

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: SEPTEMBER 26, 2022

SUBJECT: AGREEMENT OF PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS WITH SOUTHERN CALIFORNIA EDISON FOR THE CONVEYANCE OF A PORTION OF ASSESSOR'S PARCEL NUMBER 189-100-006 AND TWO EASEMENTS ON PORTIONS OF ASSESSOR'S PARCEL NUMBERS 189-100-006 & 189-090-002 & -010, ALL CITY-OWNED LAND, COST SHARING AGREEMENT FOR THE RIVERSIDE TRANSMISSION RELIABILITY PROJECT, TOTAL REVENUE OF \$5,215,000 – DECLARE AS EXEMPT SURPLUS LAND

ISSUES:

Recommend that City Council approve the Agreement of Purchase and Sale and Joint Escrow Instructions with Southern California Edison for 8.76 acres, a portion of Assessor's Parcel Number (APN) 189-100-006, two easements on portions of APN 189-100-006 (0.60 acres) & 189-090-002 & -010 (0.66 acres), all City-owned land, and Cost Sharing Agreement for the Riverside Transmission Reliability Project, total revenue of \$5,215,000 – Declare as Exempt Surplus Land.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Recommend that the City Council declare a portion of vacant City-owned land bearing APN 189-100-006 as exempt surplus land;
2. Recommend that the City Council approve the Purchase and Sale Agreement and Joint Escrow Instructions with Southern California Edison for the Riverside Transmission Reliability Project;
3. Recommend that the City Council approve the Cost Sharing Agreement with Southern California Edison for the Riverside Transmission Reliability Project;
4. Authorize the City Manager, or designee, to execute the Purchase and Sale and Joint Escrow Instructions, including making minor and non-substantive changes, and to sign all documents necessary to complete the transaction; and
5. Authorize the City Manager, or designee, to execute the Cost Sharing Agreement with Southern California Edison for the Riverside Transmission Reliability Project, including making minor and non-substantive changes, and to sign all documents necessary.

BACKGROUND:

The Riverside Transmission Reliability Project (RTRP Project) is a joint project with Southern California Edison (SCE) that will provide Riverside Public Utilities (RPU) with a critical second connection to the state electric transmission grid to address the long-term capacity and reliability needs of the City's electric utility system. The RTRP Project includes construction of approximately nine miles of double circuit 230kV transmission lines, installation of approximately 10 miles of 69kV sub-transmission lines within the City of Riverside, construction of two new substations – Wildlife (SCE) and Wilderness (RPU), improvements to five existing RPU 69kV substations, reconfiguration of existing distribution lines and installation of new telecommunication lines.

In November 2004, the Board of Public Utilities (Board) authorized RPU to enter an agreement with Southern California Edison to complete a System Impact Study and a Facilities Study. The results of these studies were received in June and October of 2005. They indicated the need to construct a double-circuited 220kV transmission line into the city of Riverside and a 220-66kV transmission substation.

In March 2009, the City and SCE entered into a Letter Agreement which provided the terms and conditions for SCE to begin the engineering, design and preparation of specifications for the SCE interconnection facilities. In addition, the Agreement required the City of Riverside to sell to SCE the land essential for the Wildlife Substation.

On February 5, 2013, the City Council certified the Final Environmental Impact Report (FEIR) for the entire RTRP Project, in accordance with California Environmental Quality Act (CEQA) requirements. A Notice of Determination was filed with the County of Riverside following the certification by the City Council.

On March 12, 2020, SCE obtained California Public Utilities Commission (CPUC) approval of RTRP and was granted a Certificate of Public Convenience and Necessity (CPCN).

On August 24, 2020, the Board recommended that the City Council approve a supplemental appropriation of \$125,000,000 to Account No. 6130000-470685 to be funded from the Electric Fund (Fund 510) for Riverside Transmission Reliability Project.

On January 26, 2021, the City Council approved a supplemental appropriation in the amount of \$125,000,000 from the Electric Fund (Fund 510) to Riverside Transmission Reliability Project to be funded for the Riverside Transmission Reliability Project. The City Council was informed that RPU will support the 230kV project coordination in collaboration with SCE. RPU is leading the scope of work for the new 230/69kV RPU Wilderness Substation and expansion of RPU's 69kV sub-transmission system.

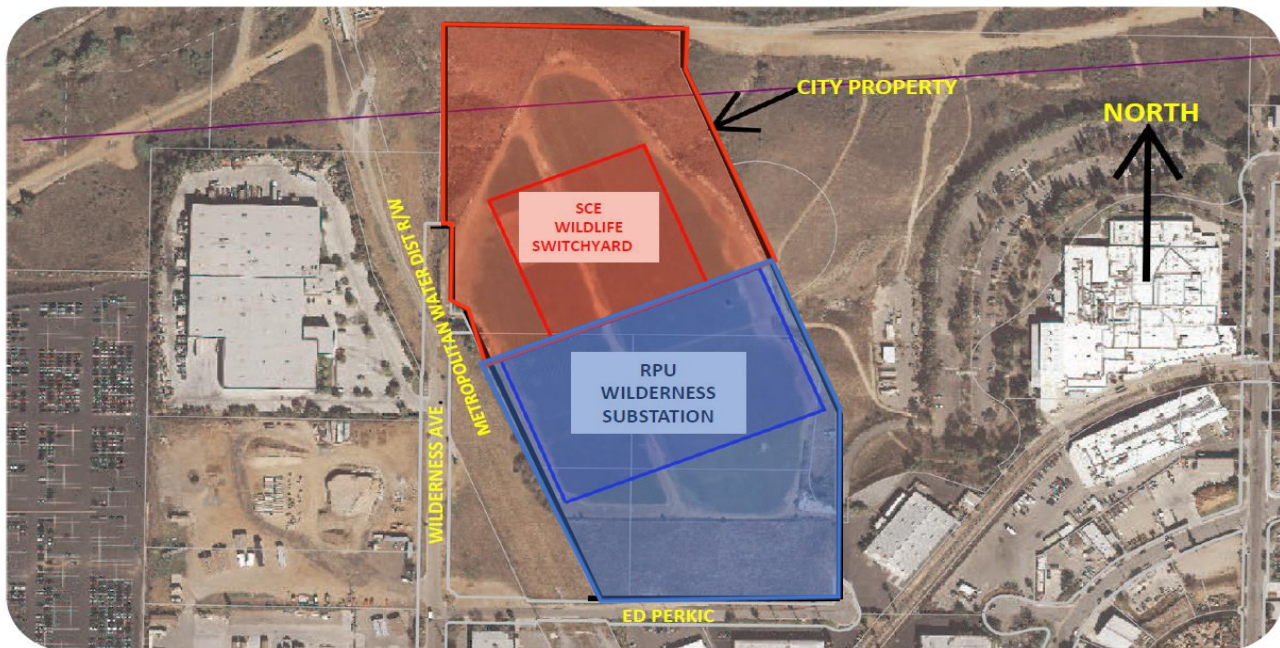
DISCUSSION:

Since the 1970s, the City has owned the property for the proposed Wilderness Substation site near the northeasterly corner of Wilderness Avenue and Ed Perkie Street for this very purpose. SCE's 230kV interconnection switchyard (the Wildlife Substation) will be constructed immediately

adjacent to RPU's 230/69kV station at that site.

The RTRP project will divide RPU's electric system in two sections: East (Vista Source #1) and West (Wildlife Source #2) subsystems. The East subsystem will be served from SCE's existing Vista Substation and the West System will be served from SCE's proposed Wildlife Substation. Both subsystems can be operated in parallel under emergency conditions to meet the reliability goals when there is a loss of one of the SCE sources.

The proposed SCE 230kV Wildlife Substation would be constructed on the land near the northeast corner of Wilderness Avenue and Ed Perkic Street. This area is within the city limits. Upon the approval of the proposed Purchase and Sale Agreement and Joint Escrow Instruction, the proposed substation would connect to the SCE system via the anticipated double-circuit 230kV transmission line and connect to RPU's proposed adjacent Wilderness Substation.



Aerial View of the Property

Pursuant to Government Code 54234(a)(1) "if a local agency, as of September 30, 2019, has entered into an exclusive negotiating agreement or legally binding agreement to dispose of property, the provisions of this article as it existed on December 31, 2019, shall apply, without regard to the changes made to this article by Chapter 664 of the Statutes of 2019, and all subsequent amendments to this article, to the disposition of the property to the party that had entered into such agreement or its successors or assigns, provided the disposition is completed not later than December 31, 2022." In this case, the subject property is encumbered by the Interconnection Facilities Agreement between the City and SCE dated March 9, 2009. Section 13.1 states, "SCE will purchase the land associated with the Wildlife Substation that is currently owned by Riverside and Riverside shall sell to SCE the land required for Wildlife Substation that it owns as determined during design to be necessary in connection with initial operation of Wildlife Substation to provide for appropriate space and access rights for future getaway requirements, installation, operations, maintenance, replacement and remove of SCE required facilities, including, but not limited to, facilities required for station light and power and other SCE facilities, at a price equal to the fair market value of the land as determined by a licensed appraiser."

City staff had the proposed land for the SCE Wildlife Substation appraised by an independent

third-party appraiser, which concluded to a value of \$5,215,000 in its as-is condition. Staff reviewed the report and determined that the sale price of \$5,215,000 for the subject property represents the current fair market value. SCE accepted the appraised value for the subject property and the terms of the Agreement of Purchase and Sale and Joint Escrow Instructions.

On January 26, 2021, the City Council was informed that RPU will support the 230kV project coordination in collaboration with SCE. Certain project components, including, but not limited to site grading, site access, and street improvements overlap between RPU and SCE due to the interdependent nature of RTRP scope of work. Both parties will collaborate and coordinate on these project components. RPU and SCE have agreed that RPU, as a public agency, will take the lead on the common work and share the cost in accordance with an agreed Cost Sharing Agreement (CSA), to efficiently complete the common work, which will benefit both parties.

Using the CSA allows RPU and SCE to maintain complete control over overlapping/collaborative work while also benefiting from shared operating expenditures, improved efficiency, and reduced potential change orders during construction.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 6 – Infrastructure, Mobility & Connectivity**, and **Goal 6.2** – Maintain, protect and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability and facilitate connectivity.

This item aligns with each of the five Cross-Cutting Threads based as follows:

1. **Community Trust** – The City is actively engaged with the Riverside Transmission Reliability Project (RTRP) and is informing policymakers on potential actions that may be taken to protect and serve the public interest.
2. **Equity** – The City supports racial, ethnic, religious, sexual orientation, identity, geographic, and other attributes of diversity and is committed to advancing the fairness of treatment, recognition of rights, and equitable distribution of services to ensure every member of the community has equal access to share in the benefits of RTRP.
3. **Fiscal Responsibility** – The City is a prudent steward of public funds and ensures responsible management of the City's financial resources while providing quality public services to all. RTRP, designed and approved, has been found to be the most economical and fiscally responsible method for project delivery to Riverside customers. The land for the SCE substation was appraised by a third party to ensure that the City and rate payers are receiving fair market value.
4. **Innovation** – The City is inventive and timely in meeting the community's changing needs and prepares for the future through this collaborative partnership with RTRP and being aware of the need for the interconnection with the state electric transmission grid to respond to and prepare for any potential impacts on the community.
5. **Sustainability & Resiliency** – The City is committed to meeting the needs of the present without compromising the needs of the future and ensuring the City's capacity to persevere, adapt and grow during good and difficult times alike. The need for RTRP was derived from the need for a reliable supply of electricity. The lack of sufficient electric delivery capability created a risk to the resiliency of the city which were addressed by RTRP.

FISCAL IMPACT:

The subject property is City-owned and is being sold for \$5,215,000, less all title, escrow, and miscellaneous related closing costs for a total not-to-exceed \$20,000. The estimated net proceeds from the sale in the approximate amount of \$5,195,000 shall be deposited into the Sale of Land and Buildings Account No. 0000510-380010.

Prepared by: Chris Christopoulos, Acting Community & Economic Development Director
Approved by: Todd M. Corbin, Utilities General Manager
Approved by: Kris Martinez, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Certifies availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer

Attachments:

1. Purchase and Sale Agreement and Joint Escrow Instructions (attachment includes Legal Descriptions and Plat Maps, and Cost Sharing Agreement with SCE)
2. Legal Description and Maps
3. Presentation