

STAFF REPORT
Lancaster Power Authority

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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 US TOPCO ENERGY, INC., for the Potential Construction of a Photovoltaic Solar Generation Facility**

Recommendation:

Approve a 2-year Option to Lease Agreement (Option) and a 20-year Ground Lease with US TOPCO ENERGY, INC. (TOPCO), to reserve approximately 17 acres of land, west of the Lancaster National Soccer Center (LNSC), and to work cooperatively to design and construct a 3-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. TOPCO will reimburse the LPA \$500.00 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 \$1.55 million over the 20-year term of the Ground Lease.

Background:

On June 28, 2011, the LPA approved a Master Solar Power Purchase and Sale Agreement with TOPCO for construction of a 3-megawatt solar generation facility on 17 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, TOPCO would then enter into an agreement under SCE's California Renewable Energy Small Tariff (CREST) Program or other revenue generating program.

CJL:lcs

Attachments:

Option Agreement/Ground Lease
Site Map