

POWER SYSTEM  
AUG 23 2016  
EXECUTIVE OFFICE

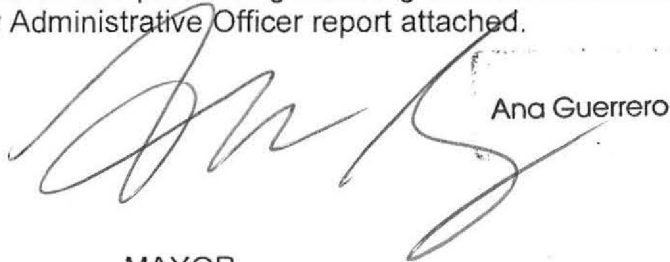
0150-10753-0000

**TRANSMITTAL**

TO Marcie L. Edwards, General Manager Department of Water and Power <i>(Power system - PFP)</i>	DATE AUG 19 2016	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**ENVIRONMENTAL COVENANTS RELATING TO THE MOHAVE GENERATING STATION**

Approved and transmitted for further processing including Council consideration.  
See the City Administrative Officer report attached.



Ana Guerrero

MAYOR

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: August 19, 2016

CAO File No.: 0150-10753-0000

Council File No.:

Council District:

To: The Mayor

From: Miguel A. Santana, City Administrative Officer 

Reference: Communication from the Department of Water and Power dated August 15, 2016

Subject: **ENVIRONMENTAL COVENANTS RELATING TO THE MOHAVE GENERATING STATION SITE**

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### SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing environmental covenants relating to the Mohave Generating Station (Mohave Station) site. Located on 2,500 acres in Clark County, Nevada, the Mohave Station operated as a coal-fired power generating facility until it was removed from service in 2005 and fully demolished in 2012. The Mohave Station site is co-owned by three utilities consisting of Southern California Edison Company (SCE; Operating Agent) – 56 percent, DWP – 30 percent, and Nevada Power Company – 14 percent.

There is no compensation for recording the environmental covenants. However, recording the covenants does support a process for the property to be potentially sold for redevelopment. The other two co-owners of the Mohave Station site have approved the covenants. DWP is the only remaining entity awaiting approval.

DWP states there is no alternative. Without approval of the environmental covenants, the co-owners of the Mohave Station site will not be able to proceed with selling the site. Any proposed sale of the property in the future shall require additional authorization by the DWP Board of Commissioners and the City Council pursuant to Charter Section 675(d)(2). Furthermore, any proceeds from a future sale of the site will be divided proportionally between the three co-owners.

The Mohave Station site is being considered for private development and SCE, as the Operating Agent, is coordinating the sale of approximately 80 percent of the property on behalf of all three co-owners. Groundwater in certain portions of the property is contaminated with elevated levels of Total Dissolved Solids (TDS) and must be restricted from extraction. The TDS contamination will remain on-site with the consent of the State of Nevada Division of Environmental Protection (NDEP) because it is considered impractical to remediate, it is stable under current conditions, and it presents no threat to human health or the environment. However, prior to any sale, the NDEP requires that portions of the property be restricted for use due to its environmental condition. In compliance with the NDEP requirement, the co-owners agreed to record two

environmental covenants documenting for potential buyers the specific use restrictions pertaining to (i) groundwater extraction and (ii) water use and storage.

Approval by City Council is required pursuant to City Charter Section 675(d)(2). The City Attorney has approved the proposed resolution as to form and legality.

## **RECOMMENDATIONS**

That the Mayor:

1. Approve the proposed resolution authorizing the Department of Water and Power to execute and record the proposed environmental covenants relating to the Mohave Generating Station site; and,
2. Return the request to the Department for further processing, including Council consideration.

## **FISCAL IMPACT STATEMENT**

Approval of the proposed resolution does not result in a fiscal impact to the Water Revenue Fund, Power Revenue Fund, or the City General Fund. However, any future proceeds resulting from a sale of the Mohave Station site will benefit the Power Revenue Fund.

## **TIME LIMIT FOR COUNCIL ACTION**

Pursuant to Charter Section 675(d)(2), there is no time limit for Council action on agreements for real property or any rights in real property held by DWP that will be sold, leased or withdrawn from the Department's control.

