

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

PA CC 2
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MVB

Date: January 10, 2012

To: Chairman Parris and Authority Members

From: Robert C. Neal, Director of Public Works

Subject: **Option to Lease Agreement/Ground Lease with Morgan Solar USA, Inc., for the Potential Construction of a Concentrated 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 Morgan Solar USA, Inc. (Morgan), to reserve approximately 38 acres of land, west of the Lancaster National Soccer Center (LNSC), and to work cooperatively to design and construct a 6.5-megawatt concentrated 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. Morgan will reimburse the LPA \$500.00 per acre per 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 \$6.84 million over the 20-year term of the Ground Lease.

**Background:**

On October 25, 2011, the LPA approved a Master Solar Power Purchase and Sale Agreement with Morgan for construction of a 6.5-megawatt solar generation facility on 38 acres of City owned land west of LNSC. Assuming there is capacity in the grid and Southern California Edison (SCE) approves interconnection into their system, Morgan 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 \$342,000.00 per year, or approximately \$9,000.00 per acre for the 38-acre property.

CJL:lcs

**Attachments:**

Option Agreement/Ground Lease  
Site Map