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June 10, 2009

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 ity of Los Alamitos
 191 Katella Avenue
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Subject: Request for Formal Review of Solar Permit Fees and Procedures in Los Alamitos

Dear Mr. Stewart:

We would like to thank Los Alamitos for participating in our recently completed Southern California Solar Permit Fee Survey of over 250 municipalities. This letter provides an advance look at how your city's solar permit fees and processing times compare with those of other cities in the region. Our survey revealed that many cities are making it more difficult for their residents to install rooftop solar panels. The survey responses from your city also point out an overlooked opportunity to help increase the supply of local sustainable energy because we have concluded that Los Alamitos' total solar permit fee is one of the most expensive in southern California. [See the attached City Ranking Chart.]

When our researchers contacted Los Alamitos they were quoted total fees of \$942.37 for the review and permitting of a 3kW solar photovoltaic system valued at \$27,000. If your city's solar permitting fee structure has recently changed or you would like to make any corrections to this data, please let us know and we will update the published data in our report tables and on our website. As we are sure you are aware, the State of California has made great efforts to increase the amount of electricity generated using solar photovoltaic arrays. In fact, the California State Legislature has expressed the intent that municipalities reduce barriers to solar and minimize solar permitting fees in a body of law known as the California Solar Rights Act. As it stands, our assessment is Los Alamitos' quoted fees are so high that they are inconsistent with the Legislature's expressed intent that municipalities minimize solar permitting fees.

"The implementation of consistent statewide standards to achieve the timely and cost effective installation of solar energy systems is not a municipal affair, as that term is used in Section 5 of Article XI of the California Constitution, but is instead a matter of statewide concern. It is the intent of the Legislature that local agencies not adopt ordinances that create unreasonable barriers to the installation of solar energy systems, including, but not limited to, design review for aesthetic purposes, and not unreasonably restrict the ability of homeowners and agricultural and business concerns to install solar energy systems. It is the policy of the state to promote and encourage the use of solar energy systems and to limit obstacles to their use. It is the intent of the Legislature that local agencies comply not only with the language of this section, but also the legislative intent to encourage the installation of solar energy systems by removing obstacles to, and minimizing costs of, permitting for such systems."

[California Government Code Section 65850.5 (emphasis added).]

You may also want to consider whether such high permit fees for solar installations are in compliance with State requirements that municipalities charge only reasonable fees. As we are sure you are aware, California Government Code Section 66014 provides that fees associated with building inspections and building permits *"shall not exceed the estimated reasonable cost of providing the service for which the fee is charged."* We understand that Los Alamitos' solar permit fees are calculated using the project valuation. Our research has shown that valuation based solar permit fees consistently yield unreasonably high fees that exceed the cost of reviewing

lans, issuing the permit and inspecting the installation.

Where the value of a project generally reflects the amount of plan check and inspection work a city staff will have to do, valuation-based calculations can yield reasonable city fees. However valuation-based calculations consistently yield unreasonably high permit fees for residential solar installations because:

- Solar equipment is very expensive compared with the costs of materials on other types of projects.
- Residential solar installations are generally not complicated.

[See http://www.culvercity.org/buildingsafety/pdf/SolarPVInspection_Guidelines.pdf (comparing a residential solar installation to installing an HVAC system).]

- The size and value of most standard residential solar installations does not typically correlate to the amount of paper work, plan checking or inspections a city must complete.

The inherent problem with valuation-based solar permit fees was acknowledged by State Senator Lois Wolk. As a leader in the effort to expand the California Solar Rights Act while serving in the State Assembly, Wolk informed all California municipalities in a 2006 letter that valuation-based permit fee calculations were inconsistent with the legislative intent of the California Solar Rights Act. [See attached Wolk letter.]

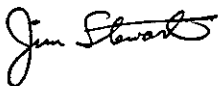
We invite you to join cities all over California that have encouraged solar installations by revising and reducing their solar permit fees. While conducting our survey, we have discovered that cities have found many creative solutions to the inequities of valuation-based solar permit fees: Some cities charge flat fees, some cities assign solar installations a minimal valuation to enable computation of reasonable fees, and some cities require only an electrical permit. By joining dozens of other California municipalities that have reduced solar permit fees or eliminated them entirely, Los Alamitos can promote solar and increase the benefits of this sustainable energy source for everyone.

Many cities have also streamlined solar permit procedures so that permits for solar installations can be issued over the counter. Such policies make it easier and more affordable for homeowners and businesses to go solar, thus improving air quality, reducing global warming, and securing energy independence. Please consider the attached list of recommendations designed to reduce costs and delays in the solar permitting process.

Additional information and the complete Sierra Club Southern California Solar Permit Fee Report can be found at <http://angeles.sierraclub.org/energy/pvfeereport.asp>. Although it is beyond the purview of the current report, you may also wish to consider how the fee structure and permit procedures in your city impact the installation of solar in commercial settings. Creating fair permit fee policies for all renewable energy systems (such as solar water heating, wind power, fuel cells, geothermal, etc.) is also important and we encourage you to consider this as well.

We appreciate you taking the time to participate in our survey and review our report. We would welcome the opportunity to discuss the specific details of Los Alamitos' permitting process further. If you have any questions or concerns, please feel free to contact Kurt Newick at (408) 370-9636 or Tamara Compeán at (626) 836-1948, or SolarPermitFees@gmail.com.

Sincerely,



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Recommendations for Solar Electric Permit Fees and Procedures

1. Make solar power permit fees a fixed \$324 or less for standard residential photovoltaic (PV) installations (i.e., do not base permit fee computation on PV system valuation).
 - A fixed total fee of \$324 or less is appropriate based upon extensive review of solar permitting costs in many jurisdictions with solar PV installation experience. Permitting and inspection of a typical residential PV system normally takes between 2 to 4 hours regardless of size, since the amount of work is essentially the same.
 - A fixed fee of \$324 or less brings your City into compliance with California's policy of encouraging solar as set forth in Government Code Section 65850.5 by minimizing all solar plan check and permit fees.
2. Consider fast-tracking applications for solar contractors who have reliable track records.
3. Standardize and streamline permit requirements to reduce time spent on the permit process by solar installers and City staff. For instance building department staff can be trained to do PV permit reviews and approval via cross training with planning department, public works and fire departments. A process that is quicker for solar installers is also cheaper for your city.
4. For rooftop residential PV systems of 15 kW or less, we recommend a permit issuance process that is over-the-counter (by appointment is OK if this works best for the permitting authority), particularly for PV systems that meet the following criteria:
 - Solar panel weight is under five pounds per square foot.
 - Weight of the solar array at each attachment point is less than 45 pounds.
 - The solar panels are no more than 18 inches off the surface of the roof.
 - The residence was built after 1950 with adequate rafters or trusses.
5. Consider posting solar permit guidelines, permit fees and the application on your City website.
6. Reduce the window for inspection appointments to no more than two hours. When feasible, cities should offer specific appointment times. This recommendation eliminates half-day inspection windows where expensive man hours are racked up waiting for inspectors.
7. Municipalities should not require Professional Engineering stamps for structural issues for flush-mounted rooftop PV systems, unless there are unique structural issues that need to be addressed (such as roof rafters being over spanned).
8. Do not tie permit issuance to utility approval. Some municipalities with their own electric utility require that the utility process and approve all paperwork relating to the PV system (e.g. net metering agreements, time-of-use metering agreements, solar rebate/incentive forms) before the building department will issue the permit. This needlessly adds time to the permitting process. We recommend that, before issuing a permit, such municipalities require only that the PV installer notify the utility of the pending project and submit an interconnection agreement and net metering application. The utility can then conduct its review and approval process concurrently with the PV contractor's installation process and the building department's subsequent inspection.

Laws Governing PV Permits and Fees:

California Government Code Section 66014 provides that fees associated with building inspections and building permits "shall not exceed the estimated reasonable cost of providing the service for which the fee is charged." (Emphasis added).

The California Solar Rights Act limits the review of solar energy systems by city building officials to whether they meet applicable health and safety requirements. (See California Government Code Section 65850.5 (b) and California Health and Safety Code Section 17959.1.) Discretionary reviews, including a design review for aesthetics, are prohibited. Section 65850.5(a) states: "It is the intent of the Legislature that local agencies not adopt ordinances that create unreasonable barriers to the installation of solar energy systems, including, but not limited to, design review for aesthetic purposes...." For details on this issue, see the letter of intent about solar permit fees and design reviews that State Senator Lois Wolk authored that was sent to all California cities on June 7, 2006. This letter can be downloaded at:

http://www.norcalsolar.org/downloads/city_resources/WolkPVFeeLetter.pdf

For more information on streamlining permit requirements:

1. Local chapters of the International Code Council in Northern California have approved some PV permit guidelines: <http://www.gosolarow.com/PermitStandards.pdf>
2. The American Board of Codes and Standards is working on a technical wiring diagram that may become a national standard for PV solar permits, once approved. It is similar to: http://www.brooksolar.com/files/Code_Organizer-Expedited-blank_INPUTS.pdf
3. View a Sierra Club report entitled Solar Electric Permit Fees in Southern California (a comparative report). This report includes permit fee and processing time information for Southern California Cities and it has additional recommendations on PV permitting best practices. It can be downloaded at: <http://angeles.sierraclub.org/energy/pvfeereport.asp>

For more information on related solar PV permit issues, you may contact Kurt Newick via email at SolarPermitFees@gmail.com or by phone at 408-370-9636.