

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 02/11/08		Item Number: <u>C-4</u>	
AGENDA ITEM: Adoption of an Ordinance Establishing a Mandatory 1 Kilowatt Solar Photovoltaic Requirement for Each 10,000 Square Feet of Gross Floor Area of New Construction for Commercial and Multi-Family Projects.			
Contact Person/Dept.: Heather Baker/City Attorney		Phone Number: (310) 253-5660	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Master Notification List (02/06/08)			
Department Approval: Carol Schwab (by H. Baker) (01/24/08)		City Attorney Approval: Carol Schwab (by H. Baker) (02/06/08)	
Fiscal Impact Review: Jeff Muir (by N. Kimball) (02/06/08)		City Manager Approval: Jerry B. Fulwood (02/06/08)	
<u>RECOMMENDATION:</u> Staff recommends the City Council adopt an Ordinance establishing a mandatory 1 kw solar photovoltaic requirement for each 10,000 square feet of gross floor area of new construction for commercial and multi-family projects, and waive further reading. <u>BACKGROUND/DISCUSSION:</u> At the City Council meeting of January 22, 2008, the Council introduced the Ordinance, with non-substantive revisions, by a unanimous vote (5-0). From the dais, the City Council suggested the following revisions to the Ordinance prior to adoption: • §15.02.1005 – The method for rounding in calculating the number of panels for a qualifying project has been revised so that a fractional panel equal to or greater than one half is rounded up and a fractional panel less than one half is rounded down. • §15.02.1010 – The Community Development Director has been designated with the authority to approve any exception to the solar photovoltaic requirement contemplated by this Section. • §15.02.1010.B. –This Section has been clarified to require that an alternate building for the installation of a solar photovoltaic system be located in Culver City. • §15.02.1015.A. – The fee waiver has been revised to be capped at Five Thousand Dollars (\$5,000), and the fee waiver provision will sunset after ten years.			

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The Ordinance, as revised above, is brought back tonight for adoption.

FISCAL ANALYSIS:

To illustrate a sample project, a simple financial analysis of a sample project under the new requirement is as follows:

A three story building with 3,334 sq. ft. per floor would meet the minimum 10,000 sq. ft. qualification requiring installation of a 1 kw photovoltaic system. A 1 kw system would cost approximately \$11,000 and the estimated time to repay the initial capital expenditure through energy savings (calculation assumes current energy prices) would be 16.5 years. However, due to the added energy savings for a project, if the system is financed as part of overall building construction, this payback may produce a positive cash flow of \$3.00 per month or \$34 per year based on a 30 year loan and including Federal tax credits and State tax rebates. The system is estimated to produce energy savings of 1,151 kw hours per year, resulting in the economic benefit of energy savings irrespective of project financing. As proposed, the proportionate cost for the energy system is less than one-half of one percent of the overall building construction cost.

From the City's perspective there would be a slight decrease in UUT revenue generated on a per project basis. However, the 10,000 sq. ft. threshold means that the effect will be small since it will only apply to a few projects. (For example, if the proposed Ordinance had been in full effect in FY 06-07, it is estimated there would have been a loss of \$836 for all qualifying projects).

ATTACHMENTS:

1. Ordinance (redline and final versions)

MOTIONS:

That the City Council:

Adopt an Ordinance establishing a mandatory 1 kw solar photovoltaic requirement for each 10,000 square feet of gross floor area of new construction for commercial and multi-family projects, and waive further reading.