



# CITY OF CARSON

## Legislation Text

File #: 2018-082, Version: 1

### Report to Mayor and City Council

Tuesday, February 06, 2018

Discussion

#### **SUBJECT:**

**CONSIDER THE PURCHASE AND INSTALLATION OF ENERGY EFFICIENT EXTERIOR LIGHTING FOR NINE CITY-OWNED PARKS, CITY HALL, THE COMMUNITY CENTER AND THE CORPORATE YARD. (CITY COUNCIL)**

#### **I. SUMMARY**

The City of Carson is working with the South Bay Cities Council of Governments (SBCCOG) to convert 1,250 City owned exterior building lights to more energy efficient, light-emitting diode (LED) lights.

Southern California Edison (SCE) offers an On-Bill Financing (OBF) program which helps cities finance qualifying energy efficiency projects by providing a zero interest loan and a one-time incentive payment.

The City would need to initially cover the costs associated with the purchase and installation of the LED lights, and once the installation and post verification are complete, SCE would reimburse the City for the total project cost. Subsequently, a line item would be added to the City's electricity bills, and the City would use the energy savings to repay the loan to SCE in monthly payments over a 10 year period.

The total project cost is estimated at \$928,219. The estimated one time incentive payment is \$156,667 (no repayment necessary), and the OBF amount is \$771,552 (repaid through electricity usage savings).

If the City were to upgrade these 1,250 lights, the associated annual electricity cost savings would be \$96,432. Given that the City would pay \$77,155 every year for the ten years allowable under the OBF program, the annual net savings to the City would be \$19,277.

#### **II. RECOMMENDATION**

TAKE the following actions:

1. APPROVE the purchase and installation of energy efficient LED lights at nine parks, the Civic Center and the Corporate Yard
2. WAIVE the formal bidding process
3. AUTHORIZE staff to secure a vendor for installation.
4. APPROVE Resolution No. 18-013.
- 1.

### **III. ALTERNATIVES**

TAKE another action the City Council deems appropriate.

### **IV. BACKGROUND**

There are approximately 1,250 exterior lights installed at nine of the City owned parks, the Civic Center and the Corporate Yard. These lights use antiquated, inefficient technology, whereas LEDs deliver better light while providing energy cost savings and lower maintenance costs over the life of the equipment - which can exceed 15 years). Based on the audit conducted by the SBCCOG, if the City were to upgrade these 1,250 exterior lights, the associated electricity consumption would be reduced by 62%, equating to estimated annual savings of 729,931 kWh, a \$96,432.00 annual reduction in electricity costs, and an annual GHG reduction of 543 metric tons of CO2 equivalent.

The OBF program offered by SCE provides the City with the opportunity to fund qualified energy efficiency projects for zero interest and no fees, reduce the monthly electricity usage, and receive financial incentives for installing qualifying energy efficient equipment. SCE has confirmed that the upgrade to LEDs qualifies the City for both an SCE rebate and the OBF program as long as the project is completed by April 2018.

The City recently completed a similar project which entailed changing out approximately 900 streetlights from High Pressure Sodium (HSP) to Light Emitting Diode (LED) HSP. This project also qualified for the SCE incentive and the OBF program and moved the City to the Platinum level in the SCE Energy Leader Partnership Program. At the Platinum level, the City receives an additional \$0.03 per kWh savings for all future qualifying energy efficiency projects.

With the resignation of the Public Works Superintendent in September 2017, the Public Works Director assumed direct oversight of Operations. During a meeting with SBCOG in December 2017 to discuss the status of the LED streetlight conversion project, the critical timeline associated with the LED conversion at the nine parks, the Civic Center and City Hall was daylighted.

If the City would like to take advantage of the associated incentive and low interest loan, there is insufficient time to go through the formal bid process. Based on the LED streetlight

conversion project, staff has become familiar with the associated pricing and is proposing a modified bid process be used. Staff would secure bids from three vendors and select the most responsive.

## **V. FISCAL IMPACT**

The City would need to make the initial purchase of the LED fixtures and pay for the associated labor and disposal costs that will be incurred. After project completion and post verification, SCE will reimburse the City for the entire project. The proposed resolution includes a General Fund expenditure for the full project cost, and a General Fund revenue for the reimbursement; for a net fiscal impact of zero.

The estimated one-time incentive payment would be \$156,667, which does not need to be repaid. The zero-interest loan amount of \$771,552 will be repaid to SCE via SCE's own billing system. The City will pay electric bills that reflect a small amount of savings (estimated \$19,277 per year); but actual electric usage will generate a greater amount of savings (estimated \$96,432 per year). The difference between the two is the repayment to SCE (estimated \$77,155 per year X 10 years = \$771,552 loan repayment).

## **VI. EXHIBITS**

1. Resolution No. 18-013. (Pgs. 4-5)

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