



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 9/23/2025

To: Sonoma County Board of Supervisors, Sonoma Water Board of Directors and the Sonoma County Public Financing Authority Board Members

Department or Agency Name(s): County Executive Office, Auditor-Controller/Treasurer-Tax Collector, Sonoma Water, and Sonoma County Public Financing Authority

Staff Name and Phone Number: Erick Roeser; Auditor-Controller-Treasurer-Tax Collector, M. Christina Rivera, CEO, Terri Somers; SCEIP Program Manager (6489), Rhianna Frank; Energy and Sustainability Manager (6483), Kathleen Parnell; Deputy ACTTC (6124)

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Sonoma County Energy Independence Program Semi-Annual Bonding Authorization

Recommended Action:

- A) Acting as the Board of Supervisors: Adopt Resolutions authorizing the Treasurer to invest in bonds issued by the Sonoma County Public Finance Authority, setting interest rates, and authorizing execution of various related agreements with the Sonoma County Public Finance Authority, including a bond purchase agreement and a loan agreement.
- B) Acting as the Board of Directors of the Sonoma County Water Agency: Adopt Resolutions withdrawing funds from the Sonoma County Treasury Pool and authorizing the withdrawn funds to be invested in Sonoma County Energy Independence Program bonds as a long-term Sonoma Water investment.
- C) Acting as the Board of Directors of the Sonoma County Public Finance Authority: Adopt Resolutions approving agreements with the County, authorizing continued issuance and sale of revenue bonds to fund the Sonoma County Energy Independence Program, and setting interest rates.
- D) Acting as the Board of Supervisors: Approve Changes to the Program Report and Administrative Guidelines increasing the threshold for Board approval of project applications and other eligibility requirements from \$500,000 to \$750,000.

Executive Summary:

The Sonoma County Energy Independence Program (the "Program") is required to come to the Board twice a year to authorize continued issuance of bonds that fund the Program. Staff is requesting authorization to issue bonds and enter into related financing agreements to continue the Program through March 31, 2026. The Program guidelines require the Board of Supervisors approval of all applications \$500,00 or above, staff is requesting authorization to increase the amount to \$750,000

Discussion:

In March 2025, your Board authorized the issuance of Program bonds for the period of April 1, 2025 to September 30, 2025. Reauthorization is needed to ensure the continuance of an alternative financing mechanism that allows property owners to install improvements that contribute to the reduction of

greenhouse gas emissions through the built environment, make buildings healthier, more durable and resilient to natural disasters.

Over its sixteen-year history, the Program has cumulatively funded over \$113 million in residential and commercial property improvements.

In July 2025, your Board authorized staff to close the residential portion of the program, ceasing the acceptance of all residential applications on January 12, 2026. Your Board authorized staff to focus solely on commercial financing opportunities after 5:00 PM on February 28, 2026. The wind down of the residential program does not remove the need for continued authorization of bonding authority.

Bond Issuance

The Program is bond financed and must be reauthorized per State statute. Since the bonds carry a final maturity in excess of 5 years, Government Code section 53601 requires that your Board approve and authorize the Treasurer to make these dedicated investments. The Board previously established a \$60 million program limit that reflects the total bond funding commitment from the Treasury (\$45 million) and Sonoma Water (\$15 million) collectively. There is currently \$32 million in outstanding bonds and \$28 million in available funding.

Due to the nature of the bonds issued by the Authority, including variations in term lengths, bond issue dates and capitalized interest, interest cannot be accurately estimated in advance of issuing bonds. The Authority does not incur any financing charges or fees paid to third parties, except for a small amount (expected to be less than \$200) paid to the California Debt and Investment Advisory Commission in connection with filings for the bonds and \$1,750 paid to outside legal counsel for the monthly bond issuance.

With this item, staff is requesting authorization to issue bonds and enter into related financing agreements to continue the Program for the period of October 1, 2025 to March 31, 2026.

Changes to SCEIP Program Report and Administrative Guidelines

The Program Report and Administrative Guidelines set forth the details of the SCEIP program, including eligibility and underwriting requirements. One requirement of the Program is that projects over \$500,000 must be approved by the Board. Projects over \$500,000 also require title insurance and an escrow account for closing. This threshold has not increased since the Program's inception in 2009. According to the California Construction Cost Index produced by the California Department of General Services, construction costs have increased by 93% since the inception of the program. Based on inflation and the anticipation of larger commercial projects coming down the line, program staff have reviewed the current threshold and recommend increasing the threshold to \$750,000 for Board approval, title insurance, and escrow. SCEIP commercial projects have resulted in \$17.5 million in bonding averaging \$180,000. While there have been relatively few projects over \$500,000 to date, there has been an increase in recent years. The Program presented two projects to the Board in 2023-24 each exceeding \$700,000. A third project applied, but ultimately withdrew because the extended timeline including underwriting and Board approval did not match other requirements for the project. With SCEIP increasing outreach around commercial projects as the residential program phases out, staff expect higher funding requests to become more common due to

increased material costs, permits, professional services for engineering, and the prevailing wage requirements.

The SCEIP Steering Committee, which includes the Auditor-Controller-Treasurer-Tax Collector, the Assistant Treasurer, and representatives from County Counsel and the County Administrators office reviewed information, including potential upcoming applications, and determined that an increase of the threshold for Board approval, title insurance, and escrow to \$750,000 would allow for the streamlining of medium-sized projects while not excessively increasing risk for the program. The requested increase to allow up to \$750,000 as a single assessment will allow the Program to streamline its processes for commercial projects and reduce costs related to title insurance for participants, which will be integral to the Program's success as it transitions to a commercial-only Program in 2026. Staff has been working within the Ag-business sector to increase Commercial assessments. Staff discussions with three potential property owners have indicated their commercial financing requests will exceed the \$500,000 limit.

All applications, regardless of amount, are subject to a stringent review process beginning with the Energy and Sustainability team, which includes both the file processor and department analyst. Following this internal review, the application advances to the SCEIP Steering Committee, where it must receive approval from two committee members. A third member-who was not part of the approval-must then provide a final signature to authorize the file.

Applications involving complex ownership structures (e.g., Trusts, LLCs, or other incorporated entities) also require review and approval by Legal Counsel.

The Program's definition of commercial projects, eligibility criteria, and underwriting requirements remain unchanged and are outlined in the Program Guidelines.

Strategic Plan:

This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective. The Program will continue to offer education and resources to support the CAR 2.2 objective. The Program will continue to fund Commercial opportunities, after the residential portion of the Program ceases.

Pillar: Climate Action and Resiliency

Goal: Goal 2: Invest in the community to enhance resiliency and become carbon neutral by 2030

Objective: Objective 2: Provide \$20 million in financing by 2026 that incentivizes property managers and renters to retrofit existing multi-family housing towards achieving carbon neutral buildings.

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

7/8/25 - Sonoma County Energy Independence Program Update and Recommendations
3/18/25 - Sonoma County Energy Independence Program Semi-Annual Bonding Authorization
9/17/24 - Sonoma County Energy Independence Program Semi-Annual Bonding Authorization
6/4/24 - Sonoma County Energy Independence Program Update, and Annual Interest Rate Determination
3/26/24 - Sonoma County Energy Independence Program Semi-Annual Bonding Authorization
9/19/23 - Sonoma County Energy Independence Program Semi-Annual Bonding Authorization
06/12/23 - Board authorization for the approval of Skylane LLC's Sonoma County Energy Independence Program (SCEIP) financing application in the amount of up to \$751,990.00
05/23/23 - Sonoma County energy Independence Program Update, Approval of Program Operational Changes, and Annual Interest Rate Determination
3/14/23 - Sonoma County Energy Independence Program Semi-Annual Bonding Authorization

FISCAL SUMMARY

Narrative Explanation of Fiscal Impacts:

There is no fiscal impact to this item.

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

- 1: Resolution authorizing the Public Financing Authority to issue and sell Sonoma County Energy Independence Program contractual assessment revenue bonds - Oct 2025
- 2: County Resolution Authorizing the Treasury to Invest in Sonoma County Energy Independence Program contractual assessment revenue bonds - Oct 2025
- 3: County Resolution Approving Loan Agreements - Oct 2025
- 4: Sonoma Water Resolution Authorizing the Sonoma Water Funds to Invest in Sonoma County Energy Independence Program contractual assessment revenue bonds - Oct 2025
- 5: County Resolution consenting to Water Agency investment in Sonoma County Energy Independence Program contractual assessment revenue bonds - Oct 2025
- 6: County Resolution Determining Interest Rates - 3.99%
- 7: Authority Resolution Determining Interest Rates - 3.99%
- 8: County Resolution Determining Interest Rates - 1.99%
- 9: Authority Resolution Determining Interest Rates - 1.99%
- 10: County Resolution Determining Interest Rates -2.99%
- 11: Authority Resolution Determining Interest Rates - 2.99%
- 12: County Resolution Determining Interest Rates - 3.00%
- 13: Authority Resolution Determining Interest Rates for 3.00%
- 14: Program_Report_Admin_Guidelines_Track Changes_2025-09-23

Related Items “On File” with the Clerk of the Board:

- Agreement 1: Form of Bond Purchase Agreement for Approval (October 2024 Authorization)
- Agreement 2: Form of Loan Agreement for Approval (October 2024 Authorization)