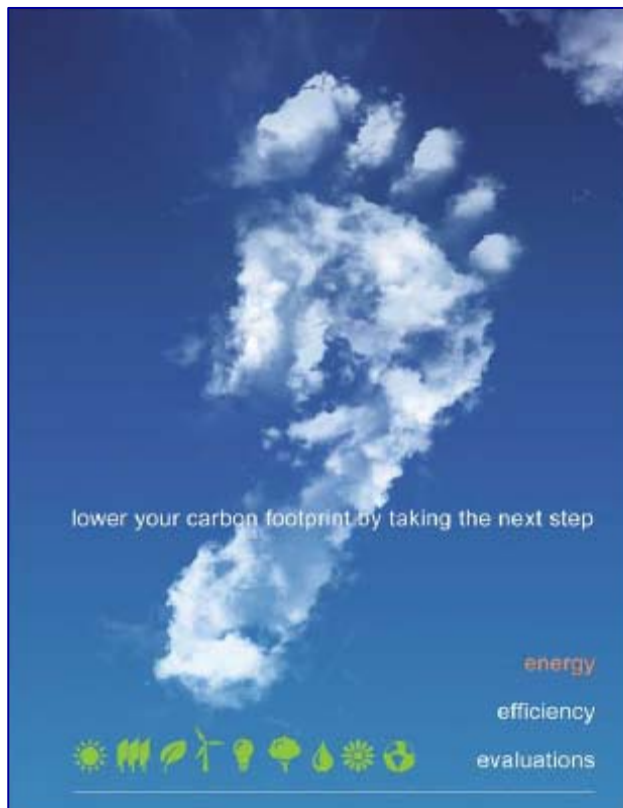




# Sonoma County Energy Independence Program

## PROGRAM REPORT AND ADMINISTRATIVE GUIDELINES



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**Sonoma County Energy Independence Program**  
**PROGRAM REPORT AND ADMINISTRATIVE GUIDELINES**

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## Sonoma County Energy Independence Program

### Program Report and Administrative Guidelines

#### I. INTRODUCTION

In July, 2008, the California Legislature approved Assembly Bill 811, authorizing cities and counties to establish voluntary contractual assessment programs to fund an array of conservation and renewable energy projects proposed by property owners. The California Legislature declared that a public purpose will be served by such programs, giving local governments the authority to finance the installation of distributed generation renewable energy sources – such as solar – and energy efficiency improvements that are permanently affixed to residential, commercial, industrial, or other real property. Because water use and energy use are closely linked, our County program will also assist property owners in reducing water use. In this report, improvements are collectively referred to as “Energy and Water Conservation Improvements” or “Improvements.”

To make Energy and Water Conservation Improvements more affordable and to promote their installation, AB 811 provides procedures for authorizing **voluntary assessments** to finance the cost of these improvements. The Sonoma County Energy Independence Program (“SCEIP” or “Program”) works at the request and with the consent of owners of the property on which the Energy and Water Conservation Improvements are to be made.

The Program will provide financing (“SCEIP Financing”) to property owners within the County to finance the installation of Energy and Water Conservation Improvements under contractual assessment agreements. Property owners will repay SCEIP Financing through an assessment levied against their property which is payable in semi-annual installments on property tax bills.

#### A. Goals.

SCEIP will help property owners of improved real property make principled investments in the long-term health of the local, state, and national economy and global environment



by providing a long-term financing mechanism for Energy and Water Conservation Improvements.

SCEIP provides multiple benefits. By enabling property owners to take responsible energy and water conservation actions, the Program will reduce their utility bills.<sup>1</sup> At the same time it boosts the local economy, the California power grid, and national and global energy interests, and makes it possible for Sonoma County to fulfill energy and water conservation and climate protection commitments.

Sonoma County and each of its incorporated cities and towns (collectively the “Cities”) have established a goal to reduce their greenhouse gas emissions 25 percent below 1990 levels by 2015. This Program will help the Cities and the County reach their goals. The County, the Cities, the Sonoma County Water Agency, the Sonoma County Transportation Authority and the Sonoma County Agricultural Preservation and Open Space District are members of the Regional Climate Protection Coordination Plan (“RCPCP”) with the goal of coordinating efforts to reduce countywide GHG emissions. To help meet GHG reduction goals, carbon credits attributable to Improvements financed by SCEIP, if any, shall be held jointly by the County of Sonoma (on behalf of the Sonoma County Energy Independence Program), by the Sonoma County Water Agency and by the Sonoma County Transportation Authority, as the current RCPCP project manager.

## **B. Program Benefits.**

From the County’s perspective, the Program will be a key element in achieving greenhouse gas reduction goals. SCEIP provides a significant tool for funneling more resources into the shift to greater efficiency and renewable energy. Lower energy use translates directly into reduced greenhouse gas emissions and helps secure our energy future. Reducing water use helps conserve our finite water supply and saves even more energy.

For property owners, SCEIP offers a no-money-down means of financing energy and water conservation improvements, fixed-rate financing over a number of years, financing without requiring a property appraisal, a streamlined financing and repayment process, and access to financing that may not readily be available through traditional means, such as home equity loans.

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<sup>1</sup> SCEIP staff does not provide energy audits, and SCEIP does not guarantee savings on utility bills. SCEIP highly recommends that a property owner consult with PG&E or other trained professionals to ensure that the proposed Improvements satisfy the property owner’s energy-saving goals.



### **C. Program Administration.**

The Auditor-Controller Treasurer-Tax Collector is designated as the SCEIP Program Administrator and is authorized to enter into contractual assessments on behalf of the County. The Program Administrator will oversee professionals from the Auditor-Controller Treasurer-Tax Collector's Office and other County staff, along with staff from the Sonoma County Water Agency, ("SCEIP Staff") in administering the Program.

The SCEIP office will be located initially at the Sonoma County Water Agency's administrative offices and will operate as a storefront where the public can speak with SCEIP Staff and apply for funding to the SCEIP. The County is in the process of developing a permanent, interactive website for the Program. Presently, the Sonoma County Water Agency, in support of SCEIP, will be hosting a website ([www.sonomacountyenergy.org](http://www.sonomacountyenergy.org)) where the public and program participants can obtain information and apply to SCEIP.

SCEIP Staff responsibilities will include:

- Community outreach;
- Responding to property owners inquiries;
- Processing applications;
- Managing and tracking funds available for SCEIP;
- Tracking individual and collective energy conservation; and
- Working and coordinating with participating jurisdictions.

## **II. PROGRAM REQUIREMENTS**

### **A. Program Report.**

In order to establish this Program, the County must prepare this report setting out how the program will function (the "Program Report")<sup>2</sup>. The Program Report is the guiding document for SCEIP and fulfills the statutory requirements that this report contain:

- A map showing the boundaries of the territory within which contractual assessments are proposed;
- A draft assessment contract between a property owner and the County;

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<sup>2</sup> See California Streets and Highways Code Section 5898.22.



- Program policies concerning contractual assessments, including: a list of Eligible Improvements; identification of the County official authorized to enter into contractual assessments on behalf of the County; maximum aggregate dollar amount of contractual assessments; and a method for setting priority for applications in the event that requests appear likely to exceed the authorization amount;
- A plan for funding the Program; and
- Information on the County's cost of placing assessments on the tax roll.

## **B. Geographic Parameters.**

All cities and towns within the County have agreed to have properties within the incorporated area included in the Program and permit voluntary assessments to be established within their jurisdictions. The County must enter into implementing agreements with each City and Town. These agreements are expected to be entered into in the near future. As of March 25, the Program is available in the unincorporated area of the County of Sonoma. However, it is expected that the program will be available anywhere within the boundaries of the County of Sonoma shortly. A map showing the County boundaries is attached as Appendix B.

## **C. Eligible Property Owners and Eligible Properties.**

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner which pays real property taxes. Certain eligibility criteria must be satisfied. Financing may be approved if the following criteria are met:

- Property Title is vested in the applicant(s), without federal or state income tax liens, judgment liens or similar involuntary liens on the property;
- Property owner is current on property taxes;
- Property owner is not in bankruptcy and the property is not an asset in a bankruptcy proceeding;
- Property owner is current on mortgage(s). For commercial property,<sup>3</sup> lender has given consent to SCEIP Financing;

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<sup>3</sup> For SCEIP, "residential property" is defined as single-family properties with 1-to-4 residential units; "commercial property" is all other property.



- Improvement costs are reasonable to property value. As a guideline, proposed Improvements should not exceed 10 percent of assessed value. If more costly Improvements are proposed, the Program Administrator may require additional information supporting both the reasonable relationship of the Improvements to the property, and information related to the ability of the property owner to repay the assessment; and
- Condominium owners must conform to HOA policies.

SCEIP Financing is not currently available for properties that are not subject to secured property taxes, such as governmental entities and certain non-profit corporations, or for mobile homes.

Property owners may make more than one application for funding under the Program if additional Energy and Water Conservation Improvements are desired by the owner.

#### **D. Eligible Equipment.**

SCEIP affords property owners in Sonoma County the opportunity to take advantage of a wide range of energy-savings and water conservation measures, consistent with the following provisions:

(1) SCEIP Financing is intended principally for retrofit activities to replace outdated inefficient equipment and to install new equipment that reduces energy consumption, produces renewable energy, or reduces energy use through water conservation. However, SCEIP Financing is also available for purchasers of new homes and businesses that wish to add energy efficiency, renewable energy, and water conservation improvements after taking title to the property.

(2) SCEIP provides financing only for Improvements that are permanently affixed to real property.

(3) SCEIP provides financing only for Improvements specified in Appendix A. Broadly, these include:

- (a) Water Conservation Improvements;
- (b) Energy Efficiency Improvements;
- (c) Solar Systems; and





(d) Custom Measures.<sup>4</sup>

A detailed list of Improvements is set out in Appendix A.

SCEIP Financing is also available for projects that combine eligible improvements, such as bundling of water conservation, energy efficiency and renewable energy measures. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install low flow toilets and install a photovoltaic system.

**E. Eligible Costs and Program Fees.**

(1) Project Costs. Eligible costs of the Energy and Water Conservation Improvements include the cost of equipment and installation. Installation costs may include, but are not limited to, energy audit consultations, labor, design, drafting, engineering, permit fees,<sup>5</sup> and inspection charges.

The installation of energy savings and water conservation improvements can be completed by a qualified contractor of the property owner's choice. Eligible costs do not include labor costs for property owners that elect to do the work themselves.

Property owners who elect to engage in broader projects – such as home or business remodeling – may only receive SCEIP Financing for that portion of the cost of retrofitting existing structures with Energy and Water Conservation Improvements. Repairs and/or new construction do not qualify for SCEIP Financing except to the extent that the construction is required for the specific approved Improvement. Repairs to existing infrastructure, such as water and sewer laterals, are considered repairs and are not eligible.

The value of expected rebates<sup>6</sup> but not the value of expected tax credits will be deducted from SCEIP Financing.

SCEIP Staff will determine whether the estimated equipment and installation costs are reasonable. SCEIP Staff will evaluate market conditions and may require the property

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<sup>4</sup> Large scale commercial or industrial projects requiring engineering design and meeting the financing threshold (\$500,000) requiring approval by the Board of Supervisors **or** projects involving emerging technologies for Improvements that provide new ways to save or generate energy will be evaluated on a case-by-case basis.

<sup>5</sup> All improvements, including those normally exempt from permit requirements, will require a permit from the local jurisdiction (town, city, unincorporated area). Each jurisdiction sets its own permit fees. Final inspection by a building inspector will ensure that the Improvements were completed.

<sup>6</sup> “Expected rebates” do not include rebates (1) that are contingent on performance or (2) that are not available to the property owner at or shortly after completion of the project, so as to be available for use to pay for the project.



owner to obtain additional bids to determine whether costs are reasonable. While the property owner may choose the contractor, the amount available for SCEIP Financing will be limited to an amount determined reasonable by SCEIP Staff, and may be reviewed by the Program Administrator. The Sonoma County Board of Supervisors will review all projects over \$500,000.

(2) Program Fees. The following program fees will be the responsibility of the property owner. The annual assessment fee will be included on the annual tax statement. The other fees may be paid at the time they are incurred, or may be added into the amount to be financed by the property owner:

(a) Title costs, including title insurance, where required. Regular title costs are \$65 for projects under \$5,000, and \$215 for projects \$5,000 and over, but less than \$500,000. Projects over \$500,000 will require a title search and insurance.

(b) Recording fee for the Notice of Assessment, set by Recorder's Office, currently \$14.00.

(c) Assessment collection and processing costs will be added to the annual assessment on property tax bills. These costs are \$40 for fiscal year 2009/2010, and will be adjusted in subsequent years 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. This cost was determined after consultation with the County Auditor-Controller Treasurer-Tax Collector's Office and third party assessment contractor.

(d) If property owner wishes to have multiple disbursements (only on improvements in excess of \$60,000), the multiple disbursements will be subject to an additional processing fee of \$150 per disbursement and interest will begin to accrue on the entire assessment amount at the time of the first disbursement. The Application and Assessment Contract are provided in Appendix C and D. A detailed Summary of the SCEIP Financing Process is attached as Appendix E.

(3) OPTIONAL: 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 would select an escrow agent, and after the Assessment Contract is signed, the amount requested would be funded into the escrow account. Escrow instructions governing release of the funds would need to be approved by the Program Administrator. All fees related to this process would be the responsibility of the property owner but could be requested as part of Program funding. As in the Multiple Disbursement Assessment Contract, interest on the full amount of the requested disbursement will begin to accrue as soon as the escrow is funded. Any amount not needed at the completion of the project must be returned to the Program, and will be deducted from the amount of the assessment lien.



## **F. Administrative Costs.**

The Program may elect to cover all or a portion of its costs through the “spread” between its interim funding source interest rate and the SCEIP Financing interest rate offered to the property owner. Similarly, it 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.

### **III. TRACKS FOR PARTICIPATION**

There are four categories or “tracks” of technologies under which property owners may participate in the Program. Eligible Improvements must meet specified minimum efficiency standards. A complete list of approved Improvements is set out in Appendix A.

#### **A. The Water Conservation Track.**

The Water Conservation Track covers a wide range of water conserving fixtures, including low flow toilets, tankless water heaters, low flow shower heads, and irrigation controllers.

#### **B. The Energy Efficiency Track.**

The Energy Efficiency Track covers a wide range of energy efficiency fixtures from windows and doors, attic insulation and HVAC equipment that is Energy Star rated. Packaged and central air conditioning systems must meet specified minimum efficiencies.

#### **C. The Solar Track.**

The Solar System Track covers solar energy generation and solar hot water systems.

#### **D. The Custom Measure Track.**

The development of technologies is encouraged by SCEIP as a means of diversifying the County’s energy sources. The Custom Measure Track will evaluate and provide funding, if appropriate, for these innovative projects.

Applicants for the Custom Measure Track should consult with SCEIP Staff to determine eligibility and will be required in most cases to submit engineering plans and specifications. The Program Administrator, or designated staff, will approve the Custom



Measure Track application on a case-by-case basis, and may request consultation from outside technology experts in making this decision. The Applicant would be expected to bear the cost of such consultation. Cost reimbursement would be discussed with the Applicant before the project was reviewed.

#### **IV. WATER CONSERVATION, ENERGY SURVEYS, AND SOLAR SITE CHECKS**

##### **A. Residential Properties.**

Water conservation and energy surveys are highly recommended but not required. By participating in SCEIP, the property owner is investing in the future, by making improvement to their property that will lead to reduced energy usage and reductions in greenhouse gas emissions. The property owner is also making a financial investment; this decision should be made based on both the energy efficiency and the cost effectiveness of the improvements. SCEIP Staff recommend that property owners complete a water conservation and energy audit or survey to assess water conservation, energy efficiency, and renewable energy opportunities for the property. Online surveys can be conducted through PG&E's website [<http://www.pge.com/myhome>]. Residential property owners can obtain an onsite survey by hiring a Home Energy Rating System (“HERS”) rater, or equivalent. Property owners can also check with their local water provider to see if free water conservation surveys are available.

Onsite inspections/audits can provide the property owner valuable information on how to maximize energy savings for the dollars invested. The auditor will make an on-site inspection of the property and evaluate the condition of the building and recommend an energy savings priority list, which will provide the greatest benefit for the money invested. These inspection/audits also provide valuable data on energy usage, savings and GHG emissions reductions, all of which are goals of SCEIP. Costs incurred to conduct onsite audits or surveys may be included in the application for SCEIP Financing.

##### **B. Commercial Properties.**

A PG&E onsite energy audit is required for commercial properties. PG&E offers free onsite audits for commercial properties to help property owners determine the most cost-effective and efficient route to maximize investment and energy savings. PG&E provides an individual report tailored to the business describing energy-saving opportunities and analysis of potential savings. Commercial property owners can also obtain a HERS audit and may include the cost in the application for SCEIP Financing. Property owners can also check with their local water provider to see if free water conservation surveys are available.



## V. PROGRAM PARAMETERS

### A. Minimum Energy Financing Amount and Duration of Assessment.

SCEIP Assessment Contracts are available for up to 20-year terms to accommodate a wide range of efficiency measures and renewable energy investments. The minimum size for an SCEIP Assessment Contract is \$2,500. All Assessment Contracts below \$5,000 are subject to a five- or ten-year assessment repayment period. Assessments over \$5,000 are subject to a 10- or 20-year assessment repayment period, requested by the property owner, and agreed to by the Program Administrator or designated Program staff.

### B. Maximum Energy Financing Amount.

There is no maximum “cap” for an SCEIP Assessment Contract. All contracts for amounts greater than \$60,000 must be approved by the Program Administrator and may require additional documentation. SCEIP Assessment Contracts for amounts greater than \$500,000 must be approved by the Board of Supervisors.

SCEIP Financing will be disbursed directly to the property owner after improvements are completed and final documentation is submitted to SCEIP Staff.

### C. Maximum Portfolio.

The County intends to initially fund SCEIP with a commitment of up to \$45 million. The County will explore other financing opportunities, with the goal of expanding the Program to \$100 million.

### D. Assessment Interest Rate.

The Program Administrator will set the interest rate for a SCEIP Assessment Contract at the time the Program and property owner enter into the contract. The interest rate will be fixed at that point and will not go up, although the County may reduce the rate for all Program participants if it is able to negotiate long term financing on sufficiently favorable terms to allow it to do so while still funding the program costs.

The interest rate for the SCEIP program will be determined periodically by the Program Administrator with the approval of the Board of Supervisors. The interest rate will be set with the intention of creating a self sustaining program at a rate that is competitively priced compared to financing options available through banking or other financial institutions, balanced with the ability to remarket the securities and encourage the future liquidity of the SCEIP program.



Initially, the Program Administrator is recommending the interest rate for the program be set at a fixed interest rate of 7.00 percent.

**E. Property Assessment Lien.**

All property owners must sign and notarize the SCEIP Assessment Contract. Upon execution of the Assessment contract, the Program will place a lien for the full amount of the assessment on the property that secures the assessment. If funds are disbursed to property owners before the first business day in July, the assessment will appear on the next tax bill. For disbursements made after the first business day of July, the assessment will not appear on the tax bill until the following tax year, but interest will accrue on the outstanding amount.

**F. Delinquent Assessment Collections.**

Delinquent assessments will be collected using the laws and powers authorized under state statutes for collecting property taxes and assessments. Delinquent assessments will be collected and allocated under the Alternative Method (Teeter Plan), in accordance with state statutes. Where bonds have been sold to finance assessments, state law also allows delinquent assessments to be collected through foreclosure proceedings to protect bondholders.

**VI. THE FINANCIAL STRATEGY**

The County Treasurer will establish the Sonoma County Energy Independence Program Fund (the “SCEIP Fund”) and 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 will be made pursuant to Assessment Contracts between the property owners and County of Sonoma and will be collected through the property assessment mechanism in the Sonoma County property tax system and included in the Sonoma County Teeter Program.

The County will manage the SCEIP in one enterprise fund with multiple sub-funds. It is necessary to ensure that financings equal the County’s receivables. Likewise, it is necessary to separate County’s funds for repaying bonds, etc. 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 the 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 intend to cooperate in a financing arrangement whereby the Authority issues a bond or a series of bonds in an aggregate principal amount not to exceed \$45 million to be purchased by





the Sonoma County Treasury (the “Treasury”). The aggregate amount of bonds outstanding at one time may not exceed three percent of the total Treasury Pool.

An example of a possible financing arrangement is briefly described below.

When the County is ready to advance funds to property owners in connection with a designated group of Assessment Contracts (i.e., the improvements have been completed and inspected), the Authority will issue 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 will purchase the Bond from the Authority.

The Authority will make a loan (the “Loan”) of the Bond proceeds to the County pursuant to a loan agreement between the County and Authority (the “Loan Agreement”). The County will use the Bond proceeds to advance moneys to the property owners pursuant to the Assessment Contracts. The Loan Agreement will provide for the County to repay the loan from the assessments received by the County pursuant to the Assessment Contracts (excluding the annual administrative assessments to be paid by the property owners). In turn, the resolution authorizing the issuance of the Bond will provide 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 will provide additional security for the repayment of the Loan. Moneys in the program expense fund may be used to pay or reimburse the County for expenses to administer the 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 the Program.

The County will use 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. It is anticipated the administrative assessment will be a nominal amount, 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, 50 percent of the funds will be reserved for SCEIP Assessment Contracts for residential property owners, and 50 percent for all other property owners. The Program Administrator may adjust that allocation to not less than 30 percent of the funds to be reserved for residential property owners and not more than 70 percent of the funds to be reserved for all other property owners. The Program Administrator will report on Program progress to the Board of Supervisors and County Administrator on a quarterly basis 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.

With the approval of the Board of Supervisors, the County agrees to include the SCEIP contractual assessments in the Alternative Allocation Method, otherwise known as the “Teeter Plan”, for collection and allocation of property taxes.

## **VII. CHANGES TO REPORT**

The Program Administrator may make changes to this Report that the Program Administrator reasonably determines are necessary to clarify its provisions. Any changes to this Report that materially modify the Sonoma County Energy Independence Program shall only be made after approval by the County Administrator and Board of Supervisors.

The Program Administrator may modify from time to time the Eligible Improvements List, Assessment Contract and Application attached hereto as Appendix A, Appendix D and Appendix C, respectively, as deemed necessary by the Program Administrator to effectuate the purposes of the Program.





## Sonoma County Energy Independence Program APPENDIX A – ELIGIBLE IMPROVEMENTS

The Sonoma County Energy Independence Program offers SCEIP funds for a number of equipment types, including water conservation measures, energy efficiency measures, solar systems, and other innovative, energy-saving and energy generation custom measures. In each case, if a rebate is available to the property owner to be applied to the purchase price, that amount must be deducted from the amount of financing requested.

### I. WATER CONSERVATION MEASURE

#### A. Residential Indoor Water Conservation Measures.

- (1) High efficiency toilets (average flush volume of 1.28 gallons or less)
- (2) Showerheads (1.75 gpm)
- (3) Bathroom aerators (1.5 gpm)
- (4) Hot water delivery options, as defined by the Energy Star [“Volumetric Hot Water Savings Guidelines”](#)
  - (a) Hot water recirculation systems use a hot water circulating pump to pump hot water from the water heater, through the hot water piping, and on back to the water heater through an additional length of pipe that runs from the furthest fixture back to the water heater.
  - (b) Demand initiated hot water systems use a recirculation pump to rapidly pull hot water from a water heater while simultaneously sending cooled-off water from the hot water lines back to the water heater to be reheated.
  - (c) Whole house manifold systems consist of a manifold (trunk line) connected to the water heater from which individual pipes (twigs) are connected to each water fixture.
  - (d) Core plumbing systems are hot water distribution systems where water volumes in the pipes are reduced by a combination of smaller pipe diameters and shorter pipe runs due to a centrally located water heater.
- (5) Demand initiated water softeners, Energy Star rated
- (6) Demand initiated or instantaneous hot water heaters



- (7) Hot water pipe insulation (minimum of R4)

**B. Residential and Commercial Outdoor Water Conservation Measures.**

- (1) A weather-based irrigation controller, or Smart irrigation controller with a rain shut off device, uses weather data and site information such as plant type and sprinkler system output to adjust watering times and frequency. This provides more efficient watering, reduces water run-off and improves the health of your landscape.
- (2) Permanently installed rainwater cisterns.
- (3) Drip irrigation systems in gardens, planters and beds. Drip irrigation can save up to 70% in water usage due to more efficient delivery.
- (4) Matched precipitation sprinklers so that all spray patterns and radius deliver water evenly over the landscape area.
- (5) Custom Measure: Replace turf grass with native or low water use plants. Project must include soil amendment, mulch, drip irrigation and /or matched precipitation sprinklers and a Smart irrigation controller.

**C. Commercial Water Conservation Measures.**

- (1) All applicable water conservation measures listed for “residential”
- (2) Pre-rinse spray valves (1.2gpm)
- (3) Urinals (pint)
- (4) Waterless urinals
- (5) Bathroom aerators (0.5 gpm)

**D. Commercial Custom Measures.**

- (1) Industrial process water use reduction
- (2) Recycled water source
- (3) Deionization



- (4) Filter upgrades
- (5) Cooling condensate reuse
- (6) Foundation drain water
- (7) Cooling tower conductivity controllers

**E. Residential and Commercial Recycled Water Use (Custom Track Measures).**

- (1) Outdoor irrigation

## **II. ENERGY EFFICIENCY MEASURES**

The Sonoma County Energy Independence Program provides services and funding for a wide range of Energy Star-rated efficiency measures, including many Energy Efficiency measures for which property owners can get rebates as well as SCEIP funding. Excepting the HVAC equipment as noted below, efficiency measures must meet the performance criteria stated in the list of Eligible Improvements or the Energy Star minimum efficiency levels.

For all packaged and central air conditioning systems funded in this Program, the minimum efficiency levels shall be as required by the current minimum requirements set forth in List of Eligible Improvements.

All other proposed efficiency measures will be considered in the Custom Measure Track.

The County of Sonoma anticipates that Energy Star requirements will “ratchet up” to greater efficiency levels over time. Energy Star will also become more inclusive of technologies over time. Thus, the SCEIP will evolve with Energy Star and the market for energy-efficient technologies.

The following Energy Star measures – among others – are eligible in the Efficiency Track.

**A. Residential Energy Efficiency Measures.**

- (1) Geothermal exchange heat pumps
  - (a) Minimum efficiencies
    - (i) Ground source exchange open loop system 17.8 EER or higher



- (ii) Ground source exchange closed loop system 15.5 EER or higher
- (2) Home EV charging installations
- (3) HVAC Systems
  - (a) Minimum efficiencies
    - (i) Split systems with 14 SEER and 12 EER or higher rating
    - (ii) Natural gas furnaces of 90 AFUE or higher
    - (iii) Package systems with 14 SEER and 11 EER or higher rating
  - (b) Home energy management control systems
  - (c) Whole house fan systems
  - (d) Duct insulation, meeting Energy Star guideline
  - (e) Duct sealing
- (4) Evaporative Coolers
  - (a) Cooler must have a separate ducting system from air conditioning and heating ducting system
  - (b) Maximum 5 gallons/ton-hour cooling
- (5) Natural gas storage water heater, EF of 0.67 or higher and Energy Star listed
- (6) Tankless water heater, EF of 0.82 or higher and Energy Star listed
- (7) Solar water heater systems, rated by Solar Rating Certification Council
- (8) Cool roof system as defined by the 2005 California Building Energy Efficiency Standards (also called the California Energy Code). Roofing replacement eligible under this program shall be:
  - (a) Tested and rated through the Cool Roof Rating Council (CRRC);
  - (b) Be labeled for its initial reflectance and initial emittance as determined in the CRRC tests and be labeled that the product meets Title 24, Section 118(i);



(c) Achieve at least a 0.75 initial emittance and 0.70 initial reflectance or, if the initial emittance is less than 0.75, have an initial reflectance of at least  $[0.70 + \{0.34 \times (0.75 - \text{initial emittance})\}]$ ; **and**, if applied as a liquid coating in the field, be applied at a minimum dry mil thickness of 20 mils\* across the entire roof surface and meet performance requirements listed in the table shown immediately below:

Physical Property	ASTM*** Test Procedure	Requirement
Initial percent elongation (break)	D 2370	Minimum 60% 0 °F (-18 °C) Minimum 200% 73 °F (23 °C)
Initial tensile strength (maximum stress)	D 2370	Minimum 100 psi (1.38 Mpa) 73 °F (23 °C) Minimum 200 psi (2.76 Mpa) 0 °F (-18 °C)
Final percent elongation (break) after accelerated weathering 1000 h	D 2370	Minimum 40% 0 °F (-18 °C) Minimum 100% 73 °F (23 °C)
Permeance	D 1653	Maximum 50 perms
Accelerated weathering 1000 h	D 4798	No cracking or checking Any cracking or checking visible to the eye fails the test procedure
<p><i>NOTE: Aluminum-pigmented asphalt roof coatings and cement-based roof coatings are not required to meet this table. The former must meet ASTM D2824, D6848, and D3805 and the latter must meet greater dry mil thicknesses (depending on the substrate) and meet ASTM D822. Details are found in Standards Section 118(i)3.</i></p>		

- (9) Reflective roofs and coatings
- (10) Attic and wall insulation, minimum R value 30 and Energy Star listed
- (11) Reflective insulation or radiant barriers
- (12) Attic fans
- (13) Windows and glass doors, U value of 0.40 or less and solar heat gain coefficient of 0.40 or less
- (14) Window filming, in compliance with the NFRC glazing attachment ratings for solar heat a gain and visible transmittance
- (15) Weather-stripping, following Energy Star guidelines
- (16) Home sealing, following Energy Star guidelines
- (17) Skylights, U Value of 0.60 or less and solar heat gain coefficient of 0.40 or less
- (18) Solar tubes



- (19) Additional building openings to provide additional natural light, windows and doors must meet the Energy Star rating U value of 0.40 or less
- (20) Lighting, Energy Star listed (no bulb only retrofits)
- (21) Pool equipment
  - (a) Pool circulating pumps (must be variable flow and/or multi-speed with controllers)

**B. Residential Energy Efficiency Custom Measures.**

- (1) Passive solar (heating/cooling)

**C. Commercial Energy Efficiency Measures.**

- (1) Heating, ventilating and air conditioning systems (“HVAC”)
  - (a) Minimum efficiencies
    - (i) Split systems with 14 SEER or 12 EER
    - (ii) Package systems with 13 SEER or 11 EER
- (2) Geothermal exchange heat pumps
  - (a) Minimum efficiencies
    - (i) Ground source exchange open loop system 17.8 EER or higher
    - (ii) Ground source exchange closed loop system 15.5 EER or higher
- (3) High efficiency electric hand dryer
- (4) All applicable energy efficiency measures listed in “Residential” section

**D. Commercial Energy Efficiency Custom Measures.**

- (1) Building energy management systems,
- (2) Lighting control systems, which shall include occupancy sensors and other energy saving measures
- (3) HVAC duct zoning control systems



- (4) Motors and controls (processing or manufacturing equipment)
- (5) Customer electric vehicle plug-in station

### **III. SOLAR EQUIPMENT**

Solar track funding is available for a wide range of solar equipment. SCEIP funding will be available for photovoltaic equipment and installers listed by the California Energy Commission. Solar thermal equipment must be rated by the Solar Rating Certification Council (SRCC). As with efficiency measures, if a rebate is available to the property owner to be applied to the purchase price, that amount must be deducted from the amount of financing requested. Eligible solar equipment for both residential and commercial properties include:

- (1) Solar thermal systems (hot water)
- (2) Solar thermal systems for pool heating
- (3) Photovoltaic systems (electricity)
  - (a) Battery back-up systems will be allowed
  - (b) Funding for off-grid systems will be allowed
  - (c) PV systems can be sized to accommodate plug-in electric vehicles
  - (d) Plug in stations
- (4) Emerging technologies – following the Custom Measures Track
  - (a) Nano/thin film photovoltaic
  - (b) High intensity (parabolic solar panels)

### **IV. CUSTOM MEASURES**

The Custom Measures Track is a process by which SCEIP Staff can evaluate and fund projects that are not “off the shelf” improvements listed in the eligible Water Conservation, Energy Efficiency or Solar Measures. These custom projects may involve large scale industrial or commercial energy efficiency improvement projects, such as process or industrial mechanical systems, renewable energy sources and energy generation, other than the solar system (photovoltaic), such as geothermal, and potentially fuel cells, as well as more complex and cutting edge energy management



solutions and emerging technologies. The Custom Measure Track will evaluate and provide funding, if appropriate, for these innovative projects.

Applicants for the Custom Measure Track should consult with SCEIP Staff to determine eligibility and will be required in most cases to submit engineering plans and specifications. An SCEIP Custom Measure's Track review/technical panel will meet to review the engineering documents and data for custom and emerging technology projects. SCEIP may require an additional administrative fee for project evaluation by the technical review. In all cases, the County reserves the right to decline funding of a custom measure.

The following types of measures – among others – will be considered for SCEIP funding through the Custom Measure Track:

**A. Energy Efficiency Custom Measures.**

- (1) Alternative energy generation (other than photovoltaic)
- (2) Building energy management controls
- (3) HVAC duct zoning control systems
- (4) Irrigation pumps and controls
- (5) Lighting controls
- (6) Industrial and process equipment motors and controls

As these “Custom Measures” become Energy Star rated they will be included in the List of Eligible Improvements.

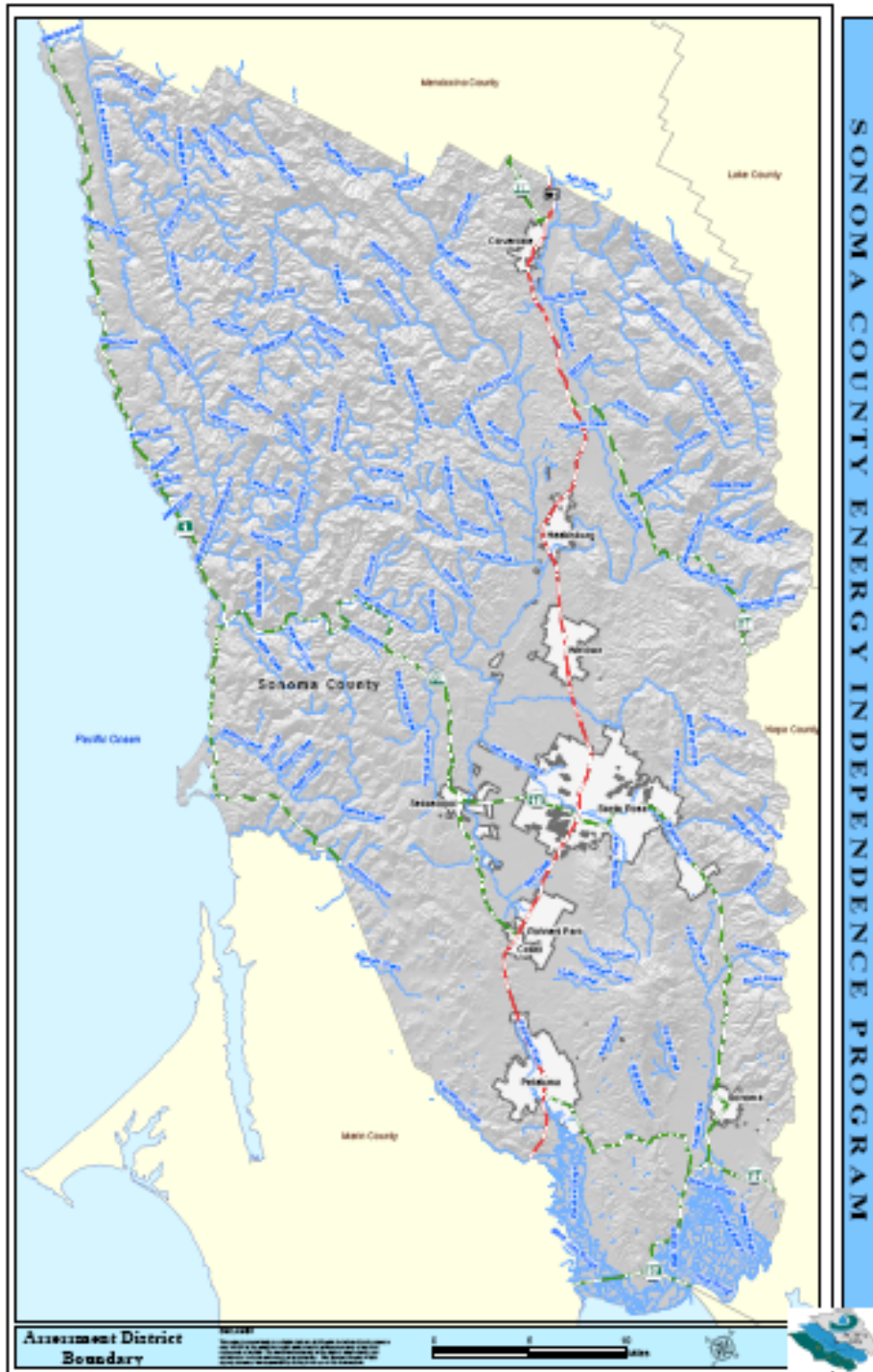
**B. Energy Generation Custom Measures.**

- (1) Fuel Cells
- (2) Natural gas
- (3) Hydrogen fuel
- (4) Other fuel sources (emerging technologies)
- (5) Co-generation (heat and energy)





# Sonoma County Energy Independence Program APPENDIX B – MAP OF AREA





**Sonoma County Energy Independence Program  
APPENDIX C – PROGRAM APPLICATION**

See attached Application.

**Sonoma County Energy Independence Program  
APPENDIX D – ASSESSMENT CONTRACT**

See attached Assessment Contract.



## **Sonoma County Energy Independence Program APPENDIX E – SUMMARY OF FINANCING PROCESS**

The Sonoma County Energy Independence Program (“SCEIP”) provides financing (“SCEIP Financing”) for the installation of energy efficiency improvements, water efficiency improvements and renewable energy sources that are permanently fixed to real property (“Improvements”) in Sonoma County. Property owners will repay SCEIP Financing through an assessment levied against their property which is payable in semi-annual installments on property tax bills.

### **A. Project Scoping.**

The first step in the process is project scoping. For residential properties<sup>7</sup>, water conservation and energy surveys are highly recommended but not required. By participating in SCEIP, property owners are making a financial investment; this decision should be made based on both the efficiency and the cost effectiveness of the improvements. Conducting a water and energy audit will help property owners assess water conservation, energy efficiency, and renewable energy opportunities for their property. Online surveys can be conducted through PG&E's website <http://www.pge.com/myhome>. Residential property owners can obtain an onsite survey by hiring a Home Energy Rating System (“HERS”) rater, or equivalent. For more information, go to <http://www.energy.ca.gov/HERS/index.html>.

For commercial properties, a PG&E onsite energy audit is required to participate. PG&E offers free onsite audits to help property owners determine the most efficient route to maximize their investment. For more information, go to [www.pge.com](http://www.pge.com).

Residential and commercial property owners should also check with their local water provider to see if free water conservation surveys are available. Costs incurred to conduct onsite audits or surveys may be included in your application for SCEIP Financing.

Most property owners work directly with contractors to determine the scope of their project.

As the project is defined, the property owner obtains a contractor's bid or determines the cost of the equipment if self-installing.

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<sup>7</sup> For SCEIP, “residential property” is defined as single-family properties with 1-to-4 residential units; “commercial property” is all other property.



Interested property owners can visit the SCEIP office, located at 404 Aviation Boulevard, Santa Rosa, CA 95403 or contact SCEIP professionals (“SCEIP Staff”) at (707) 521-6200 or [energyinfo@sonomacountyenergy.org](mailto:energyinfo@sonomacountyenergy.org).

## **B. Program Application.**

The property owner visits the SCEIP website ([www.sonomacountyenergy.org](http://www.sonomacountyenergy.org)) or the SCEIP office to complete an SCEIP application form (the “Application”). The SCEIP staff can also provide an Application by mail, e-mail or fax upon request.

The property owner submits the Application together with its required attachments. See Application for required attachments.

Applications will be processed once complete on first-come, first-served basis.

## **C. Title Check.**

SCEIP staff will verify property ownership by performing a title check. Applicants are responsible for the costs of the title check as follows:

- (1) Financing requests less than \$5000: \$65
- (2) Financing requests \$5000 to \$499,999: \$215
- (3) Financing requests \$500,000 and above require a full title search and title insurance: Contact SCEIP for estimate.

Title costs may be included in the SCEIP Financing request.

## **D. Application Review.**

During the Application Review process, SCEIP staff verifies that:

- (1) The Application is complete and accurate;
- (2) The property owner(s) owns the Property without federal or state income tax liens, judgment liens or similar involuntary liens on the Property;
- (3) The Property is developed and within the County;
- (4) The Property is not exempt from secured property taxes;



- (5) The property owner is current on property taxes;
- (6) Property owner is current on mortgage(s) and, for commercial property, lender has given consent to SCEIP Financing;
- (7) The property owner has declared that the property owner(s) and the Property is/are not currently involved in a bankruptcy proceeding;
- (8) The property owner has executed all declarations required in the Application;
- (9) The proposed Improvements and costs are eligible to be financed under the Program. If the proposed Improvements are part of a project that includes new construction (e.g., a room addition), the costs of the work have been properly allocated between adding SCEIP Improvements and new construction;
- (10) The cost estimate(s)/bid(s) is/are reasonable for the Improvements;
- (11) Improvement costs are reasonable to property value. As a guideline, proposed Improvements should not exceed 10 percent of assessed value. If more costly Improvements are proposed, the Program Administrator may require additional information supporting both the reasonable relationship of the Improvements to the property, and information related to the ability of the property owner to repay the assessment;
- (12) All required documents have been submitted (including for commercial properties, PG&E onsite energy audit report);
- (13) The requested assessment amount (including contingency) is equal to or greater than \$2,500 and is less than \$60,000; and
- (14) SCEIP funding is available.

Within 15 business days of receipt of an application, SCEIP Staff notifies the property owner if the application is incomplete, approved, denied or requires additional approval.

(15) Incomplete. An application shall be deemed incomplete if it is missing any information or attachments the property owner is required to provide. Incomplete applications may be resubmitted. SCEIP Staff will process resubmitted applications on a first-come, first-served basis based upon the new receipt date.

(16) Approved. An application shall be approved if SCEIP Staff have verified all of the items in step (i) through (xiv).



(17) Denied. An application shall be deemed denied if SCEIP Staff cannot verify any of the items in steps (1) through (14). SCEIP will send a written denial notice. Property owners are free to submit a new application, which will be processed on a first-come, first-served basis based upon the new receipt date.

(a) If an application is denied on the sole basis that SCEIP funding is not available, the application does not need to be resubmitted; applicants will be placed on a waiting list based on the date of application receipt.

(b) If an application is denied because the cost estimate(s) is/are not deemed reasonable by SCEIP Staff, a resubmitted application must be accompanied by additional documentation of cost estimates as determined in SCEIP Staff's discretion, including, but not limited to, cost estimates provided by one or more additional contractors. The property owner will not be required to select the low bid; however, SCEIP Staff may limit the maximum assessment amount to an amount deemed reasonable by the Program Administrator.

(18) Requires Additional Approval. Applications for SCEIP Financing between \$60,000 and \$500,000 require approval of the Program Administrator. The property owner will be notified that the application is complete and has been forwarded to the Program Administrator for approval. Applications for SCEIP Financing of \$500,000 or more require approval of the Board of Supervisors. The property owner will be notified that the application is complete and has been forwarded to the Program Administrator to prepare an agenda item for the Board of Supervisors. The property owner will be advised once a Board of Supervisors date is set.

(19) With respect to an application to finance a renewable energy system(s) other than solar (such as wind or geothermal) or a custom energy efficiency measure(s) (such as a combined heat and power system cogeneration system), or to finance an emerging technology ("Custom Measures"), SCEIP Staff reserve the right to require the appropriate engineering documentation and energy studies showing the energy savings and/or energy generation capabilities of the proposed project. SCEIP Staff may also charge an additional administrative fee for this technical review to be discussed with the property owner before proceeding.

#### **E. Permit.**

After receiving notice of Application approval, property owner (or contractor) must obtain a permit from the local building official. All Improvements, including those normally exempt from permit requirements, will require a permit from the local jurisdiction (town, city, unincorporated area). Final inspection by the permitting jurisdiction will be required to ensure that the Improvements were completed.



A valid permit is required before SCEIP can execute an Assessment Contract and reserve SCEIP Financing for a project.

**F. Assessment Contract and Reservation.**

All property owners of record must sign the Assessment Contract and have their signature(s) notarized.

The Program Administrator, on behalf of the County, will enter into a contractual assessment agreement (the “Assessment Contract”) with the property owner. This will assure the property owner that the SCEIP Financing has been approved and that funds are reserved for the property owner’s approved project.

**G. Assessment Lien.**

Upon execution of the Assessment Contract, SCEIP records an assessment lien against the Property in the office of the Program Administrator, Clerk of the Board and the County Recorder’s office. The lien will be for the full amount of the assessment on the property that secures the assessment. If funds are disbursed to property owners before the first business day in July, the assessment will appear on the next tax bill. For disbursements after that date, the assessment will not appear on the tax bill until the following tax year, but interest will accrue on the outstanding amount.

**H. Installation of Improvements.**

Property owner enters into a contractual arrangement directly with a contractor for Improvements unless the property owner is self-installing the Improvements. All work is subject to the appropriate jurisdiction’s (county, city, town) permitting and inspections and all other applicable federal state and local laws and regulations. All work must be completed, including the final inspection, within 90 days of execution of the Assessment Contract. The property owner and Program Administrator may agree to an extension of this completion date for good cause.

**I. Progress Payments/Multiple Disbursements.**

If the maximum assessment amount is \$60,000 or greater, the property owner may request in writing that SCEIP make a progress payment prior to the completion of the work. Progress payments will be subject to a \$150 onsite inspection fee per disbursement and interest will accrue on the entire assessment amount at the time of the first disbursement. Progress payment requests must be filed with SCEIP at least five business days before the end of the month for payment to be made on the first





business day of the next month. The following conditions must also have been met before disbursement is made:

(1) At least 75 percent of the required materials have been delivered to the property and have been reasonably secured as confirmed by an onsite inspection. SCEIP Staff has the discretion to make its own determination with respect to whether this condition has been satisfied; and

(2) The requested progress payment does not exceed 50 percent of the maximum assessment amount.

**J. Final Inspections & Disbursement of SCEIP Financing.**

After Improvements are completed, the Property owner must contact the local permitting agency for a final inspection and finalized permit. The Property owner notifies SCEIP that all work has been completed and submits final documentation: finalized permit; invoices showing all costs, less rebate amounts).

Checks will be mailed at the beginning of each month, provided that final documentation has been filed with SCEIP five days before the end of the month for processing. The amount disbursed will be the lesser of (i) the maximum assessment amount provided in the Assessment Contract or (ii) the actual costs. Interest accrues as of the date of disbursement.