

# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE:** AUGUST 8, 2016

**ITEM NO:** 12

**SUBJECT:** ADOPTION OF RESOLUTIONS OF NECESSITY AUTHORIZING INITIATION OF EMINENT DOMAIN PROCEEDINGS TO ACQUIRE EASEMENTS NECESSARY TO CONSTRUCT THE RIVERSIDE TRANSMISSION RELIABILITY PROJECT HIGH VOLTAGE LINES WITHIN THE CITY OF RIVERSIDE – WORK ORDER NO. 642975 – FOR \$957,800

**ISSUES:**

Recommend the City Council consider adopting thirty-six (36) Resolutions of Necessity authorizing the initiation of eminent domain proceedings to acquire easements located in the City of Riverside for the Riverside Transmission Reliability Project; and approve the estimated expenditure of \$957,800 for deposit into the State Condemnation Fund for condemnation of certain real property for the Riverside Transmission Reliability Project.

**RECOMMENDATIONS:**

That the Board of Public Utilities:

1. Recommend that the City Council consider adoption of thirty-six (36) Resolutions of Necessity authorizing the initiation of eminent domain proceedings to acquire the necessary real property interests to construct the sub-transmission lines connecting the Riverside Energy Resource Center to Harvey Lynn and Freeman Substations as part of the Riverside Transmission Reliability Project; and
2. Approve and recommend the City Council approve the expenditure of \$957,800 for deposit into the State Condemnation Fund as part of the eminent domain process based on City of Riverside approved independent appraisals.

**BACKGROUND:**

Riverside Transmission Reliability Project (RTRP) is the largest capital improvement project in the history of Riverside and was approved by the Board of Public Utilities (Board) on January 20, 2006. RTRP is a joint project with Southern California Edison (SCE) to provide Riverside Public Utilities (RPU) a second connection to the state electric transmission grid addressing long-term capacity and reliability needs of the City.

SCE's portion of RTRP includes construction of 230kV transmission lines and a 230kV switchyard. RPU's portion of the project includes construction of a new substation, improvements to existing substations, construction of 69kV sub-transmission lines, relocation of existing distribution lines, and installation of new telecommunication lines. The subject easements in this report are for the lines internal to the City of Riverside only.

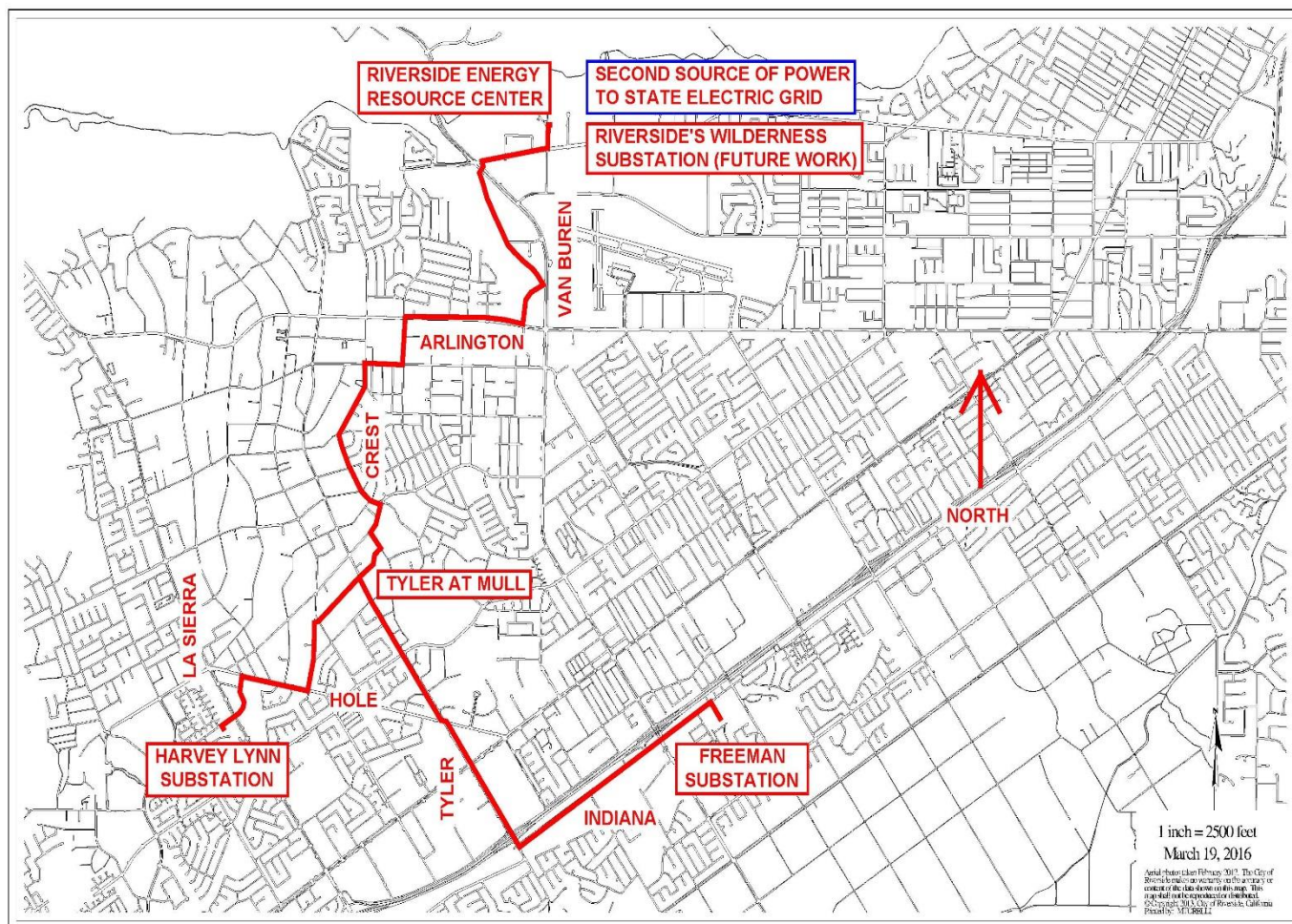
RTRP is comprised of multiple work segments. One-hundred (100) property acquisitions are required for construction of the first of the remaining three segments of RTRP. The work includes construction of 13 circuit miles of 69 kilo-Volt (kV) transmission lines connecting Riverside Energy Resource Center

(RERC) to Harvey Lynn and Freeman Substations within the City Of Riverside and is dependent on RPU acquiring all easements for this segment of work. The projected construction start date is the fall of 2017.

The total authorized funds for RTRP Work Order No. 642975 is currently \$42,605,521 as approved by the Board at its October 17, 2014 meeting. As of May 31, 2016, the total expenditures including encumbrances for Work Order No. 642975 are \$29,341,173.

### **DISCUSSION:**

The focus of this proposed Board action is the acquisition of the easements to construct the next major segment of RTRP which is the construction of the 69kV circuits between RERC and Harvey Lynn and Freeman Substations (see map below).



Route of 69kV high voltage lines in the City of Riverside

RPU made every reasonable effort to minimize public impact. One-hundred (100) acquisitions, ninety-four (94) permanent and overhead easements and six (6) temporary construction easements, are needed to construct the RERC to Harvey Lynn and Freeman lines. RPU project staff, RPU's consulting engineer, and Real Property Services Division of the Community & Economic Development Department (CEDD) for the City of Riverside worked closely with one another and, where possible, made design changes to minimize property impacts.

The route selection process was based on least impact to property owners and in accordance with all California Environmental Quality Act (CEQA) requirements including subject matter expert evaluations and public outreach. The environmentally preferred routes were identified and the Final Environmental Impact Report (FEIR) was certified by the City Council on February 5, 2013, and the Notice of

Determination (NOD) was filed with the County of Riverside County Clerk and Recorder and the Office of Planning and Research.

The City of Jurupa Valley legally challenged the FEIR. The Second District Court of Appeal ruled in favor of the City Council's approval and upheld the certification of the FEIR. That decision was filed on November 6, 2015.

RPU staff has been coordinating the easement acquisition process for RTRP with CEDD's Real Property Services Division and the City Attorney's Office. Notices of Decision to Appraise letters were sent out and statutory Offers to Purchase were made to the owners of record between July 2014 and June 2016. Offers for the easements were based on independent appraisals of fair market value completed by independent third party appraisers. Since initiating negotiations of the 100 real property interests impacted by RTRP, sixty (60) have been acquired. The remaining forty (40) properties are owned by thirty-six (36) property owners. The ownerships, assessor's parcel numbers, and property addresses of the affected parcels, and the related property interests that are the subject of this action, are summarized in Attachment 1. This report includes thirty-six (36) Resolutions of Necessity, one for each property owner, to potentially initiate eminent domain proceedings (Attachments 2 – 37).

As of the date of publication for this report, the subject real property interests have not been obtained, but negotiations are continuing in hopes of reaching mutually acceptable settlements. Since these negotiations may continue for some time and may not close, staff recommends that Resolutions of Necessities be adopted and eminent domain actions be filed in court in order to assure timely acquisition of the property interests necessary for the project.

#### **HEARING AND REQUIRED FINDINGS:**

Subject to Board approval recommending that the City Council consider adoption of the Resolutions, required notices of the hearing will be mailed to the property owners of record. The notices will specify the City's intent to consider adoption of the Resolutions, the right to appear and be heard on the issues noted below, and that failure to file a written request would result in a waiver of the right to appear and be heard. The City will schedule the hearing at which all persons who filed a written request may appear and be heard. The hearing is also necessary for the City Council to make the required findings for the Resolutions.

The Resolutions require a two-thirds majority vote to adopt and the City Council must make four (4) findings. The required findings and facts in support thereof are as follows:

I. Whether the public interest and necessity require the proposed project.

Discussion: Riverside Public Utilities (RPU) has an obligation to provide a safe and reliable energy supply and electrical infrastructure to all customers, including government, education, and health facilities within the City limits. The Riverside Transmission Reliability Project (RTRP) is a joint project with Southern California Edison (SCE) to provide RPU a second connection to the state electric transmission grid addressing the long term electric capacity and reliability needs of the City. SCE performed a System Impact Study and a Facilities Study in 2005 at the request of RPU. Both studies indicated the need for the project. In June, 2006, the California Independent System Operator's Board of Governors affirmed construction of RTRP.

The rapid population growth and commercial development in the City have led to an increase in local electric customers and in their use of electric energy. Currently, the sole source of bulk electrical energy supply for RPU electric customers is through SCE's Vista Substation located within the City of Grand Terrace. Beginning in 2006, RPU's electrical demand has exceeded the available 557 MW of capacity from Vista Substation, requiring local generation during peak load conditions. A new interconnection to SCE's transmission system is urgently needed to provide capacity for existing as well as new electrical load and an additional point of interconnection for reliability purposes. Without

this addition, load shedding and area electrical blackouts will eventually be required. Load shedding is the intentional, controlled interruption of electrical load. It is performed by system operators, or by automatic equipment, in order to protect the majority of the electric system from permanent damage, such as from an overload.

In addition to increasing capacity, the RTRP would substantially reduce the impact of an outage similar to that which occurred to the City of Riverside in October 2007, when service from Vista Substation was interrupted. All electric customers, including government, school, university, and hospital facilities, within the City lost power for up to four hours.

RERC and Springs generation have already been constructed within the City in part to address the capacity limit at Vista Substation. The internal generation reduces the power that must flow through the transformers at Vista Substation by generating and supplying it locally. However, these generators are "peaking" units. As such, the number of hours that the units can operate is limited by the permit requirements issued by the South Coast Air Quality Management District (SCAQMD). It is not prudent utility practice to defer capacity additions by continued installation and operation of peaking units.

In addition, reinforcement is urgently needed to the existing 69 kV subtransmission system to meet standard reliability criteria. Without reinforcements, load shedding may occur following 69 kV line outages during peak load conditions. As a part of RTRP, RPU's local system would need to be divided into two systems: the east system, served from Vista Substation, and the west system, served from the new Wilderness Substation. This division would include the remaining subtransmission line reinforcements that are needed. This project will accommodate the current needs of the population as well as the needs of future population growth and energy demand. As such, the project will protect the health, safety and welfare of the general public by supplying reliable and safe electrical energy.

II. Whether the proposed public project is planned and located in a manner that would be most compatible with the greatest public good and the least private injury.

Discussion: A number of alternatives were considered and eliminated from further consideration when they failed to meet most of the basic project objectives, were infeasible, or would not avoid significant impacts on the environment and private property interests. As such, the proposed project is planned and located in a manner that will be most compatible with the least private injury to the parcels and property interests that are necessary to complete the project in a manner that enhances the health, safety and welfare of the general public by supplying reliable and safe electrical energy.

Furthermore, on February 5, 2013, Riverside's City Council adopted a resolution certifying that the Final Environmental Impact Report for RTRP was completed in compliance with the California Environmental Quality Act (CEQA). The Report affirms that the project is planned and located in a manner that would be most compatible with the greatest public good and the least private injury.

III. Whether the property interests sought to be acquired is necessary for the proposed Project.

Discussion: The City Council at its February 5, 2013 meeting found that there were no proposed feasible alternatives that would avoid or substantially lessen the project impacts. RTRP is designed to minimize impacts to private property. The real property interests sought to be acquired are necessary for the construction of the needed transmission lines. The property sought is necessary for the general health, safety and welfare of the public by addressing the energy delivery needs of the City as a whole. (See Finding I [Public Interest and Necessity] incorporated herein by reference.)

IV. Whether the offer required by Section 7267.2 of the Government Code has been made to each of the owners of record.

Discussion: Confirmation and identity of the record owners of the parcels affected by this proposed Project was made by ordering litigation guarantees and by obtaining the last equalized tax rolls. The statutory offers were then made to those property owners of record, based on approved independent appraisals of fair market value.

**FISCAL IMPACT:**

The estimated cost to acquire the subject real property interests is \$957,800 which is based on approved independent appraisals. This amount is the minimum required to be deposited into the State Condemnation Fund as part of the eminent domain process at this time. Any subsequent expenditure required above that amount would require additional authorization.

Sufficient funds are available in Public Utilities' Electrical Capital Account No. 6130000-470685.

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Attachments:

1. Resolutions of Necessity
- 2 – 37. Thirty-Six Resolutions
38. Presentation