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## **Interest grows in new Sonoma County energy retrofit programs**

Financing for upgrades made possible through cost savings

By Eric Gneckow, Business Journal Staff Reporter

SONOMA COUNTY — A number of large Sonoma County nonprofits and public agencies have expressed interest in a new energy efficiency upgrade program being developed under the Sonoma County Water Agency, hoping to use its unique financing structure to upgrade aging facilities, realize immediate gains through lower maintenance costs and ultimately lower costs for energy use.

Modeled after a similar program successfully implemented in the state of Delaware, the “Sonoma County Efficiency Financing” program is among the latest efforts to help property owners to afford energy and water-saving upgrades to their homes and facilities.

The list of organizations undergoing a preliminary energy audit for the new SCEF program includes Cloverdale Schools, Santa Rosa City Schools, Petaluma Schools, the cities of Cotati and Windsor, Sonoma Valley Hospital, the Sonoma County Fairgrounds, the Valley of the Moon Water District and the Sonoma County Water Agency itself, among others. In all, 67 schools, two city governments, two government entities and a hospital have either undergone audits or are in the process, according to the Water Agency.

If the possible savings discovered from that audit are considered sufficient, participants will then undergo a more extensive final audit that will serve as a road map for upgrades to climate control, water, electric and other systems.

“This is like a first look” describing approximately 90 percent of the possible work, said Amy Bolten, a spokeswoman for the Water Agency’s Energy Resources Group and coordinator of the financing program.

If participants choose to embark on the upgrades, the cost of the final “investment-grade energy audit” will be rolled into a bond issuance. Participating energy service companies — many of whom were involved in the Delaware program — have been pre-qualified by the Water Agency and are required to underwrite any cost savings they anticipate from a facility upgrade. Those savings would become a predictable pool of money to service the related municipal bond.

The Water Agency has selected KNN Public Finance as the program’s financial adviser. The firm has been identifying likely bond interest rates and the bond ratings of individual participants, as well as helping to select bond counsel, according to the Water Agency.

While the ultimate volume of work that will occur through the program is still being determined, Ms. Bolten noted that the aggregate work would have to reach a certain critical mass to warrant a bond issue. In Delaware, under the groundbreaking “Sustainable Energy Utility” model, the program has allowed more than \$73 million in energy retrofit projects statewide.

If successful, the SCEF program could be repeated for upgrades to other facilities in the future, including pools of work involving facilities elsewhere in California.

The SCEF program is the latest energy upgrade effort in Sonoma County, developed around the same time as a pioneering residential property-oriented initiative known as Windsor Efficiency PAYS.

The PAYS program, first developed under the Sonoma County Regional Climate Protection Authority and part of the county's 2008 Climate Action Plan, allows upgrades to water and electric equipment in homes be paid for in five or 10-year periods by a tariff on the property owner's water bill. Savings are sufficient to cover the cost of the upgrades, with one quarter of those savings typically realized by the property owner, said Paul Piazza, water conservation program coordinator for the town of Windsor. The program also includes a provision for landscaping upgrades, with costs assisted by special rebates and paid for over a 15-year period, he said.

In addition to homeowners, the program has also helped owners of multi-family properties to upgrade their facilities, including Luther Burbank Housing's usage of the program to upgrade three facilities in Windsor, Mr. Piazza said.

The Windsor Town Council authorized the creation of the program in July 2012, but Mr. Piazza said he expected more usage in 2013 as news spreads among residents.

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