

5 Community Benefits

Many counties in California support solar energy production, but are concerned that communities most impacted by utility-scale solar energy facilities may not directly benefit from these facilities. To address this concern, some counties require and/or encourage community benefit programs for utility-scale solar energy facilities. In the case of Butte County, it is currently not a requirement to provide community benefits as a part of utility-scale solar facility development. The purpose of this chapter is to explore how other jurisdictions are implementing community benefit programs to facilitate a conversation about potentially incentivizing or requiring community benefits in the future with development applications.

In other counties, community benefit programs typically involve payment of fees directly to the county, the local allocation of sales taxes, and other contributions to the local community. These programs may be voluntary or required by the appropriate county. Mandatory programs may apply to all facilities, or only to facilities producing a certain amount of energy. Other counties typically adopt a policy or ordinance establishing the basic program requirements and framework. For individual projects, these counties may enter into a development agreement with the developer to establish specific terms of the program for the facility.

Mandatory community benefit programs in California are most common in Inland Empire counties with the greatest solar energy potential. Riverside, San Bernardino, Kern, and Imperial Counties have all adopted community benefit programs. Other counties encourage developers to propose community benefits and consider these proposals on a case-by-case basis.



Considerations for Potential Community Benefits

If Butte County decides to establish a community benefit program for future solar facility projects, the following questions can help guide the development of this program.

Applicability

Will community benefit requirements apply to all facilities, or only facilities producing a certain amount of energy? In Riverside County, for example, public benefits are required only for projects producing more than 20 megawatts (MW) of energy.

Mandatory or Voluntary

Will the County require community benefits, or should the program be voluntary? Most programs are mandatory. In Imperial County, however, participation in the program is encouraged but not required.

Type of Benefits

What type of benefits will be required or encouraged? Typical benefits include the payment of County fees and commitments to allocate sales and use taxes directly to the County. Developers may also provide other types of benefits, such as contributions to community organizations, business district revitalization, and other investments in the community.

Fee Amount

If the program includes paying a fee, what is the required payment? San Bernardino, Imperial, and Riverside Counties require an annual fee of close to \$150 per acre, though San Bernardino County requires a fee of up to \$580 per acre for smaller projects. Imperial County also requires a one-time fee for projects that convert farmland into non-agricultural use.



Fee Use

How will the County use the collected fees? In Imperial County, fees are distributed to grant applicants for community services, community and economic development, and wildlife habitat/conservation programs. Fees collected in San Bernardino County are distributed equally between the County Sheriff and Fire Department for general public safety uses.

Tax Allocation

If developers must allocate sales and use taxes directly to the County, how will the County ensure compliance? In Riverside County, developers must certify compliance with the County's tax requirements, and must submit to the County copies of all sales and use tax returns for the facility.

Exceptions

Will the County allow developers to request exceptions to community benefit requirements? In Riverside County, the Board of Supervisors may grant exceptions due to "special circumstances."

Examples of Community Benefit Programs

Established programs in other areas of California and elsewhere can serve as a resource to Butte County on how community benefit programs work.

Riverside County



In 2011, the Riverside County Board of Supervisors adopted **Policy B-29**, the public benefit policy for utility-scale solar energy facilities in Riverside County. Policy B-29 requires solar energy facilities producing more than 20 MW to pay \$150 per year, adjusted annually for inflation, for each acre of land involved in the power production process. At least 25 percent of fees collected must be used to benefit communities in the general vicinity of a facility.

Policy B-29 also requires developers to assure that sales and use taxes are allocated directly to the County to the extent permitted by law. The facility developer and contractors must obtain a California State Board of Equalization (BOE) permit for the job site, certify compliance with the County's tax requirements, and submit to the County copies of all sales and use tax returns for the facility.

Solar facility developers may request an exception to Policy B-29 due to "special circumstances," which include a determination that the facility has a substantial benefit to the County above and beyond the payment of required taxes or the implementation of mitigation measures identified in an environmental document. Special circumstances may not include financial or economic hardship.

Imperial County



In 2012, Imperial County established its **public benefit program** for solar energy facilities, which establishes guidelines for voluntarily agreements between the County and developers of utility-scale solar projects. The guidelines call for a one-time agricultural benefit payment of \$5,000 per acre for facilities in prime farmland and \$2,000 per acre of Farmland of Statewide Importance. The guidelines also include a community benefit annual payment of \$150 per acre for the first 10 years and \$200 for each remaining year. A Community Benefit Advisory Committee advises the County on the use of funds which are distributed to grant applicants for different programs.

Like Riverside County, the public benefit program includes sales tax provisions to allocate sales and use taxes directly to the County. The County may also negotiate with the developer additional incentives and credits for local hiring, veteran hiring, permanent hiring, or early start.

San Bernardino County



In 2014, San Bernardino County adopted a **public safety services impact fee** for commercial solar energy facilities. Developers must pay an annual fee of \$157 per acre for projects 15 acres or more, \$280 per acre for projects 5 to 15 acres, and \$580 per acre for projects less than 5 acres, adjusted annually for inflation. Alternatively, a developer may pay a fee based on a project-specific study of the project's public safety services impacts. Funds collected are used for County public safety services. Developers may independently provide public benefits to impacted communities, but this is not encouraged by the County or considered in the permitting process.

Currently, San Bernardino County is updating its policies to prioritize community-oriented renewable energy for local use over utility-scale solar energy facilities and to limit areas in the county where utility-scale solar energy facilities are permitted, which would reduce the funds generated from the public safety services impact fee.

Highlander Solar Farm in San Bernardino County, California



Alpine Solar project in Antelope Valley of Los Angeles County



Kern County



In 2014, Kern County created the **RENEWBIZ program**, which uses tax increment from utility-scale renewable energy projects to fund community revitalization projects in eastern Kern County. Each year the County awards private business owners and non-profit organizations RENEWBIZ grants of up to \$10,000 for façade improvements and other physical improvements to business districts in unincorporated communities. Projects must be consistent with vision plans prepared for each community.

Kern County also has an “Adopt a Solar Street Light” program through which renewable energy companies may voluntarily contribute funds to install and maintain solar-powered street lights in unincorporated eastern Kern County communities.

All utility-scale renewable projects in Kern County must also pay an annual public service impact fee to fund countywide sheriff and fire services. Developers must pay an annual fee of approximately \$28 per 1,000 square feet of covered ground for the facility and related on-site structures.

Other Locations

Developers of solar and renewable energy projects have entered into community benefit agreements with host communities in other California counties. In the Antelope Valley of Los Angeles County, the Alpine Solar Project committed to pay nearly a half million dollars in cash and land to each of two of the local town councils over the coming 20 years. In Hawaii, a 200 MW wind farm on Lanai provided a community benefits package for Lanai residents that included commitments to maintain existing utility rates on the island, maintain existing employment levels, give priority to island residents for wind farm jobs, improve the island’s electrical grid, and contribute 1 percent of the wind farm’s revenues to the Lanai community benefit fund. In Maine, wind energy developers may receive expedited permitting for contributing a minimum of \$4,000 per turbine annually for 20 years to a host community.