



JIM JONES
Director

County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

Telephone: (323) 267-2103
FAX: (323) 264-7135

"To enrich lives through effective and caring service"

January 5, 2016

TO: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Dave Chittenden
Chief Deputy Director

SUBJECT: **BOARD MOTION OF JULY 21, 2015, ITEM 10 - REPORT ON PHASE ONE OF THE SOLAR PANEL PILOT PROJECT**

On July 21, 2015, your Board instructed the Director of ISD, working in conjunction with the Chief Executive Officer and other impacted departments, to:

- Begin implementation of Phase One of the Solar Panel Pilot Project, and to take action swiftly to ensure the Phase One projects are substantially completed prior to the reduction of solar project tax credits at the end of December 2016;
- Report back quarterly for the first year after installation of the Phase One projects on solar panel performance, realization of calculated energy savings, and performance under Local Worker Hiring and Local Small Business Enterprise contracting goals;
- Begin the planning and development process for additional phases of the Solar Panel Pilot Project subject to additional framework and timeline constraints; and
- Provide a report to the Board, not later than January 5, 2016, that evaluates the Phase One solicitation, contracting and installation processes and addresses the following regarding additional phases of the Solar Panel Pilot Project:
 1. Development of a list of 60 to 100 potentially viable solar sites.
 2. Concurrent with the implementation of Phase One, conduct a solicitation or multiple solicitations to implement three additional cycles of 20 solar projects, each (Phase Two, Three, Four), for a total of at least 60 solar

projects, which must achieve substantial completion by December of 2016 in order to capture the related Federal tax credits. These solicitations should include language to encourage or incentivize participation by Local Small Business Enterprises and to facilitate compliance with the Local Worker Hiring Program

3. Evaluation of the Phase One solicitation to understand why no firms submitted bids for small sites (less than 200 kilowatts) and how future solicitations could encourage bids for small sites.
4. Assessment of the potential to include purchase and installation of electric vehicle charging infrastructure in tandem or as a component of future solicitations.

This memorandum provides an evaluation of Phase One and the additional phases of the Solar Panel Project as requested above.

Phase One Status

ISD completed a competitive solicitation using the Energy Efficiency Programs Master Agreement (EEPMA) to identify a solar panel service provider under a Power Purchase Agreement (PPA). ISD negotiated and executed nine individual PPAs with SunEdison for each solar site under Phase One. Two sites were eliminated from the original eleven sites included in the solicitation as they were belatedly discovered to be leased facilities, and therefore not eligible for this program.

Each PPA sets forth ISD's reimbursement to Sun Edison for power produced at each Phase One solar site. The PPA also defines ISD's and SunEdison's roles regarding operation and maintenance of the solar equipment.

SunEdison is scheduled to provide an evaluation report for each site in early January to verify that existing conditions are adequate for the proposed solar system(s).

Evaluation of Phase One Solicitation and Contracting Process

The Phase One solicitation provided the following lessons learned that will prove beneficial in developing, soliciting and implementing future phases of the Solar Panel Pilot Project:

- Future solicitation processes and negotiations will take less time because ISD has negotiated and executed PPAs with a solar vendor and now has a greater understanding of the requirements.

- Benefits in future PPA negotiations will be realized now that it has been confirmed and approved by the Board (via Board Letter from ISD dated September 22, 2105) that the County solar projects' construction requires compliance under Government Code 4217.10, and the Energy Efficiency Projects Master Agreement (EEPMA) has been modified to include potential third-party entities who will assume financial ownership of the PPA over the term of the financing.
- Future ISD solar sites can now be more readily identified and preliminarily tested for solar feasibility using the County Solar Map to evaluate potential canopy (parking lot sites) solar installations on County facilities.
- ISD will focus on canopy sites for future phases unless a new roof has been recently installed or retrofitted on a new or existing County building. The installation of solar panels on roofs introduces many variables regarding successful implementation.

1. Development of 60 to 100 Additional Sites

ISD, working with the CEO, has identified over 100 additional, potentially viable solar sites. The CEO is currently evaluating the sites to eliminate those that:

- are not owned by the County;
- where the County is a long-term tenant and does not pay utilities;
- where the County has near term plans to vacate the property; or
- should be eliminated for other discernable reasons.

Additional County sites may be quickly evaluated for viable solar potential using the revised County Solar Map which now also identifies canopy solar potential on County facilities' parking lots.

2. Solicitation of Additional 60 Solar Sites

ISD has initiated a solicitation process for Phase Two of the Solar Panel Pilot Project which includes 21 sites that have been vetted by ISD and the CEO. The solicitation was released on November 25, 2015 and proposals are due by January 19, 2016. The award for Phase Two is targeted for April 2016, which will be preceded by a Board hearing and evaluation of proposals.

Currently over 40 additional sites have been identified by ISD and the CEO for Phase Three and Phase Four. Please see Attachment 1 for the current list of selected sites. This number may be augmented by the use of the Solar Map to expedite qualification of County sites.

The Phase Two solicitation includes Local Worker Hiring Program Policy requirements that were adopted by your Board on November 18, 2014. The solicitation also includes language that encourages proposers to establish and maintain a partnership with businesses that are certified by the County as Local Small Business Enterprise (LSBE) vendors. A list of current LSBE vendors was provided to all attendees of the Proposers' Conference for the Phase Two solicitation.

3. Evaluation of Phase One Solicitation Regarding Small Sites

ISD's understanding of the commercial solar industry indicates that the larger solar panel installers are more interested in larger (greater than 200 kilowatt) sites. The County's EEPMA list of qualified vendors is comprised of mostly larger installers. One of the possible reasons that no bids were received for smaller sites is that the County's past energy project solicitations have been typically larger than most other local governments' and thus only attracted larger installers. Also, small solar providers have also indicated that they have had challenges with qualifying under the County's EEPMA.

The latter point has been verified by ISD in recent discussions with small energy companies that are familiar with ISD's EEPMA. This is a primary reason that ISD's Office of Sustainability (COS) has made continuous efforts to provide training classes for small energy companies (under the Southern California Regional Energy Network) on how to qualify under EEPMA.

ISD/COS will also conduct workshops where the larger EEPMA vendors can meet smaller companies (whether on the County EEPMA or currently part of the training class roster) so that potential sub-contracting relationships can be established for future solicitations in an attempt to improve participation under Local Worker Hiring and Small Business Enterprise programs.

4. Potential to Include Electric Vehicle (EV) Charging Infrastructure with Solar Installations

ISD discussed this as a desirable option with the EEPMA solar vendors. While this work is feasible, given the tight restrictions for completing solar sites to qualify for tax credits and the time needed to evaluate EV infrastructure needs at solar sites, ISD did

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not included options for EV infrastructure in Phase Two solicitations, nor was EV infrastructure included in the future phase site selections.

Conclusion

On December 17, 2015, Congress passed an extension of the Federal Investment Tax Credit (ITC) for wind, solar and energy storage systems (The PATH Act of 2015). The current ITC provides a 30 percent tax credit and accelerated depreciation for these system owners. The County, as a non-taxpayer, only receives the benefit of the ITC through a competitively solicited PPA that incorporates ITC into the PPA rates. While the ITC was set to drop from 30 to 10 percent beginning January 1, 2017 for commercial projects, and would have disappeared entirely for residential solar projects, Congress' action extends the 30 percent tax credit through 2020.

Phase one of the Solar Panel Pilot Project has provided valuable lessons learned which will benefit our future planning and implementation. The extension of the Federal Investment Tax Credits clearly shows the Federal government's commitment to renewable energy and recent California legislation affirms the State's similar commitments. It also allows time for greater analysis of the Phase One pilot to ensure that subsequent phases are more robust and can benefit from all lessons learned. For example, it will allow ISD to re-evaluate the solar-only sites for inclusion of EV infrastructure.

At its next scheduled report to the Board, whether that be in conjunction with requested Board action for Phase Two or a follow-up report on Phase One, ISD will provide more details on the future phases of the Solar Panel Pilot Project as described above.

If you have any questions please contact me, or Howard Choy, of my staff, at (323) 267-2106 or via email at: hchoy@isd.lacounty.gov.

DC/HC:sg
Attachment

c: ISD Board Deputies
Chief Executive Officer
Chief Operating Officer
Acting Executive Officer, Board of Supervisors

ATTACHMENT 1: PHASE 2 AND ADDITIONAL SOLAR SITES

Phase 2 Locations

Location	Address
PH-ENVIRONMENTAL HEALTH HEADQUARTERS	5050 COMMERCE DR, BALDWIN PARK 91706
ANTELOPE VALLEY SERVICE CENTER-BUILDING B	335 E AVENUE K-6 A-B, LANCASTER 93535
ANTELOPE VALLEY SERVICE CENTER-BLDING A	349 E AVENUE K-6, LANCASTER 93535
PUBLIC LIBRARY-HEADQUARTERS	7400 E IMPERIAL HWY, DOWNEY 90242
SHERIFF-CARSON STATION	21356 S AVALON BLVD, CARSON 90745
PUBLIC LIBRARY-LANCASTER LIBRARY	601 W LANCASTER BLVD, LANCASTER 93534
SHERIFF-NORWALK STATION	12335 CIVIC CENTER DR, NORWALK 90650
DPSS-POMONA WS DISTRICT OFFICE	2040 W HOLT AVE, POMONA 91768
DPSS-CUDAHY A/P DISTRICT OFFICE	8130 S ATLANTIC AVE, CUDAHY 90201
PUBLIC LIBRARY-ROSEMEAD LIBRARY	8800 VALLEY BLVD, ROSEMEAD 91770
MACLAREN CHILDREN'S CENTER	4024 N DURFEE AVE, EL MONTE 91732
AG COMM/WTS & MEAS HQ/ PROBATION SPECIAL SVCS	12300 LOWER AZUSA RD, ARCADIA 91006
DF KIRBY CENTER-ADMINISTRATION BUILDING	1500 S MCDONNELL AVE, COMMERCE 90022
PH-WHITTIER PUBLIC HEALTH CENTER	7643 S PAINTER AVE, WHITTIER 90602
SHERIFF-WEST HOLLYWOOD STATION	780 N SAN VICENTE BLVD, WEST HOLLYWOOD 90069
DHS-LONG BEACH COMPREHENSIVE HEALTH CENTER	1333 CHESTNUT AVE, LONG BEACH 90813
PROBATION-RIO HONDO AREA OFFICE	8240 S BROADWAY AVE, WHITTIER 90606
DCSS-EAST LOS ANGELES SERVICE CENTER	133 N SUNOL DR, EAST LOS ANGELES 90063
SHERMAN BLOCK SHERIFF'S HEADQUARTERS BUILDING	4700 W RAMONA BLVD, MONTEREY PARK 91754
CAPANELLA PARK	14812 STANFORD AVE. COMPTON CA 90220
HARRY HUFFORD REGISTRAR-RECORDER/CO CLERK BLD	12400 E IMPERIAL HWY, NORWALK 90650

Additional Solar Sites

Facility Name	Address
AG COMM/WTS & MEAS HQ/ PROBATION SPECIAL SVCS	12300 LOWER AZUSA RD, ARCADIA 91006
SANTA CLARITA COURTHOUSE	23747 W VALENCIA BLVD, SANTA CLARITA 91355
DCSS-EAST LOS ANGELES SERVICE CENTER	133 N SUNOL DR, EAST LOS ANGELES 90063
MACLAREN CHILDREN'S CENTER	4024 N DURFEE AVE, EL MONTE 91732
DHS-LONG BEACH COMPREHENSIVE HEALTH CENTER	1333 CHESTNUT AVE, LONG BEACH 90813
PH-ENVIRONMENTAL HEALTH HEADQUARTERS	5050 COMMERCE DR, BALDWIN PARK 91706
PH-WHITTIER PUBLIC HEALTH CENTER	7643 S PAINTER AVE, WHITTIER 90602
MARSHALL CANYON GC-CLUBHOUSE	6100 N STEPHENS RANCH RD, LA VERNE 91750
EAST SERVICES AGENCY-OFFICE BUILDING	265 CLOVERLEAF DR, BALDWIN PARK 91706
APOLLO COMMUNITY REGIONAL PARK	4555 W AVENUE G, LANCASTER 93536
VAL VERDE-RECREATION BUILDING	30300 W ARLINGTON ST, SAUGUS 91384
BELVEDERE-COMMUNITY BLDG/PARK SERVICES BUREAU	4914 CESAR E CHAVEZ AVE, EAST LOS ANGELES 90022

SALAZAR PARK-PARKING LOTS(2)	3864 E WHITTIER BLVD, EAST LOS ANGELES 90023
STEINMETZ PARK-PARKING LOT	1545 S STIMSON AVE, HACIENDA HEIGHTS 91745
ARCADIA-DIRECTOR'S OFFICE/ RECREATION ROOM	405 S SANTA ANITA AVE, ARCADIA 91007
ARCADIA-DIRECTOR'S OFFICE/ RECREATION ROOM	405 S SANTA ANITA AVE, ARCADIA 91007
CERRITOS COMMUNITY REGIONAL COUNTY PARK	19700 S BLOOMFIELD AVE, CERRITOS 90703
PARKING LOT (DOWNEY ADMINISTRATIVE CENTER).	9100 E IMPERIAL HWY, DOWNEY 90242
PARKING LOT (DOWNEY ADMINISTRATIVE CTR-LOT 65)	9230 E IMPERIAL HWY, DOWNEY 90242
DOWNEY ADMIN CTR-ADMINISTRATIVE CENTER BLDG	9150 E IMPERIAL HWY, DOWNEY 90242
PROBATION-RIO HONDO AREA OFFICE	8240 S BROADWAY AVE, WHITTIER 90606
DF KIRBY CENTER-ADMINISTRATION BUILDING	1500 S MCDONNELL AVE, COMMERCE 90022
BRACKETT FIELD-ADMINISTRATION BUILDING-1	1615 W MCKINLEY AVE, LA VERNE 91750
FOX AIRFIELD-ADMINISTRATION BLDG-1	4555 W AVENUE G, LANCASTER 93536
ANTELOPE VALLEY SERVICE CENTER-BUILDING B	335 E AVENUE K-6 A-B, LANCASTER 93535
PW-SAN GABRIEL VALLEY DISTRICT OFFICE	125 S BALDWIN AVE, ARCADIA 91007
PUBLIC LIBRARY-HEADQUARTERS	7400 E IMPERIAL HWY, DOWNEY 90242
PUBLIC LIBRARY-LANCASTER LIBRARY	601 W LANCASTER BLVD, LANCASTER 93534
PARKING LOT (MALIBU ADMINISTRATIVE CENTER)	23525 W CIVIC CENTER WAY, MALIBU 90265
PUBLIC LIBRARY-ROSEMEAD LIBRARY	8800 VALLEY BLVD, ROSEMEAD 91770
PUBLIC LIBRARY-COMPTON LIBRARY	240 W COMPTON BLVD, COMPTON 90220
PUBLIC LIBRARY-WEST COVINA REGIONAL LIBRARY	1601 WEST COVINA PKWY, WEST COVINA 91790
ANTELOPE VALLEY SERVICE CENTER-BLDING A	349 E AVENUE K-6, LANCASTER 93535
DPSS-POMONA WS DISTRICT OFFICE	2040 W HOLT AVE, POMONA 91768
DPSS-CUDAHY A/P DISTRICT OFFICE	8130 S ATLANTIC AVE, CUDAHY 90201
DPSS-IHSS TRAINING	923 E REDONDO BLVD, INGLEWOOD 90302
THOMAS A TIDEMANSON PUBLIC WORKS BUILDING	900 S FREMONT AVE, ALHAMBRA 91803
HARRY HUFFORD REGISTRAR-RECORDER/CO CLERK BLD	12400 E IMPERIAL HWY, NORWALK 90650
SHERMAN BLOCK SHERIFF'S HEADQUARTERS BUILDING	4700 W RAMONA BLVD, MONTEREY PARK 91754
SHERIFF-CARSON STATION	21356 S AVALON BLVD, CARSON 90745
SHERIFF-NORWALK STATION	12335 CIVIC CENTER DR, NORWALK 90650
SHERIFF-EAST LOS ANGELES STATION	5019 E 3RD ST, EAST LOS ANGELES 90022
SHERIFF-INDUSTRY STATION	150 N HUDSON AVE, CITY OF INDUSTRY 91744
SHERIFF-WEST HOLLYWOOD STATION	780 N SAN VICENTE BLVD, WEST HOLLYWOOD 90069
SHERIFF-LENNOX STATION	4331 LENNOX BLVD, LENNOX 90304
SHERIFF-CRESCENTA VALLEY STATION	4554 N BRIGGS AVE, LA CRESCENTA 91214
SHERIFF-EAST L A SPECIAL ENFORCEMENT BUREAU	130 S FETTERLY AVE, EAST LOS ANGELES 90022
SHERIFF-LOMITA STATION	26123 NARBONNE AVE, LOMITA 90717
PCHS DT CTR-HONOR RANCHO ADMINISTRATION BLDG	29310 THE OLD RD, CASTAIC 91384
PCHS DT CTR-MEDIUM SECURITY ADMINISTRATION	29310 THE OLD RD, CASTAIC 91384
PCHS DT CTR-ADMINISTRATION / VISITOR CENTER	29340 THE OLD RD, CASTAIC 91384