MOUNTAINS RECREATION & CONSERVATION AUTHORITY
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MEMORANDUM

TO: The Governing Board

FROM: Joseph T. Edmiston, FAICP, Hon. ASLA, Executive Officer

DATE: March 5, 2008

SUBJECT: **Agenda Item X: Consideration of resolution authorizing entering into a sole source long-term agreement or contract with Yossi Agmon for the development of, and profit sharing on, wind energy generation facilities on Mountains Recreation and Conservation Authority-owned properties to reduce net operational expenses including utility bills, increase energy efficiency, and reduce the agency's net carbon footprint.**

Staff Recommendation: That the Governing Board adopt the attached resolution authorizing entering into a sole source long-term agreement or contract with Yossi Agmon, or Yossi Agmon incorporated, for the development of, and profit sharing on, wind energy generation facilities on Mountains Recreation and Conservation Authority-owned properties to reduce net operational expenses including utility bills, increase energy efficiency, and reduce the agency's net carbon footprint.

Background: Several months ago staff was approached by an enterprising individual named Yossi Agmon about the potential to use new wind energy generation technologies on Mountains Recreation and Conservation Authority (MRCA) properties. Mr. Agmon has opened staff's eyes to many possibilities to use low impact wind power to reduce net operational costs. He has done extensive research and made a sizeable investment of time into making contacts with various utilities and energy firms. He single handedly has kept momentum going for potential MRCA involvement in these types of projects.

At the February 6, 2008 Governing Board meeting there was discussion but no action on an agenda item about entering into long term agreements, requiring no expenditures or commitment of land rights or resources from the Mountains Recreation and Conservation Authority except staff time, with individuals, companies, and public and private utility companies to reduce net operational expenses, including utility bills, and to reduce the agency's net carbon footprint and increase energy efficiency. Prior to the meeting, staff had determined that there were no opportunities to employ the smaller scale wind generation technologies in association with utilities on either their fee ownership or easements. At a meeting with Southern California Edison (Mission Energy) with staff and Mr. Agmon that dead end was made apparent, but other options were unearthed. The Governing Board encouraged staff to follow up with potential opportunities.

Those opportunities now revolve entirely around the construction of wind generation infrastructure on MRCA property within reasonable proximity to lower voltage transmission lines. The challenge is to find locations where various-sized turbines can be installed with minimal adverse visual or ecological impact. Smaller, super efficient turbines–some mountable on existing polls–make finding such spots much easier. The benefit is a net reduction in utility bills and the agency's carbon footprint.

As researched by Mr. Agmon, the MRCA can enter into agreements with energy companies in which there is no MRCA investment cost except to oversee California Environmental Quality Act (CEQA) review processes funded by the private sector. The MRCA would be the CEQA lead agency. If the agreement is directly with the company, then royalties would be paid to the MRCA ranging in the neighborhood of 2-8 percent of gross revenue increasing over the course of 20 to 49-year leases.

If another party–such as Mr. Agmon–is involved with the purchase and installation of the infrastructure on MRCA land, the MRCA may receive something on the order of 5 percent of the gross revenue which is typically five cents per kilowatt produced. In short, both of these potential pathways offer no possible financial downside to the MRCA with exception of investing staff time on ventures that do not get constructed.

The most efficient way to work with energy companies is to let them handle the entire infrastructure development and all maintenance. The MRCA would just collect royalties for the term of the agreement and decide whether or not to renew upon expiration.

The value of a motivated person with cutting edge ideas--such as Mr. Agmon--becomes most apparent at this juncture. Staff on its own does not have the time or expertise to explore and cultivate the business relationships necessary to get to the point where wind energy is being produced on MRCA property. Staff does not have the time either to monitor the distribution of proceeds from such ventures. Mr. Agmon is committed to making these wind projects happen and is open to fair compensation from the MRCA. He sees great long term potential for the MRCA to create niche wind energy sites and would like to lead the agency forward on that path. His payment would be a percentage of the MRCA's royalties. The percentage would depend on the specifics of a given agreement with an energy company. In essence staff seeks to contract with Mr. Agmon both as a partner and business agent.

A sole source contract is warranted based on the pioneering, hard driving work of Mr. Agmon. His knowledge base on low visual impact wind generation technologies would be difficult to replicate because almost all power exporting wind generation sites are founded on the large turbines seen in the wind farms growing in the mountains and passes surrounding the Los Angeles metropolitan area. Without his inertia it is likely that nothing will happen in this arena on MRCA land. Action to create infrastructure is crucial to generating any green energy.

Staff's intent is to negotiate a contract that gives Mr. Agmon adequate incentive to continue to pursue agreements with energy companies using the MRCA's land base. Staff and the Governing Board, through the certification of CEQA documents, will retain all control regarding both the siting and visual signature of any potential facilities on MRCA land.