

# STAFF REPORT

## City of Lancaster

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MVB

Date: December 13, 2011

To: Mayor Parris and Council Members

From: Jason Caudle, Deputy City Manager

Subject: **Authorize the City Manager and City Attorney to begin the formation of the California Clean Energy Authority (CCEA)**

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### **Recommendation:**

Authorize the City Manager and the City Attorney to begin the formation of the California Clean Energy Authority (CCEA), a statewide Joint Powers Authority.

### **Fiscal Impact:**

It is anticipated that the formation of the CCEA will provide for long-term sustainable energy opportunities and revenues. Exact revenue projections will be determined as specific developments and opportunities arise. Each development agreement will come before Council for approval, and will have corresponding revenue and cost calculations.

### **Background:**

With the goal of becoming a net zero city, the City of Lancaster continues to diligently pursue opportunities for the development, implementation and advancement of renewable energy projects. Through the formation of dynamic private and public partnerships, the City has exercised leadership, utilized its technical expertise, and capitalized on its solar resource to become a leader in the municipal solar industry.

The City along with the Lancaster Power Authority (LPA), have successfully proven the viability of “smart” home development by its partnership with national home developer KB Homes and international tech giant BYD of China. Through combined efforts, the design and construction of self-sufficient homes using solar panels has been realized.

Taking the lead on green energy creation, the City forged a successful partnership with solar developer SolarCity, installing solar shade structures across five municipal sites, including City Hall, and the City-owned Clear Channel Stadium. The projected tax-payer savings is more than \$5 million over the life of the project.

Most recently, the LPA has created a business model which offers special financing opportunities for school districts and other public entities throughout the state of California. Combining the LPA’s innovative finance model and the experience of trusted industry leaders, the LPA effectively partnered with Lancaster and Eastside School District; installing solar shade structures at 25 individual school sites which have netted the school districts real savings in the first year.

With the recommended formation of the CCEA as a joint powers authority (“JPA”), the CCEA will be granted jurisdictional authority to finance, build, and operate solar facilities within member municipalities, and counties throughout the state, allowing the LPA to apply the proven

model, and successful track record to the benefit of participating members of the CCEA. This is another step in a long process of partnerships and developments throughout the state.

The CCEA expands our green energy portfolio through partnerships that allow participating members to utilize the same business model and financing structure which the LPA has developed. These programs will assist in the development of cost saving solar energy projects throughout the state. Formation of the JPA also gives the LPA the opportunity to develop, build, and own utility-scale projects and affords the City the right to finance and sell energy to the participating municipal utilities on a utility-scale basis.

The Lancaster City Council shall be the governing body over the CCEA retaining all administrative and executive authority over the projects and programs. The participating members will retain certain rights, authorities, and obligations under the JPA with allowances for financial remuneration as dictated within specific contract agreements. It is anticipated that the CCEA will contract with the LPA for the operation, maintenance, and administrative functions necessary for day-to-day operation.

As with all solar ventures, the CCEA will serve as a revenue source to sustain long-term functionality of the City's green energy portfolio. Additional benefits to the City include statewide authority, achievement of net zero objectives, continued solar development which enhances the economic viability of our region, a sharing of technical experience to assist other entities, and a long term revenue source.

**Attachment:**

Sample Joint Powers Authority Agreement