

STAFF REPORT
City of Lancaster

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MVB

DATE: January 10, 2012

TO: Mayor Parris and City Council Members

FROM: Jason Caudle, Deputy City Manager

SUBJECT: **Development Agreement with Solar City for the development of solar systems throughout the State of California**

Recommendation:

Authorize the City Manager to execute a development agreement with SolarCity Corporation for the development of solar systems throughout the State of California.

Fiscal Impact:

The attached agreement does not require the City to expend any funds for specific projects. The intent of the agreement is to enter into a partnership whereby the City assists in the management, construction, and financing of solar projects throughout the state. If successful the project's financials should look very similar to the program the LPA implemented for the Lancaster and Eastside School Districts with revenues generated by the solar systems securing any bonded indebtedness and providing funds for the LPA and City.

Background:

As the City strives to become the Alternative Energy Capital of the World, a number of energy projects and programs have been implemented. The City has entered into a Power Purchase Agreement (PPA) with SolarCity to produce clean green energy for City facilities. In addition, the City has retrofitted City facilities to become more energy efficient. This has been accomplished through a no cost contract with Johnson Controls.

Not only has the City focused on cost saving, and 'greening' measures, we have also begun to use our local energy resource as a potential revenue stream for the City and a cost saving venture for others. Along this line, the City has formed the Lancaster Power Authority (LPA). Through this entity, we have been able to strike partnerships with solar developers to construct and sell solar energy on the open market. The Lancaster and Eastside School Districts agreement demonstrated the feasibility of such a groundbreaking agreement and the demand for affordable, stable renewable energy.

The proposed agreement between the City and SolarCity is yet again a significant move to bring affordable renewable energy to other government agencies across the State of California while

providing a revenue stream that would allow the City to administer these systems and provide customer support as well as upgrade and expand the City's solar programs and other City services. The program is a result of, and very similar to the business model used by the City to build and operate the Lancaster and Eastside school facilities. The attached contract provides a framework for the development of this statewide initiative. As partner agencies agree to join the City in this venture, City staff will provide individual detailed agreements and financial projections for each project for Council approval.

Attachment:

Development Agreement