



## Item No. 24 Town of Atherton

### **CITY COUNCIL STAFF REPORT – REGULAR AGENDA**

**TO: HONORABLE MAYOR AND CITY COUNCIL  
GEORGE RODERICKS, CITY MANAGER**

**THROUGH: MICHAEL KASHIWAGI  
COMMUNITY SERVICES DIRECTOR**

**FROM: BRETT HALE, BUILDING OFFICIAL**

**DATE: SEPTEMBER 16, 2015**

**SUBJECT: DISCUSSION OF FEES FOR THE INSTALLATION OF SOLAR  
SYSTEMS AND POTENTIAL MANDATORY INSTALLATION  
REQUIREMENTS**

#### **RECOMMENDATION**

Provide staff with direction relating to photovoltaic permit fees and possible implementation of a mandatory photovoltaic installation requirement.

#### **BACKGROUND**

At the June 2015 City Council meeting staff was directed to return to City Council with an analysis of the current Photovoltaic fees, a possible fee waiver and consideration of mandating the installation of a photovoltaic system on new construction.



#### **ANALYSIS**

Staff contacted 11 surrounding jurisdictions as part of its survey of photovoltaic permitting. A summary table is attached to this report that shows 5 of the 11 jurisdictions provide full fee waivers, 3 require fees set at full cost recovery and 3 charge fees, but are not at the level of full cost recovery.

During the adoption of the current Fee Schedule in 2013 the schedule was set to provide for full cost recovery. The current fee covers a broad range of different size systems and complexity. Cost recovery is discussed in relation to the cost to process the permit; not the cost recovery of photovoltaic systems themselves.

Of the 11 jurisdictions surveyed none have a mandatory Photovoltaic installation requirement. There are three known jurisdictions that have this requirement – all outside of San Mateo County.

### **Fees:**

Currently the Town's Building Department processes on average 27 photovoltaic permits per year. The systems are roughly a ratio of 65/35 in their sizes – 10KW versus larger. Prior to the recent adopted ordinance, the basic charge for solar installation was \$526 (regardless of size). Given the City Council recently adopted the expedited processing ordinance for 10KW or smaller systems, the cost recovery on this size system will be approximately \$258, plus Planning and Technology surcharges bringing the total permit cost to \$271. Full cost recovery for the larger systems remains at approximately \$526, inclusive of the Planning and Technology surcharges.

Alternative fee options to consider include:

- Option 1) Keep the fee schedule at current rate (\$526).
- Option 2) Revise the fee schedule to provide for a two-tier fee model reducing the cost of 10kw or smaller systems to \$271.67 keeping larger systems at \$526.50.
- Option 3) Revise the fee schedule to provide for a single reduced rate for all photovoltaic systems to the lower \$271.67 which would provide for a partial waiver of fees on systems over 10kw.
- Option 4) Waive all photovoltaic permit fees.

### **Mandatory Photovoltaic Systems:**

Research shows Tiburon, Lancaster and Sebastopol currently requires mandatory installation of photovoltaic system on new homes. Waivers are available, through the Design Review process, based on site conditions in the case of Tiburon and by alternate configuration in the case of Lancaster. These mandatory requirements were implemented through Zoning Code Amendments.

The California Public Utilities Commission and the California Energy Commission have a New Residential Zero Net Energy Action Plan that is projecting to have new homes at zero net energy (ZNE) beginning in 2020. ZNE homes are high performing, very efficient houses that have renewable energy sources, such as solar panels, so that over a year, the home produces as much energy as it uses. It is unknown at this time whether the Zero Net Energy Action Plan will become a regulatory mandate or remain as a goal for new homes beyond 2020.

While mandatory requirements for Photovoltaic will have environmental benefits through the conservation of natural resources and reduction of greenhouse gas emissions, implementation may negatively impact the preservation of heritage trees and could also mandate the size and orientation of new homes in order to realize the benefits of the photovoltaic systems.

- Trees are very important to the Town and can create shade. Shade falling onto the roof of the home being built or a neighbor's roof may render the PV impractical or highly inefficient.

- New homes that do not have adequate sun to support PV because of neighboring heritage trees or heritage trees on the same lot will require tree removal to meet a mandatory PV zoning provision.
- In order to avoid the removal of heritage trees, a mandatory photovoltaic requirement may also dictate the size and orientation of new homes
- Another consideration is the potential visual impacts photovoltaic systems may have on neighboring uphill properties.

Staff does not recommend proceeding with mandatory PV installations at this time due to significant potential impact with heritage trees.

#### **Potential options:**

- Mandatory Installations on new home construction under the Zoning Code
- Incentivize the installation though floor area increase or other credits
- Wait for the States ZNE mandate
- Provide an option list for the customer so the Town does not mandate a specific technology. For example: the ability to choose between solar, geothermal, prewire for electrical vehicle charging or pre-plumb a building so a portion of the gray water fixtures are separated from the black water to allow for a much easier transition to gray water irrigation in the future as the technology advances.

#### **POLICY FOCUS**

Adopting policy which requires the installation of photovoltaic systems on new homes will promote the conservation of natural resources and reduce greenhouse gas emissions. However, making this a mandatory requirement may negatively impact the preservation of heritage trees and could also have the impact of unintentionally regulating the size and orientation of new home construction.

The California Public Utilities Commission and California Energy Commission have a new Residential Zero Net Energy Action Plan that calls for new homes to use zero net energy by 2020. It is unknown if the Zero Net Energy Action Plan will become a regulatory mandate or remain as an encouraged action initiative.

#### **FISCAL IMPACT**

##### **Fees:**

Option 1 would keep the current revenue in place at approximately \$14,215.50 per year.

Option 2 would reduce the fees collected to approximately \$9,628.50 with an impact of \$4,587.00 per year

Option 3 would reduce the fees collected to approximately \$7,335.09 with an impact of \$6,880.41 per year

Option 4 would impact the budget by approximately \$14,215.50 per year.

If the Council wishes to proceed with a mandatory PV Ordinance, staff time would be necessary to prepare a zoning ordinance amendment for review by the Planning Commission and adoption by the City Council. If adopted, further staff time would be necessary to evaluate each project under the new ordinance requirements and waiver requests. The Council should also consider if a fee would be required for the additional review of if the fee would be waived. The fee waiver would further impact the general fund.

### **PUBLIC NOTICE**

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but be not limited to, media outlets, school districts, Menlo Park Fire Protection District, service providers (water, power, and sewer), and regional elected officials.

### **ATTACHMENTS**

- Fee survey and cost summary



**Current Atherton Fee Analysis using  
Fee Study 2013**

<b>BldgSolar Panels Permit Fee *</b>						
Process permits and document intake				1.500		
Building plan review			1.500		0.500	
Building inspection		1.500				
Total Hours per Unit	0.000	1.500	1.500	1.500	0.500	
*Total Fee Limited to <b>\$500 by state law</b>		190.70	258.02	134,61	86	Total: \$669.33*

Rates: Bi: 127.13 Pc: 172.01 Tech: 89.74

**Analysis of less than 10KW systems  
under new expedited review and  
inspections.**

<b>BldgSolar Panels Permit Fee * systems Less than 10kw under exp. review</b>						
Process permits and document intake				.500		
Building plan review			.500			
Building inspection		1.000				
Total Hours per Unit	0.000	1.000	.500	.500	0.000	
Total Fee Full cost recovery <10Kw		127.13	86.00	44.87		Total: \$258.00

Rates: Bi: 127.13 Pc: 172.01 Tech: 89.74

**Current Fees:**

526.50 x 27 (average number of permits) = \$14,215 p/year

**Revise Cost Recovery:**

1) Expedited systems 10KW or less: \$258 plus Technology Surcharge: \$8.51 plus planning surcharge \$5.16 = Total: 271.67

Estimated Revenue: 18 x 271.67 = \$4890.00

2) Current fee for all systems is appropriate for systems over 10kw: Current fee 526.50

Estimated Revenue: 9 x 526.5 = \$4738.50