



Bill Brand
Mayor

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December 8, 2020

Carol Carter, Bonds and Grants Chief
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Re: Status of AES Power Plant Site Property Acquisition Project

Dear Ms. Carter:

On behalf of the Redondo Beach City Council, I am writing this letter to provide the requested status update on the City's Property Acquisition Project at the AES Redondo Power Plant site; to inform you of the Willing Seller's retracted offer from the project; and to formally request the CNRA consider a reallocation of granted funds towards the acquisition of an adjacent property in our Coastal Zone that is consistent with the intent of this section in Proposition 68.

In February 2019, the AES Power Plant site, owned by AES Redondo Beach LLC, was due for permanent retirement of power plant operations (per State Water Board requirements) by December 31, 2020. Over a two-year period, this 50-acre site had been on the market for non-industrial uses. The City was in negotiations with both AES and the prospective purchaser of their site, Leo Pustilnikov, to acquire some of the property for wetlands restoration, public open space and park uses.

Several meetings occurred with City, County and State representatives, including Deputy Director of the California Coastal Commission, Steve Hudson, and Executive Director of the State Coastal Conservancy, Sam Schuchat – 6 acres of the power plant site have been deemed a jurisdictional wetland area. As a result of those meetings and our application to the CNRA for Proposition 68 grants, Mr. Pustilnikov provided a willing seller offer in writing that read in part, "Subsequent to the completion of our acquisition of the Site, we will offer the City the option to acquire up to 25 acres ("Park Site") of the overall Site. We will sell the City this land for \$2 million per acre, or a total of up to \$50 million." He was also eagerly in attendance at the CNRA's subsequent site visit in May 2019, along with AES Redondo LLC Vice-President of Business Development, Eric Pendergraft.

Upon receipt of this letter, several efforts by the various agencies ensued, including the Los Angeles County Board of Supervisors unanimous vote to begin formation of an Enhanced Infrastructure Financing District (EIFD.) The EIFD's purpose is to redirect approximately \$120 million in future County property tax revenue towards an area encompassing the AES site, adjacent properties and the Southern California Edison power line corridor for environmentally sustainable infrastructure redevelopment.

In September 2019, the City of Redondo Beach was awarded \$4.829 million dollars in Cultural, Community and Natural Resources Grant Program funds in support of its efforts.

Unfortunately, in November 2019 the California Public Utilities Commission (PUC) voted to recommend that the California State Water Resources Control Board ("Water Board") extend the retirement date of the AES Redondo Beach power plant for an additional two years, until December 31, 2022. The PUC-proposed ruling required the Water Board to hold public hearings and conduct a vote to modify its Once-Through-Cooling Policies.

In March 2020, Mr. Pustilnikov along with 11 LLCs and one individual, David Dromy, completed the acquisition of the project site. Given the prospect of operating extensions and the potential for significant additional operating revenue (>\$100 million,) Mr. Pustilnikov rescinded his original offer to sell a portion of the site to the City and instead offered private parkland, which would be controlled by the new property owners.

At the September 2020 hearing, the Water Board voted to extend the operational life of the AES Redondo Beach Power Plant by one year, with retirement now scheduled to occur by December 31, 2021. The Water Board also streamlined their process at this same hearing, clearing the path for any future extensions of AES Redondo Beach, with clear indications that there will be more extensions considered in the upcoming year.

Shortly after the State Water Board hearing, the Cities of Redondo Beach and Hermosa Beach filed a legal action against the Water Board for failing to adequately analyze and disclose the impacts of this decision under the California Environmental Quality Act (CEQA). The most recent communication with Mr. Pustilnikov has made it clear that the City no longer has a cooperating partner in the open space acquisition project, and therefore, no willing seller.

We wish to thank the CNRA and the Bonds & Grants staff for your continuing support of our efforts to acquire and develop a regional and ecological amenity at the AES Redondo Power Plant site. We also appreciate the CNRA's willingness to amend and extend the grant timeline to accommodate the one-year operating extension. Given the extension and now lack of a willing seller, we respectfully request that the CNRA consider a reallocation of the project grant funds for the acquisition of a 5-acre parcel of land immediately adjacent to the AES power plant. The land has been determined to be of high ecological value, a critical habitat corridor and part of the EIFD area the County of Los Angeles is considering. The City has been concurrently working with Southern California Edison (SCE) to conduct a Method of Service study which demonstrates that, upon the retirement of the power plant, the existing power lines on the parcel may be removed and that SCE can sell the parcel to the City.

If the granted funds are reallocated, the City will begin providing your staff with appropriate grant site and project information, along with a letter of support from SCE. The City will continue to pursue the operational retirement of the AES facility, and when it is successful, will again reach out to the CNRA in order to reinstate our grant partnership efforts to transform the site into a significant natural resource for public benefit.

Thank you for your efforts. Do not hesitate to contact me or City staff should you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'W.C. Brand', with a stylized, flowing script.

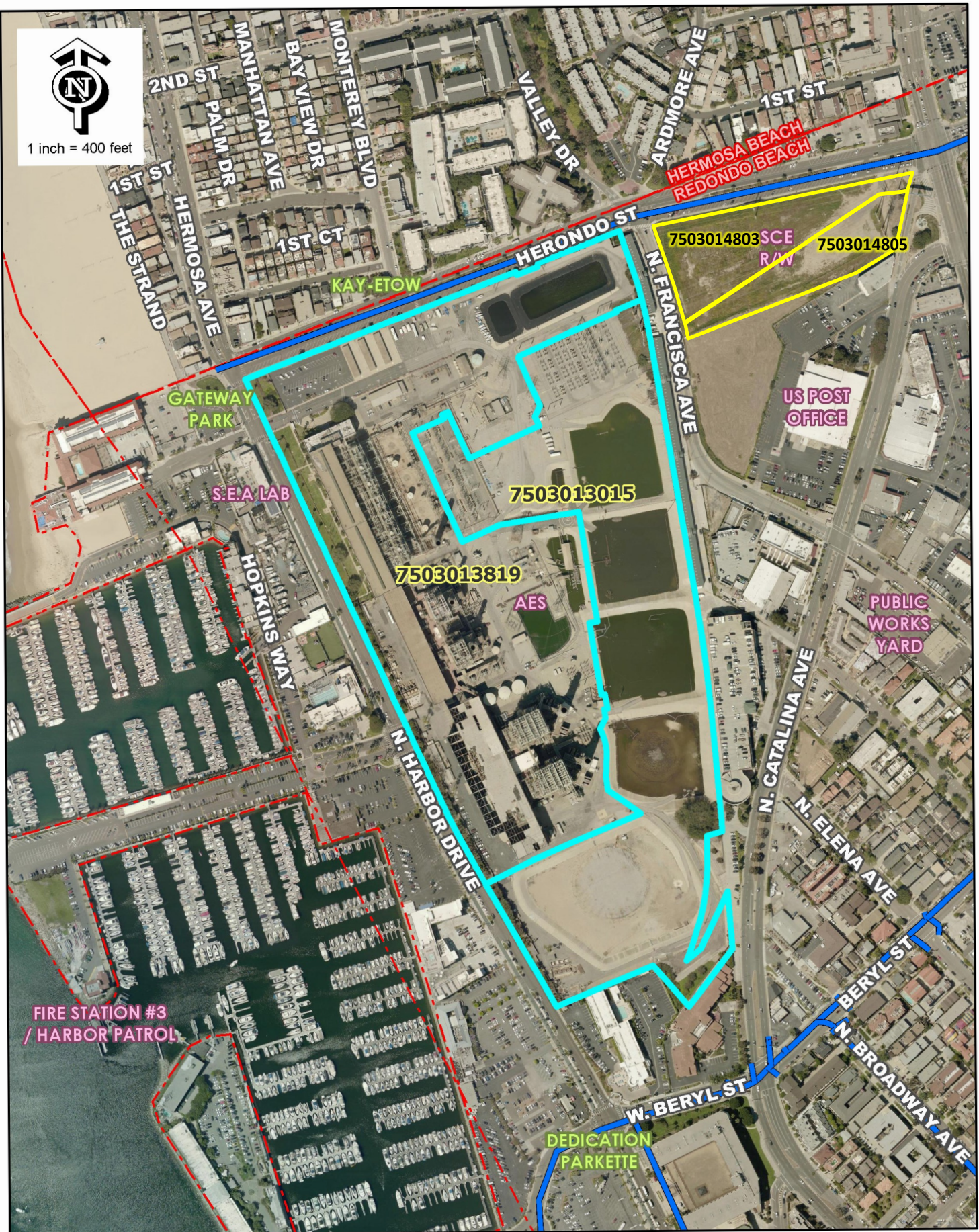
William C. Brand

CC: Sam Schuchat, CA Coastal Conservancy
Kara Kemmler, CA Coastal Conservancy
Megan Cooper, CA Coastal Conservancy

Enclosure



1 inch = 400 feet



Storm Mains

ADMINISTRATOR

Redondo Beach

LA County

City of Redondo Beach

AES Site: 7503-013-819 and 7503-013-015

Adjacent SCE Site: 7503-014-803 and 7503-014-805

