



Information and General Services Department

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NEVADA COUNTY BOARD OF SUPERVISORS Board Agenda Memo

MEETING DATE: January 26, 2016

TO: Board of Supervisors

FROM: Steve Monaghan, Chief Information Officer

SUBJECT: Resolution Authorizing Submission of an Application to the Internal Revenue Service for Allocation of New Clean Renewable Energy Bond (CREB) Volume Cap to Finance a Project of Solar Energy Generation at Various Nevada County Facilities

RECOMMENDATION: Adopt the Resolution

FUNDING: There is no financial obligation to the County in submitting an application to the CREB program. If the application is approved and the County later elects to utilize the CREB financing rate subsidy, bond financing of \$10,863,053 will be sought to cover the cost of the solar energy generation project and associated financing costs. Repayment of the bonds will be from guaranteed energy cost savings at the facilities to be served by the planned solar systems.

BACKGROUND: By Resolution 15-352, the County entered into an Agreement with Climatec LLC to develop a program of energy conservation measures and solar energy generation systems at various Nevada County facilities. Climatec and its partner for the solar energy portion of the project, Sunpower Corporation, have completed their initial design of the project. An application has been submitted to the County Planning Department for applicable CEQA and land use approvals, which is presently under review by that office. County staff are currently negotiating a contract for implementation of the recommended energy projects that will be presented to the Board, along with a financing plan, in the spring of 2016. The financing plan is expected to include issuance of two bond offerings, for the energy conservation and solar energy generation projects respectively. The CREB program applies only to the bond financing the solar projects.

In February, 2015, the U.S. Department of Treasury made available a volume cap of \$597 million for new Clean Renewable Energy Bonds (CREB) for governmental bodies, providing an interest rate subsidy for eligible renewable energy projects. Through the CREB program, the

County would issue bonds at market rate and receive from the Internal Revenue Service a refund for a portion of the interest paid on those bonds, resulting in an effective interest rate approximately .75% to 1.25% lower than the market rate.

As of January 1, 2016, there is \$428 million remaining in the CREB volume cap for governmental bodies. Time is of the essence in submitting an application, as the available balance continues to decline as jurisdictions across the country submit eligible applications. There is no obligation to the County in submitting an application, and further action of the Board will be required prior to acceptance of an approved allocation and issuance of bonds. If the County's application is approved, we would have six months to issue the bonds. With the Board's approval of the CREB application, staff would proceed to submit the application at the earliest possible date at which we feel confident that the land use and financing planning processes are sufficiently far along that issuance of the bonds within six months of the application's approval would be feasible.

The planned solar installations would be located at the following sites:

Eric Rood Administration Center
Wayne Brown Correctional Facility
Carl F. Bryan II Juvenile Hall
Lake of the Pines Wastewater Treatment Plant
Highway 49 Ranch Property

The proposed Ranch Property installation would generate energy that would be credited to the electrical meters at up to fifty other County and Sanitation District facilities. Agreements will be required between the County and the Sanitation District in order to appropriately allocate energy credits and debt service costs between the two entities. Those agreements will be presented along with the contract next spring.

Item Initiated by: Mary Ross

Approved by: Steve Monaghan

Submittal Date: January 5, 2016

Revision Date: