

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

353



FROM: Executive Office

SUBMITTAL DATE:
October 5, 2010

SUBJECT: Response to the Grand Jury Report: 2009/10 Grand Jury Report:
City of Blythe Airport (EDA)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve with or without modifications, the attached response to the Grand Jury's recommendations regarding City of Blythe Airport (EDA).
2. Direct the Clerk of the Board to immediately forward the Board's finalized response to the Grand Jury, to the Presiding Judge, and the County Clerk-Recorder (for mandatory filing with the State).

BACKGROUND: On July 13, 2010, the Board directed staff to prepare a draft of the Board's response to the Grand Jury's report regarding City of Blythe Airport (EDA)

Section 933 (c) of the Penal Code requires that the Board of Supervisors comment on the Grand Jury's recommendations pertaining to the matters under the control of the Board, and that a response be provided to the Presiding Judge of the Superior Court within 90 days.

90dayresponsef11cityofblythe.eda

FINANCIAL DATA	Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:
	Current F.Y. Net County Cost:	\$	Budget Adjustment:
	Annual Net County Cost:	\$	For Fiscal Year:

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE
 BY: *Jennifer L. Sargent*
County Executive Office Signature Jennifer L. Sargent

- Policy
- Policy
- Consent
- Consent

Dep't Recomm.:
Per Exec. Ofc.:

3.41

Departmental Concurrence

GRAND JURY REPORT
ECONOMIC DEVELOPMENT AGENCY
CITY OF BLYTHE AIRPORT

I. **FINDINGS.**

Finding 1:

“1. The City of Blythe entered into a sublease agreement and a Community Benefits Agreement with US Solar dated November 10, 2009. The sublease is in violation of terms of the lease agreement dated May 20, 1997, between the County of Riverside and the City of Blythe.”

Response 1:

The respondent disagrees partially with the finding.

The City of Blythe also entered into an option agreement in addition to the first of many proposed sublease agreements and a community benefits agreement for the transaction with US Solar. These agreements collectively are contrary to that certain Lease Agreement (“Master Lease”) between the County of Riverside and the City of Blythe dated May 20, 1997.

Finding 2:

“2. The EDA holds that this sublease is unacceptable to the county and in violation of the existing lease agreement between the County of Riverside and the City of Blythe. The EDA is in favor of the project and desirous of proceeding with a proper lease arrangement with the legal entities.”

Response 2:

The respondent agrees with the finding.

EDA’s position has been that if any subleases for a portion of any Blythe Airport property are to be executed, they need to be done in accordance to the Master Lease and all applicable local, state and federal laws.

II. RECOMMENDATIONS.

Recommendation 1:

"1. The City of Blythe should cancel all not proposed sublease agreements and the Community Benefits Agreement between the City of Blythe and Southwest Land Holdings, LLC (a wholly owned affiliate of US Solar) for the airport property. The EDA should assume the role as sole leasing agency for all lease agreements between the County of Riverside and Southwest Land Holdings, LLC."

Response 1:

The recommendation requires further analysis.

Due to the complexity of the issues and the number of parties involved, staff from the Aviation Division of EDA has been reviewing the situation at hand and discussing the multitude of issues with representatives from the City of Blythe as well as US Solar. Certain decisions would have to be made by the City of Blythe and US Solar in order to move forward with any part or all of the recommendations. EDA has consistently asserted that all agreements involving or derived from the airport property must be in the best interest of the Blythe Airport and in compliance of the federal regulations and grant assurances. For EDA to assume the role as sole leasing agency for all lease agreements would require a change or termination of the Master Lease.

The County has notified the City in writing that the Community Benefits Agreement needs to be cancelled and that either: 1) the Option Agreement and Sublease Agreement undergo substantial modifications so that they conform to the Master Lease; or 2) the Master Lease should be terminated and the County would be able to negotiate a new option agreement and sublease agreement directly with Southwest Land holdings (US Solar). A draft termination agreement has been proposed and submitted to the City for review and comment. To date, EDA is not aware whether a decision has been made by the City of Blythe. Recently the City of Blythe conducted a study session regarding the Master Lease to hear City staff recommendations and receive input from Riverside County EDA/Aviation staff. Although the City has not informed the County of its formal decision, it has been made known to the County that City staff has been directed to work with the County on a termination agreement.

Recommendation 2:

"2. The EDA should proceed with creating a lease between the County of Riverside and Southwest Land Holding, LLC, a wholly owned affiliate of U.S. Solar, for the 829 acres and comply with the covenants imposed by the Federal Aviation Administration's (FAA). Public Law 80-289 states in part "the income from such property must be used to support the maintenance, operation, or development costs of the aeronautical property."

Response 2:

The recommendation requires further analysis.

Once a direction has been determined, then the details and logistics would have to be set forth for the parties. While it might be best that the Economic Development Agency proceed with creating a lease between the County of Riverside and Southwest Land Holdings, a wholly owned affiliate of U.S. Solar, it is not possible unless and until the Master Lease between the County of Riverside and the City of Blythe is terminated and the County takes back the responsibilities for operating and managing the Blythe Airport.

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

479



FROM: Executive Office

SUBMITTAL DATE:
July 13, 2010

SUBJECT: 2009-10 Grand Jury Report: City of Blythe Airport (EDA)

RECOMMENDED MOTION: That the Board instructs the City of Blythe Airport (EDA) to forward to the Executive Office – within 30 days – a draft of the Board's response to the findings and recommendations of the Grand Jury that pertain to the Department's operational areas; and direct the Executive Office to submit draft responses to the Board within 60 days.

BACKGROUND: The attached report has been issued by the Grand Jury.

Section 933 (c) of the Penal Code requires that the Board of Supervisors comment on the Grand Jury's recommendations pertaining to matters under the control of the Board, and that a response be provided to the Presiding Judge of Superior Court within 90 days.

Draft responses received from the affected department will be consolidated and presented for the Board's consideration; the response ultimately approved by the Board will then be forwarded to the Grand Jury as required by statute.

30daycityofblytheairport07.10

Departmental Concurrence

FINANCIAL DATA	Current F.Y. Total Cost:	\$	In Current Year Budget:
	Current F.Y. Net County Cost:	\$	Budget Adjustment:
	Annual Net County Cost:	\$	For Fiscal Year:

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY:
Jay E. Orr

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Buster and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: July 13, 2010
xc: E.O., Grand Jury, EDA, COB

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

Policy Policy
 Consent Consent
 Dept's Recomm.: Per Exec. Ofc.:

Prev. Agn. Ref.: District: Agenda Number:

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

2009-2010 GRAND JURY REPORT

City of Blythe Airport

Background

The City of Blythe Airport is situated six miles to the east of the City of Blythe, adjacent to Interstate 10. The airport was built in 1930 and expanded during WWII by the Army Air Corps as a training base with two runways, each exceeding 6,000 ft. It was closed following the war and the property deeded over to the County of Riverside.

The County of Riverside leased the airport to the City of Blythe for a period of 30 years in a lease agreement dated May 20, 1997. The Riverside County Economic Development Agency (EDA) is currently reviewing this lease. The original lease specifically disallows subleases without prior approval of lessor.

In July 2009, US Solar Holdings, LLC expressed an interest in leasing from the City of Blythe 829 acres out of a total 3,904 acres in the northeast section of the airport property for the purpose of erecting a 100 megawatt solar generating plant (Photovoltaic Project) to generate electric power. (See Attachments 1 & 2) The initial sublease would be for a term of 25 years.

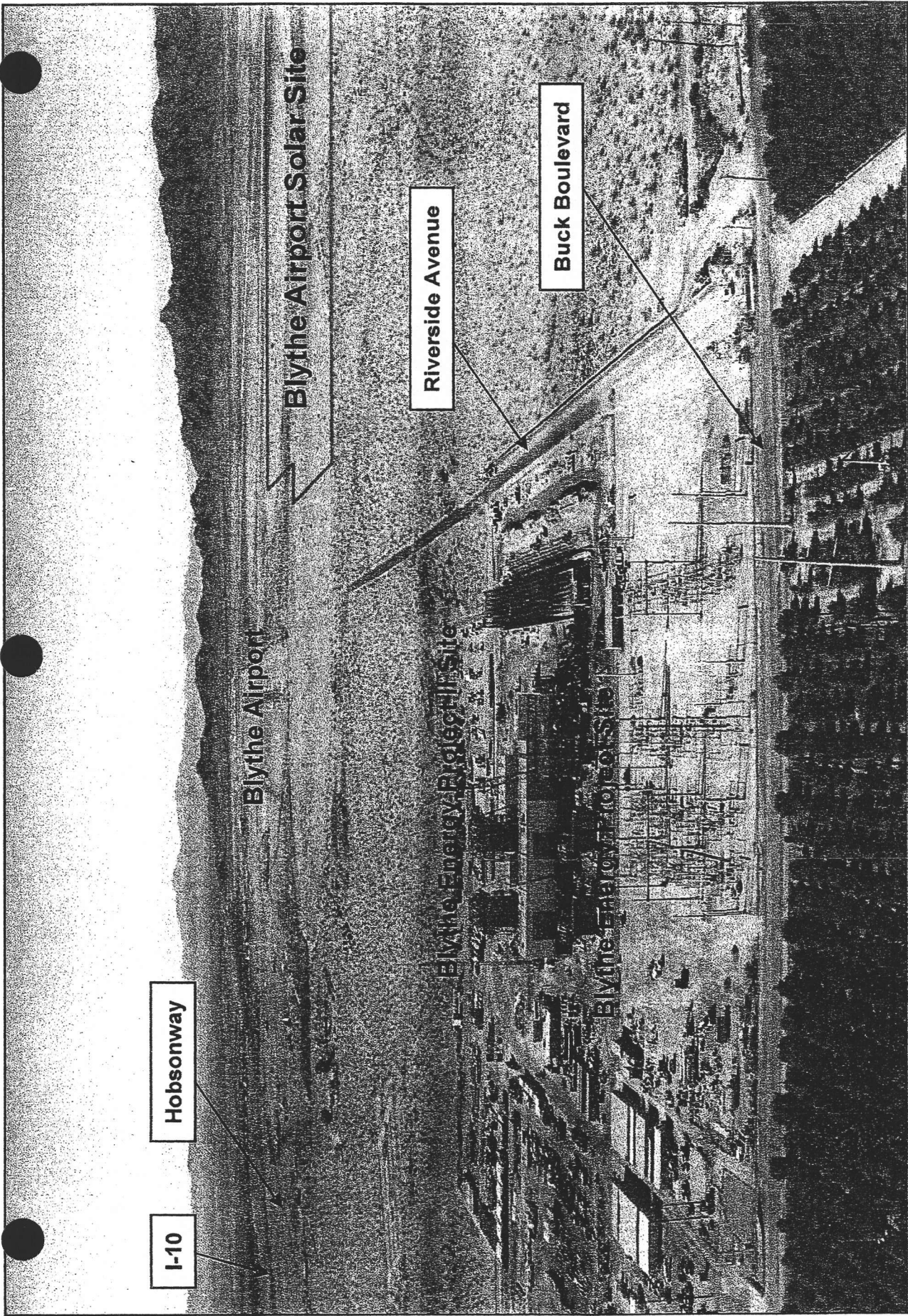
Findings

1. The City of Blythe entered into a sublease agreement and a Community Benefits Agreement with US Solar dated November 10, 2009. The sublease is in violation of terms of the lease agreement dated May 20, 1997, between the County of Riverside and the City of Blythe.
2. The EDA holds that this sublease is unacceptable to the county and in violation of the existing lease agreement between the County of Riverside and the City of Blythe. The EDA is in favor of the project and desirous of proceeding with a proper lease arrangement with the legal entities.

Recommendations

**Riverside County Board of Supervisors
Riverside County Economic Development Agency
Blythe City Council
Blythe City Manager**

1. The City of Blythe should cancel all not proposed sublease agreements and the Community Benefits Agreement between the City of Blythe and Southwest Land Holdings, LLC (a wholly owned affiliate of US Solar) for the airport property. The EDA should assume the role as sole leasing agency for all lease agreements between the County of Riverside and Southwest Land Holdings, LLC.
2. The EDA should proceed with creating a lease between the County of Riverside and Southwest Land Holding, LLC, a wholly owned affiliate of U.S. Solar, for the 829 acres and comply with the covenants imposed by the Federal Aviation Administrations (FAA). Public Law 80-289 states in part "the income from such property must be used to support the maintenance, operation, or development costs of the aeronautical property."

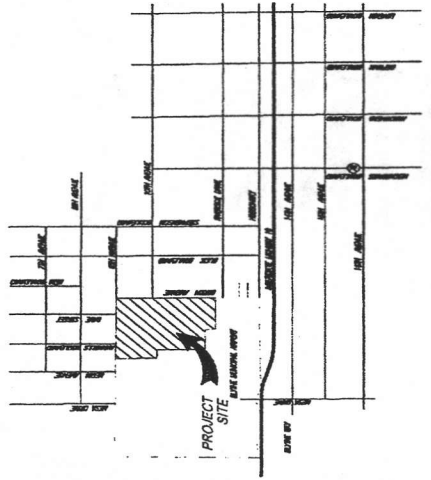


FEATURES IN VICINITY OF BLYTHE AIRPORT / SOLAR SITE
Aerial View Looking West

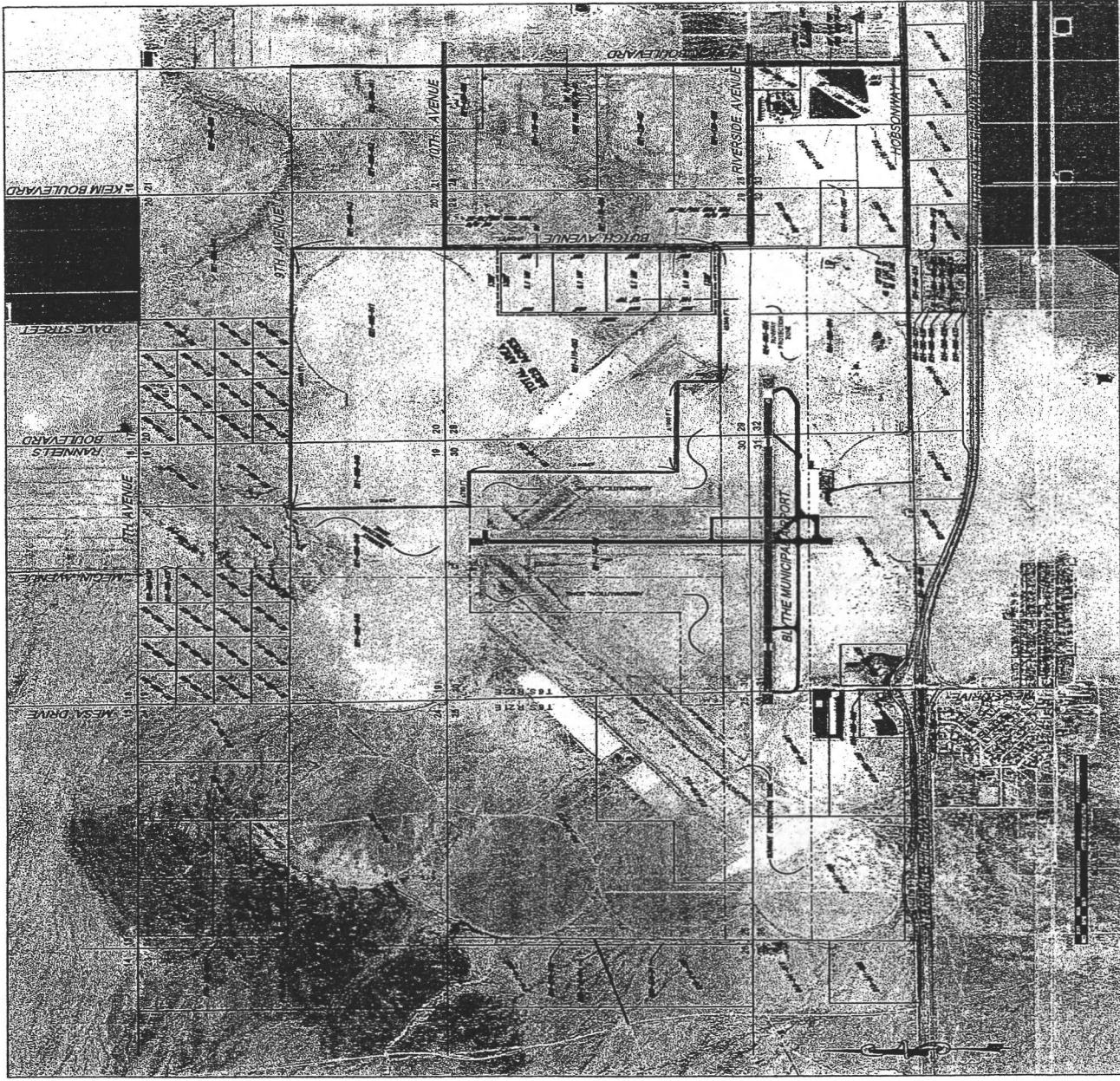
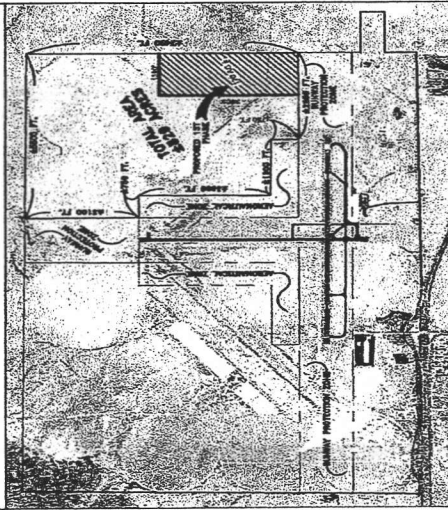
LEGEND

- ▲ BLYTHE SUBSTATION
- 345 KV LINE
- CONSTRUCTION ACCESS ROAD
- INVERTERS & TRANSFORMER
- MAINTENANCE BUILDING
- CHAIN LINK FENCE EXISTING
- GROUND STORAGE RESERVOIRS
- WATER LINE
- LIGHT

VICINITY MAP
NOT TO SCALE



LOCATION MAP
NOT TO SCALE



<p>The Holt Group, Inc. ENGINEERING • PLANNING • SURVEYING</p> <p>1001 N. Prosperity Avenue P.O. Box 1837 Blythe, California 92225 Tel: 951-337-2500 Fax: 951-337-2501 www.holtgroup.com</p>		<p>NO. _____</p> <p>REVISIONS</p>		<p>APPROVED _____ DATE _____</p> <p>DESIGNED BY: T.H.H. DRAWN BY: T.J.H. CHECKED BY: A.K.H.</p>		<p>PREPARED UNDER THE DIRECT SUPERVISION OF: ROBERT E. HOLT, P.E. DATE _____</p>		<p>PROJECT CONTENTS: U.S. SOLAR - BLYTHE SOLAR I</p> <p>DATE: _____ JOB NO.: 1088.001 SHEET NO.: 1 OF 1 SHEETS</p>		<p>CLIENT: US SOLAR LOCATION: BLYTHE AIRPORT</p>	
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ATTACHMENT 2