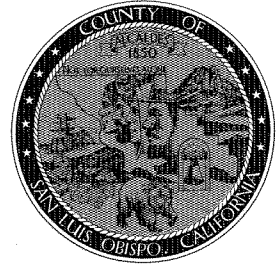


**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE August 3, 2010	(3) CONTACT/PHONE Leslie Brown (805) 781-5011	
(4) SUBJECT Request to approve the recommended response to the 2010 Grand Jury report titled <u>To "Go Solar" or Not "to Go Solar"</u> and forward this response to the Presiding Judge of the Superior Court by August 23, 2010.			
(5) SUMMARY OF REQUEST The 2009-2010 San Luis Obispo Grand Jury issued a report on June 23, 2010 examining the various opportunities and issues related to promoting and implementing renewable energy (particularly solar) in the county. The Board of Supervisors and the seven incorporated cities are required to respond to findings and recommendations made by the Grand Jury as a result of their investigation. This report presents the recommended response for Board consideration and approval.			
(6) RECOMMENDED ACTION It is recommended that the Board adopt the recommended response as the Board of Supervisor's response to the 2009-2010 Grand Jury report titled <u>To "Go Solar" or Not "to Go Solar"</u> and forward the response to the Presiding Judge of the Superior Court, with a copy to the Grand Jury, by July 29, 2010.			
(7) FUNDING SOURCE(S) N/A	(8) CURRENT YEAR FINANCIAL IMPACT N/A	(9) ANNUAL COST N/A	(10) BUDGETED? <input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A
(11) OTHER AGENCY INVOLVEMENT/IMPACT (LIST): Planning and Building, General Services Agency and County Counsel assisted in preparing the recommended response			
(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, How Many? ____ <input type="checkbox"/> Permanent ____ <input type="checkbox"/> Limited Term ____ <input type="checkbox"/> Contract ____ <input type="checkbox"/> Temporary Help ____			
(13) SUPERVISOR DISTRICT(S) <input type="checkbox"/> 1st, <input type="checkbox"/> 2nd, <input type="checkbox"/> 3rd, <input type="checkbox"/> 4th, <input type="checkbox"/> 5th, <input checked="" type="checkbox"/> All		(14) LOCATION MAP <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A	(15) Maddy Act Appointments Signed-off by Clerk of the Board <input checked="" type="checkbox"/> N/A
(16) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Presentation <input type="checkbox"/> Board Business (Time Est. _____)		(17) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions (Orig) <input type="checkbox"/> Contracts (Orig + 3 Copies) <input type="checkbox"/> Ordinances (Orig) <input checked="" type="checkbox"/> N/A <input type="checkbox"/> Email Resolution and Ordinance to <u>CR_Board_Clerk</u> (in MS Word)	
(18) NEED EXTRA EXECUTED COPIES? <input type="checkbox"/> Number: ____ <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A		(19) BUDGET ADJUSTMENT REQUIRED? <input type="checkbox"/> Submitted <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(20) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) _____ N/A		(21) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	(22) Agenda Item History <input checked="" type="checkbox"/> N/A Date _____
(23) ADMINISTRATIVE OFFICE REVIEW The Administrative Office prepared this item.			

County of San Luis Obispo

COUNTY GOVERNMENT CENTER, RM D430 • SAN LUIS OBISPO, CALIFORNIA 93408 • (805) 781-5011



TO: Board of Supervisors
FROM: Leslie Brown, Administrative Analyst
DATE: August 3, 2010

JIM GRANT
COUNTY ADMINISTRATOR

SUBJECT: Request to approve the recommended response to the 2010 Grand Jury report titled To "Go Solar" or Not "to Go Solar" and forward this response to the Presiding Judge of the Superior Court by August 23, 2010.

RECOMMENDATION

It is recommended that your Board adopt the response to the Grand Jury Report on "To "Go Solar" or Not To "Go Solar" prepared by staff, and forward this response to the Presiding Judge of the San Luis Obispo Superior Court by August 23, 2010, with a copy sent to the Grand Jury.

DISCUSSION

The 2009-2010 San Luis Obispo Grand Jury issued a report on June 23, 2010 examining the various opportunities and issues related to promoting and implementing renewable energy (particularly solar) in the county. The Board of Supervisors and the seven incorporated cities are required to respond to findings and recommendations made by the Grand Jury as a result of their investigation.

Specifically, the report requires responses to Findings and Recommendations as follows:

- The San Luis Obispo Board of Supervisors is required to respond to Findings 2, 4 and 5 as well as Recommendations 1-5, and
- Each of the seven incorporated cities are required to respond to Findings 2 and 4 and Recommendations 1-3.

Attached to this Board letter is the recommended Board of Supervisors response to the Grand Jury Report. Should your Board decide to approve the recommended response, it will be forwarded to the Presiding Judge of the San Luis Obispo Superior Court as the Board of Supervisors formal response to the Grand Jury.

OTHER AGENCY INVOLVEMENT/IMPACT

The County Planning and Building Department, General Services Agency and County Counsel staff assisted the Administrative Office in preparing the recommended response.

FINANCIAL CONSIDERATIONS

There are no financial considerations associated with this item.

RESULTS

Adoption of the findings and recommendations will fulfill the County's obligation to respond to Grand Jury reports as specified in Section 933.05 of the California State Penal Code.

ATTACHMENTS

1. The recommended Response by the Board of Supervisors to the 2009-2010 Grand Jury Report titled To "Go Solar" or Not To "Go Solar"
2. The FY 2009-10 Grand Jury Report titled To "Go Solar" or Not To "Go Solar."

ATTACHMENT 1

Response by the Board of Supervisors to the Grand Jury Report of June 2010 on To "Go Solar" or Not To "Go Solar"

The San Luis Obispo Board of Supervisors is required to respond to Findings 2, 4, and 5 and Recommendations 1 - 5.

GRAND JURY FINDINGS

1. The State mandate to obtain increasing amounts of energy from renewable sources is driving government agencies to investigate new sources.

The Board of Supervisors agrees with this finding.

2. Many government buildings, parking structures and schools are candidates for rooftop solar.

The Board of Supervisors agrees with this finding.

3. The Carrizo installations would be beneficial to the county, in that they would provide significant revenue from property taxes, and contribute toward the renewable energy requirement for the county.

The Board of Supervisors partially disagrees with this finding:

Per Section 73 of the California Revenue and Taxation Code, active solar energy systems are exempt from paying property tax. Any property tax benefits associated with the two solar plants are expected to be minimal and will be based on the non-productive aspects of the projects. The County could potentially realize significant revenue from sales taxes paid for equipment, materials and services during construction of the plants. At this point it is too early to say if the additional property tax and sales tax revenue will offset the cost of additional County services needed to serve the two plants.

While it is possible that these two solar plants will contribute to the State's goal of increasing the supply of energy from renewable energy resources, it is too early to say to what extent given that the permit applications for these two projects are still pending.

4. The first steps toward energy efficiency should start with retrofit of pre-1990 homes and buildings.

The Board of Supervisors partially disagrees with this finding as follows:

While homes and businesses built prior to 1990 may produce the largest gains in energy efficiency and draw the attention of most energy retrofit programs, buildings built since that time are also important in meeting the County's goal in reducing energy use and help achieve Greenhouse Gas Emission reduction targets. Any and all cost-effective gains in energy

efficiency in homes and businesses are needed. In order to achieve the greatest impact relative to energy efficiency, a program be available to the broadest audience possible and not be limited as this finding would imply.

5. Outreach and support by the county for AB 811 is essential to make retrofit and rooftop solar a viable option.

The Board of Supervisors agrees with this finding.

GRAND JURY RECOMMENDATIONS

1. The County Board of Supervisors and City Council's of all the county's incorporated cities should actively promote and implement the AB 811 retrofit and rooftop solar program.

Response: The recommendation has not yet been implemented, but will be implemented in the future.

On December 8, 2009, the Board of Supervisors adopted a resolution authorizing the County to join the CaliforniaFIRST Energy Efficiency Pilot Program (an AB 811 program) and directed staff to continue the process to implement the program in the County. On April 22, 2010, the California Energy Commission (CEC) approved the CaliforniaFIRST pilot program for a State Energy Program Grant (SEP) which resulted in San Luis Obispo County being awarded \$575,000 covering a two-year period. However, some legal issues have arisen regarding the design of the program and the distribution of the grant funds. This delay will postpone availability of the program to consumers until September 2010 at the earliest (possibly a much longer delay).

The legal issues regarding program design involve the Federal agencies FREDDIE MAC and FANNIE MAE and are related to the priority of the lien/assessment that would be placed upon properties participating in this program. Mortgage lenders are concerned that the AB 811 lien/assessment would take priority over the primary mortgage, which could negatively impact the repayment of the mortgage loan to the lenders.

This is a significant issue, which has garnered national attention. Lawsuits have been filed and legislation is in the midst of being introduced to Congress in an attempt to remedy this issue and move AB 811 type programs forward. The County is actively pursuing these options; however, the program is on hold until these issues are resolved.

2. The County Board of Supervisors and City Councils of all the county's incorporated cities should use the media to educate and encourage local residents and businesses to invest in solar power.

Response: The recommendation has not yet been implemented, but will be implemented in the future.

As part of the marketing for the CaliforniaFIRST program, use of the media for education about the benefits of solar power will be provided. Marketing for the county's program should begin before the end of 2010 (again, if the legal issues are resolved and grant funds released in the next few months).

3. The County Board of Supervisors and City Councils of all the county's incorporated cities need to inventory all government building rooftops as potentials for solar installation.

Response: The recommendation is in the process of being implemented in phases. Phase I is expected to be completed within six months and Phase II is expected to be complete within nine months.

General Services Agency (GSA) staff has conducted a preliminary review of all County building rooftops for potential solar installation (Phase I). In addition, GSA anticipates a more thorough review of all County property to more clearly define suitability for the installation of solar panels (Phase II). A target completion date of up to nine months has been set for this more detailed analysis to allow sufficient time for structural review and additional analysis, if needed.

4. The County Board of Supervisors should use grant funds to make AB 811 projects more affordable (i.e. pay for audits or "buy down" interest rates).

Response: The recommendation has not yet been implemented, but will be implemented in the future.

A key component of the CaliforniaFIRST program that was approved by the California Energy Commission is to use a portion of the SEP grant funding to "buy down" the bond interest rates. The expectation is the reduced interest rate will make the energy retrofit program more attractive to home and business owners. It is expected that the county's AB811 program will be implemented before the end of 2010 (again, if the legal issues are resolved and grant funds released in the next few months).

5. The County Board of Supervisors should create a new position in the county to be responsible for all "Renewable Energy" programs.

Response: The recommendation has been implemented.

On April 6, 2010, the Board approved a resolution amending the Position Allocation List for the Department of Planning and Building to create an Energy Program Coordinator (official classification - Senior Planner) offset by a portion of the SEP grant. This position would initially manage the county's AB811 program and would track other grant funding opportunities for energy efficiency and other green initiatives. As additional grant funding become available, this position will also assist in promoting the Energy Watch Partnership with PG&E, Southern California Gas and the Economic Vitality Commission, as well as directing other energy and green initiatives within the county. This position was filled on May 3, 2010.