

California Debt and Investment Advisory Commission

**Financing Solar Energy:
Options for California's Local Governments**

Critical Issues

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Support

- ❖ Is there political support at the Board level?
- ❖ Is there support from County officers and senior staff?
 - ❑ County Administrator
 - ❑ County Treasurer/Finance Director
 - ❑ County Utility Manager
 - ❑ County Counsel

Ownership

- ❖ Is County Counsel okay with key legal issues?
 - ❑ Validity and enforceability of payment obligation
 - ❑ Lien priority
- ❖ Is County Treasurer/Finance Director willing to take ownership?
 - ❑ Initial funding provided internally
 - ❑ Leadership in external long-term financing

Financing

- ❖ How will you finance preliminary and on-going program administration costs?
 - ❑ Grants or local agency advances for program startup costs
 - ❑ Loan interest rate spread for on-going program costs
- ❖ What level of participation do you want to plan for?
 - ❑ Maximum authorization of financing
 - ❑ Function of sources of short-term and long-term funding
 - ❑ What level of outreach are you prepared to implement?

Staffing

- ❖ How will you staff program start-up and on-going administration?
 - ❑ Go it alone (in-house)
 - ❑ Engage outside service providers to assist
 - ❑ Use a turn-key approach
 - ❑ Enroll in someone else's program

Land Use Issues



- ❖ Which land-use categories will be eligible to participate?
 - ❑ Residential
 - ❑ Commercial
 - ❑ Industrial
- ❖ Will you allocate by land-use?
 - ❑ Percentages of program funding by land-use category
 - ❑ Dollar caps on loan amounts by land-use category

Types of Projects



- ❖ What kinds of improvements will you authorize?
 - ❑ Focus has been on solar PV panels
 - ❑ Other renewable energy sources (wind, solar thermal)
 - ❑ Water conservation/efficiency improvements
- ❖ Oversight/certification of installers and/or equipment
 - ❑ CEC-posted list of State-approved solar installers and equipment
 - ❑ Requiring an energy audit

Prioritization

- ❖ Incorporating elements of “performance-based” project approvals
 - ❑ Take cost-effective projects first or first come, first served
 - ❑ Property owner freedom of choice vs. maximizing emission reduction goals with the limited funding resources
- ❖ Minimum and maximum loan amounts
 - ❑ Given processing costs, minimum may be in order
 - ❑ Maximum loan amounts to manage credit risk and to expand program participation

Process

- ❖ How will you handle inquiries from interested property owners?
 - ❑ Knowledgeable people to answers the phone
 - ❑ Having consistent responses to the frequently-asked question
- ❖ How will you process program applications?
 - ❑ Where are applications received
 - ❑ Checking title and reviewing credit issues
 - ❑ Establishing the lien of the contractual assessment or special tax

Accountability Measures

- ❖ Tracking program benefits
 - ❑ Who will take responsibility for tracking benefits
 - ❑ What methods for monitoring monetary savings and/or emissions reductions
- ❖ Reinforcing loan security
 - ❑ Will you validate the assessment or special tax and the lien priority
 - ❑ Teetering the assessments
 - ❑ Requiring notice to or approval from an existing mortgage lien holder
 - ❑ Loan-to-value requirements

Marketing

- ❖ Two-phase financing program
 - ❑ Initial funding of individual loans
 - ❑ Aggregated long-term funding
- ❖ Structuring a marketing program
 - ❑ Getting the local press on board
 - ❑ Co-marketing with vendors
 - ❑ Engaging local climate action activists

Critical Elements

- ❖ Critical elements of a work plan for getting started
 - ❑ establish program policies and develop program documents
 - ❑ timeline
 - ❑ determine staffing requirements and approach
 - ❑ prepare a budget
 - ❑ identify and assemble supporters

Q & A

- ❖ Thank you for attending
- ❖ Contact Sam at ssperry@meyersnave.com
- ❖ Contact Kathy at klarocqu@sonoma-county.org

