

# Economic and Fiscal Report

## Alternative A, Mountain View IV Wind Project

### Palm Springs, CA

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Prepared for:  
Bureau of Land Management  
North Palm Springs Field Office

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## **1. Statement of Purpose:**

This Economic and Fiscal Report is prepared at the request of the Bureau of Land Management to provide information in consideration of a proposed wind energy generating facility on public and private lands in the Palm Springs incorporated area of the San Gorgonio Wind Resource Area. The following information is intended to outline the economic and fiscal impacts and benefits of developing, constructing, and operating the proposed wind project.

The information is based upon information provided by the City of Palm Springs, construction contractors, project engineering consultants, and AES SeaWest's operations and maintenance staff. While this information does not constitute a full fiscal impact analysis, it provides a realistic picture of the numerous economic benefits provided by the project.

## **2. Project Summary:**

The Project has a proposed generating capacity of 49 megawatts, and two alternative designs are proposed. One alternative (Alternative A) utilizes 49 wind turbine generators with 1,000 kilowatts (1.0 MW) capacity per wind turbine manufactured by Mitsubishi Heavy Industries. The second alternative (Alternative B) utilizes 58 wind turbine generators with 850 kilowatts capacity per wind turbine manufactured by Gamesa. Only one of the two alternatives is proposed to be built, and for purposes of this report, only Alternative A is detailed in this report because that is the most likely alternative to be built. The costs, economic benefits and revenue for both alternatives are expected to be within 10% of each other.

The Project will be located on public land administered by the Bureau of Land Management, and on private land owned by the Coachella Valley Water District (CVWD), within the incorporated City of Palm Springs. 21 wind turbines will be located on BLM land, and 28 wind turbines will be located on private land (CVWD). The Project will be constructed in approximately six months, and be completed approximately by the spring of 2008. The operational life of the Project is expected to be at least 20 years, after which the project will be decommissioned and removed.

Table 1 presents an overview of the initial costs up to and including construction for the Project. This table summarizes the expenditures that will flow to the local and regional economies during the development and construction phase. Table 2 presents an overview of expenditures during the operations and maintenance phase of the Project, and the number of permanent jobs created by the Project. Table 3 identifies the fees, taxes, and governmental agency rent paid by the Project over the construction and operation phases. Table 4 summarizes the public services that could have a cost impact to the City of Palm Springs or County of Riverside during the construction phase. Table 5 summarizes public services that could have a cost impact during the operation phase of the project.

Tables 6 and 7 further break these costs down to reflect what portion is likely to be spent locally. For purposes of this summary, locally includes goods and services purchased from businesses in Palm Springs, neighboring cities, Riverside County, and Riverside.

As shown in Tables 1 through 3, the Project will contribute substantial revenues to the City of Palm Springs, BLM, County of Riverside, and State of California during its development and operation phases. In addition, these revenue streams will last at least 20-years, as that is the minimum term of the power purchase agreement, the design life of the equipment, and projected project time frame. Upon project termination the project will be decommissioned at no cost to the public. At the same time, little impacts to public services will result from the project, as recent wind projects in Palm Springs have demonstrated that they do not cause significant expenditures for public services, and this wind energy project will not require public services commonly associated with commercial or industrial development.

**A. Revenues and Expenditures**

**Table 1  
Summary of Initial Costs Prior to Operation**

(1) Total Project Cost	\$90-96 million
(2) Construction Cost	\$16-18 million
(3) Transmission/SCE/Interconnect Costs	\$3.0-3.5 million
(4) Local Expenditures – Construction	\$4.2-7.2 million
(5) Local Consultants	\$1.3 million
(6) Local Construction Jobs	30
(7) Decommissioning Bonds Paid to BLM	\$63,000
(8) Habitat Mitigation Fees paid to BLM & others	\$60,000
(9) Sales Taxes paid to Riverside County/City of Palm Springs	\$3.8 - 4.4 million

**Table 2  
Economic Benefits during  
Operation and Maintenance Phase**

(1) Annual Operations & Maintenance Expenditures	\$2,300,000
(2) Permanent full time jobs	5
(3) Permanent full-time indirect jobs	7 to 10

**Table 3  
Revenue Paid by the Project during Construction and Operation Phases**

(1) Rent paid to BLM over 20 years	\$1,481,000
(2) Personal Property Taxes (total over 20 years)	\$15,153,000
(3) Personal Property Taxes in first year	\$1,100,000
(4) First year Sales Tax Revenue	\$3.8 - 4.4 million
(5) Total Sales Tax Revenue over 20 years	\$5.0 - 5.4 million
(6) Total Real Property Taxes over 20 years	\$1,140,000
(7) Fees Paid to Coachella Valley Water District over 20 years	\$5,200,000
(8) WECS Permit & Building fees (City of Palm Springs)	\$192,000

**Total Taxes, Fees paid over 20 years      \$33,066,000 to \$34,066,000**

**Table 4**  
**Public Services Utilized or Required by the Project during Construction**

(1) Road Maintenance (Project Owner will repair potholes)	negligible*
(2) Water & Wastewater service	none
(3) Construction watering (water trucks only)	50 acre-feet
(4) Storm drainage/flood control	none
(5) Transportation	none
(6) Police, Sheriff, Detention & Correction	negligible
(7) Fire & Public Safety	negligible*
(8) Education, Library	negligible
(9) Health & Sanitation Services	negligible*
(10) Parks, public recreation	none*
(11) Landscape and Lighting District	none
(12) Airport	negligible

- \* Impacts to services are small and difficult to estimate
- Notes: Project Developer will provide road repair per City standards, and after-hours & weekends on-site security. Construction trash & waste will be hauled directly to landfill or disposed by licensed waste disposal company

**Table 5**  
**Public Services Utilized or Required by the Project during Operation and Maintenance Phase**

(1) Road Maintenance	negligible*
(2) Water & Wastewater service	negligible*
(3) Storm drainage/flood control	none
(4) Transportation	none
(5) Police, Sheriff, Detention & Correction	negligible
(6) Fire & Public Safety	negligible
(7) Education, Library	negligible*
(8) Health & Sanitation Services	negligible*
(9) Parks, public recreation	negligible*
(10) Landscape and Lighting District	none
(11) Airport	none
(12) Schools	negligible*

\* Impacts to services result from addition of 5 employees and 7 to 10 indirect jobs

## **B. Sources of Goods and Services**

### Local Goods and Services

In general, the following labor, goods and services are available in the local area and can be procured by the Project in the cities of Palm Springs, Desert Hot Springs, Palm Desert, Indio, Banning, Riverside or other nearby communities in Riverside County:

- Technicians to perform maintenance and repairs
- Office staff
- Maintenance and construction vehicles
- Contractors offering welding, civil work, electrical works, site maintenance
- Construction workers
- Concrete, sand and gravel
- Construction equipment such as excavators, dump trucks, loaders, helper cranes, bulldozers and forklifts
- Lodging and food service
- Watering and dust control
- Construction materials and services
- Uniforms, cleaning supplies, consumables
- Computer and data services
- Fuel, oil, grease, antifreeze, etc.
- Office supplies and equipment
- Tools
- Security
- Fencing

Specialized equipment or services that must be procured from outside the area:

- Large cranes
- Construction managers
- Wind Turbine commissioning services
- Substation/High Voltage electrical services
- Transportation of large materials and equipment
- Wind turbines, towers and foundation components
- Electrical cable handling equipment
- Transformers, switchgear, high voltage equipment
- Power poles and cable
- Meteorological towers

## **C. Construction**

Table 6 illustrates the expected local expenditures on construction materials and construction services for the Project. Most of the dollars expended in these categories

during the 6 month construction phase will likely be spent in the Coachella Valley and Riverside County, which offer sources of construction equipment and contractors specialized in road building, medium voltage electrical work, foundation construction, trenching, site clean-up, and similar scopes of work.

**Table 6**  
**Local Expenditures on Construction Services, Materials and Supplies**

Gasoline/Diesel Fuel	\$100-180,000
Meals, Lodging, transportation	\$200-300,000
Services (fencing, clearing, site prep.)	\$500-700,000
Access Roads, Site Work, Foundations, etc.	\$2.3 to \$2.5 million
Electrical trenching, Substation	\$300-500,000
Constr. Equipment, Tools, Parts	\$300,000
Water (for dust suppression)	\$100,000
 <b>Expenditures During Construction to local businesses</b>	 <b>\$3,800,000-4,580,000</b>

Table 7 below lists the expected annual costs for personnel and equipment during the operations and maintenance phase of the Project. This table shows how many dollars may filter into the local economy during the operations and maintenance phase.

**Table 7**  
**Expenditures for Operations and Maintenance**

Item	Annual Cost To Project	Expected \$'s to Local Economy
Wind Technicians & staff	\$190-250,000	\$152-250,000
Site Maintenance & Security	\$75,000	\$75,000
Project Administration	\$200,000	\$100,000
Vehicle Maintenance/Fuel	\$40-55,000	\$40-55,000
Tools, parts, supplies	\$90-110,000	\$60-90,000
Electrical, Civil contractors	\$30-70,000	\$15-70,000
Computer & Data Services	\$20,000	\$20,000
Heavy Equipment Rental	\$30-40,000	\$10-40,000
Insurance	\$300,000	\$25-50,000
Land Rent (CVWD & BLM)	\$290,000	\$160,000
Administration	\$25,000	\$25,000
 <b>Annual O&amp;M Expenditures To the Local Economy</b>		 <b>\$680,000 - \$935,000</b>

Based on the above information, we expect the project will generate substantial amounts of revenue for the City of Palm Springs and County of Riverside, as well as income to businesses in the Coachella Valley, but is not expected to result in significant costs for public services.

### **3. Discussion and Assumptions**

#### **A. Development Phase**

The project sponsors AES SeaWest, Inc., and Mountain View Power Partners IV, LLC have an operation, service and maintenance center located in the North Palm Springs Business Park, and are local to the project area. In addition, all of the project consultants except the biologist are located in the Coachella Valley. Therefore, many of the jobs associated with development of the project will be local jobs based out of existing businesses and facilities.

#### **B. Construction Phase**

The construction contractor is likely to be a national company that utilizes a combination of its own staff and equipment, along with local and regional subcontractors. However, since wind energy construction is a specialty that is only performed by a few companies, it is likely that only a portion of the construction budget will be allocated to local businesses based in the Coachella Valley. The balance of the staff, equipment and materials will come from out-of-state.

Costs of services incurred by the City of Palm Springs, BLM and County of Riverside are either very low or zero. The reasons for this are as follows.

- Costs of road maintenance on public streets will be negligible because the project sponsor will be required to repair damage to public streets caused by construction traffic and equipment.
- The wind project will not require water service, sewer service, natural gas service, storm sewer systems, cable television or other services common to commercial or industrial development. The only utilities that will be extended to the site are electrical service and telephone/data lines at the substation site.
- Most of the jobs associated with construction will be temporary jobs lasting less than 4 months. Therefore, impacts to schools from additional students will not be created.
- The project will not result in significant amounts of traffic, except for large semi-truck shipments during turbine staging and erection, which is expected to last three months.
- Security for the site will be provided by fencing the site and by utilizing a private security service during construction and on-going operation phases, minimizing impacts to police and sheriff.
- Fire department services are typically very minor for modern wind generation

projects, and most sites never have fire department calls during a typical year. Occasionally, emergency medical calls for EMS services occur during construction and operation of wind projects, however the project sponsor has safety performance that typically runs hundreds of days without a medical call each year.

Costs for administering the right-of-way incurred by BLM are paid for by the project owner through a 5101 Cost Reimbursement account set up for the project. BLM does not provide other services that result in BLM incurring significant costs associated with the project.