

## **WATSONVILLE CARBON FUND PROGRAM APPLICANT INFORMATION & INSTRUCTIONS**

**What is the Carbon Fund Program?** The Watsonville Carbon Fund Program, adopted by ordinance, is a mechanism to incentivize clean energy buildings and fund greenhouse gas reduction projects. The Carbon Fund Program assesses a Carbon Impact Fee on all projects requiring a building permit.<sup>1</sup> Applicants of projects requiring a building permit can apply for a refund for a portion or all of their Carbon Impact Fee by reducing their project's energy usage through on-site renewable energy generation or energy efficiency measures beyond building code requirements. Carbon Impact Fees collected are routed to a Carbon Fund from which the City disburses funds to complete greenhouse gas reducing projects Citywide.

**Who does the Carbon Fund Program impact?** The Carbon Impact Fee is assessed on all applicants seeking building permits for projects including:

- All industrial, commercial, multi-family, and single family residential *new construction*
- All industrial, commercial, and multi-family and single family residential *additions*
- All industrial, commercial and multi-family residential *alterations*

*Single family residential alterations* are exempt from the program and will not be assessed the Carbon Impact fee.

**How is the Carbon Impact Fee assessed?** The Carbon Impact Fee is calculated as a percent of the building permit fee, depending on whether the proposed project is new construction or an addition/alteration. Carbon Impact fees for new construction are 50% of the project's building permit fee. Carbon Impact fees for additions and alterations are 30% of the project's building permit fee. Applicants pay the Carbon Impact fee at the same time as other development and permit fees, after submitting plans and appropriate documentation for plan review.

**When did the Carbon Fund Program and collection of Carbon Impact Fees go into effect?** City Council adopted the Carbon Fund Program on March 10, 2015. The assessment and collection of Carbon Impact Fee will become effective on September 10, 2015.

### **Where do I find the Carbon Fund Program Ordinance and Voluntary Compliance Worksheet?**

Information about the Carbon Fund Program, the ordinance, and the Voluntary Compliance Worksheet is located at the Watsonville Community Development office and website: <http://cityofwatsonville.org/permits-plans>.

**How do I get my Carbon Impact Fee refunded?** Building permit applicants who provide documentation of a reduction in their project's energy demand projects compared with Title 24 (Part 6) code requirements by completing the Carbon Fund Program Voluntary Compliance Worksheet (Worksheet) and submitting it with proper documentation as noted, along with the Building Permit Application, and plan sets. The City will review the Worksheet and documentation during the plan review process to ensure the project's design is in

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<sup>1</sup> Include exemptions here? Because it doesn't apply to ALL projects requiring a building permit

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compliance with the program. After the project is completed and the Building Department Inspector has signed off that the on-site electricity generation system and/or energy efficiency measures are installed pursuant to the design and meets all code requirements, the City will process a refund to the Applicant for the appropriate portion of the Carbon Fund Impact Fee.

**How much of my Carbon Impact Fee is refund?** There are two different compliance thresholds that can be demonstrated, each corresponding to a Carbon Impact Fee refund percentage. If an on-site renewable energy system and energy efficiency measures offset 40% to 79.9% of average annual electricity demand, 50% of the Carbon Impact Fee is refunded. If an on-site renewable energy system and energy efficiency measures offset  $\geq 80\%$  or more of average annual electricity demand, 100% of the Carbon Impact Fee is refunded. The calculations to determine the compliance threshold for your project are simple and contained on the Worksheet.

**What if I do not demonstrate that my project's energy demand has been reduced by on-site renewable energy generation?** There is no penalty if applicants do not voluntarily comply with the Carbon Fund Ordinance. Applicants for a building permit pay the Carbon Impact Fee with their other fees and are not required to complete the Carbon Fund's Voluntary Compliance Worksheet. However, applicants who do not demonstrate a reduction in their project's energy demand by completing a Worksheet are not eligible for any refund of the Carbon Impact Fee.

### **How will money from the Carbon Fund be used?**

The Carbon Fund will be used for projects proposed by Public Works, Planning, and other City departments. Projects proposed must have a direct or indirect greenhouse gas emissions reduction identified. Projects proposed must be aligned with the priorities identified in the Climate Action Plan. Funds cannot be used for staff time. Funds do not need to be used every year but an annual report must specify when funds are anticipated to be used. City Council will provide final approval of list of projects for funding.