

COUNCIL ACTION FORM

SUBJECT: SOLAR FARM ELECTRICAL PERMIT

BACKGROUND:

The company constructing the City's Community Solar project has been informed by the Inspection Division that their electric permit fee would be \$35,176.40. This amount is in accordance with Appendix U of the Ames Municipal Code which sets the fee for the base permit application and specific item fees for fixtures, circuits, etc. Based on the information submitted in the application, the following fee was determine for this permit:

| | |
|----------------------|---|
| Electrical Base Fee: | \$53.55 |
| Meter Fee: | \$5.95 (this is the amount per meter. One meter was listed) |
| Other Fee: | \$35,116.90 |
| Total: | \$35,176.40 |

Having built solar farms in other cities, the company pointed out that this fee total is quite high in relation to other similar projects that have constructed.

The staff admits that the current fee schedule in Appendix U does not specifically address solar arrays. The "other" fee has historically been used for solar arrays on other solar projects. On this project, the other fee of \$5.95 was assessed to 5,902 modules for a total of \$35,116.90. McFarland Clinic installed solar panels on the structure at 3600 Lincoln Way in 2016. The "other" fee was charged to 987 modules at their site. Their total permit fee was calculated in the same manner as the solar farm listed above:

| | |
|----------------------|------------|
| Electrical Base Fee: | \$53.55 |
| Other Fee: | \$5,872.65 |
| Total: | \$5,926.20 |

Staff has reviewed other Iowa cities to determine how the permit for the solar farm would be calculated in those jurisdictions. The findings are as follows:

| | |
|---------------|----------|
| Des Moines: | \$35,524 |
| Ankeny: | \$117 |
| Urbandale: | \$94.50 |
| Cedar Rapids: | \$16,915 |
| Iowa City: | \$31,535 |

In conversation with many of these jurisdictions, it was clear that the current method for calculating permit fees for a project as large as the solar farm is not

practical. In Ankeny and Urbandale, the fees would not cover staff's time for permit review and inspections. In Des Moines and Iowa City, it more than covers staff time. Everyone agreed that their existing fees schedules were appropriate for residential and small commercial projects, but that they did not accommodate the large-scale projects. None of the jurisdictions stated that they had permitted a project similar to our solar farm and they should probably look at their fee schedule in anticipation of larger solar projects.

Since none of the fees listed above would appropriately cover the costs of the inspections for the project (either too high or too low), staff believes a new fee for large projects (large projects are those over 500 kVA) should be added to Appendix U. It has been determined that the fee most closely related to a solar module fee would be a fixture fee of \$2.15.

If a new fee was created that assessed a fee equal to that of a fixture fee to solar projects over 500 kVA the fee would be calculated as follows:

| | |
|----------------------|---|
| Electrical Base Fee: | \$53.55 |
| Solar Module Fee: | \$12,689.30 (\$2.15 module fee x 5,902 modules) |
| Total: | \$12,742.85 |

This approach would allow the fee structure for residential and smaller commercial projects to remain unchanged while accommodating the unforeseen scope of this project. The language for the amendment to allow this is as follows (a draft ordinance is attached):

| | |
|---|------------|
| Solar Module for Photovoltaic projects 500 kVA or larger..... | \$2.15 ea. |
| Solar Module for Photovoltaic projects under 500 kVA..... | \$5.95 ea. |

ALTERNATIVES:

1. Approve the resolution to amend the fee schedule in Appendix U that would allow staff to assess a smaller fee per module to projects over 500 kVA. This will reduce the cost of the permit fee for the solar farm by \$22,433.55.
2. Deny on first reading the amendment to revise the fee schedule in Appendix U. This will require staff to continue to assess the 'other' fee of \$5.95 to each solar module.

CITY MANAGER'S RECOMMENDATION:

It is the recommendation of the City Manager that the City Council support Alternative #1 and thereby approve the amendments to Appendix U to apply the same fee applied to fixtures (\$2.15) to each module for projects over 500 kVA and continue utilizing the fee assessed to 'other' fixtures (\$5.95) for projects under 500 kVA.

RESOLUTION NO.

**A RESOLUTION AMENDING ELECTRICAL PERMIT FEE SCHEDULE OF
APPENDIX U FOR THE CITY OF AMES, IOWA**

BE IT RESOLVED, by the City Council of the City of Ames, Iowa, that the following amendment to the Electrical Permit Fee Schedule of Appendix U of the City of Ames Municipal Code is hereby adopted:

**Appendix U
Electrical Permit Fee Schedule**

| <u>Description of Work</u> | <u>Fee</u> |
|--|------------|
| Basic Fee - (In addition to below fees) | |
| For multi-family, commercial, industrial, new construction, additions or alterations..... | \$53.55 |
| For existing 1 and 2 family dwelling additions or alterations..... | \$53.55 |
| Minimum fee (all new construction and alterations to other than single and two-family dwellings) | |
| New single family dwelling..... | \$80.35 |
| Two family dwelling..... | \$123.20 |
| Multiple family, commercial, industrial, follow schedule *(include additions or alterations to above) | |
| Unit Fee Schedule | |
| Meters, each meter | \$5.95 ea. |
| Circuits, each circuit..... | \$2.35 ea. |
| Openings, includes outlets, switches & receptacles..... | \$2.15 ea. |
| Fixed Appliances | |
| Range..... | \$5.95 ea. |
| Dryer | \$5.95 ea. |
| Dishwasher | \$5.95 ea. |
| Disposal..... | \$5.95 ea. |
| Furnace..... | \$5.95 ea. |
| Air Conditioner | \$5.95 ea. |
| Unit Heater | \$5.95 ea. |
| Water Heater..... | \$5.95 ea. |
| Electric Space Heater | \$5.95 ea. |
| Other..... | \$5.95 ea. |
| Fixtures..... | \$2.15 ea. |
| Motors (exclusive of circuits) | \$2.15 ea. |
| Reinspection | \$53.55 |
| The minimum electrical permit fee will be | \$53.55 |
| Solar Module for photovoltaic systems under 500 kVA..... | \$5.95 ea |
| Solar Module for photovoltaic systems 500 kVA or larger..... | \$2.15 ea |

Adopted this _____ day of _____, 20__.

Diane R. Voss, City Clerk

John A. Haila, Mayor