

STAFF REPORT
City of Lancaster

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02/24/15
MVB

Date: February 24, 2015

To: Mayor Parris and City Council Members

From: Jason Caudle, Deputy City Manager

Subject: **Purchase and Sale Agreement with Southern California Edison for the Acquisition of the City of Lancaster's Streetlights**

Recommendation:

Approve the Purchase and Sale Agreement with Southern California Edison (SCE) for the acquisition of the City of Lancaster's 17,856 LS-1 streetlights for an amount not to exceed \$12,200,000 (acquisition and transaction costs) and authorize the City Manager or his designee to execute and submit all related documents.

Fiscal Impact:

The acquisition will save an estimated \$1,500,000 per year. This savings will be used to fund the acquisition financing and maintenance. City staff is evaluating various financing options and will bring a separate recommendation to City Council once the sale and acquisition has been approved by the California Public Utilities Commission (CPUC) as detailed below.

Background:

City staff has worked closely with SCE to finalize the terms and conditions of the Purchase and Sale Agreement. This is the next step in the acquisition of the City's streetlights.

The Purchase and Sale Agreement with SCE is an attachment required by the CPUC Section 851 application process and sets forth the terms and conditions of the sale of the streetlights. If approved, the Purchase and Sale Agreement would complete the Section 851 application, which would then be submitted to the CPUC for review. Approval from the CPUC is anticipated to take anywhere from 9 to 12 months. The streetlights would then transition from the existing LS-1 tariff, which currently ranges from \$9.00 - \$11.00 per pole per month, to the LS-2 tariff (City owned and maintained with unmetered energy service), which currently ranges from \$2.00 - \$4.00. Once approved City staff would work with SCE to transition over the asset to the City's ownership as quickly as possible so savings could begin to be realized immediately.

JC:hs

Attachment:

Purchase and Sale Agreement