

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE
REDEVELOPMENT AGENCY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

149



FROM: Redevelopment Agency

SUBMITTAL DATE:
January 12, 2007

SUBJECT: Sun Valley Energy Project-Owner Participation Agreement

RECOMMENDED MOTION: That the Board of Directors approve and authorize the Chairman to execute the attached Owner Participation agreement between Valle Del Sol Energy, LLC and the Redevelopment Agency.

BACKGROUND: Valle Del Sol Energy, LLC, a subsidiary of Edison International, has developed plans to construct a new peak-load power generating facility, to be known as the Sun Valley Energy Project, at 29500 Rouse Road in the unincorporated community of Romoland in Riverside County. The project site is approximately 20 acres and is within the I-215 Corridor Redevelopment Project Area, Amendment No 1b (Sun City/ Quail Valley).

(continued on page 2)

Departmental Concurrence

Robin Zimpfer

RZ:JC:DL:TE:NM

Robin Zimpfer
Executive Director

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|-----------------------|-----------------------------------|------------------------|-------------------------|--------|
| FINANCIAL DATA | Current F.Y. Total Cost: | \$ 0 | In Current Year Budget: | No |
| | Current F.Y. Net County Cost: | \$ 0 | Budget Adjustment: | No |
| | Annual Net Estimated Cost to RDA: | \$ 712,000 for 5 years | For Fiscal Year: | Future |

COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: Yes

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|--|----------------------------------|--------------------------|
| SOURCE OF FUNDS: I-215 Corridor Redevelopment Funds- Sun City/Quail Valley Sub Area | Positions To Be Deleted Per A-30 | <input type="checkbox"/> |
| | Requires 4/5 Vote | <input type="checkbox"/> |

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

James H. August

- Dep't Recomm.: Consent Policy
- Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: None

District: 3

Agenda Number:

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BACKGROUND (continued):

The Sun Valley Energy Project is designed to be a 500 megawatt peak-load facility comprised of five GE Energy LMS100 natural gas-fired turbine-generators and associated equipment. The project would provide enough power to run 165,000 three-ton residential central air conditioners and could reach full output in only 10 minutes. This plant, based on its peak-load designation, would typically operate only when demand for electricity is at its highest, such as for air conditioning usage on hot days or during power grid emergencies. This project will create an approximate average monthly workforce of 220 during construction. Additionally, there will be a total staff of nine at the facility once it is operational.

Valle Del Sol Energy, LLC, has requested the Agency's assistance in funding the construction of public infrastructure improvements associated with the Project. These improvements include the paving of Rouse Access Road; the paving and addition of sidewalks to Junipero Road; the improvement of utilities and street lighting on both Rouse and Junipero Road; the construction of a natural gas pipeline from Menifee Road to the project site; and the construction of a water discharge line from project site. The provision of such improvements is necessary to effectuate the purposes of the redevelopment plan.

Staff recommends that the Agency enter into a property tax reimbursement agreement with the company to partially reimburse the costs associated with infrastructure improvements necessary for the site. The reimbursement is appropriate due to the jobs the project will create and the substantial infrastructure improvements it will generate in the project area by infusing approximately \$4 million annually to the community in property taxes. The reimbursement agreement allows the Agency to reimburse Valle Del Sol Energy, LLC up to \$3,500,000 by reimbursing 30 percent of the net tax increment generated from the site for a period of 5 years. Net tax increment is defined to be the tax increment actually available to the Agency after it passes increment through to other taxing entities and sets aside increment for low and moderate income housing. The total off-site infrastructure costs for the project will exceed \$5,000,000. Valle Del Sol will fund the costs above \$3,500,000. Staff recommends approval of the agreement as proposed.