

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



**FROM:** Supervisor John J. Benoit

**SUBMITTAL DATE:**  
November 17, 2010

**SUBJECT:** Long Term Irrigation Rights – Blythe Airport Assumption, Amendment and Restatement Agreement

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve the Assumption, Amendment, and Restatement Agreement between the County and Blythe Energy, LLC;
2. Authorize the Chairman of the Board to Execute the Assumption, Amendment, and Restatement Agreement; and
3. Authorize the Assistant County Executive Officer/EDA, or designee, to execute any additional documents required by the Agreements.

**BACKGROUND:** Due to the city's financial burden of supporting the airport operations and maintenance, the long-term airport lease with the City of Blythe was terminated by the County as approved by the Board of Supervisors on October 5, 2010. On May 20, 1997, the Board of Supervisors approved a lease agreement between the County and the City of Blythe, whereby the County leased the Blythe Airport to the city of Blythe (the "Blythe Airport Lease") for a period of thirty years.

Prior to the termination of the Blythe Airport Lease, the City of Blythe entered into negotiations with Blythe Energy, LLC, to agree to provide long term irrigation rights. Blythe LLC had proposed to construct a natural gas-fired combined-cycle power plant capable of producing approximately 520 MW of electrical energy (the "Project") on privately owned land near the airport. The owner of the plant will construct up to three wells on the privately owned property, or nearby, to develop the required pumping capacity and redundant systems needed for the project.

(Continued)

  
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Supervisor John J. Benoit

Prev. Agn. Ref.: 3.9 5/30/97; 3.42 10/05/10

District: 4

Agenda Number:

**BACKGROUND:** (Continued)

Water uses include cooling, steam generation, maintenance and other plant uses and potable water supplies, and will consume an estimated maximum of 3,000 acre-feet per year for these purposes. The project has been in operation since, or about 2003.

Since groundwater pumping may encounter the "Colorado River Accounting Surface" as defined by the Bureau of Reclamation, the Bureau has determined that Project use of groundwater may, subject to filings pending development, be accounted for as part of the Palo Verde Irrigation District's ("PVID") priority 3 entitlement to surface water from the Colorado River. For that reason, and to ensure that the power plant project does not negatively impact the PVID, Blythe Energy, LLC voluntarily engaged in a water conservation offset program with PVID and acquired the rights associated with irrigation water use on approximately 652 acres of land within the Palo Verde Mesa.

In November of 2000, Blythe Energy, LLC negotiated an agreement with the City of Blythe, which at the time was the Lessee under the Blythe Airport Lease, and the parties executed a "Long Term Irrigation Rights Agreement" and a "First Amendment to Long Term Irrigation Rights Agreement" which provided that the Blythe Airport place long term land use restrictions on selected acreage totaling approximately 650 acres, prohibiting use of the land for agricultural irrigation, or other water intensive uses such as water parks and golf courses.

In the First Amendment to Long Term Irrigation Rights Agreement, Blythe Energy, LLC, agreed to compensate the City of Blythe a total of \$452,500.00 for the city's agreement to limit the irrigation rights on the land.

The purpose of this Form 11 is to authorize the County, as the owner of the Blythe Airport, to obtain Board of Supervisors approval for the Assumption, Amendment, and Restatement of the Long Term Irrigation Rights Agreement and First Amendment to Long Term Irrigation Rights Agreement, which will allow the County to become a party to the Agreement and go forward to administer the agreement and control the irrigation rights. The County will receive annual payments of \$44,000 per year during the term of the agreement.

The county has requested that the City of Blythe provide documentation of compliance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). If required, county will conduct any additional environmental review and analysis required to comply with CEQA and NEPA.

**Financial Data:**

This is a Revenue Transaction and no Departmental funding is required.