



Sonoma County Energy Independence Program (SCEIP)

The Sonoma County Energy Independence Program is the longest running municipal PACE program in the nation. The County of Sonoma owns, operates, funds and invests in the Program which funds both residential and commercial projects.

SCEIP has a pool of County funds that provide financing for property owner's projects. The County of Sonoma does not use private capital for its program rather it invests in bonds as part of the County Treasury. To date, Sonoma has successfully issued over \$74M worth of PACE financing for energy, water and solar improvements.

- 10.8 MW of solar projects have been financed through SCEIP. This is nearly 20% of the installations commissioned since March 2009 when SCEIP began (equivalent to removing 2,000 cars off the road)
- Over 89% of the projects are done by local contractors
- Over 1,480 jobs have been created or retained
- Improvements financed have resulted in the elimination of 62,712 metric tons of CO₂ over the 7 years of the program
- The tax delinquency rate for property owners with a SCEIP lien is only .34% compared to the County's current overall rate of .87% and the average 10 year tax delinquency rate of 2.38%.

SCEIP Consumer Protections:

Sonoma County's Energy Independence Program has incorporated consumer protections and full disclosures. We utilize TILA-like documents through our financing that reflect the true cost of the financing, as well as provide a three day right of rescission. The PACE program is operated without making a profit.

Disclosures and Schedules

- Truth-in-Lending disclosure
- Good Faith Estimate
- Amortization schedule detailing annual payment
- Participation in the Statewide PACE Loss Reserve Program

Contractors

- Licensed, current and in good standing with the Contractor's State License Board
- Agree to abide by SCEIP standards and policies

Project Improvements

- Improvements have specifications that must be equal or better than program requirements
- Reasonable or average installed cost. Justification required if exceeded
- Permits issued and finalized for all improvements financed

Customer Surveys, Satisfaction and Payment

- Applicants surveyed as part of the disbursement process in order to determine applicant satisfaction level
- Disbursement payment goes to the Property Owner, not the contractor and only after work is completed and all required documents are received

Program File Managers (Application Processors)

- Staff has experience or certification(s) in green building, energy, water, building codes and/or construction
- Application assigned to a file manager who works with the property owner and the contractor during entire application process
- Storefront open 8am – 5pm, Monday through Friday
- Information, tools and support via website, phone, email, fax and electronic newsletter
- Local contractor bid requirements



- Notary signatures required for contracts, in-house or follow-up for out-of-house signings

Education

- Contractor Programs: includes forums, sales training, workshops and classes
- Homeowner workshops and outreach events
- Local Energy Action Forums
- Collaborative Agreement with other PACE providers
- Collaboration with agencies, cities, other programs and departments

Program Operation and the Marketplace:

Energy and Sustainability staff researched, developed and refined the concept of the Financing Marketplace with other PACE providers.

- A Request for Information (RFI) was released and sent directly to over 45 known PACE interested parties in October of 2013, 4 parties responded

Background:

In October 2014, Sonoma opened up the Sonoma County PACE Marketplace, thus allowing private, for-profit PACE providers to operate in the County. The integration of additional PACE financing options through the Energy Independence Office complements the SCEIP financing option currently provided by the County Treasury. In addition, this collaboration with Marketplace PACE participating providers leverages outreach efforts, expands opportunities for customer engagement, increases local contractor engagement, increases access to project impact data, and maximizes program efficiency and effectiveness.

As a condition of the Marketplace, operators signed a Collaborative Services Agreement with the County. The intent of the agreement was to establish certain criteria ensuring program standards and protections were in place. Agreement allowed for oversight of standards and protections.

Goals and Benefits of the Financing Marketplace:

To achieve the speed and scale needed to reach Sonoma County's community goals for energy independence, the Marketplace will specifically:

- a. Expand funding capacity – Bonding capacity of the SCEIP Financing product from the County Treasury is limited to \$60 million.
- b. Provide consumer choice – The business model intrinsic to the Financing Marketplace is to provide financing options in a 'lending-tree-like' model for the consumer.
- c. Increase program momentum and sustain and grow the contractor community – A key benefit of engaging additional financing partners is the opportunity to expand and leverage outreach efforts, increase the number of completed projects, and provide new tools and resources to local contractors.
- d. Maintain a single point of information and coordination for all PACE efforts – Retain and leverage the role the Energy Independence Office plays in the community as the not-for-profit, neutral third party operating for the public benefit.
- e. Facilitate efforts to consolidate and capture data of community retrofit and renewable energy project results; and
- f. Accelerate progress toward meeting the climate action goals of each jurisdiction and community-wide greenhouse gas reduction targets.



Local Oversight PACE Pilot Project 2016

In May 2016, The Board directed staff to pilot local PACE Marketplace oversight mechanisms, continue to participate in statewide efforts to develop PACE financing consumer protection policies, and develop a new Sonoma County Marketplace 2.0 solicitation based upon best practices.

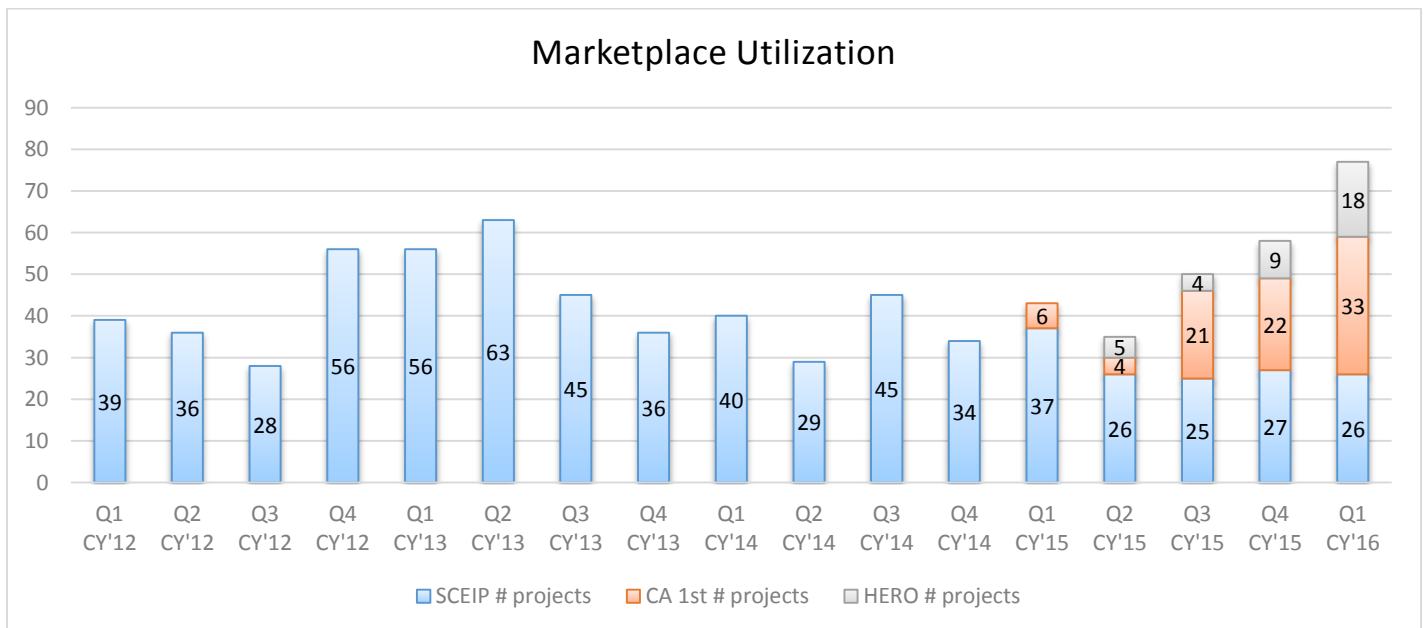
This local Sonoma County pilot compliance oversight program will be implemented collaboratively with PACE providers including both Marketplace and non-Marketplace members. Under direction of the General Services Department, and in partnership with Auditor-Controller Treasurer-Tax Collector (ACTTC) staff will solicit participant’s best practices and collaboratively develop mechanisms and forums for monitoring and improving ongoing marketplace performance. PACE providers including the County’s SCEIP program will collectively review and monitor compliance to adopted standards. Enforcement mechanisms could possibly include sanctions or prohibitions from marketplace participation for repeated violations of consumer best practice standards. Appeal processes will be established to ensure opportunities for further consideration of enforcement decisions. A local marketplace compliance oversight pilot program may help inform the structure of anticipated State PACE program oversight.

Proposed Marketplace 2.0

The County will develop a new open-enrollment model solicitation (Marketplace 2.0) to enable additional entrants. Marketplace 2.0 will include additional consumer protection and monitoring principles and best practices.

Current Marketplace Performance

One of the intended purposes of the Marketplace was to build on the County’s capacity for PACE financing. The overall number of PACE financed projects completed within Sonoma County has increased as the graph illustrates.



The performance of respondents in the PACE Marketplace is critical to continuing to build and maintain public trust in the County’s PACE program.