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Sonoma County Energy Independence Program Strategic Marketing Plan



OVERVIEW

On July 21, 2008, the Governor signed AB 811 as an urgency measure, providing California counties and cities with a new way to help their citizens finance energy improvements. Specifically, AB 811, authored by Assembly member Levine, authorizes the formation of contractual assessment districts in order to provide loans for the installation of solar panels and other energy efficiency improvements to interested property owners. Participation is voluntary and landowners who participate would install improvements and repay the cost, plus their share of the administrative costs for the program, on their annual property tax bills. If the property owner sells the property, the loan balance is transferred to the next owner.

According to the author, this will "make California the first state in the nation to help thousands of residents afford solar energy and help California reach its goal to reduce greenhouse gas emissions by 25% by 2025." Formation of an AB 811 assessment district can be a significant tool in helping Sonoma County and its Cities reach their green house gas emissions reduction target of 25% below 1990 levels by 2015.

PROGRAM DESCRIPTION

Counties and cities have broad authority to determine the type of improvements that can be financed and the details of the financing arrangement. Eligible improvements can include a wide variety of energy-saving upgrades -- from solar systems to high efficiency HVAC systems to double-paned windows and doors. The primary limitation is that the improvements must be permanently affixed to real property; appliances that are not permanently fixed are not covered. Financing is also for new installations on existing property only; existing installations and new construction cannot be financed through this program.

Technologies and improvements allowed to be financed through this assessment mechanism would be specified when a program is established by a city or the County and might include:

Solar panels, solar hot water heaters, solar thermal generators, high efficiency windows, insulation, HVAC improvements including duct wrapping and high efficiency mechanical equipment (air conditioners, heaters and boilers,) tankless hot water heaters, renewable energy generators, wind turbine generators, solar tubes, solar attic fans, whole house fans, reflective roofing materials, , closed loop geothermal heat pumps, open loop geothermal heat pumps, high efficiency lighting retrofits, dual flush toilets, very high efficiency toilets, waterless urinals, "smart" irrigation controllers.

PLAN PURPOSE

A written strategic plan for the introduction and successful implementation of the SCEIP program to accomplish the goals. The written plan and budget include a staged marketing roll out with a first step design and front loaded program with a second step implementation and maintenance program.

GOALS AND OBJECTIVES

How do we best achieve our goals with a product that is unfamiliar to most consumers and achieve the highest participation rates understanding the diverse audience?

- The marketing program needs to create excitement, urgency and demand with a defined set of metrics to define success. The first step of the marketing program will be underway beginning with the launch event at the Energy Store on March 25, 2009. The program required Board of Supervisors approval before any information was handed to the public.
- If the average participant receives \$20,000, then the annual participation rate would be 500 participants.
- The county has 205,000 residential units and 43,000 commercial units. For an annual participation rate of 500 participants this would be .2% of the total units in the County annually.
- Need to create excitement, urgency and demand with a defined program with measurement tools of success.
- The program needs enough participation to make it financially feasible. We understand the goal to be to an annual funding not less than \$5,000,000 with a total of at least \$100,000,000 for 6 years. The break even goal according to the Business Plan is an annual volume of \$10,000,000 in funding.
- If the average participant receives \$20,000, then the annual participation rate would be 250 participants for an annual total of \$5,000,000 and 500 participants for an annual total of \$10,000,000. 500 participants would be 42 per month or 2 per working day.

WHAT HAS BEEN DONE SO FAR

The program was announced to the public in a speech that was broadcast on February 2 regarding water rationing. Formal Board of Supervisors approval will take place on March 25th at the launch event. Two versions of the brochure (residential and commercial) are designed by Bart Price and underway.

Reprographics is printing the first run of the brochure. The SCEIP website is also underway and will be live by March 25th. An interactive website is partially developed by ProjectDX. Data Instincts has conducting surveys with homeowners and business owners to gather feedback on particulars of the program. An SCEIP storefront will open on March 25th with two full time employees ready to answer questions and take applications.

COMMUNITY INFORMATION





Community Info from County Website:

Location and Demographics

Home to nearly 480,000 people, Sonoma County is a prime location for tourism as well as residence. Just 35 miles from the San Francisco Bay Area, there are nine incorporated cities in the county, in addition to seventeen unincorporated areas. The city of Santa Rosa is the most populous area, home to 33% of the county's population (roughly 157,145 people). The city was also recently named as one of the nation's "most livable communities" by Partners for Livable Communities. The cities of Petaluma and Rohnert Park are the next most populous, while the city of Cotati is the least populated.

Recreation

Sonoma County is renowned for its outstanding wineries, breathtaking vistas of the Pacific Ocean, rolling hills, and friendly atmosphere. The landscape is perfect for spending a day at one of the many spas or wine tasting rooms, mountain biking the varied trails and country roads, or kayaking along the majestic rivers. The area is also known for its exquisite cuisine, much of which is cultivated in the orchards, gardens, and fields of Sonoma County.

Economic Development

Employment in Sonoma County has remained somewhat steady over the last few years, and again reached its highest total ever in 2005. In 2006, however, total employment experienced a slight decline. Unemployment levels have been similar to statewide trends, while labor force data indicates steadier monthly unemployment trends than other Northern California counties throughout the year. In addition, new housing continues to increase throughout the county, while job growth and taxable sales also continue to rise.

Population

Of the nine incorporated cities in Sonoma County, the city of Santa Rosa was the most populous, with 157,145 people in 2006. The city of Cloverdale is the fastest growing city in the county, with an annual average population increase of nearly 4 percent between 1996 and 2006. The city of Windsor follows, with an annual average increase of nearly 3 percent during the same time.

Demographics

Approximately 72 percent of residents in Sonoma County classified themselves as white in 2006, compared to 42 percent in California. Hispanics represented the next largest group, with 20 percent of the population, or 95,731 people, compared with 36 percent, or 13,603,759 people, in California. The Hispanic population is projected to increase 37 percent by 2015 in Sonoma County. Asians and blacks were the next largest groups, with 18,830 and 7,560 people, respectively.

Median Income

The total median household income in Sonoma County in 1999 was \$53,076, compared to \$47,493 in

California in the same year. The city of Petaluma had the highest median household income in the county, at \$61,679, as well as the highest increase between 1989 and 1999. The city of Sebastopol, with a median household income of \$46,436, was the only city in Sonoma County with a lower median household income than the statewide average. In 2004, the county's figure had reached \$53,645, which was 7 percent higher than the state average. This means that Sonoma County is one of the wealthier counties in the state and, consequently, its residents may have more spending power than the average Californian.

Businesses

As of December 2006, businesses with one to four employees were the most common in Sonoma County, and made up 70 percent of all establishments. Another 13 percent of the businesses in Sonoma County consisted of five to nine members, suggesting a strong trend of small local businesses in the county. Statewide, businesses of one to four employees were also the most common, making up 68 percent of all businesses in the state.

In 2006, 44 percent of businesses in Sonoma County offered some type of service to their customers, making the service sector the most prominent industry in Sonoma County. Another 17 percent of businesses in the county were made up of retail trade companies, and 10 percent was made up of construction companies, compared to 7 percent in California. Agriculture, forestry, and fishing were more prominent in Sonoma County than California, while most other sectors were somewhat similar in the percent of total businesses.

Largest Employers:

Number of employees:

Kaiser Foundation Hospitals	2000
Santa Rosa City Schools	1700
SANTA ROSA JUNIOR COLLEGE	1500
Sonoma State University	1459
Medtronic Ave Inc	1200
Illuminations	1049
Cisco Systems Inc	1000

The city of Santa Rosa had 62,398 total housing units in 2006, the largest amount in the county, while the cities of Cloverdale and Windsor are the fastest growing cities in Sonoma County. The increase in housing units corresponds with similar increases in population.

Commuting

As of 2000, the vast majority of Sonoma County workers, 87.3 percent, got to work via car, truck, or van. Of those residents, 74.7 percent drove alone, compared to 83.2 percent throughout California in 2000. In the county, 12.6 percent of that group carpooled in the same year.

MARKET RESEARCH

Data Instincts Has conducted surveys with 200 residential owners and 200 businesses. Key findings are as follows:

Residential Surveys

1. Improvements in the highest demand include:
 - Windows and glass doors
 - High efficiency plumbing fixtures
 - Wall and attic insulation
2. 75% cite financial concerns as the biggest barrier to conducting improvements, however 52% say the SCEIP description sounds like one that would motivate them to undertake improvements

3. What motivates them to do the improvements – 28% protecting environment and 16% saving money and 49% said both reasons are equal
4. 61% are concerned about the 7% interest rate
5. Majority want to be able to use the assessment as a tax write off
6. 64% like the property tax assessment aspect of the program

Marketing points:

1. Focus on benefits of ease of program for qualifying, paid with tax bill
2. Less focus on interest rate and more focus on monthly amount (divide semi-annual payments into smaller amounts)
3. Focus on environment – their contribution to the efforts to combat global warming, etc.

Commercial Surveys

1. Improvements in the highest demand include:
 - HVAC
 - Plumbing fixtures
 - Insulation
 - Windows
 - Lighting retrofits
 - Solar (possibly)
2. 73% cite financial concerns as the biggest barrier to conducting improvements however, 52% say the SCEIP description sounds like one that would motivate them to make improvements
3. What motivates them to do the improvements – 35% saving money and 21% protecting environment and 43% said both reasons are equal
4. 53% are concerned about the 7% interest rate
5. Potential for participation may be slightly greater among businesses located within city limits
6. Rates need to beat bank or market rates to be attractive

Marketing points:

1. Focus on benefits of ease of program for qualifying, paid with tax bill
2. Focus on cost benefits for businesses in these hard economic times
3. Note difference in motivations between residential and commercial – need to focus on costs for businesses.

Similar Programs

The only two cities that have done any kind of program similar to this are in Berkeley and Palm Desert and they have been with a limited investment. The BerkeleyFIRST program included only solar panels and was tried with a trial program of \$1,500,000. All funds were allocated within 2 weeks.

Summary of Strategic Metrics

Category	Measure
Annual Total	\$10,000,000
Participants	500 per year assuming \$20,000 per applicant
Prospective Targets (number)	2000 per year (to achieve the 500 annual participants)
Prospective Monthly Applicant	55 applicants per month or 3 per day

Targets needed assuming 75% approval	
Average Financial Assessment	\$20,000

TARGET MARKET AND DEMOGRAPHIC PROFILE

From the Marketing Plan suggestions in the Eco-Motion Feasibility Study:

“The best marketing messages are developed for and directed to a specific audience – so Sonoma will want to develop a number of approaches to meet the needs of the first stage of its program. Later, as the program spreads across the County, a different message is likely to work, either more generic or incorporating several messages tied to regional climate initiative goals.”

Need to define demographic profile....

Geographic Markets:

Primary Markets:

Secondary Markets:

County of Sonoma

Cities – all cities have not approved the program

POSITIONING STRATEGY AND MESSAGING

What is it that we want people to think of when they hear of SCEIP?

If people are confused by the message, they will back off from learning more until it all becomes clearer to them. They will shorten messages to acronyms and want to know where to go for more information. SCEIP is hard to remember and people may try to search it on Google. Combine that with the fact that the storefront is at the Water Agency and it might add more confusion. We need to simplify the message.

Energy Independence
A Sonoma County Program
Hot, Cool and Green

And additional slogans from the brochure and website to use in advertising messages:

- It’s a new day... in energy efficiency and affordability
- Take the next step... and help clean up your environment
- Lower your carbon footprint...by taking the next step

We will encourage everyone to go to the website for more detailed information and forms to download.

Website: www.sonomacountyenergy.org

OUTREACH AND PARTNERSHIPS

Define the potential partnerships with utility companies, subcontractors, solar initiatives, sanitation districts, green certification companies, etc. Some of those groups are:

1. Economic Development Group and Innovation Council
2. Sonoma County Alliance

3. Solar Sonoma County
4. North Coast Builders Exchange
5. P G & E
6. Sonoma County Transportation Authority
7. Airport Business Center
8. South West Area Business Association
9. Chambers of Commerce
10. Sonoma County Farm Bureau
11. North Bay Leadership Council
12. NORBAR
13. Climate Protection Campaign
14. United Wine Growers
15. others....

CONSUMER EDUCATION

Because the program is so new and may not be familiar to applicants, it is important that education be included as part of the outreach. Workshops and presentations will be offered to residents, business owners to describe the program and they will be held both on weekdays and weekends.

The workshops and programs will be developed as the program is underway. It is recommended that some of the advertising be used to promote the educational program so people will buy in to the program in person and can apply at that time.

Workshops per month:

- One monthly Saturday workshop targeted to homeowners
- One monthly weekday workshop targeted to contractors
- Three - Four presentations to councils, chambers, or other affiliated groups (one a week)
- One monthly weekday workshop to commercial owners

MAJOR SELLING POINTS

- No huge upfront costs
- Paid through tax bills and not a mortgage
- You don't have to qualify for it – your property does
- Lower energy costs and lower water resource use
- Lower your carbon footprint

OPPORTUNITIES AND CHALLENGES

- This program is very new with AB 811 becoming law the summer of last year. It has only been done in Berkeley and Palm Desert with limited success on a smaller scale, so the big unknown is how many people will take advantage of a brand new idea on a much larger scale (i.e. county wide program).
- The other factor is the economic climate with many consumers conserving funds. The challenge is getting people to understand the merits and benefits without being initially turned off by not understanding the process. We want to maximize the potential of this program right from the start.
- For this program, the best way to get the message out and the positive buzz started is through public relations and education.

- A concentrated effort will be made in the first 3 months to reach the media and potential partners to get the word out.
- Interest rate, lender concerns and the lien issues
- Confusion about the program

Marketing Goals from SCEIP Feasibility Study Developed by Eco-Motion:

Marketing

"This business plan makes assumptions regarding participation levels. In reality, assumed participation rates may vary. As such, the County will conduct a market survey to better determine the demand/likely participation. This is anticipated to take place during the time between the County's notice of intent and hearing to create the program.¹ In addition, this will provide a better indication of how much money will be needed, and when, to fund the program adequately as well as other program and financial features will help ensure desired participation levels.

Marketing will also be a significant component of ensuring participation levels are sustained over multiple years. SCEIP's marketing plan will involve a number of stages. It is important to note that there are significantly distinct and different markets in the County. Each of these areas will likely have a unique focus in marketing. However, overall, the County's marketing efforts should include the following stages:

Launch (introducing the product to the Pilot Areas, and beyond, making sure customer inquiries are managed, etc.)

Roll-out (expanding marketing to cover the entire region including participating cities depending on individual agreements)

Maintenance (making sure the program continues with sufficient volume to justify its ongoing administrative costs, managing and monitoring cash flow, budget, interest rates, etc.)

Close-out, as appropriate (if interest wanes or funds are exhausted, it will be important to close down the program cleanly and positively)

A number of marketing challenges face SCEIP program administrators, particularly during the launch stage. As alluded to in the discussion of program risks, these challenges include the introduction of a new financing vehicle, basically unfamiliar to all; advocacy of borrowing in a climate of financial uncertainty; geographically disparate Pilot Areas and different target audiences: home owners, business owners.

Introducing a new financing vehicle is always a challenge. Within the marketing community, it is commonly known that no bank ever wants to be the first to roll out a new product – they all want to be the second. Although AB 811-enabled loans have been launched by Palm Desert with a similar program in Berkeley, there is still no such thing as a clearly-defined product, and few people throughout the state are even aware of these recent developments.

The best marketing messages are developed for and directed to a specific audience – so Sonoma will want to develop a number of approaches to meet the needs of the first stage of its program. Later, as the program spreads across the County, a different message is likely to work, either more generic or incorporating several messages tied to regional climate initiative goals.

Contractor and Stakeholder Input

The County may engage the local building and contractor community to solicit input on allowable technologies and other program components to ensure the program includes the appropriate technologies for the local market. For them, it may be a viable a means to sell clean and efficient technologies with "no money down" and without the extensive credit standards required by banks. "

MARKETING PROGRAM

PRE-MARKETING

1. Finalize website program with Bart Price
2. Open storefront – call it The Energy Store
3. Press conference and announcement on March 25th
4. Presentations meetings with potential partners, subcontractors
5. Presentations to cities, etc.

LAUNCH

The Sonoma County Board of Supervisors will vote on the SCEIP program on a stage in front of the Sonoma County Water Agency at 9:00 am on March 25th. The press and interested participants and supporters are invited. The Energy Store will be set up and staffed for business starting on March 25th. Posters on the walls will describe the program and printed materials will include the brochures, Frequently Asked Questions and Applications as well as other Energy Efficiency and PG & E handouts. PG & E will also have a booth at the launch event.

MAIN PROGRAM ROLL OUT

PUBLIC RELATIONS AND OUTREACH

The objective of the PR is to work in conjunction with advertising and outreach to build interest list of qualified participants. The interest and excitement should build after the press conference with the announcement of the approval of the program and will be sustained through the life of the program.

The public relations program will be a PR program involving local government officials, local residents, local businesses, Chamber of Commerce, economic development groups, housing officials, advocacy groups, business groups and others to be determined. With press releases and public service announcements, we will try to obtain as much free press as possible. Since the County is the first to announce a program of this type, it will generate positive PR.

We will develop a program of e-mails and e- letters to a database of friends and interested parties. A quarterly e-letter will detail the latest of happenings for our interest list.

ADVERTISING

The main advertising push will be the off-site signage program and ads which will lead prospects to the website. They will register for updates and information. This will be the main list to register interested participants and e-mail blasts will be taken from this registered list.

In addition to the Internet marketing program, we will use Press Democrat newspaper ads as we need them, direct mail, as needed, to speak with potential participants. Advertising will be in English and Spanish.

The goal will be to build the registrations on the website for the interested participants, who may not be ready to act now – updates and news will be sent to them for continued interested in the program and for the opportunity to tell their friends about it. We might consider an e-newsletter update.

BROCHURES

The 4 color brochure is developed in a tri-fold format with two versions – one for residential and one for commercial. Versions will be in English and Spanish.

SIGNAGE

Sign program to include 2 billboards, one on Highway 101 and one on Highway 12 to be displayed for approximately 6 -8 months beginning in May and running through November to display our message.

We will obtain space on poster billboards throughout the county to be displayed during key periods throughout the campaign period. We will adapt our creative design and produce displays of appropriate size and material to be used for our billboard space and will consider movable boards for use at various home shows and fairs.

Energy Store

The Energy Store will be located at the Sonoma Water Agency on 404 Aviation Blvd.

The phone numbers are: **Main Number: 707-521-6200 Fax Number: 707-524-3769**

The store will be staffed by two employees and will be open Monday to Friday from 9 to 5. The store has a counter where the employees will help people and answer questions. There will be two computers with on-line access for people to process applications on-line. They can also fill out an application on site.

The handouts will include two brochures, both in English and Spanish. Also included will be a Frequently Asked Questions handout and the Application form. The displays will include several elements of the brochure and website including the house with call outs of things to do to save resources and the office building with call outs on suggested office energy improvements.

COLLATERAL MATERIAL

1. Brochure with info on program – also in Spanish
2. Frequently Asked Questions Handout
3. Application Handout
4. Addendum with Allowed Improvements
5. Assessment Agreement copies
6. How to Maximize Your Energy Savings
7. PG & E handout?
8. HERS handout?
9. Stationery and Envelopes
10. Card for further info (registration card and business card in one)

MARKETING CALENDAR

Item	Target Date
Define messaging	March 2009
Obtain city, board approvals	March 2009
Begin interest list	March 2009
Website up and running	March 2009
Define follow up program from interested participants	April 2009
E-mail blasts start	April 2009

Advertising program	May 2009
First approved participants	May 2009