



CITY OF MENIFEE

SUBJECT: Nova Power Bank Project Community Benefit Agreement

MEETING DATE: May 3, 2023

TO: Mayor and City Council

PREPARED BY: Ryan Fowler, Principal Planner

REVIEWED BY: Cheryl Kitzerow, Community Development Director

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Approve and authorize the City Manager to execute the Community Benefit Agreement for the Nova Power Bank Project (Plot Plan No. PLN 22-0154 and Conditional Use Permit No. PLN 22-0155).

DISCUSSION

Background

On September 21, 2022, the City Council held a duly noticed public hearing concerning an Ordinance to approve Development Code Amendment (DCA) No. LR 22-0130 relating to battery energy storage systems. One of the provisions of the DCA requires the City finds that the construction and operation of the facility will have an overall net positive economic benefit to the City. It further states that the Applicant must enter into a legally binding and enforceable agreement with, or that benefits, the City. The topics and specific terms of the agreement may vary but may include funding.

Economic Development Subcommittee

On March 27, 2023, the City Council Economic Development Subcommittee reviewed the draft Community Benefit Agreement deal points and was provided with the background and the summary findings of the fiscal impact analysis prepared for the Nova Power Bank Project. At this meeting, the Subcommittee recommended approval of the Community Benefit Agreement.

Nova Power Bank Project

At the time of the writing of this Staff Report, the Nova Power Bank Project is scheduled for a Planning Commission Public Hearing on April 26, 2023. Staff has recommended approval of the project, which includes the Plot Plan and Conditional Use Permit described below. Approval of the Community Benefit Agreement is a condition of approval of the Project.

Plot Plan No. PLN 22-0154 proposes the re-development of the Inland Empire Energy Center (IEEC) generation plant, which has been decommissioned. Some of the existing infrastructure is proposed to remain, such as the switchyard, control room, warehouse, storm water drainage system, etc. For this redevelopment, the Applicant is proposing a battery energy storage system, which will use lithium-ion, flow battery, or other battery technology to store electrical energy from the grid to be discharged later when customer demand is high. The project's capacity would not exceed the interconnection capacity of 680 MW.

The Project may be constructed in phases or all at once depending on when full capability is needed. The Project will interconnect with the grid at the Southern California Edison's Valley Substation using the facilities already in place at the decommissioned IEEC. No additional transmission facilities will be needed. The Project proposes to repurpose the former IEEC's operations buildings as well as many of the existing interconnections for water, sewer, and retail electricity service. The Project site proposed to include 47 parking spaces including 2 accessible spaces.

Conditional Use Permit No. PLN 22-0155 proposes to allow for the utility-scale battery energy storage system use.

Project Location

The Project site is located on a 44.22-acre site at 26226 Antelope Road in the City of Menifee, County of Riverside, State of California (APN 331-180-021 and -022). Under this Project, APN 331-180-021 is proposed to only be used as a staging area for construction. The site is located bounded by Antelope Road to the west, railroad tracks and Case Road to the northeast, a drainage canal, electrical transmission corridor and McLaughlin Road to the south, Matthews Road and vacant parcel to the east, and a concrete batch plant, Ethanac Road, and State Route 74 to the north.



STRATEGIC PLAN OBJECTIVE

Thriving Economy

FISCAL IMPACT

Fiscal Impact Analysis for Nova Power Bank Project

A fiscal study was prepared to review the project's fiscal impacts. The study analyzed the project's fiscal impact and compared the proposed Battery Energy Storage System (BESS) facility to alternative uses on the site, including a general warehouse or a warehouse with fulfillment. The proposed BESS would result in a net positive fiscal impact compared to general warehouse use. There are significant sales and property tax benefits associated with the BESS that exceed those of a general warehouse use. However, when compared to a warehouse with fulfillment, there is a large gap in potential annual revenue for the City. Staff have negotiated the Benefit Fee to be approximately 55% of the annual revenues of a fulfillment center. **This equates to a one-time payment of \$6,540,317. The initial offer from the developer was \$2.2 million.**

Road and Bridge Benefit District (RBBB)

In addition to standard conditions of approval for improvement with the proposed development (i.e., Antelope Road frontage with extension to McLaughlin Road and San Jacinto Road frontage with extension to McLaughlin Road), the Project will be required to participate in a future RBBB currently in the formation process. The RBBB is necessary to fund future infrastructure in the

vicinity of the project. It is anticipated the RBBD fee for this project would not exceed \$1,000,000 and would be paid from the Community Benefit Fee.

ATTACHMENTS

1. Community Benefit Agreement