



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 3/10/2020

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

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

Staff Name and Phone Number: BC Capps, 707-565-3029

Vote Requirement: Majority

Supervisorial District(s): All

Title:

Sonoma County Energy Independence Program Semi-Annual Bonding Authorization and Program Update

Recommended Action:

- A) Acting as the Board of Directors of the Sonoma County Public Finance Authority: Adopt resolutions and approve agreements with the County authorizing continued issuance and sale of revenue bonds, to fund the Sonoma County Energy Independence Program
- B) Acting as the County Board of Supervisors: Adopt resolutions authorizing the Treasurer to invest in bonds issued by the Public Finance Authority and authorizing execution of various related agreements with the Public Finance Authority, including a bond purchase agreement and a loan agreement
- C) Acting as the Directors of the Sonoma County Water Agency: Adopt resolutions withdrawing funds from the County Treasury Pool, and authorizing the withdrawn funds to be invested in Sonoma County Energy Independence Program bonds as a long-term Water Agency investment
- D) Accept the Sonoma County Energy Independence Program update for the calendar year 2019

Executive Summary:

In this summary, we are requesting authorization to issue bonds and enter into related financing agreements to continue the Sonoma County Energy Independence Program over the next six months, and to accept the most recent Program report.

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 the Water Agency (\$15 million) collectively. In September 2018, the Board authorized bonds to be issued by the Public Financing Authority, that were subsequently purchased (invested) by the Treasury on behalf of the Treasury Pool and the Sonoma County Water Agency for the purposes of the Program. This authorization expires on March 31, 2020 and must be renewed in order for the Program to continue.

Discussion:

On March 25, 2009, the Board of Supervisors established the Sonoma County Energy Independence Program (“Program”). The program has been offering financing for property improvements throughout the county for close to 11 years and has recently expanded the portfolio of eligible improvements to include wildfire safety and seismic strengthening.

Program Activity

In 2019, 64 applicants (62 residential and 2 commercial) signed contracts for financing to install a combined 122 energy, water, and generation improvements, valued at a total of \$2.61 million dollars.

Staff also completed a five (5) year Program business plan that was presented to the Board on September 17, 2019. The plan included an analysis to identify the Program’s strengths, weaknesses, opportunities, and threats, as well as updating the staffing, space, and technology plans. Additionally, the business plan includes a comprehensive marketing plan designed to increase the Program volume as a result of the program expansion. The Program’s goal is to increase financing application levels and disbursed funding by 100% over the next five (5) years.

To accomplish this goal, the program received the approval of the Board of Supervisors on July 23, 2019 to offer financing for wildfire safety and seismic strengthening improvements in addition to our existing measures for energy efficiency, water conservation, and renewable generation. Following the Board’s approval to expand the program, staff has worked closely with County Counsel to obtain a judgment validating the expansion from the Superior Court of California County of Sonoma in accordance with California Code of Civil Procedure Section 860, et seq. A judgement was found in the County’s favor on December 13, 2019. Following a 30-day appeal period, the expanded portfolio of improvement measures became available to property owners in unincorporated areas of the county as of January 14, 2020.

The wildfire safety improvements include roofing, siding, eaves, soffits, decks, windows, roof gutters and gutter enclosures, vents, and hardscaping, using a range of equipment, systems, and technology, that meet ignition-resistant, ember-resistant, or non-combustible material ratings. Under state law, wildfire safety improvements must be fixed to an existing building or structure, and cannot be used as a part of a project to construct a new home or to rebuild or reconstruct a home that was destroyed or damaged in a fire. The seismic strengthening improvements must also be fixed to an existing building or structure, and include strengthening of cripple walls and sill plate anchorage of light, wood-framed buildings. Seismic strengthening improvements and wildfire safety improvements can be installed throughout the unincorporated County and within incorporated areas of the County following authorization of each local jurisdiction.

Following the successful judicial validation action, staff have been seeking approval of the governing bodies of incorporated cities and towns to allow for program financing of wildfire safety improvements and seismic strengthening improvements on properties located within those jurisdictions. As of March 3, the program has presented to and received approval from the City of Cloverdale, Cotati, Healdsburg, Petaluma, Sebastopol and

Sonoma. Scheduling with the remaining three cities is continuing. It is expected that all cities within the County will pass resolutions adopting the new improvements by May 30, 2020.

Additionally, staff has developed an extensive multi-channel marketing and outreach campaign to educate local residents, property owners, city staff and building officials, and local building contractors about the changes to the program. Actions include community workshops, print and digital ads in numerous local publications, social media posts and ads, videos, radio interviews, television commercials, bus ads, direct mail campaigns, and radio spots on several prominent local radio stations. In addition, staff hosted a program expansion kickoff breakfast for program partners and local contractors on February 20, which was very well attended. Staff is also coordinating with partner agencies to co-market resilience, wildfire safety and vegetation management as it relates to financing and grant funds for property owners.

Prior Board Actions:

This is the regular semi-annual bonding and investment action. Most recent actions include:

9/17/19 - Sonoma County Energy Independence Program bond authorization and investment and interest rate determination.

3/19/19 - Sonoma County Energy Independence Program bond authorization and investment.

9/18/18 - Sonoma County Energy Independence Program bond authorization and investment and interest rate determination.

3/13/18 - Sonoma County Energy Independence Program bond authorization and investment.

9/19/17 - Sonoma County Energy Independence Program bond authorization and investment and interest rate determination.

3/21/17 - Sonoma County Energy Independence Program bond authorization and investment.

FISCAL SUMMARY

Expenditures	FY 19-20 Adopted	FY20-21 Projected	FY 21-22 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

There is no fiscal impact related to this item.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

There is no staffing impact related to this item.

Attachments:

- Attachment 1: Resolution Authorizing the Public Financing Authority to Issue and Sell Sonoma County Energy Independence Program Contractual Assessment Revenue Bonds
- Attachment 2: County Resolution Authorizing the Treasury to Invest in Sonoma County Energy Independence Program Contractual Assessment Revenue Bonds
- Attachment 3: County Resolution consenting to Water Agency Investment in Sonoma County Energy Independence Program Contractual Assessment Revenue Bonds
- Attachment 4: Water Agency Resolution Authorizing the Water Agency Funds to Invest in Sonoma County Energy Independence Program Contractual Assessment Revenue Bonds
- Attachment 5: County Resolution Approving Loan Agreements
- Attachment 6: Program Update Presentation
- Attachment 7: 5 year Business Plan

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

None