

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: June 22-23, 2011

Reference No.: 2.4c. - **REVISED**
Action Item

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Brent Green
Chief
Division of Right of Way and
Land Surveys

Subject: **REQUEST TO EXTEND DIRECT NEGOTIATIONS WITH SACRAMENTO MUNICIPAL UTILITIES DISTRICT (SMUD)**

CTC ACTION UPDATE: The California Transportation Commission (Commission) approved to extend for six months, the authorization to directly negotiate with SMUD and complete lease negotiations for review and approval by the Commission at a future meeting.

RECOMMENDATION:

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) extend for one year the authorization to directly negotiate with Sacramento Municipal Utilities District (SMUD) to allow the parties to continue proposal review and negotiation of developmental lease terms to install and maintain solar panels within two parcels of operating right of way in Sacramento County.

BACKGROUND

June 2010 CTC Action: One Year Direct Negotiation Authorization Granted

At the June/July 2010 meeting, the Commission voted to give the Department a one year authorization to directly negotiate with SMUD for placement of solar panels at two locations along the Highway 50 corridor in Sacramento County.

Proposal Summary: Pilot Project to Install Solar Panels within Department Operating Right-of-Way
SMUD, in conjunction with a private partner that will be selected via the bid process, proposes to develop, finance, construct, own, operate and maintain photovoltaic (PV) solar facilities at two separate locations in operating right of way adjacent to the Highway 50 corridor in the Sacramento area. This proposal will serve as a demonstration project to establish the feasibility and best method of placing utility-scale solar PV power installations on Department property. This is a design-build project. The Department will enter into a lease with SMUD and SMUD will sublease to the private partner, pending Departmental review and approval of the sublease terms and conditions.

The two separate locations selected for demonstration project development are the North cut-slope from 65th Street to Stockton Boulevard and the Mather Field Road/Highway 50 interchange and westbound on-ramp.

Accomplishments since July 2010:

- Project Study Reviews: A Phase I and Phase II conceptual project study were submitted to Department for review and comment in September 2009 and June 2010, respectively. District functions provided comments regarding safety and design issues for the proposal and confirmation of Conceptual approval. As a result of Department comment from the Phase I and Phase II studies, glare and noise studies were also commissioned by SMUD. Results of both the glare and noise studies were evaluated by the Department and accepted.
- Environmental Review: SMUD released the California Environmental Quality Act (CEQA) document for public comment in March 2011. The public comment period ended on April 15, 2011. As responsible agency, Department Environmental staff reviewed the draft document and comments were incorporated in the final document.
- Mapping: Department boundary mapping for the two separate proposed lease areas was completed in spring 2011.
- Community Outreach: Two public outreach meetings were held by SMUD in September 2010 to share information and solicit input from residents of both the cities of Sacramento and Rancho Cordova, respectively. In addition, a joint City of Sacramento/Rancho Cordova public meeting was held in March 2011. Sacramento and Rancho Cordova are the two cities impacted by this proposal.
- Meetings with Local Agencies: SMUD staff has met with all the affected local agencies: The Cities of Sacramento and Rancho Cordova and County of Sacramento. Work is in progress to obtain official documentation of jurisdictional approval. Subject agencies have expressed overall support of this proposal.
- Lease Negotiations: In December 2010, Department provided SMUD with a standard solar lease template. SMUD and Department staff met face to face in March 2011 to formulate final language, exclusive of the rent clause, whose content is pending completion and Department approval of an appraisal. Rent clause terms will be negotiated after Department approval of the pending appraisal.

Remaining Steps:

- Appraisal completion and Headquarters Right of Way appraisal review/approval.
- Right of Way lease agreement negotiation completion
- District Airspace Review Committee project approval (pending)
- Federal Highway Administration (FHWA) project approval
- FHWA approval of creation of new freeway lease area
- Commission approval lease terms and conditions
- SMUD submission of unexecuted sublease and unexecuted Power Purchase Agreement for Department review
- SMUD selection of project developer
- SMUD submission of final developer-generated design plans for Department review and approval
- Issue of Department encroachment permit

SUMMARY

It is requested that the Commission authorize the Department to continue direct negotiations with SMUD for one year to allow the parties to complete developmental lease negotiations, to be reviewed and approved by the Commission at a future meeting.

Attachments