

**STAFF REPORT**  
**Lancaster Power Authority**

PA CC 1
12/13/11
MVB

Date: December 13, 2011

To: Chairman Parris and Authority Members

From: Robert C. Neal, Director of Public Works

Subject: **Option to Lease Agreement/Ground Lease with PsomasFMG, LLC, for the Potential Construction of a Photovoltaic Solar Generation Facility**

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**Recommendation:**

Approve a 2-year Option to Lease Agreement (Option) and a 20-year Ground Lease with PsomasFMG, LLC (PsomasFMG), to reserve approximately 35 acres of land, west of the Lancaster National Soccer Center (LNSC), to work cooperatively to design and construct a 6.5-megawatt photovoltaic solar generation facility. Authorize the Executive Director to execute all documents and make any non-substantive changes necessary to complete the transaction.

**Fiscal Impact:**

This Agreement does not obligate the Lancaster Power Authority (LPA) to financial outlay. PsomasFMG will reimburse the LPA \$400.00 an acre each year, payable in 6-month increments, from the date of the Option to Lease Agreement. Once the generation facility is constructed, it is estimated that the LPA will receive approximately \$5 million over the 20-year term of the Ground Lease.

**Background:**

On October 11, 2011, the LPA approved a Master Solar Power Purchase and Sale Agreement with PsomasFMG for construction of a 6-megawatt solar generation facility on 30 acres of City owned land west of LNSC. Since that time, an additional 5 acres of land have become available. PsomasFMG would like to utilize these additional 5 acres and increase the size of the solar generation facility to 6.5-megawatts. Assuming there is capacity in the grid and SCE approves interconnection into their system, PsomasFMG would then enter into an agreement under SCE's California Renewable Energy Small Tariff (CREST) Program or other revenue generating program. This would equate to payments to the LPA of an estimated \$250,000.00 per year, or approximately \$8,465.00 per acre for the 35-acre property.

CJL:lcs

**Attachment:**

Option Agreement/Ground Lease  
Location Map