

File No. 100048

Committee Item No. 6

Board Item No. 16

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

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

Board of Supervisors Meeting Date May 11, 2010

#### Cmte Board

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#### OTHER

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Completed by: Alisa Somera Date April 30, 2010

Completed by: Alisa Somera Date May 6, 2010

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 San Francisco Environment Code Sections 18.2,  
4 18.4, 18.7-2, and 18.7-4 to: (1) require all systems receiving City incentives to be  
5 installed by an individual, firm or organization qualified as a workforce development  
6 installer by the Office of Economic & Workforce Development, unless specified  
7 exceptions apply, and (2) eliminate increased incentives for residential properties in  
8 the case of systems installed by individuals trained under the City workforce  
9 development program.

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

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

14 Section 1. The San Francisco Environment Code Sections 18.2, 18.4, 18.7-2 and  
15 18.7-4 are hereby amended to read as follows:

16 **SEC. 18.2. INCENTIVE PAYMENTS.**

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

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

21 (c) To be eligible for the incentive, a system must be installed by an individual, firm or  
22 organization qualified as a workforce development installer by the Office of Economic and  
23 Workforce Development, unless subsection (d) applies ~~trained under the City workforce~~  
24 ~~development program. The Department~~Office of Economic and Workforce Development, which  
25

1 directs the City's overall workforce development efforts, will be responsible for developing and  
2 ensuring compliance with workforce criteria for the incentive payments.

3 (d) Subsection (c) does not apply if the individual, firm or organization installing the  
4 system:

5 (i) is a non-profit installer of solar generation systems; or

6 (ii) employs a total of three employees or less, is a state-licensed contractor and  
7 has its principal office or offices located within the boundaries of the City and County of San  
8 Francisco.

9  
10 **SEC 18.4. LIMITS ON AMOUNTS OF ASSISTANCE.**

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

14 (b) **Limits for photovoltaic panel systems for residential property:**

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

22 (ii) The limit of assistance shall be \$5,000.00 for applicants residing in an  
23 Environmental Justice District, as such district or districts are determined by the Program  
24 Administrator, or for applicants that are recipients of the California Public Utilities  
25 Commission's CARE (California Alternative Rates for Energy) rates that provide rate

1 discounts for qualified low or fixed income households; or for building owners that are  
2 recipients of the California Department of Housing and Community Development's CalHome  
3 loan program, which provides low-interest, deferred rehabilitation loans to low-income  
4 homeowners.

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

9 (iv) CARE and CalHome participants or participants in the CPUC Low Income  
10 program under the CSI, as well as households with incomes that are certified by the Mayor's  
11 Office of Housing pursuant to Section 18.7-5, shall be eligible for an additional \$7,000.00 if the  
12 application for the low income incentive is received by the Program Administrator on or after  
13 February 1, 2009.

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

1 ~~Program Administrator in coordination with the Department of Economic and Workforce Development~~  
2 ~~may establish new criteria that it deems more effective in achieving such objectives of the program.~~

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

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

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

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

24 (ii) Upon a demonstration of a reduction in average costs of solar  
25 improvements, including but not limited to an increase in incentives, rebates, tax credits or

1 other payments provided by other government entities that serve to reduce the system costs  
2 borne by the consumer, the SFPUC shall have the discretion to decrease the limits set forth  
3 above by an amount reflective of the reduced need for the incentive payments.

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

8  
9 **SEC. 18.7-2. INCENTIVE PAYMENTS.**

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

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

15 (c) To be eligible for the incentive, a system must be installed by an individual, firm or  
16 organization qualified as a workforce development installer by the Office of Economic and  
17 Workforce Development, unless subsection (d) applies ~~trained under the City workforce~~  
18 development program. The Department Office of Economic and Workforce Development, which  
19 directs the City's overall workforce development efforts, will be responsible for developing and  
20 ensuring compliance with workforce criteria for the incentive payments.

21 (d) Subsection (c) does not apply if the individual, firm or organization installing the  
22 system:

23 (i) is a non-profit installer of solar generation systems; or  
24  
25

1 (ii) employs a total of three employees or less, is a state-licensed contractor and  
2 has its principal office or offices located within the boundaries of the City and County of San  
3 Francisco.

4  
5  
6 **SEC. 18.7-4. LIMITS ON AMOUNTS OF ASSISTANCE.**

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

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

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

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

1 (iii) CARE and CalHome participants or participants in the CPUC Low Income  
2 program under CSI, as well as households with incomes that are certified by the Mayor's  
3 Office of Housing pursuant to Section 18.7-5, shall be eligible for an additional \$5,000-00 if the  
4 application for the low income incentive is received before February 1, 2009, subject to the  
5 limitations of Section 18.7-4(a) above.

6 (iv) CARE and CalHome participants or participants in the CPUC Low Income  
7 program under the 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 \$7000 if the  
9 application for the low income incentive is received by the Program Administrator on or after  
10 February 1, 2009, subject to the limitations of Section 18.7-4(a) above.

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

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

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

12           **(d) Limits for photovoltaic panel systems for multi-unit residential buildings that**  
13 **are owned and operated by non-profit organizations.** No applicant may receive assistance  
14 in excess of \$4,500.00 per kilowatt of electric power a photovoltaic panel system is designed  
15 to generate, up to a total of \$150,000.00. An applicant may receive up to an additional  
16 \$100,000.00 in matching funds on a dollar per dollar basis, subject to a maximum of \$4,500.00  
17 per kilowatt. Regardless of system generating capacity or matching funds, no applicant may  
18 receive assistance in excess of ~~two hundred fifty thousand (\$250,000.00)~~. Buildings owned by  
19 for-profit entities may be eligible for the incentive designated in this paragraph if at least 75%  
20 of the residential units, excluding a manager's unit, are designated as affordable housing units  
21 under a Federal, State, or local government restriction recorded against the property on which  
22 the building is located in a manner that maintains affordability for a term no less than 30  
23 years.

24           **(e) Adjustments in limits.**  
25

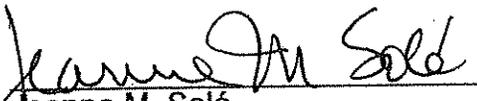
1 (i) If the program is continued after the one-year pilot, the Program  
2 Administrator may adjust limits on the incentives paid for systems installed on commercial,  
3 industrial or manufacturing property upon a finding that such an adjustment advances the  
4 objectives of the program. Such adjustments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

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

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

18  
19 APPROVED AS TO FORM:  
20 DENNIS J. HERRERA, City Attorney

21 By:

  
22 Jeanne M. Solé  
23 Deputy City Attorney

**REVISED LEGISLATIVE DIGEST**

[Amendment to Solar Energy Incentive Program.]

**Ordinance amending San Francisco Environment Code Sections 18.2, 18.4, 18.7-2, and 18.7-4 to: (1) require all systems receiving City incentives to be installed by an individual, firm or organization qualified as a workforce development installer by the Office of Economic and Workforce Development, unless specified exceptions apply, 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 make two changes. First, it will require that all systems, including residential systems, receiving City incentives be installed by an individual, firm or organization qualified as a workforce development installer by the Office of Economic and Workforce Development. This requirement will not apply if the individual, firm or organization installing the system: (i) is a non-profit installer of solar generation systems; or (ii) employs a total of three employees or less, is a state-licensed contractor and has its principal office or offices located within the boundaries of the City and County of San Francisco. The second change is that it will 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 amendment creates a uniform rule requiring all systems to be installed by an individual, firm or organization qualified as a workforce

development installer by the Office of Economic and Workforce Development, unless specified exceptions apply. Currently, only systems installed on commercial, industrial or manufacturing properties must be installed by individuals trained under the City workforce development program. In addition, this amendment 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.

