



## AGENDA

### REGULAR MEETING OF THE BANNING CITY COUNCIL CITY OF BANNING, CALIFORNIA

October 27, 2020  
5:00 P.M.

Council Chamber  
99 E. Ramsey Street  
and via Video/Teleconference

*The following information comprises the agenda for regular meeting of the Banning City Council, a joint meeting of the City Council and the Banning Utility Authority, and the Banning City Council sitting in its capacity of the Successor Agency Board.*

**Due to the COVID-19 pandemic emergency, and to protect the health and safety of all participants, *this meeting is being held in person and via video/teleconference.* Pursuant to Governor Newsom's Executive Orders, members of the Banning City Council, staff and public may observe and participate in this meeting electronically or telephonically as outlined below:**

To observe and participate in the on-line video portion of the meeting through your personal computer or device enter the following or click on the link:

<https://us02web.zoom.us/j/87415277765?pwd=dFVSOFBuMGpSeTBSREtPNytXYnhSQTO9>

**Meeting ID: 874 1527 7765**

**Password: 870511**

One tap mobile: +16699009128,, 87415277765#

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Meeting ID: 874 1527 7765

Find your local number: <https://us02web.zoom.us/j/87415277765?pwd=dFVSOFBuMGpSeTBSREtPNytXYnhSQTO9>

To observe the live meeting through your personal computer, but not participate with video or oral comments, you may use your computer or smart phone to enter the following or click on the link: <https://banninglive.viebit.com> or on the Banning Government Channel on Cable Television

*Per City Council Resolution 2016-44, matters taken up by the Council before 10:00 p.m. may be concluded, but no new matters shall be taken up after 10:00 p.m. except upon a unanimous vote of the council members present and voting, but such extension shall only be valid for one hour and each hour thereafter shall require a renewed action for the meeting to continue.*

## **1. CALL TO ORDER**

- 1.1. Invocation
- 1.2. Pledge of Allegiance
- 1.3. Roll Call - *Council Members Happe, Pingree, Wallace, Welch and Mayor Andrade*

## **2. AGENDA APPROVAL**

- 2.1. Approve Agenda

## **3. PRESENTATIONS**

- 3.1. Mayor's Special Recognitions

## **4. REPORT ON CLOSED SESSION**

City Attorney

## **5. PUBLIC COMMENTS, CORRESPONDENCE, APPOINTMENTS, CITY COUNCIL COMMITTEE, CITY MANAGER, AND CITY ATTORNEY REPORTS**

**PUBLIC COMMENTS** –*Items Not on the Agenda*

*A three (3) minute limitation shall apply to each member of the public who wishes to address the Mayor and Council on a matter not on the agenda. No member of the public shall be permitted to "share" his/her three minutes with any other member of the public. Usually, any items received under this heading are referred to staff for future study, research, completion and/or future Council Action (see last page). **PLEASE STATE YOUR NAME FOR THE RECORD***

### **CORRESPONDENCE**

*Items received under this category may be received and filed or referred to staff for future research or a future agenda.*

### **APPOINTMENTS**

None

### **CITY MANAGER REPORT**

### **CITY ATTORNEY REPORT**

### **CITY COUNCIL COMMITTEE REPORTS**

## **6. CONSENT ITEMS**

*The following items have been recommended for approval and will be acted upon simultaneously, unless a member of the City Council/Banning Utility Authority/Successor Agency wishes to remove an item for separate consideration.*

**Recommendation:** Approve Consent Items 6.1 – 6.12

6.1.	Minutes of the October 13, 2020 City Council Meetings .....	7
6.2.	Review and Ratify the Accounts Payable and Payroll Warrants for Period Ending September 30, 2020.....	9
6.3.	Cash, Investments and Reserve Report for the Month of September 2020 .....	11
6.4.	Police Department Statistics for September 2020 .....	13
6.5.	Fire Department Statistics for September 2020.....	15
6.6.	Public Works Capital Improvement Project Update .....	17
6.7.	Contracts Approved Under the City Manager’s Signature Authority for September 2020 .....	19
6.8.	Resolution 2020-132, Authorizing and Approving the Application for and Receipt of Per Capita Grant Funds .....	21
6.9.	Resolution 2020-134, Approving the Professional Services Agreement in the Amount of \$142,183 with CASC Engineering and Consulting, Inc. for the Preparation of a Focused General Plan Update of the Land Use and Circulation Elements .....	23
6.10.	Resolution 2020-131, Requesting an Amendment to the Fiscal Year 2020-21 Budget to Approve the Appropriation for the Council Chamber Audio Visual Upgrades Project and Approving the Agreement Between the City of Banning and Western Audio Visual of Orange, California in the Amount of \$198,827.96.....	27
6.11.	Resolution 2020-122, Approving the Emergency Purchase of a Shower/Restroom/Laundry Trailer for the Ramsey Street Village in Accordance with Emergency Procedures Authorized by Purchasing Policy B-30 .....	29
6.12.	Joint Use Agreement with Southern California Gas Company .....	31

## **7. PUBLIC HEARINGS**

None

## **8. REPORTS OF OFFICERS**

- 8.1. Amendment to the Exclusive Negotiating Agreement (ENA) with Sudweeks Development ..... **33**  
(*Staff Report: Doug Schulze, City Manager*)  
**Recommendation:** Authorize the City Manager to execute the Amendment to the ENA with Sudweeks Development for 150 E. Ramsey Street.
- 8.2. Banning Sportsman's Club Lease Agreement ..... **35**  
(*Staff Report: Doug Schulze, City Manager*)  
**Recommendation:** Authorize the City Manager to execute a lease agreement with Banning Sportsman's Club, Inc. for property at 260 Mias Canyon Road.
- 8.3. Resolution 2020-135, Authorizing the Execution of a Power Sales Agreement with the Southern California Public Power Authority for the Purchase of Baseload Renewable Energy and Capacity from the COSO Geothermal Energy Project ..... **37**  
(*Staff Report: Jim Steffens, Power Resources Manager*)  
**Recommendation:** Adopt Resolution 2020-135, 1) Authorizing the execution of a Power Sales Agreement ("PSA") with the Southern California Public Power Association ("SCPPA") for the purchase of baseload renewable energy and capacity from the COSO geothermal energy project ("COSO"). 2) Authorizing the City Manager and the Electric Utility Director or their designee(s) to execute and deliver the PSA, with such changes, insertions and omissions as shall be approved by the City Manager and the Electric Utility Director or their designee(s). The City Clerk is hereby authorized to attest to such execution. 3) Authorizing the Electric Utility Director, or his/her designee, to execute and deliver any and all other documents and instruments and to do and cause to be done any and all acts and things necessary or advisable for carrying out the responsibilities and transactions under the PSA as contemplated by this Resolution. Authorize the Electric Utility Director and the Power Resources Manager to perform all functions necessary to administer and manage the Power Sales Agreement after its execution.
- 8.4. Exclusive Negotiated Agreement (ENA) with Grandave Capital, LLC for City-Owned Property Located at 200 S. Hathaway Street ..... **43**  
(*Staff Report: Doug Schulze, City Manager*)  
**Recommendation:** Authorize the City Manager to execute an ENA with Grandave Capital, LLC for City-owned property located at 200 S. Hathaway Street, known as Banning Municipal Airport.

## **9. DISCUSSION ITEMS**

None

## **10. ITEMS FOR FUTURE AGENDAS**

New Items:

Pending Items:

1. Permanent Homeless Solution
2. Cannabis Microbusinesses
3. Shopping Cart Ordinance Update
4. Cannabis Dispensaries Ordinance Update

## **11. ADJOURNMENT**

***Next Meeting: November 10, 2020 at 5:00 P.M.***

**NOTICE:** Any member of the public may address this meeting of the Mayor and City Council on any item appearing on the agenda by approaching the microphone in the Council Chambers and asking to be recognized, either before the item about which the member desires to speak is called, or at any time during consideration of the item. A five-minute limitation shall apply to each member of the public, unless such time is extended by the Mayor. No member of the public shall be permitted to “share” his/her five minutes with any other member of the public.

Any member of the public may address this meeting of the Mayor and Council on any item which does not appear on the regular meeting agenda but is of interest to the general public and is an item upon which the Mayor and Council may act. A three-minute limitation shall apply to each member of the public, unless such time is extended by the Mayor. No member of the public shall be permitted to “share” his/her three minutes with any other member of the public. The Mayor and Council will in most instances refer items of discussion which do not appear on the agenda to staff for appropriate action or direct that the item be placed on a future agenda of the Mayor and Council. However, no other action shall be taken, nor discussion held by the Mayor and Council on any item which does not appear on the agenda, unless the action is otherwise authorized in accordance with the provisions of subdivision (b) of Section 54954.2 of the Government Code.

**In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk’s Office (951)-922-3102. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.02-35.104 ADA Title II]**

*Pursuant to amended Government Code Section 54957.5(b) staff reports and other public records related to open session agenda items are available on the City’s website at [www.banningca.gov](http://www.banningca.gov) or via email or regular mail by calling (951) 922-3102 or emailing [sdelafuente@banningca.gov](mailto:sdelafuente@banningca.gov) in the Office of the City Clerk during regular business hours, Monday through Friday, 8 a.m. to 5 p.m. and requesting a copy.*

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**CITY OF BANNING  
CITY COUNCIL REPORT**

**TO:** CITY COUNCIL  
**FROM:** Douglas Schulze, City Manager  
**PREPARED BY:** Sonja De La Fuente, Deputy City Clerk  
**MEETING DATE:** October 27, 2020  
**SUBJECT:** Minutes of the October 13, 2020, City Council Meetings

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**RECOMMENDED ACTION:**

Approve the Minutes of the October 13, 2020 City Council Meetings.

**OPTIONS:**

1. Approve as recommended.
2. Approve with modifications.
3. Do not approve and provide alternative direction.

**ATTACHMENTS:**

1. Minutes of the October 13, 2020, City Council Meetings  
<https://banningca.gov/DocumentCenter/View/8016/Minutes-10-13-2020>

Approved by:

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Douglas Schulze  
City Manager

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## CITY OF BANNING CITY COUNCIL REPORT

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**PREPARED BY:** Suzanne Cook, Deputy Finance Director  
A'ja Wallace, Budget and Financial Analyst

**MEETING DATE:** October 27, 2020

**SUBJECT:** Approval and Ratification of Accounts Payable and Payroll Warrants Issued in the Month of September 2020

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### **RECOMMENDATION:**

That City Council review and ratify the warrants for period ending **September 30, 2020**, per California Government Code Section 37208.

### **WARRANT SUMMARY:**

Description	Payment #	Amount	Total Amount
<b>Checks:</b>			
Checks Issued during Month	175425-175722	\$ 3,203,062.08	
Voided / Reissue Check		\$ 98.54	
<b>Check Total</b>			<b>\$ 3,202,963.54</b>
<b>Wires Total</b>	1038 - 1039		<b>\$ 1,890,939.25</b>
<b>ACH payments:</b>	9006842 - 9006863		
Payroll Direct Deposit 9/11/2020		\$ 404,105.50	
Payroll Direct Deposit 9/25/2020		\$ 395,199.93	
Other Payments		\$ 723,008.13	
<b>ACH Total</b>			<b>\$ 1,522,313.56</b>
<b>Payroll Checks:</b>	12167 - 12181		
Payroll - Regular 9/11/2020		\$ 1,763.41	
Payroll - Regular 9/25/2020		\$ 1,711.07	
<b>Payroll Check Total</b>			<b>\$ 3,474.48</b>
<b>Total Warrants Issued for September 2020</b>			<b>\$ 6,619,690.83</b>

**ATTACHMENTS:**

1. Fund List <https://banningca.gov/DocumentCenter/View/8013/Attachment-1---Fund-List>
2. Warrant Report September 2020  
<https://banningca.gov/DocumentCenter/View/8014/Attachment-2---Warrant-Report-September-2020>
3. Warrant Report Detail September 2020  
<https://banningca.gov/DocumentCenter/View/8011/Attachment-3---Warrant-Report-Details-September-2020>
4. Voided Check Log, Payroll Log & Registers – September 2020  
<https://banningca.gov/DocumentCenter/View/8012/Attachment-4---Void-Check-Log-Payroll-Log-and-Payroll-Registers>

If you have any questions, please contact the Finance Department so that additional detailed information can be provided to you.

Approved by:



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Douglas Schulze  
City Manager



## CITY OF BANNING CITY COUNCIL REPORT

**TO:** CITY COUNCIL

**FROM:** Doug Schulze, City Manager

**PREPARED BY:** A'ja Wallace, Budget and Financial Analyst  
Suzanne Cook, Deputy Finance Director

**MEETING DATE:** October 27, 2020

**SUBJECT:** Receive and File Cash, Investments and Reserve Report for the Month of September 2020

### **RECOMMENDATION:**

That City Council receive and file Cash, Investment and Reserve Report for **September 30, 2020** in accordance with California Government Code 53646.

### **CASH AND INVESTMENT SUMMARY:**

Description		Prior Month	Current Month
<b>Funds Under Control of the City</b>			
Cash			
	Cash on Hand \$	4,155.00 \$	4,155.00
	Checking and Savings Accounts \$	7,330,907.17 \$	6,912,533.41
Investments			
	LAIF \$	39,519,338.64 \$	39,519,338.64
	Brokerage \$	27,425,481.25 \$	27,425,546.98
<b>Total Funds Under Control of the City</b>		<b>\$ 74,279,882.06</b>	<b>\$ 73,861,574.03</b>
<b>Funds Under Control of Fiscal Agents</b>			
US Bank			
	Restricted Bond Project Accounts \$	14,801,564.93 \$	14,801,720.21
	Restricted Bond Accounts \$	4,869,764.71 \$	4,820,122.36
Union Bank & SCPPA			
	Restricted Funds \$	4,036,894.02 \$	3,684,577.34
<b>Total Funds Under Control of Fiscal Agents</b>		<b>\$ 23,708,223.66</b>	<b>\$ 23,306,419.91</b>
<b>Total Funds</b>		<b>\$ 97,988,105.72</b>	<b>\$ 97,167,993.94</b>

**RESTRICTED, ASSIGNED, COMMITTED AND RESERVED SUMMARY:**

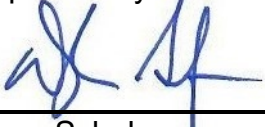
Description	Prior Month	Current Month
<b>Total Funds</b>	<b>\$ 97,988,105.72</b>	<b>\$ 97,167,993.94</b>
Restricted Funds	43,190,875.78	\$ 43,136,746.80
Assigned Funds - Specific Purpose	8,881,339.00	\$ 8,881,339.00
Committed Funds - Specific Purpose	3,525,858.25	\$ 3,525,858.25
Fund Balance Reserves	15,649,011.27	\$ 14,192,130.23
<b>Total Restricted, Assigned, Committed and Reserve</b>	<b>\$ 71,247,084.30</b>	<b>\$ 69,736,074.28</b>
<b>Operating Cash - Unrestricted Reserves</b>	<b>\$ 26,741,021.42</b>	<b>\$ 27,431,919.66</b>
Less Accounts held in Investments	\$ 27,425,481.25	\$ 27,425,546.98
Liquid Cash	\$ (684,459.83)	\$ 6,372.68

**ATTACHMENTS:**

1. Cash, Investment and Reserve Report September 2020  
<https://banningca.gov/DocumentCenter/View/8048/Attachement-1---Cash-Investment-and-Reserve-Report---September-2020>
2. Investment Report September 2020  
<https://banningca.gov/DocumentCenter/View/8049/Attachment-2---Investment-Report-September-2020>
3. City of Banning Broker Investment Report – September 2020  
<https://banningca.gov/DocumentCenter/View/8045/Attachment-3---City-of-Banning-Broker-Investment-Report-September-2020>
4. LAIF / PMIA Performance Report  
<https://banningca.gov/DocumentCenter/View/8046/Attachment-4---PMIA-LAIF-Performance-Report--September-2020>
5. LAIF Market Valuation Report September 2020  
<https://banningca.gov/DocumentCenter/View/8047/Attachment-5---LAIF-Market-Valuation-September-2020>

If you have any questions, please contact the Finance Department so that additional detailed information can be provided to you.

Approved by:

  
 \_\_\_\_\_  
 Doug Schulze  
 City Manager



**CITY OF BANNING  
CITY COUNCIL REPORT**

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**PREPARED BY:** Matthew Hamner, Police Chief  
Sol Ivett Avila, Executive Assistant

**MEETING DATE:** October 27, 2020

**SUBJECT:** Receive and File Police Department Statistics for September 2020

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**RECOMMENDED ACTION:**

Receive and File September 2020 Police Statistics.

**BACKGROUND:**

The Police Department provides statistics to the public and City Council upon request.

**FISCAL IMPACT:**

None

**OPTIONS:**

1. Receive and File

**ATTACHMENT:**

1. Police Statistics September 2020  
<https://banningca.gov/DocumentCenter/View/8018/Sept-2020-stats>

Approved by:

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Douglas Schulze  
City Manager

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**CITY OF BANNING  
CITY COUNCIL REPORT**

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**PREPARED BY:** Todd Hopkins, Division Chief  
Laurie Sampson, Executive Assistant

**MEETING DATE:** October 27, 2020

**SUBJECT:** Receive and File Fire Department Statistics for September 2020

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**RECOMMENDED ACTION:**

Receive and file Fire Department statistics for September 2020.

**BACKGROUND:**

The Fire Department provides statistics to the public and City Council upon request.

**FISCAL IMPACT:**

None

**ATTACHMENTS:**

1. Fire Statistics for September 2020  
<https://banningca.gov/DocumentCenter/View/8017/Banning-September-2020-Fire-Report>

Approved by:

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Douglas Schulze  
City Manager

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## CITY OF BANNING CITY COUNCIL REPORT

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**PREPARED BY:** Art Vela, Director of Public Works

**MEETING DATE:** October 27, 2020

**SUBJECT:** Public Works Capital Improvement Project Tracking List

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### **RECOMMENDED ACTION:**

This is informational only; receive and file report.

### **BACKGROUND:**

There are several planning, environmental, design and construction contracts that have been approved by City Council and/or the City Manager's office that are being managed by the Public Works Department. In an effort to keep the City Council and the public informed of the progress made and current status of each project, staff has prepared and will continue to update the attached Public Works CIP Tracking List. The list will be presented to City Council on a monthly basis.

### **FISCAL IMPACT:**

None

### **ATTACHMENTS:**

1. CIP Status List <https://banningca.gov/DocumentCenter/View/8015/Attach-1-CIP-Update-October-2020>

Approved by:

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Douglas Schulze  
City Manager

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**CITY OF BANNING  
CITY COUNCIL REPORT**

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**PREPARED BY:** Laurie Sampson, Executive Assistant

**MEETING DATE:** October 27, 2020

**SUBJECT:** Receive and File Contracts Approved Under the City Manager's Signature Authority for the Month of September 2020

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**RECOMMENDATION:**

Receive and file contracts approved under the City Manager's signature authority for the Month of September 2020.

**BACKGROUND:**

City Council requested regular reports of contracts signed under the City Manager's signature authority of \$25,000 or less.

**ATTACHMENT:**

1. List of Contracts September 2020  
<https://banningca.gov/DocumentCenter/View/8027/2020-Executed-Contracts-up-to-25000>

Approved by:

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Douglas Schulze  
City Manager

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## **CITY OF BANNING CITY COUNCIL REPORT**

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**PREPARED BY:** Ralph Wright, Director of Public Works

**MEETING DATE:** October 27, 2020

**SUBJECT:** Adopt Resolution 2020-132, Authorizing and Approving the Application for and Receipt of Per Capita Grant Funds

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### **RECOMMENDED ACTION:**

Staff recommends that the City Council adopt Resolution 2020-132, approving and authorizing the application for Per Capita Grant Funds.

### **BACKGROUND:**

The State Department of Parks and Recreation has been delegated the responsibility by the Legislature of the State of California for the administration of the Per Capita Grant Funds as part of the Park and Water Bond Act of 2018(Prop 68). The total Funding available for the State of California was \$185,000,000 that was dispersed on a per capita allocation to counties and cities in California that opted into the program. Additionally, there was funding in the amount of \$13,875,000 to Cities and districts in urbanized counties (A county with a population of 500,000 or more) providing park and recreation services within jurisdictions of 200,000 or less in population.

The City of Banning's allocation is \$177,952 from the Per Capita Program and \$18,974 from the Urban County Per Capita Program. This brings the total grant funding available to the City of Banning to \$196,926. The grant funding must be used for capital outlay on acquisition of parkland or development of park improvements.

These funds can be used for a single project or multiple projects. It is anticipated that these funds will be used to replace some or all the ballfield lights at Lion's Park but at this time, the exact project(s) have not been determined. Staff is required to participate in a mandatory workshop in October/November and will then be able to complete one or more applications depending on the number of viable projects. The City has until December of

2021 to submit applications for eligible projects and will be required to complete all eligible projects by December of 2023.

**JUSTIFICATION:**

These funds will provide the City the ability to complete one or more projects that benefit the community and would otherwise require the acquisition of additional grant funding or General Fund allocations.

**FISCAL IMPACT:**

For Grant match purposes, the City of Banning is considered a severely disadvantaged community and will not be required to provide any matching funds. The receipt of these funds will reduce allocation requests from the General Fund for Park Improvement Projects.

**ALTERNATIVE:**

Do not approve Resolution 2020-132 and provide alternate direction. The adoption of this Resolution is a requirement of the grant to receive funding.

**ATTACHMENTS:**

1. Resolution 2020-132  
<https://banningca.gov/DocumentCenter/View/8020/Resolution-No-2020---132-Authorizing-the-Application-for-Per-Capita-Grant-Funds>

Approved by:



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Douglas Schulze  
City Manager



## CITY OF BANNING CITY COUNCIL REPORT

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**PREPARED BY:** Adam Rush, Community Development Director  
Shiloh Rogers, Purchasing Manager

**MEETING DATE:** October 27, 2020

**SUBJECT:** Resolution 2020-134, Approving the Professional Services Agreement in the amount of \$142,183, with CASC Engineering and Consulting, Inc. for the preparation of a focused General Plan Update of the Land Use and Circulation Elements.

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### **RECOMMENDED ACTION:**

City Council adopt Resolution 2020-134 approving the following:

1. Adopt Resolution 2020-134, Approving the Professional Services Agreement in the amount of \$142,183 with CASC Engineering and Consulting, Inc. for the preparation of a focused General Plan Update of the Land Use and Circulation Elements.
2. Authorizing the City Manager or his designee to make necessary budget adjustments, appropriations and transfers related to the Professional Services Agreement.
3. Authorizing the City Manager to execute the Professional Services Agreement with CASC Engineering and Consulting, Inc.

### **BACKGROUND:**

#### **City's General Plan:**

The City of Banning last updated the General Plan in 2006, a document that typically enjoys a lifespan of about 20-years. However, the City has experienced a dramatic shift in growth spurred by an increase in economic development, residential master plans, and

commercial/industrial land speculation; all which are activities that generate individual request to amend the General Plan. Such amendments can create a “checkerboard” approach to land development and lacks a unifying vision that prevent fractured land use patterns.

Updating the General Plan will provide for a comprehensive and cohesive land pattern, supported by a framework of highways, arterials, and local roadways that efficiently and safely serve the City’s growing population.

**RFP and Selection Process:**

The Community Development Department released a Request for Proposal (RFP) on July 22, 2020 where three firms downloaded the RFP and three submitted responsive and responsible proposals. An evaluation team three City employees, drawn from two separate city departments (Public Works and Community Development) reviewed all three proposals. The resulting evaluations presented a wide variance in scoring between the two proposed firms; wherein CASC Engineering and Consulting, Inc. was determined to be the most qualified and responsive firm to propose the requested services. Therefore, City staff is requesting the Council approve a professional services agreement, with CASC Engineering and Consulting, Inc., for preparation of the focused General Plan Update.

**Discussion on Project Funding Resources:**

At the beginning of 2020, the City intended to commence procurement on a comprehensive General Plan Update; including all elements required by law (i.e., Safety, Air Quality, Open Space, etc.). However, due to the necessary budget reductions precipitated by the global health crisis caused by COVID-19, budget for this update was eliminated. In order to move forward with the General Plan Update, the City has applied for a LEAP grant funded and administered by the State department of Housing and Community Development (HCD) in the amount of \$150,000. This grant is non-competitive and allocated by City population. As of this writing, City staff has received verbal approval of the grant and anticipates receiving formal approval prior to the October 27<sup>th</sup> Council Meeting.

**JUSTIFICATION:**

The City’s General Plan is the guiding planning and policy document that establishes the broad vision of growth which directs land use patterns for a generation. The current



General Plan is nearing the end of its useful life, which is typically a 20-year term; however, the fractured nature of this existing Plan combined with the exponential increase in residential land development has created conflicts with the overall vision of future City development.

**FISCAL IMPACT:**

The total compensation for the services shall not exceed \$142,183 allocated to the balance of Fiscal Year 20/21 and approximately  $\frac{3}{4}$  quarters (or about 9-months) of F.Y. 21/22 to allow schedule for the final project close-out.

**OPTIONS:**

1. Approve as recommended.
2. Provide an alternative recommendation such as a reduced Project scope.
3. Do not approve and provide alternative direction.

**ATTACHMENTS:**

1. Resolution 2020-134  
[https://banningca.gov/DocumentCenter/View/8038/ATTACHMENT-1-Resolution-2020-134\\_PSA-Adoption\\_20201013](https://banningca.gov/DocumentCenter/View/8038/ATTACHMENT-1-Resolution-2020-134_PSA-Adoption_20201013)
  - a. Exhibit "A", General Plan RFP  
[https://banningca.gov/DocumentCenter/View/8036/EXHIBIT-A-TO-RESO-2020-134\\_RFP-20-023\\_GENERAL-PLAN-UPDATE](https://banningca.gov/DocumentCenter/View/8036/EXHIBIT-A-TO-RESO-2020-134_RFP-20-023_GENERAL-PLAN-UPDATE)
2. Draft Professional Services Agreement with CASC Engineering and Consulting, Inc.  
<https://banningca.gov/DocumentCenter/View/8037/ATTACHMENT-2---C00667-CASC-ENGINEERING-AND-CONSULTING-INC>

Approved by:



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Douglas Schulze  
City Manager

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## **CITY OF BANNING CITY COUNCIL REPORT**

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**PREPARED BY:** Laurie Sampson, Executive Assistant

**MEETING DATE:** October 27, 2020

**SUBJECT:** Resolution 2020-131, Requesting an Amendment to the FY 2020-21 Budget to Approve the Appropriation for the Council Chamber Audio Visual Upgrades Project, and Approving the Agreement Between the City of Banning and Western Audio Visual of Orange, CA in the amount of \$198,827.96

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### **RECOMMENDED ACTION:**

That the City Council adopt Resolution 2020-131:

- 1) Approving an appropriation in the amount of \$105, 536.29 from the PEG Fees Reserve Account as requested to fund the Council Chamber Audio Visual Upgrade Project.
- 2) Authorizing the City Manager or designee to make necessary budget adjustments, appropriations and transfer related to the Council Chamber Audio Visual Upgrades Project.
- 3) Authorizing the City Manager to execute the agreement between the City of Banning and Western Audio Visual of Orange, CA in the amount of \$198,827.96.

### **BACKGROUND:**

The Audio Visual equipment in the Council Chamber and Video Control Room was last upgraded 13 years ago. All of the equipment has been showing its age through malfunctioning monitors, bad cables, and failing microphones. The equipment upgrade in the Council Chamber will replace all existing microphones, monitors, cameras, wiring, projection screens, presentation hook ups, and the Crestron touch screen.

Within the Control Room, all of the equipment will be upgraded including but not limited to, the video switcher, monitors, character generator (CG), audio mixer, camera controller, equipment racks and console.

**JUSTIFICATION:**

This Project qualifies as a public works project under \$200,000. All CARES Act procurement requires have been met. Funding has been identified as accounts specifically classified for communication improvements that cannot be spent for any other purpose.

The PEG Reserve Account has funds in the amount of \$105,536.29, specifically for the improvement of these facilities. During the COVID-19 crisis CARES Act Grant Funds became available and have been awarded to the City of Banning for this exact type of project. A very small portion of the project will be funded with Public Benefits Funds.

**FISCAL IMPACT:**

Account 001-2020-446.90-56 \$196,827.96 (Media TV Capital Equipment), to be funded from Account 001-1300-412.41-29 \$80,695.25 (CARES Act. Grant Funds), Account 675-7020-473.41-46, \$10,596.42 (Public Benefit Fund) and \$105,536.29 appropriated from Account 001-0000-285.11-00 (PEG Reserve Account).

**ATTACHMENTS:**

1. Resolution 2020-131  
<https://banningca.gov/DocumentCenter/View/8034/Resolution-2020-131-Western-AV-Project>
2. Western Audio Visual Quote  
<https://banningca.gov/DocumentCenter/View/8035/Att-2-Western-AV-Quote>
3. Executed Agreement <https://banningca.gov/DocumentCenter/View/8033/Att-3-Western-AV-10-13-2020>

Approved by:



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Douglas Schulze  
City Manager



## **CITY OF BANNING CITY COUNCIL REPORT**

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**MEETING DATE:** October 27, 2020

**SUBJECT:** Resolution 2020-122, Approving the Emergency Purchase of Shower/Restroom/Laundry Trailer for Ramsey Street Village in Accordance with Emergency Procedures Authorized by Purchasing Policy B-30.

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### **RECOMMENDED ACTION:**

City Council adopt Resolution 2020-122, approving the emergency purchase of a shower/restroom/laundry trailer in the amount of \$59,317.04 plus applicable California license, and registration fees for the Ramsey Street Village.

### **BACKGROUND:**

In April 2020, the City of Banning established a non-congregate shelter for homeless individuals at 1909 E. Ramsey Street. Since the initial occupancy of the shelters, Ramsey Street Village has provided housing for 40 individuals who would otherwise be without shelter. Community businesses, faith-based organizations and non-profit organizations have collaborated with the City of Banning to provide meals, clothing, showers, AA meetings, and religious services. The Riverside County Housing Authority and Riverside County Social Services have also collaborated to help Village resident's transition to more permanent housing, connect with services, and find employment.

City staff, with assistance from consultants Blais & Associates, applied for the County of Riverside CARES Act – Emergency Solutions Grant (ESG-CV). These special ESG-CV funds are to be used to prevent, prepare for, and respond to the coronavirus pandemic (COVID19) among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts of COVID-19. The grant application included a request for funding for a shower/restroom/laundry trailer. After receiving notification from the County of Riverside, Department of Housing, Homelessness Prevention & Workforce Solutions that the City was awarded grant funds for operations and maintenance at the Ramsey Street Village, quotes were solicited from three (3) vendors and the lowest responsive and responsible bidder was National Restroom Trailers, LLC. The trailer will

provide shower and laundry facilities for residents of Ramsey Street Village. In addition, the trailer will replace the portable toilets that are rented on a monthly basis at the Village.

Purchasing Policy B-30, Section 13 authorizes emergency procurement to occur under certain conditions, including where the “safety and/or welfare of City residents or employees is at stake and/or immediate purchasing action is required to prevent serious economic or other hardship to the City.” Under these circumstances along with being awarded the ESG-CV grant, the City issued emergency purchase order (PO) 30637 to procure the shower, restroom, and laundry trailer to be utilized at the Ramsey Street Village.

**JUSTIFICATION:**

Ramsey Street Village is intended to provide transitional sheltering for homeless individuals. Shower and laundry facilities help provide a sanitary condition and are essential for homeless individuals to find employment. Funding for the acquisition has been awarded to the City.

**FISCAL IMPACT:**

Grant funds have been awarded for the cost of the trailer. Ongoing operating costs will be incurred for electricity, water and sewage disposal.

**ATTACHMENTS:**

1. Resolution No. 2020-122  
<https://banningca.gov/DocumentCenter/View/8040/Resolution-2020-122-National-Restroom-Trailer>
2. Invoice from National Restroom Trailers, LLC  
[https://banningca.gov/DocumentCenter/View/8041/Invoice\\_2020090901 from NATIONAL RESTROOM TRAILERS LLC](https://banningca.gov/DocumentCenter/View/8041/Invoice_2020090901_from_NATIONAL_RESTROOM_TRAILERS_LLC)

Approved by:



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Douglas Schulze  
City Manager



## CITY OF BANNING CITY COUNCIL REPORT

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**PREPARED BY:** Art Vela, Director of Public Works

**MEETING DATE:** October 27, 2020

**SUBJECT:** Approve a Joint Use Agreement with the Southern California Gas Company

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### **RECOMMENDED ACTION:**

Approve the Joint Use Agreement (“JUA”) with the Southern California Gas Company (“SoCalGas”) and authorize the City Manager to execute the JUA.

### **BACKGROUND:**

In connection with Pardee’s Atwell development (“Project”), Pardee intends to construct a future roadway called Meadowline Way that crosses, from west to east, the entire development. Generally, along the alignment of Meadowline Way lies an existing 30” gas main owned and operated by SoCalGas, who possesses an easement along with certain rights dating back to 1950 for the operation and maintenance of said gas main.

Pardee’s project, specifically the construction of Meadowline Way, requires the relocation of portions of SoCalGas’ 30” gas main to an area outside of SoCalGas’ existing easement. SoCalGas has agreed to realign portions of the 30” gas main to accommodate Pardee’s project but wishes to maintain its existing rights granted to them under the existing easement.

### **JUSTIFICATION:**

The relocation of SoCalGas’ 30” gas main is required to accommodate the construction of Meadowline Way, a future public street associated with Pardee’s Atwell development. SoCalGas has committed to realign said facility to accommodate Pardee’s project so long that a JUA is executed to preserve their existing rights.

City staff and legal counsel have reviewed the JUA and staff now makes the recommendation for approval.

**FISCAL IMPACT:**

There is no fiscal impact associated with the approval of the JUA. Realignment costs associated with SoCalGas' 30" gas main will be paid for by Pardee and SoCalGas.

**ATTACHMENTS:**

1. Joint Use Facility Agreement  
[https://banningca.gov/DocumentCenter/View/8019/Attach-1-City-of-Banning-SoCalGas\\_10122020](https://banningca.gov/DocumentCenter/View/8019/Attach-1-City-of-Banning-SoCalGas_10122020)

Approved by:



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Douglas Schulze  
City Manager





## **CITY OF BANNING CITY COUNCIL REPORT**

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**MEETING DATE:** October 27, 2020

**SUBJECT:** Amendment to Exclusive Negotiated Agreement with Sudweeks Development

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### **RECOMMENDED ACTION:**

A motion to authorize the City Manager to execute the Exclusive Negotiated Agreement with Sudweeks Development for 150 E. Ramsey Street.

### **BACKGROUND:**

On March 10, 2020, the City entered into an Exclusive Negotiated Agreement with Sudweeks Development for property at 150 E. Ramsey Street (former San Gorgonio Inn). Recently, Best Development contacted City staff regarding the property. Best Development's representative was put in contact with Sudweeks Development and they have reached an agreement to proceed with a joint venture. As a result, the ENA will need to be amended to remove two parcels from the Agreement so they can be sold to Best Development now. The remaining parcels will remain under the ENA with Sudweeks Development until the Agreement expires in March 2021.

Best Development intends to purchase the two easterly parcels, which is the area of the site plan that is intended for retail commercial development. That portion of the project will be moving forward on a faster timeframe than the Medical Office Building project to be developed by Sudweeks Development.

### **JUSTIFICATION:**

Amendment of the ENA is necessary prior to sale of the two parcels to be purchased by Best Development. Sudweeks Development has consented to amendment of the ENA for this purpose. Sale of the two parcels to Best Development and initiation of the commercial retail phase will allow Sudweeks Development to offer more incentives to the Medical Office Building tenant, which could accelerate that phase.

### **FISCAL IMPACT:**

No fiscal impact associated with amendment of the ENA other than it will facilitate the sale and development of the property on a faster timeframe.

**OPTIONS:**

1. Approve as recommended.
2. Do not approve and provide alternative direction.

**ATTACHMENTS:**

1. ENA Amendment No. 1  
<https://banningca.gov/DocumentCenter/View/8032/Amendment-No-1-to-ENA>
2. March 2020 ENA <https://banningca.gov/DocumentCenter/View/8031/ENA---Sudweeks-Development>

Approved by:

A handwritten signature in blue ink, appearing to read 'DS', is written over a horizontal line.

Douglas Schulze  
City Manager



## CITY OF BANNING CITY COUNCIL REPORT

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**MEETING DATE:** October 27, 2020

**SUBJECT:** Banning Sportsman's Club Lease Agreement

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### **RECOMMENDED ACTION:**

City Council authorize the City Manager to execute a lease agreement with Banning Sportsman's Club, Inc. for property at 260 Mias Canyon Road.

### **BACKGROUND:**

The current lease agreement with the Banning Sportsman's Club was entered into on June 27, 2007. The term of the current lease agreement included a one (1) year period with a fifteen (15) year extension. Therefore, the current lease agreement expires in June 2023. Representatives of the Banning Sportsman's Club contact the City Manager's Office several months ago to request consideration of an additional extension or new lease agreement.

The purpose of the request for the extension or new lease agreement is because the Sportsman's Club desires to make improvements to their facilities on the property, but they do not want to invest in the property if the lease is going to be terminated in a few years. While the Sportsman's Club uses the property for the sole purpose of maintaining and operating a clubhouse, rifle and pistol shooting range, and related activities, the lease agreement also requires the Club to make the property available exclusively to the Banning Police Department one day per week. Use of the facilities is of substantial value to the City of Banning.

It is not financially feasible for the City to operate a gun range solely for the purpose of the Banning Police Department. The Police Department uses the range on a weekly basis. The cost of weekly training at another range would approximately be \$500 per week for a total of \$26,000 per year. Operation of the facility by a 501 (c) (3), such as the Sportsman's Club, is a cost-effective option for the Banning Police Department to have a facility within close proximity. The lease agreement has been re-written completely to make it easier to interpret and updated with current language found in lease agreements.

City staff is not recommending declaration of the property as surplus due to the potential future use of the property for municipal operations. However, it is unlikely that the City will require use of the property within the proposed lease term.

**JUSTIFICATION:**

The City-owned property located at 260 Mias Canyon Road is currently used by the Banning Sportsman's Club as a rifle and pistol shooting range. The facilities require improvements and that investment is not practical without a longer term lease.

**FISCAL IMPACT:**

Cost savings to the City by having a shooting range for Banning Police Officers to use for training.

**OPTIONS:**

1. Approve as recommended.
2. Do not approve and provide alternative direction.

**ATTACHMENTS:**

1. Current Banning Sportsman's Club Lease Agreement  
<https://banningca.gov/DocumentCenter/View/8029/2007-Lease-Agreement>
2. Draft Lease Agreement  
<https://banningca.gov/DocumentCenter/View/8030/Lease-Agreement-final-draft>

Approved by:



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Douglas Schulze  
City Manager



**CITY OF BANNING  
CITY COUNCIL REPORT**

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**PREPARED BY:** Jim Steffens, Power Resources Manager  
Tom Miller, Electric Utility Director

**MEETING DATE:** October 27, 2020

**SUBJECT:** Resolution 2020-135 Authorizing the Execution of a Power Sales Agreement with the Southern California Public Power Authority for the Purchase of Baseload Renewable Energy and Capacity from the COSO Geothermal Energy Project.

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**RECOMMENDED ACTION:**

Adopt Resolution No. 2020-135:

- I. Authorizing the execution of a Power Sales Agreement ("PSA") with the Southern California Public Power Association ("SCPPA") for the purchase of baseload renewable energy and capacity from the COSO geothermal energy project ("COSO").
- II. Authorizing the City Manager and the Electric Utility Director or their designee(s) to execute and deliver the PSA, with such changes, insertions and omissions as shall be approved by the City Manager and the Electric Utility Director or their designee(s). The City Clerk is hereby authorized to attest to such execution.
- III. Authorize the Electric Utility Director, or his/her designee, to execute and deliver any and all other documents and instruments and to do and cause to be done any and all acts and things necessary or advisable for carrying out the responsibilities and transactions under the PSA as contemplated by this Resolution. Authorize the Electric Utility Director and the Power Resources Manager to perform all functions necessary to administer and manage the Power Sales Agreement after its execution.

**BACKGROUND:**

In anticipation of the December 2017 decommissioning of the San Juan Unit 3 coal plant, on June 24, 2014 the City Council passed Resolution 2014-49 authorizing the

execution of a PSA with SCPPA for the purchase of baseload renewable energy and capacity from the Puente Hills Landfill Gas-to-Energy Facility (“Puente Hills”). One of the main reasons for entering the Puente Hills PSA was to partially replace the **baseload** energy and capacity that was lost when San Juan shut down. “Baseload” means that the facility produces energy consistently around the clock. This is one of the main differences from “intermittent” resources like solar and wind, which only produce energy when the sun is shining or the wind is blowing. It is imperative for an electric utility to have enough baseload resources in its portfolio for reliability purposes and to ensure that the utility has enough energy during the evening, night and morning hours, when its solar is not producing. Further enhancing the value of baseload energy is the fact that it produces energy during the evening peak-load hours, when wholesale energy is the most expensive due to all the Western United States' solar production coming offline.

As discussed above, having enough baseload resources is important from a reliability perspective. But more importantly, from a risk management perspective, having adequate baseload resources reduces an electric utility’s exposure to the volatility of the wholesale energy markets. At the very minimum, a utility should have enough baseload resources to meet its minimum load, which occurs during the late nighttime / early morning hours when most customers are asleep. For the City of Banning Electric Utility (“Utility”) this minimum load is approximately 11 MWs. Prior to the decommissioning of San Juan, the Utility had 27 MWs of baseload resources consisting of:

San Juan Unit 3 Coal Plant –	19 MWs
Palo Verde Nuclear Power -	2 MWs
Ormat Gould 2 Geothermal Facility -	4 MWs
Ormat Heber Geothermal Facility -	<u>2 MWs</u>
Total Baseload Resources:	27 MWs

Currently, the Utility has 9.4 MWs of baseload resources consisting of:

Puente Hills Landfill –	5.4 MWs
Palo Verde Nuclear Power -	2 MWs
Ormat Heber Geothermal Facility -	<u>2 MWs</u>
Total Baseload Resources:	9.4 MWs

The Puente Hills Landfill is no longer accepting waste; therefore, the energy and capacity output of Puente Hills is decreasing each year as the available “fuel” is depleted. When the Puente Hills PSA was entered, it was assumed that the output would decrease each year at a rate of 4-6%. However, the actual decrease has been 10-12% annually. When the Puente Hills PSA was signed, it was anticipated that the Utility would receive 8.7 MWs of energy and capacity in 2017. Instead, the Utility’s share of Puente Hills produced an average of only 6.5 MWs in 2017. To help mitigate this shortfall, on November 14, 2017, the City Council passed Resolution 2017-105, acquiring the City of Azusa’s 1 MW capacity share of Puente Hills. Nevertheless, as of July 2020 the Utility’s capacity share of Puente Hills has dropped to 5.4 MWs. Assuming an annual decline of 10%, the Utility’s capacity share of Puente Hills will drop to 4.4 MWs by 2022, and 3.2 MWs by 2025.

The Utility's Ormat Gould 2 geothermal baseload contract for 4 MWs, which was priced at \$88.35 per MWh, expired on December 31, 2018, resulting in a further loss of baseload resources and capacity. Additionally, the Utility's Ormat Heber geothermal baseload contract has an annual price escalation clause of 1.5%. Because the upper price on the Ormat Heber contract has become extremely over market (\$91.03 per MWh), all the SCPPA participants have chosen to exercise an offramp clause to terminate the contract effective December 31, 2021. Therefore, the Utility will be losing an additional 2 MWs of baseload energy and capacity. The accelerated decline of Puente Hills, the expiration of the Ormat Gould 2 contract, combined with the impending termination of the Ormat Heber contract, has prompted the Utility to seek a new PSA for baseload energy and capacity. By 2022, the only baseload resources the Utility will have will be the 2 MWs from Palo Verde and the declining 4.4 MWs from Puente Hills, for a total of 6.4 MWs. This amount is well below the needed 11 MWs of baseload resources to cover the Utility's minimum load. As the output from Puente Hills continues to decline, this deficit will continue to grow to critical levels, especially as the Pardee development comes online.

The Utility has been looking to enter a new PSA for a project that meets three specific criteria. First, as discussed above, the project needs to be baseload energy. Second, the project also needs to be renewable energy, especially given that the state of California passed Senate Bill 100, requiring that all utilities be 50% renewable by 2026, 60% renewable by 2030, and 100% emissions free by 2045. Finally, in order to reduce the Utility's ongoing resource adequacy expenses, the project needs to be located within the California Independent System Operator's ("CAISO") territory, thereby meeting the CAISO's requirements for System Resource Adequacy Capacity ("RA"). (The CAISO grants 100% RA value to geothermal resources, as compared to the fractional values that it grants to intermittent resources such as solar or wind. The more RA that the Utility has in its own portfolio, the less RA the Utility must purchase annually on the open markets. The value of RA has increased significantly in the last several years, as the RA markets have severely tightened. Additionally, the recent resource deficiencies and rolling blackouts in the summer of 2020 have led to speculation that the CAISO will add more teeth to and/or expand utilities' RA requirements. Having enough RA-intensive resources in its own portfolio will help insulate the Utility from this upward volatility in the RA markets, as well as better position the Utility for anticipated future toughening/increasing of CAISO RA requirements.)

COSO is a unique resource in that it meets all three of these criteria. Renewable baseload resources that are located within the CAISO territory, and therefore qualify as 100% RA, are becoming relatively rare. The timing of the COSO contract is also optimal, as the delivery commencement date is January 1, 2022, perfectly corresponding to the termination of the Ormat Heber geothermal contract.

COSO is located at the U.S. Naval Weapons Center in Inyo County, California, and interconnects with the CAISO's system at the Inyo-Kern Substation in Inyo County and the Kraemer Junction Substation in San Bernardino County. The point of delivery will be at SP-15. The project is owned by COSO Geothermal Power Holdings LLC ("Seller"), a subsidiary of Middle River Power. (As an aside, the SCPPA family has been looking for

years to enter into a Geothermal contract with a company other than Ormat. Ormat is the largest geothermal developer in the world, and in the past has used their size and market dominance to their advantage during negotiations, especially regarding pricing. COSO will be the lowest-priced geothermal contract that the SCPPA family has ever entered.) COSO was built in 1987, with the original off-taker being Southern California Edison. The COSO facility has an expected gross capacity of 130 MWs. SCPPA's Power Purchase Agreements with COSO Geothermal Power Holdings LLC is for 58 MWs of the capacity of COSO.

**Project Allocations:** The participating SCPPA members include the Cities of Banning, Riverside, and Pasadena. The output of SCPPA's 58 MW portion of COSO will be allocated amongst the participants as follows:

Banning	8 MWs
Pasadena	20 MWs
Riverside	30 MWs

The highlights of the proposed transaction are as follows:

1. Size: Capacity is expected to be 130 MWs, declining at a rate of 1% per year. SCPPA has contracted for 58 MWs of this capacity, of which Banning will be receiving 8 MWs. A portion of the facility's remaining capacity is under contract to several Community Choice Aggregators.
2. Expected Capacity Factor: 95%
3. Price: \$69.00 per MWh FIXED for the term of the PSA, with no inflators. The price includes the energy, associated environmental attributes, and the associated RA capacity rights.
4. Start Date: The Delivery Commencement Date is January 1, 2022.
5. Guaranteed Energy: If there is a failure to deliver at least 85% of the annual Guaranteed Generation, the Seller will pay the positive difference, if any, between the Buyer's actual replacement cost and the contract price, if the Buyer purchased energy and the associated environmental attributes and RA capacity to make up the shortfall, or the applicable market prices, if a purchase wasn't made.
6. Term: 20 years.
7. Facility Location: Inyo County, California
8. Delivery Point: The Point of Delivery will be SP-15, which will greatly mitigate any congestion risk.



There are two (2) agreements related to SCPPA's participation in the Project: SCPPA executes a Power Purchase Agreement directly with COSO Geothermal Power Holdings LLC, which the SCPPA Board has already voted and approved to have the SCPPA Executive Director execute. In addition, each SCPPA member participating in COSO must execute a standard Power Sales Agreement with SCPPA.

### **JUSTIFICATION:**

Executing the COSO PSA will allow the Utility to maintain minimum necessary levels of baseload resources by replacing the renewable baseload energy and capacity lost due to the expiration of the Ormat Gould 2 geothermal contract, the continuing denigration of Puente Hills, and the impending termination of the Ormat Heber geothermal contract. Having the minimum levels of baseload resources is a key risk management strategy, because it lessens the Utility's exposure to the volatility of the wholesale energy markets and RA markets. Additionally, it is widely expected that the CAISO will require low-resourced utilities to procure additional resources in response to the heat waves and rolling blackouts of the summer of 2020.

The Utility will also eventually be reducing operating expenses as the Puente Hills output continues to decrease, since the \$69.00 price of COSO is 14% less than the \$80 price of Puente Hills. Additionally, the COSO price is 24% less than the \$91.03 upper price of the Ormat Heber geothermal contract and 22% less than the \$88.35 price of the recently expired Ormat Gould 2 geothermal contract.

### **FISCAL IMPACT:**

COSO will require no contribution to construction or start-up costs to the Utility. The Utility would only pay for actual energy, RA capacity, and environmental attributes received at the fixed contract price of \$69.00 per MWh. The projected annual cost, based on the anticipated output, would be about \$4.6 million per year, beginning on the delivery commencement date. The \$69.00 per MWh price is \$11.00 less than the \$80 MWh price of the Puente Hills contract and \$22.03 less than the \$91.03 upper price of the Ormat Heber geothermal contract. Since COSO will be replacing these resources, the result is that after Puente Hills completely denigrates, the Utility will be paying less annually than it has historically been paying for 8 MWs of renewable baseload energy and capacity. Plus, COSO provides full CAISO RA comparable to the resources it is replacing, continuing to save the Utility an estimated annual \$600,000 in RA expenses. Additionally, having the minimum necessary levels of baseload energy will help insulate the Utility from price shocks in the wholesale energy markets.

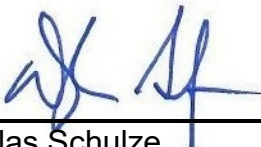
**OPTIONS:**

1. Approve as recommended.
2. Do not approve, resulting in the Utility either having to enter into a different renewable baseload PSA, or the Utility not having sufficient minimum baseload resources and thereby being highly exposed to the volatility of the wholesale energy markets and RA markets.

**ATTACHMENTS:**

1. SCPPA Board Documents
  - a. SCPPA Board Presentation  
<https://banningca.gov/DocumentCenter/View/8025/SR-Attachment-1A-COSO-SCPPA-Presentation>
  - b. SCPPA Board Approval Email  
<https://banningca.gov/DocumentCenter/View/8026/SR-Attachment-1B-Coso-SCPPA-Board-Approval-09172020>
  - c. SCPPA Email of SB1368 Notification  
<https://banningca.gov/DocumentCenter/View/8021/SR-Attachment-1C-Coso-SB1368-Notification>
2. Resolution 2020-135 <https://banningca.gov/DocumentCenter/View/8022/2020-COSO-Resolution-Final>
  - a. Exhibit A Part 1 – Power Sales Agreement  
[https://banningca.gov/DocumentCenter/View/8023/Reso-Exhibit-A-Part-1--SCPPA\\_Coso-Geothermal---Power-Sales-Agreement-Banning-Execution-Version](https://banningca.gov/DocumentCenter/View/8023/Reso-Exhibit-A-Part-1--SCPPA_Coso-Geothermal---Power-Sales-Agreement-Banning-Execution-Version)
  - b. Exhibit A Part 2 – Power Purchase Agreement  
<https://banningca.gov/DocumentCenter/View/8024/Reso-Exhibit-A-Part-2--SCPPA---Coso-Geothermal---Power-Purchase-Agreement-Execution-Version>

Approved by:



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Douglas Schulze  
City Manager



## **CITY OF BANNING CITY COUNCIL REPORT**

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**MEETING DATE:** October 27, 2020

**SUBJECT:** Authorize City Manager to Enter Into an Exclusive Negotiated Agreement with Grandave Capital, LLC for City-owned Property located at 200 S. Hathaway Street

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### **RECOMMENDED ACTION:**

City Council adopt a motion authorizing the City Manager to execute an Exclusive Negotiated Agreement with Grandave Capital, LLC for City-owned Property located at 200 S. Hathaway Street, known as Banning Municipal Airport.

### **BACKGROUND:**

Representatives from Grandave Capital, LLC have approached City staff regarding a proposed development of City-owned property at 200 S. Hathaway Street, which includes Assessor Parcel Numbers 532-130-011, 012, and 018. This property is commonly known as Banning Municipal Airport. The proposed development would allow the airport to continue operating and greatly improve the condition and amenities for airport users.

At this point, the proposal is confidential, but a public announcement is being planned as soon as the developer is confident that the project can be funded and the airport property can be developed as proposed. The ENA is necessary for the developer to engage in discussions regarding financing the proposed development. Once project financing has been established, Grandave Capital will move to entitlement.

A conversation with the Federal Aviation Administration has also been conducted and initial input from FAA representatives was positive regarding the proposed project. However, the FAA process will require substantial involvement of City staff.

### **JUSTIFICATION:**

The Exclusive Negotiated Agreement is necessary to allow the developer to obtain project financing and move forward with due diligence and the entitlement process. The City can terminate the ENA with an appropriate notice to the developer in the event of insufficient

progress. Airport operations will not be impacted as a result of the ENA. In addition, the proposed development would bring a substantial number of quality jobs to Banning as well as generate revenue for the City.

**FISCAL IMPACT:**

The ENA requires the developer to deposit funds to be drawn down as expenses are incurred. Funds will be replenished as needed throughout the entitlement process.

**ATTACHMENTS:**

1. ENA with Grandave Capital, LLC  
<https://banningca.gov/DocumentCenter/View/8043/GrandaveCapitalENAv2>
2. Grandave Capital, LLC Statement of Information  
<https://banningca.gov/DocumentCenter/View/8042/Grandave-Capital-LLC---SOI>
3. Grandave Capital, LLC Articles of Incorporation  
<https://banningca.gov/DocumentCenter/View/8044/Grandave-Capital-LLC---confrmed--Articles-of-Organization>

Approved by:



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Douglas Schulze  
City Manager