

# STAFF REPORT

## City of Lancaster

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Date: December 8, 2009

To: Mayor Parris and City Council Members

From: Jason Caudle, Deputy City Manager

Subject: **Update on City of Lancaster Green Energy Programs**

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**Recommendation:**

Receive update on City of Lancaster Green Energy Programs.

**Fiscal Impact:**

Unknown at this time but long term savings anticipated.

**Discussion:**

Under the direction of the City Council, staff has begun the development of a multi-faceted Green Energy program. The program consists of six (6) major components which include upgrades to our facilities and also includes projects tailored to assist residents and benefit commercial projects.

The first major component includes a comprehensive energy efficiency program. In May of 2009, the City began a Request for Qualifications (RFQ) process to determine potential energy saving opportunities throughout various City facilities. The agreement to construct these energy efficiency improvements is on tonight's City Council Agenda for your approval. The following projects have been identified and selected as energy/cost saving measures throughout the City:

- Lighting Upgrades (energy efficient lamps and/or ballast conversions) – City Hall, Pierre W. Bain Park, Jane Reynolds Park, Lancaster Performing Arts Center, City Maintenance Yard, Mariposa Park, Tierra Bonita Park, Western Hotel, Eastside and Webber Pools, and Clear Channel Stadium
- Water Conservation (low flow plumbing devices and fixtures) – City Hall, Lancaster Performing Arts Center, City Maintenance Yard, Clear Channel Stadium, Lancaster City Park, Lancaster National Soccer Center, Homeless Shelter and Eastside Pool
- Weather Station Installations (irrigation water conservation) – Lancaster City Park, Lancaster National Soccer Center and Pierre W. Bain Park
- Solar Water Heating - domestic water – Lancaster City Hall, Clear Channel Stadium, Eastside & Webber Pools; non-domestic – Eastside Pool
- Wind Power Generation – Lancaster National Soccer Center

The Second Component maximizes the use of the above referenced efficiency improvements to implement an AB 2466 program which allows government entities to build, control, and maintain electrical generation facilities to provide for their individual energy needs. This portion of the program will entail the City building, and or entering contracts to construct, or entering purchase contracts with private developers on city property to provide for our entire electrical load. It is our intent that every electron used by the City will be produced from a renewable source. We anticipate that this will either be cost neutral or save the taxpayer's money. The full extent and the final program will be forthcoming as negotiations and load demands are calculated. This comprehensive program could include Photo Voltaic (PV), Concentrated PV, Solar Thermal, and Wind as the technology to generate the Energy.

The third component will be the implementation of an AB 811 program for residential properties. AB 811 provides a financing mechanism to allow home owners to fund energy improvements by voluntarily placing a special assessment on their property. This special assessment will then be used to re-pay tax exempt bonds issued by the County or the City of Lancaster. This program offers a number of benefits; first, the improvements must be a fixed and immovable improvement to the property. These improvements will not only increase the property's value, but reduce the homeowner's monthly energy bill. Second, with the changes in the economy and the decreasing equity in properties, this program becomes a viable option for homeowners to acquire the capital to make the improvements. Not only will these funds be available to many landowners in the City, the rates are based on the tax exempt price, which is much lower than publically available debt. Lastly, the improvements remain with the property as well as the assessment. This is different from the traditional financing that is a personal obligation rather than a property assessment.

The AB 811 program will be implemented in conjunction with Los Angeles County. Both the County and the City plan to submit a grant to the CEC for funding. The County will be crafting a regional program, and financing mechanism. They have asked participating Cities to provide local marketing and implementation of the energy efficiency programs. Our portion of the grant will fund the marketing, staffing, and local implementation of the program. The grant is competitive; however, we plan to pursue this program even if the grant is not approved.

The fourth component of the program assists in the development and construction of new commercial solar projects. The Planning Commission is addressing potential zone change options that allow certain solar plants to be developed in the Rural Residential Zone with a Conditional Use Permit. This will decrease the time and expense necessary to develop new solar plants in the City of Lancaster. In addition, City Staff is exploring a programmatic environmental impact (PEIR) report to streamline the development of all solar plants in designated areas. In essence, green energy developers will be able to 'piggyback' on a PEIR to gain the necessary approvals. This will not only save them time, but also money. Although it is at the idea stage, we are hopeful that this plan will allow compliance with CEQA and all other environmental regulations, and speed construction and development of solar facilities. These actions with a continued economic development focus will assist each developer interested in developing solar facilities within the City limits.

The fifth component of the program is development of green building codes for new development. These codes could require all new development to comply with certain standards of improvements. This could include the installation of additional insulation, white roof technology, solar water heating, energy efficient appliances, and many other improvements to make the entire community more energy efficient. These changes will assure that new development is more energy efficient and cost effective.

Lastly, the sixth component, which is in the very initial stages, is entering joint ventures with developers, users, and retailers of electricity to participate in the development of green energy facilities. The City has three key ingredients to making this a successful venture, “Sun, Land, and Demand”. These ingredients not only benefit private industry, they benefit the taxpayers as well.

As you can see, we are making major and comprehensive changes to the way we view energy in the valley. These changes will set us apart as the best place to build solar energy. It is our intent to implement these programs for the benefit of all. Staff has organized an internal working group called the ‘Green Team’ to prepare and implement many of the above programs. The group consists of Planning, and Public Works staff who have distinct qualities and experiences to accomplish these tasks.

Not only is this the right thing to do environmentally, it will be the financially responsible thing to do. With your direction we will be scheduling these improvements and programs for Council approval in 2010.