



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 properties¹, 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.

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.

¹ 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, Suite 200, Santa Rosa, CA 95403 or contact SCEIP professionals (“SCEIP Staff”) at (707) 521-6200 or energyinfo@sonomacountyenergy.org.

B. Program Application.

The property owner visits the SCEIP website (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: \$50
- (2) Financing requests \$5000 to \$499,999: \$125
- (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. If property owner has been in bankruptcy in the past three years, the bankruptcy must have been concluded at least one year before application was filed. In addition, all mortgage payments due on the property must have been timely paid during the six months preceding the application;

(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. All requested documentation must be submitted within 30-days.

(16) Approved. An application shall be approved if SCEIP Staff have verified all of the items in step (1) through (14).

(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 Implementation Agreement ("Contract Documents") and have their signature(s) notarized.

The Program Administrator or designee, on behalf of the County, will execute the Contract Documents. 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, including capitalized interest. If funds are disbursed to property owners by the first business day in September, 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 days¹ 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.

¹ A business day is a day the County is open for business.

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 and Request for Disbursement.

Checks will be mailed at the beginning of each month, provided that final documentation has been filed with SCEIP five business 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, net of County costs listed on Request for Disbursement. Interest accrues as of the date of disbursement.

REV 02/10/2010