

STAFF REPORT
City of Lancaster

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MVB

Date: April 12, 2011

To: Mayor Parris and City Council Members

From: Jason Caudle, Deputy City Manager

Subject: **Memorandum of Understanding Agreement with US Topco Energy, Inc.**

Recommendation:

Approve and authorize the City Manager to execute a Memorandum of Understanding (MOU) with US Topco Energy, Inc. for the development of solar generating facilities.

Fiscal Impact:

This MOU will not commit the City to any current or future expense. It will, however, commit City staff time in an effort to establish this partnership. It is anticipated that any future direct relationship with US Topco Energy, Inc. will be in an effort to generate revenue to the Lancaster Power Authority (LPA).

Background:

As a result of the City Council authorizing the establishment of the LPA, City staff has been working hard to identify and establish relationships with solar developers to advance the construction and development of solar generating facilities in the community. Not only has City staff been actively seeking opportunities, but, in some cases, companies have been actively seeking out the City for opportunities. US Topco Energy, Inc. is an example of the latter. US Topco Energy, Inc. is based in Taiwan, but has California offices to manufacture, distribute, and construct solar facilities in the United States.

US Topco Energy, Inc.'s mission is to provide their customer a reliable source of vertical solar system integration solutions. Their line of service includes the planning and establishment of solar power plants ranging from 500kW to 50MW to various new and retrofit commercial and residential constructions. Starting in the first quarter of 2011, US Topco Energy, Inc. will move into their new 80,000 sq. ft. state-of-the-art complex where distribution of their modules to suppliers locally and nationwide will commence. US Topco Energy, Inc. has one of the most experienced teams of renewable energy systems designers in the industry. Their group offers unparalleled technical expertise, and has designed some of the largest commercial photo voltaic systems in the United States, as well as highly customized off-grid systems around the world.

Mayor Parris and City staff has been working closely with US Topco Energy, Inc. to develop an energy partnership that will allow for the further development and construction of solar facilities. The partnership consists of the City working with US Topco Energy, Inc. to develop solar projects with the intent to sell the power on a wholesale basis to other utilities. As we progressed with study and investigation of the opportunities, it became apparent that a more formal relationship should be established. An MOU between the City and US Topco Energy, Inc. will allow the City to work in concert with US Topco Energy, Inc. to identify financing, development, and implementation strategies for up to 50MW of power. It also commits US Topco Energy, Inc. to work in concert with the City to provide all the necessary information needed to take projects from preliminary stages to construction. Any future agreements or projects between the City and US Topco Energy, Inc. will be presented to the Council for consideration.

JC:kw

Attachment:

Memorandum of Understanding Agreement (available for review at the City Council Meeting 4-12-11)