA S000004 Order No.2013-0001-DWQ Facility WDID No. 238S012140	Yes	Yes

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Note: Permit numbers as of ~~July~~ January 1, 2017-2023; permit types and numbers are subject to change.

The SFPUC will oversee the monitoring and preparation of material for the reporting requirements of operational permits with funding for these services provided by TIDA. Final submittal of required reports shall be done by the permit holder. For the duration of this MOU, the SFPUC will support ~~the~~ TIDA and ~~the~~ Navy through TIDA in the enforcement of permit requirements and the abatement of non-compliance violations noted during tenant/lessee inspections.

The SFPUC shall take the lead on the renewal of the existing WWTPNPDES permit and creation of the permit for the new WWTP-wastewater treatment plant. At the request of the RWQCB San Francisco Bay Regional Water Quality Control Board, the existing plant permit renewal and the new plant permit will be processed as one permit effort.

10.0 Environmental Hazards

10.1 Definition: Environmental hazards, for the purpose of this discussion, are defined as historic spills or releases of hazardous substances or newly identified historic releases of hazardous substances to soil or groundwater which pose potential hazards to Caretaker personnel attempting to perform utility systems maintenance or repair or which may pose a threat to human health in general or to the environment. This definition does not include SFPUC use of potentially hazardous products and materials where required for utility system operation and maintenance activities. Refer to the approved Soil and Groundwater Management Plan (SGMP) attached as Appendix B of this document for the latest map identifying these potentially hazardous products and materials.

10.2 Awareness: TIDA shall inform the SFPUC of all informational sources that identify locations and types of environmental hazards at NSTI in order to avoid contact with contaminated materials by personnel engaged in utilities operations. In this regard, TIDA will coordinate with the Navy to obtain and distribute the most current maps and characterization information for environmental hazards. All activities shall conform to the approved ~~Soil and Groundwater Management Plan (SGMP) attached as Appendix B.~~

10.3 Procedures: Safety procedures normally observed by the SFPUC will be observed in order to minimize contact with contaminated soil. The following procedures will be followed by SFPUC personnel in the event work is required in an area documented to contain contamination or if undocumented contamination is encountered or suspected.

10.3.1 Planned Excavations: In conformance with excavation permit request procedures presented in paragraph 7.0 above, TIDA will coordinate with the Navy for any excavations on Navy-owned land per the terms of the Cooperative Agreement. The SFPUC will perform ~~the excavation~~ any excavations, including those on TIDA or private land, in accordance with SFPUC health and safety practices, and applicable Federal, State, or local regulations. The SFPUC will perform the excavation using required protective equipment. TIDA shall require proposed excavators submit a Dig Permit application for review and approval ahead of any proposed excavations. TIDA shall issue a Dig Permit confirming approval for excavation ahead of any excavations performed.

10.3.2 Unplanned Excavations: When soil contamination is encountered or suspected in the course of unplanned excavations, the SFPUC will cease work and immediately contact TIDA. TIDA will coordinate with the Navy, as applicable to evaluate conditions and determine a course of action.

10.4 Disposal: The SFPUC is not responsible for the remediation or disposal of any contaminated excavation spoils.

APPENDICES TO EXHIBIT A:

APPENDIX A: COMMUNICATIONS

APPENDIX B: SOIL AND GROUNDWATER MANAGEMENT PLAN

APPENDIX A - COMMUNICATIONS

1. UTILITY SERVICE INTERRUPTIONS AND OBSERVED INFRASTRUCTURE DAMAGE ON TREASURE/YERBA BUENA ISLAND:

The SFPUC shall intake reports of service interruptions and utility infrastructure damage on Treasure and Yerba Buena Island from TIDA as follows:

- Electrical Distribution System: **SF 311**
- Water System: **SF Water Department CDD dispatch: 415-550-4946**
- Sanitary Sewer System (including Sanitary Sewer Overflow reporting): **SF 311**
- Stormwater Sewer System (including clogged Stormwater Catch Basins): **SF 311**
- Natural Gas System: **911 EMERGENCY**

Once SFPUC is aware of, and has verified, utility service disruptions to Treasure Island/Yerba Buena Island, it shall notify TIDA of the incident as follows:

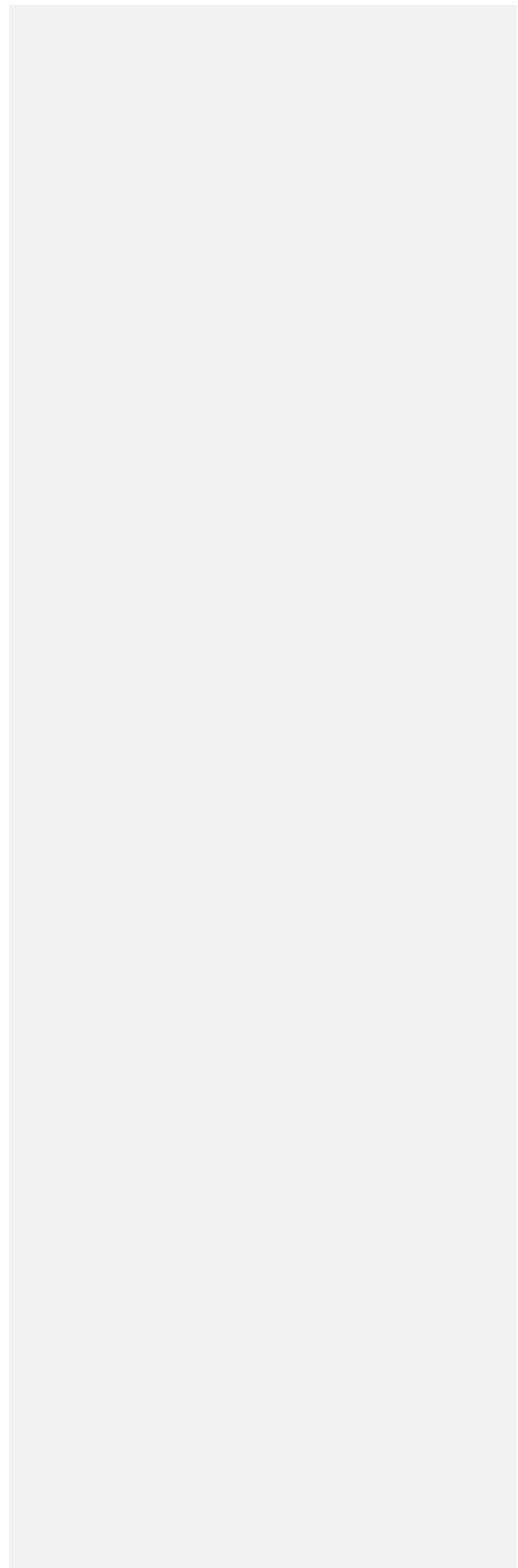
- Electrical Distribution System: **SFPUC I-Info Alert System**
- Water System: **SFPUC I-Info Alert System**
- Sanitary Sewer System/ Stormwater Sewer System: **SFPUC I-Info Alert System**
- Natural Gas System: Phone call and email to TIDA staff

TIDA is responsible for assuring appropriate TIDA staff are included in SFPUC's I-Info distribution lists, including updates as necessary. Both parties shall provide updated contact information on a quarterly basis.

2. EXISTING TREASURE ISLAND/YERBA BUENA ISLAND-SPECIFIC PUBLIC COMMUNICATIONS PROTOCOLS AND RESOURCES

- A. "Reporting Electrical Outages on Treasure Island ~~---~~ Protocol for Housing Providers" (SFPUC, 1/23/17) ~~attached~~
- B. "What To Do When the Power Goes Out – Protocol for Treasure Island Residents" (SFPUC, 2/1/17) ~~attached~~
- C. "Notice of Planned Electrical Service Interruption – Treasure/Yerba Buena Islands" (SFPUC, 2017) ~~attached~~
- D. "Notice of Natural Gas Service Interruption – Treasure Island" (SFPUC, 2017) – ~~attached~~
- E. "Notice of Temporary Water Service Interruption" (SFPUC, 2018) ~~attached~~

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APPENDIX B: REVISED SOIL AND GROUNDWATER MANAGEMENT PLAN

The

Revised Soil and Groundwater Management Plan (March 23, 2023) is posted online: [Revised Soil and Groundwater Management Plan \(sf.gov\)](#)

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1 [Amended and Restated Memorandum of Understanding Between the Treasure Island
2 Development Authority and the San Francisco Public Utilities Commission for Utility Services
3 at Former Naval Station Treasure Island]

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5 **RESOLUTION APPROVING AN AMENDED AND RESTATED MEMORANDUM OF**
6 **UNDERSTANDING BETWEEN THE TREASURE ISLAND DEVELOPMENT AUTHORITY**
7 **AND THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION FOR UTILITY SERVICES**
8 **AT FORMER NAVAL STATION TREASURE ISLAND.**

9 WHEREAS, Former Naval Station Treasure Island was a military base located on
10 Treasure Island and Yerba Buena Island (together, the "Base") owned by the United States of
11 America, acting by and through the Department of the Navy, and was selected for closure and
12 disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law
13 101-510, and its subsequent amendments; and

14 WHEREAS, On March 12, 1997, the City and the Navy executed the Base Caretaker
15 Cooperative Agreement in which the City agreed to assume certain caretaker responsibilities
16 for the interim management and operation of the Base during the disposition process; and

17 WHEREAS, Under the Cooperative Agreement the City, and later the Treasure Island
18 Development Authority ("TIDA"), agreed to assume, in addition to other responsibilities,
19 certain responsibilities for operation and maintenance of the water, waste water, storm water,
20 electric and gas utility systems on the Base; and

21 WHEREAS, The San Francisco Public Utilities Commission ("SFPUC") has been
22 performing utility services for the Base since 1997; and

23 WHEREAS, In 2013, TIDA and SFPUC entered into a Memorandum of Understanding
24 (as may be modified or extended, the "MOU") with a term of twelve months, subject to extension,

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1 to memorialize the terms and conditions of performance by the SFPUC of certain defined utility
2 services consistent with the Cooperative Agreement and past practice; and

3 WHEREAS, On July 2, 2014, TIDA and the Navy entered into an Economic Development
4 Conveyance Memorandum of Agreement (the “EDC MOA”) which established schedule and
5 terms of conveyance of NSTI to TIDA; and

6 WHEREAS, The EDC MOA included as an Exhibit a Utilities Agreement addressing
7 utility-specific matters arising out of the transfer of property and infrastructure from the Navy to
8 TIDA; and

9 WHEREAS, In September 2014, the TIDA Board of Directors and SFPUC Commission
10 concurrently approved a revised MOU extending the term for an additional twelve months and
11 recognizing the execution of the EDC MOA and Utilities Agreement and each year through
12 2019, have approved one year extensions of the MOU and TIDA and the SFPUC have been
13 operating under the MOU since then; and

14 WHEREAS, Both parties now wish to enter into an Amended and Restated
15 Memorandum of Understanding (“A&R MOU”) that is generally consistent with the terms and
16 conditions of the MOU, with certain revisions that includes, among other things, recognizing the
17 construction of certain interim electrical lines and sewer force mains, changes in permits, and
18 a longer initial term of 2 years, which term may be extended by the TIDA Director in 2-year
19 increments without the need for further approval from the TIDA Board of Directors if the TIDA
20 Director and the SFPUC General Manager each reasonably believe extending the term of the
21 A&R MOU is in the best interest of each party; and

22 WHEREAS, If TIDA Board Resolution 14-36-09/10 requires the TIDA Director return to
23 the TIDA Board of Directors each year to extend any MOU or A&R MOU regarding the provision
24 of utilities by SFPUC, the TIDA Director recommends that the TIDA Board of Directors rescind
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1 any such requirement in favor of the proposed authority to the TIDA Director in the A&R MOU
2 ; and

3 WHEREAS, The A&R MOU will be presented to the SFPUC Commission at its meeting
4 of February 27th; now, therefore, be it

5 RESOLVED, That the TIDA Board of Directors approves the A&R MOU between TIDA
6 and the SFPUC, in substantially the form attached, which A&R MOU, among other things,
7 grants the TIDA Director authority to extend the term of the A&R MOU in 2-year increments
8 without the need for further approval from the TIDA Board of Directors if the TIDA Director and
9 the SFPUC General Manager each reasonably believe extending the term of the A&R MOU is
10 in the best interest of each party, and authorizes the TIDA Director to executed the A&R MOU
11 following approval of the same by the SFPUC Commission; and, be it

12 FURTHER RESOLVED, That the TIDA Board of Directors authorizes the rescission of
13 any requirement that may be included in TIDA Board Resolution 14-36-09/10 that may require
14 the TIDA Director return to the TIDA Board of Directors each year to extend any MOU or A&R
15 MOU regarding the provision of utilities by SFPUC on Treasure Island or Yerba Buena Island;
16 and, be it

17 FURTHER RESOLVED, That the TIDA Board of Directors authorizes the TIDA Director
18 to enter into any additions, amendments or other modifications to the A&R MOU that the TIDA
19 Director determines, following consultation with the City Attorney, are in the best interests of
20 the City, that do not materially increase the obligations or liabilities of the TIDA, that do not
21 materially reduce the rights of the TIDA, and are necessary or advisable to complete the
22 transactions contemplated, such determination to be conclusively evidenced by the execution
23 and delivery by the TIDA Director of the documents.

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CERTIFICATE OF SECRETARY

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I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on February 14, 2024.

Jeanette Howard, Secretary