

File No. 100048

Committee Item No. 6

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Economic Development Date May 3, 2010

Board of Supervisors Meeting

Date _____

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Completed by: Alisa Somera Date April 30, 2010

Completed by: _____ Date _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

1 [Amendment to Solar Energy Incentive Program]

2
3 **Ordinance amending the San Francisco Environment Code by amending Sections 18.2,**
4 **18.4, 18.7-2, and 18.7-4, to: (1) require that all systems receiving City incentives be**
5 **installed by individuals trained under the City workforce development program, and (2)**
6 **eliminate increased incentives for residential properties in the case of systems**
7 **installed by individuals trained under the City workforce development program.**

8 NOTE: Additions are single-underline italics Times New Roman;
9 deletions are ~~strike-through italics Times New Roman~~.
10 Board amendment additions are double-underlined;
11 Board amendment deletions are ~~strikethrough-normal~~.

11 Be it ordained by the People of the City and County of San Francisco:

12 Section 1. The San Francisco Environment Code Sections 18.2, 18.4, 18.7-2 and
13 18.7-4 are hereby amended to read as follows:

14 **SEC. 18.2. INCENTIVE PAYMENTS.**

15 (a) The Program Administrator shall make incentive payments to applicants in respect
16 of solar systems installed by qualifying applicants on the basis of the provisions of this
17 Chapter, from the funds appropriated to the program from time to time.

18 (b) Applicants must be the owner of the system to be eligible to receive the incentive.

19 (c) To be eligible for the incentive, a system must be installed by an individual trained under
20 the City workforce development program. The Department of Economic and Workforce Development,
21 which directs the City's overall workforce development efforts, will be responsible for developing and
22 ensuring compliance with workforce criteria for the incentive payments.

23
24 **SEC 18.4. LIMITS ON AMOUNTS OF ASSISTANCE.**

1 (a) **Limits for all types of systems.** No applicant may receive assistance in excess of
2 the cost to design, purchase and install the system, net of incentives, rebates, tax credits or
3 other payments received from other governmental entities.

4 (b) **Limits for photovoltaic panel systems for residential property.**

5 (i) Except as further provided in this clause (b), no residential applicant may
6 receive assistance in excess of three thousand dollars (\$3,000.00) toward the cost to design,
7 purchase and install photovoltaic panels. If the property is a multifamily residential project, the
8 applicant may apply for and receive an incentive payment corresponding to each electricity
9 meter served by the system, so long as the system provides each such electricity meter with a
10 generating capacity of at least one (1) kilowatt or financial credits that result from a generating
11 capacity of at least one (1) kilowatt from the energy generation system.

12 (ii) The limit of assistance shall be \$5,000.00 for applicants residing in an
13 Environmental Justice District, as such district or districts are determined by the Program
14 Administrator, or for applicants that are recipients of the California Public Utilities
15 Commission's CARE (California Alternative Rates for Energy) rates that provide rate
16 discounts for qualified low or fixed income households, or for building owners that are
17 recipients of the California Department of Housing and Community Development's CalHome
18 loan program, which provides low-interest, deferred rehabilitation loans to low-income
19 homeowners.

20 (iii) CARE and CalHome participants or participants in the CPUC Low Income
21 program under CSI, as well as households with incomes that are certified by the Mayor's
22 Office of Housing pursuant to Section 18.7-5, shall be eligible for an additional \$5,000.00 if the
23 application for the low income incentive is received before February 1, 2009.

24 (iv) CARE and CalHome participants or participants in the CPUC Low Income
25 program under the CSI, as well as households with incomes that are certified by the Mayor's

1 Office of Housing pursuant to Section 18.7-5, shall be eligible for an additional \$7,000.00 if the
2 application for the low income incentive is received by the Program Administrator on or after
3 February 1, 2009.

4 (v) ~~The limit of assistance shall be \$6,000.00 for systems installed by an individual
5 trained under the City workforce development program. The Department of Economic and Workforce
6 Development, which directs the City's overall workforce development efforts, will be responsible for
7 developing and ensuring compliance with workforce criteria for this incentive program. These criteria
8 may include, but are not limited to: a minimum requirement for hours worked on the solar installation
9 by an individual hired through the City workforce development system; a requirement that individuals
10 hired through the City workforce development system perform skilled work on the installation;
11 workforce training program or system prioritization of San Francisco residents who are low income
12 and/or have barriers to employment; and other standards for workforce system programs. If in
13 implementing the incentive program, the Program Administrator and the Department of Economic and
14 Workforce Development determine that the terms of this clause do not provide the intended stimulus for
15 the successful placement of workers trained under local workforce development programs, then the
16 Program Administrator in coordination with the Department of Economic and Workforce Development
17 may establish new criteria that it deems more effective in achieving such objectives of the program.~~

18 (vi) An incentive applicant whose system is installed by an individual, firm or
19 organization whose principal office or offices are located within the City shall be eligible for an
20 additional incentive up to \$1,000.00, subject to the limitations of Section 18.3. If in
21 implementing the program the Program Administrator determines that the incentive identified
22 in this paragraph does not provide the intended stimulus for the in-City installation industry,
23 then the Program Administrator may amend the terms of this incentive to make it more
24 effective in achieving the in-City job creation and installation market objectives of the program.
25

1 (c) **Limits for photovoltaic panel systems for commercial, industrial or**
2 **manufacturing property.** No applicant may receive assistance in excess of \$1,500.00 per
3 kilowatt of electric power a photovoltaic panel system is designed to generate. Regardless of
4 system generating capacity, no applicant may receive assistance in excess of ten thousand
5 dollars (\$10,000.00). ~~In order to receive assistance, an applicant must use installers trained through~~
6 ~~the City's workforce development system.~~

7 (d) **Adjustments in limits.**

8 (i) The Program Administrator may adjust limits on the incentives paid for
9 systems installed on commercial, industrial or manufacturing property upon a finding that such
10 an adjustment advances the objectives of the program. Such adjustments may include an
11 increase in the limit on the incentive paid in respect of (A) systems installed within an
12 Environmental Justice District or (B) systems installed by an individual, firm or organization
13 with an office or offices within the City (or bearing some other linkage to the in-City installation
14 market as deemed appropriate by the Program Administrator).

15 (ii) Upon a demonstration of a reduction in average costs of solar
16 improvements, including but not limited to an increase in incentives, rebates, tax credits or
17 other payments provided by other government entities that serve to reduce the system costs
18 borne by the consumer, the SFPUC shall have the discretion to decrease the limits set forth
19 above by an amount reflective of the reduced need for the incentive payments.

20 (iii) With the concurrence of the Board of Supervisors, the Program
21 Administrator may increase any of the limits set forth in this Section in connection with efforts
22 to stimulate the development of a competitive in-City solar market, such as the establishment
23 of an in-City photovoltaic panel production facility.

24
25 **SEC. 18.7-2. INCENTIVE PAYMENTS.**

1 (a) A pilot program is established for a period of one-year from the date of this
2 ordinance or until funds allocated under Section 18.7-5 are expended. The incentives paid
3 under this program shall not exceed the amounts set forth in Section 18.7-5 below.

4 (b) Applicants must be the owner of a system installed on or after December 11, 2007,
5 to be eligible to receive the incentive.

6 (c) To be eligible for the incentive, a system must be installed by an individual trained under
7 the City workforce development program. The Department of Economic and Workforce Development,
8 which directs the City's overall workforce development efforts, will be responsible for developing and
9 ensuring compliance with workforce criteria for the incentive payments.

10
11 **SEC. 18.7-4. LIMITS ON AMOUNTS OF ASSISTANCE.**

12 (a) **Limits for all types of systems.** No applicant may receive assistance in excess of
13 the cost to design, purchase and install the system, net of incentives, rebates, tax credits or
14 other payments received from other governmental entities.

15 (b) **Limits for photovoltaic panel systems.**

16 (i) Except as further provided in this clause (b), no residential applicant may
17 receive assistance in excess of three thousand dollars (\$3,000.00) toward the cost to design,
18 purchase and install photovoltaic panels. If the property is a multifamily residential project, the
19 applicant may apply for and receive an incentive payment corresponding to each electricity
20 meter served by the system, so long as the system provides each such electricity meter with a
21 generating capacity of at least one (1) kilowatt or financial credits that result from a generating
22 capacity of at least one (1) kilowatt from the energy generation system.

23 (ii) The limit of assistance shall be \$5,000.00 for applicants residing in an
24 Environmental Justice District, as such district or districts are determined by the Program
25 Administrator, or for applicants that are recipients of the California Public Utilities

1 Commission's CARE (California Alternative Rates for Energy) rates that provide rate
2 discounts for qualified low or fixed income households, or for building owners that are
3 recipients of the California Department of Housing and Community Development's CalHome
4 loan program, which provides low-interest, deferred rehabilitation loans to low-income
5 homeowners.

6 (iii) CARE and CalHome participants or participants in the CPUC Low Income
7 program under CSI, as well as households with incomes that are certified by the Mayor's
8 Office of Housing pursuant to Section 18.7-5, shall be eligible for an additional \$5,000.00 if the
9 application for the low income incentive is received before February 1, 2009, subject to the
10 limitations of Section 18.7-4(a) above.

11 (iv) CARE and CalHome participants or participants in the CPUC Low Income
12 program under the CSI, as well as households with incomes that are certified by the Mayor's
13 Office of Housing pursuant to Section 18.7-5, shall be eligible for an additional \$7000 if the
14 application for the low income incentive is received by the Program Administrator on or after
15 February 1, 2009, subject to the limitations of Section 18.7-4(a) above.

16 (v) ~~The limit of assistance shall be \$6,000.00 for systems installed by individuals~~
17 ~~trained through the City's workforce development system. The Department of Economic and Workforce~~
18 ~~Development, which directs the City's overall workforce development efforts, will be responsible for~~
19 ~~developing and ensuring compliance with workforce criteria for this incentive program. These criteria~~
20 ~~may include, but are not limited to: a minimum requirement for hours worked on the solar installation~~
21 ~~by an individual hired through the City workforce development system; a requirement that individuals~~
22 ~~hired through the City workforce development system perform skilled work on the installation;~~
23 ~~workforce training program or system prioritization of San Francisco residents who are low income~~
24 ~~and/or have barriers to employment; and other standards for workforce system programs. If in~~
25 ~~implementing the incentive program, the Program Administrator and the Department of Economic and~~

1 ~~Workforce Development determine that the terms of this clause do not provide the intended stimulus for~~
2 ~~the successful placement of workers trained under local workforce development programs, then the~~
3 ~~Program Administrator in coordination with the Department of Economic and Workforce Development~~
4 ~~may establish new criteria that it deems more effective in achieving such objectives of the program.~~

5 (vi) An incentive applicant whose system is installed by an individual, firm or
6 organization whose principal office or offices are located within the City shall be eligible for an
7 additional incentive up to \$1,000.00, subject to the limitations of Section 18.3. If in
8 implementing the program the Program Administrator determines that the incentive identified
9 in this paragraph does not provide the intended stimulus for the in-City installation industry,
10 then the Program Administrator may amend the terms of this incentive to make it more
11 effective in achieving the in-City job creation and installation market objectives of the program.

12 (c) **Limits for photovoltaic panel systems for non-residential buildings owned by**
13 **non-profits and non-residential buildings occupied by non-profits and owned by**
14 **governmental entities.** No applicant may receive assistance in excess of \$1,500.00 per
15 kilowatt of electric power a photovoltaic panel system is designed to generate.

16 (d) **Limits for photovoltaic panel systems for multi-unit residential buildings that**
17 **are owned and operated by non-profit organizations.** No applicant may receive assistance
18 in excess of \$4,500.00 per kilowatt of electric power a photovoltaic panel system is designed
19 to generate, up to a total of \$150,000.00. An applicant may receive up to an additional
20 \$100,000.00 in matching funds on a dollar per dollar basis, subject to a maximum of
21 \$4,500.00 per kilowatt. Regardless of system generating capacity or matching funds, no
22 applicant may receive assistance in excess of two-hundred fifty thousand (\$250,000.00).
23 Buildings owned by for-profit entities may be eligible for the incentive designated in this
24 paragraph if at least 75% of the residential units, excluding a manager's unit, are designated
25 as affordable housing units under a Federal, State, or local government restriction recorded

1 against the property on which the building is located in a manner that maintains affordability
2 for a term no less than 30 years.

3 (e) **Adjustments in limits.**

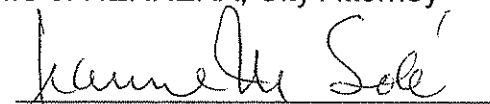
4 (i) If the program is continued after the one-year pilot, the Program
5 Administrator may adjust limits on the incentives paid for systems installed on commercial,
6 industrial or manufacturing property upon a finding that such an adjustment advances the
7 objectives of the program. Such adjustments may include an increase in the limit on the
8 incentive paid in respect of (A) systems installed within an Environmental Justice District or
9 (B) systems installed by an individual, firm or organization with an office or offices within the
10 City (or bearing some other linkage to the in-City installation market as deemed appropriate
11 by the Program Administrator).

12 (ii) Upon a demonstration of a reduction in average costs of solar
13 improvements, including but not limited to an increase in incentives, rebates, tax credits or
14 other payments provided by other government entities that serve to reduce the system costs
15 borne by the consumer, the SFPUC shall have the discretion to decrease the limits set forth
16 above by an amount reflective of the reduced need for the incentive payments.

17 (iii) With the concurrence of the Board of Supervisors, the Program
18 Administrator may increase any of the limits set forth in this Section in connection with efforts
19 to stimulate the development of a competitive in-City solar market, such as the establishment
20 of an in-City photovoltaic panel production facility.

21
22 APPROVED AS TO FORM:
23 DENNIS J. HERRERA, City Attorney

24 By:


25 Jeanne M. Solé
Deputy City Attorney

Supervisor Daly
BOARD OF SUPERVISORS

LEGISLATIVE DIGEST

[Amendment to Solar Energy Incentive Program.]

Ordinance amending the San Francisco Environment Code by amending Sections 18.2, 18.4, 18.7-2, and 18.7-4, to: (1) require that all systems receiving City incentives be installed by individuals trained under the City workforce development program, and (2) eliminate increased incentives for residential properties in the case of systems installed by individuals trained under the City workforce development program.

Existing Law

The San Francisco Environment Code, Chapter 18, established a Solar Energy Incentive Program which provides cash payments to building owners to assist them with the cost of installing rooftop solar electricity systems. In order to qualify for incentives for the installation of systems on commercial, industrial or manufacturing property, an applicant must use installers trained through the City's workforce development system. Systems installed on residential properties may qualify for a \$6,000 incentive if the system is installed by an individual trained under the City workforce development program.

Amendments to Current Law

The ordinance amends the eligibility requirements for the Solar Energy Incentive Program to (1) require that all systems receiving City incentives be installed by individuals trained under the City workforce development program and (2) eliminate increased incentives for residential properties in the case of systems installed by individuals trained under the City workforce development program.

Background Information

The Solar Energy Incentive Program was adopted by Ordinance 102-08 on June 18, 2008, and codified in Sections 18.1-18.6 of the Environment Code. The Solar Energy Incentive Pilot Program was adopted by Ordinance 106-08, on June 24, 2008, and codified in Section 18.7 of the Environment Code. Chapter 18 was amended by Ordinance 42-09 on April 2, 2009, to increase the incentives available to low-income and non-profit applicants and to make the program rules easier to understand. This Ordinance will extend to residential systems the requirement that systems be installed by individuals trained under the City workforce development program that currently applies in the case of commercial, industrial or manufacturing properties. In addition, this Ordinance will eliminate the \$6,000 incentive that currently is available for residential properties if a system is installed by an individual trained under the City workforce development program.