



Legislation Text

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File #: 18-1983, Version: 1

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**AGENDA REPORT  
REQUEST FOR CITY COUNCIL ACTION**

DATE: 9/5/2018

TO: Honorable Mayor and City Council Members

FROM: Community Development Department / Administrative Services Department

**SUBJECT:**

City Council consideration to adopt Resolution No. 2018-084 updating building related fees for septic tanks/leach fields and solar photovoltaic systems (residential and commercial/industrial) and updating findings for residential and commercial solar energy permit fees.

**RECOMMENDED ACTION:**

That the City Council:

1. Adopt Resolution No. 2018-084 updating building related fees for septic tanks/leach fields and solar photovoltaic systems (residential and commercial/industrial) and updating findings for residential and commercial solar energy permit fees.
2. Approve a revenue reduction of \$107,157 in the General Fund for Fiscal Year 2018-19.

**ANALYSIS:**

In July 2015, the City's consultant, Revenue Cost Specialists, completed a "Fee Study Update," which analyzed the City's estimated cost to provide the services for which the fees are imposed and formed the basis for any recommended changes in the City's Master Fee Schedule. The Fee Schedule was originally approved by the City Council in September 2015. Since that time, there have been multiple department specific revisions with the most recent changes by Library and Recreation Services in May 2018.

The Community Development Department now desires to reduce three current building related fees based on revised estimates of the time involved in the process and industry changes.

Below is a summary of the proposed revisions to the building related fees:

FEE	CURRENT	NEW FEE/ CHANGE	JUSTIFICATION	ANTICIPATED ANNUAL REVENUE IMPACT	FY 2018-19 PRO- RATED REVENUE IMPACT
<b>Table C Plumbing Fee Schedule Septic Tank/Leach Field</b>	Total of \$291.28 (\$220.19 plan review, \$71.09 inspection)	Total of \$99.48 (\$28.39 plan review, \$71.09 inspection)	City of Corona is entering into an agreement with Riverside County to provide plan review services for onsite wastewater treatment systems.	Estimated decline in revenue of \$191.80 (about 1 septic system/year average).	No change to estimates due to low volume
<b>Table D Electrical Fee Schedule Residential Solar Photovoltaic</b>	\$727.41 for 15kW or less and \$126.14 for each additional 15kW	\$447.55 for 15kW or less and \$90.60 for each additional 15kW	Industry has adapted to the technology, plans are becoming standardized, AB 1414 imposes permit fee caps	Estimated decline in revenue of \$155,322 (about 555 permits issued/year.)	Estimated decrease of \$103,548
<b>Table D Electrical Fee Schedule Commercial/Industrial Solar Photovoltaic</b>	\$824.45 for 15kW or less and \$161.68 for each additional 15kW	\$654.69 for 15kW or less and \$90.60 for each additional 15kW	Industry has adapted to the technology, AB 1414 imposes permit fee caps	Estimated decline in revenue of \$5,413.80 (about 3 permits issued/year, 361kW avg. size.)	Estimated decrease of \$3,609

With respect to the solar photovoltaic fees, Assembly Bill 1414, which became effective on January 1, 2018, revised Government Code Section 66015 to limit the amount the City can charge for the installation of solar energy systems, unless the City makes written findings demonstrating that the City’s reasonable cost to issue a permit for the solar energy system exceeds the limit established by Section 66015. Specifically, Section 66015 limits the fee that can be charged for a residential solar energy system to \$450 plus \$15 per kilowatt for each kilowatt above 15kW. For commercial solar energy systems, the fee is limited to \$1,000 for systems up to 50kW plus \$7 per kilowatt for each kilowatt between 51kW and 250 kW, plus \$5 per kilowatt for each kilowatt above 250kW. As indicated in the chart above, the proposed base fee amount for both residential solar energy systems (\$447.55) and commercial solar energy systems (\$654.69) does not exceed the limit established by Section 66015. However, the proposed amount for each additional 15kW exceeds the limit established by Section 66015. For this reason, it is necessary for the City to make written findings showing that the City’s fees do not exceed the actual administrative and labor costs incurred by the City to issue the permit for the solar energy system. The attached resolution sets forth the requisite written findings.

**COMMITTEE ACTION:**

The Finance, Legislation, and Economic Development Committee discussed the proposed fee changes at its July 5, 2018 meeting and offered no objections.

**STRATEGIC PLAN:**

Not applicable.

**FISCAL IMPACT:**

The recommended fee changes would result in a General Fund revenue decrease of approximately \$160,736 annually, based on current permit activity. The septic tank/leach field fee change will not have an impact on revenue estimates as the fee is not collected regularly and has not been collected in a couple years. The revenue estimates for Fiscal Year 2018-19 will be decreased by \$107,157 for the changes based on an effective date of November 4, 2018 (60 days after approval of fee changes).

Estimated General Fund Revenue Over Expenditures FY 2018-19

<b>GENERAL FUND</b>	
Budget Workshop May 23, 2018 - Est. Revenue Over Expenditures	\$6,626,911
Previously approved budget adjustments (net) - See Note	(6,088,128)
<b>Revised Estimated Revenue Over Expenditures</b>	<b>\$ 538,783</b>
Revenue reductions for fee changes, effective November 4, 2018	(107,157)
<b>Revised Estimated Revenue Over Expenditures</b>	<b>\$431,626</b>
Estimated Budget Balancing Measures Reserve 06/30/18	\$20,645,252
Estimated FY 2018-19 Change in Budget Balancing Measures Reserve	431,626
<b>Estimated Budget Balancing Measures Reserve 6/30/19</b>	<b>\$21,076,878</b>

Note: Previously approved budget adjustments (net) includes other General Fund changes on the September 5, 2018 agenda

**ENVIRONMENTAL ANALYSIS:**

This action is exempt pursuant to Section 15273(a) of the Guidelines for the California Environmental Quality Act (CEQA), which states that CEQA does not apply to the establishment, modification, or approval of rates, tolls, fares, and other charges that are for the purpose of meeting operating expenses. This action updates certain building permit fees that are established for the purpose of meeting the operating expenses of the City in providing the services performed specifically at the request of the applicant. Therefore, this action is exempt from CEQA and no further environmental analysis is required.

**PREPARED BY:** CHRIS MILOSEVIC, BUILDING OFFICIAL/BUILDING INSPECTION MANAGER

**REVIEWED BY:** JOANNE COLETTA, COMMUNITY DEVELOPMENT DIRECTOR

**REVIEWED BY:** KIM SITTON, FINANCE MANAGER

**REVIEWED BY:** KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

**REVIEWED BY:** MICHELE NIESSEN, ASSISTANT CITY MANAGER

**SUBMITTED BY:** DARRELL TALBERT, CITY MANAGER

Attachment:

1. City Resolution No. 2018-084