

WATSONVILLE CARBON FUND PROGRAM

FACT SHEET

June 16, 2014

What is the Carbon Fund Program?

The proposed Watsonville Carbon Fund Program, to be adopted by ordinance, is a mechanism to incentivize energy efficient buildings, on-site renewable energy technologies and fund greenhouse gas reduction projects city-wide. The Carbon Fund Program will add a Carbon Impact Fee to all new development. Applicants of development projects can be refunded a portion or all of their Carbon Impact Fee if they reduce their development's average annual electricity demand through on-site renewable energy and/or energy efficiency. The Carbon Impact Fees collected will be routed to a Carbon Fund from which the City will fund only greenhouse gas reducing projects in the City.

Who does the Carbon Fund Program impact?

The Carbon Fund Program impacts all new proposed development including

- New construction: all non-residential and residential
- Additions: all non-residential and residential
- Alterations: all non-residential and multi-family residential

Single family residential alterations are exempt from the Program and will not be assessed the Carbon Impact Fee.

How will the Carbon Impact Fee be assessed?

The Carbon Impact Fee is calculated as a percent of the overall development project's valuation, depending on whether it is new construction or an addition/alteration.

Type of Development	Carbon Impact Fee (percent of building permit fee)
New non-residential and residential construction	50%
Non-residential and residential additions	30%
Non-residential and multi-family alterations	30%

Applicants will pay the Carbon Impact Fee at the same time as other development and permit Fees, after submitting plans and appropriate documentation for plan review. No separate payment is required.

How can the Carbon Impact Fee be refunded?

Voluntary compliance with the Carbon Fund program may be achieved by installing an on-site renewable energy system and providing documentation that demonstrates the system will offset either 40% or 80% of the project's average annual electricity demand. Applicants who achieve voluntary compliance will be refunded either 50% or 100% of the Carbon Impact Fee after submission and approval of the Carbon Fund Program Voluntary Compliance Worksheet and proper documentation and installation of an on-site renewable energy generation system that has been inspected and approved.

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Type of Development	Eligible for refund
New non-residential and residential construction	Yes
Non-residential and residential additions	Yes
Non-residential and multi-family alterations	Yes

Single family alterations are exempt from the program and do not pay the Carbon Impact Fee.

When does the Carbon Fund Program and collection of Carbon Impact Fees go into effect?

The Carbon Fund Ordinance will be taken to the City Council for consideration in 2014. The Impact Fee will go into effect 6 months after adoption of the Ordinance.

Where will I find the Carbon Fund Program ordinance and Worksheet?

Information about the Carbon Fund Program, the ordinance and the voluntary compliance worksheet will be located at the Watsonville Community Development office and website:
<http://cityofwatsonville.org>

How will funds collected by the Carbon Fund be used?

As outlined in the ordinance, the Carbon Fund must be used for projects that reduce greenhouse gas emissions, as follows:

- Projects proposed by Public Works, Planning, and other departments are eligible to use funds
- Projects proposed must have a direct or indirect greenhouse gas emissions reduction identified
- Projects proposed should be aligned with the priorities identified in the Climate Action Plan

How will projects be selected and funds disbursed for projects?

Any projects proposing to utilize money from the Carbon Fund must be approved by City Council.