

MINUTES OF THE
WARNER RANCH COMMITTEE OF
VISTA IRRIGATION DISTRICT

February 11, 2021

A meeting of the Warner Ranch Committee of Vista Irrigation District was held on Thursday, February 11, 2021, at the offices of the District, 1391 Engineer Street, Vista, California.

1. CALL TO ORDER

Chair MacKenzie called the meeting to order at 1:30 p.m.

2. ROLL CALL

Committee members present: MacKenzie and Dorey

Committee members absent: None.

Staff present: Brett Hodgkiss, General Manager, Don Smith, Director of Water Resources, and Mark Saltz, Water Resources Specialist.

3. APPROVAL OF AGENDA

The agenda was approved as presented.

4. PUBLIC COMMENT TIME

No public comments were presented on items not appearing on the agenda.

5. ALTERNATIVE ENERGY PROJECT ON THE WARNER RANCH

See staff report attached hereto.

Director of Water Resources Don Smith said that the District has received calls from several parties interested in alternative power projects on the Warner Ranch in recent months. He mentioned that another party, AES Clean Energy, contacted the District since the Warner Ranch Committee agenda was distributed expressing interest in wind power project opportunities on Warner Ranch. Mr. Smith provided an overview of the topic and briefly shared information about each of the interested party's projects.

The Committee discussed the District's experience with previous proposals for alternative energy projects, the resources needed to support and evaluate these types of proposals, current trends in environmental and power procurement policies and the compatibility of alternative energy projects with the District's mission and stewardship of the Warner Ranch. General Manager Hodgkiss stated that clear policy direction from the Board of Directors would be helpful for Water Resources staff when responding to potential alternative energy project proponents. After much discussion, the Committee recommended that the issue be placed on a future Board agenda for discussion.

6. COMMENTS BY COMMITTEE MEMBERS

No committee member comments were presented.

7. COMMENTS BY GENERAL MANAGER

No General Manager comments were presented.

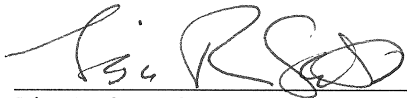
8. ADJOURNMENT

There being no further business to come before the Committee, at 2:30 p.m. Chair MacKenzie adjourned the meeting.



Jo MacKenzie, Chair

ATTEST:



Lisa R. Soto, Secretary
Board of Directors
VISTA IRRIGATION DISTRICT



**WARNER RANCH
COMMITTEE REPORT**

Agenda Item: 5

Board Meeting Date: February 11, 2021
Prepared By: Don Smith
Approved By: Brett Hodgkiss

SUBJECT: ALTERNATIVE ENERGY PROJECT ON THE WARNER RANCH

RECOMMENDATION: Discuss District response to third party interest in alternative energy projects on the Warner Ranch.

PRIOR BOARD ACTION: On February 2, 2012, the Board authorized staff to “solicit proposals for alternative energy projects on the Warner Ranch prior to preparing a master plan or performing habitat conservation planning on the Warner Ranch and prior to resolving all issues pertaining to the Indian Water Rights Settlement negotiations.”

On June 12, 2013, the Board authorized the General Manager to execute a non-binding agreement for a solar generation project on the Warner Ranch with San Diego Gas & Electric (SDG&E). SDG&E withdrew their proposal in September of 2013, citing both schedule constraints associated with securing a major use permit through the County and concerns about the potential cost of environmental mitigation for Stephens’ kangaroo rat.

FISCAL IMPACT: Unknown revenue from rents and/or royalties.

SUMMARY: In the past, the Warner Ranch Committee has received information regarding various alternative energy project proposals as the District receives them. The last solar energy project proposal reviewed by the Committee was from Global Impact Energy, Inc. (GIE) in August 2019; GIE withdrew their interest after being informed that they would need to pay for the District’s cost of evaluating their proposal up front. Until recently, no additional inquiries have been made about alternative energy projects on Warner Ranch.

In late 2020, the District received an unsolicited proposal and an inquiry about developing solar energy projects on Warner Ranch. In November 2020, the District received an unsolicited proposal for a solar energy project on the Warner Ranch from Idemitsu Renewables America Holding LLC. In December 2020, Corona Enterprises contacted the District, expressing interest in developing a solar energy project on the Warner Ranch. Given that the District has received interest from multiple parties, staff would like to discuss the District’s response to both parties taking into consideration the Board’s prior interest in soliciting proposals for alternative energy projects on Warner Ranch.

ATTACHMENT: Draft Request for Preliminary Proposals – Alternative Energy Projects on the Warner Ranch – March 28, 2013

REQUEST FOR PRELIMINARY PROPOSALS (RFPP)
ALTERNATIVE ENERGY PROJECTS
ON THE
WARNER RANCH

*** DRAFT ***

March 28, 2013

The Vista Irrigation District (District) requests Preliminary Proposals from prospective Project Proponents (Proponents) for the development of Alternative Energy Projects on lands the District owns in northeast San Diego County referred to as the Warner Ranch. The District anticipates that the Warner Ranch may be suitable for the development of wind energy and solar power projects, but other alternative energy projects consistent with the District's mission and goals may also be considered. The District is inviting proposals to engage in a process that could lead to a long-term lease of a portion of its Warner Ranch properties to operate alternative energy projects in exchange for royalty and/or other financial considerations to the District. Responsive Project Proposals must not rely on the District being a regular consumer of a significant portion of the energy produced – the Proponent must demonstrate a strategy to obtain interconnection capacity with the California Independent System Operator (CAISO) and execute a Power Purchase Agreement with a third party. The minimum acceptable installed generating capacity for any proposed project will be 10 MW.

The District recognizes that evaluating potential project feasibility is a time consuming and expensive process, both for the Proponent and for the District. In order to minimize inefficiencies while retaining an open and transparent selection process, the District proposes to implement a phased approach in selecting partner(s) for developing alternative energy projects on the Warner Ranch. The first step in this process shall be the submission of Preliminary Proposals from interested parties.

A pre-proposal meeting will be held at the District's Office on [insert date], at 9 AM, to describe the District's operations on the Warner Ranch, explain the District's goals in soliciting Preliminary Proposals for alternative energy projects, describe the District's phased approach in evaluating, selecting and negotiating with Proponents, and to address questions. **A single site visit to the Warner Ranch will be conducted after the pre-proposal meeting. This will be the only site visit the District will conduct for prospective Proponents.** Contact only the District staff member listed at the end of this RFPP for questions or comments.

Proposal packages must be received at District Offices prior to 5:00 p.m., [insert date – allow about 3 months for publication, distribution, and response] (Preliminary Proposal Due Date). Each preliminary proposal package shall include: six (6) hard copies and one digital (PDF) copy of the preliminary proposal. Each proposal must be accompanied by an executed "Statement of Intent to Prepare Detailed Project Proposal" (attached). Within 60 days of the Preliminary Proposal Due Date, the District shall evaluate the responsive Preliminary Proposals and invite not more than three (3) Proponents to prepare a Detailed Project Proposal, as described below. All materials submitted by Proponents shall become the property of the District.

I. DISTRICT BACKGROUND AND INFORMATION

I.A. District Background and Service Area

The Vista Irrigation District was formed in 1923 pursuant to Section 20500, et. seq., of the California Water Code and provides water to the City of Vista, as well as portions of San Marcos, Oceanside, Escondido and unincorporated areas of the County of San Diego. The District obtains its water from Lake Henshaw, which it owns, and from Northern California and the Colorado River through facilities owned by the Metropolitan Water District and the San Diego County Water Authority. The District service area is approximately 21,200 acres with nearly 70% of that area currently developed. The District serves a population of approximately 125,000 and has more than 28,000 potable water service connections to residential, commercial, industrial, agricultural and irrigation customers.

I.B. The Warner Ranch

The District owns approximately 43,000 acres of land adjacent to the community of Warner Springs, CA, near the junction of Highways 79 and S-2 (San Felipe Road) in northeast San Diego County (See map of the Warner Ranch, included as Attachment A). This land, which was acquired by the District from the San Diego County Water Company in 1946, is largely undeveloped and consists primarily of open grasslands, with areas of chaparral, oak woodland and riparian corridors. These natural communities provide habitat for several rare and endangered species, including Stephens' kangaroo rat, arroyo toad, southwest willow flycatcher, bald and golden eagles, and others. Elevations on the Warner Ranch range from about 2,600 to 4,400 feet above sea level, with most of the property at about 3,000 feet of elevation.

The District owns and operates Henshaw Dam, a 123 foot high earthen fill dam, which impounds the 52,000 acre-foot capacity Lake Henshaw. The District also operates the Warner Wellfield, consisting of about 14 active water production wells which discharge into Lake Henshaw through a network of lined and unlined ditches.

The District is in the process of concluding 40 years of negotiations with five local Indian Bands, the Department of the Interior, and the City of Escondido, pertaining to the rights to the waters of the San Luis Rey River, which has its headwaters on the Warner Ranch. As a result of these negotiations, Projects which have little or no consumptive use of water during commercial operations will be favored.

In addition to water production activities, the District administers a collection of lease and license agreements for activities on the Warner Ranch, including: cattle grazing; resort operations (including fishing, camping, a mobile home park, a restaurant and a general store); hunting; military training (at Remote Training Site Warner Springs); and others.

Primary land holdings adjacent to the Warner Ranch include the Cleveland National Forest, the Warner Springs Ranch, the Los Coyotes and Santa Ysabel Indian Reservations, and the Boy Scouts of America Camp Mataguay.

In 1983 and 1984, the LaJet Energy Corporation constructed a 5 MW solar-steam power generation plant on about 20 acres of the Warner Ranch southwesterly of the intersection of Highways 79 and S-2. This plant ceased operation within two years due to economic forces and design challenges. San Diego Gas & Electric Company operates the 69kV electrical substation near this intersection (Warner substation), and several of the 69kV electrical transmission lines which connect to this substation have been recently reconducted.

Between May of 2004 and January of 2006, SeaWest Windpower collected wind and temperature data from two temporary meteorological observation towers installed on the Warner Ranch. This data has been turned over to the District and is available to Proponents upon request. Contact Don Smith at the email address given at the end of this RFPP to request this data.

Suitable sites for alternative energy projects on the Warner Ranch may include portions of the following Assessors Parcel Numbers (APN's):

<u>APN</u>	<u>Size (Acres)</u>
136-160-41	13,407
137-090-34	843
137-090-35	9,691
193-080-30	9,590
195-070-31	7,303

I.C District's Mission on the Warner Ranch, Goals for Alternative Energy Projects, and Role in Environmental Compliance and Permitting

As a public water system supplying the needs of about 125,000 people, the District's mission is: "...to provide a reliable supply of high quality water that meets the needs of its present and future customers in an economically and environmentally responsible manner." The District owns and operates the Warner Ranch primarily to protect the watershed for water production activities associated with the Warner Wellfield and Lake Henshaw.

To help offset its water production expenses, the District engages in other economic activities on the Warner Ranch that are consistent with its water production goals and environmental stewardship values. The District anticipates that alternative energy projects could be designed to complement the District's current and future planned activities on the Warner Ranch.

The County of San Diego (County) will most likely act as lead agency for California Environmental Quality Act (CEQA) compliance on this Project, as the Project will be subject to the land use regulatory authority of the County. In such case the District will act as a responsible agency. The Proponent will be responsible for preparing all environmental documentation under CEQA for review and consideration by the County and the District, as well as conforming to all federal, state, and local laws and permitting requirements.

II. REQUIREMENTS OF THE PRELIMINARY PROPOSAL

Proposals shall include, as a minimum, the following information in order to be considered responsive:

- 1) Identification of Project Proponent.
 - Identify project team (and where based) for development, construction and operation phases of the Project
 - Does the Proponent have a long-term equity interest in the project, or does Proponent plan to sell the project after commercial operation is demonstrated?
- 2) Project Description and Understanding.
 - Technology or technologies proposed.
 - Proposed installed electrical generating capacity, and gross and net capacity factors
 - Area and terrain needed for project, including an estimate of disturbed area
 - Estimate of the Project's annual water consumption during operation and source of water
 - Estimated time to permit, to construct, and to operate Project.
 - Range of compensation the Project will generate for the District
 - Description of primary challenges facing successful implementation of the Project
 - Description of Proponent's plan to prepare the Detailed Project Proposal
- 3) Project Proponent Experience.
 - Proponent experience in developing similar projects
 - Proponent experience with projects in Southern California, and San Diego County in particular
- 4) Proponent Financing Capacity.
 - Describe and demonstrate the Proponent's financing capacity
- 5) Executed "Statement of Intent to Prepare Detailed Project Proposal"

General marketing literature prepared by the Proponent may be submitted as an attachment to the Preliminary Proposal, but shall not take the place of a narrative that addresses the specific requirements outlined above.

III. SUBSEQUENT ACTIVITIES

III.A. Notification of Proponents

Within 3 business days of the Preliminary Proposal Due Date, the District shall distribute a list of all Proponents that have submitted Preliminary Proposal packages with an executed "Statement of Intent to Prepare Detailed Project Proposal". All materials submitted without the required executed "Statement of Intent" shall be returned to the submitting Proponent without further consideration.

III.B. Evaluation of Preliminary Proposals and Invitation to Prepare Detailed Project Proposals

Within 60 days of the Preliminary Proposal Due Date, the District shall evaluate the Preliminary Proposals and invite not more than three (3) Proponents to prepare a Detailed Project Proposal, as described below. The District shall evaluate the Preliminary Proposals based on the experience, understanding, and responsiveness of the Proponent. The District reserves the right to invite less than three (3) Proponents to prepare Detailed Project Proposals, including the right to reject all Preliminary Proposals. All materials submitted by Proponents shall be retained by and shall become the property of the District.

III.C. Detailed Project Proposals and Invitation to Execute An Exclusive Negotiation Agreement

Those Proponents invited to prepare Detailed Project Proposals shall have 15 calendar days to submit a \$10,000 non-refundable Proposal Reservation Fee (Fee). If this time expires and an invited Proponent fails to submit the required Fee, or if an invited Proponent informs the District in writing of its intention not to prepare a Detailed Project Proposal prior to the time the Fee is required to be submitted, the District may extend an invitation to other Proponents until it has collected up to three non-refundable Proposal Reservation Fees. When the District has collected up to three Fees, or when, in its discretion the District determines not to invite any other Proponents to submit Detailed Project Proposals, it shall inform the invited Proponents who have submitted Fees that the final Project Proponents have been determined, who they are, and that they then have 90 days (Proposal Development Period) to further evaluate project feasibility and refine their approach, project team, and the terms of an exclusive negotiation agreement that they would be willing to execute with the District.

During the Proposal Development Period, Proponents may arrange for the following activities as deemed necessary:

- Obtain access to the Warner Ranch to perform investigations
- Ask questions and/or meet with District Staff to understand District operations and plans
- Research environmental and regulatory parameters
- Research permitting and taxation issues
- Research electrical interconnection issues and power purchase agreement opportunities
- Refine proposed Project parameters and verify procurement and construction feasibility
- Secure financing commitments
- Develop terms of an exclusive negotiation agreement that the Proponent would be willing to execute with the District
- Other activities as required.

The District has attached the final draft of an Exclusive Negotiation Agreement that was developed

with Nordex USA, Inc. in 2011 for the development of a wind energy project, but never executed. This draft agreement is provided for reference only. It is expected that a new exclusive negotiation agreement would be negotiated with a successful Proponent, but that it would address many of the same provisions and terms.

At the end of the Proposal Development Period, each invited Proponent who wishes to proceed shall submit a final Detailed Project Proposal. The Detailed Project Proposal shall include all the items required as part of the Preliminary Proposal (outlined above), but in greater detail and with the following minimum additional requirements:

- 1) A map of the proposed Project showing Project facilities, points of access, power lines, etc.
- 2) A detailed description of the required permits, permissions and agreements; and plans to obtain the same.
- 3) A description of the Proponent's public information plan including when and how public outreach is proposed, and how the Proponent will respond to public inquiries.
- 4) Proposed terms for an exclusive negotiating agreement with the District.
- 5) A revised detailed Project schedule, including permitting, construction and operational phases of the Project.
- 6) A revised estimate of Project electrical production.
- 7) Proposed terms of District compensation during the various phases of the Project, which may become contractually binding.

The District will evaluate the Detailed Project Proposals, and may request an interview with one or more Proponents to explain aspects of the Proponent's proposed Project. The District will consider whether to execute an exclusive negotiating agreement with any of the Proponents based on the merits of each Proponent's proposed Project and the perceived likelihood of successfully delivering an operational Project that is in the best interests of the District and its ratepayers. The District reserves the right to reject any and all Project Proposals.

III.D. Project Approval and Execution of Lease

The execution of an exclusive negotiating agreement shall initiate a multi-year negotiation and permitting period. During this period, the Proponent shall, per the terms of that agreement: complete the Project design and site development plan; execute required studies; obtain necessary permits, interconnection agreements and power purchase agreements; complete all required CEQA documentation; and negotiate terms of a final lease agreement with the District. During the negotiating period, the District shall not negotiate or enter into an agreement with any other entity regarding the lease or development of the Project site, provided, however, that District may conduct activities on the Project site, and grant utility easements and rights of way in portions of the Site, that will not interfere with the possible development of the Project.

When the Proponent has completed all its requirements under the exclusive negotiating agreement it shall submit required documentation to the District for consideration. The District Board of Directors shall then consider the Project, the site development plan, the Proponent's financing proposal for the Project, the draft lease and CEQA document; and all other matters

affecting the Project, and determine in its sole discretion whether the District desires to proceed to implement the Project with the Proponent in accordance with the Site Plan by approving the lease and certifying the CEQA document.

IV. MISCELLANEOUS

1. The District reserves its full discretion to extend or suspend the due date for the submission of Preliminary Proposals, to determine not to invite Proponents to submit Detailed Project Proposals, to determine not to enter into an exclusive negotiating agreement or lease with any Proponent, to suspend or cancel this Request for Preliminary Proposals, and to make decisions in what the District determines in its sole discretion are in the best interests of the District.

2. The District shall have no liability for any costs or expenses incurred by any Proponent in the event that the District suspends or cancels any portion of or decision set forth in this Request for Preliminary Proposals. Each Proponent assumes full and sole responsibility for all costs and expenses associated with that Proponent's investigations and submissions in response to this Request for Preliminary Proposals, or any decision of or invitation from the District in accordance with this Request for Preliminary Proposals.

3. Each Proponent submitting a Preliminary Proposal acknowledges that its submission constitutes a "public record" under the California Public Records Act, and may be disclosed to and copied by members of the public who request to do so.

4. Any Proponent seeking further information or wishing to communicate regarding this Request for Proposals shall communicate only with the District official listed below. Any communication with any member of the District Board of Directors regarding this Request for Preliminary Proposals or any submission to the District relating thereto may be grounds for disqualification of that Proponent from participating in this Request for Preliminary Proposals.

All inquiries regarding this RFPP should be directed to Don Smith, Director of Water Resources, at (760) 597-3168 or dsmith@vid-h2o.org.

**STATEMENT OF INTENT
TO PREPARE
DETAILED PROJECT PROPOSAL**

**ALTERNATIVE ENERGY PROJECTS
ON THE
WARNER RANCH**

Name of Project Proponent: _____
(Proponent)

Business Address: _____

Taxpayer's ID Number: _____

Contact Person: _____

Telephone Number: _____

Email Address: _____

TO THE BOARD OF DIRECTORS OF THE VISTA IRRIGATION DISTRICT:

Pursuant to and in compliance with your Request for Preliminary Proposals (RFPP) for Alternative Energy Projects on the Warner Ranch, the above identified Proponent hereby submits, attached to this Statement of Intent, the specified number of copies of a Preliminary Proposal for Alternative Energy Projects on the Warner Ranch. The Proponent understands that the District may invite up to three (3) Proponents to prepare a Detailed Project Proposal, and if the Proponent receives such an invitation, the Proponent shall have fifteen (15) calendar days to submit a \$10,000 non-refundable Proposal Reservation Fee. Failure to submit the Fee within this time period shall disqualify the Proponent from further consideration.

If invited to prepare a Detailed Project Proposal, the above identified Proponent fully intends to timely submit the required Proposal Reservation Fee and subsequently prepare and submit a Detailed Project Proposal, per District requirements, within the specified Proposal Development Period.

Signature of Authorized Representative: _____

Printed name and title: _____

Date: _____

Attachment A

Map of the Warner Ranch

