



County of Yolo

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To: Supervisor Jim Provenza, Chair
and Members of the Board of Supervisors

Regular-General Government # 33.

Board of Supervisors

General Services

Meeting Date: 07/24/2012

Brief Title: Solar Project Update

From: Kevin Yarris, Director, General Services

Staff Contact: Terry Vernon, Deputy Director, General Services, x4870

Subject

Receive and file report regarding strategy for the solar project and authorize execution of certain agreements. (No general fund impact) (Yarris/Vernon/Raineri) (*25 minutes)

Recommended Action

- A. Receive and file report from General Services and Government Financial Strategies regarding revised strategy for financing solar implementation.
- B. Authorize the Chair of the Board to sign a Memorandum of Understanding between Yolo County and the Yolo County Office of Education.
- C. Authorize the Deputy Director of General Services to sign various agreements with PG&E, subject to certain conforming edits and other minor edits approved by the Office of the County Counsel.
- D. Direct staff to continue with the CEQA (California Environmental Quality Act) process and return to the Board of Supervisors for approval of CEQA and action on the solar project at a future meeting.

Strategic Plan Goal(s)

Advance innovation
Champion job creation and economic opportunities
Collaborate to maximize success
Enhance and sustain the safety net
Provide fiscally sound, dynamic and responsive services

Reason for Recommended Action/Background

The County Administrator's Office (CAO) asked for ideas from County departments on how to reduce our County Budget. The County General Services Department responded to this request by presenting various renewable solar projects, such as those currently in use at the Yolo County Justice Campus, Health Building and at various Yolo County Library locations, to offset the cost of energy.

At the May 17, 2011 Board of Supervisors meeting, the General Services Deputy Director, along with financial consultant Government Financial Strategies, presented a solar energy financial plan that with no capital investment would originally provide the County with present value savings of \$16.2 million (\$36.9 million over 30 years). This financial strategy was based upon the County's use of Qualified Zone Academy Bonds (QZAB's) to produce the most significant and financially beneficial results. These bonds

also require the development of an intergovernmental strategy to partner with an educational body, where both the County and the educational partner will benefit. These bonds allow qualified entities to borrow at little or no interest. Staff and our consultant have recently refined the financial strategy for solar implementation and have generated a better strategy which will result in present value savings of \$19.2 million (\$42.8 million over 35 years).

Early technical evaluations revealed that approximately 6-10 mega watts of solar generated electricity would be required to cost-effectively eliminate the County's current electric bill and develop substantial revenues for the County. The Deputy Director of General Services Department concluded that the same financing strategy that was used for the Justice Campus would not work on a larger system. In addition, due to Cal ISO (California Independent System Operator) regulations, no more than 4.9 mega watts can be placed in one array without lengthy, expensive reports and evaluations being completed over several years. In order to avoid this, the Department focused on installing a distributive system that will place solar arrays at two different locations in order to maximize efficiency in regards to the PG&E electrical interconnections and the economic benefit to the County.

Three locations were originally selected for implementation of the solar project: A vacant County owned parcel at the corner of N. Ashley and W. Woodland in Woodland, CA; the Yolo County Landfill; and a section of unutilized land at the northwest corner of Grasslands Regional Park. These locations were specifically selected for both their technical feasibility and their cost effectiveness and economic benefit. After further consideration, a solar system at the landfill was determined to have insufficient value at this time. If other locations (i.e., in addition to the Woodland and Grasslands sites) need to be used, the project becomes economically unfeasible. Two of these locations already provide access to all of the PG&E interconnections and megawatt load capacities necessary to establish the solar project without additional work and substantial cost being incurred.

At the November 8, 2011 Board of Supervisors meeting, the Board directed staff to begin preparing an analysis of these proposed solar locations. These analyses have been completed and the proposed Woodland and Grasslands locations are the most beneficial to Yolo County. The Board also directed staff to review the Grasslands Park Master Plan to ensure that the placement of a solar array on that property was in concurrence with the purposes outlined in that document. In working to ensure that proper use of that property is being maintained, the Parks Division met with the US Department of the Interior in order to receive a letter of concurrence or reissuance of the property deed (potentially necessary to eliminate certain deed restrictions) to proceed with the placement of the solar array in the northwest corner of the property. Though a formal letter of concurrence or reissuance has not yet been received, the Parks Division is working with the Department of the Interior on reissuance of the property deed to facilitate a small parcel transfer to the county for the solar array. The division is confident it will receive federal approval to proceed at Grasslands Regional Park. Finalization of the Grasslands site is planned for September/October 2012 and will require further Board action.

The Board also directed staff to convene the Parks, Recreation and Wildlife Advisory Committee (PRWAC) to discuss the placement of a solar array in Grasslands. After much discussion regarding the necessity for the continued and uninterrupted functionality of the park and the proposed location, the PRWAC approved placement of the solar array in Grasslands Regional Park at their December 12, 2011 meeting.

In order to utilize the QZAB financing process, the Department has worked with the Office of the County Counsel to develop an MOU for establishment and operation of certain "solar academies." The MOU is attached hereto. As provided therein, the solar academies will be operated under the direction of the Yolo County Office of Education to satisfy the educational component of the QZAB financing program. The solar academies will be operated in a manner that provides, among other things, solar industry job training to local students. Funding for the solar academies is expected to come from a private business contribution (expected from the company that will construct, operate, and maintain the solar project) and state funding for occupational programs. If state funding decreases or is eliminated over time, Section 5.B of the MOU requires the County to provide up to \$75,000 annually to support

operation of the academies. This potential contribution is reflected in the financial projections for the solar project.

With the MOU in place, an application requesting authorization to issue QZAB financing will be submitted to the California Department of Education for their review and approval. Once approved, the County may proceed with the issuance of financing. It is expected that the financing will be completed by December 2012 at which time the solar project installation will commence. The Department will return for Board of Supervisor approval of financing in Fall 2012.

The solar project has multiple benefits, both financial and environmental. Yolo County would be the first governmental agency to use bill crediting (AB2466) in addition to selling power to PG&E to significantly reduce our electric bill while generating revenue. In addition to partnering with various other governmental agencies including the Yolo County Office of Education, the US Department of the Interior and the National Parks Service, the environmental benefits of this project are extremely significant. Yolo County would reduce its carbon footprint by eliminating 554,927,032 pounds of green house gases over 35 years. This project in total is equivalent to removing 49,355 cars from the road and would provide enough energy to power over 47,676 homes per year. Additionally, the creation of an educational academy will benefit our future by providing opportunities for Yolo County students to receive an educational understanding of alternative energy.

Currently, negotiations with PG&E for interconnections, bill-crediting and power purchase agreements are completed and approved by PG&E. Related agreements are attached to this Board letter. The Office of the County Counsel has reviewed the agreements and, aside from noting a number of minor changes (e.g., to conform dates of anticipated operation, payment terms, etc.) may be necessary, has approved the agreements. The recommended action relating to the agreements allows for these minor changes to be made before the agreements are signed. In the unlikely event that a need for significant edits emerges, the agreements will be brought back to the Board for further consideration. Finally, while certain agreements require substantial County payments for interconnection and distribution facility work by PG&E, that work is not expected to commence for some time and it is unlikely that the County will incur substantial liability for payments to PG&E until the solar project financing has been approved by the Board.

The Department of Interior reconveyance of a small portion of Grasslands for the solar array is in progress and will be completed with the CEQA/NEPA approval process. The project plan is to have the CEQA/NEPA process completed in Fall 2012 and proceed with the full project.

Other Agency Involvement

The General Services Department, Auditor, Planning and Public Works, County Counsel, County Administrator's office, the Yolo County Office of Education, the United States Department of the Interior and the National Parks Service have collaborated on this project.

Fiscal Impact

No Fiscal Impact:	True
Total Cost of Recommended Action:	\$
Amount Budgeted:	\$
Net Variance from Budget:	\$
On-going Commitment's Annual Cost:	\$

Source of Funds

General Fund	\$0
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Further explanation as needed:

There is no fiscal impact to the General Fund resulting from this solar project. This project will be funded from utility cost savings and revenue generated by the solar array through the generation and sale of electricity.

Attachments

Att. A. PG&E Agreement #1

Att. B. PG&E Agreement #2

Att. C. Power Purchase Agreement #1

Att. D. Power Purchased Agreement #2

Att. E. Interconnection Agreement #1

Att. F. Interconnection Agreement #2

Att. G. MOU with YCOE

Att. H. County Counsel Approvals

Form Review

Inbox

Kevin Yarris
Jesse Salinas
County Counsel
Jesse Salinas
Form Started By: Laura Liddicoet
Final Approval Date: 07/17/2012

Reviewed By

Kevin Yarris
Jesse Salinas
Robyn Drivon
Jesse Salinas

Date

07/10/2012 10:43 AM
07/10/2012 02:39 PM
07/16/2012 09:19 AM
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