

# City of Los Alamitos

## Agenda Report Public Hearings

October 19, 2009  
Item No: 8A

**To:** Mayor Troy Edgar & Members of the City Council

**Via:** Jeffrey L. Stewart, City Manager

**From:** Steven A. Mendoza, Director of Community Development

**Subject:** Consideration to Modify Schedule of Fees Pertaining to Residential Solar Installation Permits

**Summary:** The Sierra Club is urging cities to review and consider lowering fees to make solar panel installation more affordable for residents. This report provides an analysis of the current fee and a recommendation for modification.

### Recommendation:

1. Conduct a Public Hearing and take Public Testimony; and,
2. Adopt Resolution No. 2009-18 entitled, "A RESOLUTION OF CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, AMENDING RESOLUTION 2008-12 REGARDING BUILDING AND SAFETY FEES RELATED TO RESIDENTIAL SOLAR INSTALLATION PERMITS."

### Background

Based on the urging of the Sierra Club and recent actions of other Orange County cities, the Planning Commission reviewed the cost of permits related to single-family residential solar panel installation. As advocates for energy efficiency, the Sierra Club is urging all cities to review and consider lowering the fees to make Residential Solar Installation Permits more affordable for residents.

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 Wolk 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 473 declares the Legislature's intent to minimize the costs associated with permitting.

This report only reflects upon the installation of residential solar panels. Staff does not recommend change be considered for commercial installation as they require extensive review and evaluation prior to permit issuance due to their weight and load capacity

In an effort to realize the intent of this legislation, the Sierra Club recently concluded a solar permitting fee study for the Southern California region. The Sierra Club has generated a list of municipalities, ranked by the fees charged, to publicly highlight the disparity among cities as represented in Table 1. 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, the amount used as the benchmark for comparison.

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
RSM	\$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	Hunt. Beach	\$0.00
Brea	\$466.40	San Clemente	\$0.00
		Santa Ana	\$0.00
So. Cal. Mean	\$501.78		
OC Mean	\$695.73		
OC Median	\$510.10		
OC Mode	\$0.00		

Staff brought the issue to the Planning Commission's attention (September 14, 2009 minutes attached). The Commission recommended a simplification of the three separate permits (building permit, electrical permit and plumbing permit) related to solar panel installation into one combined Residential Solar Installation Permit. The second recommendation was to adjust the fee to only recover outside cost of the City Contract Building Official. Table 2 represents the true cost. It is also within the Council's discretion to waive the Planning Review Fee of \$50.00 since the Planner's salary is an internal cost.

The City of Los Alamitos currently uses the valuation method. All fees are based upon the value of the installation, which can vary depending upon the size and number of panels, but are typically over \$600.00 for the recent single-family residential applications.

<b>Task Related to Solar Installation</b>	<b>Rate</b>
Planning Review	\$ 50.00
Willdan Plan Check Permit & Inspection	\$ 250.00
<b>TOTAL</b>	<b>\$ 300.00</b>
<b>Breakdown of Costs</b>	
Plan Check	1.25
Permit Issuance	0.25
Two Inspections	0.50
Total Hours	<b>2.00</b>
Hourly Rate	\$ 125.00
	<b>\$ 250.00</b>

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 the

fee to zero, including the City of Seal Beach, which recently adopted a fee waiver for residential solar installations.

Table 3 illustrates the total fees applied to the last four permits issued by the City. These fees include a Planning Division minor plan check fee of \$50.00. The Planning Commission understood their limitations in setting fees and that it is not their role, but that of the City Council. Alternatives were discussed such as:

<b>TABLE 3</b>	
<b>Fees</b>	
Valuation	Total Fees
\$7,500	\$427.33
\$10,000	\$607.81
\$15,000	\$694.53
\$16,832	\$794.41

- 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,
- 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.

Table 2 demonstrates the time allocated to such permits. Building & Safety currently spends approximately two hours in plan checking, and completes one or two inspections. Planning staff reviews the application for aesthetics' including a site visit and a review of Homeowner Association approval, if applicable. The City's Building & Safety Consultant, Willdan, receives a percentage of all permit fees. Willdan has indicated their willingness to cooperate with the reduced fee if approved by Council. If necessary, staff still has the ability of charging extra for excessive plan check or excessive inspections.

## Conclusion

In order to comply with the spirit of the California Solar Rights Act, accommodate sustainable forms of energy and accommodate residents in reducing their energy costs, staff recommends combining the three Building & Safety related fees into one flat fee of \$250.00, and retain the Planning Review Fee of \$50.00. Should Council desire to further reduce Solar Permitting costs, Council could amend the Resolution to include Planning Review fee of \$50 into the new flat fee of \$250.00. The permit is still subject to an Automation Surcharge of 19.39 % as are all permits.

## Fiscal Impact

Fiscal impact is minimal to the City, as the City processes approximately four solar permits per month, averaging \$630.00 per permit. A reduction to a fixed rate of \$300.00 will represent an annual reduction in revenue to Willdan of \$13,464 and to the City of \$2,376.00. These amounts are based upon an average of four permits per month or forty eight (48) per year.

<b>TABLE 4</b>	
<b>Fiscal Breakdown</b>	
330	Average Reduction per permit
48	Permits per year
\$15,840.00	Total permit Fees
85%	
\$13,464.00	Amount retained by Willdan
\$ 2,376.00	Amount retained by City

Submitted By:

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Reviewed By:

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Approved By:

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Jeffrey L. Stewart  
City Manager

*Attachments:*

- 1) Resolution No. 2009-18*
- 2) Letter from Assembly Member Lois Wolk*
- 3) Letter from Sierra Club*
- 4) Planning Commission Minutes with Corresponding Staff Report*