



AGENDA REPORT

SAN CLEMENTE CITY COUNCIL MEETING
Meeting Date: September 17, 2013

Agenda Item CD

Approvals:

City Manager

Dept. Head

Attorney

Finance

Department: Community Development / Building Division
Prepared By: Mike Jorgensen, Building Official

Subject: **RENEWAL OF THE SOLAR PERMIT FEE WAIVER PROGRAM.**

Fiscal Impact: Extension of the existing solar permit fee waiver program is anticipated to result in fee waivers for fiscal year 2013-2014 totaling \$30,000.

Summary: Originally approved in 2008, various versions of the Solar Permit Fee Waiver Program have been renewed annually by the City Council to help encourage residents and businesses to install solar energy or heating systems. Staff recommends that Council approve the continuation of the current Solar Permit Fee Waiver Program incorporating minor changes in response to State laws enacted in 2013.

Background: This fee waiver program has been renewed annually by the City Council with a number of modifications over the years.

When initially implemented, all solar permit fees were waived during the first two years of the fee waiver program. In order to partially mitigate the growing loss of revenue the fees waived were adjusted in subsequent years while still providing an incentive to install solar electric and/or solar water heating systems

The table below indicates the number of solar permits issued and the fees that have been waived since the solar permit fee waiver program was implemented.

	No. of Solar Permits Issued	Fees Waived
Fiscal Year 2009	22	\$10,330
Fiscal Year 2010	46	\$49,520
Fiscal Year 2011	31	\$12,425
Fiscal Year 2012	70	\$36,750
Fiscal Year 2013	69	\$29,615

Discussion: Since 2009, 238 solar permits have been issued. Fee waivers, utility subsidies, and tax incentives have improved the affordability of these energy saving systems.

It is important to remember that this fee waiver program subsidizes solar installations which are just one way to improve energy efficiency and reduce greenhouse gas emissions. Many existing homes can also benefit from many other improvements

such as installing attic insulation, upgrading windows, weather-stripping doors, installing new high efficiency furnaces and water heaters, and sealing leaky heating and cooling ducts. All these improvements can improve the comfort inside the building while reducing energy usage.

In 2013 new state legislation (SB 1222) imposed limits on the permit fees a city may charge for rooftop solar energy systems.

Fees for residential rooftop solar energy systems shall not exceed \$500 plus \$15 per kilowatt (kW) for each kilowatt above 15kW.

Fees for commercial rooftop solar energy systems shall not exceed \$1,000 for systems up to 50kW, plus \$7 per kilowatt for each kilowatt between 51kW and 250kW, plus \$5 per kilowatt for each kW above 250kW.

In order to continue to provide an incentive to install solar electric and/or solar water heating systems City staff recommends that the solar permit fee waiver program remain in place with the following modification:

Continue to waive the portion of fees that exceeds \$300 for residential solar electric and solar water heating permits issued; and

Provide a \$300 fee credit and waive any fees that exceed the maximum fee allowed by SB 1222 for commercial solar electric and solar water heating permits issued.

Recommended

Action:

STAFF RECOMMENDS THAT the City Council

1. Retain the current Solar Permit Fee Waiver Program;
2. Continue to waive the portion of fees that exceeds \$300 for residential solar electric and solar water heating permits issued; and
3. Provide a \$300 fee credit and waive any fees that exceed the maximum fee allowed by SB 1222 for commercial solar electric and solar water heating permits issued; and
4. Reevaluate the Solar Permit Fee Waiver Program in three (3) years.

Attachments:

- #1 - Senate Bill No. 1222 – Solar Energy Permits
- #2 – Past Council Actions Related to Solar Permit Fee Waiver Program

Notification:

San Clemente Green
Sierra Club

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Senate Bill No. 1222

CHAPTER 614

An act to add and repeal Chapter 7.5 (commencing with Section 66015) of Division 1 of Title 7 of the Government Code, relating to solar energy.

[Approved by Governor September 27, 2012. Filed with Secretary of State September 27, 2012.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1222, Leno. Solar energy: permits.

Existing law provides that it is the policy of the state to promote and encourage the use of solar energy systems, as defined, and to limit obstacles to their use. Existing law provides that the implementation of consistent statewide standards to achieve timely and cost-effective installation of solar energy systems is not a municipal affair, but is instead a matter of statewide concern. Existing law requires a city or county to administratively approve applications to install solar energy systems through the issuance of a building permit or similar nondiscretionary permit. Existing law requires fees charged by a local agency for specified purposes, including permits, to not exceed the estimated reasonable cost of providing the service for which the fee is charged, unless a question regarding the amount of the fee charged in excess of this cost is submitted to, and approved by, $\frac{2}{3}$ of the electors.

This bill would require permit fees for rooftop solar energy systems, as specified, by a city, county, city or county, or charter city to not exceed the estimated reasonable cost of providing the service for which the fee is charged, which cannot exceed \$500 plus \$15 per kilowatt for each kilowatt above 15kW for residential rooftop solar energy systems, and \$1,000 plus \$7 per kilowatt for each kilowatt between 51kW and 250kW, plus \$5 for every kilowatt above 250kW, for commercial rooftop solar energy systems, unless certain conditions are met.

By requiring local agencies to perform additional duties, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

The provisions of the bill would remain in effect only until January 1, 2018.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Rooftop solar energy systems are a leading renewable energy technology that will help this state reach its energy and environmental goals.

(b) It is anticipated that more than 1,000,000 additional rooftop solar energy systems will be deployed in this state in the coming years.

(c) Various reports show that the permitting costs associated with the installation of rooftop solar energy systems varies widely across jurisdictions in this state.

(d) High permitting fees increase the costs of installation and reduce the ability for solar to be deployed across all income spectrums.

(e) Providing statewide permit fee standards will increase the deployment of solar distributed generation, provide solar customers greater installation ease, improve the state's ability to reach its clean energy goals, and create jobs in this state.

SEC. 2. Chapter 7.5 (commencing with Section 66015) is added to Division 1 of Title 7 of the Government Code, to read:

CHAPTER 7.5. FEES FOR ROOFTOP SOLAR ENERGY SYSTEMS

66015. (a) For a residential rooftop solar energy system that produces direct current electricity:

(1) A city, county, city and county, or charter city shall not charge a residential permit fee that exceeds the estimated reasonable cost of providing the service for which the fee is charged. Except as provided in paragraph (2), that fee shall not exceed five hundred dollars (\$500) plus fifteen dollars (\$15) per kilowatt for each kilowatt above 15kW.

(2) Notwithstanding paragraph (1), a city, county, city and county, or charter city may charge a residential permit fee for a rooftop solar energy system that exceeds the fees specified in paragraph (1) if, as part of a written finding and an adopted resolution or ordinance, it provides substantial evidence of the reasonable cost to issue the permit.

(b) For a commercial rooftop solar energy system that produces direct current electricity:

(1) A city, county, city and county, or charter city shall not charge a commercial permit fee that exceeds the estimated reasonable cost of providing the service for which the fee is charged. Except as provided in paragraph (2), the fee shall not exceed one thousand dollars (\$1,000) for systems up to 50kW plus seven dollars (\$7) per kilowatt for each kilowatt between 51kW and 250kW, plus five dollars (\$5) per kilowatt for each kilowatt above 250kW.

(2) Notwithstanding paragraph (1), a city, county, city and county, or charter city may charge a commercial permit fee for a rooftop solar energy system that exceeds the applicable fee specified in paragraph (1) if, as part

of a written finding and an adopted resolution or ordinance, it provides substantial evidence of the reasonable cost to issue the permit.

(c) A written finding adopted pursuant to subdivision (a) or (b) shall include all of the following:

(1) A determination that the municipality has adopted appropriate ordinances, permit fees, and processes to streamline the submittal and approval of permits for solar energy systems pursuant to the practices and policies in state guidelines and model ordinances.

(2) A calculation related to the administrative cost of issuing a solar rooftop permit.

(3) A description of how the higher fee will result in a quick and streamlined approval process.

(d) For purposes of this section, “administrative costs” means the costs incurred in connection with the review, approval, and issuance of the permit, and the hourly site inspection and followup costs, and may also include an amortization of the costs incurred in connection with producing a written finding and adopting an ordinance or resolution pursuant to subdivision (a) or (b).

(e) For purposes of this section, “residential permit fee” means the sum of all charges levied by a city, county, city and county, or charter city in connection with the application for a rooftop solar energy system.

(f) It is the intent of the Legislature that a city, county, city and county, or charter city that meets the obligations of subdivisions (a) and (b) receive priority access to state funds for the purposes of distributed energy generation planning, permitting, training, or implementation.

(g) This chapter shall remain in effect only until January 1, 2018, and as of that date is repealed.

SEC. 3. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

Past Council Actions Related to Solar Program Fee Waiver Program

City Council Minutes - Special and Regular Meeting of August 21, 2012

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F. Renewal of the Solar Permit Fee Waiver Program

MOTION BY COUNCILMEMBER DAHL, SECOND BY COUNCILMEMBER DONCHAK, CARRIED 5-0, to:

1. Retain the current Solar Permit Fee Waiver Program.
2. Continue to waive the portion of fees that exceeds \$300 for residential solar electric and solar water heating permits issued during Fiscal Year 2013.
3. Continue to waive the portion of fees that exceeds \$5,720 for commercial solar electric and solar water heating permits issued during FY 2013 and continue to provide a \$300 fee credit.
4. Retain the annual review of the Solar Permit Fee Waiver Program.

City Council Minutes - Regular Meeting of August 16, 2011

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E. Renewal of the Solar Permit Fee Waiver Program

MOTION BY COUNCILMEMBER DAHL, SECOND BY COUNCILMEMBER BAKER, CARRIED 5-0, to:

1. Continue to waive the portion of fees that exceeds \$300 for residential solar electric and solar water heating permits issued during Fiscal Year 2012.
2. Modify the waiver for commercial solar electric and solar water heating permits issued during Fiscal Year 2012 by waiving the portion of fees that exceeds \$5,720 and continue to provide a \$300 fee credit.
3. Retain the annual review of the Solar Permit Fee Waiver Program.

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C. Solar Permit Fee Waiver Program

Report from the Public Works Director/City Engineer and Community Development Director concerning renewal of the Solar Permit Fee Waiver Program.

Assistant City Engineer Bonigut and Building Official Jorgensen reviewed the contents of the Administrative Report and responded to Council inquiries.

Following discussion, MOTION BY COUNCILMEMBER ANDERSON, SECOND BY MAYOR PRO TEM BAKER, CARRIED 5-0, to:

1. Modify the fee waiver for residential solar electric and solar water heating permits issued during Fiscal Year 2011 by waiving the portion of the fee that exceeds \$300.
2. Discontinue the fee waiver for all commercial solar electric and solar water heating permits issued during Fiscal Year 2011.
3. Authorize a \$300 credit for commercial solar electric and solar water heating permits issued during Fiscal Year 2011.
4. Retain the annual review of the Solar Permit Fee Waiver Program.

F. Renewal of the Solar Permit Fee Waiver Program

MOTION BY COUNCILMEMBER ANDERSON, SECOND BY MAYOR PRO TEM DAHL, CARRIED 5-0, to renew the Solar Permit Fee Waiver Program for the remainder of Fiscal Year 2009/10.

G. Contract Award - Crossing Guard Services

MOTION BY COUNCILMEMBER ANDERSON, SECOND BY MAYOR PRO TEM DAHL, CARRIED 5-0, to approve, and authorize the Mayor to execute, Contract C06-40, by and between the City of San Clemente and All City Management Services, Inc., providing for crossing guard services, in the amount of \$110,000.

SOLAR POWER INSTALLATION INCENTIVE PROGRAM

Report from the City Manager pertaining to the possibility of implementing a Solar Power Installation Incentive Program.

City Manager Scarborough reviewed the contents of the Administrative Report and responded to Council inquiries.

In response to Council questions, Gary Headrick, of San Clemente Green, noted that AB 811, which was recently signed by the Governor, provides a financial mechanism whereby cities can help individuals purchase solar systems that would otherwise be unaffordable; related his understanding that homeowner associations cannot prohibit the installation of solar panels, but can provide input as to the area of the roof on which the panels are to be installed (provided the recommended location does not negatively impact the ability of the solar panels to generate solar electricity).

MOTION BY COUNCILMEMBER KNOBLOCK, SECOND BY COUNCILMEMBER EGGLESTON, CARRIED 5-0, to waive solar power permit fees through the end of FY 2008/09, with the understanding that the waivers will not be limited to a \$15,000 cap as was recommended by Staff. Council will consider extending the solar power permit waivers at the conclusion of the fiscal year.