



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jen Baker
Jeff Provenzano

SUBJECT: See Below

DATE: January 29, 2026

Approved	Date:
	2/22/26

COUNCIL DISTRICT: 4

SUBJECT: Easement Agreement with LS Power Grid California, LLC for Installation of Electrical Transmission Infrastructure Across Lands of the San José-Santa Clara Regional Wastewater Facility

RECOMMENDATION

Adopt a resolution authorizing the City Manager, or her designee, to negotiate and execute an easement agreement between the City of San José and LS Power Grid California, LLC to install infrastructure for electrical transmission, such as power poles and electrical transmission lines across lands of the San José-Santa Clara Regional Wastewater Facility in exchange for a payment of \$1,240,000, and any other related documents in connection therewith.

SUMMARY AND OUTCOME

This project is essential for ensuring a reliable and sufficient electrical supply for San José and the greater South Bay Area. City Council approval will direct the City, as the administering agency of the San José-Santa Clara Regional Wastewater Facility (RWF), to enter into an easement agreement with LS Power Grid California, LLC (LS Power). LS Power is developing electrical transmission line upgrades as part of its Power the South Bay Project, which will construct 12 miles of transmission lines between the cities of Newark and Santa Clara. Adoption of this resolution will allow for the RWF to grant an easement necessary for LS Power to complete a segment of its project on RWF land, including transmission facilities and appurtenances, and to thereby complete interconnection of the system. The proposed upgrades are essential for the efficient integration of additional power supply, including energy produced by renewable power sources, into the grid.

BACKGROUND

The City of San José is the administering agency for the RWF and co-owner of the RWF with the City of Santa Clara. As the Administering Agency, the City is responsible for the management of the lands surrounding the facility.

Additional electric transmission system infrastructure is essential for ensuring a reliable and sufficient electricity supply for San José and the greater Bay Area. The California Independent System Operator selected LS Power to develop, construct, and own a high-voltage transmission line to meet electric reliability needs in the South Bay. The California Independent System Operator is a non-profit Independent System Operator serving California. It oversees the operation of California's bulk electric power system, transmission lines, and electricity market generated and transmitted by its member utilities.

The high-voltage direct current transmission line project is known as the Power the South Bay Project, which will construct 12 miles of transmission lines between PG&E's Newark substation and the existing Silicon Valley Power Northern Receiving Station in Santa Clara. The Power the South Bay Project will come through the northern part of San José via approximately two miles of 230 kV alternating current overhead and underground transmission lines. While not part of this agreement, it will also provide connection to existing Pacific Gas & Electric Newark Station and Silicon Valley Power Northern Receiving Station substations and the modifications necessary for that interconnectivity.

LS Power requires an easement agreement with the City for use of RWF property for the project, including the overhead transmission line, power pole footings, a splice vault, and temporary construction staging as shown on the attached figures. The line will cross the residual solids management area of the RWF and then run along Los Esteros Road from Zanker Road to Gold Street. It will also include the construction of a splice vault on RWF property within the fence line of the main operational area, just off the shoulder of Los Esteros Road. This will avoid rerouting any existing infrastructure in the roadway that would cause disruption to South Bay Water's service area. The City, acting as the administering agency for the RWF, entered into negotiations with LS Power to mitigate the impacts of the line on RWF operations and to ensure the RWF receives full fair market value for any interests conveyed.

The Power the South Bay Project will strengthen the California electrical grid by providing robust new connections within San José, Santa Clara, and the surrounding

areas, helping support policies like Climate Smart San José and economic development, including facilitation of large-load customers.¹

ANALYSIS

LS Power's electric interconnectivity project requires an easement to connect to two existing electrical transmission lines. The path of this easement crosses the lands of the RWF, above the residual solids management operational area, or drying beds. The easement path has been coordinated with City staff to avoid sensitive areas, such as the protected burrowing owl habitat and the plant's primary operational area.

The RWF would prefer the transmission line to be underground. However, the optimal underground alignment will not be available until after the drying beds are decommissioned. To accommodate the RWF's desire to underground the line after the decommissioning of the drying beds, the easement will allow the transmission line to be overhead on a temporary basis only. The overhead alignment will be routed around the currently active drying beds for a period of approximately seven years. After the drying beds are decommissioned, at the RWF's direction, the easement will require the transmission line to be undergrounded. The RWF will dictate the line's permanent underground route, which will likely follow existing or future roadway and pathway alignments. Once the RWF determines the desired underground route, it will notify LS Power, which will have two years to complete the line's undergrounding at its own cost.

Use of the transmission lines constructed pursuant to the easement will be subject to the continuation of a franchise agreement with the City for LS Power's use of the public right-of-way, which is being recommended for City Council approval concurrently.

The RWF retained Valbridge Property Advisors to appraise the easement. The appraisal report is Uniform Standards of Professional Appraisal Practice-compliant and was prepared by an appraiser with Member, Appraisal Institute designation. This appraisal report determined the fair market value of the easement to be \$1,240,000. LS Power has agreed to pay this sum.

EVALUATION AND FOLLOW-UP

Upon approval of the recommendations in this memorandum, the City Manager, or her designee, will negotiate and execute the proposed LS Power Easement Agreement. LS Power will begin to carry out pre-construction activities in winter 2025, under a Right of

¹ April 15, 2024, Information Memorandum: Support Position for Power Santa Clara Valley and Power South Bay Projects

<https://www.sanjoseca.gov/home/showpublisheddocument/110590/638489407972900000>

HONORABLE MAYOR AND CITY COUNCIL

January 29, 2026

Subject: LS Power Grid California, LLC Easement Agreement for Installation of Power Poles and Electrical Transmission Lines Across Lands of the San José-Santa Clara Regional Wastewater Facility

Page 4

Entry agreement. Through the encroachment permit process, LS Power will provide a Construction Impact Mitigation Plan. Construction is expected to begin in early 2026 and is tentatively expected to be completed by 2028.

COST SUMMARY/IMPLICATIONS

LS Power will pay a total of \$1,240,000 for the purchase of the easement. These funds will be deposited into the San José-Santa Clara Treatment Plant Capital Fund and will be distributed in accordance with RWF ownership agreements.

COORDINATION

This memorandum was coordinated with the City Attorney's Office, the City Manager's Budget Office, Planning, Building, and Code Enforcement Department, and Public Works Department.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the March 24, 2026 City Council meeting.

BOARD, COMMISSION RECOMMENDATION AND INPUT

This item is scheduled to be heard at the March 12, 2026 Treatment Plant Advisory Committee meeting. A supplemental memorandum with the Committee's recommendation will be included in the City Council's Amended meeting agenda.

CEQA

Power the South Bay Project Environmental Impact Report, prepared by the California Public Utilities Commission (A.24-05-014; SCH No. 2024071095), File No. ER24-283.

HONORABLE MAYOR AND CITY COUNCIL

January 29, 2026

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Page 5

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.



Jen Baker
Director of the City Manager's
Office of Economic Development and
Cultural Affairs

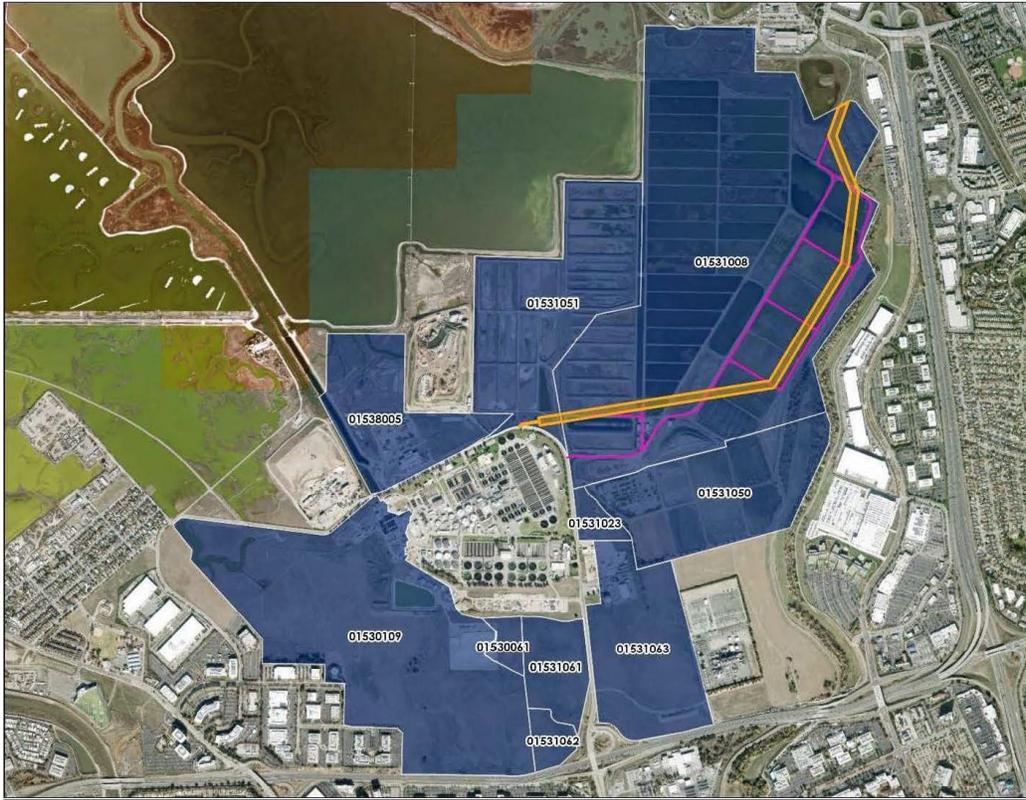
/s/

Jeffrey Provenzano,
Director of Environmental
Services Department

For questions, please contact Kevin Ice, Assistant to the City Manager, Director of Real Estate, City Manager's Office of Economic Development and Cultural Affairs, at Kevin.Ice@sanjoseca.gov.

ATTACHMENT:
Easement Figures

Attachment: Easement Figure – Overhead Transmission Line Pathway (orange)



Attachment: Easement Figure – Power Pole Footings Location (green)

