



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 3/18/2025

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

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

Staff Name and Phone Number: Erick Roeser 707-565-3295 Terri Somers 707-565-6489; Rhianna Frank 707-565-6483, Kathleen Parnell 707-565-6124, and Terri Somers 707-565-6489

Vote Requirement: Majority

Supervisory 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, 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Sonoma County Water Agency: Adopt resolutions withdrawing funds from the Sonoma County Treasury Pool and authorizing withdrawn funds to be invested in Sonoma County Energy Independence Program bonds as a long-term Sonoma County Water Agency Investment.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 of sale of revenue bonds and loan of funds to the County to fund the Sonoma County Energy Independence Program.

Executive Summary:

The Sonoma County Energy Independence Program ("SCEIP" or "Program") is requesting authorization to issue bonds and enter into related financing agreements to continue the Program through September 30, 2025.

With your Board's last action in September 2024 a total of \$60 million in bonds was authorized for issuance by the Public Financing Authority and purchase (investment) by County Treasury (\$45 million) and Sonoma County Water Agency ("Sonoma Water") (\$15 million) for the purposes of the Program. This authorization expires on March 31, 2025, and must be renewed to allow the Program to continue. These bond issuance approvals are done in six-month increments and have been approved semi-annually by the Board since 2009.

There is currently \$32.3 million in outstanding bonds and \$27.7 million in funding accessible to property owners wanting to do energy efficiency, water conservation, renewable generation, wildfire safety, and seismic strengthening improvements. As of February 11, 2025, the Program had cumulatively funded \$110,544,757 million in residential and commercial property improvements.

With this item, we are requesting authorization to issue \$60 million in bonds and enter into related financing

agreements to continue the Sonoma County Energy Independence Program funding mechanism in place over the next period of April 1, 2025, through September 30, 2025.

Discussion:

On September 17, 2024, your Board authorized the issuance of bonds related to the Program over the next period of October 1, 2024, through March 31, 2025. These agreements 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, and make buildings healthier, more durable, and resilient to natural disasters.

Over the Program's history it has cumulatively funded \$110.5 million in residential and commercial property improvements. Through the installation of building improvements, the County has eliminated over 160,000 metric tons of carbon dioxide and created or retained over 2,211 jobs.

This County-administered, public service program provides financing and education services community-wide, without profit, to assist in meeting the County's greenhouse gas emission reduction goals, and to promote community resilience to drought, earthquakes, and wildfires.

Principally, the Program makes financing available to a property owner by placing an assessment on the property, which is used to fund eligible property improvements and then paid back through property taxes over 10 or 20 years with a fixed interest rate. Financing is available to both residential and non-residential property owners with a minimum assessment amount of \$2,500. The amount available for financing is based on the value of the property; the program interest rate is currently 7.99%.

The Program provides access to capital through financing that does not consider the applicant's income, credit score, or debt-to-income ratio, which increases access to non-traditional capital resources.

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Program revenues continue to increase relative to expenditures as the outstanding principal that generates interest income grows. On May 20, 2025, staff will be providing a Program update along with revisiting the interest rate for the Program.

Consumer Financial Protections Bureau (CFPB) Update

On December 17, 2024, the CFPB issued a final rule pertaining to residential PACE financing and the application of the Truth in Lending Act and Regulation Z to PACE transactions. Under the ruling, effective March 1, 2026, "ability to repay" determinations and other federal lending requirements will extend to all residential PACE, including public PACE programs like SCEIP. Staff is analyzing the potential impacts to the Program and will present an update to your Board with the May 20, 2025, Program update.

Strategic Plan:

This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillars, goal, and objective.

Pillar: Climate Action and Resiliency

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

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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. Funds received for the 2.2 pillar have been fully expended for a comprehensive marketing and outreach plan covering 22-23 and 23-24 fiscal years.

Pillar: Climate Action and Resiliency

Goal: Goal 1: Continue to invest in wildfire preparedness and resiliency strategies

Objective: Objective 1: Provide educational resources to the community that promote and facilitate carbon neutral and fire hardening construction for new and existing homes. Funds received for this pillar are still being distributed for comprehensive marketing, education and outreach.

Racial Equity:

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

No

Prior Board Actions:

10/14/2024 - Sonoma County Energy Independence Program Semi-Annual Bonding Authorization Correction

9/17/24 - Sonoma County Energy Independence Program (SCEIP) Semi-Annual Bonding Authorization

6/04/24 - Sonoma County Energy Independence Program Update and Annual Interest Rate Determination

3/26/24 - Sonoma County Energy Independence Program Semi-annual Bonding Authorization and Revision to the Program Guidelines.

FISCAL SUMMARY

N/A			
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Narrative Explanation of Fiscal Impacts:

There are no fiscal impacts to the County as a result of this action.

N/A			

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Att 1 Authority Bond Resolution April 2025

Att 2 County Resolution Authorizing the Purchase of Bonds April 2025

Att 3 County Resolution Approving Loan Agreements April 2025

Att 4 Water Agency Resolution Authorizing Investment April 2025

Att 5 County Resolution Consenting to Water Agency Investment April 2025

Att 6 SCEIP Program Report and Admin Guidelines

Related Items "On File" with the Clerk of the Board:

Agreement 1: Form of Bond Purchase Agreement between the Treasury and Public Financing Authority to purchase Sonoma County Energy Independence Program contractual assessment revenue bonds - April 2025

Agreement 2: Form of Loan Agreement between the County and the Public Financing Authority - April 2025