

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 02/25/08		Item Number: <u>A-2</u>	
AGENDA ITEM: Introduction 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, Including Additions Equal to 10,000 Square Feet or More of Gross Floor Area, and Major Renovations to Existing Buildings of 10,000 Square Feet or More of Gross Floor Area.			
Contact Person/Dept.: Craig Johnson/Building; Heather Baker/City Attorney		Phone Number: (310) 253-5802; (310) 253-5660	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Master Notification List (02/ <u>20</u> /08)			
Department Approval: Sol Blumenfeld (02/14/08) Carol Schwab (by H. Baker) (02/14/08)		City Attorney Approval: Carol Schwab (by H. Baker) (02/14/08)	
Fiscal Impact Review: Jeff Muir (02/20/08)		City Manager Approval: Jerry B. Fulwood (02/20/08)	
<u>RECOMMENDATION:</u> Staff recommends the City Council adopt an Ordinance (Attachment 1) 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, including additions equal to 10,000 square feet or more of gross floor area, and major renovations to existing buildings of 10,000 square feet or more of gross floor area. <u>BACKGROUND/DISCUSSION:</u> At the City Council meeting of January 22, 2008, the Council introduced a proposed Ordinance, with revisions, by a unanimous vote (5-0). (See the January 22, 2008 City Council Agenda Item Report – Attachment 2). From the dais, the City Council suggested the following revisions to the Ordinance prior to its introduction: • §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.			

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- §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.

The City Attorney opined these were not “substantive amendments” to the Ordinance, and the City Council introduced the Ordinance as amended that evening.

On February 11, 2008, the Ordinance, as revised above, was brought back for adoption. At that time, the City Council determined that it wanted to further revise the solar photovoltaic requirement to include:

- Additions equal to 10,000 square feet or more of gross floor area; and
- “Major” renovations to existing buildings of 10,000 square feet or more of gross floor area, where such renovation is equal to at least 50% of the valuation of the existing building.

The exceptions to the solar photovoltaic requirement relating to one and two family residences, parking structures, garages, and renovations or additions to existing buildings (except as otherwise provided above), would still apply.

Due to the substantive nature of the change to the Ordinance as originally introduced, the City Attorney recommends the Council re-introduce the Ordinance this evening. Should the City Council introduce the Ordinance this evening, the Ordinance will then be brought back to the City Council on March 10, 2008 for adoption.

FISCAL ANALYSIS:

To illustrate a sample project, a simple financial analysis of a new required project 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 kilowatt (kw) photovoltaic system. A 1 kw system would cost approximately \$11,000 and the estimated payback would be 16.5

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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 will also 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 will be less reliance upon utilities and less UUT revenue generated on a per project basis. The 10,000 sq. ft. threshold means that the effect will be small. (For example, if the proposed Ordinance had been in full effect in FY 06-07, even with the current expanded applicability, it is estimated there would have been a loss of less than \$1,000 in UUT revenues for all qualifying projects)

ATTACHMENTS:

1. Ordinance (redline and final versions)
2. January 22, 2008 City Council Agenda Item Report

MOTIONS:

That the City Council:

Introduce 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, including additions equal to 10,000 square feet or more of gross floor area, and major renovations to existing buildings of 10,000 square feet or more of gross floor area.