



CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

333 West Ocean Boulevard • Long Beach, CA 90802 • (562) 570-6711 FAX (562) 570-7650

October 20, 2015

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute a Memorandum of Understanding (MOU), and any subsequent amendments, between the City of Long Beach and AES Southland detailing the City's agreement to process permits consistent with the City Municipal Code and procedures. (Citywide)

DISCUSSION

AES is proposing to modernize the Alamitos Generating Station on Studebaker Road by constructing a new state-of-the-art power plant with combined-cycle gas turbine generators. AES will also be constructing a new battery energy storage system on the same industrial site. Given the land available to AES, the demolition of the existing power generating units is not necessary for construction of the new facilities. However, AES has expressed that it will voluntarily remove the existing steam generators and stacks, which will vastly improve quality of life of the residents in the surrounding neighborhood, as well as the aesthetics of one of the City's main entrance points.

While the California Energy Commission (Commission) has the exclusive authority to approve thermal power plant projects 50 megawatts or greater, it has no legal authority to order AES to demolish the existing power generating units as a condition of approval. Thus, an MOU between the City and AES for the demolition of the existing steam generators and stacks is highly desirable. The MOU will provide certainty for the public, the City of Long Beach, and the Commission that the existing power plant will be removed after the new facilities are constructed and operating. Further, the MOU will demonstrate to the Commission, which will review the application for a new power plant, that a proactive partnership exists between the City and AES, and that there is commitment to the modernization of the plant and the revitalization of this area of Long Beach.

Subsequent to the execution of the MOU, an additional Memorandum of Understanding will be developed to address the continued operation of Alamitos Bay pumps, once they cease being used for cooling. The City desires to take ownership of the pumps as their continued operation is beneficial for water circulation and water quality in and around Alamitos Bay. This additional agreement will outline the role of AES and their commitment to operate the pumps on behalf of the City, as determined by the City through a series of studies regarding water quality and native plant and animal life, throughout the transition of ownership and approval by appropriate permitting agencies.

HONORABLE MAYOR AND CITY COUNCIL

October 20, 2015

Page 2 of 2

This matter was reviewed by Deputy City Attorney Amy Webber on October 8, 2015 and by Budget Management Officer Victoria Bell on October 6, 2015.

TIMING CONSIDERATIONS

City Council action is requested on October 20, 2015, in order for AES to include the MOU as a part of their submission to the California Energy Commission.


FISCAL IMPACT

AES will pay all applicable permit fees and charges for services provided by the City, at the rates and terms established by the City Council for cost recovery. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



PATRICK H. WEST
CITY MANAGER

PHW:AES:mb