

STAFF REPORT

City of Lancaster

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Date: August 14, 2012

To: Mayor Parris and City Council Members

From: Jason Caudle, Deputy City Manager

Subject: **Approve a Joint Powers Agreement to Establish the California Clean Energy Authority (CCEA) and Execute the Joint Exercise of Powers Agreement**

Recommendation:

Adopt **Resolution No. 12-59**, a resolution of the City Council of the City of Lancaster, California, approving a Joint Powers Agreement (JPA) between the City of Lancaster (Lancaster) and the City of San Jacinto (San Jacinto), for the establishment of the California Clean Energy Authority (CCEA), a Joint Powers Authority; approve the Joint Exercise of Powers Agreement between Lancaster and San Jacinto and authorize the City Manager, or his designee, to sign all documents.

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 the CCEA board for approval, and will have corresponding revenue and cost calculations.

Background:

On December 13, 2011, Council authorized staff to begin the formation of the California Clean Energy Authority. 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.

Most recently, the Lancaster Power Authority (LPA) created a business model which offers special opportunities for school districts and other public entities throughout the State of California. Combining the LPA's innovative solar model and the experience of trusted industry leaders, the LPA effectively partnered with Lancaster and Eastside School Districts; 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 CCEA to apply the proven model and successful track record to the benefit of participating members of the CCEA. This is another step in a 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 CCEA the opportunity to develop, build, and own utility-scale projects and affords the CCEA the right to sell energy to the participating municipal utilities on a utility-scale basis.

With San Jacinto as the first member agency, staff envisions launching the Solar San Jacinto program with a variety of renewable energy projects in the City of San Jacinto benefiting the residents and business owners through savings with little or no upfront costs. These programs will also offer the City of San Jacinto potential savings on municipal facilities similar to those built here in Lancaster. In addition to these money saving opportunities, opportunities to partner with San Jacinto school district, college district and police department exist. These opportunities offer a potential revenue stream to the CCEA to offset administrative expenses.

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 expertise to assist other entities, and a long-term revenue source.

JC:hs

Attachments:

Resolution No. 12-59

Joint Powers Authority Agreement