



# CITY COUNCIL STAFF REPORT

DATE: May 2, 2012 UNFINISHED BUSINESS  
SUBJECT: PUBLIC ARTS FEES FOR LARGE SOLAR ENERGY PRODUCTION FACILITIES AND PROJECTS  
FROM: David H. Ready, City Manager  
BY: Craig A. Ewing, AICP, Director of Planning

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## SUMMARY

On April 16, 2012, the City Council considered a recommendation from staff to revise the method for calculating public arts fees on large scale solar production facilities. At that meeting, the City Council determined that an alternative method for calculating public arts fees was desirable, and directed staff to provide two alternative recommendations. In this report, staff describes two options: (1) establishing a "per-acre"-based public arts fee for large scale solar, or (2) establish a public art fee based on project valuation, but with a lower percentage fee.

## RECOMMENDATION:

Direct staff to return with a resolution for the Council's preferred method of fee calculation.

## PRIOR ACTIONS:

On April 16, 2012, the City Council reviewed staff's recommendations on the public arts fee for large scale solar projects and voted to continue the item to May 2, 2012 and requested staff to explore further options for calculating public art fees.

## STAFF ANALYSIS:

Two options for calculating fees for public art on large scale solar are outlined here;

Option 1: Apply a \$500 per acre fee for assessing public arts fees on solar energy generating facility projects.

Option 2: Apply a smaller percentage of construction valuation (based on energy produced) for assessing public art fees on large scale solar; for example \$2 per kilowatt of energy produced:

Two actual solar projects proposed in the City – one at 4.95 megaWatts and one at 3 megaWatts - are shown below with a comparison of four different options for calculating public arts fees.

<b>Solar Projects in the City:</b>	<b>4.95 mW 24 Acre</b>	<b>3 mW 18 Acre</b>
Cost to Build (approx. based on \$3,850/kw))	\$19.25 million	\$11.55 million
Option 1. Construction cost method (current rule)	\$96,250	56,250
Option 2. Acreage-based calculation method (\$500/acre)	\$12,000	\$9,000
Option 3. Kilowatt of energy produced method (\$2/kW)	\$9,900	\$6,000
Option 4. Kilowatt of electricity produced (wind turbine rule)	\$243	\$213

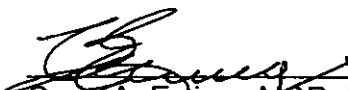
Staff believes Option 2, the \$500/acre basis, or Option 3; the \$2/KW energy produced basis will yield a public arts fee that is reasonable for solar project proponents.

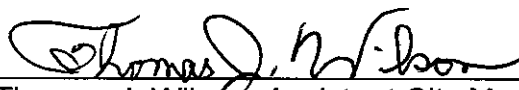
CONCLUSION:

Staff recommends that the City Council identify its preferred method of calculation and amend the Comprehensive Fee Schedule accordingly. A final resolution reflecting the City Council's action will be returned at the next meeting for council approval.

FISCAL IMPACT:

The recommended alternative public arts fee schedule for large scale solar installations would reduce revenue for maintenance and purchase of public art. The average annual revenue from public arts fees for the past four fiscal years was \$201,993<sup>1</sup> and average annual public art expenditures was \$290,764.

  
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<sup>1</sup> FY 07/08 through FY 10/11; no large scale solar projects were permitted during this period.