

**MINUTES OF THE PLANNING COMMISSION  
OF THE CITY OF LOS ALAMITOS  
REGULAR MEETING**

**MONDAY, SEPTEMBER 14, 2009**

**A. Consideration of Solar Energy Panels Permit Fees** – The Sierra Club has requested the City evaluate and reduce its fees related to plan checking, permitting, and inspecting for solar panel installations. Staff is proposing alternatives for Planning Commission review, discussion, and recommendation to the City Council. **This item was continued from the August 10, 2009 cancelled meeting.**

Mr. Mendoza summarized the staff report.

Vice-Chair Daniel asked what the actual cost was to the City to process a solar panel permit.

Mr. Mendoza stated that normally a solar panel permit required a building plan check and planning plan check. He stated that the Building Official, who was a contract employee, charged \$125.00 per hour and it normally took 2 hours for the plan check. Inspections were also required for the installation of the solar panels.

Vice-Chair Daniel confirmed that the permit fee included the building plan check fee, the inspection fee, and the \$50.00 plan check fee by Planning. He asked how many inspections were required for a solar panel.

Mr. Mendoza stated that normally it required 2 inspections.

Commissioner Sutherlin asked how the current fees were estimated.

Mr. Mendoza stated that the fees were currently based on the valuation of the job.

Commissioner Riley asked if the intent was to be more in line with what other cities are charging, or to promote solar energy.

Mr. Mendoza stated that the Sierra Club was promoting going green and saving energy, which was also a goal for all cities.

Commissioner Riley asked if people tended not to use solar due to high fees.

Mr. Mendoza answered affirmatively.

Commissioner Sutherlin asked if the Sierra Club mentioned a dollar amount that would make a city appear green friendly.

Mr. Mendoza stated that fee rates were not mentioned by the Sierra Club.

Vice-Chair Daniel asked for staff's recommendation.

Mr. Mendoza stated that staff was supportive of making the use of solar energy easier on homeowners. He stated that staff would recommend an amount so that the City would recover its cost to do the plan check and inspections.

Ms. Wray stated after assessing the cost situation with Willdan, an amount between \$275 - \$375 would be appropriate.

Mr. Mendoza stated that the cost may include a waiver of the \$50 planning fee.

Chair Sofelkanik asked if solar panel permit covered both electrical and water.

Mr. Mendoza stated that it would be ideal to have one permit for the entire solar panel permit.

Chair Sofelkanik stated that the City should invite this type of technology into the City. He stated that he did not want to see the City make money or lose money on the permit, and agreed that the current fee should be modified to be more in-line with other cities, as long as the City was recovering its costs.

Vice-Chair Daniel suggested a base fee of \$320; however, if there were more than the average number of inspections or plan check reviews for a project for whatever reason, there should be a mechanism to increase the amount if appropriate.

Mr. Mendoza stated that was a mechanism currently built into the Code that allowed for additional fees for excessive inspections or plan checks, which would be at the discretion of the Community Development Director.

Chair Sofelkanik moved that staff draft a Resolution with a recommendation to the City Council to adopt a permit fee in an amount not to exceed \$320 for solar panels.

# City of Los Alamitos

**Agenda Report**  
**Staff Report**

**August 10, 2009**  
**Item No: 8B**

**To:** Chair and Members of the Planning Commission  
**From:** Steven A. Mendoza, Community Development Director  
**Subject:** Review, Evaluation, and Recommendation to the City Council of a Reduction in Fees Associated with Residential Solar Panel Installations

**Summary:** The Sierra Club has requested the City evaluate and reduce its fees related to plan checking, permitting, and inspecting for solar panel installations. Staff is proposing alternatives for Planning Commission review, discussion, and recommendation to the City Council.

**Recommendation:** Adopt by Minute Action a recommendation to the City Council altering the methodology of fee determination for solar installation for residential use from a valuation-based methodology to a flat fee based on number of panels or square footage of panels; and, to cap such fee to no more than the current median fee charged by municipalities in the Orange County

## Background

The California Solar Rights Act was instituted in 1979. The purpose of the Act was to facilitate the installation and use of solar power in the State of California, thereby using a more sustainable energy source, and reducing dependence on traditional energy sources, such as foreign oil. The Act was further refined by Assembly Member Lois Walk in AB 1407 and AB 2473 in an effort to establish a consistent set of standards for the review and approval of solar energy systems and to eliminate barriers to the installation of solar energy systems. AB 2473 declares the Legislature's intent to minimize the costs associated with permitting. A letter from Assembly member Wolk is included (Attachment 1).

In an effort to realize the intent of this legislation, the Sierra Club, an environmental interest group, has concluded a study related to permitting fees associated with solar panel installations for the Southern California region. They have generated a list of municipalities, ranked by the fees charged, and by the length of time required to obtain a permit. Staff has reassembled this list to include only those municipalities that are located in Orange County for comparison. The City of Los Alamitos ranks on the higher end, having the third highest fees in the county at \$942.37, which is based on an average installation valuation on \$27,000.00, the amount used as the benchmark for comparison.

At this time, staff is only recommending that consideration for a change in fees related to solar installation for residential uses, as commercial installations are complex and may require more extensive review and evaluation prior to permit issuance. In residential projects, there are several methods that can be used in determining how fees will be assessed. One method is a flat fee associated with a type of project, in this case a solar installation for residential use. Another method would be to assess a low valuation to all residential solar projects. The City of Los Alamitos currently uses is the valuation method. All fees are based upon the valuation of the installation, which can vary wildly and are dependent on the size and number of panels, but are typically over \$600.00 for the recent single-family residential applications.

Recently, the City received a request by the Sierra Club to evaluate and reduce the fees required for solar as charged by the City (Attachment 2). The Sierra Club has identified the City of Los Alamitos as having excessive permitting fees associated with solar installations and has stated that the City may be out of compliance with the intent of The California Solar Rights Act. Staff's own poll of neighbor cities confirms that the City's fees are higher in comparison. Several cities in Orange County have reduced their fees to zero, including the City of Seal Beach, which recently adopted a fee waiver for residential solar installations.

Below is a table that illustrates the City of Los Alamitos' ranking in Orange County with respect to fees relating to the benchmark as set by the Sierra Club:

<b>Rankings of Municipalities in Orange County</b>			
Dana Point	\$1,020.20	La Habra	\$410.07
Placentia	\$982.70	Westminster	\$400.00
<b>Los Alamitos</b>	<b>\$942.37</b>	Stanton	\$397.70
Newport beach	\$899.73	Seal beach	\$0.00
Rancho Santa Margarita	\$806.81	Lake Forest	\$253.50
Fullerton	\$791.31	Buena park	\$242.00
Orange	\$717.13	La Palma	\$211.00
Laguna Niguel	\$700.00	Irvine	\$210.00
Tustin	\$695.00	Garden Grove	\$160.00
Fountain Valley	\$663.00	Anaheim	\$0.00
Cypress	\$625.00	Costa mesa	\$0.00
Yorba Linda	\$614.20	Huntington Beach	\$0.00
Brea	\$466.40	San Clemente	\$0.00
		Santa Ana	\$0.00
So. Cal. Mean	\$501.78		
OC Mean	\$695.73		
<b>OC Median</b>	<b>\$510.10</b>		
OC Mode	\$0.00		

This table illustrates that the current median fees charged by Orange County cities that participating in the survey is \$510.10., or \$432.27 less than what the City of Los Alamitos charges. This difference represents 45 percent higher fees than the median fee. The median is the point at which one-half the fees fall above, and one-half the fees fall below. This is a more useful statistic to explain a ranking than a simple averaging, which can misrepresent actual conditions because of extremely high or extremely low numbers that can skew an "average".

As previously stated, the City of Los Alamitos uses a valuation method to determine fees. Fees are based on the total cost of the project, and the fee is comprised of several components, some of which are flexible and can be changed by the City, and some are set by the State or other agencies. The adjacent table below illustrates the total fees applied to the last four current permits issued by the City. These fees include a Planning Division minor plan check fee of \$50.00.

Fees			
Valuation	Total Fees	Valuation	Total Fees
\$7,500.00	\$427.33	\$7,500.00	\$427.33
\$10,000.00	\$607.81	\$10,000.00	\$607.81
\$15,000.00	\$694.53	\$15,000.00	\$694.53
\$16,832.00	\$794.41	\$16,832.00	\$794.41

As a reminder, the Planning Commission cannot set fees, however it can recommend to the City Council a reduction of fees or change in a methodology used in the determination of those fees, such as an adjustment in both the building and planning fees associated with the installation of solar panels for residential applications. Only the City Council may set fees, and then only by duly noticed action in a public hearing.

Alternatives available to the City that are recommended by Assembly Member Wolf are 1) removing the solar permit from a valuation based fee to a flat fee and reducing the fee to an amount that is commensurate with the amount of City resources allocated to the service, and 2) removing the solar permit from a valuation based fee to a simple electrical permit, 3) removing the solar permit from a valuation based fee to a flat fee and reducing the fee to an amount that is no higher than the median fees charged by municipalities within Orange County. The City building staff currently spends approximately two hours in plan checking, and one or two inspections, on average. Planning staff plan checks these applications for minimal aesthetic review and to seek approval from Homeowner Associations, if applicable. The City's building services contractor, Wildan, receives up to 90 percent of all permit fees. According to Mr. Jim Guerra of Wildan, any reduction in fees will be absorbed by the consultant building services provider, as they will still receive just up to 90 percent of fees the City charges for residential solar installations.

**Conclusion**

In order to comply with the spirit of the California Solar Rights Act, and to accommodate more sustainable forms of energy, and to accommodate those residents and residential property owners of the City of Los Alamitos in reducing their energy costs, staff

recommends alternative #3, developing a solar permit that is not based on valuation, but is based on a flat fee that represents a reduction to a level that is below the median fees charged by municipalities in Orange County. With this recommendation, City staff will work with the City's permitting software consultant, HDL, to develop a permit that meets this goal.

### **Fiscal Analysis**

Fiscal impact is minimal, as the City only processes approximately three to four solar permits per month, fees averaging \$630.00 per permit. A reduction of 45 percent would represent an approximate \$284.00 reduction per permit, with 90 percent payable to Wildan. Fiscal impact could be a reduction of approximately \$1,000.00 per year in permit fees.

*Attachments: 1) Letter from Assembly Member Lois Wolk  
2) Letter from Sierra Club*