



MICHAEL N. FEUER
CITY ATTORNEY

REPORT NO. R 1 6 - 0 3 2 7
OCT 1 9 2016

REPORT RE:

DRAFT ORDINANCE AUTHORIZING AND APPROVING THE EXECUTION AND RECORDING OF ENVIRONMENTAL COVENANTS IN FAVOR OF THE NEVADA DIVISION OF ENVIRONMENTAL PROTECTION ENCUMBERING THE DECOMMISSIONED MOHAVE STEAM GENERATING STATION PROPERTY IN CLARK COUNTY, NEVADA

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

This Office has prepared and now transmits for your action the enclosed draft ordinance, approved as to form and legality. This draft ordinance would approve Resolution No. 017-045, dated September 20, 2016, authorizing the Los Angeles Department of Water and Power (LADWP) to execute two environmental covenants in favor of the Nevada Division of Environmental Protection restricting the use of water over the former and decommissioned Mohave Steam Generating Station Project (MSGs Project) site.

Background

LADWP, along with Southern California Edison Company (SCE) and Nevada Power Company (NV Energy) (collectively, the Owners), jointly owns and manages the decommissioned MSGs Project assets. LADWP owns a 30% interest in the MSGs Project.

The MSGS Project was taken out of service and fully demolished in 2012. The Owners continue to own approximately 2,500 acres of MSGS Project lands in Clark County, Nevada. SCE operates and manages the MSGS Project on behalf of the Owners.

The Owners are in the process of evaluating future reuses and sales of the MSGS property. Before reusing or selling the MSGS property, the Nevada Division of Environmental Protection will require that certain portions of the MSGS property be restricted from certain activities due to its environmental condition from its prior use as a coal burning power plant.

In order to facilitate the future reuse and sales of the MSGS property, the Owners must provide notice of the existing environmental conditions and restrictions to potential users and purchasers by recording two environmental covenants on portions of the MSGS property. Specifically, the covenants are (1) an Environmental Covenant on Groundwater Extraction and (2) an Environmental Covenant on Water Use/Storage (with exception for one existing tank), over part of the Mohave Site.

On September 20, 2016, the Board of Water and Power Commissioners adopted Resolution No. 017-045 approving and authorizing the execution of the two environmental covenants in favor of the Nevada Division of environmental Protection

Charter Requirements

This ordinance is transmitted for your approval pursuant to Charter Section 675, after approval by the Board of Water and Power Commissioners.

CEQA Findings

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the grant of Easement is not subject to CEQA requirements as described in CEQA Guidelines Section 15060(c)(2), since this action will not result in a direct or reasonably foreseeable indirect physical change in the environment.

Recommendation

Based on the foregoing, it is requested that the City Council adopt the draft ordinance, which has been provided for your consideration and action. A copy of the Board of Water Commissioners' Resolution is included in the Council File.

Council Rule 38 Referral

Pursuant to Council Rule 38, the Board of Water and Power Commissioners recommends approval of the draft ordinance authorizing this transaction.

If you have any questions regarding this matter, please contact Deputy City Attorney Timothy J. Chung at (213) 367-4518. He or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By 

DAVID MICHAELSON
Chief Assistant City Attorney

DM/TJC
Transmittal