

**STAFF REPORT**  
**City of Lancaster**

CC 18
12/09/14
MVB

Date: December 9, 2014

To: Mayor Parris and Council Members

From: Jason D. Caudle, Deputy City Manager

Subject: **Renewable Generating Facility Site Ground Lease between City of Lancaster and SolarCity Corporation**

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**Recommendations:**

- a) Approve the Renewable Generating Facility Site Ground Lease (“Lease”) for approximately 20 acres west of the Lancaster National Soccer Center with SolarCity Corporation (“SolarCity”) and authorize the City Manager to enter into a written agreement with US Topco Energy Inc. terminating the Revised Option Agreement between the Lancaster Power Authority and US Topco Energy Inc., Revised Renewable Generating Facility Site Ground Lease, and First Amendment to Renewable Generating Facility Site Ground Lease.
  
- b) Authorize the City Manager to execute all documents and make any non-substantive changes necessary to complete the transaction.

**Fiscal Impact:**

This agreement does not obligate the City of Lancaster (“City”) to financial outlay. SolarCity will continue to reimburse the City \$500.00 per acre per year. Once the generation facility is constructed and has achieved commercial operation, the City will receive \$2,150.00 per acre per year (\$43,000.00 annually) or approximately \$860,000.00 over the twenty (20) year term.

**Background:**

Staff has been working closely with US Topco (“Topco”) and SolarCity to develop an energy partnership that will allow for the development and construction of solar facilities throughout the City.

On February 8, 2013 the Lancaster Power Authority entered into a Renewable Generating Facility Ground Lease with Topco for 25 acres of property west of the Lancaster National Soccer Center. This property was leased for the purpose of developing a renewable energy generation facility. On July 23, 2013 the Lancaster Power Authority entered into a First Amendment to Renewable Generating Facility Site Ground Lease in order to expand the scope of the project and provide an additional 13 acres of land for development. Since execution, Topco and SolarCity have partnered on the development of the renewable generating facility in order to maximize the effectiveness of the project. As result of the new partnership and change in development strategy, the existing lease option and agreements will need to be terminated to allow for the new lease between the City and SolarCity.

To account for substantial changes in the project and the regional solar market, and to provide the City with greater consistency in its revenues, this Renewable Generating Facility Site Ground Lease amends SolarCity's lease payments from a percentage of gross revenue to a fixed rate and reduces the amount of acreage leased in order to better suit the actual design of the project.

JC:hs

**Attachment:**

Renewable Generating Facility Site Ground Lease