BUSINESS PLAN for the
Sonoma County Energy Independence Program

ENERGY
INDEPENDENCE
A SONOMA COUNTY PROGRAM

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This document is the business plan for the Sonoma County Energy Independence Program as of August 2019, looking out to the year 2023. It describes the organization's future objectives and the strategies that will be employed for achieving them.

Executive Summary

The Sonoma County Board of Supervisors authorized the creation of the Sonoma County Energy Independence Program (SCEIP) in March 2009. As a county-administered, public service program, it provides PACE financing services and related resources community-wide, without profit, in order to assist in meeting State of California greenhouse gas emission reduction goals[1] of 40% below 1990 levels by 2030. Immeasurable by traditional standards, this innovative Program provides a local financing solution supported by the local government assurance of an unbiased, third-party resource for all of Sonoma County.

Over the last decade, the Program has led the way in providing clean energy financing to residential and commercial property owners. Our reputation builds trust within the community and we deliver an equitable, efficient financing product to all property owners, regardless of gender, ethnicity, age or income level. We maintain high service standards with the customer as our focus.

The Program's future expansion to include seismic strengthening and wildfire safety improvements provides a universal, Countywide-financing option to achieve local energy independence and community resiliency. These objectives are achieved through the comprehensive education, consultation, and resource provisions delivered through the Energy and Sustainability Division. The SCEIP financing product is a key element in service delivery to meet County emission reduction goals and upgrading building to be more durable, healthy, and efficient.

Program Mission

The Mission of the Sonoma County Energy Independence Program

- Leading the way to energy independence in Sonoma County through dynamic and collaborative partnerships and the public financing of improvements on private property.

Core Values

- Community – we respect and value all the people we serve, support local business, and encourage local jobs creation
- Collaboration – we will engage in public and private partnerships to address the emerging and evolving needs for sustainability and energy independence in Sonoma County
- Customer Service – our organization exists to provide outstanding service and to support our customers and partners in the development and execution of their energy conservation, energy creation, and sustainability plans

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1 In July 2017, California's state legislature passed assembly bill (AB) 398 to reauthorize and extend until 2030 the state's economy-wide greenhouse gas (GHG) reduction program. The bill sets a new GHG target of at least 40% below the 1990 level of emissions by 2030.

- Energy Independence – we are committed to the goal of energy independence for Sonoma County in the form of deep energy retrofitting of homes and businesses, the installation of distributed clean generation systems, advanced energy storage and a robust water conservation element as key components of our SCEIP efforts

Goals

1) Process and provide contracts for $3 billion in financing for deep energy retrofits, water conservation projects, and renewable energy installations by 2030
2) Maximize current collaborative partnerships and create new partnerships, integrating PACE financing services to develop and provide an effective sustainability plan for any resident in Sonoma County
3) Stimulate the local economy and create permanent jobs in Sonoma County through effective program financing
4) Every resident in Sonoma County is aware of and recognizes the value of developing their personal or business resiliency, energy, water, and renewable upgrades with SCEIP financing acknowledged as a potential vehicle to achieve the execution of their upgrades
5) Provide financing with an interest rate that is competitive with current secondary market lending rates

Program Development Strategies and Risks

The Program has looked at various strategies related to the overall PACE landscape – local, statewide and national. There are variables based on residential and commercial PACE programs. Most of the country only allows for commercial assessments and those who are operating a residential program look to Sonoma and California as the examples of how to model a program. PACE financing is now more familiar to the market sectors, including elected officials, property owners, contractors, appraisers, lenders, realtors, title companies, and investors. The industry has matured and legislators have amended legislation to allow PACE to expand the types of improvements. The Program considers market changes and remains efficient, innovative, and accommodating without sacrificing customer service or consumer protections.

Program Market Development Opportunities

- Providing education on energy efficiency and influencing projects toward a “reduce then produce” concept
- Providing education on conservation, renewable energy generation, water conservation, energy management tools, resiliency, and home hardening
- Improving the collection and organization of customer data in order to develop education and outreach
- Linking with workforce development training
- Improving the effectiveness of the program website and the documentation
- Delivering an accessible dashboard of program metrics for a transparency of operations and inspiration for participation
- Continued effort to ensure alignment with other County-wide projects including, but not limited to those of the RCPA, PG&E, BayREN, and Sonoma Clean Power

- Playing a key role in determining the process for data management reporting and standardization of a workflow/database tool
- Engaging with other municipalities as a resource to leverage resources and workload through economies of scale and utilization of the teams diverse assets
- Working through the challenges created by the need to adapt to emerging state and federal program parameters
- Evaluating and integrating PACE financing expansion opportunities based on County needs and Program parameters
- Providing useful information to other municipalities to assist in the successful execution of other energy independence programs including providing expertise in the development of property assessed clean energy programs in other jurisdictions

Education and Outreach – Marketing Plan

Education and outreach is a significant component of ensuring participation levels are sustained over multiple years. SCEIP's education and outreach plan involves a number of stages. The Program has developed education and outreach materials that can be distributed in all building departments, city hall offices, community tabling events, and to participating contractors to provide ongoing information and assistance to potential participants.

It is important to note that there are significantly distinct and different markets in the County. Each of these areas have a unique focus in education and outreach. However, overall, the County's education and outreach efforts include the following stages:

1) Launch and Rollout (introducing and expanding education and outreach to cover the entire region including participating cities of the product, making sure customer inquiries are managed, etc.)
2) Maintenance (making sure the program continues with sufficient volume to justify its ongoing administrative costs, managing and monitoring cash flow, budget, interest rates, etc.)
3) Close-out, as appropriate (if interest wanes or funds are exhausted, it will be important to close down the program cleanly and positively)

Contractor and Stakeholder Engagement

The County engages the local building and contractor community to solicit input on allowable technologies and other program components to ensure the program includes the appropriate technologies for the local market. As feasible, staff attend local trade meetings and seminars. This participation at times extends beyond technology input, reaching to education and outreach. Locally, building contractors may use the SCEIP to market their wares. For them, it is a viable means to sell clean and efficient technologies with "no money down" and without the extensive credit standards required by banks for other lending instruments.

The SCEIP also makes use of additional opportunities, as appropriate, to leverage methods of education and outreach and outreach. For instance, tools, such as the PACE Marketplace comparison tool and the contractor search functions located on the SCEIP website, are products developed by SCEIP for website users.

- http://sonomacounty.ca.gov/General-Services/Energy-and-Sustainability/PACE-Financing/Marketplace-Comparison/
- https://sonomacountyenergy.force.com/financing/s/find-a-contractor

PACE Lending Instrument Risks

While an AB 811 program is similar to commercial banking/lending, it is much more attractive to potential customers than a commercial loan in many ways. Under AB 811, credit checks are not required, assessment/lien amounts do not appear on credit reports, interest rates can be comparable to commercial rates, payments are spread over the long-term on property tax bills, potential cost savings from energy use reduction could offset assessment costs, and responsibility for assessment repayment is designed to stay with the property when the property is sold or transferred to a new owner rather than remaining with the individual who initiated the assessment. However, these qualities also represent some significant risks. Highlighted below are several risks that fall into two categories – those risks that have a direct program impact, and those risks that have a broader community impact.

Participation rates (annual assessments or “sales” volume) are essential to the viability of the County’s program. Because program revenue is related to assessment volume, participation needs to be high enough to fully fund program administration costs. With higher levels of participation, the revenue gained from the interest rate spread (total assessment amounts multiplied by the interest rate spread) becomes more substantial and eventually reaches a level sufficient to make the program cost neutral assuming that SCEIP earns that interest rate for a few years. Under this model the program is self-sufficient (enterprise fund) and does not rely on any outside financing sources to fund the cost of operation.

Based on Program success over the last nine years, the financial model has maintained an average bonding volume of $705,000 every month. To look at numbers that are more recent, over the last five years, the Program has maintained an average yearly assessment volume of $2,755,540 million or $229,628 monthly. However, the Program has also experienced significant early payoff amounts over the last five years that diminish revenues generated through long term bonding agreements (see Financial Data section below). These early payoffs are attributed to increased housing market values while interest rates have continue to be historically low. Property owners are taking advantage of low mortgage rates and refinancing, and either voluntarily or involuntarily paying off their assessments through the refinance process. Alternately, this type of bridge financing does increase funding availability towards additional assessments since the payments revolve back into the pool of available funds. Through fiscal year 18/19, the Program has disbursed over $81.4 million in project financing and the remaining available fund balance to finance new activity was $31.7 million.

Considering the importance of participation, there are inherent risks to program feasibility. For example, payoff risk exists if too many owners pay off assessments prior to the bond maturity date, then revenue to cover the Program’s administrative costs must come from alternate sources.

There is also interest rate risk. If the assessment interest rate offered to participants rises because of an increase to the underlying bond rate paid to the County Treasury, then we can expect more participants would decide not to access the Program, resulting in a decrease in participation and revenue. This would likely constrain the overall SCEIP program size to the recommended Treasury note cap of $30 – $45 million or less, and lead to a County subsidy and limit the County's interest in continuing with more assessments to add to the subsidy.

Lastly, there is capacity risk. If the program expands quickly, there is a risk of depleting the Treasury bonding cap of $45 million and Sonoma County Water Agency bonding cap of $15 million. This would likely constrain the overall SCEIP program and require accessing capital markets in order to sell SCEIP bonds and allow for future program expansion.

The Federal Housing Finance Agency (FHFA)

The Federal Housing Finance Agency (FHFA), which oversees Fannie Mae and Freddie Mac, has been hostile to PACE financing because it believes it undermines lenders' security in mortgaged properties. On July 6, 2010, the FHFA issued a statement determining that "PACE loans...present significant risk to lenders and secondary market entities" and called for all state and local governments to pause their programs. On August 31, 2010, Fannie Mae and Freddie Mac issued additional instructions to lenders that they "will not purchase mortgage loans secured by properties with an outstanding PACE obligation."

The County of Sonoma, with the California Attorney General, City of Palm Desert, County of Placer, and the Sierra Club, filed suits challenging FHFA's issuance of the statement without any environmental review and without notice to the public and an opportunity for comment. The federal district court agreed the FHFA must follow rulemaking procedures, and ordered it to begin proceedings. The strategy was to illustrate the non-transparent, self-focus, and draconian approach followed by the FHFA to issue a ruling, with the intent to secure public and related industry engagement to secure a more favorable position.

As ordered by the Court, FHFA has accepted two rounds of comments. The County has submitted extensive comments, including data from its very successful program, in both rounds. FHFA's proposed rule is draconian: (1) FHFA directs Fannie Mae and Freddie Mac to ensure their standard documents allow them to find property owners who join a PACE program in immediate default on their loan; and (2) directs them not to purchase any loans that already have PACE assessments on the property. FHFA was required by law to propose alternatives, and one goal of comments was to convince FHFA that the alternatives, which would allow residential programs to move forward with some restrictions, were reasonable.

In February 2013, the FHFA requested that its deadline to develop a final rule be extended from May 14, 2013, to September 16, 2013. The Court granted this request. Meanwhile, FHFA has also appealed the district court's order to the Ninth Circuit Court of Appeals. On March 19, 2013, the Ninth Circuit Court of Appeals ruled that the courts have no jurisdiction to review any action taken by the Federal Housing Finance Agency (FHFA) when acting as conservator or Fannie Mae or Freddie Mac. The court dismissed the County's case against FHFA. Thereafter, on July 24, 2013, the FHFA withdrew its proposed rule on PACE but indicate it was not altering its policy set out in its previous statements. FHFA indicated it would continue to review programs that would support energy retrofits and might be appropriate for purchase by Fannie Mae and Freddie Mac.

Consumer Financial Protection Bureau

In May 2018, the 115th Congress passed S.2155 - Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). This legislation included Section 307, directing The Consumer Financial Protection Bureau ("Bureau") to promulgate ability-to-repay (ATR) regulations regarding property assessed clean energy financing. In relevant part, EGRRCPA section 307 amends the Truth in Lending Act (TILA) to mandate that the Bureau prescribe certain regulations relating to PACE financing. Specifically, the regulations must carry out the purposes of TILA's (ATR) requirements, currently in place for residential mortgage loans, with respect to PACE financing, and apply TILA's general civil liability provision for violations of the ATR requirements the Bureau will prescribe for PACE financing. The regulations must "account for the unique nature" of PACE financing. In March 2019, the Bureau opened up their Advanced Notice of Proposed Rulemaking towards this effort. The comment period ended May 7, 2019. While this process will take some time to determine what regulations the Bureau will decide, there is an inherent risk to residential PACE becoming more of an energy efficiency loan product, subject to mortgage regulations and strict lending guidelines. The intention of PACE was to create a product that imitated special assessment financing in California, with underwriting criteria and consumer protections, that allows property owners an alternate financing option from traditional products. Sonoma submitted comments to the Bureau's proposed rulemaking on May 6, 2019 and intends to remain proactive throughout the rulemaking process.

Mitigating Risk to Lenders and Consumers

Consumer Protections

The SCEIP leadership built consumer assurances and protections into the financing mechanism from inception. The Program established policies, procedures and best practices early on in development and made updates frequently as the Program rolled out into production throughout the first year of operations. Keep in mind, in 2009, PACE financing was new and Sonoma was the first multi-jurisdictional program in the nation. Additionally, the Program staff and leadership review and update Program documents and procedures on a regular basis or as needed. At times, changes are dictated through legislation, but more often, changes and enhancements are done through continuous process improvement, with the priority being customer service and customer experience.

PACE Loss Reserve Program

In September of 2013, Governor Jerry Brown signed SB 96 into law, authorizing the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) to establish a PACE Loss Reserve Program. This program was created to address FHFA's concerns using a reserve fund that would reimburse residential PACE programs for costs associated with keeping mortgage interests whole in the event of a foreclosure or forced sale.

The Statewide PACE Loss Reserve Program began in 2014. Established residential PACE programs were able to opt into the Program in June 2014 with their existing portfolio. To the extent the SCEIP is eligible to participate in the Loss Reserve, the SCEIP will submit claims for any such losses to CAEATFA and either accept payment from the Loss Reserve as a reimbursement or as a pass-through to the first mortgage lender, and comply with CAEATFA's reporting requirements. The Loss Reserve currently consists of $10 million of state funds.

The County is cautious in that providing readily available financing with fewer restrictions compared to commercial lending. However, it does not allow people who are considered to be "under water" to apply for the financing and unlike other traditional lending options, SCEIP provides consumer protections and assurances with the product.

Finally, the County is cautious about setting Program expectations in the community regarding the timing and delivery of Program changes and improvements. To mitigate these program risks, SCEIP staff provides vigilant administrative oversight to policies, planning, education, and outreach, with regular status updates to the County Administrator and/or Board of Supervisors.

Fund Management

Assessment Fund Use Parameters and Limits

Based on use restrictions within the Program's authorizing resolution, the loan agreement with the Public Financing Authority, and the Program Report, funds generated by the SCEIP program must be used exclusively for the delivery of the SCEIP. An outline of these restrictions is listed below:

1) Resolution 09-0358, which authorized the establishment of a County fund for SCEIP limits use of SCEIP moneys. Specifically, Section 2 of the Resolution stablishes a special fund held in trust by the County called the "Energy Independence Fund," as well as a fund within the Energy Independence Fund called the "Program Expense Fund". The Resolution provides, "Moneys in the Energy Independence Fund and the funds and accounts therein shall be used and disbursed for the purpose of funding the Loans and administering the SCEIP." This limitation also applies to the "special funds" created with each bond issuance, which are also within the Energy Independence Fund and in which the County is required to deposit the assessment revenues. See Loan Agreement Sections 3.2 and 3.4.
2) The Loan Agreement with the Sonoma County Public Financing Authority includes representations from the County that limit revenues to SCEIP. Specifically, Section 3.2 of the Loan provides that the County is required to deposit all Assessment Revenues in the "special fund" and that amounts remaining in the special fund after payment of the loan in full and the interest thereon shall be used for the benefit of SCEIP.
3) The Program Report adopted by the Board (Resolution No. 09-0271) as required under California Streets & Highways Code Section 5898.22, also limits use of SCEIP funds.
    a) Article II, G, Administrative Costs. "The County may elect to cover all or a portion of SCEIP costs through the 'spread' between the County's interim funding source interest rate and the SCEIP financing interest rate paid by the property owner. Similarly, the County may elect to recover SCEIP costs through a spread between bond rates and assessment rates, or the spread between interest rates of any financial vehicle."
    b) Article VI, Financial Strategy. Each year, the County may use assessment revenues in excess of the amounts needed to repay the loan to fund a reserve account and a program expense account. Moneys in the reserve account will provide additional security for the repayment of the loan. Moneys in SCEIP expense fund may be used to pay or reimburse the County for expenses to administer SCEIP. The County may use surplus funds, which remain after the payment of the Bond at maturity or upon early redemption for any lawful purpose for SCEIP."

Assessment Fund Management

The County Treasurer in establishing the Sonoma County Energy Independence Program Fund (the "SCEIP Fund") may accept funds from any available source and may disburse the funds to eligible property owners for the purpose of funding energy and water conservation improvements. Repayments are made pursuant to Assessment Contracts between the property owners and County and are collected through the property assessment mechanism in the County property tax system and included in the Sonoma County Teeter Plan.

The County manages SCEIP in one special assessment fund with multiple sub-funds. It is necessary to ensure that financings equal the County's receivables. Likewise, it is necessary that County's funds for repaying bonds, etc. stay separate to ensure funds are available when payment is due. The Auditor-Controller-Treasurer-Tax Collector has the authority to develop the necessary accounting structure needed to run SCEIP.

The Sonoma County Financing Authority (the "Authority") is a joint powers agency formed to assist the County with financings. The County and the Authority cooperate in a financing arrangement whereby the Authority issues a bond or a series of bonds in an amount not to exceed the Maximum Portfolio. The aggregate amount of bonds held by the Sonoma County Treasury, on behalf of the Treasury Pool at any time may not exceed three percent of the total Treasury Pool ($45 million). An additional $15 million in bond capacity is available from and held by the Sonoma County Water Agency.

An example of a financing arrangement is briefly described below.

When the County advances funds to property owner(s) in connection with a designated group of assessment contracts (i.e., the improvements have been completed and inspected), the Authority issues a bond (the "bond") in a principal amount equal to the aggregate amount to be advanced by the County pursuant to the assessment contracts. The Treasury purchases the bond from the Authority.

The Authority makes a loan (the "loan") of the bond proceeds to the County pursuant to the loan agreement between the County and Authority (the "loan agreement"). The County uses the bond proceeds to advance moneys to the property owners pursuant to the assessment contracts. The loan agreement provides for the County to repay the loan from the assessments received by the County pursuant to the assessment contracts (excluding the annual administrative assessments that are paid by the property owners). In turn, the resolution authorizing the issuance of the bond provides that the Authority will repay the bond from the loan payments paid by the County pursuant to the loan agreement.

Each year, the County may use assessment revenues in excess of the amounts needed to repay the loan to fund a reserve account and a program expense account. Moneys in the reserve account provides additional security for the repayment of the loan. Moneys in SCEIP expense fund may be used to pay or reimburse the County for expenses to administer SCEIP. The County may use surplus funds, which remain after the payment of the Bond at maturity or upon early redemption for any lawful purpose for SCEIP.

The County uses revenues from the annual administrative assessment provided for in each assessment contract to pay for the administrative expenses of the County and Authority in connection with the bond and the collection of the assessments. The administrative assessment is considered a nominal amount, in order to cover the cost of the assessment administrator and the Auditor-Controller-Treasurer-Tax Collector's cost in placing the charge on the tax roll.

For long-term and additional financing, the Program Administrator will explore funding opportunities from a number of other potential funding sources, and combinations of sources, which may include but are not limited to additional funding from any funds under the control of the Board of Supervisors and Board of the Water Agency, the issuance of notes, bonds, or agreements with utilities or public or private lenders, other governmental entities and quasi-governmental entities such as SCERA, CALPERS, Nationwide Retirement Solutions, or any financing structure allowed by law.

Initially, fifty (50) percent of the funds were reserved for SCEIP assessment contracts for residential property owners. The Program Administrator may adjust this allocation to not less than thirty (30) percent of the funds to be reserved for residential property owners and not more than seventy (70) percent of the funds to be reserved for all other property owners. The Program Administrator reports on program progress to the Board of Supervisors and County Administrator every six months at a minimum, providing the Board of Supervisors with the information necessary to further adjust this allocation to match Program participation, with recommendation from the Program Administrator.

The Program Administrator and County Administrator have the authority to establish a SCEIP budget to be ratified by the Board of Supervisors.

Financial Actuals and Projections

Financial Data

Below are actuals from the Program over the last five (5) years along with future projections and scenarios, providing certain market assumptions.

Program Disbursements (new activity) and Payoff Actuals

Fiscal Year 2014/15 through Fiscal Year 2018/19

New Program Activity – Disbursement

14/15	15/16	16/17	17/18	18/19	Total
$3,258,167	$3,236,513	$2,113,643	$2,719,644	$2,449,734	13,777,701

Average - yearly $ 2,755,540

Average - monthly $ 229,628

Program Payoff Activity

14/15	15/16	16/17	17/18	18/19	Total
$5,131,150	$5,732,495	$5,182,393	$4,342,666	$2,817,779	23,206,483

Average - yearly $ 4,641,297

Average - monthly $ 386,775

Program Revenue and Expenditure Actuals

SCEIP Program Fund - Budget to Actual Summary Report

Fiscal Year actuals 2014/15 through 2018/19 with Budgeted Fiscal Year 2019/20

Cash Balance

Type	Actuals FY 14/15	Actuals FY 15/16	Actuals FY 16/17	Actuals FY 17/18	Actuals FY 18/19	Budgeted FY 19/20
Beginning Cash Balance	**$1,270,294**	**$1,700,191**	**$1,867,503**	**$2,136,823**	**$1,983,916**	**$1,804,815**

Revenues

Type	Actuals FY 14/15	Actuals FY 15/16	Actuals FY 16/17	Actuals FY 17/18	Actuals FY 18/19	Budgeted FY 19/20
Total Program Interest	$1,799,301	$1,689,361	$1,523,058	$1,360,407	$1,216,733	$1,400,000
Total Fees and Charges	$113,256	$125,092	$92,239	$65,949	$52,372	$66,500
Transfer in	-	-	-	-	$5,001	-
Transfer out	$2,817	$16,992	$9,162	$22,577	$68,817	$25,000
Total Revenue	**$1,915,373**	**$1,831,444**	**$1,624,459**	**$1,448,933**	**$1,337,922**	**$1,491,500**

Expenses

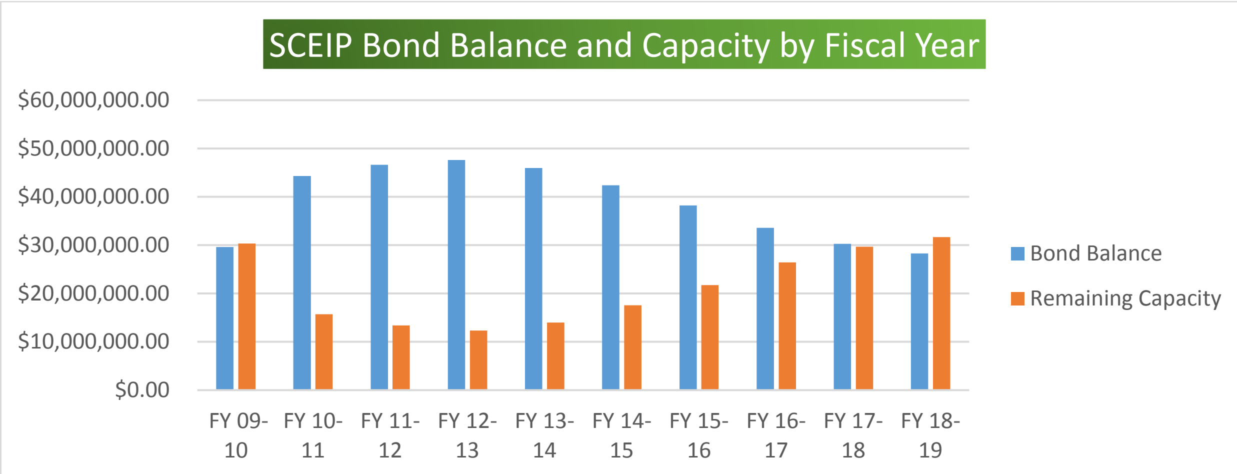
Type	Actuals FY 14/15	Actuals FY 15/16	Actuals FY 16/17	Actuals FY 17/18	Actuals FY 18/19	Budgeted FY 19/20
Total Salaries and Benefits	$591,143	$685,479	$590,765	$693,297	$765,009	$830,000
Total Services and Supplies	$634,248	$682,841	$715,946	$890,933	$691,963	$688,069
Interest Expense	$4,500	$3,550	-	-	-	-
Amortization Expenses	-	-	-	-	-	$30,000
Transfers Out	$4,540	$4,540	$5,084	$4,630	$5,084	$5,084
Total Expenses	**$1,234,431**	**$1,376,411**	**$1,311,795**	**$1,588,860**	**$1,462,056**	**$1,533,153**

Difference

Type	Actuals FY 14/15	Actuals FY 15/16	Actuals FY 16/17	Actuals FY 17/18	Actuals FY 18/19	Budgeted FY 19/20
Difference	**$680,942**	**$455,033**	**$312,664**	**($139,927)**	**($124,134)**	**($61,653)**

Bond Balance Outstanding by Fiscal Year

FY 2009/10 through FY 2018/19



Bonding Projection Scenarios

Fiscal Year 2019/20 through Fiscal Year 2023/24

The Program looks at three (3) possible scenarios to assess the Program growth and feasibility. Each scenario starts with the beginning operating expense amount of $1,498,735. This amount is from the estimated actuals for fiscal year 19/20 and is approximately $54,400 less than what is budgeted for 19/20. In each scenario, the operating expense is adjusted every year for a cost of living adjustment (COLA) percent factor and other potential variables. In fiscal year 22/23, the Program operating expenses assume a reduction as deemed necessary.

Scenario 1: No growth and 9% payoff assumption - Most conservative

This scenario assumes the projected incoming disbursements remain flat to the fiscal year 18/19 and shows no growth beyond that for the next four (4) years. The Program's cash balance goes negative in fiscal year 23/24, regardless of the expansion efforts of the Program. The amount of early assessment payoffs also remains constant at 9% of outstanding principal every year going forward.

SCEIP Cash Balance Projections – Scenario 1: Most Conservative

Type	Estimated FY 2019-20	Estimated FY 2020-21	Estimated FY 2021-22	Estimated FY 2022-23	Estimated FY 2023-24
Outstanding Loans - Beginning of Fiscal Yr	**28,310,500**	**26,611,649**	**25,212,907**	**24,654,510**	**24,841,246**
- Payoffs	(2,547,945)	(2,395,048)	(1,764,903)	(1,232,725)	(745,237)
- Debt Srvc (Principal)	(1,698,630)	(1,729,757)	(1,764,903)	(1,849,088)	(1,987,300)
- Disbursements	2,547,723	2,726,064	2,971,410	3,268,551	3,268,551

Type	Estimated FY 2019-20	Estimated FY 2020-21	Estimated FY 2021-22	Estimated FY 2022-23	Estimated FY 2023-24
Outstanding Bonds - Fiscal Year End	26,513,659	24,853,776	23,326,906	21,927,700	20,649,725

Type	Estimated FY 2019-2	Estimated FY 2020-21	Estimated FY 2021-22	Estimated FY 2022-23	Estimated FY 2023-24
Interest Income (4% of Beg Loan Balance)	1,221,16	1,060,546	994,151	933,076	877,108
Other Misc Income	95,054	95,000	90,000	90,000	85,000
Operating Expenses	(1,498,735)	(1,495,841)	(1,518,278)	(1,361,761)	(1,193,579)
Debt Service (ACTTC Startup)	(200,000)	-	-	-	-

Type	Estimated FY 2019-20	Estimated FY 2020-21	Estimated FY 2021-22	Estimated FY 2022-23	Estimated FY 2023-24
Estimated Ending Cash Balance	**1,312,827**	**972,533**	**538,406**	**199,721**	**(31,749)**

Type	Estimated FY 2019-20	Estimated FY 2020-21	Estimated FY 2021-22	Estimated FY 2022-23	Estimated FY 2023-24
Estimated Payoff Percentage of Outstanding Loans	9%	9%	9%	9%	9%
Estimated Debt Service Percentage of Outstanding Bonds (Principal Reduction)	6.0%	6.5%	7.0%	7.5%	8.0%
Estimated Disbursement % Increase/(Decrease)	0%	0%	0%	0%	0%

Scenario 2: Conservative growth of 4% and 9% payoff assumption – Moderately conservative

This scenario assumes the projected incoming disbursements increase 4% annually compared to FY 18/19. Growth assumptions are based on Program expansion, coordinated partnerships, and marketing and outreach efforts. The amount of early assessment payoffs remains constant at 9% of outstanding principal every year going forward.

SCEIP Cash Balance Projections – Scenario 2: Moderately Conservative

Type	Estimated FY 2019-20	Estimated FY 2020-21	Estimated FY 2021-22	Estimated FY 2022-23	Estimated FY 2023-24
Outstanding Loans - Beginning of Fiscal Yr	**28,310,500**	**26,611,649**	**25,136,475**	**23,870,257**	**22,797,506**
- Payoffs	(2,547,945)	(2,395,048)	(2,262,283)	(2,148,323)	(2,051,776)
- Debt Srvc (Principal)	(1,698,630)	(1,729,757)	(1,759,553)	(1,790,269)	(1,823,801)
- Disbursements	2,547,723	2,649,632	2,755,617	2,865,842	2,980,476

Type	Estimated FY 2019-20	Estimated FY 2020-21	Estimated FY 2021-22	Estimated FY 2022-23	Estimated FY 2023-24
Outstanding Bonds - Fiscal Year End	**26,611,649**	**25,136,475**	**23,870,257**	**22,797,506**	**21,902,406**

Type	Estimated FY 2019-20	Estimated FY 2020-21	Estimated FY 2021-22	Estimated FY 2022-23	Estimated FY 2023-24
Interest Income (4% of Beg Loan Balance)	1,221,166	1,064,466	1,005,459	954,810	911,900
Other Misc Income	95,054	95,000	90,000	90,000	85,000
Operating Expenses	(1,498,735)	(1,495,841)	(1,518,278)	(1,361,761)	(1,193,579)
Debt Service (ACTTC Startup)	(200,000)	-	-	-	-

Type	Estimated FY 2019-20	Estimated FY 2020-21	Estimated FY 2021-22	Estimated FY 2022-23	Estimated FY 2023-24
Estimated Ending Cash Balance	**1,312,827**	**976,453**	**553,633**	**236,683**	**40,004**

Type	Estimated FY 2019-20	Estimated FY 2020-21	Estimated FY 2021-22	Estimated FY 2022-23	Estimated FY 2023-24
Estimated Payoff Percentage of Outstanding Loans	9%	9%	9%	9%	9%
Estimated Debt Service Percentage of Outstanding Bonds (Principal Reduction)	6.0%	6.5%	7.0%	7.5%	8.0%
Estimated Disbursement % Increase/(Decrease)	4%	4%	4%	4%	4%

Scenario 3: Conservative growth, economic downturn and variable payoff assumption – Least conservative

This scenario assumes the projected incoming disbursements gradually increase year over year from 4% to 10% from FY 19/20 to FY22/23 primarily due to Program expansion, coordinated partnerships, marketing and outreach efforts and a three (3) year economic downturn beginning in 2021. Lending institutions are less likely to allow property owners to take out additional loans, thus PACE financing becomes a more attractive option. The amount of early assessment payoffs decreases as the downturn happens due to less mortgage refinancing activity. Beginning FY 23/24, the Program assumes disbursement activity stays flat to FY 22/23 with no growth beyond.

SCEIP Cash Balance Projections – Scenario 3: Least Conservative

Type	Estimated FY 2019-20	Estimated FY 2020-21	Estimated FY 2021-22	Estimated FY 2022-23	Estimated FY 2023-24
Outstanding Loans - Beginning of Fiscal Yr	**28,310,500**	**26,611,649**	**25,212,907**	**24,654,510**	**24,841,246**
- Payoffs	(2,547,945)	(2,395,048)	(1,764,903)	(1,232,725)	(745,237)
- Debt Srvc (Principal)	(1,698,630)	(1,729,757)	(1,764,903)	(1,849,088)	(1,987,300)
- Disbursements	2,547,723	2,726,064	2,971,410	3,268,551	3,268,551

Type	Estimated FY 2019-20	Estimated FY 2020-21	Estimated FY 2021-22	Estimated FY 2022-23	Estimated FY 2023-24
Outstanding Bonds - Fiscal Year End	26,611,649	25,212,907	24,654,510	24,841,246	25,377,260

Type	Estimated FY 2019-20	Estimated FY 2020-21	Estimated FY 2021-22	Estimated FY 2022-23	Estimated FY 2023-24
Interest Income (4% of Beg Loan Balance)	1,221,166	1,064,466	1,008,516	986,180	993,650
Other Misc Income	95,054	95,000	90,000	90,000	85,000
Operating Expenses	(1,498,735)	(1,495,841)	(1,518,278)	(1,361,761)	(1,193,579)
Debt Service (ACTTC Startup)	(200,000)	-	-	-	-

Type	Estimated FY 2019-20	Estimated FY 2020-21	Estimated FY 2021-22	Estimated FY 2022-23	Estimated FY 2023-24
Estimated Ending Cash Balance	**1,312,827**	**972,533**	**538,406**	**199,721**	**(31,749)**

Type	Estimated FY 2019-20	Estimated FY 2020-21	Estimated FY 2021-22	Estimated FY 2022-23	Estimated FY 2023-24
Estimated Payoff Percentage of Outstanding Loans	9%	9%	7%	5%	3%
Estimated Debt Service Percentage of Outstanding Bonds (Principal Reduction)	6.0%	6.5%	7.0%	7.5%	8.0%
Estimated Disbursement % Increase/(Decrease)	4%	7%	9%	10%	0%

Conclusion

This plan is a living document and the intention is to revisit and update, as necessary, at a minimum of every 12 months. The Program's intention is to remain focused on the County goals associated to reducing carbon emissions, achieving local energy independence and building community resiliency while offering an excellent financing option to all property owners within Sonoma County.

Appendix A: Program Background and History

Program Background

In July 2008, the California Legislature approved Assembly Bill 811, authorizing local municipalities to establish voluntary contractual assessment programs to fund an array of conservation and renewable energy projects proposed by property owners for reducing greenhouse gas emissions. On March 25, 2009, the Sonoma County Board of Supervisors authorized the existence of the Sonoma County Energy Independence Program (SCEIP) and Property Assessed Clean Energy (PACE) financing thus became a viable option for Sonoma County property owners. SCEIP financing places an assessment on the property, which is paid back through property taxes over 10 or 20 years with a fixed interest rate of 7.00%. Financing is available to both residential and non-residential applicants with a minimum assessment amount of $2500. The amount available for financing is based on the value of the property and the assessment stays with the property.

State and Federal Legislative Activity

#	Year, Bill Number, Author, Name	ACTTC Review	Board Review
1.	2008, AB 811, Levin: Contractual assessments: energy efficiency improvements.	Yes	Yes
2.	2009, AB 474, Blumenfield: Contractual assessments: water efficiency improvements.	Yes	Yes
3.	2009, AB 758, Skinner: Energy: energy audit	No	No
4.	2010, AB 44, Blakeslee: Improvement act of 1911: contractual assessments • Solar power purchase agreements and leases • Assessment limit of ≤ 5% market value	Yes	Yes
5.	2010, AB 2182, Huffman: Contractual assessments: onsite sewer and septic improvements – Vetoed by Governor	Yes	No
6.	2011, AB 184, Swanson, Contractual assessment programs: seismic safety improvements	Yes	Yes
7.	2011, SB 555, Hancock: Local government: community facilities districts. Mello Roos to finance clean energy tax assessments	Yes	Yes
8.	2012, AB 2131, Olsen: Local government: investments, Increases allowed percent from 3% to 5% of the city, county, or city and county's aggregate investment funds (Treasury) in Property Assessed Clean Energy (PACE) bonds or projects financed with PACE bonds.	Yes	No
9.	2013, SB 96, Committee on Budget and Fiscal Review. Budget Act of 2013: public resources. Establish CAEATFA loss reserve	Yes	Yes
10.	2014, AB 1883, Skinner, Public improvements: contractual assessments. New construction. Consolidation recorded documents.	Yes	Yes

11.	2014, AB 2597, Ting, Energy: PACE program. CAEATFA and LTV	Yes	Yes
12.	2015, SB 350, Leon: Clean Energy and Pollution Reduction Act, (value of PACE programs toward reaching State goals)	Yes	No
13.	2016, AB 2693, Dababneh: Financing requirements: property improvements. (not public agencies)	Yes	Yes
14.	2016, DOE PACE Guidelines	Yes	Yes
15.	2017, SB 151, Nguyen: Property tax postponement.	Yes	
16.	2017, AB 271, Caballero: Property Assessed Clean Energy program. When foreclosure.	Yes	
17.	2017, SB 242, Skinner: Property Assessed Clean Energy Program: program administrator.	Yes	
18.	2017, AB 1284, Dababneh: California Financing Law: Property Assessed Clean Energy program: program administrators. oversight of PACE by the Department of Business Oversight (not public agencies)	Yes	Yes
19.	2018, SB 2, Atkins: Building Homes and Jobs Act. Recordation fees	Yes	Yes
20.	2018, AB 110, Committee on Budget: In-home supportive services provider wages: emergency caregiver payments for foster care: civil immigration detainees: recording fees.	Yes	Yes
21.	2018, AB 2063, Aguiar-Curry: California Financing Law: PACE program administrators. (not public agencies)	Yes	
22.	2018, SB 1087, Roth: PACE program: program administrators to maintain the processes described within in writing	Yes	
23.	2018, FB S.2155, Crapo: Economic Growth, Regulatory Relief, and Consumer Protection Act. Ability to pay.	ACTIVE	
24.	2018, SB 465, Jackson: Property Assessed Clean Energy Program: wildfire safety improvements. Wildfire Safety Finance Act, 10 year term	Yes	Yes
25.	2019, AB 1551, Arambula: Property Assessed Clean Energy Program: Makes changes to prepayments and disclosure requirements in Property Assessed Clean Energy (PACE) law.	Yes	

Program Description

The SCEIP is a key element in achieving Greenhouse Gas (GHG) reduction goals. SCEIP provides a significant tool for facilitating a shift toward greater energy efficiency, renewable energy, and more durable structures through resiliency, hardening, and safety improvements. Lower energy use translates directly into reduced greenhouse gas emissions, improved grid stability, energy management, and helps secure our energy future. Reducing water use helps conserve our finite water supply and saves even more energy. Resiliency, hardening and safety creates less dependency and strives towards independence and preparedness during natural disasters.

For property owners, SCEIP offers a low cost means of financing energy, water conservation, and resiliency improvements, fixed-rate financing over a number of years, a streamlined financing and repayment process, and access to financing that may not readily be available to them through traditional means (such as home equity loans).

Current front office operations are imbedded within the Energy and Sustainability Division of the County. Access to financing option information (such as PACE) is but one of the consultation and resource services provided to the community through the front office of the Energy and Sustainability Division. The quantity of space needed for front office operations directly correlates to program application volume, staffing needed to support program activity, and information technology resources supporting program operation.

Benefits to the community as a whole include:

- Saving energy and money
- Increasing health, comfort, and durability
- Decreasing emissions and improving air quality
- Supporting grid stability and energy management
- Developing the local economy and workforce
- Building new partnerships to leverage competencies, minimize duplication and decrease consumer confusion

Current Functional Areas for Program Operation within the Energy and Sustainability Division

- Reception area: dedicated staff for attending to and directing phone calls, email inquiries, and walk-in visitors to the front office.
- Seated desk space in a lobby setting, for working with applicants/contractors on application intake, file review, request for disbursement processing, and consultations
- Waiting area for front office visitors
- Brochure and program material display racks
- Back office space for file management and processing and non-customer facing process duties
- Manager and staff workstations
- Small, private conference room space for contract signings
- Secure storage room for tool lending library equipment
- Tool lending library check-in/check-out processing space

Partners

Our partners include and are not limited to all nine incorporated towns and cities within Sonoma County. Additional partners are listed below:

- Business and workforce organizations include: Trade Unions, International Brotherhood of Electrical Workers, North Bay Labor Council, North Coast Builders Exchange, and Redwood Empire Remodelers Association, Pacific Gas & Electric Company, North Bay Association of Realtors
- Non-Profit Organizations include: Faith-based Organizations, Center for Climate Protection, Solar Sonoma County, Efficiency First, Daily Acts, and PACENation

- Educational organizations include: Sonoma State University, Santa Rosa Junior College, Sonoma County Office of Education, Build it Green, CalCERTS, Career Technical Education Foundation
- Local Agencies include: Sonoma Clean Power, Sonoma Water, Regional Climate Protection Authority, Northern Sonoma County Air Pollution Control District, Economic Development Board, Permit Sonoma, Office of Recovery and Resiliency, FireSafe Sonoma, Workforce Investment Board, Sonoma Marin Area Rail Transit
- State and Federal Agencies include: U.S. Department of Energy, California Public Utilities Commission, California Energy Commission, California Alternative Energy Advance Transportation Financing Authority, Department of Business Oversight, Housing and Urban Development, Health and Human Services

Market Analysis

The target market for SCEIP financing is Sonoma County property owners. Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner who pays secured real property taxes.

Program customers include:

- Individual homeowners improving their property
- Commercial building owners improving their property
- Contractors and building performance professionals who are completing the improvements
- Renters advocating for property improvements to their landlord
- Other municipalities sharing best practices and messaging benefits
- Partnering agencies and programs supporting mission activities

Sonoma County Market Parameters

There are unique County inputs into this Program, particularly the County's stated greenhouse gas reduction goals as previously mentioned, financing options available to property owners, building stock condition and size, as well as the optimal technologies needed to match the different microclimates throughout the County, fire severity zones, and seismic fault areas.

The financing options available to the average property owner vary. Many have existing liens determining the equity available as collateral for financing mechanisms. Interest rates and terms vary depending on the financing mechanism. Qualification criteria vary significantly given most financing is attached to the borrower rather than to the property. Access to financing is a time tested barrier to property owner ability to complete retrofit projects. SCEIP has proven to be a valuable option to local property owners.

The number of eligible properties listed below shows a high-level summary throughout the County. In total, the County has approximately 144,200 residential, which includes multi-family, and 12,000 commercial properties that could participate in this program.

Number of Eligible Properties within Sonoma County

- Residential: 144,200
- Commercial: 12,000
- Total: 156,200

Competitive Analysis

PACE financing is designed to be competitive with the secondary mortgage and loan market, not primary mortgage lending. Not tying the financing to the property owner, but to the real property, has its advantages and provides additional flexibility. This along with low fees makes this financing competitive and enticing for many property owners.

In 2014, the Sonoma County Board of Supervisors authorized additional PACE providers to operate within the unincorporated area of the County. This is effectively known as the Sonoma County PACE Financing Marketplace. These for-profit providers offer a PACE product similar to the SCEIP financing product with different terms, rates and fees.

Market Boundary Regulatory Restrictions

The County offers SCEIP throughout its jurisdiction. All cities and towns within the County have agreed to authorize properties within the incorporated area to be included in SCEIP and permit voluntary assessments to be established within their jurisdictions. The County has entered into Cooperative Agreements with each city and town within the County to implement SCEIP within their respective boundaries.

Services

The services delivered through the Program complement and integrate completely with the service delivery model of the Energy and Sustainability Division. From the customer perspective, they are receiving comprehensive service to address their needs with the benefit of the County financing option, the SCEIP. From an operational perspective: the economies of scale, value of a diverse staff of expertise, and streamlining the customer experienced are leveraged by Division staff and the comprehensive valuation of all programs available to the public through the office.

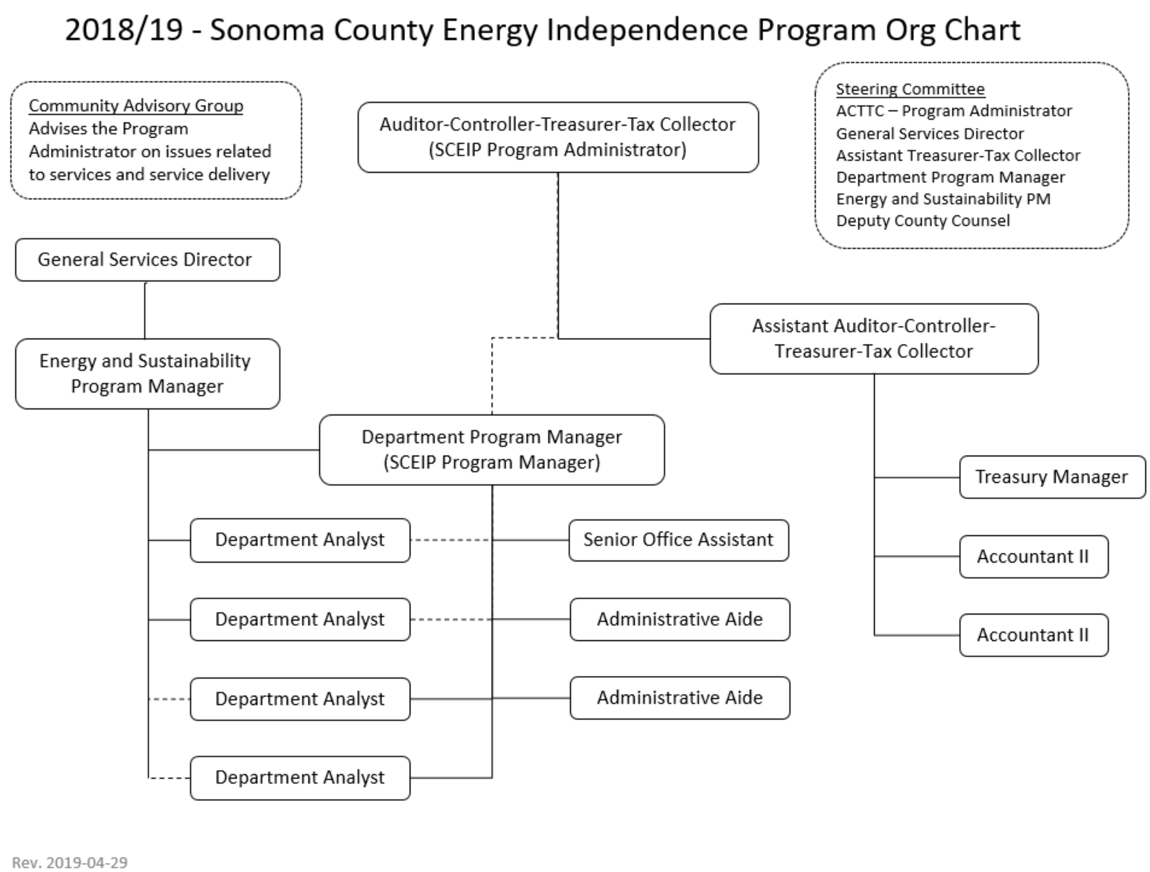
1) The individual financing of appropriate technology and projects which delivers energy and water savings, clean energy generation installations, in a way that supports and encourages cutting edge technology in this field. In addition, the Program is currently in the process of adding seismic strengthening and wildfire safety improvements.
2) Individual and business sustainability/energy independence planning
3) Regional financing strategy and systems with a capacity in the billions of dollars
4) State of the art infrastructure including a web portal, front office, an array of subject matter expertise, etc., providing a single stream process for sustainability planning
5) Support for the local emerging building performance industry and local workforce development through training, the operation of the tool lending library and other resources.
6) Transparent linkage to existing and emerging programs including and not limited to: utility programs, federal incentive programs, Regional Climate Protection Authority programs, Sonoma Clean Power programs, etc.
7) Public education and outreach on energy independence, building performance, resilience, and sustainability planning.
8) Tracking and reporting of aggregate energy conservation and new generation results, and GHG reductions, from program activities.

Appendix B: Program Operations

The SCEIP is an Auditor-Controller-Treasurer-Tax Collector department program and the elected Auditor-Controller-Treasurer-Tax Collector position is designated as the Program Administrator and is authorized to enter into contractual assessments on behalf of the County. The Program Administrator oversees professionals from the Auditor-Controller-Treasurer-Tax Collector's Office. In addition, the Program Administrator provides feedback for front office staff from the Energy and Sustainability Division of General Services, in administering the SCEIP.

The SCEIP operations are housed in the Energy and Sustainability Division offices located at 2300 County Center Drive, Suite A105, Santa Rosa, California and operates as a front office where the public can speak with Staff and apply for funding to the SCEIP. The SCEIP website is at sonomacountyenergy.org. It hosts a variety of information regarding SCEIP financing and conservation improvements.

Organizational Chart



SCEIP Staff Responsibilities

- Excellent customer service;
- Community outreach and education;
- Responding to property owners’ inquiries;
- Processing PACE financing applications;
- Managing and tracking funds available for the SCEIP;
- Tracking individual and collective energy conservation;
- Working with participating contractors; and
- Working and coordinating with participating jurisdictions.

Steering Committee

The primary function of the Steering Committee is to take responsibility for the feasibility, business case and the achievement of outcomes of the Sonoma County Energy Independence Program (SCEIP). The SCEIP Steering Committee will monitor and review the program status, as well as provide oversight and suggestions on programmatic changes.

The Committee provides a stabilizing influence so organizational concepts and directions are established and maintained with a visionary view. The Committee provides insight on long-term strategies in support of legislative mandates. Members of the Steering Committee ensure business objectives are being adequately addressed and the program remains under control.

The Steering Committee is comprised of members with legal, operational, financial, and policy backgrounds. The Committee meets as needed but generally at least three (3) times a year.

Current members consist of:

- Program Administrator (1);
- Operations (3);
- Finance (2);
- Legal (1).

Community Advisory Group

The SCEIP Community Advisory Group (CAG) was created as follow-up to the expiration of the SCEIP Ad Hoc Committee in FY2012-13. The Board of Supervisors recommended creating an informal group with the purpose of the SCEIP CAG advising the Program Administrator on issues related to services and service delivery. The Group provides input on areas where improved services or processes are needed, works with the Program Administrator and others to develop possible solutions to these issues, and provides feedback on proposals developed SCEIP staff to address issues identified by the Group.

Membership is intended to represent a broad cross-section of stakeholders, whose complementary expertise and diverse backgrounds, for the benefit and continued success and improvement of the Program. The current membership consists of seven (7) stakeholders. Their backgrounds include construction, solar, policy-making, media relations, legal, real estate, and SCEIP assessment participation. There is a need to include additional members with banking or lending expertise.

The Community Advisory Group began in December 2013.

Staffing Plan

The purpose of the staffing plan is to make certain the program has sufficient staff with the right skills and experience to ensure a successful program. The allocated funding is equivalent to six (6) full-time employees. The budgeted funds allow for the following positions:

- Department Program Manager (1);
- Department Analyst (2);
- Administrative Aide (2);
- Senior Office Assistant (1)

Through the current Service Delivery Model in the Energy and Sustainability Division, all staff share the workload and time is allocated across all positions and programs. This is based on the expertise needed for the Program and source of funding available and its intended use. In addition to the positions listed above and reflected in the Organizational Chart, the Energy and Sustainability Program Manager and two additional Department Analysts also spend time on the Program.

Roles and Responsibilities

The following is a detailed breakdown of the roles required to execute the program. It includes the job classifications, the program responsibility of each classification, the skills required, and the number of staff required to fulfill that role.

Job Classification: Office Assistant II, Number of Staff: 1.0 FTE

The knowledge skills and abilities of this role rely on the foundation of the Office Assistant II job class of the County (This allocation is a Senior Office Assistant, currently under filled by an OAII).

This position has an essential role as typically being the first person to greet customers and visitors in the program office, providing program information, introducing them to the proper person, taking and distributing messages. Specific responsibilities of this role include and are not limited to:

- Delivering a high level of customer service working directly with the public via phone, email and in person
- Managing the office generic email boxes and phone messages; responding to inquiries
- Explaining rules, policies, procedures and the proper use and completion of forms and documents to customers and staff as needed
- Staffing education and outreach events
- Performing data entry, form processing, clerical and filing duties, records management
- Coordinating office supplies
- Shipping and receiving of office materials
- Scheduling of customer visits
- Assisting customers with the completion of program service applications
- Performing notary services where applicable
- Performing tool lending library check out/in processing
- Assisting in the research, analysis and creation of program materials, systems, and reports

Job Classification: Administrative Aide, Number of Staff: 2.0 FTE

The knowledge skills and abilities of this role rely on the foundation of the Administrative Aide job class of the County.

This position provides first tier technical, education, and support to customers. Individuals manage the administrative work required for customer receipt of Division services. Specific responsibilities of this role include and are not limited to:

- Providing backup to all Office Assistant duties as needed
- Staffing education and outreach events; preparing and delivering presentations
- Supporting customers in the completion of program documentation and processes, including participating contractors
- Delivering tier I support to customers through education and consultation services in the areas of building performance, energy efficiency, power generation, and water conservation
- Developing and maintaining office procedural documentation
- Ensuring ADA compliance of program materials
- Maintaining program data warehouse and documentation integrity
- Updating web site content
- Assisting in the research, analysis and creation of program materials, systems, and reports
- Reviewing, analyzing, and interpreting legislation for program compliance
- Completing regular and ad hoc reporting
- Coordinating Division contractual relationships
- Coordinating intern work plans

Job Classification: Department Analyst, Number of Staff: 2.0 FTE

The knowledge skills and abilities of this role rely on the foundation of the Department Analyst job class of the County.

This position provides deep technical, education, and support to customers. Individuals manage the customer experience of Division services. Specific responsibilities of this role include and are not limited to:

- Providing backup to all Administrative Aide duties as needed
- Staffing education and outreach events; preparing and delivering presentations
- Preparing Board of Supervisor reports and presentations
- Completing the research, analysis, and creation of ad hoc reports
- Executing the program application approval and contractual process
- In conjunction with other duties, delivering expertise in an area of focus such as deep technical knowledge, building performance testing tools, project/staff management, quality control/assurance, and/or marketing/education
- Delivering building performance, energy efficiency, generation and water conservation expertise and review of improvements
- Developing and deploying program material, collateral and wen content
- Communication with senior program management, including briefings, and execution of senior management direction
- Hiring and on-boarding of new staff
- Ensuring customer and contractor satisfaction

- Ensuring program quality
- Implementing program policies and procedures
- Researching, analyzing, developing and deploying technology tools and issue resolution
- Overseeing assigned budgetary elements
- Leading projects for program development

Job Classification: Department Program Manager, Number of Staff: 1.0 FTE

The knowledge skills and abilities of this role rely on the foundation of the Department Program Manager job class of the County.

This position provides deep technical experience in project, program, and staff management and development. This individual manages the customer service delivery model. Specific responsibilities of this role include and are not limited to:

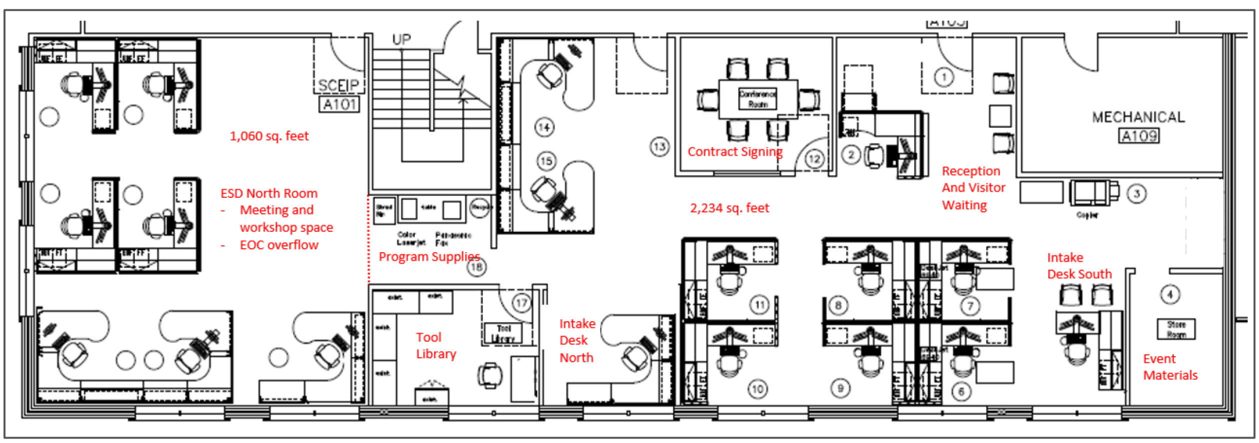
- Providing backup to all Analyst duties as needed
- Staffing education and outreach events; preparing and delivering presentations
- Chairing the Program Steering Committee
- Reporting program metrics and financials, in conjunction with the ACTTC
- Communication with senior program management, including briefings, and execution of senior management direction regarding program execution.
- Representing the program in regional meetings and collaborative efforts with other municipalities and responding to local government inquiries
- Serving on committees and task forces both within the department and with local, state and national agencies and organizations
- Representing senior level management at related meetings
- Initiating program improvements and development of the program strategic and operational plans
- Resolving issues and escalations
- Developing program policy at the direction of the ACTTC
- Preparing and delivering Board of Supervisor presentations, briefings, and reports
- Developing the program strategic plan
- Preparing, facilitating, and following up after staff meetings
- Managing staff performance and development

Space Plan

The Space Plan is largely dependent on needs determined by the level of service delivery desired, associated staff planning, and budget allowable. The current space plan incorporates the following:

- Reception: dedicated staff for attending to and directing phone calls, email inquiries and walk-in visitors to the Storefront.
- Seated desk space in a lobby setting, for working with applicants/contractors on application intake, file review and request for disbursement processing
- Waiting area for Storefront visitors
- Display racks for brochure and program materials
- Back office workspace for non-customer facing file processing duties
- Manager office space
- Small, private conference room for contract signings and meetings
- Secure storage room for equipment storage
- Room or space for printers, office supplies storage, and program marketing collateral storage
- Staff break room
- Restrooms accessible to customers
- Adequate parking

The current office space accommodates all staff needed for SCEIP daily operations. Since it is located within the Energy and Sustainability Division office where all staff work on the various programs and services offered by the Division it does also allow for future growth if necessary.



Technology Plan

As with space planning, the Technology Plan needs are dependent on level of service delivery desired, associated staff planning, and budget allowable. The elements of the SCEIP Technology Plan include:

- County Network: Speed is a key element since applications are automated (web-enabled)
- Workstations: Customer intake desk computer and staff workstations – most of which are equipped with sit/stand stations
- Laptops: The SCEIP has two (2) laptops. One is located in the conference room for use at staff meetings. The other, not County supported, is available for contractor trainings, conferences and fair exhibit booths
- Projector: For use at staff and contractor trainings and conferences

- Software: The latest versions of operating systems and software available through the County or contracted third party vendors that provide adequate support for data management, customer relations management, production of reports and marketing collateral
- File Sharing capability: This is available through SharePoint and the SoCo Cloud in order to allow multiple departments and outside contractors the ability to upload/download data required for application processing
- Website: The SCEIP website is a portal accessible from the Energy and Sustainability website or its own domain. In 2017/18, the Program transitioned to housing and maintaining it through the Salesforce Government Cloud. Its design offers a more user friendly interface that includes: program details, FAQ's, participating contractor database, automated market valuation tool, credit card processing, online financing application capability, and integrates Program financing data for reporting and dashboards
- Office equipment: All-in-one printer, copier, fax and scanner that allows black and white and full color with a range of paper sizes (leased item, County contract)
- Cisco Telephone System: Accommodates multiple lines, inter-departmental call transfer, Instant messaging through Jabber, access to Outlook email, message forwarding, off-site voice mail access, hold message or music, office closure mode and central voice mailbox, and employee directory
- Technical Support Services: This includes Program staff expertise, internal local government department and specialized needs that are outsourced through various contracts (i.e. CoreLogic, NBS, TSS and RWG)
- Training: Continuing education for staff to accommodate changing technology and its use by the Program
- Document Management: Protocols for document filing, including naming conventions and revision tracking. This also includes protocols established by the County pertaining to remediation of documents for accessibility (ADA)
- Data Management: This is incorporated in the Salesforce customer relations management software platform and alleviates the need for additional databases and use of multiple spreadsheets
- Building Performance Analysis Tools: Available for lending to contractors and energy professionals for the purpose of supporting workforce training and possible SCEIP projects that require either test-in or test-out procedures

Program Fee Management

A comparatively very low fee structure of the SCEIP product within the PACE industry sets the County program apart, and well ahead of, other PACE products. The fees associate with other PACE programs typically range from $ 1,200 / 4.5 percent of the requested financing to $1,800 / 6.5 percent. The Annual Percentage Rate (APR) for SCEIP assessments reflects this low overhead structure with the lowest APR in the industry.

The following program fees are the responsibility of the property owner. The annual assessment fee is be included on the annual tax statement. The other fees must be paid at the time they are incurred.

1) Title costs, including title insurance, where required. Regular title costs are currently $50 for projects under $5,000, and $125 for projects $5,000 to $500,000. Projects greater than $500,000 require title insurance.

2) Recording fee for documents required to be recorded by State law, which include the Notice of Assessment, Assessment Contract, and Disclosure Notification, are set by State law and the Recorder's Office. This fee is currently $41.00.
3) Assessment collection and processing costs are determined by the Auditor-Controller-Treasurer-Tax Collector's Office and are added to the annual assessment on property tax bills. These costs were approximately $50 for fiscal year 2018/19, and are annually adjusted for cost of living increases using the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers for the Northern California counties.
4) Multiple disbursements are projects installing an improvement costing $40,000 and greater. Multiple disbursement projects begin to accrue interest on the entire assessment amount at the time of the first disbursement. Property owners can receive multiple disbursements under two conditions. The first is an inspection conducted by a SCEIP staff to ensure that 75% of the materials for the project, on a cost basis, are secured on the property. Projects requesting an inspection are subject to a fee of $150 per disbursement. The second condition under which multiple disbursements can be received is when a project entails multiple improvements and/or multiple contractors. Payment can be made to any contractor who has completed his portion of the work, or who has completed the improvement, and provides a final invoice and a signed off, final permit for the completed scope of work. No onsite inspection fee is required.
5) There is a cost of $12 to determine the market value of a residential property, using an automated valuation tool.

Escrow Fees

Some large projects, or projects with multiple contractors, may benefit from funding through an escrow process. If this process is selected by the property owner, the owner selects an escrow agent, and after the Assessment Contract is signed, the amount approved is funded into the escrow account. Escrow instructions governing release of the funds need to be approved by the Program Administrator. All fees related to this process are the responsibility of the property owner but can be requested as part of Program funding. As in the Multiple Disbursement Assessment Contract, interest on the full amount of the requested disbursement begins to accrue as soon as the escrow is funded. Any amount not needed at the completion of the project is released from escrow to the County and deducted from the amount of the assessment lien. All projects over $500,000 must utilize an escrow process. The escrow requirement may be waived if the project is financed by a third-party investor, in which case the property owner remains responsible for SCEIP fees and charges.

Appendix C: Outside Service Contracts

Service Category	Current Provider	Needs	Annual Budget*
1) Audit Services	Pisenti & Brinker	Auditing	$ 20,000
2) Automated Valuation Model	CoreLogic	Automated Valuation Model services to determine market value of property	Pass through fees
3) Bond Counsel	RWG	Legal services related bonding, AB811 interpretation and policy advise	$ 45,000
4) CRM Consulting Services	Eide Bailly	Maintenance and customization of portal product	$ 5,000
5) CRM Software Licensing	Carahsoft	Annual licensing of salesforce software	$ 42,650
6) Fiscal Accounting Services	ACTTC	Accounting and budget	$ 142,090
7) Information Technology - PC	County ISD	Fulfill the technology plan needs of the program (excluding telecommunications) - equipment, connectivity and support	$ 50,597
8) Information Technology - Telecommunications	County ISD	Fulfill the telecommunication needs of the program - equipment, connectivity and support	$ 1,000
9) Legal Services	County Counsel	AB811 interpretation and policy advise	$ 25,000
10) Recordation	County Recorder	Recording of (1) notice of assessment, (2) SCEIP contract	Pass through fees
11) Tax Levy and Payoffs	NBS	Property tax administration	$ 69,000
12) Title Search	TSS	Basic title search for applications <$5k Standard title search for application >$5k, <$500k	Pass through fees

*Budgeted numbers are based on FY 19/20

Appendix D: Marketing Plan

SONOMA COUNTY ENERGY INDEPENDENCE PROGRAM

MARKETING PLAN

Summary

This plan outlines a marketing strategy to increase the volume of financing applications submitted to and approved for funding through the Sonoma County Energy Independence Program (SCEIP).

Marketing Objectives

In order to meet this goal, SCEIP will work to accomplish the following objectives:

1) Increase awareness of SCEIP as a property assessed clean energy (PACE) financing provider and a County of Sonoma program.
2) Broaden outreach and education to property owners on the benefits and resources available for energy and water projects.
3) Increase the number of local participating contractors offering SCEIP Financing.
4) Continually update and improve the SCEIP Community Portal with information, resources, and automated tools in order to drive action by interested parties.
5) Conduct on-going research and analysis of campaigns to better understand and adapt campaigns based on the motivations and interests of both residential and non-residential properties owners in making improvements.
6) Coordinate, but not co-brand, with partner agencies to cross-promote additional resources that are available such as rebates, incentives, and additional financing.

Situational Analysis and Target Audience

Based on 2017 US Census data and PACE financing data in Sonoma County, there is room for growth of PACE financing. When focusing on the residential market, over 120,000 homes are owner-occupied with less than 5% of the households that have participated across available PACE programs, this leaves a tremendous amount of growth opportunity. Commercial projects have even less saturation in the Sonoma County market.

- Sonoma County housing units 209,326
- Percentage owner occupied 60.3%
- Family households 190,058
- Households with a computer and broadband 85.1%
- Education HS graduate 25+ years 87.7%
- Bachelor’s degree or higher 25+ years 33.8%
- Median household income $71,769
- Total businesses (non-farm) 52,975

Licensed contractors represent approximately 80-85% of the referral source for PACE financing applications submitted across current PACE providers. Currently there are 107 SCEIP Participating Contractors with less than 10% submitting applications on a regular basis.

Past marketing efforts have utilized single-channel, traditional forms of advertising to promote the product with minimal success and brand recognition.

With the advancement, availability, and ability to target potential customers based on geography and demographics, social media will play a large part in our planned outreach. The use of such media will allow for instant feedback on the success of campaigns, thus allowing us the ability to adapt and revise as needed. Additionally, campaigns will be supplemented by direct mail for specific targeted marketing campaigns. Such campaigns targets for the 2018-2019 fiscal year will include 1) residents in areas designated as high-fire areas and 2) a solicitation to new contractors. In addition, print advertisements have been found effective for promotion of specific events such as workshops and will continue to be utilized.

Leveraging the outreach efforts by partner organizations and agencies including events and advertisements will allow additional opportunities to create timely, targeted campaigns.

SWOT Analysis

Strengths	Weaknesses
• Program customer service focus with a storefront, quick response time, and providing one-to-one support • Staff technical expertise • Lowest overall cost • Customer connectivity to additional resources. We offer more than just financing • Program uses local money - originated and invested in the County	• Confusion of the Program name and identity • Community leaders and members lack of understanding towards how the Program operates and benefits of using SCEIP • Division staff undeveloped skills to "sell" the Program to the contractors

Opportunities	Threats
• Promote other benefits from Energy Efficiency (comfort, health, fire hardening, de-carb, ZNE, etc.) • Education of contractors, lenders, real estate, county employees, public • Enhance support services and build stronger relationships with existing participating contractors • Hispanic outreach • New contractor outreach • Increase commercial projects	• Competitive financing options • Low Program volume • Negative media of PACE • Misinformation about how SCEIP works • Early payoffs • FHFA/FHA/SBA/CFPB ability regulate and issue directives

Target Audiences

1) Residential Property Owners
2) Non-Residential Property Owners
3) Contractors

The following tables detail non-specific marketing plan and budget by objective based on the target audience for a fiscal year. Our current marketing efforts assume a 50k budget for each of the next 5 years of program operations.

1) **Residential Property Owners**
2) **Non-Residential Property Owners**

OBJECTIVES	METRICS / MEDIA	BUDGET	TIMING	TARGET
Increase Awareness				
Workshops 6/year	Registrations and attendance	$1,500	3 spring/3 winter	50 people per event
Events	Sign-ups, conversations	$5,000	On-going	
Digital Advertising	Reach, clicks, click-thru rate, conversion rate	$4,000	On-going	All County
Print Advertising	Reach	$8,000	Two weeks prior to event	All County
Direct Mail	Reach	$10,000	January and Fall	Geographic, tax bill
Social Media				
Radio	Reach	$9,480		
Website	Traffic, bounce rate, info requests	$2,000	On-going	3,000 visitors per month with 50% lower bounce rate, 10 info requests
Brochure Update		$2,000	Spring evaluation for next fiscal year	
Promotional Items		$2,000	Annual evaluation	
Move from Awareness to Consideration				
Consultation	Surveys, auto-email	Staff time	TBD	All participants
Event follow-up	Auto-email, phone	Staff	1 week following	All interested
Move from Consideration to Decision	Phone, email	Staff	TBD	All interested

3) Contractors

OBJECTIVES	METRICS / MEDIA	BUDGET	TIMING	TARGET
Engage New Contractors				
Direct Mailer	10% response rate or better	$2,500	Spring	75% of response rate conversion
Trade Associations	NCBE, other	$500	Annual	
Social Media	Direct	$1,000	On-going	All County
Branding Opportunities	Logos, Badges	$500	On-going	All participating
Marketing Materials	Brochures, folders, handouts	$1,500	Annual evaluation	All contractors
Promotional Items	TBD	$500	Annual Evaluation	Brand Recognition

Marketing Channels, Implementation, and Schedule

Advertising is a key component to meeting our objective of increasing brand awareness of SCEIP as a local provider of PACE financing. We will utilize a multi-channel advertising campaign to ensure market saturation across demographics. We also recognize that a property owner reaching a decision to start a project can be a lengthy process. Overall marketing efforts are strategically coordinated so that maximum exposure and knowledge of the SCEIP brand is built over time.

Marketing Channels

The SCEIP Community Portal

Launched in 2018, the SCEIP Community portal is built on the Salesforce customer relationship management system. It hosts information about SCEIP financing, participating contractors, and eligible improvements, along with a host of tools such as estimating financing costs, pre-qualification and the ability to submit an application. The SCEIP portal will be one of the most important marketing resources for communicating the brand. Campaign ‘Calls to Action’ will be funneled through the site in order to gauge success and interest.

Digital Marketing

Since a large segment of the population of Sonoma County are online users and considered technologically savvy, online advertising and marketing will be utilized to engage property owners to learn more about energy and water related improvements and how they can take specific actions to make improvements. Digital marketing will be an important tool in understanding points of interest and will offer a cost-effective and measurable way to motivate and inform potential applicants.

Direct Mail/Email

Message-specific and geographically-targeted direct mail can provide a cost-effective tool to reach a target audience. This tactic will be used to communicate specific messages or done in coordination with related partner outreach efforts. Timely campaigns with partner organizations such as those offering incentives or rebates for improvements will maximize the opportunity for increased participation.

Workshops

Property Owner workshops have shown to be a great channel for educating the public on the benefits of making energy and water improvements and the resources that are needed to get projects started now. Expanded efforts in workshop follow-up will be used regularly to remind attendees of the brand. Intended methods include surveys, automated emails, and regular newsletters.

Events

Presence at energy and water construction industry related and community-based events is critical to the brand recognition and offers additional opportunities to connect the brand with other campaign efforts.

Contractors

Contractors are not only a target audience but are also one of the most important marketing channels since they provide greater than 80% of referrals to the program. In addition to engaging new contractors, it is critical that training and support of all participating contractors is done consistently along with building a brand and product that is easy for them to offer their clients.

Implementation

- The marketing budget for SCEIP financing is based on a July 1 to June 30 fiscal year.
- Due to the nature of the decision making process (not only in determining a project, but also in finding a contractor and connecting with resources), seeing results from direct marketing to property owners can be a lengthy process.
- In order to maximize saturation based on funding for the current year (2018-2019), the campaigns and efforts will be targeted at increasing contractor volume and support services along with specific homeowner campaigns related to current events such as resilience and fire hardening.
- The benefit of focusing efforts on contractors is that they have shown to be an integral part in promoting financing to their clients. They are a critical link to consumers and most have already been working with clients on scoping and bidding projects.
- Long term campaign efforts will be focused on building SCEIP brand recognition.

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