

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 4, 2015

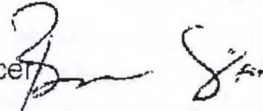
CAO File No.: 0220-04993-0003

Council File No.:

Council District: Outside of City

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Transmittal from the Department of Water and Power dated June 5, 2015; referred by the Mayor for report on June 10, 2015

Subject: **LADWP REAL ESTATE LICENSE AGREEMENT P-88182 WITH RE BARREN RIDGE 1, LLC**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution and Real Estate License Agreement P 88182 (Agreement) with RE Barren Ridge 1, LLC (Barren Ridge; Recurrent). The License Agreement is required in order for Barren Ridge to install and maintain the line that will connect the Barren Ridge Solar Power Plant to a transmission line (gen-tie) via an existing transmission access road located on DWP land. The License Agreement provides for an initial 20 year term with an option to extend up to a duration not exceeding 34 years and 11 months in order to cover the useful life of the Power Plant. This agreement will allow Barren Ridge to:

- Access to an existing transmission access road;
- Facilitate interconnection of the solar facility to the Barren Ridge Switching Station (BRSS) and to a transmission line; and,
- Provide for ongoing maintenance and operation of the gen-tie line.

On August 25, 2014, DWP executed Power Purchase Agreement (PPA) BP-13-057 with Barren Ridge 1 (Council File 14-0834, Ordinance 183169, effective 08/15/14). This agreement authorized the Department to purchase up to 60 megawatts (MW) of solar electric generating capacity and associated environmental attributes, at a flat cost of \$67.83/MWh during the 20 year term. The 60MW equates to an average of 174,380 megawatt hours (MWh) annually. This solar facility connects to DWP's transmission system at BRSS.

Additionally, Agreement BP 14-017, for the transmission line outside the LADWP BRSS did not include access to the road on DWP land that the transmission lines are located on. The proposed license agreement is for access to the land. At the time of the previous license agreement, Recurrent believed the road was located on Federal Bureau of Land Management (BLM) land and they did not realize the road connected with land owned by DWP.

The DWP considered a license term up to five years to allow for the construction of the gen-tie line. The Solar Facility project needs a License Agreement for up to the full 34 years and 11

months in order for the Solar Facility project to obtain financing for the construction.

RE Barren Ridge 1 LLC, is a wholly owned subsidiary of Recurrent Energy Development Holdings, LLC, which is a wholly owned subsidiary of Recurrent Energy, LLC.

Pursuant to Charter Section 606:

- City Council approval is required;
- The Council must take action within 30 days from the submission of this item to the Council or it is deemed approved; and,
- The approval must be published in the same manner as ordinances of the City and shall take effect 30 days after publication.

Pursuant to Charter Section 607:

- In order to approve a term longer than 30 years, the Council must make a finding that a term longer than 30 years would be in the best interest of the City;
- Approval of the Council must be with a 2/3rds vote, subject to Mayoral veto, or 3/4ths over the veto of the Mayor;
- The Council is limited to a term of 50 years, or the maximum period allowed by any federal or state law, whichever is less; and,
- Every franchise, concession, permit, license or lease shall include a procedure to adjust the compensation periodically but in no case shall the period between adjustments exceed five years.

The City Attorney has approved the proposed resolution as to form and legality. The Department and this Office believe that a License Agreement that is consistent with the useful life of the Solar Power Plant is in the best interest of the City as it allows the City to minimize administrative costs and ensure uninterrupted operation and maintenance of the power plant.

RECOMMENDATIONS

That the Mayor and Council:

1. Approve the proposed Real Estate License Agreement P 88182 with RE Barren Ridge 1, LLC for a total of 34 years and 11 months;
2. Find that a term of 34 years and 11 months would be in the best interest of the City; and,
3. Return the proposed resolution to the Department for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution will not impact the Power Revenue Fund or the City General Fund. The proposed Agreement complies with the Department's adopted Financial Policies.

TIME LIMIT FOR COUNCIL ACTION

Pursuant to Charter Section 606, "Process for Granting Franchises, Permits, Licenses and Entering into Leases," unless Council takes action disapproving the license within 30 days after submission of it to Council, the license shall be deemed approved.

MAS:MCD:06160016

Attachments