



## Legislation Details (With Text)

**File #:** 2019-637      **Version:** 1      **Name:**  
**Type:** Consent      **Status:** Agenda Ready  
**File created:** 6/19/2019      **In control:** City Council  
**On agenda:** 5/19/2020      **Final action:**  
**Title:** CONSIDERATION TO ACCEPT AS COMPLETE PROJECT NO. 1549 - CITY FACILITIES LED LIGHTING CONVERSION AND AUTHORIZE THE CITY MANAGER TO SIGN THE ON-BILL FINANCING LOAN APPLICATION (CITY COUNCIL)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit No.1 - Site Exhibits.pdf, 2. Exhibit No. 2 - OBF Loan.pdf

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

## Report to Mayor and City Council

Tuesday, May 19, 2020

Consent

### SUBJECT:

**CONSIDERATION TO ACCEPT AS COMPLETE PROJECT NO. 1549 - CITY FACILITIES LED LIGHTING CONVERSION AND AUTHORIZE THE CITY MANAGER TO SIGN THE ON-BILL FINANCING LOAN APPLICATION (CITY COUNCIL)**

### I. SUMMARY

Recently the City replaced approximately 1,000 inefficient, exterior lighting fixtures at several parks and facilities in Carson to more energy efficient light-emitting diode (LED) lights (Exhibit No. 1).

The City secured contracts with two vendors: the majority of the material was purchased directly from Solar Max LED, Inc. and the City directly contracted with an electrical contractor, Elecnor Belco Electric, Inc., to install the fixtures. The cost of the material and installation was \$783,768.59.

The City applied and received a one-time incentive payment from Southern California Edison (SCE) in the amount of \$161,843.90 for this work. This amount does not need to be repaid.

In addition to the incentive payment, the City intended to utilize the SCE On-Bill Financing

(OBF) zero interest loan program to help finance a portion of the project cost. SCE will finance \$545,981.94 of the project cost which would need to be repaid over 5.1 years (61 months).

Since the City has already paid the vendor and the contractor for this work, SCE will remit a check to the City in the amount of \$545,981.94. Then the City will pay the same amount back to SCE over a 5.1 year period. The first month's payment is \$2,826.54 followed by 60 monthly payments of \$9,052.59 (Exhibit No. 2).

## **II. RECOMMENDATION**

TAKE the following actions:

1. ACCEPT as complete Project No. 1549 (City Facilities LED Lighting Conversion).
2. AUTHORIZE staff to file a Notice of Completion.
3. AUTHORIZE the City Manager to sign the On-Bill Financing Loan Agreement with Southern California Edison.

## **III. ALTERNATIVES**

1. DO NOT ACCEPT the project as complete. However, Civil Code section 9204 requires a public entity record a Notice of Completion after completion of work, upon the completion and settlement of all public works project claims, if any.
2. DO NOT AUTHORIZE the City Manager to sign the On-Bill Financing Loan Agreement.
3. TAKE another action the City Council deems appropriate consistent with the requirements of the law.

## **IV. BACKGROUND**

Over the last few years, the City of Carson has worked with the South Bay Cities Council of Governments (SBCCOG) to identify energy efficiency projects that had the potential to reduce the City's energy use and save money. These projects, implemented over time, allowed the City to earn good standing on the energy front. The City has been a recipient of the Beacon Award several years in a row and has achieved platinum level status in the SCE Energy Leader Partnership Program.

This exterior LED lighting conversion project was identified as beneficial because it had the potential to reduce the city's energy consumption, save money, improve lighting levels, and improve the quality of lighting at many of the city's parks and facilities. The project focused on replacing inefficient light fixtures around the buildings, parking lots, walkways/security, basketball courts, tennis courts, and playground areas. It should be noted that this project did not include the baseball field lights that are mounted 45-50' above the ground. The baseball field lights are part of another project that staff needs to complete by the end of

November 2020.

Based on the energy audit that was conducted at the time, it was determined that the City would be able to significantly reduce its annual electricity consumption by 720,000 kilowatt hours (kWh) and the reduction in electricity use was projected to save \$96,432.00 annually. This LED lights that have been installed have a ten year life expectancy.

The project originally focused on replacing exterior lighting fixtures at twelve (12) sites (Anderson Park, Calas Park, Carriage Crest Park, City Hall, Community Center, Corporate Yard, Del Amo Park, Hemingway Park, Mills Park, Scott Park, Stevenson Park, and Veterans Park). During construction, however, a few changes were made by staff to include the installation of new foundations, poles, and LED lighting fixtures around the playground at Stevenson Park (there were complaints of poor lighting in this area) and staff was also able to include the exterior lights at Dolphin Park. These changes were made within the available budget/contract amounts. These changes were not included in the audit figures mentioned above.

The energy audit findings were used to apply and reserve funding from SCE through its OBF program that offers zero interest loans for qualified energy efficiency measures. There are no fees or loan costs and the program offers convenient repayment through the City's monthly SCE utility bill. The repayment of the \$545,981.94 loan would occur over a 5.1 year period (61 months). The first payment will be \$2,826.54 followed by equal payments of \$9,052.59. Staff selected the multi-site loan aggregation option that authorizes SCE to aggregate multiple service accounts into one individual loan.

Along with the OBF funding reservation, SCE provided a one-time financial incentive of 161,843.90 to the City. These funds were deposited into the City's load shed account and can be used to fund future energy projects.

This project has been completed in a satisfactory manner, staff is ready to close out the project and the City Council is requested to accept the project as complete.

## **V. FISCAL IMPACT**

The total amount budgeted for this project was \$928,219.00. The actual expenditures totaled \$783,768.59, which is \$144,450.41 less than the amount allocated. A breakdown of the actual expenditures is summarized below:

<b>Vendor/Contractor</b>	<b>Actual Expenditures</b>
Solar Max LED, Inc.	\$380,768.59
Elecnor Belco Electric, Inc.	\$403,000.00
<b>Total Cost for Labor and Material</b>	<b>\$783,768.59</b>

If the OBF zero interest loan program offered by SCE is utilized, the funds of \$545,981.94 would be deposited into the City's general fund. During the loan repayment period of 5.1 years, the budget/accounts used to pay our electricity bills will need to be increased to accommodate the loan payments. The first payment will be \$2,826.54 followed by equal monthly payments of \$9,052.59. Meanwhile, on the positive side, the reduction in electricity use is

projected to save \$96,432.00 annually with the LED lights having a ten-year life expectancy. Over the ten year period, the City is estimated to save \$964,320, well above the project cost.

## **VI. EXHIBITS**

1. Site Exhibits - 12 locations. (Pgs. 5-16)
2. SCE - On Bill Financing Application. (Pgs. 17-30)

1.

Prepared by: Reata Kulcsar, Sustainability Administrator - Utilities