

STAFF REPORT
Lancaster Redevelopment Agency
Lancaster Housing Authority
City of Lancaster

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03/8/11
MVB

Date: March 8, 2011

To: Chairman Parris and Agency Directors
Chairman Parris and Housing Authority Members
Mayor Parris and City Council Members

From: Robert C. Neal, Director of Public Works

Subject: Adopt Resolutions Approving a Joint Powers Agreement to Establish the Lancaster Power Authority

Redevelopment Agency Recommendation:

Adopt **Resolution No. 06-11**, a resolution of the Lancaster Redevelopment Agency approving a joint powers agreement among the City, the Lancaster Redevelopment Agency, and the Lancaster Housing Authority for the establishment of the Lancaster Power Authority, a Joint Powers Authority.

Housing Authority Recommendation:

Adopt **Resolution No. 01-11**, a resolution of the Lancaster Housing Authority approving a joint powers agreement among the City, the Lancaster Redevelopment Agency, and the Lancaster Housing Authority for the establishment of the Lancaster Power Authority, a Joint Powers Authority.

City Council Recommendation:

Adopt **Resolution No. 11-15**, a resolution of the City Council of the City of Lancaster approving a joint powers agreement among the City, the Lancaster Redevelopment Agency, and the Lancaster Housing Authority for the establishment of the Lancaster Power Authority, a Joint Powers Authority.

Fiscal Impact:

No fiscal impact with this action.

Background:

The City of Lancaster's ability to provide programs and services to its citizens is hindered by unstable revenue sources. Swings in the economy can devastate the City's ability to provide basic services. Staff, in an effort to secure long term dependable revenues, has begun the study of renewable energy opportunities. Many sources have identified Lancaster as ideally situated for this industry.

After conducting informal interviews with various parties in public and private sectors, staff believes that now is an unusually opportune time for the City to become a municipal utility specializing in renewable energy. Having an advantageous solar resource and the availability of land combined with favorable National and State policies make Lancaster uniquely situated to be a major provider of renewable energy throughout the State.

Opportunities within renewable energy are dependent on a variety of complex and changing parameters. Things like political will, funding of incentives, and breakthroughs in technology can radically alter the direction and viability of a municipality's involvement in renewable energy. Given the current environment, it is recommended that Lancaster Municipal Utility be formed as a Joint Powers Authority (JPA) with the following actions, purposes and guiding principles:

- JPA should be given powers to act inside and outside the boundaries of the City of Lancaster to develop renewable energy supplies for City and statewide consumption.
- JPA should be required to set up separate entities for large projects to limit liability and risk.
- JPA should have defined in formation documents purposes that include economic development and developing endowments for the General Fund.
- JPA should file a validation lawsuit after formation to strengthen its legal position.
- JPA should move quickly on solar photovoltaic developments. Whether these developments are the City's or others, incentives such as State rebates are declining and federal tax credits are time sensitive.
- JPA should work to establish zones "cleared" for renewable developments.
- JPA should promote public/private, public/public, and private/private partnerships for renewable energy developments.

An excellent opportunity exists for the City of Lancaster to become the Alternative Energy Capital of the World. In doing so, not only would the City become an exporter of renewable energy to communities throughout the State, but also long term stable revenue streams would be created for the City.

Attachments:

Redevelopment Agency Resolution No. 06-11

Housing Authority Resolution No. 01-11

City Council Resolution No. 11-15

Exhibit A – Joint Powers Agreement – Lancaster Power Authority

CJL:lcs