



- Board of Directors
Real Property and Asset Management Committee

2/12/2013 Board Meeting

7-2

Subject

Authorize amendment of a long-term license agreement with Desert Sunlight Holdings, LLC on Metropolitan property in Riverside County

Executive Summary

Staff is seeking board approval to amend the current license agreement (R.L. 3046) with Desert Sunlight Holdings, LLC (Desert Sunlight) on Metropolitan fee property in Riverside County. Staff evaluations have determined that the amendment will not interfere with Metropolitan's water operations. Board authorization of this amendment is required because the term of the license exceeds five years.

Details

Desert Sunlight and Metropolitan entered into a long term, 30-year license agreement in August 2011, with board approval. Desert Sunlight is requesting to amend the license agreement to add an additional 90-foot crossing over Metropolitan fee property to accommodate future power line crossings for the proposed 550 megawatt solar photovoltaic energy generating facility (Project) located in Riverside County ([Attachment 1](#)). Metropolitan's operations and engineering staff will review the design of the distribution line prior to construction. This amendment to the license agreement will permit Desert Sunlight to build and operate a portion of its gen-tie transmission line through Metropolitan property. Because of the location of the crossing, it is a key component of the Project.

Desert Sunlight currently pays \$328.98 per acre per year, for a total payment of \$3,276.66, consistent with the Bureau of Land Management's rental rate for desert land in Riverside County. The amendment will provide for an annual rate increase of \$110 that will, like the existing rate, be subject to a 3 percent annual increase. This agreement complies with Metropolitan's standard leasing terms and conditions, including protective language that states that the license is nonexclusive and subject to Metropolitan's paramount right to use the license area to conduct its core business.

Policy

Metropolitan Water District Administrative Code Section 8230: Grants of Real Property Interests

Metropolitan Water District Administrative Code Section 8232: Terms and Conditions of Management Documents

Metropolitan Water District Administrative Code Division VIII, Article 4, Disposal of Real Property; Section 8240: Preliminary Requirements

This amendment is consistent with the board-adopted Fair Market Value Policy.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed project involves the operation, maintenance, leasing, licensing or minor alteration of existing public facilities, with construction of minor appurtenant structures involving negligible or no expansion of use and no possibility of significantly impacting the physical environment. Accordingly, the proposed action qualifies under Class 1 and Class 3 Categorical Exemptions (Sections 15301 and 15303 of the State CEQA Guidelines). In addition, the proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines).

The CEQA determination is: Determine that pursuant to CEQA, the proposed action qualifies under two Categorical Exemptions (Class 1, Section 15301; and Class 3, Section 15303 of the State CEQA Guidelines); and, further, that the proposed action is not subject to CEQA pursuant to Section 15378(b)(2) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and authorize the General Manager to amend the current license agreement with Desert Sunlight Holdings, LLC

Fiscal Impact: The license fee paid by Desert Sunlight will increase by \$110 annually, subject to a 3 percent annual increase.

Business Analysis: Terms and conditions included in the license reduce potential adverse impacts to Metropolitan’s operations and maintenance activities.

Option #2


Take no action.

Fiscal Impact: None

Business Analysis: No impact to Metropolitan’s operations and maintenance

Staff Recommendation

Option #1



John Clairday
Manager, Real Property Development and Management
1/16/2013
Date



Jeffrey Kightlinger
General Manager
1/16/2013
Date

Attachment 1 – Location and Site Maps for Desert Sunlight Holdings, LLC



