Solar power plants burden counties that host them

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When it comes to attracting business to California's eastern deserts, Inyo County is none too choosy.

Since the 19th century the sparsely populated county has worked to attract industries shunned by others, including gold, tungsten and salt mining. The message: Your business may be messy, but if you plan to hire our residents, the welcome mat is out.

So the county grew giddy last year as it began to consider hosting a huge, clean industry. BrightSource Energy, developer of the proposed $2.7 billion Hidden Hills solar power plant 230 miles northeast of Los Angeles, promised a bounty of jobs and a windfall in tax receipts. In a county that issued just six building permits in 2011, Inyo officials first estimated that property taxes from the facility would boost the general fund 17 percent.

But upon closer inspection, the picture didn't seem so rosy.

An economic consultant hired by the county found that property tax revenue would be a fraction of the customary amount because portions of the plant qualify for a solar tax exclusion. Fewer than 10 local workers would land permanent positions - and just 5 percent of the construction jobs would be filled by county residents. And construction workers are likely to spend their money across the nearby state line, in Nevada.

Worse, the project would cost the county $11 million to $12 million during the 30-month construction phase, with much of the money going to upgrade a historic two-lane road to the plant. Once the plant begins operation, the county estimates taxpayers will foot the bill for nearly $2 million a year in additional public safety and other services.

Two of California's other Mojave Desert counties, Riverside and San Bernardino, have made similar discoveries. Like Inyo, they are now pushing back against solar developers, asking them to cover the costs of servicing the new industry.

"Southern California is going to become the home to the state's ability to meet its solar goals," said Gerry Newcombe, public works director for San Bernardino County. "That's great, but where are the benefits to the county?"

Desert counties also are anticipating costly shifts in land use, including the conversion of taxable private property into habitat for endangered species. Solar developers are required to buy land to offset the loss of habitat caused by their projects. Once the property is acquired, it cannot be developed, which reduces its potential for tax revenue.

Two of the largest solar plants in the world are under construction in San Bernardino County. But county revenue from those projects will not offset the cost of additional fire and safety services, which analysts say will amount to millions of dollars a year.

For example, the $2.2 billion Ivanpah solar project at the county's eastern border has agreed to pay $377,000 annually, but that may not be enough to cover the county's new costs related to the plant. The county doesn't know how much solar plants will drain from its budget because the projects are being planned and approved too quickly for adequate analysis, officials say.

"We really support private development and generating jobs," Newcombe said. "On the other hand, I am concerned that it's going too fast. I don't know that we've had a chance to appreciate the long-term impacts."

The county is also worried because most of the land inside its borders is owned by the federal government, and up to 1 million acres of that - nearly 8 percent of the county - could be set aside for solar development, removing it from public access and recreational opportunities, Newcombe said.

Counties that object to the pace of development, however, have been scolded for standing in the way of progress. Not only is renewable energy a priority of the Obama administration, it is also the darling of California's chief executive.

Democratic Gov. Jerry Brown has vowed to "crush" opponents of solar projects. At the launch of a solar farm near Sacramento, the governor pledged: "It's not easy. There are gonna be screw-ups. There are gonna be bankruptcies. There'll be indictments and there'll be deaths. But we're gonna keep going - and nothing's gonna stop me."

Counties have little say because the state controls planning and licensing of large-scale projects. The California Energy Commission issues the permits for utility-scale solar farms, and counties depend on the commission's staff to look out for their interests.

To the extent that California counties are pushing back against industrial solar, the rebellion began in Riverside County more than a year ago.

Some 20 utility-scale solar farms are proposed in the eastern stretch of the county on 118,000 acres of federal land along the Interstate 10 corridor between Desert Center and Blythe.

The Riverside County Board of Supervisors considered charging companies a franchise fee to offset the effects on roads and public services and to compensate for the loss of recreation and tourism access to the 185 square miles of federal land. Local officials saw it as a matter of fairness. Public utilities pay 2 percent of gross receipts to the county, for example.

"The solar companies are the beneficiaries of huge government loans, tax credits and, most critically for me, property tax exemptions, at the expense of taxpayers," said county Supervisor John Benoit, referring to a variety of taxpayer-supported loans and grants available to large solar projects as part of the Obama administration's renewable energy initiative. "I came to the conclusion that my taxpayers need to get something back."

County officials were unprepared for solar developers' reaction.

"They brought in six guys with three-piece suits, a PowerPoint presentation, and said, 'Your 2 percent is going to cost us $3 million a year,' " said Benoit, whose district includes many of the projects. "I thought, 'Wait a minute. That means you are going to make $150 million a year.' ... And they wanted to give us $96,000. It's a pittance compared to the loss of value and impact of these huge projects."

Benoit, a Republican, listened as company representatives aggressively pushed for the projects. At the next supervisors meeting, Benoit discovered, "These guys play hardball." A swarm of solar supporters flooded the room - bused in and wearing matching "No Sun Tax" T-shirts and caps.

For 4{ hours, speaker after speaker portrayed the solar projects as a salvation for the region's flagging economy and a balm for small-town business, predicting an explosion of jobs.

Solar representatives said that to have the unexpected expense thrust on them would drive them either into bankruptcy or to another more "business friendly" county or state.

After months of rancorous discussions, Riverside County crafted what it saw as a compromise: Developers will pay the county $450 annually for each acre of land involved in power production. They can reduce that amount by half, however, though a system of credits for local hires and the creation of permanent jobs.

The industry responded by suing Riverside County.

Shannon Eddy, executive director of the Large Scale Solar Association, a plaintiff in the lawsuit, said the fee discourages developers from building in the county. "It's going to be very difficult for them to compete" with other jurisdictions that invite solar projects, she said.

Overall, utility-scale solar development in the state has been a success, and the industry's reception generally has been favorable, Eddy said.

But in development-friendly Inyo County, officials are finding themselves in the unusual position of feeling lukewarm about a big project.

Oakland-based BrightSource Energy promised 1,000 construction jobs and 100 permanent positions, saying it would pay out wages of nearly $550 million over the life of the project and add more than $300 million in local and state tax revenues.

Inyo's consultant found altogether different numbers, and the county says the developers' economic claims "defy reality." BrightSource and the county are now in negotiations.

"We've got county residents living in cargo containers near the solar site, seniors living in trailer parks on fixed incomes - they all manage to pay their 1 percent property tax fee," said Kevin Carunchio, the county's administrative official. "Nobody is outright against these projects on ideological grounds or land-use principles. We don't think we should have to bear the cost for energy that is being exported to metropolitan areas."

One other issue remains unresolved: BrightSource's effort to downplay the visual imprint of a massive project spread across 3,300 acres of private land where the tallest nearby structure is a double-wide trailer perched on a concrete slab.

In licensing proceedings before the California Energy Commission, county officials noted: "Residents will live as close as 600 feet from a heliostat field replete with approximately 170,000 mirrors encircling two 750-foot towers as their neighbor."

BrightSource maintained that the power plant would not create a significant visual impact. Instead the project has been pitched as a potential tourist attraction, with its twin 70-story towers envisioned as a magnet drawing sightseers to the Pahrump Valley.

Carunchio - who is open to most plans to bring attention to the region - is skeptical.

"I can't believe that people will drive the long way to Death Valley just to look at the Eye of Mordor," he said.