



**COUNTY OF SAN MATEO**  
**Inter-Departmental Correspondence**

Board of Supervisors

**DATE:** July 28, 2009  
**BOARD MEETING DATE:** August 4, 2009  
**SPECIAL NOTICE/HEARING:** None  
**VOTE REQUIRED:** Majority

**TO:** Honorable Board of Supervisors

**FROM:** Board President Mark Church *MC*

**SUBJECT:** Solar Genesis Project

**RECOMMENDATION:**

Adopt a resolution: (1) authorizing the Director of Public Works to execute grant agreements with the federal government for Omnibus Appropriations Act funding; (2) authorizing the Director of Public Works to execute agreements necessary for the design, engineering, and construction of the Solar Genesis Project; and (3) directing Public Works staff to file a Notice of Exemption for a CEQA Categorical Exemption for the Solar Genesis project, and (4) to sign a letter of intent to proceed with the acquisition and installation of the photovoltaic equipment atop the County Parking Garage to allow K2 Solar, the County's solar energy contractor, to take advantage of current opportunities for favorable pricing.

**BACKGROUND:**

The Board of Supervisors adopted the Cool Counties Declaration in October of 2007. The Declaration commits the County to reducing our carbon (CO<sub>2</sub>) footprint 80% below current levels by 2050. To help achieve that goal, the Board approved the "Solar San Mateo" program that included a County facility component, now called San Mateo Solar Genesis. Using solar to help power County facilities would make San Mateo County a renewable energy leader.

Projected electricity cost increases of 7% a year plus the demand surcharge make solar financially attractive. The County currently pays an average of \$0.09 per kilowatt-hour (kwh) plus \$0.05 in additional fees for peak demand periods. Solar power would offset electricity cost, as it would be produced at peak times.



At the Board's request, staff issued an RFP in late 2008, and selected K2 Solar of San Jose, CA as the preferred integrator for the Solar Genesis Project, based upon the financial attractiveness and thoroughness of their proposal. K2 Solar proposed a 330kw-DC (280kw-AC) photovoltaic array atop the parking garage, with a proposed installation cost of \$2.8 million dollars. Staff anticipates an additional \$400,000 - \$500,000 in cost for design, engineering, and project management, for a total project cost of \$3.2 - \$3.3 million. As the solar panel market is highly volatile, the project cost will not be finalized until the panels are ordered and under contract. With the downturn in the world economy this year, solar panel prices have been falling, and staff anticipates some savings from the original K2 proposal cost.

To help cover the cost, the County requested a \$3.35 million federal earmark for a solar project at County Center. Congress reduced the request to \$1.427 and signed the funding into law in the Omnibus Appropriations Act of March 2009. Staff is working with the Department of Energy to claim these funds. There is a required local match of 50% of the project cost, and sufficient non-departmental funds have been reserved for this purpose.

Public Works staff has determined that this project qualifies for a Categorical Exemption pursuant to Section 15301 of the Guidelines for Implementation of the California Environmental Quality Act (CEQA).

County Counsel has reviewed and approved the Resolution as to form.

**DISCUSSION:**

The authority to execute agreements necessary to advance the Solar Genesis Project should be delegated to the Director of Public Works. Authorizing the Director of Public Works to execute the agreements needed for the federal Omnibus grant and the K2 Solar contract would ensure that the project is ready to be executed in accordance with the short performance timelines. In addition, the Board's direction that the Public Works Director sign a letter of intent to proceed with the acquisition and installation of the photovoltaic equipment atop the County Parking Garage will enable K2 Solar, the County's solar energy contractor, to take advantage of current opportunities for favorable pricing.

**FISCAL IMPACT:**

The total cost of the project is estimated at \$3.3 million. The Federal earmark would fund \$1.42 million, leaving a net County cost of \$1.9 million. Non-departmental funds have been allocated for this project. Under the California Solar Initiative, the project is currently eligible for phased rebates, paid yearly for the first five years, and based upon the total kilowatt-hours of electricity produced. The rebate amount will depend upon the final system configuration, but is anticipated to be approximately \$120,000 each year for five years, totaling approximately \$600,000.